

**iclg**

# Oil & Gas Regulation **2025**

20<sup>th</sup> Edition



Contributing Editors:

**Michael Burns & Julia Derrick**

Ashurst LLP

**glg** Global Legal Group

# India



Anuja Tiwari



Mallika Anand



Aditya Pandey



Shikhar Thukral

AZB &amp; Partners

## 1 Overview of Natural Gas Sector

**1.1** A brief outline of your jurisdiction's natural gas sector, including a general description of: natural gas reserves; natural gas production including the extent to which production is associated or non-associated natural gas; import and export of natural gas, including liquefied natural gas ("LNG") liquefaction and export facilities, and/or receiving and re-gasification facilities ("LNG facilities"); natural gas pipeline transportation and distribution/transmission network; natural gas storage; and commodity sales and trading.

India's natural gas sector is governed by a complex legal and regulatory framework encompassing statutes, rules, and policies designed to manage exploration, production, transportation, storage, and trade. The Petroleum and Natural Gas Regulatory Board (PNGRB) serves as the central authority in regulating India's natural gas sector.

### Natural gas reserves and production

The estimated reserves of natural gas as on April 1, 2022 was at 1149.46 Billion Cubic Metres, with 23.45% in the Eastern offshore and 29.34% in Western offshore.<sup>1</sup> India's natural gas reserves are primarily located offshore in the Krishna-Godavari Basin, Bombay High, and the Rajasthan Basin. Onshore reserves are located in Assam and Gujarat. As of fiscal year (FY) 2023–24, total natural gas production was 35,717 Million Standard Cubic Metres. India produces both associated and non-associated natural gas. There is no segregation of non-associated natural gas or associated gas figures. Major producers include public sector entities alongside private players.

### Import and export of natural gas

India is heavily reliant on imports of liquified natural gas (LNG) to meet domestic demand, with key suppliers including Qatar and the United States. Dahej LNG Terminal (Gujarat) is one of the largest LNG import terminals, operated by Petronet LNG Ltd. It has a capacity of 17.5 million tonnes *per annum* (MTPA). Natural gas exports are minimal, as domestic production prioritises internal consumption.

### Natural gas pipeline transportation and distribution

As of March, 2022, there is an authorised network of 34,135 km natural gas pipeline. Pipeline transportation of natural gas is a critical component of the energy infrastructure. The Indian government aims to create a nationwide gas grid to

connect major cities, industrial hubs and unreserved regions to a central pipeline network. The plan involves constructing thousands of kilometres of pipelines under the Pradhan Mantri Urja Ganga scheme and the National Gas Grid Initiative, which will improve gas access across rural and urban areas, promote cleaner energy, and boost industrial growth. Major existing pipelines include the Hazira-Vijaipur-Jagdishpur (HVJ) pipeline. Jagdishpur-Haldia and Bokaro-Dhamra Pipeline (JHBDPL) is an ongoing key project aimed at connecting the eastern part of India to the national gas grid. It will provide access to natural gas for industries and cities in Uttar Pradesh, Bihar, Jharkhand, West Bengal, and Odisha.

### Natural gas storage

India's natural gas storage capacity is integrated with LNG terminals, ensuring minimal disruptions in supply.

### 1.2 To what extent are your jurisdiction's energy requirements met using natural gas (including LNG)?

The demand for energy is met mostly by fossil fuels with coal being the primary contributor (~60%), oil (~29%) and natural gas contributes only around 6% to the total energy demand. Balance (5%) is met through a mix of non-conventional sources.<sup>2</sup>

### 1.3 To what extent are your jurisdiction's natural gas requirements met through domestic natural gas production?

India imports around 50% of the natural gas requirements.<sup>3</sup> In 2021, Qatar was the biggest supplier of natural gas to India, accounting for 42% of the total imports, with the USA at 16%.<sup>4</sup> In June 2024, the USA was the largest exporter of LNG with 851,000 tonnes of supply overtaking Qatar.<sup>5</sup>

### 1.4 To what extent is your jurisdiction's natural gas production exported (pipeline or LNG)?

India does not export natural gas to any country.

## 2 Overview of Oil Sector

### 2.1 Please provide a brief outline of your jurisdiction's oil sector.

India is the third-largest energy and oil consumer in the world.<sup>6</sup> A net importer of oil with 87.9% of its total oil requirement met through imports,<sup>7</sup> International Energy Agency (IEA)

estimates in their 2023–2030 forecast period that India will account for more than one-third of global oil demand growth.

During FY 2023–24, India consumed 234.3 Million Metric Tonnes (MMT) of petroleum products.<sup>8</sup>

## 2.2 To what extent are your jurisdiction's energy requirements met using oil?

Oil contributes to 29% of the total energy demand.

## 2.3 To what extent are your jurisdiction's oil requirements met through domestic oil production?

As at April 2024, estimated recoverable reserves of crude oil in India stood at 671 MMT.

During FY 2023–24, domestic crude oil production was only 29.36 MMT, accounting for a modest ~12% oil requirement.<sup>9</sup>

The production has decreased in the last 10 years by 22%; however, consumption has increased by 47%.

## 2.4 To what extent is your jurisdiction's oil production exported?

Being a net-importer, Indian policy does not allow export of any crude oil produced.

## 3 Development of Oil and Natural Gas

**3.1 Outline broadly the legal/statutory and organisational framework for the exploration and production ("development") of oil and natural gas reserves including: principal legislation; in whom the State's mineral rights to oil and natural gas are vested; Government authority or authorities responsible for the regulation of oil and natural gas development; and current major initiatives or policies of the Government (if any) in relation to oil and natural gas development.**

The broad legal framework for the development of oil and natural gas reserves comprises of the Constitution of India, statutes and case laws.

India follows a federal structure. The Constitution of India establishes a division of legislative powers between the union and state governments. According to Entry 53 of List I in the Seventh Schedule of Constitution of India, the union government has exclusive legislative competence over *"the regulation and development of oil fields and mineral oil resources; petroleum and petroleum products; and other substances declared by Parliament to be dangerously inflammable"*. State governments, however, can enact laws over certain natural resources that are imperative for extracting and doing other operations relating to oil and natural gas blocks namely: "Land"<sup>10</sup>; "Water"<sup>11</sup>; and "Gas and Gas Work".<sup>12</sup>

The seminal legislation governing the oil and natural gas development industry in India is the Oilfields Regulation and Development Act, 1948 (ORD, 1948). However, much of the meat of the legal framework is in the Petroleum & Natural Gas Rules, 1959 (PNGR, 1959).<sup>13</sup> PNGR, 1959 mandate the taking of a "license" for exploration and a "lease"<sup>14</sup> for production. The Act is applicable to mineral oil,<sup>15</sup> which includes only two categories of hydrocarbons *viz.* natural gas and oil. Further, the union government reserved the power to make rules for

altering the terms of the leases including rent, duration, area, etc.<sup>16</sup> Any person who did not take such a licence or a lease suffers penal and/or pecuniary consequences.

