

# Natural Gas Marketing Reforms

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## In News

The **Cabinet Committee on Economic Affairs** chaired by the Prime Minister has approved 'Natural Gas Marketing Reforms', taking another significant step to move towards a gas based economy.

## Objectives of the Reforms

- Prescribe **standard procedure to discover market price of gas to be sold in the market by gas producers**, through a transparent and competitive process by issuing guidelines for sale by contractor through e-bidding. This will bring **uniformity in the bidding process across the various contractual regimes and policies to avoid ambiguity** and contribute towards ease of doing business.
- **Permit affiliates to participate in the bidding process** for sale of gas in view of the open, transparent and electronic bidding. This will facilitate and promote more competition. However, **rebidding will have to be done in case only affiliates participate, and there are no other bidders.**
- **Allow marketing freedom to certain Field Development Plans (FDPs)** where production sharing contracts already provide pricing freedom.

## Advantages of the Reforms

- The whole ecosystem of policies relating to production, infrastructure and marketing of natural gas has been made **more transparent with a focus on ease of doing business.**
- These reforms will prove very significant for Atmanirbhar Bharat by **encouraging investments in the domestic production of natural gas and reducing import dependence.**

- These reforms will prove to be another milestone in moving towards a **gas based economy** by encouraging investments.
- The increased gas production consumption will help in the **improvement of the environment**.
- These reforms will also help in **creating employment opportunities** in the gas consuming sectors including MSMEs.
- The domestic production will further help in **increasing investment in the downstream industries such as city gas distribution** and related industries.