

## Will gas price revision add to inflation? ✓

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**NEW DELHI:** Oil and gas producers say the Modi government could be debating if a revision in gas prices would aggravate inflation.

Gas producers feel that the current \$4.2 per million British thermal unit rate is not enough to help produce from new finds in deep sea, but a new formula that had been approved by the previous government will result in increase in electricity tariff, urea cost, CNG rates and piped cooking gas price.

Every dollar increase in gas price will lead to Rs. 1,370 per tonne rise in urea production cost and 45 paise per unit increase in electricity tariff. Besides, it will lead to a minimum of Rs. 2.81 per kg increase in CNG price and Rs.1.89 per standard cubic meter hike in piped cooking gas.

The Rangarajan formula calls for pricing rates at an average cost of importing liquefied natural gas (LNG) into India and rates prevailing on international hubs in the U.S. and the U.K. as well as price of gas imported into Japan.