

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

STARRED QUESTION NO:204
ANSWERED ON:03.12.2009
PRICING POLICY FOR NATURAL GAS
Gandhi Shri Feroze Varun

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

- (a) whether the Government proposes to reduce the variance in natural gas prices within the country for encouraging potential customers like fertilizer and power sectors;
- (b) if so, the details thereof;
- (c) if not the reason therefor;
- (d) whether the Government proposes to give freedom to the producers to market their gas, through a mechanism that ensures transparency and avoids transfer pricing or deliberate under pricing;
- (e) if so, the details thereof; and
- (f) if not, the reasons therefor?

Answer

MINISTER OF PETROLEUM & NATURAL GAS(SHRI MURLI DEORA)

(a) to (f) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 204 TO BE ANSWERED ON 3.12.2009 REGARDING PRICING POLICY FOR NATURAL GAS

(a) to (c): At present, there are broadly two pricing regimes for gas in the country, i.e., gas priced under Administered Price Mechanism (APM) and non-APM or free market gas. In view of the multiple gas prices prevalent based on different producer prices, a study is being undertaken by GAIL (India) Ltd.

(d) to (f): Under NELP Production Sharing Contract (PSC), the Contractor has freedom to market the gas for the purpose of sales in the domestic market in India, subject to:-

- i. the Government's policy for the utilization of natural gas, as envisaged in Article 21 of the PSC; and
- ii. price formula or basis approved by the Government under Article 21.6 of the PSC, prior to sale of gas.