

# Business Standard

## PetroMin decision on KG-D6 in a week

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After a meeting with steel and other companies affected by the cut in gas allocation from Reliance Industries' D6 block in the Krishna-Godavari (KG) basin, the petroleum ministry said it would evaluate all options, including reallocation, by May 18.

Today's meeting follows a Bombay high court directive on Monday asking the ministry to give Ispat Industries and Welspun Maxsteel an opportunity to present their cases. Other consumers affected in the refineries and petrochemicals sector also attended the meeting.

"We heard all of them and will pass an order by May 18 as directed by the high court," said Apurva Chandra, joint secretary (marketing) in the ministry. Reliance, also represented at the meeting, had earlier this week cut supplies to sponge iron makers, refineries and petrochemical plants, so that its falling output could meet the entire demand of core users in the fertiliser and power sectors.

Chandra said Essar pleaded that it would lose about Rs 1,000 crore annually if it was to replace KG-D6 gas with either liquid fuel or imported LNG at its plants. Similarly, Welspun and Ispat said they would lose Rs 150-200 crore. Power and fertiliser companies, also invited for today's meeting, stated they needed their full quota of KG-D6 gas to meet peak season demand.

Sponge iron makers Essar Steel, Welspun Maxsteel and Ispat officials stated only the Empowered Group of Ministers (EGoM) headed by Finance Minister Pranab Mukherjee could cut supplies, as it was the EGoM which had made the allocation to them.

In its petition to the HC, Welspun said the company should be given natural justice and there should not be any arbitrary cut in gas supply. Essar's steel production has been affected to the extent of shortfall in gas supplies from RIL. The Delhi high court will hear the Essar case tomorrow, while the Bombay High Court will hear Ispat and Welspun's case on May 23.

After output from the country's biggest gas producing block dropped 20 per cent, the ministry directed RIL in March-end to first meet the demand of priority sectors such as fertiliser and power and, in case any gas is left, it should be supplied to the non-priority sectors such as steel, petrochemicals and refineries on a pro-rata basis.