

# Indian Gas Exchange (IGX)



## Why in News?

India launched its first gas exchange which has been named as the Indian Gas Exchange (IGX).

## Significance

- ✓ It will allow buyers and sellers of natural gas to trade both in the spot market and in the forward market for imported natural gas.
- ✓ It will allow trading across three hubs —Dahej and Hazira in Gujarat, and Kakinada in Andhra Pradesh.
- ✓ Imported Liquefied Natural Gas (LNG) will be regassified and sold to buyers through the exchange, removing the requirement for buyers and sellers to find each other.
- ✓ The exchange also allows much shorter contracts – for delivery on the next day, and up to a month while ordinarily contracts for natural gas supply are as long as six months to a year.
- ✓ This will mean that buyers do not have to contact multiple dealers to ensure they find a fair price.

## India's steps to enhance Natural gas production

- ✓ Indian gas market has multiple price bands for assets including pre-NELP, NELP, High Temperature and High pressure (HTHP) and Deepwater and Ultra Deep Water blocks.
- ✓ The country will soon have 50 MMT LNG terminal capacity.
- ✓ The country has long-term gas contracts with many countries like Qatar, Australia, Russia and the US, and has made investments abroad in strategic assets in Mozambique, Russia and other countries.
- ✓ Various ongoing projects are run to strengthen the gas infrastructure in the country like Urja Ganga, Eastern India grid, Indradhanush project in the North-east, Dhamra-Dahej pipeline, coal gasification and CBM policy.
- ✓ The new electronic trading platform for natural gas is the biggest indicator of the centre's progressive policy as it completes the entire energy value chain from gas production from multiple sources and imports of LNG from different parts of globe to having a transparent price mechanism.