

Ambani Battle Over Gas Cries For Consistent Govt Policy

BY SUSHMA RAMACHANDRAN

The basic issue continues to be the conflict over the pricing of gas to be supplied by Reliance Industries to the Dadri power plant owned by the Anil Ambani group.

The feud between the two Ambani brothers - Mukesh and Anil - seems to be an unending saga on the lines of television soap operas, with the story becoming increasingly complex by the day and the number of characters involved in each episode rising rapidly.

Initially, it was just a row between the companies controlled by the two brothers, with Anil Ambani's Reliance Natural Resources seeking gas supplies at \$2.34 per unit from the fields of the Krishna-Godavari basin, off the Andhra coast, that were awarded to Mukesh Ambani's Reliance Industries.

It has now expanded to include the petroleum and power ministries, state-run power utility NTPC and various other power and fertiliser companies that urgently need natural gas supplies at a reasonable price.

The basic issue continues to be the conflict over the pricing of gas to be supplied by Reliance Industries to the Dadri power plant owned by the Anil Ambani group. The original pact between the two companies envisaged a price of \$2.34 dollars per unit for 17 years, which was also upheld by the Bombay High Court.

But Reliance Industries says that it can only supply the same at \$4.20 dollars per unit, claiming this is the price approved by the government. The fight has now gone to the Supreme Court, but the problem is that the government - which had earlier taken a particular view on the pricing - has now altered its stance.

This is evidently because the petroleum ministry failed to hold prior consultations with the power ministry on the subject. And after having argued in favour of continuing with higher prices approved by the government, it discovered that Reliance Industries had also committed to supplying gas at the same lower price to the NTPC.

The government, thus, had to modify its stance to support the public sector company, which has argued that Reliance Industries must fulfill the commitment to the lower gas price, based on an global tender.

Clearly, this is a case of one hand of the government not knowing what the other hand is doing. The petroleum ministry is now in the unenviable position of having to alter its stance before the apex court in order to ensure that the NTPC is given the benefit of a lower price.

This is bound to strengthen the case of the Anil Ambani group, which is similarly seeking that the original contractual obligations made by Reliance Industries should be fulfilled. The fact is the oil ministry seems to have acted in haste without consulting other ministries, which are equally involved in the natural gas sector but as consumers.

While it is rumoured that Petroleum Minis-

ter Murli Deora is close to Mukesh Ambani, in this case it was felt his ministry was viewing the legal battle within the larger context of natural gas being a sovereign natural resource.

It had, thus, taken the stance that the government had the authority to decide on pricing issues. Now that the NTPC has also staked claim to natural gas at a cheaper price, it appears as if the petroleum ministry was in a tearing hurry to support the higher price being sought by Reliance Industries. In other words, the suspicion of bias on this critical issue has now reared its ugly head.

To add to the confusion are claims being made by several private producers who naturally feel that their power projects would become uncompetitive if the

Anil Ambani group is given natural gas at half the price they are paying. Their claims will become stronger with the govt pitching for the NTPC to be supplied gas at the lower rate.

Anil Ambani's company added more fuel to the fire by launching a series of print media advertisements alleging that the govt was

not acting in the national interest by supporting the proposal for higher natural gas prices from the fields of the Krishna-Godavari basin. These advertisements did put pressure on the govt to appear objective and unbiased on the gas pricing controversy. It also led to various ministries involved reaching a consensus before making submissions before the apex court.

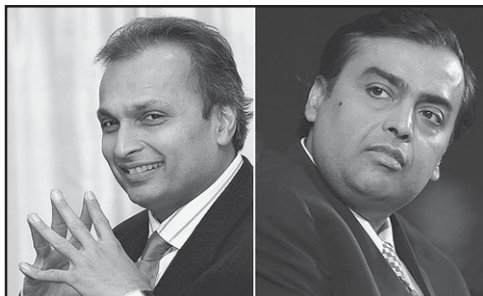
Now the government seems to be veering around to support the NTPC's demand for natural gas supplies at a cheaper price, while also insisting on higher rate for other companies. But it is yet to be seen whether this duality of approach would be acceptable to the apex court, particularly since the Bombay High Court had ruled in favour of Reliance Natural Resources.

The issue remains before the courts and so all parties concerned are now waiting for Oct 20 when the Supreme Court will take up the case. But the entire controversy has come at an extremely inconvenient time for the government as it has just launched another round of auctions for oil and gas assets in areas including the Krishna-Godavari basin.

It fears potential investors may be scared away by the prospect of the government interfering over pricing and other issues at a later date when oil and gas are actually discovered and produced by these companies.

There is no doubt that on issues like natural gas, which is a critical component of the country's energy security, the availability and pricing cannot be decided by two warring private companies. The natural gas reserves remain a national resource that need to be properly conserved and utilised for the country's long-term needs.

At the same time, the government needs to have a coherent and consistent policy towards natural gas pricing. But this cannot be done as a knee-jerk reaction to the present turmoil over gas prices. A long-term policy needs to be evolved soon to avoid further confusion for both producers and consumers of this important source of energy in an energy-starved country.



"Kashmir Is No Longer Unsafe"

BY RUCHIKA KHER

Srinagar: (IANS) In his traditional Kashmiri clothes, Ali Mohammed rowed his bright yellow shikara in the clear waters of the Dal Lake. Suddenly he looked up at the sky and sighed deeply.

Not long ago, he remembered, hundreds of thousands of visitors would flock to Kashmir Valley in search of mental peace. And now, he rued, they are scared of visiting the place that was once a paradise for tourists.

The 20-year-old insurgency has earned the valley the name of "war zone", but Ali

its lost glory. Domestic tourists visit the valley, but foreigners stay away owing to warnings from many Western governments.

"It is a perception that has been created over the years," Ali Mohammed, 45, told IANS, as he kept rowing his shikara, which could be a perfect lounge for lovers with full-length cushions to curl up on and side curtains to hide from prying eyes.

As the shikara glides with dozens of others around, Ali Mohammed's yearning for peace grows. "This myth has led to tourists avoiding Srinagar," he rues.

"I don't know when people will realise that Srinagar is not unsafe."

Shabina Khan, who works at a hotel here,

wants to hardsell the return of peace. She wants to forget the insurgency, which she says is a thing of the past.

"The situation is different and tourists have nothing to fear," she said, inviting visitors from all over the world.

Tariq Ahmed, who sells dry fruits in a market close to Dal Lake, boasts of Kashmiri hospitality. "The violence has not changed the behaviour of Kashmiris and Kashmir is thus largely safe for tourists."

"Aren't there shootings and blasts in cities like Delhi and

Mumbai" where vacationers never hesitate to visit, asked Abdur Rahman, a jeweller here, who also has a shop in Goa.

"For other cities it is crime and for Kashmir it is terrorism," he said. "No one brands them unsafe. But for them Srinagar is a dangerous place. Ask people here and they will tell you how safe the place is."



Kashmiri boatmen carrying security forces in their shikaras in Srinagar's Dal Lake. Kashmiri house boat owners, whose livelihood depend on tourism, are yearning for peace in the troubled region that has been hit by two-decade old separatist conflict.

Mohammed and many others, yearning for peace, think the description is a media hype.

Kashmir is no longer unsafe, is the common refrain of people here, disgusted with what they consider media sensationalism.

Notwithstanding the bloody conflict that erupted in 1989, peace is slowly returning to Kashmir Valley. But the tourism business, one of the pillars of the state's economy, is yet to regain

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