

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): (a) to (c) The details of prices of petrol and diesel in India as compared to neighbouring and some other countries are given below:

	(Indian ₹/Litre)	
	Petrol	Diesel
India	62.51	54.28
France	102.35	87.54
Germany	101.90	84.36
Italy	111.65	99.63
Spain	89.65	79.60
UK	106.01	107.06
Japan	78.83	66.00
Canada	57.03	52.85
USA	42.06	43.07
Pakistan	40.23	47.22
Bangladesh	75.73	57.23
Sri Lanka	55.15	44.78
Nepal	62.94	47.69

Source : PPAC.

As can be seen above, in many countries the prices of petrol and diesel are higher than the prevailing prices of the same in India.

(d) The prices of petrol and diesel have been made market determined by the Government effective 26th June, 2010 and 19th October, 2014 respectively and since then their prices are being decided by the OMCs in line with their international market prices other market condition.

#### **Cost effective method for swapping of gas**

1139. SHRI AJAY SANCHETI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of measures taken by Government to develop a cost effective and revenue neutral mechanism for swapping of gas across producing and consuming States for the national grid;

(b) whether there is a proposal to treat natural gas and LNG as declared goods to bring about tax parity with crude oil and making prices uniform across State; and

(c) if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): (a) to (c) Government has issued guidelines dated 15.03.2012 regarding a cost effective and revenue neutral mechanism for swapping of gas across producing and consuming States for the national grid which are given in the Statement (*See* below). In order to bring tax parity for natural gas transportation in swapping arrangements across the country, the Government has made the necessary amendment in Section 3 of the Central Sales Tax Act, 1956.

### ***Statement***

#### *Details of guidelines issued by Government cost effective method for swapping of gas*

Ministry of Petroleum and Natural Gas L-12011/10/2011-GP dt. 15.3.2012

### **Guidelines on Swapping of Natural Gas**

#### **Definition<sup>1</sup>**

"**Swapping**" of natural gas is an arrangement whereby a party, hereinafter referred to as the 'first party' supplies gas to a 'second party', at a location sought for by the second party, "in exchange for" the second party agreeing to indemnify the first party from any additional financial liability, on account of supplying [directly or through transporter(s)], an energy equivalent quantity of gas to the first party or first party's representative at another location.

#### **Guidelines**

- (a) All concerned parties (suppliers, consumers and transporters) to a potential swap transaction should co-operate to arrive at a cost-effective swap arrangement.
- (b) The operationalization of swapping should be such that all the parties involved are revenue-neutral over the entire length of the pipeline, with respect to contracts between these parties existing prior to the swapping arrangements.

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<sup>1</sup> The reasons to set up such a transaction could be non-availability of gas in the absence of such a swap, as the customer is unable to access RLNG due to uni-directional flow of gas in the pipeline to which he is connected, or where rich gas may need to be swapped for supply to a LPG plant with lean gas intended for a power plant or where it is required for delivery of gas available at a single location to multiple premises of a customer which may not be on the same gas network/pipeline as the gas source. This list of situations is not exhaustive but only illustrative.

- (c) The rights and obligations of the parties involved, as set out under their contracts (GSA; GTA. etc.) existing prior to any swapping arrangements should normally continue unchanged unless otherwise agreed to by the parties. However, fresh GTA may be signed between the contracting parties for the actual gas swapped based on the contractual path and attendant tariff in accordance with the PNGRB guidelines.
- (d) Any swapping of gas would conform to the extant tariff and other applicable/relevant regulation of PNGRB and any dispute regarding the same shall be agitated before the PNGRB.
- (e) Any present or future additional cost or tax incidence on account of such swapping arrangement shall be borne by the second party (or the beneficiary customer), as the arrangement shall be put in place for its benefit.
- (f) If so required (by any party to the swap), the second party (beneficiary customer) would provide an indemnity bond to the first party (supplier of gas) and the transporter(s) or to any other party enabling the swap to ensure that they are not exposed to any statutory/tax claims out of such swapping arrangement.
- (g) The allocation(s) of the gas to an allottee (if it has been allotted gas by the Government) and the consequent quantity of actual supply to the allottee should not change on account of the swapping arrangements (the allottee can either be the second party (beneficiary of the swap) or a party enabling the swap).
- (h) Full and separate account of the gas swapping transaction shall be maintained by all the parties concerned in terms of end usage of the gas if the gas involved in swapping is allocated by the Government. This account shall be kept and produced before the Government, if required.
- (i) Swapping arrangements must ensure revenue neutrality but ideally aim for cost effectiveness, to the extent feasible.
- (j) It shall not be open to any entity responsible for transportation of gas to deny swapping of gas if the swapping is technically feasible. In case technical reasons prevent such swapping, such denial shall have to be issued in writing by the entity denying it and must contain technically verifiable details justifying the denial.
- (k) For any gas swap transaction complying with these guidelines, parties do not have to approach the Ministry of Petroleum and Natural Gas for approval.
- (l) Government reserves the right to issue any modifications in guidelines from time to time.