ECONOMIC TIMES, Delhi, 19.6.2025
Page No. 10, Size:(13.00)cms X (16.58)cms.

Natgas Demand Drops 10% in May as Monsoon Arrives Early

Sanjeev Choudhary

New Delhi: Domestic natural gas consumption declined 10% year-on-year in May, as cooler temperatures and the early onset of the monsoon dampened demand from gas-based power plants. This led to a 15% drop in liquefied natural gas (LNG) imports during the month.

India consumed 5,918 million metric standard cubic meters (MMSCM) of natural gas in May, comprising 2,941 MMSCM of domestic production and 2,977 MMSCM of imports, according to the oil ministry data. Domestic gross production also fell 4% year-on-year.

The fertiliser and city gas distribution sectors remain the top consumers of natural gas in India. However, incremental demand during summer typically comes from gas-based power plants, which account for about 12-13% of total gas consumption. In May, these plants operated at just 19% of their installed capacity, generating only about half the electricity they produced in the same month last year.

Gas-fired power is more expensive than coal-based generation, but it usually finds buyers during extreme heatwaves when cooling demand spikes. "Last May, we had very high demand from gas-based power plants. In addition, this May, multiple planned and unplanned shutdowns at fertiliser plants also contributed to the decline in gas consumption across the country," said Sanjay Kumar, marketing chief of the nation's largest gas marketer GAIL.

"This year, the summer has been unusually mild compared to the long, harsh season last year," said another gas company executive, adding that gas-based plants have remained mostly idle. In addition to weak demand from power generators, elevated international gas prices also dampened Indian imports, industry executives said. The Asian spot LNG benchmark JKM averaged $12 per mmBtu in May—a level many Indian buyers found unaffordable, opting instead for liquid fuels.

OUTPUT FALLS

Domestic gross production also witnessed a 4% decline year-on-year

Domestically produced gas is generally cheaper than imported LNG. But declining domestic output has reduced the availability of these lower-cost supplies. Refiners and factories keep switching between gas and liquid fuels based on their relative economics.