

CABINET APPROVES CAPITAL GRANT AS VIABILITY GAP FUNDING TO INDRADHANUSH GAS GRID LIMITED FOR SETTING UP THE NORTH EAST NATURAL GAS PIPELINE GRID

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

Cabinet Committee on Economic Affairs (CCEA)

Cabinet approves Capital Grant as Viability Gap Funding to Indradhanush Gas Grid Limited for setting up the North East Natural Gas Pipeline Grid

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The Cabinet Committee on Economic Affairs, chaired by Prime Minister Shri Narendra Modi, has given its approval as under:

- The North East Gas Grid project of Indradhanush Gas Grid Limited with viability Gap Funding/ Capital Grant at 60% of the estimated cost of Rs 9265 crore (Including interest during construction). Quantum of VGF would be capped at 60% of estimated project cost and would not be linked with upward capital cost variation.
- MoPNG shall identify milestones for major activities for this project and link the same for releases of capital grant of the project.
- For effective monitoring of the project implementation, a Committee comprising of officials from Ministry of Petroleum & Natural Gas, Department of Expenditure, Ministry of Development of North East Region, Ministry of Environment, Forest & Climate Change, and Department of Fertilizers, may be formed, which would periodically review the progress in implementation of the project and take steps to smoothen out any issues in execution.

Total length of pipeline is 1656 KM and tentative project cost is Rs 9265 crore. As per the plan, Gas Pipeline Grid would be developed in the eight states of the North-Eastern region i.e. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura.

The Capital Grant will provide natural gas supplies to various types of consumers viz. Industrial, PNG(Domestic), CNG (Transport) etc. and would immensely help in substituting the liquid fuels. The pipeline grid would ensure reliability and uninterrupted natural gas supplies to the consumers which otherwise gets severely affected due to various reasons in this part of the country.

Availability of Natural gas across the region is expected to boost industrial growth without impacting the environment and would offer better quality of life to the people in general due to use of cleaner and green fuel.

Socio-Economic and Environmental Benefits

- Development of industrial climate in eight states of the north-eastern region i.e. Arunachal

Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura.

- Reduction in the usage of kerosene, wood etc. due to increased usage of environment friendly fuel natural gas thereby improving the environment in the region.
- Improvement in the standard of living of peoples living in the region.
- It will boost Exploration & Production activities and connect regional gas sources with pipeline network for early monetisation of natural resources in the region.
- Possibility of installing bottling plants for LPG can be explored for reducing transportation cost. Uninterrupted supply of LPG and other valueadded products can be ensured in the region which will bring energy security to the people in the area.

Background:

To usher in Gas based economy and to increase the share of natural gas in country's primary energy mix, Government is taking focused steps viz. enhancing domestic gas production, expeditious development of gas infrastructure including pipelines, City Gas Distribution (CGD) networks and Re-gasified Liquefied Natural Gas (R-LNG) Terminals as well as development of Gas market by providing open access to gas infrastructure.

Indradhanush Gas Grid Limited (IGGL), a joint venture company of five CPSEs (IOCL, ONGC, GAIL, OIL and NRL) has been incorporated on 10.08.2018 to develop and operate Natural gas pipeline grid in North-East region. Petroleum & Natural Gas Regulatory Board (PNGRB) has also issued provisional authorization to IGGL on 14.09.2018 for the development of North-East Gas pipeline grid.

VRRK/SC

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