

(e) if so, the assessment with regard to its viability?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) and (b) Indian Oil Corporation Limited (IOCL) has decided to set up a new refinery at Paradip, Orissa with a refining capacity of 15 million metric tonnes per annum (MMTPA) and increase the refining capacity of its refineries at Panipat by 3 MMTPA and Haldia by 1.5 MMTPA at a total approved cost of Rs.33,653.83 crore resulting in an increase of 19.5 MMTPA in the refining capacity. In addition, IOCL is implementing fuel quality upgradation projects at its existing refineries to produce Euro-III/IV quality fuels, at an approved cost of Rs.25,959.99 crore.

(c) to (e) The refining sector was delicensed in June, 1998. Since then a refinery can be set up anywhere in India by private or public sector enterprises depending on the promoters' assessment of its viability. Public or private sector enterprises consider proposals for setting up new refineries/expansion of capacity depending on economic viability.

Increase in refining capacity will boost export earnings from petroleum products through value addition. It will also enhance energy security by meeting the energy needs of the country in a cost-effective manner.

Price fixation of NG from KG basin

2517. SHRI VIRENDRA BHATIA:

SHRI NAND KISHORE YADAV:

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

(a) what is the criteria and basis adopted by Government in fixing the prices of natural gas being extracted by Reliance from KG basin; and

(b) whether all the stakeholders have followed transparent and acceptable guidelines for the same?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) and (b) The Empowered Group of Ministers (EGoM) approved a price formula for the KG D6 gas, based on which the current gas price works out to US\$ 4.20 per mmbtu at a crude price greater or equal to US \$ 60 per barrel.

The EGoM, while approving the price formula took into account the prices obtained by the producer / contractor from the market through a tendering process. It also considered the interest of various stakeholders including those in the Power and Fertilizer sectors.

Gas price formula in US dollar

2518. SHRI VIRENDRA BHATIA:

SHRI NAND KISHORE YADAV:

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

- (a) whether Government has fixed the Gas Price Formula in US dollar denomination for the domestic KG Basin gas for domestic consumption;
- (b) if so, the reasons therefor;
- (c) what is the period of validity of the price formula; and
- (d) what is the reason for this period of validity of the price formula?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) and (b) Yes, Sir. Gas prices are generally indexed to liquid hydrocarbons such as crude oil and fuel oils etc. The international prices of these liquid fuels are quoted normally in US Dollars. Therefore, Empowered Group of Ministers has approved a gas price formula, which is denominated in US dollars for KG Basin gas.

(c) and (d) The period of validity of the price formula is five years from the date of commencement of supply of gas from the project. A fixed period has been prescribed because the price formula/ price is linked with crude oil price which is volatile and a reasonable period of five years has been fixed to take care of any further adjustment(s).

Linking of natural gas price to international price

2519. SHRI M.V. MYSURA REDDY:

SHRI NANDAMURI HARIKRISHNA:

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

- (a) the rationale in linking the price of natural gas to the price of international basket of fuel oils, when production of natural gas is in no way related to production of fuel oils and when no credible international price for natural gas exists;
- (b) whether Government has any plan to desist from this way of calculating the fuel price;
- (c) if so, the details thereof; and
- (d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) to (d) Natural Gas is used as a feedstock for petrochemical, urea & steel plants, and also as a fuel in almost all sectors of the economy. Natural gas is an alternative to liquid fuels. Hence, its price depends, *inter alia*, on the price of its alternatives, *viz.*, liquid fuels. Most international contracts for natural gas have a linkage with the price of liquid fuels.

Oil sector vision 2015

2520. DR. JANARDHAN WAGHMARE:

SHRI N.K. SINGH:

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

- (a) whether the Central Government has recently unveiled the oil sector vision 2015 and is exploring the possibility of direct transfer of subsidy to the beneficiaries accounts;