

**LOK SABHA**  
**UNSTARRED QUESTION NO. 2643**  
**TO BE ANSWERED ON 17<sup>th</sup> March, 2022**  
**Unbundling of GAIL**

2643. SHRIMATI MAHUA MOITRA:

पेट्रोलियम और प्राकृतिक गैस मंत्री

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government is working on unbundling of Gas Authority of India Limited (GAIL), Independent Transmission Systems Operator and Unified Tariff, if so, the details thereof and if not, the reasons therefor;
- (b) whether the Government is aware that due to non-unbundling, GAIL is not paying Central Service Taxes for inter-State sale which results into deprivation of income to the Central and the State Governments; and
- (c) if so, whether any steps have been taken by the Government to stop this loss, if so, the details thereof and if not, the reasons therefor?

**ANSWER**

पेट्रोलियम और प्राकृतिक गैस मंत्रालय में राज्य मंत्री  
(श्रीरामेश्वर तेली)

**MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL  
GAS  
(SHRI RAMESWAR TELI)**

- (a) No such proposal for unbundling of Gas Authority of India Limited (GAIL) is presently under consideration of Government. Government has in June 2021 sought public comment on the draft Petroleum and Natural Gas Regulatory Board (Matters Related to Natural Gas Sector Development) Rules, 2021 which inter alia include setting up of Transport System Operator (TSO). Further, Petroleum and Natural Gas Regulatory Board (PNGRB) has notified the PNGRB (Determination of Natural Gas Pipeline Tariff) Second Amendment Regulations, 2020, on 23.11.2020 for implementation of Unified Tariff. As per sub-regulation 1(2) of the said Second Amendment Regulations, these regulations shall come into force from the date of commencement as may be notified in the Official Gazette.

(b) and (c) Presently, majority of natural gas volume being traded by GAIL is sold to its customer on delivery basis under bundled contracts i.e. GAIL purchases natural gas on payment of State Value Added Tax (VAT) to the supplier at sourcing State and sale to the customer located within sourcing State, by charging State VAT. However, in case of customers located outside the sourcing state on the Hazira-Vijaipur-Jagdishpur (HVJ) Pipeline, purchase of natural gas is followed by stock transfer and thereafter sold to customer at its premise on delivery basis by charging State VAT of destination State. Since GAIL has its gas processing unit en-route HVJ pipeline i.e. at Madhya Pradesh and Uttar Pradesh, hence sale of natural gas is done on delivery basis subsequent to stock transfer. In addition, State VAT on incidental expense such as transmission tariff and GST cost thereon, in relation to the sale transaction, is also charged by GAIL to its customer at destination State. Thus, the methodology adopted by GAIL is not resulting in deprivation of income to the Central and State Government.

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