

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO: 118

ANSWERED ON: 22.02.2013

INCREASE IN PRICE OF NATURAL GAS

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Will the Minister of
PETROLEUM AND NATURAL GAS

be pleased to state:-

- (a) the price of natural gas at present vis-à-vis the price of natural gas during the year 2004;
- (b) whether the Government proposes to increase the prices of natural gas produced by various gas producing companies in the country;
- (c) if so, the details thereof and its likely impact on consumers along with the criteria being followed for increasing the price of natural gas in the country;
- (d) the profit margin of various public and private sector gas producing companies likely to be increased as a result thereof; and
- (e) the steps being taken or proposed to be taken to protect the consumers from increase in price of natural gas?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SMT PANABAACA LAKSHMI)

- (a) The comparative price of domestic gas during 2004 vis-à-vis the price of gas at present is annexed. The price of imported R-LNG is based on commercial negotiation between the seller and buyer depending on the source, period and quantum.
- (b) to (e) A Committee has been constituted under Chairmanship of Dr.C. Rangarajan, Chairman, PM's Economic Advisory Council (EAC) with the following Terms of Reference (ToR):-
 - (i) Review of the existing PSCs, including in respect of the current profit-sharing mechanism with the Pre-Tax Investment Multiple (PTIM) as the base parameter and recommend necessary modification for the future PSCs;
 - (ii) Exploring various contract models with a view to minimize monitoring of expenditure of the contractor without compromising, firstly, on the hydrocarbons output across time and, secondly, on

the Government's take;

(iii) A suitable mechanism for managing the contract implementation of PSCs which is being handled at present by the representation of Regulator/Government nominee appointed to the Management Committee;

(iv) Suitable governmental mechanisms to monitor and to audit Government of India (GOI) share of profit petroleum;

(v) Structure and elements of the Guidelines for determining the basis or formula for the price of domestically produced gas, and for monitoring actual price fixation; and

(vi) Any other issues relating to PSCs.

The Committee has made recommendations on ToR (i) to (v). The said report and recommendations of the Committee can be viewed/ downloaded from the official website of the Economic Advisory Council to the Prime Minister <http://eac.gov.in/>. The said report and recommendations of the Committee are under consideration of the Government.