



ગુજરાત વેપારી મહામંડળ

# Gujarat Chamber of Commerce & Industry



**Pathik Patwari**  
President

**Ajay Patel**  
Sr. Vice President

**Yogesh Parikh**  
Vice President

**Anil Jain**  
Hon. Secretary

**Dilip Padhya**  
Hon. Secretary (R)

**Apurva Shah**  
Hon. Treasurer

4<sup>th</sup> October, 2022 | 28256

To,  
**Shri Hardeep Singh Puri**  
Hon'ble Minister of Petroleum and Natural Gas  
Ministry of Petroleum and Natural Gas  
Government of India  
New Delhi.

**Sub: Problems faced by Industries due to the steep rise in Natural Gas prices and other related issues**

Respected Sir,

Greetings from Gujarat Chamber of Commerce and Industry (GCCI).

Gujarat Chamber of Commerce & Industry is the apex body representing the interests of the trade and industry fraternity of Gujarat, since its inception in 1949. GCCI's wide membership base includes 250+ associations and 10 Regional Chambers as well as more than 4500 direct individual members and 2,50,000 indirect members.

At the outset, we appreciate the objective of the Government to promote use of clean energy by the industries, and assure to extend our wholehearted support to the initiatives aimed at encouraging use of clean energy. However, we would like to draw your kind attention to some major issues faced by the industries due to the recent steep price hike in Natural Gas prices and lack of a uniform policy within the same notified area.

Sir, the PNG/CNG gas price increase is breaking the back of industries located in city areas, which are prohibited from switching to low-cost energy products like Coal. This may result in huge energy shock and closure of many MSME units located in urban areas, which provide large-scale employment to city dwellers.

To add to the difficulties due to price rise, the below issues tend to aggravate the condition making the situation even worse for the industries:

- **Lack of Energy Policy Uniformity within the same notified area:** Within the same notified areas and within the same industry, there are some who have permission to use solid fuels. The lack of a uniform policy creates undue advantage for some and disadvantage for the other units.

- **Huge disparity in costs of different types of fuel:** The energy cost for production due to PNG/CNG is double than that of Coal. This results in the industries located outside the city having a huge advantage over industries located within the notified urban areas. This disparity should be compensated by providing VAT credit for Gas and additional subsidies if required.



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• **Region-wise disparity in prices:** The gas prices for industries varies widely across regions. The price of Gas in Vatva, Ahmedabad is almost Rs 80 per scm, that too with lot of conditions while the price of gas in Dholka is just Rs 12 per scm.

We therefore suggest that competition in gas distribution should be encouraged, by creating a gas grid similar to the electricity grid. Similar to the provisions in the Electricity Act, open access to industries should be provided to enable industrial users to choose their gas provider. Distribution of gas should be treated as a utility with fixed costs and gas generators across the country and gas importers can give gas through any distributor. Such competition will ensure parity and reasonableness in gas prices.

Further, there should be uniformity in the Energy policy within the same notified area as well as across regions for the same fuel so that level playing field is ensured within the industries.

Sir, we request your kind positive intervention in this matter so that MSME units in urban areas do not have to face closure and the gas distribution companies and related infrastructure companies are prevented from incurring huge losses.

With regards,

Sincerely,

**Pathik Patwari**  
President.

Copy to:

**1. Shri Kanubhai Desai**

Hon'ble Minister of Finance, Energy and Petrochemicals  
Government of Gujarat  
Gandhinagar.

**2. Shri Jagdishbhai Vishwakarma**

Hon'ble Minister of State for Industries  
Government of Gujarat  
Gandhinagar.