

**LOK SABHA**

**UNSTARRED QUESTION NO. 428**

**TO BE ANSWERED ON 18.12.2017**

**PRODUCTION AND DISTRIBUTION OF PETROLEUM PRODUCTS**

**428. SHRI RAMDAS C. TADAS:  
SHRI JOSE K. MANI:  
SHRIMATI JAYSHREEBEN PATEL:  
SHRI INNOCENT:  
SHRI R. PARTHIPAN:**

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

**पेट्रोलियम और प्राकृतिक गैस मंत्री**

- (a) whether the Government has any proposal to set up a domestic gas trading hub to adopt a better mechanism for gas pricing and constituted any think tank to streamline the production and distribution of petroleum products;
- (b) if so, the details thereof along with steps taken to create an internal think-tank in moving towards a gas-based economy including the jurisdiction, aims, objectives, key focus areas and methodology proposed to be adopted by the said think-tank to achieve the same;
- (c) the concrete steps taken by the Government to make India a gas-based economy and its likely impact on petroleum and natural gas production and its prices along with the expenditure likely to be incurred thereon;
- (d) the salient features of the existing formula to determine the price of natural gas produced by public/private sector companies in the country along with number of times price of natural gas has been revised so far;
- (e) whether the cases of disputes between the natural gas producing companies and the Government on determining the prices of gas have come to the notice after the revised gas price formula and if so, the details thereof, company-wise along with the present status of such disputes;
- (f) whether the Government has maintained a balance between the profitability of the companies producing natural gas and insulate common man from undue burden of rise in prices of natural gas after revision of the said formula and if so, the details thereof and the steps taken in this regard; and
- (g) whether Upstream Companies have requested the Government to double the price of natural gas to help them produce gas without suffering any losses and if so, the details thereof along with the corrective steps taken/being taken by the Government in this regard?

**ANSWER**

**पेट्रो लयम और प्राकृतिक गैस मंत्री (श्री धर्मन्द्र प्रधान)**

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

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(a) & (b): The Government of India proposes to set up a Gas Trading Hub/Exchange as one of the steps to usher into a gas based economy. A High level Committee has been set up to examine the following issues in details:

- (i) Preparation of an Action Plan to create synergy among R&D Centres of Oil PSUs;

- (ii) Tax issues & ways to benefit from GST by the Oil PSUs (Public Sector Undertakings);
- (iii) Synerzising activities of training Centres of Oil PSUs;
- (iv) Merger, acquisition & consolidation of Oil PSUs & the JVs (Joint Ventures)
- (v) Need & possibility of formation of a new entity dealing with oil services and supply of qualified manpower to oil sector around the world.

Further, Oil Industry and Development Board (OIDB) has been entrusted to engage a consultant for carrying out a detailed study on the current state of Indian Gas Sector, Government priorities and to recommend further course of action for establishment of a Gas Trading Hub/Exchange in the country.

(c): In order to make India a Gas Based Economy, the Government has put the thrust in increasing the availability of natural gas by enhancing the domestic gas production, encouraging the import of Liquefied Natural Gas (LNG), completion of national gas grid and speedier roll out of City Gas Distribution (CGD) network in the country.

(d): The Government of India has notified the New Domestic Natural Gas Pricing Guidelines 2014. The price of domestically produced gas determined under said guidelines is linked with global gas markets viz. Henry Hub(HH), National Balancing Point(NBP), Alberta Hub and Russia. So far since November, 2014 the prices of domestically produced gas have been revised seven (07) times.

(e): Contractors of Block KG-DWN-98/3 issued notice invoking arbitration in May 2014 challenging Government of India's decision of deferment of domestic natural gas pricing guidelines 2014. But later on, contractors withdrew the notice. At present there is no dispute on the determination of prices of gas.

(f) & (g): Through the New Gas Pricing Guidelines 2014, Government has tried to maintain a fine balance between the interest of gas producing and consuming sectors. However, to incentivize domestic production of natural gas, Government while approving the gas pricing formula, approved a provision for grant of premium for new discoveries made in Deep water, Ultra Deep water and High Pressure High Temperature reservoir for which Government notified a policy on 21.03.2016 to grant marketing including pricing freedom with a cap on the price to the discoveries. Government has also provided marketing and pricing freedom for the sale of produced crude oil and natural gas from the discovered small fields. Government also approved marketing freedom for oil and gas to be produced from the block /field to be offered under Hydrocarbon Exploration and Licensing Policy (HELP).

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