

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:3489
ANSWERED ON:19.08.2003
FORMULATION OF PRICING OF GAS
DHANI RAM SHANDIL

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether it is a fact that the Group of Ministers on Urea formed a committee of secretaries to thrash out a formula on pricing and availability of gas following sharp differences among its members on the issue as well as over introducing of a group pricing mechanism;
- (b) if so, the facts thereof;
- (c) whether it is a fact that the secretaries of Finance, Fertilizers, Petroleum and Planning have met on September 19, 2002 to resolve the issue of availability of Liquefied Natural Gas (LPG) and its pricing;
- (d) if so, the details thereof;
- (e) whether any final decision in this regard has been taken by the Government; and
- (f) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (DR. CHHATTRA PAL SINGH)

(a) & (b) : Keeping in view the recommendations of Group of Ministers, a new pricing policy for urea units replacing the erstwhile Retention Price Scheme has come into existence w.e.f. 1.4.2003. The new scheme will be implemented in stages. Stage-I would be of one year duration, from 1.4.2003 to 31.3.2004 and Stage-II would be of two years duration, from 1.4.2004 to 31.3.2006. The modalities of subsequent stages would be decided after a review of implementation of Stage-I and Stage-II.

(c) to (f) : Secretary, Ministry of Petroleum & Natural Gas has taken a meeting on 19.9.2002, in which officers from Department of Fertilizers, Department of Expenditure, Planning Commission and domestic oil and gas companies, to discuss the issues relating to pricing and availability of Liquefied Natural Gas (LNG).

The Government has approved the formation of a Joint Venture of Indian Oil Corporation, Bharat Petroleum Corporation Limited, Oil and Natural Gas Corporation Limited and Gas Authority of India Limited by the name of Petronet LNG Limited (PLL). PLL is setting up an LNG terminal at Dahej in Gujarat for the import of five million tonnes of LNG per annum. The terminal is expected to be commissioned by first quarter of 2004. PLL also plans to set up an LNG terminal at Kochi for which almost all pre-project activities have been completed. Further progress will depend on market tie-ups for the gas. The re-gasified LNG from the Dahej terminal may be available for meeting the deficit of fertilizer plants also.

The price of LNG would be market determined and the fertilizer companies would be required to negotiate the prices with gas supplying agencies.