

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION No. 778
ANSWERED ON 10/02/2025

CHALLENGES FACED BY NATURAL GAS SECTOR

778 SMT. REKHA SHARMA:

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

- (a) the key challenges faced by the natural gas sector in the country;
- (b) the impact of geopolitical tensions and supply chain disruptions on natural gas availability;
- (c) the steps taken to ensure energy security and stable supply of natural gas; and
- (d) the measures being implemented to attract private and foreign investments in the natural gas sector?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS
(SHRI SURESH GOPI)

(a) & (b): The key challenges faced by the natural gas sector in India, *inter-alia*, includes exposure to price volatility in International Market due to import dependency of upto 47% of total consumption; competition with alternate fuels like coal, petcoke etc, that are under GST; delay in permissions, including those related to Right of User (RoU), from various State Governments and agencies during construction of natural gas infrastructure etc.

(c) and (d) India's energy sector is undergoing a significant transformation, with a growing focus on cleaner sources of energy. To realize the vision, the Government has set a target to raise the share of natural gas in energy mix to 15% in 2030. Various steps taken by the Government in this direction include expansion of National Gas Grid Pipeline, expansion of City Gas Distribution (CGD) network, setting up of Liquefied Natural Gas (LNG) Terminals, allocation of domestic gas to Compressed Natural Gas (Transport) / Piped Natural Gas (Domestic) CNG(T)/PNG(D) as priority sector, allowing marketing and pricing freedom with a ceiling price to gas produced from high pressure/high temperature areas, deep water & ultra-deep water and from coal seams, Sustainable Alternative Towards Affordable Transportation (SATAT) initiative to promote Bio-CNG, etc

For increasing domestic gas production, Government of India has notified Hydrocarbon Exploration and Licensing Policy (HELP) for the award of exploration acreages shifting from Production Sharing mechanism to Revenue Sharing mechanism. Government further notified policy framework for early monetization of Coal Bed Methane (CBM) (2017), Discovered Small Field policy (2018), policy reforms on 28th February 2019, where many of the processes and approvals were relaxed to promote "Ease of Doing Business", Revenue Share from Category II & III type of basins were removed, except for windfall gains, 7 years Royalty Holiday for Deep & Ultra-deep blocks, concessional Royalty Rates for Deepwater and for ultra-deep water blocks, and fiscal incentives have been provided for early monetization of fields along with Marketing and Pricing freedom for natural gas. Further, Government vide notification dated 15.10.2020 allowed market price discovery through e-bidding system and vide notification dated 07.04.2023 allowed a premium of 20% over the Administered Price Mechanism prices for gas produced from new well and well interventions of Oil and Natural Gas Corporation Limited & Oil India Limited from their nomination fields.

These measures demonstrate India's commitment to transforming its natural gas sector, making it more attractive for private and foreign investors.
