

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:1336

ANSWERED ON:01.12.2005

EXPANSION OF GAIL BUSINESS IN HYDROCARBON SECTOR

Sarvey Shri Sathyanarayana

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

(a) whether Gas Authority of India Limited (GAIL) (India) Limited under its globalization drive has entered into a Joint – Venture with China Gas Holdings Limited and Plans to expand its business interest in the hydrocarbon sector in China;

(b) if so, the manner in which this Joint – Venture is going to benefit the Indian economy;

(c) the details of the objectives/targets the company expect to achieve;

(d) whether the company also plans to make any type of import in the energy security sector; and

(e) if so, the details thereof?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a): Yes, Sir. GAIL have taken a participating interest in China Gas Holdings Limited, a retail gas company in China. Further, GAIL propose to form a separate Joint Venture (JV) Company with China Gas for undertaking CNG, LPG and LNG business in China as well as Exploration & Production projects in India, China and third countries.

(b) & (c): As a Navaratna Company, GAIL is mandated to globalize its business. Accordingly, the company is globalizing its business activities with the objective of exploring growth opportunities and entering new markets. The opportunities for globalization are being pursued in the major thrust areas of natural gas transportation projects, gas processing projects, exploration and production, LNG projects linked with gas E&P, Compressed Natural Gas for vehicles and city gas distribution infrastructure development and retailing. The natural gas sector in China is growing at a fast rate. As an entry strategy, GAIL made investment in China Gas which is likely to facilitate additional project opportunities for GAIL in China. While this investment may not benefit the Indian economy directly, any growth in GAIL's profits on account of such commercial ventures would benefit its share-holders, including the Government.

(d) & (e): GAIL along with Indian Oil Corporation (IOC) and Bharat Petroleum Corporation Limited (BPCL), have signed a sale purchase agreement with NIGEC (National Iranian Gas Export Company) for the import of 5MMTPA of LNG from Iran for a period of 25 years beginning the last quarter of 2009. GAIL are also pursuing the possibilities of LNG imports from other sources. GAIL are actively involved in the Iran – Pakistan – India and Myanmar – Bangladesh – India gas pipelines for sourcing gas from Iran and Myanmar respectively.