

**GOVERNMENT OF INDIA  
PETROLEUM AND NATURAL GAS  
LOK SABHA**

STARRED QUESTION NO:249

ANSWERED ON:10.08.2006

PRICING OF NATURAL GAS

Singh Shri Rajiv Ranjan (Lalan);Suman Shri Ramji Lal

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

- (a) whether the prices of natural gas are being determined under the Administered Pricing Mechanism;
- (b) if so, the facts thereof;
- (c) whether the prices of natural gas has been increased under the said system during the last three years;
- (d) if so, the details of such increase in terms of percentage;
- (e) whether while determining the prices under the said system, the production cost is taken into account; and
- (f) if so, the details thereof and if not, the reasons therefor?

**Answer**

MINISTER IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF THE LOK SABHA STARRED QUESTION NO. 249 BY SHRI RAMJILAL SUMAN AND SHRI RAJIV RANJAN SINGH 'LALAN' MPs REGARDING PRICING OF NATURAL GAS

(a) & (b): The price of the gas produced by ONGC and OIL from the fields given to them by the Government on nomination basis is being fixed by the Government under the Administered Pricing Mechanism (APM).

(c) & (d): Yes, Sir. The APM gas price was increased with effect from 1.7.2005 by 12.28%. The price was further increased by 20% for APM gas consumers other than power and fertilizer sector consumers with effect from 6.6.2006. The details are as follows:

(i) Increase w.e.f 1.7.2005

(Rs./MSCM#)

Region	Price before 1.7.05	Price w.e.f 1.7.05
North Eastern Region	1710	1920
Rest of the country	2850	3200

(ii) Increase w.e.f 6.6.06 for APM gas consumers other than power and fertilizer sector consumers

(Rs./MSCM#)

Region	Price before 6.6.06	Price w.e.f 6.6.06
North Eastern Region	1920	2304
Rest of the country	3200	3840

# thousand standard cubic metre

(e) & (f): No, Sir. In terms of the Gas Pricing Order of 1997, the APM gas price was linked to the price of a basket of fuel oils with a view to achieving 100% fuel oil parity price by 2000 - 01. However, the gas prices could not be revised in line with this mechanism. Government decided in May 2005 to increase the APM gas price from Rs. 2850/MSCM to Rs. 3200/MSCM (from Rs. 1710/MSCM to Rs. 1920/MSCM for North Eastern Region) on ad-hoc basis subject to the determination of producer price of ONGC and OIL by the Tariff Commission. It was also decided that for the APM gas consumers other than power and fertilizer sector consumers, the gas price will be progressively increased over the next three to five years to reflect the market price.