

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

STARRED QUESTION NO:405
ANSWERED ON:17.12.2009
MARKETING MARGIN FOR SALE OF GAS
Hegde Shri Anant Kumar

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

- (a) whether the Gas Authority of India Ltd. (GAIL) has sent a proposal to the Government for realization of marketing margin for the sale of gas under the Administered Price Mechanism (APM);
- (b) if so, the details thereof;
- (c) the total marketing margin asked for by GAIL in the said proposal; and
- (d) the price of gas being sold under APM?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 405 TO BE ANSWERED ON 17.12.2009 REGARDING MARKETING MARGIN FOR SALE OF GAS

(a): Yes, Madam.

(b) & (c): GAIL (India) Ltd. has requested the Government to allow levy of Marketing Margin on Administered Price Mechanism (APM) gas customers, as is being charged for other non-APM gases, viz., Panna Mukta Tapti (PMT) gas, Regasified Liquefied Natural Gas (R-LNG), etc. It has been stated that GAIL has to undertake marketing activities, like gas supply management, contract negotiation, market tie up, market survey, dispute resolution, customer relationship management, risks involved in drawal of natural gas by consumers, risk of Take or Pay, expenses in the form of bad debts, inventory carrying costs and maintaining administrative infrastructure all over India. Further, the marketing efforts and associated risks are the same for both APM and non-APM customers. GAIL (India) Ltd. has requested for marketing margin of Rs. 330/thousand SCM on sale of APM gas.

(d): The APM rate of gas, except for North Eastern region, is as follows:-

1. For Fertilizers & Power sector customers Rs.3200/thousand SCM

2. For court mandated (CNG/PNG) and small industries (consuming upto 50,000 SCM per day) Rs.3840/thousand SCM

The price of gas for the North-eastern region is at 60% of the above price and is as follows:-

1. For Fertilizers & Power sector customers Rs.1920/thousand SCM

2. For court mandated (CNG/PNG) and small industries (consuming upto 50,000 SCM per day) Rs.2304/thousand SCM

(SCM is Standard Cubic metre)

