

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

UNSTARRED QUESTION NO:4437
ANSWERED ON:17.12.2009
OUTSTANDING DUES OF GAIL
Rawat Shri Ashok Kumar

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

- (a) whether private sector company Essar had signed an agreement with the Gas Authority of India Limited in 1996 for procurement of gas according to which Essar company had to pay transportation charges of gas supply by HBJ pipeline and Essar company had agreed to pay the transportation cost:
- (b) if so, the details thereof and the account of transportation charges for transportation of gas outstanding against Essar company as on date;
- (c) whether the Essar company has paid the said charges to the GAIL;
- (d) if so, the details thereof;
- (e) if not, the reasons therefor; and
- (f) whether GAIL has taken any steps for early recovery of the said charges from Essar company?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI JITIN PRASADA)

(a) & (b): Yes, Madam. An agreement was executed between GAIL (India) Ltd. and Essar Steel Ltd. on 17.07.1996 for converting gas allocation of 0.35 mmscmd (million metric standard cubic metres per day) on fallback basis into firm allocation, with a commitment from ESSAR to pay Hajira- Vijaipur- Jagdishpur (HVJ) transportation charges. As on 30.09.2009, the total amount of transportation charge not paid by Essar Steel Ltd. to GAIL (India) Ltd. is Rs. 100.43 crore.

(c) to (f): M/s ESSAR Steel Ltd. stopped the payment of transportation charges to GAIL (India) Ltd with effect from February 1999. GAIL gave a demand cum disconnection notice and called upon M/s ESSAR to deposit the outstanding amount along with payable interest in terms of the contract. M/s Essar Steel Ltd. challenged the notice issued by GAIL before the Hon'ble Gujarat High Court. Hon'ble Single Judge of Gujarat High Court allowed the petition holding that Essar Steel Ltd. is not liable to pay transportation charges and quashed & set aside the notice issued by GAIL. GAIL has filed an appeal against the said order before the Hon'ble Division bench of Gujarat High Court.