

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM & NATURAL GAS

LOK SABHA
UNSTARRED QUESTION NO. 2183
TO BE ANSWERED ON 01st January, 2018

Low Gas Prices

2183: SHRI V. ELUMALAI:

पेट्रोलियम एवं प्राकृतिक गैस मंत्री

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

- (a) whether it is a fact that production of natural gas is no longer a profitable business for the ONGC as the Government mandated gas price is significantly below the cost of production and if so, the details thereof;
- (b) whether the ONGC has lost 5010 crore in revenue on natural gas business and lost about 3000 crore in profit in just one year on account of low gas prices and if so, the details thereof;
- (c) whether the natural gas price paid to domestic producers is less than half of the rate paid for import of gas and if so, the details thereof; and
- (d) the corrective steps taken/ proposed to be taken by the Government in this regard?

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. 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.

Government has provided 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). In addition, the natural gas produced from Coal Bed Methane (CBM) blocks has been provided marketing including pricing freedom.
