

Incentive Scheme for Domestic PNG Connections

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Why in news?

The Centre approved an incentive scheme to accelerate domestic Piped Natural Gas (PNG) connections.

- **Effective from** - 1 September 2026.
- **Target** - Expand household PNG coverage and activate unbilled connections.

India currently has 1.74 crore domestic PNG connections.

Key Features

- **Implementing entities** - City Gas Distribution (CGD) companies.
- **Incentives for** -
 - Converting unbilled PNG connections into active/billed connections.
 - Expanding PNG networks into new areas.
 - Scheme will be implemented in 2 tranches over 6 months.
- **APM/Non-APM Incentive Mechanism**
- Eligible CGD entities will receive an additional allocation of 200 SCM (Standard Cubic Metres) of domestically produced, lower-priced APM gas.

APM (Administered Price Mechanism)/Non - APM refers to the pricing/allocation framework for domestically produced natural gas supplied to priority sectors.

- This will be provided for every incremental billed domestic PNG connection achieved above the prescribed threshold for the respective geographical area.
- The additional APM gas will substitute costlier LNG currently procured for the CGD sector's CNG (transport) segment.
- This is expected to reduce the overall gas-sourcing cost of CGD companies.
- **Expected Impact** - Payback period for domestic PNG infrastructure -
 - **Earlier** - 10 years
 - **Expected after scheme** - 3 years
- Creates stronger financial incentives for CGD companies to expand household connectivity.
- Promotes cleaner cooking fuel and reduces dependence on LPG cylinders.

- **Supporting Government Measures**

- Accelerated Approval Framework for faster PNG infrastructure approvals.
- Standardised Right-of-Way (RoW) charges under the Natural Gas & Petroleum Distribution Order, 2026.
- States encouraged to reduce VAT on natural gas to 5%.
- **National PNG Drive 2.0** - LPG surrender portal, awareness campaigns and conversion of housing societies.
- Unified PNG registration portal - Proposed single-window digital platform for applying and tracking connections.

Benefits of PNG

- **Safer** - Underground, low-pressure supply; PNG is lighter than air and disperses rapidly.
- **Convenient** - Continuous pipeline supply; no cylinder booking, storage or replacement.
- **Cost-effective** - Consumers pay according to metered consumption.
- **Cleaner** - Lower pollution and potentially lower indoor air pollution and carbon emissions.
- Particularly useful for high-rise buildings and densely populated urban areas.

Reference

[DDIndia| Incentive Scheme to Accelerate Domestic PNG Connections](#)