The state's mineral rights to oil and natural gas are vested in the government. PNGR, 1959 mandate the taking of a "license" for exploration and a "lease" for production. This licence or lease is to be taken from the union government for offshore blocks and state government for onshore blocks.<sup>17</sup> Similarly, the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 provide for the grant of a licence by the government to explore and exploit the resources of the continental shelf and exclusive economic zone. By virtue of Article 297 of the Constitution of India, ownership of resources found within India's territorial waters, continental shelf, and exclusive economic zone is vested in the central government.

Under the Allocation of Business Rules, 1961,<sup>18</sup> the chief government authority responsible for the regulation of oil and natural gas development in the country is the Ministry of Petroleum & Natural Gas, Government of India (MOP&NG). MOP&NG exercises regulatory oversight over the sector through its technical arm Directorate General of Hydrocarbons (DGH). DGH's objectives are to promote sound management of the oil and natural gas resources, with a balanced consideration for the environment, safety, technological and economic aspects of petroleum activity.

Current major initiatives and policies of the government include an amendment to overhaul ORD, 1948 and Hydrocarbon Exploration Licensing Policy (HELP)/Open Acreage Licensing (OAL) Policy.

Recently,<sup>19</sup> the Oilfields (Regulation and Development) Amendment Bill, 2024 has been proposed in the union parliament which brings about notable changes to ORD, 1948 aimed at bringing policy stability. The Amendment is yet to be made into a law.

Key features of the amendment are:

- The most troublesome knot of applying twice to the government for a licence or lease has been deleted by adding a new definition of "petroleum lease",<sup>20</sup> which will be applicable for both exploration and development.
- Express inclusion of stabilisation provision for leases, which states that terms of leases will not be varied during their term to the disadvantage of investors. This will bring much comfort for investors.
- Augmentation to rule making powers of the union government:
  - to bring about alternative methods for dispute resolution in the context of leases including seats of such mechanism being both inside and outside India. This will bring much assurance and comfort to foreign investors;
  - for unitisation of oil and gas fields even across states so that reservoirs which extend to two different leases could be efficiently developed; and
  - to enhance, protect and conserve the environment.
- Penalties for contravention restricted to pecuniary consequences only, unlike penal provisions existing in the past. The penalties have, however, been increased from INR 1,000 to INR 25 lakhs. For the adjudication of offences, there will be a special authority not below the rank of Joint Secretary and appeals against their decision will go to Appellate Tribunal for Electricity (APTEL).

Further, the proposed rule-making powers also indicate that Government is planning to lay down a legislative framework

for comprehensive energy projects, which will include both oil fields as well as renewable sources.

HELP/OAL Policy is discussed in question 3.2 below.

**3.2 How are the State’s mineral rights to develop oil and natural gas reserves transferred to investors or companies (“participants”) (e.g., licence, concession, service contract, contractual rights under Production Sharing Agreement?) and what is the legal status of those rights or interests under domestic law?**

The state’s mineral rights to develop oil and natural gas reserves are transferred to participants through an auction process.

HELP was launched by the central government in 2016, which is based on Revenue Sharing, replacing the previous cost recovery framework of Production Sharing. A key feature of HELP is the OAL mechanism, which allows investors to select exploration blocks based on their assessment of E&P data available through the National Data Repository (NDR). Investors can submit an Expression of Interest (EoI) at any time throughout the year, without waiting for a formal bidding round from the government. These blocks are then offered through a biannual formal bidding process.

The HELP bidding process is based on three key parameters: the quantum of work programme; revenue share; and originator incentive. The block is awarded to the bidder offering the highest commitment in terms of the work programme and the government’s share of revenue. Additionally, an originator incentive is granted to the entity that identifies and carves out a block from the NDR and submits the EoI.

Rule 5 of PNGR, 1959 provides for an agreement between the government and the licensee or lessee containing additional terms and conditions with respect to the licence or lease. After the block is awarded to the successful bidding participant, the Revenue Sharing Contract is signed which contains additional terms related to term of exploration, work programme and budgets, sale of petroleum, dispute resolution, etc.

The legal status of the rights and interests to develop oil and natural gas reserves is both contractual and regulatory in nature. These rights take the form of a “license” during the exploration stage, which does not grant any interest in oil and gas. As the oil and gas fields progress towards development, the rights take the form of a “lease” granting the participants an interest to extract, utilise or sell hydrocarbons. The legal status is also considered regulatory because certain terms of these licences or leases are embodied in PNGR, 1959. Further, these rights are heavily regulated through the pervasive control of the government.

**3.3 If different authorisations are issued in respect of different stages of development (e.g., exploration appraisal or production arrangements), please specify those authorisations and briefly summarise the most important (standard) terms (such as term/duration, scope of rights, expenditure obligations).**

As stated in question 3.1 above, a “license” is issued for the exploration/appraisal stage and “lease” is issued for the development/production stage.

The standard terms are provided below:

Item	Licence	Lease
Duration	Category I Basin: <sup>21</sup> Three years for Onland/Coal Bed Methane/Shallow Water Blocks <sup>22</sup> and four years for Deep Water/Ultra Deep Water <sup>23</sup> Blocks. Category II Basin <sup>24</sup> & Category III Basin: <sup>25</sup> Seven years.	20 years.
Scope	Exploration & Appraisal.	Development and Production.
Obligations	The Participant is required to complete the Committed Work Program, which comprises of exploratory survey and drilling work.	The Participant is required to commence commercial production, which comprises of exploratory survey and drilling work.
Default	In case of failure to complete the Committed Work Program, liquidated damages are payable in the range of USD 1 million to USD 12 million for Onland and Ultra Deep Water blocks respectively.	In case of failure to commence production, liquidated damages are payable as follows: Delay of (i) two years in case of Onland Blocks; (ii) three years in case of Shallow Water Blocks; or (iii) five years in case of Blocks falling in Deep Water/Ultra Deep Water areas from the date of grant of lease, one time fixed payment of USD 2 million for Onland Blocks and USD 10 million for Offshore Blocks and USD 2,000 per day over and above the fixed payment, until the date Commercial Production is commenced subject to a maximum delay of two years.

