

# Vedanta may Soon get Freedom to Market Gas from Rajasthan Block

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an open, transparent auction conducted at arms' length. Such auction would throw up higher prices than what a deal with a government nominee can, the person said, adding that higher prices would also translate into increased government revenue from the block.

Last year, the government nominated GAIL as sole buyer for gas produced from Vedanta's Rajasthan block. Executives at the two firms held several rounds of negotiations since then, but couldn't strike a deal. This prompted Vedanta to lobby for relief from the current marketing restriction. The government is likely to announce a clarification on this shortly, people aware of the matter said.

The Rajasthan block, whose contract was extended last year until 2030, produces nearly a quarter of India's crude oil and has begun producing natural gas in recent years. Gas production averaged 51 million standard cubic feet a day (mmscfd) in 2018-19. The target is to raise gas output to 150 mmscfd.

Pricing of locally-produced natural gas has been a contentious topic in India. Key gas consumers have been demanding change in the way gas price ceiling is calculated, so the official price cap quickly starts reflecting the international slump.

**New Delhi:** The oil ministry is planning to let Vedanta freely market natural gas produced at its prolific Rajasthan block, a move that would fetch higher prices while ending any compulsion to sell gas to government nominee GAIL.

Vedanta has pricing freedom but not marketing freedom, according to the current interpretation of the production sharing contract for the Rajasthan block. But ministry officials are increasingly of the view that this interpretation may not be the best and so plan to publish a clarification, which would explicitly give Vedanta both marketing and pricing freedom, according to people familiar with the matter.

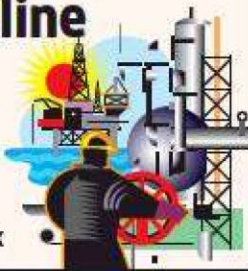
"Pricing freedom has no meaning without marketing freedom. It's impossible for a seller to extract the best price if faced with just one buyer," the person said. The production sharing contract offers enough scope for reinterpretation and doesn't explicitly bar marketing freedom, he added.

The proposed decision could widen the universe of possible gas buyers for Vedanta, which would then be expected to pick a buyer in

## In the Pipeline

**VEDANTA ONLY HAS PRICING freedom, not marketing freedom**

**ONLY GAIL** allowed to buy gas produced from Vedanta's Rajasthan block



**Clarification on this may be Issued soon**

**Vedanta can then sell gas to the highest bidder**

**This would lead to higher prices for co, more revenues for govt**

**Oilmin feels pricing freedom useless without marketing freedom**