

**STARRED QUESTION NO. \*495**

**TO BE ANSWERED ON 02.04.2018**

**NEW DOMESTIC NATURAL GAS PRICING GUIDELINES**

**\*495. SHRI SANJAY DHOTRE:  
SHRI BHARTRUHARI MAHTAB:**

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

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- (a) whether there is a gap between demand and supply of natural gas to the priority sector including Fertilizer and Power Sectors of the country;
- (b) if so, the details thereof for the last three years and the current year, State/ UT and sector-wise and the reasons therefor;
- (c) whether such gap in demand and supply of gas has adversely impacted the production capacity and profitability of the major companies of the said sectors and if so, the details thereof, company-wise along with the reaction of the Government thereto;
- (d) whether the cases of violation of New Domestic Natural Gas Pricing Guidelines, 2014 by companies have come to the notice of the Government since inception; and
- (e) if so, the details thereof, company-wise and the reasons therefor along with the action taken/being taken by the Government against such companies?

**ANSWER**

**पेट्रोलियम और प्राकृतिक गैस मंत्री (श्री धर्मेन्द्रप्रधान)**

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

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(a) to (e) : A statement is laid on the Table of the House.

**STATEMENT REFERRED IN REPLY TO PARTS (a) to (e) OF THE LOK SABHA STARRED QUESTION NO. \*495 ASKED BY SHRI SANJAY DHOTRE AND SHRI BHARTRUHARI MAHTAB TO BE ANSWERED ON APRIL 2, 2018 REGARDING NEW DOMESTIC NATURAL GAS PRICING GUIDELINES**

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(a) to (c) : The gas demand is being met through the supply of domestic gas and imported Liquefied Natural Gas (LNG). LNG is imported under open general license on the terms and conditions mutually agreed upon between the buyers and sellers. Details of consumption of natural gas during last 3 years and current year in the country is at **Annexure-I**. Profitability of the industries is dependent on various factors including availability of gas which is sourced as per demand.

(d) & (e): 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 (USA), National Balancing Point (UK), Alberta (Canada) 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 Deep-water, Ultra Deep-water, 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 Licencing 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. Government has also granted pricing and marketing freedom to the gas produced from Coal Bed Methane (CBM) blocks.

**ANNEXURE-I**

**ANNEXURE REFERRED IN REPLY TO PART (a) to (c) OF LOK SABHA  
STARRED QUESTION NO. \*495 TO BE ANSWERED ON 2.04.2018 REGARDING  
NEW DOMESTIC NATURAL GAS PRICING GUIDELINES**

**NATURAL GAS CONSUMPTION IN THE COUNTRY**

(Figures in MMSCMD)

Year	Domestic gas	LNG	Total Gas Consumption
2014-15	73.97	42.85	116.78
2015-16	68.38	62.18	130.56
2016-17	69.14	69.98	139.12
Current Year (till Dec.2017)	71.29	72.30	143.58

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