

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:4364

ANSWERED ON:22.03.2013

PRICE OF NATURAL GAS

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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government has set up a Panel relating to the determination of the price of natural gas in the country;
- (b) if so, the details thereof;
- (c) whether the Panel has suggested mandating a price of domestically produced natural gas at an average of international hub prices and cost of imported LNG instead of the present mechanism of market discovery; and
- (d) if so, the details thereof along with the other recommendations of the Panel and the response of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SMT. PANABAAGA LAKSHMI)

(a) and: A Committee has been constituted under Chairmanship of Dr.C. Rangarajan, PM's Economic Advisory Council (EAC) with the following Terms of Reference (ToR):-

- (i) Review of the existing PSCs, including in respect of the current profit-sharing mechanism with the Pre-Tax Investment Multiple (PTIM) as the base parameter and recommend necessary modification for the future PSCs;
- (ii) Exploring various contract models with a view to minimize monitoring of expenditure of the contractor without compromising, firstly, on the hydrocarbons output across time and, secondly, on the Government's take;
- (iii) A suitable mechanism for managing the contract implementation of PSCs which is being handled at present by the representation of Regulator/Government nominee appointed to the Management Committee;
- (iv) Suitable governmental mechanisms to monitor and to audit Government of India (GOI) share of profit petroleum;
- (v) Structure and elements of the Guidelines for determining the basis or formula for the price of domestically produced gas, and for monitoring actual price fixation; and
- (vi) Any other issues relating to PSCs.

(c) and (d) The Committee has made recommendations on ToR (i) to (v). The ToR (v) is regarding structure and elements of the Guidelines for determining the basis or formula for the price of domestically produced gas, and for monitoring actual price fixation. The said report and recommendations of the Committee can be viewed/downloaded from the official website of the Economic Advisory Council to the Prime Minister <http://eac.gov.in/>. The said report and recommendations of the committee are under consideration of the Government.