**3.4 To what extent, if any, does the State have an ownership interest, or seek to participate, in the development of oil and natural gas reserves (whether as a matter of law or policy)?**

The state has an economic interest in the development of oil and natural gas reserves, which it takes through royalty, revenue share, taxes, etc. However, all crude oil and natural gas produced has to be sold domestically in India. The state used to exercise deep and pervasive control over oil and natural gas development; however, this has been gradually removed by imposing economic sanctions on participants.

Until 1980, India had a nomination regime where oil and gas exploration rights were only given to state owned entities. In the 1980s, International Competitive Bidding (ICB) for oil and gas exploration blocks was introduced. However, significant fiscal incentives (such as right to acquire more interest in case of discovery) were provided to state-owned companies, creating a somewhat skewed playing field for private investors. The real turning point for India’s hydrocarbon sector came in 1997 with the launch of the New Exploration Licensing Policy (NELP), which created a level playing field by offering private investors the same fiscal and contractual terms as those available to government companies.



Petroleum granting instruments such as Production Sharing Contract (PSC) and Revenue Sharing Contract (RSC) provide for constituting a “Management Committee” (MC), which consists of representatives from the state. In the pre NELP and NELP regimes, the MC was responsible for approving work programmes and budgets, field development plans, abandonment and site restoration, etc. To promote ease of doing business and attract investments, with the advent of HELP, the MC’s role has been gradually reduced to an observing and advisory body only.

### 3.5 How does the State derive value from oil and natural gas development (e.g., royalty, share of production, taxes)?

The state derives economic value from oil and natural gas development through royalty, production/revenue share, taxes and rentals. In addition, by placing an obligation to sell all domestically produced oil and natural gas in India, the state ensures energy security.

#### Production/revenue share

Under the PSC regime, cost recovery was allowed. This meant that participants can deduct costs of exploration to determine profit petroleum. The participants used to bid the profit share of the government, which formed the basis of winning blocks.

Under the RSC regime, the government takes a share of the “Revenue”. “Revenue” is all amounts that are accruing to the Contractor, net of any taxes and duties (except corporate income tax), and subtraction of royalty for that month.<sup>26</sup>

The revenue share varies on the level of revenue achieved. The level of revenues are classified as “Low Revenue Point” (LRP) and “High Revenue Point” (HRP), which are expressed by the government when it is inviting offers for blocks.<sup>27</sup> The revenue share of government is a biddable range which is expressed as a percentage of total revenue at the LRP and HRP points.

In recent HELP rounds, the revenue is payable only for Category I basins. For other basins, the revenue share to the government is payable only if there is a revenue of more than USD 2.5 billion (windfall gain).

#### Royalty

Royalty rates range from 2% to 12%, depending on the basin category and shore status of blocks. Concessional royalty rates are provided in case there is early production.

#### Tax

Under the Income Tax Act, 1961, Corporate Income Tax at the rate of 30% is applicable. Allowances for expenditure incurred towards unsuccessful exploration is allowed.<sup>28</sup> In the case of production, 100% expenditure incurred towards exploration as a deduction can be made in the first year or amortised over a period of 10 years.

#### Surface rent

A minuscule deposit and yearly rent is payable to the government as licence or lease fees.<sup>29</sup>

### 3.6 Are there any restrictions on the export of production?

As stated in question 2.4 above, being a net-importer, India does not export any crude oil. Petroleum granting instruments

such as PSCs/RSCs have an obligation to sell domestically produced crude oil in India until such time as the total availability of crude oil from all Petroleum production activities in India meets the total national demand.<sup>30</sup>

### 3.7 Are there any currency exchange restrictions, or restrictions on the transfer of funds derived from production out of the jurisdiction?

In the oil and gas sector, there are no additional restrictions on fund remittances beyond the standard regulations applicable to other industries. The sector allows 100% Foreign Direct Investment (FDI) (through automatic route)<sup>31</sup> under the Indian FDI policy, allowing foreign entities to operate without any sector-specific restrictions, subject to compliance with general tax and regulatory requirements.<sup>32</sup> However, it is pertinent to note that companies based in nations bordering India face a stricter regulatory scrutiny, requiring heightened compliance awareness in the Indian FDI landscape.<sup>33</sup> Even in sectors where 100% FDI is permitted through the automatic route, such as oil and petroleum (except for Public Sector Undertaking, not under a strategic disinvestment scheme, where a 49% cap applies), entities from neighbouring countries are subject to the government approval route for any investment. This means that, regardless of the sectoral cap or the automatic nature of the route for other investors, these entities must obtain prior approval from the government before proceeding with any transaction.

### 3.8 What restrictions (if any) apply to the transfer or disposal of oil and natural gas development rights or interests?

The consent of DGH is required for transfer of oil and natural gas development interests. The consent is not unreasonably withheld; however, the government considers technical and financial capability of transferees before giving consent. Further, the government usually does not give such consent if there are sanctions or public policy considerations in respect of potential transferees.

For assignment to affiliates, there is no technical or financial assessment, however; parent company guarantees are required. An assignment or transfer shall not be made where the participating interest to be retained by the proposed assignor or the percentage interest of assignee shall be less than 10% of the total participating interest of all the participants, except where the government, on the recommendations of the MC may, in special circumstances, so permit.

Change of control is also subjected to the same procedure.

### 3.9 Are participants obliged to provide any security or guarantees in relation to oil and natural gas development?

Yes, participants are obliged to provide security and guarantees in relation to oil and natural gas development.

The participants must provide a bank guarantee to DGH for an amount equivalent to their participating interest share of liquidated damages for exploration.<sup>34</sup> If the block progresses towards development, the participants are required to submit Bank Guarantees, which may extend up to 5% of the total expenditure proposed for development. This quantum is dependent on the peculiarity of the blocks and should be seen from the documents available at auction.

In addition, the participants are also required to provide a parent company guarantee to DGH for assurance of

performance. In case there is no parent company, the participant itself must provide such guarantee.

There are standard formats of these guarantees annexed to the model contracts, which are provided at the start of a bidding round.

### 3.10 Can rights to develop oil and natural gas reserves granted to a participant be pledged for security, or booked for accounting purposes under domestic law?

