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Govt considers splitting GAIL into 2 entities

The government is considering a proposal to split GAIL (India), with the marketing operations spun off into a separate company, reports **Sidhartha**. Sources said the Centre is unhappy with GAIL's performance in building a pipeline network, in addition to a possible conflict of interest. **P19**

Govt looks to split GAIL into 2 units, separate marketing ops

Move To Boost Gas Infra, End Possible Conflict Of Interest

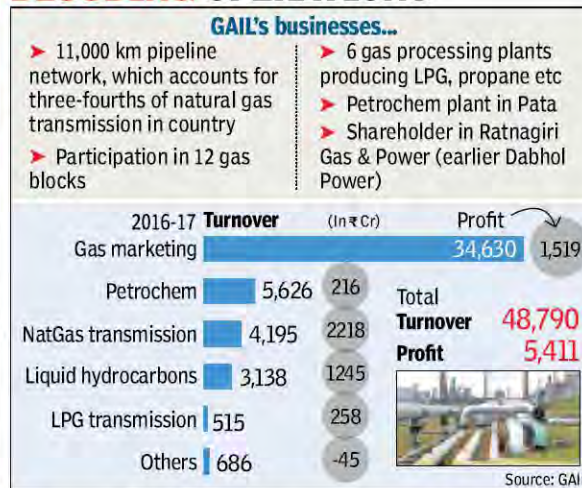
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New Delhi: Amid talks of merger of public sector oil and gas companies, the government is considering a proposal to split GAIL (India) with the marketing operations spun off into a separate company.

Sources told **TOI** that the plan is being discussed in the petroleum ministry as the Centre is unhappy with the state-run player's performance in building a pipeline network in addition to a possible conflict of interest in its role as the infrastructure provider as well as a carrier. "It is like building a road and also deciding who can ply and at what cost," said a source, who did not wish to be identified.

The plan to split the company, which was set up mainly to develop gas sector infrastructure in the country, has been discussed in the past too, including by Atal Bihari Vajpayee

DECODING OPERATIONS



government, but it did not materialise. Natural gas transmission and marketing are the core businesses of the PSU, which has also diversified into petrochemicals and renewable energy. Last year, GAIL ear-

ned over 70% revenue from marketing operations, while over 40% of the profit came from natural gas transmission. The discussions come at a time when the government is working on completing ONGC

acquisition of Hindustan Petroleum Corporation to bolster both the entities. The deal will help the government garner around Rs 35,000 crore by way of disinvestment receipts. While other merger plans will wait until the next year, Bharat Petroleum and IndianOil have made a pitch to take over GAIL, a news agency reported last month.

The sources, however, said the government would first prefer to unbundle GAIL before deciding on consolidation. "By this time the entire country should have had a pipeline network but we have been very slow," said a source, adding that pipelines and delivering gas at doorsteps is a major thrust of the Narendra Modi administration. Although the government is discussing the plan, sources clarified, there is no formal decision on the issue, which will be finalised only after consultation with all stakeholders.

'CIL examining feasibility of producing methanol'

NEW DELHI: The government on Wednesday said state-run miner Coal India Ltd (CIL) is examining the feasibility of producing methanol and other chemicals.

"Also, CIL (Coal India) is exploring techno-commercial feasibility of production of methanol and other chemicals," Coal Minister Piyush Goyal said in a written reply to the Lok Sabha. These initiatives, he said, are under feasibility study stage at present.

Asserting that CIL is exploring alternative uses of fossil fuel, the minister said that the PSU, through a joint venture with GAIL, Rashtriya Chemical Fertilizers Ltd (RCF) and Fertilizer Corporation of India Ltd (FCIL) is involved in a venture to set up a coal-based fertiliser plant at the site of the defunct Talcher unit of FCIL.

This, the minister said, is in line with approval of the Cabinet Committee on Economic Affairs, whereby revival of the Talcher unit of FCIL was awarded to a consortium of CIL,



GAIL, RCF and FCIL on nomination basis. Goyal further said that the methodology for auction of coal mines for sale of fossil fuel under the provisions of the Coal Mines (Special Provisions) Act, 2015 and the Mines and Mineral (Development and Regulation) Act, 1957 is under government's consideration.

Meanwhile, a Parliamentary Committee report has said that the government should consider allowing domestic coal to be used in imported coal-based thermal power plants to reduce the dependency on the dry fuel bought from other countries.

"The Committee has noted that the use of indigenous coal by the imported coal-based thermal power plants is dependent on policy interventions by the government," PFI

Coal India looking to produce methanol

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NEW VENTURE

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Meanwhile, riding on ris-

ing demand, Coal India's average premium from e-auction of coal rose to 76% over the average notified price during the third quarter of this fiscal year.

"In the Q3 period (Oct-Dec'17), the average premium over the average notified price was up 76% against 23.6% in the corresponding quarter of 2016-17," a senior Coal India official said.

The miner allotted 28.6 million tonne of the fossil fuel in the Q3 period of the current fiscal, marginally lower than the corresponding quarter's quantity of 28.8 million tonne.

October 2017 saw a drop of 40% in coal offering in e-auction platform as there was diversion to power plants owing to sudden rise in demand.—PTI