

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

STARRED QUESTION NO:3  
ANSWERED ON:24.11.2014  
SUPPLY OF GAS BY GAIL  
Mahendran Shri C.

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

- (a) whether the Government has issued certain guidelines to the Gas Authority of India Limited (GAIL) permitting diversion of domestic natural gas from non-priority sector to meet the requirement of CNG (Transport) and PNG (Domestic) segments;
- (b) if so, the details thereof along with the priority sector specified by the Government for supply of natural gas to them;
- (c) whether the industrial sectors i.e. steel, petro-chemicals and power sector are facing shortage of natural gas supplies as a result of the said guidelines; and
- (d) if so, the details thereof along with the correcting action taken thereon?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (INDEPENDENT CHARGE) (SHRI DHARMENDRA PRADHAN)

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

STATEMENT REFERRED IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 3 ASKED BY SHRI C. MAHENDRAN, MP TO BE ANSWERED ON 24.11.2014 REGARDING SUPPLY OF GAS BY GAIL

(a) & (b): Yes, Madam. Ministry of Petroleum and Natural Gas (MoP&NG) has issued Guidelines for allocation/supply of domestic gas to City Gas Distribution (CGD) entities for Compressed Natural Gas (CNG) (transport) and Piped Natural Gas (PNG) (domestic) on 14.11.2013. Subsequently revised guidelines were issued on 3.2.2014 and 20.8.2014. MoP&NG had directed GAIL to supply domestic gas at uniform base price to meet 80%, 100% and 110% (10% for meeting any demand fluctuation) requirement of CGD sector for CNG (transport) and PNG (domestic) vide guideline dated 14.11.2013, 03.02.2014 and 20.08.2014 respectively. To meet the requirement of CGD sector for CNG (transport) and PNG (domestic) GAIL has been directed to divert domestic gas supplied to Non-Priority sector by applying prorata cut on them. In order to protect the interest of small consumers, above prorata cut has not been applied on a maximum quantity of 5000 SCMD supplied to small consumers having allocation less than 50,000 SCMD. The supply of APM gas against allocation of 1.1 MMSCMD made to Taj Trapezium Zone (TTZ) as per the order of Honble Supreme Court has also been kept out of the above prorata cut. As per current gas utilization policy, Fertilizer, LPG, Power and CGD sectors are priority sectors.

(c) & (d): To meet requirement of CGD sector for CNG (transport) and PNG (domestic) as per the current guidelines, a 57.53% cut has been applied on Non-priority sector including steel & petrochemical sectors. Vide guidelines dated 20.08.2014, GAIL has also been directed to review the allocation to CGD sector based on consumption in CNG (transport) and PNG (domestic) in the past six months. Accordingly, supply level of non-priority sector is expected to decrease with decrease in gas availability from Administered Pricing Mechanism (APM) and Panna Mukta Tapti (PMT) sources and increase in requirement of CGD entities for CNG (transport) and PNG (domestic) segment. Liquefied Natural Gas (LNG) which is costly but is abundantly available in the market and the same can be purchased by the industrial sectors. The end price of non-priority sector are not controlled/ regulated hence, these sector can pass on the additional cost of gas to customers. As the current availability of domestic gas is not sufficient to meet the demand even of priority sector, non-priority sector will have to meet its shortfall from imported LNG.