Yes, rights to develop oil and natural gas reserves granted to a participant under the PSC/RSC can be pledged for security, or booked for accounting purposes under domestic law.<sup>35</sup>

There are a few conditions which must be followed:

- The participant will remain liable for its obligations under the PSC/RSC.
- The pledge shall be subordinated to the rights of government under PSC and the rights of other consortium members under Joint Operating Agreements.
- Prior consent of government will be required for a list of lenders to be considered for creating such a pledge.

### 3.11 In addition to those rights/authorisations required to explore for and produce oil and natural gas, what other principal Government authorisations are required to develop oil and natural gas reserves (e.g., environmental, occupational health and safety) and from whom are these authorisations to be obtained?

In India, developing oil and natural gas reserves requires multiple government authorisations beyond those related to exploration and production. These include approvals concerning environmental protection, land acquisition, occupational health and safety, and other regulatory compliances.

The Environmental Protection Act, 1986, and the Environment Impact Assessment (EIA) Notification, 2006,<sup>36</sup> mandate obtaining prior Environmental Clearance (EC) for oil and gas projects. This involves conducting an EIA study and public consultation. The clearance is granted by the Ministry of Environment, Forest and Climate Change and State Environment Impact Assessment Authority. Under the Water (Prevention and Control of Pollution) Act, 1974,<sup>37</sup> and the Air (Prevention and Control of Pollution) Act, 1981,<sup>38</sup> developers must obtain “Consent to Establish” and “Consent to Operate” from the respective State Pollution Control Boards (SPCBs).

Projects must also comply with labour laws such as the Mines Act, 1952,<sup>39</sup> which regulates the health and safety of workers, overseen by the Directorate General of Mines Safety (DGMS). DGMS is a regulatory agency that regularly inspects mines to monitor safety, investigates accidents, dangerous occurrences, complaints, and emergency responses. It grants statutory permissions, exemptions, and relaxations.

If the project is located near coastal areas, clearance under the Coastal Regulation Zone Notification, 2019, issued under the Environmental Protection Act, 1986, is required from the Ministry of Environment, Forest and Climate Change or the respective state coastal zone management authority.

The Petroleum & Explosives Safety Organization (PESO) approval is also required for storing petroleum exceeding 2,500 litres.

Apart from the above, depending on the number of people employed in the extraction activity, labour compliances are also mandated.

### 3.12 Is there any legislation or framework relating to the abandonment or decommissioning of physical structures used in oil and natural gas development? If so, what are the principal features/requirements of the legislation?

Yes, there is a framework for site restoration and abandonment in the form of guidelines issued by DGH.<sup>40</sup>

In addition to submission and seeking approval of DGH through MC, the guidelines postulate submission of the abandonment plan to Oil Industry Safety Directorate (OISD) for offshore production sites and DGMS for onshore production sites. In addition, the plan needs to be submitted to other authorities such as pollution control boards who may provide advisory comments on the plan. A high-level schedule of the abandonment plan needs to be submitted to DGH one year prior to the estimated cessation of production activities. The final plan needs to be submitted to OISD/DGMS no later than one year after cessation of production activities.

Under the Site Restoration Fund Scheme, 1999, the participants are required to constitute a fund which is to be maintained in the State Bank of India for funding the estimated decommissioning costs. The fund is to be opened immediately after first commercial production of oil/gas. An annual contribution is required to be made, which is based on the unit of production method, i.e. reserve of the field to production ratio. The fund contribution needs to be reviewed every three years by an independent third party. Withdrawals from the fund are permitted to pay for abandonment costs.

### 3.13 Is there any legislation or framework relating to gas storage? If so, what are the principal features/requirements of the legislation?

Yes, there are legislations in the Indian jurisdiction that govern the storage of gas.

The PNGRB Act establishes the PNGRB, which is responsible for authorising and regulating activities in the natural gas sector, including storage and transportation.<sup>41</sup> Entities setting up storage facilities that exceed specific thresholds under the Act’s various regulations are required to register with the PNGRB.<sup>42</sup> Additionally, the Act empowers the central government to take over any storage site in the public interest during emergencies such as war or natural calamities.<sup>43</sup>

There are other regulations, under this framework such as the Petroleum and Natural Gas Regulatory Board (Technical Standards and Specifications including Safety Standards for Liquefied Petroleum Gas (LPG) Storage, Handling and Bottling Facilities) Regulations, 2019, which outline detailed safety and engineering standards for LPG facilities, covering layout design, maintenance, fire protection, and emergency management.<sup>44</sup> Similarly, the Petroleum and Natural Gas Regulatory Board (Technical Standards and Specifications including Safety Standards for Petroleum Refineries and Gas Processing Plants) Regulations, 2023, provide guidelines for managing the storage, processing, and handling of hydrocarbons and hazardous substances within refineries and gas plants.

Additionally, there are standards set by the Bureau of Indian Standards that must be adhered to for the establishment of storage facilities. For instance, Codes of Practice for liquefied petroleum gas storage installations<sup>45</sup> lay down the code of practice for the installation of LPG cylinders, piping and equipment in commercial and industrial premises (including installations where storage tanks over 450 litres are used).<sup>46</sup>

Considering the safety hazards associated with gas storage, India has framed comprehensive rules under the Indian

Explosives Act, 1884 for regulating storage of gas – Gas Cylinder Rules, 2016 (**GCR, 2016**) for low volumes<sup>47</sup> (up to 1,000 litres) and Static and Mobile Pressure Vessels (Unfired) Rules, 2016 (**SMPV, 2016**) for high volumes.<sup>48</sup>

GCR, 2016 requires any person intending to fill and possess such cylinder to take approval from Chief Controller of Explosives, an authority designated under the Explosives Act, 1884. There are detailed specifications and technical standards provided in the rules for manufacturing cylinders.

SMPV 2016, regulates gas storage infrastructure for both pressure vessels as well as cryogenic vessels. Again, the rules provide taking approval from Chief Controller of Explosives. Special emphasis is given on minimum safety distance between vessels for storage of gas.<sup>49</sup>

**3.14 Are there any laws or regulations that deal specifically with the exploration and production of unconventional oil and gas resources? If so, what are their key features?**

There are no special laws or regulations that deal specifically with exploration and production of unconventional oil and gas resources. The same regime of ORD, 1948 and the PNGR, 1959 is applicable to unconventional oil and gas resources.

With the advent of HELP, a single unified licence is applicable for prospecting both conventional and unconventional resources.

The recent amendment proposed to ORD, 1948, as discussed in question 3.1 above, also postulate an expansion to the definition of “mineral oil” to include coal bed methane and shale for legislative clarity.

