

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

STARRED QUESTION NO:245

ANSWERED ON:22.07.2004

TERMINATION OF CONTRACT OF VSNL AND STATE OWNED GAIL

Adhalrao Patil Shri Shivaji;Mane Smt. Nivedita

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

- (a) whether VSNL has terminated its contract with GAIL for hiring optical fibre broadband links along its pipelines between Delhi and Mumbai;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether this decision of VSNL has marked a set back for the gas utility's telecom dream;
- (d) the loss suffered by GAIL as a result thereof;
- (e) whether GAIL has requested the Government to take steps to sort out the issue; and
- (f) if so, the steps taken by the Government in this regard?

Answer

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

(a) to (f): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF THE LOK SABHA STARRED QUESTION NO. 245 BY SHRI SHIVAJI ADHALRAO PATIL AND SHRIMATI NIVEDITA MANE TO BE ANSWERED ON 22ND JULY, 2004 REGARDING TERMINATION OF CONTRACT OF VSNL AND STATE OWNED GAIL.

(a) & (b): VSNL had an agreement with GAIL for leasing long distance bandwidth. As per the terms of the agreement, VSNL could opt out giving one month's prior notice. VSNL has since constructed its own long distance network between Mumbai and Delhi and was leasing bandwidth from GAIL as a standby. Subsequently, VSNL purchased optical fibre network from M/s Bharti Limited along this route and thus created its own standby arrangement. VSNL, therefore, opted out of the agreement with GAIL due to commercial reasons, in conformity with contract clauses.

(c) & (d): The decision of VSNL was a temporary setback to GAIL as the business withdrawn by VSNL is about Rs.17 crore per annum. GAIL has, thereafter, received new orders of more than Rs.8 crore per annum from other operators. GAIL is expecting additional new orders from other customers.

(e) & (f): No, Sir. The matter is of a commercial nature between GAIL and VSNL and is in conformity with contract clauses. GAIL has not sought Government intervention.