

North-East Gas Grid to get ₹5,500cr VGF

PMO okays oil min proposal of 60% budgetary support; Cabinet nod needed

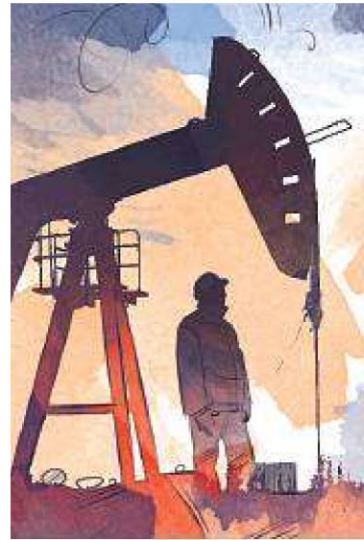
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New Delhi: The government is likely to provide ₹5,500 crore viability gap funding (VGF) to North-East gas grid.

The Prime Minister's Office has agreed to the oil ministry's proposal of extending 60% budgetary support to the ₹9,200-crore North-East gas grid project, people familiar with the matter said, adding that the proposal would soon be sent to the Cabinet.

The Modi government wants to turn India into a gas-based economy and is encouraging massive investments in gas production, transportation and import terminals to have increased countrywide access to the fossil fuel. The government plans to raise the share of natural gas in country's primary energy mix to 15% by 2030 from 6% now.

The 1,600-km North-East gas grid will help connect the region to the proposed national grid at Guwahati. Indradhanush Gas Grid (IGGL), a joint venture of Indian Oil, ONGC,



GAIL, Oil India and Numaligarh Refinery, plans to lay the North-East gas grid, which is unlikely to be viable without central funding. This project needs support as was extended in 2016 to Gail's Jagdishpur-Haidia and Bokaro-Dhamra Gas Pipeline project, company executives said.

Capital grant of ₹5,176 crore, or 40% of the project cost, for the 2,500 km pipeline project of GAIL, has been given.

Lack of state financial support so far has delayed the launch of the North-East gas grid project by almost a year. Indradhanush Gas Grid, set up in August 2018, had hoped to receive the Cabinet's approval on funding ahead of the general election but the process got delayed.