**3.15 What has been the impact, if any, of the “energy transition” on the oil and gas industry in your jurisdiction, and are there any policies or laws/regulations that require the oil and gas industry to decarbonise? Are there any policies or laws/regulations relating to the development of low-carbon hydrogen and its use in conjunction with or in place of natural gas, or the development of carbon capture and storage?**

The worldwide shift toward energy transition for achieving net-zero emissions has significantly influenced India’s oil and gas industry. Working in furtherance of its nationally determined contribution to reducing carbon intensity by 45% by 2030 and achieving net-zero emissions by 2070,<sup>50</sup> the Indian government has introduced various policies and regulations to decarbonise the sectors with high emissions (oil and gas being one of them). These initiatives are also directed towards reducing dependency on non-renewable fuels and making India a net export in the sector.<sup>51</sup>

The National Green Hydrogen Mission is aimed at incentivising the production and use of green hydrogen.<sup>52</sup> This initiative is expected to decarbonise the energy sector among others and reduce reliance on imported fossil fuels. It also focuses on developing domestic manufacturing capabilities, advancing technologies such as efficient fuel cells. Additionally, the Perform, Achieve, Trade Scheme (**PAT**) is a market-based regulatory tool to improve sector-wise energy efficiency. The energy sector was included in it in the year 2015.

SATAT Scheme is an umbrella scheme that unites various ministries and their initiatives under it.<sup>53</sup> This scheme integrates various ministries in a “whole of government” approach, targeting the production of compressed bio-gas

(**CBG**) from municipal, sugar industry, and agricultural waste. Complementary programmes like the National Bioenergy Programme and incentives under the Agriculture Mechanisation and Crop Residue Management Scheme contribute in a collaborative way to reduce emissions.<sup>54</sup>

The Ethanol Blended Petrol (**EBP**) Programme, a significant step in this direction, promotes blending ethanol with petrol. Public Sector Oil Marketing Companies are incentivised to actively sell ethanol-blended petrol to reduce carbon emissions particularly in terms of vehicular emissions. Further, the Pradhan Mantri JI-VAN Yojana provides financial assistance to 2G bio-ethanol projects, enhancing biofuel production.<sup>55</sup>

To synchronise the use of CBG and natural gas, guidelines for blending CBG with compressed natural gas (**CNG**) in city gas distribution networks have been introduced.<sup>56</sup> The National Biofuels Coordination Committee has also set a phase-wise mandatory blending target for CBG and CNG, beginning in the fiscal year 2025–2026.<sup>57</sup>

## 4 Import / Export of Natural Gas (including LNG)

**4.1 Outline any regulatory requirements, or specific terms, limitations or rules applying in respect of cross-border sales or deliveries of natural gas (including LNG).**

India, as a net importer of natural gas, does not engage in cross-border sales.

Additionally, India currently lacks cross-border LNG pipelines.<sup>58</sup>

## 5 Import / Export of Oil

**5.1 Outline any regulatory requirements, or specific terms, limitations or rules applying in respect of cross-border sales or deliveries of oil and oil products.**

The Foreign Trade (Development and Regulation) Act, 1992 serves as the foundational statute regulating all exports from India. Under Section 5 of this Act, the export policy is notified by the central government via the Foreign Trade Policy (**FTP**). The current FTP (2023–28) outlines the conditions and restrictions for exporting petroleum products, which may include quotas, quality specifications, or embargoes based on international agreements or national interests. In addition, sectoral prohibitions for export, such as refined petroleum products, cannot be exported to the Democratic People’s Republic of Korea. Exporters are required to adhere to the directives of the Directorate General of Foreign Trade (**DGFT**) and obtain mandatory licences or permissions under the FTP.

Further, the Customs Act, 1962 imposes duties and levies on exported petroleum products unless exempted under the FTP or specific exemptions provided in customs notifications.

## 6 Transportation

**6.1 Outline broadly the ownership, organisational and regulatory framework in relation to transportation pipelines and associated infrastructure (such as natural gas processing and storage facilities).**

Under the PNGRB Act, the PNGRB has been established to regulate the refining, processing, storage, transportation,



distribution, marketing, and sale of petroleum, petroleum products, and natural gas. The PNGRB Act lays down that any entity desirous of marketing, establishing, or operating natural gas or petroleum terminals or any entity interested in establishing storage facilities for petroleum, petroleum products, or natural gas is required to take prior authorisation.

The PNGRB (Authorising Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 establishes a structured bidding process for entities seeking authorisation to develop or expand natural gas pipelines.<sup>59</sup> It lays down an elaborate process for laying, building, operating and expanding<sup>60</sup> natural gas pipelines. This includes, *inter alia*, initiation of proposal through expression of interest or *suo-motu* (by the board) routes,<sup>61</sup> criteria for selection of entity for expression of interest route,<sup>62</sup> and bidding criteria,<sup>63</sup> etc.

In addition to the above, the PNGRB has introduced separate regulations governing tariff, marketing and technical specification.

Additionally, the Petroleum Act, 1934, in conjunction with the Petroleum Rules, 2002,<sup>64</sup> governs the import, transport, and storage of petroleum products.<sup>65</sup> Depending on the hydro-carbon composition, natural gas and LNG may also fall under the ambit of this legislation, thus making it applicable to the broader transportation pipeline framework.<sup>66</sup>

**6.2 What governmental authorisations (including any applicable environmental authorisations) are required to construct and operate oil and natural gas transportation pipelines and associated infrastructure?**

The PNGRB is authorised under the PNGRB to authorise entities to lay, build, operate or expand a common carrier or contract carrier.

Apart from the authorisation under the PNGRB Act, to develop a natural gas pipeline, the relevant entity should obtain multiple clearances and land rights based on the route that the pipeline is taking. The authorisation under the PNGRB Act does not enable the entity to obtain the other related clearances to develop the pipeline in any preferential or assured manner. The relevant entity must separately undertake obtaining environmental clearances, forest land use clearances, clearances to cross highways, railways, public roads, municipal areas, acquire right-of-use through the specific process stipulated under the Petroleum and Minerals, Pipelines (Acquisition of Right of User in Land) Act 1962.

Under the Office Memorandum, dated September 6, 2018, issued by the Ministry of Environment, Forest and Climate Change, Government of India, only oil and gas transportation pipeline passing through national parks, sanctuaries, coral reefs, ecologically sensitive areas including LNG terminal require prior environmental clearance from the concerned regulatory authority.

