

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

STARRED QUESTION NO:181  
ANSWERED ON:22.08.2013  
GAS PRICES AND POWER SECTOR  
Anandan Shri K.Murugeshan

**Will the Minister of POWER be pleased to state:**

- (a) whether the Ministry of Power has opposed the proposal to hike the price of domestic natural gas from the present rate of \$4.2 per million British thermal units (mBtu) especially that which comes from the fields of national oil entities like the Oil and Natural Gas Corporation (ONGC) and Oil India Limited (OIL) where pricing is regulated by the Government as per the Administered Price Mechanism (APM);
- (b) if so, the details thereof and the reasons therefor;
- (c) whether any price of gas higher than \$5 per mBtu would be economically unviable for the power sector;
- (d) if so, the details thereof; and
- (e) the steps being taken by the Government to maintain the viability of the power sector after the proposed hike in price of natural gas?

**Answer**

THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF POWER ( SHRI JYOTIRADITYA M. SCINDIA )

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF STARRED QUESTION NO. 181 TO BE ANSWERED IN THE LOK SABHA ON 22.08.2013 REGARDING GAS PRICES AND POWER SECTOR.

(a) to (e): Government has approved the gas price formula, which will be applicable to all natural gas produced domestically from 1st April, 2014 for a period of 5 years, based on the Rangarajan Committee recommendations. As power sector is one of the largest consumers of natural gas, the Ministry of Power had inter- alia submitted its views that a base price beyond 5\$/MMBTU may become unviable for the power sector in the present context. It had further urged that even though the decision of hike in the price of natural gas might be necessary, keeping in view the investment considerations, certain special dispensation for a critical sector such as power should be evaluated to enable this sector to continue to off take natural gas for power generation at a viable tariff level.