

**GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM & NATURAL GAS
LOK SABHA
UNSTARRED QUESTION NO. 356
TO BE ANSWERED ON 5th February, 2018**

Price of Natural Gas

**356. SHRI SANJAY DHOTRE:
SHRI BHARTRUHARI MAHTAB:
SHRI RAHUL SHEWALE:
SHRI RAM CHARITRA NISHAD:**

पेट्रोलियम एवं प्राकृतिक गैस मंत्री

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

- (a) whether the Government has received representations from various domestic gas producers/companies for reviewing the existing mechanism/formula for fixing the prices of domestic natural gas for end users, if so, the details thereof along with the response of the Government thereto;
- (b) whether the cases of violation of the New Domestic Natural Gas Pricing Guidelines, 2014 by the domestic gas producers/companies have come to the notice of the Government in the country since inception, if so, the details thereof, Company-wise;
- (c) whether the Government has conducted any study to find out the exploration cost in deep/ultra deep and high pressure high temperature water blocks, if so, the details thereof along with the manner in which the Government incentivize the producers/companies engaged in such exploration;
- (d) the other steps taken by the Government for effective implementation of the said guidelines across the country;
- (e) whether the ONGC has reportedly lost Rs. 5000 crore revenue and Rs. 3000 crore in profit on natural gas business during the last one year due to cut in gas prices as the gas price is significantly below the cost of production and if so, the details thereof along with the steps taken by the Government in this regard; and
- (f) whether the price paid to the domestic gas producers is less than half of the rate paid to importers and if so, the details thereof?

ANSWER

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(धर्मेन्द्र प्रधान)

MINISTER OF PETROLEUM & NATURAL GAS
(SHRI DHARMENDRA PRADHAN):

(a) to (d): Government of India notified "New Domestic Natural Gas Pricing Guidelines, 2014" on 25.10.2014. This pricing mechanism is formula based and has been worked out considering the volumes and prices prevailing at major international markets such as Henry Hub, National Balancing Point, Alberta and Russia. The formula has been finalized considering the requirements of producing and consuming sectors, and has tried to make a fine balance between their interests. The prices are revised after every six months in accordance with said guidelines.

Further, on representations from various operators, Government notified a policy in March, 2016 to grant marketing and pricing freedom with a price ceiling on gas produced from discoveries in Deepwater, Ultra Deepwater, and High Pressure-High Temperature areas. Government has also provided marketing and pricing freedom for the sale of crude oil and natural gas to be produced under the Discovered Small Fields Policy-2015 and Hydrocarbon Exploration and Licensing Policy (HELP). The costs of exploration and Production are generally higher in deep / ultra deep water blocks in comparison to shallow water or land blocks.

(e) & (f): ONGC has posted profits in their accounts for last several years. Profit after Tax of ONGC was Rs. 17733 crores in Financial Year 2014-15, Rs. 16004 crores in Financial Year 2015-16 and Rs. 17900 crores in Financial Year 2016-17. The current price of Natural Gas as Notified under the "New Domestic Natural Gas Pricing Guidelines, 2014" for the period from October, 2017 to March, 2018 is USD 2.89/MMBTU on Gross Calorific Value basis. The landed price of imported gas is based on the prices in International Market, Spot as well as long term contracts and transportation charges etc on mutually agreeable terms. The Domestic Gas is generally supplied to priority sectors such as City Gas Distribution (CGD), Fertilizer, Power, etc.