**6.3 In general, how does an entity obtain the necessary land (or other) rights to construct oil and natural gas transportation pipelines or associated infrastructure? Do Government authorities have any powers of compulsory acquisition to facilitate land access?**

The relevant entity can acquire right-of-use through the specific process stipulated under the Petroleum and Minerals, Pipelines (Acquisition of Right of User in Land) Act 1962. An entity can either negotiate privately with landowners or seek to compulsorily acquire the right of use in landfalling along

its route using the provisions of the Petroleum and Minerals, Pipelines (Acquisition of Right of User in Land) Act 1962, which provides a specific framework by which a pipeline entity can compulsorily acquire right of use in landfalling on the route of its pipeline through a process assisted by the government administration. The process involves the evaluation of right-of-use and payment of compensation.

**6.4 How is access to oil and natural gas transportation pipelines and associated infrastructure organised?**

Presently, around 75% of all natural gas pipelines operating in India are owned and controlled by the state-owned gas company, GAIL. There is also no assurance of obtaining interconnection with other natural gas pipelines and separately negotiated agreements for any interconnection needs to be undertaken. However India has the concept of common carrier and contract carrier, which is provided in detail in question 6.6.

**6.5 To what degree are oil and natural gas transportation pipelines integrated or interconnected, and how is co-operation between different transportation systems established and regulated?**

The Indian government has been actively developing a National Gas Grid to ensure the availability and equitable distribution of natural gas nationwide.

The Petroleum and Natural Gas Regulatory Board has promulgated regulations for declaring natural gas and petroleum product pipelines as common carrier along with detailed access codes. The regulations obligate pipeline owning entities to declare available capacity, entry-exit points, calorific value of gas which may be transported, etc. provided in detail in question 6.6.

**6.6 Outline any third-party access regime/rights in respect of oil and natural gas transportation and associated infrastructure. For example, can the regulator or a new customer wishing to transport oil or natural gas compel or require the operator/owner of an oil or natural gas transportation pipeline or associated infrastructure to grant capacity or expand its facilities in order to accommodate the new customer? If so, how are the costs (including costs of interconnection, capacity reservation or facility expansions) allocated?**

The Petroleum and Natural Gas Regulatory Board (Guiding Principles for Declaring or Authorizing Natural Gas Pipeline as Common Carrier or Contract Carrier) Regulations, 2009, Petroleum and Natural Gas Regulatory Board (Guiding Principles for Declaring or Authorizing Petroleum and Petroleum Products Pipelines as Common Carrier or Contract Carrier) Regulations, 2012, along with access code, permit the interconnection of common or contract carrier pipelines, provided there is sufficient capacity in the receiving pipeline and such interconnection is both technically and operationally feasible.

The extra capacity for use as common carrier by any third party on open access and non-discriminatory basis is allocated on first come first serve basis ensuring fair utilisation of the pipeline infrastructure. These regulations mandate that the operating entity shall offer the extra capacity in the pipeline to third parties on a common carrier or contract carrier basis.



However, such access is only contingent on the existence of extra capacity in the pipeline and the customer cannot compel the operator unless there is surplus unutilised capacity.

The PNGRB also has the power to declare an existing pipeline as common carrier. Detailed regulations have been laid out by the PNGRB in this regard.

For costs associated with such access, the third party would have to bear the transmission tariff set by the PNGRB. Such tariff is fixed on a zonal postalised basis and is recovered by the operating entity from all customers on a non-discriminatory basis, without premium or discount.

#### 6.7 Are parties free to agree the terms upon which oil or natural gas is to be transported or are the terms (including costs/tariffs which may be charged) regulated?

In India, the transportation of petroleum product and natural gas is subject to regulatory oversight to ensure fair access and reasonable tariffs. While parties can negotiate certain terms of transportation agreements, key aspects, particularly tariffs, are regulated by the PNGRB.

The Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 (**Tariff Regulations**) regulates the determination of tariff for natural gas pipelines. The PNGRB, in March 2023, introduced the Unified Tariff System by making changes to the Tariff Regulations to promote the “One Nation, One Grid, One Tariff” initiative.

Similarly, determination of tariff for petroleum product pipelines is regulated under the PNGRB (Determination of Petroleum and Petroleum Products Pipeline Transportation Tariff) Regulations, 2024. With the latest amendments, introduced in July 2024, an independent criteria is relied on for setting up of pipeline tariffs.

## 7 Gas Transmission / Distribution

#### 7.1 Outline broadly the ownership, organisational and regulatory framework in relation to the natural gas transmission/distribution network.

The regulatory framework for natural gas transmission and distribution in India is governed primarily by the PNGRB. The PNGRB grants licences to city gas distribution (CGD) networks in geographical areas (GAs) through competitive bidding, considering criteria like the number of households, network coverage, and proposed investments. Authorised pipelines must adhere to the common carrier or contract carrier principle.

#### 7.2 What governmental authorisations (including any applicable environmental authorisations) are required to operate a distribution network?

The PNGRB is empowered to authorise entities to lay, build, operate or expand a city or local natural gas distribution network.

#### 7.3 How is access to the natural gas distribution network organised?

Access to natural gas and petroleum pipelines outside local or city gas distribution is covered in response to question 6.4.

#### 7.4 Can the regulator require a distributor to grant capacity or expand its system in order to accommodate new customers?

The authorised entity must meet the minimum annual work programme in the geographical area to develop or expand the gas distribution network, which comprises of the number of domestic piped natural gas connections which an entity has committed to install. During the exclusivity period of authorised entity, the PNGRB (Exclusivity for City or Local Natural Gas Distribution Network) Regulations, 2008 provide an obligation on the authorised entity to add additional domestic piped natural gas connection on demand to a domestic consumer for cooking purposes if such consumer is within a distance of 25 metres of the metering unit at the consumer's end until the tap-off in the pipeline. The authorised entity also has the right to provide a dedicated pipeline for any customer.

#### 7.5 What fees are charged for accessing the distribution network, and are these fees regulated?

The tariff quoted by the winning CGD entity is charged to the customers. The authorised entity may also take an interest-free refundable security deposit from domestic customer towards security of the equipment and facilities, including the labour cost of installation towards last mile connectivity. The Petroleum and Natural Gas Regulatory Board (Determination of Transportation Rate for CGD and Transportation Rate for CNG) Regulations, 2020 regulates the tariff for the CGD entity after its exclusivity period is over and the same has been declared as a common carrier.

