

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

UNSTARRED QUESTION NO:58

ANSWERED ON:24.11.2014

PRICE OF NATURAL GAS

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

- (a) whether the Government has revised the formula to determine the price of natural gas produced by both public and private sector companies in the country;
- (b) if so, the details thereof along with basis of price fixation of natural gas;
- (c) whether the Government is poised to implement Rangarajan formula and Vijay Kelkar Committee recommendations to determine pricing for natural gas;
- (d) if so, the details thereof and follow up action taken by the Government on the recommendations of the said committee; and
- (e) whether the Government has assessed the likely impact of rise in prices of natural gas on common man and profitability of the companies both public and private sectors and if so, the details thereof along with the steps taken by the Government in maintaining a fine balance between the above aspects?

Answer

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

(a) & (b) Yes, Madam. The Government has notified the new Domestic Natural Gas Pricing Guidelines, 2014 on 25.10.2014. The details of the same are annexed. On the basis of New Domestic Natural Gas Pricing Guidelines, 2014, the Petroleum Planning & Analysis Cell (PPAC) has notified the price of Domestic Natural Gas for the period 1st November, 2014 to 31st March, 2015 as US\$ 5.05/MMBTU on Gross Calorific Value (GCV) basis. Thereafter, the prices would be revised every six months based on the formula given in the Guidelines.

(c) to (e) In pursuance of the decision of the CCEA on 25.06.2014, this Ministry had set up a Committee consisting of Secretary (Power), Secretary (Expenditure), and Secretary (Fertilizers) with Additional Secretary of this Ministry as Member Secretary to carry out re-examination of the issue of gas pricing. The Committee consulted various stakeholders from producing and consuming sectors. The Committee in its Report submitted on 16.09.2014, recommended an approach for gas price determination, which was based on the modification to the Rangarajan formula. The Vijay Kelkar Committee submitted its report on 30.09.2014. The Government submitted a Note for Cabinet Committee of Economic Affairs (CCEA) on 17.10.2014 regarding pricing of domestically produced natural gas on the basis of recommendations of the Committee consisting of Secretary (Power), Secretary (Expenditure), and Secretary (Fertilizers) with Additional Secretary of this Ministry as Member Secretary. The CCEA note brought out impact of price increase on cost of production of urea, cost of power generation, price of CNG & PNG, etc. The CCEA considered the proposal dated 17.10.2014 in its meeting held on 18.10.2014 and approved the proposal of MoPNG. MoPNG, on such approval of CCEA, notified the new Domestic Gas Pricing Guidelines, 2014 on 25.10.2014.