

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

STARRED QUESTION NO:27

ANSWERED ON:06.12.2013

PRICE OF NATURAL GAS

Acharia Shri Basudeb;Singh Shri N.Dharam

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

- (a) whether the Government has approved the gas price formula to be applicable from 1st April 2014;
- (b) if so, the details thereof and the reasons therefor including its impact on power tariff, cost of production of fertilizer, CNG transportation and LPG cylinder:
- (c) the methodology worked out for pricing of domestically produced natural gas
- (d) whether the Government has received any representations from various quarters opposing the move as the same is likely to affect adversely the common man and if so, the details thereof; and
- (e) the action taken by the Government in this regard?

**Answer**

MINISTER OF PETROLEUM & NATURAL GAS (Dr. M. VEERAPPA MOILY)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION No. 27 TO BE ANSWERED ON 06.12.2013 REGARDING PRICE OF NATURAL GAS

a) & b): The Government has approved the Natural gas Pricing Guidelines, 2013 based on recommendations of the Rangarajan Committee. The Guidelines will be applicable from 1st April, 2014 and will be valid for a period of five (5) years. Highlights of the Natural Gas Pricing Guidelines, 2013 are at Annexure - I.

As per MOPNG estimates, the outgo for every US \$ 1 / mmbtu increase in gas price will be US \$ 628.63 million (Rupees 3457.5 crores @ Rupee Dollar exchange rate of 1 US \$ = Rupees 55) considering current allocation of 37.52 MMSCMD for Power sector. Outgo in Fertilizer sector due to US \$ 1 / mmbtu increase in gas price taking domestic supply at current allocation of 31.50 MMSCMD will be US \$ 406 million (Rupees 2233 crores @ Rupee Dollar exchange rate of 1 US \$ = Rupees 55).

The impact on CNG transportation and LPG cylinder has been estimated to be Rupees 2.93 / kg and Rupees 27.9 / cylinder respectively for every US \$ 1 / mmbtu increase in gas price. c): The methodology worked out for pricing of domestically produced natural gas is at Annexure-II.

d) & e): The Government had received number of responses from various Ministries / Departments during Inter Ministerial Consultations. The Ministry of Power and Department of Fertilizer had opposed increase in prices of natural gas citing the adverse impact as estimated by them. The views of the Ministry of Power and the Department of Fertilizer were duly considered by the Government while approving the Natural Gas Pricing Guidelines, 2013.

Representations opposing increase in natural gas prices have also been received from the Fertilizer Association of India, Gujarat Small Gas Consume Association, Other Industry Associations, Members of Parliament and other quarters. Two public interest litigations [W.P. No. 513 / 2013 & WP. No. 728 / 2013] have been filed before the Hon'ble Supreme Court inter-alia challenging the decision of the Government approving the new gas price formula with effect from 01.04.2013. The Government has filed the reply and the matter is sub-judice.