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Economics

ROLE OF GAIL IN INDIA'S ENERGY SECURITY

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KEYWORDS :

INTRODUCTION

GAIL was established as central public enterprises in 1984. Today GAIL is a pioneer in city Gas distribution business in India. It attained Maharatna status on April 26 2013. GAIL has set up several JVs for CGD to supply gas to households, transport sector & commercial consumers in various cities including Hyderabad, Agartala, Kanpur, Indore, Vadodara, Lucknow, Agra and Pune. In 2008, GAIL incorporated a wholly owned subsidiary, GAIL Gas Ltd (GGL) to exclusively focus on city gas distribution business. GGL has been authorized for implementation of CGD projects in four cities namely Kota, Dewas, Sonepat & Meerut in the 1st round of bidding by Petroleum & Natural Gas Regulatory Board (PNGRB). GAIL Leveraging on its pipeline network, GAIL has built a strong Optic Fibre Cable (OFC) network of approximately 13,000 km for its own internal use and leasing of bandwidth as a carriers' carrier.It has set up many joint ventures for city gas distribution to supply Gas to household transport sector and commercial consumers in various cities. The more successful among them are the first JV Mahanagar Gas Limited formed with Birtish Gas incorporated to implement Mumbai city distribution project in 1994. In 1998 Indraprastha Gas Limited (IGC) was incorporated for supply of gas to household, transport and commercial consumers in Delhi. GAIL accounted for 3/4th of the natural gas transmitted through pipelines in India. It is more than ½ of the natural gas sold in India. It is 1/5th (21%) of polyethylene produced in country. It contributes pipeline transmission of around 1/4th of the country's total LPG. It supplies gas for about half (50%) of country's fertilizer produced Supply for about half (50%) country's gas-based power generation. It is operated in more than 2/3rd of country's CNG station. It is more than ½ of the country's piped natural gas supply. It became Public enterprise by issuing IPO to the public in the year 1995. The Government sold 28.5 million equity shares, representing 3.4% of the company's equity capital, to domestic and qualified foreign investors. It was listed in NSE, BSE and DSE. GAIL (India) Limited is committed to reduce carbon emissions and implement renewable projects. GAIL has a total installed capacity of 145 MW of alternative energy; comprising of 118 MW wind energy and 27 MW are solar energy projects. GAIL has set a target of achieving Net Zero through reduction in Scope-1 & Scope-2 emissions by 2035 and Scope-3 emission by 2040. GAIL plans to increase its Renewable Energy capacity upto 3.4 GW by year 2035 to achieve the Net Zero Targets. The financial performance of GAIL in 2025–26 was strong and improving**,** GAIL gross sale was 34735 crore at 2025-26 marked by significant profit growth and stable revenue expansion. Despite challenges like fluctuating gas prices and margin pressure, the company maintained solid operational performance and shareholder returns. Overall, GAIL remains a financially stable and strategically important energy company in India**.**

The Major products and Brands of GAIL are:-

Petrochemicals:

G-Lex: pressure pipes, OFC ducts, blow molded containers, thin films, monofilament, and raffia etc.G-Lene: raffia, wire and cable, pipe coating, injection moulding, film, rotomoulding, coating/lamination

City Gas Distribution:

CNG: automobiles, PNG: cooking, water heating, air conditioning, space heating, steam generation, power generation, dryers, furnaces, boilers

Liquid Hydrocarbons

G Propane: manufacture of textiles, glass, picture tubes, automobile, bearings, gorging, casting, leling industry, paint shops of major car manufactures ceramics, brick kilns, drying ovens, metal industry, refrigerant in air conditions, etc.

G Pentane: artificial ice formation, low temperature thermometers, solvent extraction processes, blowing agent in plastics, pesticides, production of iso and normal pentane

Telecom

Gailtel: Bandwidth Leasing, Infrastructure Leasing

Subsidiaries and Joint Ventures

The important subsidiaries through which GAIL is doing it power generation, Gas trading, Shale Gas, LNG, City Gas Projects and Petrochemicals in India for natural gas supplies to households, commercial and transport sector through its subsidiaries and joint venture companies. The subsidiaries and joint ventures are:-

NATURAL GAS, LNG AND POWER

GAIL Global (Singapore) Pvt. Limited (wholly owned Subsidiary)
GAIL Global (USA) Inc (Wholly owned Subsidiary)
GAIL China Gas Global Energy Holdings Limited
Petronet LNG Limited (PLL)
Ratnagiri Gas and Power Private Limited (RGPPL)

CITY GAS DISTRIBUTION

GAIL Gas Limited (wholly owned subsidiary
Aavantika Gas Limited (AGL)
Bhagyanagar Gas Limited (BGL)
Central U.P. Gas Limited (CUGL)
Green Gas Limited (GGL)
Indraprastha Gas Limited (IGL)
Mahanagar Gas Limited (MGL)
Maqharashtra Natural Gas Limited (MNGL)
Tripura Natural Gas Company Limited (TNGCL)

PETROCHEMICALS

Brahmaputra Cracker and Polymer Limited (BCPL) (Subsidiary)
ONGC Petro-additions Limited (OPAL)