#### 7.6 Are there any restrictions or limitations in relation to acquiring an interest in a gas utility, or the transfer of assets forming part of the distribution network (whether directly or indirectly)?

Under the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008, an entity is not permitted to renunciate its authorisation by way of sale, assignment, transfer or surrender to any person or entity for a certain period from the date of its issue.

## 8 Natural Gas Trading

#### 8.1 Outline broadly the ownership, organisational and regulatory framework in relation to natural gas trading. Please include details of current major initiatives or policies of the Government or regulator (if any) relating to natural gas trading.

India has established a transparent market for natural gas trading through the Indian Gas Exchange (IGX). The PNGRB (Gas Exchange) Regulations, 2020, regulate the functioning of trading platforms, setting standards for registration, price discovery, and dispute resolution. No single entity (other than a member of the exchange) can hold more than 25% of the paid-up equity share capital of a gas exchange after five years from authorisation. Gas exchanges must establish a well-defined board of directors, including: independent directors to ensure neutrality and promote investor confidence. The

structure is designed to align with global best practices for exchange governance. Membership is divided into: trading members; clearing members; trading-cum-clearing members; and proprietary members.

Entities intending to establish a gas exchange must obtain authorisation from the PNGRB.

### 8.2 What range of natural gas commodities can be traded? For example, can only “bundled” products (i.e., the natural gas commodity and the distribution thereof) be traded?

The PNGRB regulates the processing, storage, distribution, marketing, and sale of petroleum products and natural gas. This act defines “natural gas”<sup>67</sup> as gas obtained from bore-holes, and includes, *inter alia*, liquified gas, compressed natural gas, gas imported through transnational pipelines, and natural gas recovered from gas hydrates, but excludes helium gas. Since the Gas Exchange Regulations<sup>68</sup> regulate the establishment, operation and other related matters connected to gas exchange in India, the range of natural gas commodities that can be traded would have to be in accordance with these regulations. The Gas Exchange Regulations prescribe the same meaning to natural gas as has been awarded under the PNGRB Act. Thus, natural gas commodities that fall within the above definition are permitted to be traded.

It is pertinent to mention that the PNGRB also has the power to extend the applicability of the Gas Regulations for derivative, forward and future contracts with respect to natural gas or liquefied natural gas.<sup>69</sup>

## 9 Liquefied Natural Gas

### 9.1 Outline broadly the ownership, organisational and regulatory framework in relation to LNG facilities.

LNG Terminals are owned and operated by both private and government entities.

In 2012, the PNGRB (Eligibility Conditions for Registering of Liquefaction of Natural Gas Terminals) Rules, 2012 (**PNGRB LNG Rules**) were promulgated. Notably, these rules did not mandate registration but mandated providing common carrier capacity.

Now the PNGRB has come up with the new Draft PNGRB (Registration for Establishing & Operating LNG Terminals) Regulations, 2024, which mandate registration of LNG Terminals.

Currently, India has seven operational LNG terminals, all onshore, with an operational regasification capacity of around 170 MMSCMD.<sup>70</sup>

### 9.2 What governmental authorisations are required to construct and operate LNG facilities?

Under the PNGRB LNG Rules, an entity proposing to develop or operate an LNG terminal is required to make an application before the PNGRB and is required to comply with the technical standards and specifications including safety standards prescribed by the PNGRB.

The PNGRB (Technical Standards and Specifications including Safety Standards for Liquefied Natural Gas Facilities) Regulations, 2018 prescribe: (a) lay down minimum requirements of layout within the plant boundary for unloading or loading, storage, regasification, transfer and handling and tank truck loading facilities for LNG facilities; (b) covers

safety in design and operational aspects of process systems, storage tanks, regasification facilities, ship shore interlock, berthing conditions for the ship, receiving facilities including jetty and port; and (c) covers engineering considerations in design, operations, maintenance, inspection and installations including fire protection and safety systems.<sup>71</sup>

For pipeline facilities related to LNG, please refer to section 6 above.

In addition to these regulations, entities must obtain necessary environmental clearances and comply with other statutory requirements as mandated by relevant authorities. For example, the Ministry of Shipping also has several technical requirements for establishing a Floating Storage Re-gasification Unit at major ports.

### 9.3 Is there any regulation of the price or terms of service in the LNG sector?

#### Pricing framework

The Natural Gas Allocation Policy (2014) administers allocation of gas from domestic fields to priority sectors like fertilisers, power, and city gas distribution.

Non-APM (Administered Price Mechanism) gas is sold under market-determined prices. The Unified Tariff System (2023) was introduced to simplify tariff structures by integrating multiple pipeline tariffs into a single zone-based tariff.

### 9.4 Outline any third-party access regime/rights in respect of LNG facilities.

Third-party access to LNG facilities is proposed to be regulated when Draft PNGRB (Registration for Establishing & Operating LNG Terminals) Regulations, 2024 is brought into effect.

## 10 Downstream Oil

### 10.1 Outline broadly the regulatory framework in relation to the downstream oil sector.

The downstream oil sector in India is heavily regulated since oil products like Motor Spirit (**MS**) Petrol, High Speed Diesel (**HSD**), LPG, etc. are considered as “Essential Commodities” under the Essential Commodities Act, 1955. Under the Act, the central government has the power to regulate the production, supply and distribution of these by issuing “control orders”. In this regard, the central government has issued the Petroleum Products (Maintenance of Production, Storage and Supply) Order, 1999. Apart from powers to regulate production, supply and distribution, the government also has the power to order takeover of any petrol pump (even without an opportunity of hearing) for ensuring uninterrupted supply.

The Motor Spirit and High-Speed Diesel (Regulation of Supply, Distribution and Prevention of Malpractices) Order, 2005 issued by the central government under the Essential Commodities Act, 1955 provides for punitive action against malpractices such as adulteration. The public sector Oil Marketing Companies (**OMCs**) have also formulated the Marketing Discipline Guidelines, which helped to maintain discipline in the operation of retail network and provide high customer service standards. These guidelines are required to be followed by dealers who have been appointed by OMCs to distribute petroleum products. In the event of an infraction such as short delivery, adulteration, overcharging, etc. the

OMCs take action against dealerships which includes penalty, suspension and termination.

## 10.2 Outline broadly the ownership, organisation and regulatory framework in relation to oil trading.

Crude Oil forms a Derivative Commodity under the Securities Contract Regulation Act, 1956. Crude oil is traded on the Multi Commodity Exchange also known as MCX. The Securities and Exchange Board of India regulates crude oil trading.