Awards

- GAIL has got many awards and recognition, the important among them:-
- 11th ICSI National Award for Excellence in Corporate Governance, 2011
- Corporate Governance Award 2012 by Indian Chamber of Commerce
- Platt's Global Energy Award, 2011, for 'World's No. 1 Company in Downstream Operations'
- No.1 gas utility company in Asia and No.2 gas utility company globally, 'PLATTS Top 250', 2010.
- GAIL'S Jamanagar-Loni and Vizag Secendrabad, LPG pipeline unit won the first and second national Award for Excellence in Cost Management 2011 respectively under the category of Public Sector Service Unit.
- International Safety award from British Safety Council, United Kingdom for Gas Processing Unit and Natural Gas Compressor Station, Vaghodia; Gas Processing Unit, Gandhar; Jamnagar -Loni LPG Pipeline; Regional Natural Gas Pipeline Network, National Capital
- Region, Delhi and Agra.
- Golden Peacock Occupational Health and Safety Award-2011 for GAIL, Khera from institute of Directors, New Delhi.
- GAIL, Usar bagged the Confederation of Indian Industry(CII)-shohrab Goderj Green Business Centre (GBC) Environmental Best Practices Awards for 2012 under "Most Innovative Project of the Year "
- GTI has received the prestigious Golden Peacock Quality Award

for Training System and 'GreenTech Gold HR award for outstanding achievement in Training Exellence' for the year 2011

SWOT:

An attempt is made to analyze the Strengths, weakness, opportunities and threats of the Gas Authority of India limitedin this section.

Strength:

the strength of the Gas Authority of India limited are:

1. GAIL account for 3/4th of the natural gas transmitted through pipelines in India.
2. It is more than ½ of the natural gas sold in India.
3. GAIL has skill and dedicated 3900 man power of 3900
4. The compound average growth rate in 10 years shows that it has grown by more than 16%
5. World's No. 1 Company in Downstream Operation 2011
6. GAIL is the market leader in the transmission of natural gas with about 5,500km of pipeline network and has a market share of 74% in natural gas volume.
7. GAIL has embarked on as pipeline network augmentation for laying another 7500 km of pipelines at an investment of about Rs.30,000 Crore
8. GAIL Company is implementing the Natural Gas Pipelines which have been authorized by MoP NG: (1) Dabhol-Bengaluru Pipline (2)Kochi-Mangalore/Bengaluru Pipeline3) Jagdishpur-Haldia Pipline
9. Diversified Business Segments
10. Leading market presence

Weakness:

theweaknesses of the Gas Authority of India limited are:-

1 Decline in Liquidity ratio

2 Respected intervention of government on many issues despite the Maharatna status

3 85% of Natural Gas Transmission revenue comes from the regulated tariff. If market rates are allowed, GAIL would have been strengthened

4 Natural Gas throughput has decreased due to significant decrease in the RIL throughput.

Opportunity:

The opportunities of the Gas Authority of India limited are:

1. According to MoP&NG's statistics, India has approximately 1241 BCM of natural gas reserves as of 01.04.2011, which at current consumption level yields an R/P (Reserves to Production) ratio of approximately 30 years
2. There is a possibility of new discoveries from the blocks awarded in NELP rounds and future shale gas exploration, which may increase the availability of natural gas domestic sources.
3. GAIL has got the mandate from MoP&NG for sale and transportation and additional 7.23 MMSCMD of gas from new fields of ONGC's nominated blocks.
4. GAIL has entered into short and medium term agreements to buy LNG from international suppliers.
5. The liquid Hydrocarbon sales increased by 5% from 1,373 TMT to 1441 TMT during 2011-12. Similarly, Petrochemical sales showed a growth of 7% during the period

Threats:

The threats of the Gas Authority of India limited are:

1. Ensuring compliance with the relevant legal and regulatory requirement.
2. Assuring demonstrable achievement of objectives and improvement of financial stability of the Organization.
3. The government decision on sharing the under recoveries on Petroleum products given as discount to oil marketing companies would threaten the company's profitability
4. Fluctuation in gas and petrochemical price
5. Intense domestic competition from ONGC and RIL in Petrochemicals
6. There is new customers find it very difficult to deal with the requirement of GAIL.
7. In Global front, biggies in USA and Asia are playing a barrier for GAIL.

CONCLUSION

Corporate Enterprises thereafter do not get direct funds from the existing stocks of the company, but the individual traders receive the gain or loss due to the transaction. But still every Corporate Enterprises aspire and strive hard to maintain the good prices for its stocks. If Company performs well, it will reflect in the stock prices. The founder of Public Company will also have a significant number of the outstanding shares with them. Hence rise in the stock prices will have the reflection on their monetary stock. When Company is faring well is stock market, the credit rating agencies, analysts will rate the Company better. The Company if required can easily raise the debt at reasonable interest rate. As the Company grows it may also seek additional equity financing. The Company utilizing its brand name may sell more shares to the public and raise money. Discussion regression results explain that Stock market is positively influencing on the selected industries. Except NTPC Sensex is positively correlated with revenue of selected Industries.

REFERENCE

1. GAIL website