## 11 Competition

### 11.1 Which governmental authority or authorities are responsible for the regulation of competition aspects, or anti-competitive practices, in the oil and natural gas sector?

The Competition Act 2002 (**Competition Act**), read with the Competition Commission of India (Procedure in Regard to the Transaction of the business relating to Combinations), 2011 (**Combination Regulations**), governs the regulation of competition aspects or anti-competitive practices in India. The Competition Commission of India (**CCI**) is the sole statutory authority empowered to regulate the competition aspects or anti-competitive practices in India.

### 11.2 To what criteria does the regulator have regard in determining whether conduct is anti-competitive?

The Competition Act regulates two kinds of agreements: (a) anti-competitive agreements between/amongst competitors i.e., horizontal agreements; and (b) anti-competitive agreements between persons at different stages or levels of the production chain i.e., vertical agreements. Under the Competition Act, certain type of horizontal agreements are presumed to cause an appreciable adverse effect on competition in India (**AAEC**). The presumption does not mean that all alleged agreements are necessarily anti-competitive; the parties entering into such an agreement are required to provide evidence that the agreement does not result in an AAEC and refute the presumption. To the contrary, this presumption does not apply to vertical agreements. Vertical agreements are permitted unless it is established that they cause, or are likely to cause, an AAEC within India. The Competition Act provides an exhaustive list of horizontal agreements that are presumed to cause an AAEC in India, as well as an inclusive list of vertical agreements that may be prohibited depending upon their effect on conditions of competition within India. The CCI has the power to determine any conduct as anti-competitive irrespective of whether or not any merger or amalgamation is occurring or any thresholds.

### 11.3 What power or authority does the regulator have to preclude or take action in relation to anti-competitive practices?

The CCI has the power to inquire into any alleged contravention of the provisions relating to anti-competitive activities either on its own motion or on: (a) receipt of any information from any person, consumer or their association or trade association; or (b) a reference made to it by the Central Government or a State Government or a statutory authority.

If the CCI is of the opinion that there exists a *prima facie* case, it shall direct the relevant officer to cause an investigation to be made into the matter and, upon satisfaction: (a) direct any person involved in such agreement to discontinue and not to re-enter such agreement; (b) impose such penalty, as it may deem fit which shall be not more than 10% of the average of the turnover or income, as the case may be, for the last three preceding financial years, upon such person or enterprise which is a party to such agreement; (c) direct that the agreements shall stand modified to the extent and in the manner as may be specified in the order by the CCI; (d) direct the person concerned to abide by such other orders as the CCI may pass and comply with the directions, including payment of costs, if any; and (e) pass such other order or issue such directions as it may deem fit.

### 11.4 Does the regulator (or any other Government authority) have the power to approve/disapprove mergers or other changes in control over businesses in the oil and natural gas sector, or proposed acquisitions of development assets, transportation or associated infrastructure or distribution assets? If so, what criteria and procedures are applied? How long does it typically take to obtain a decision approving or disapproving the transaction?

In September 2024, India notified several amendments to the Competition Act, 2023, expected to have a major impact on both domestic and international corporate mergers. Post the amendment, the CCI requires companies with significant operations in India to notify the regulator of mergers and acquisitions and amalgamations (collectively called “**combinations**”) that exceed INR 20 billion. This follows the Ministry of Corporate Affairs setting this threshold under the Competition (Amendment) Act, 2023, with provisions to define “substantial business operations”. The latest amendments have shortened the merger review timeline by the CCI. The amendment specifies that M&A deals worth over INR 20 billion now require approval from the CCI, provided the target company has significant business operations in India (for example, turnover exceeding INR 5 billion or 10% of global metrics). This amendment aligns India’s regulatory framework with global standards. This threshold ensures high-value deals are reviewed to prevent anti-competitive practices. Earlier, the CCI had 30 working days to form a *prima facie* view on a notified transaction, which has now been reduced to 15 days. Additionally, the overall review period has been reduced from 210 to 150 calendar days.

## 12 Foreign Investment and International Obligations

### 12.1 Are there any special requirements or limitations on acquisitions of interests in the natural gas sector (whether development, transportation or associated infrastructure, distribution or other) by foreign companies?

There are no investment caps on foreign companies in acquisition of exploration activities of oil and natural gas fields, infrastructure related to marketing of petroleum products and natural gas, marketing of natural gas and petroleum products, petroleum product pipelines, natural gas/pipelines, LNG regasification infrastructure and petroleum refining in the private sector.



**12.2 To what extent is regulatory policy in respect of the oil and natural gas sector influenced or affected by international treaties or other multinational arrangements?**

While India is not a signatory to any international treaty specific to the oil and natural gas sector, it is, however, a signatory to ancillary treaties which may impact the oil and natural gas sector in India. For instance, India has signed several mobile offshore units (MoUs) with other countries for promoting the development of oil and natural gas. India has also signed several Bilateral Investment Treaties (BITs) with several countries for protection of Investments. India is also a signatory to Indo-Pacific Economic Framework for Prosperity Agreement Relating to Supply Chain Resilience for promoting and protecting crude oil and natural gas supply chains.

While not legally binding, the IEA recommendations and analysis influence global energy policy trends. India engages with the IEA and considers its policy recommendations when formulating its own energy policies.<sup>72</sup>

The International Cooperation Division of the Ministry of Petroleum and Natural Gas encourages India to collaborate under various frameworks like G20, QUAD, Shanghai Cooperation Organisation (SCO), Association of South-East Asian Nations (ASEAN), etc.<sup>73</sup>

India has also entered into various Free Trade Agreements (FTAs) that influence trade in the Energy Sector, such as ASEAN-Indian Free Trade Area (AIFTA), which undertakes economic cooperation activities in various sectors such as services including mining and energy.<sup>74</sup> Moreover, it is pertinent to mention that India is currently involved in FTA negotiations in trade services with the United Kingdom, European Union, Oman, Peru and Sri Lanka.<sup>75</sup>

## 13 Dispute Resolution

**13.1 Provide a brief overview of compulsory dispute resolution procedures (statutory or otherwise) applying to the oil and natural gas sector (if any), including procedures applying in the context of disputes between the applicable Government authority/regulator and: participants in relation to oil and natural gas development; transportation pipeline and associated infrastructure owners or users in relation to the transportation, processing or storage of natural gas; downstream oil infrastructure owners or users; and distribution network owners or users in relation to the distribution/transmission of natural gas.**

Dispute resolution in the oil and gas sector comprises of contractual as well as statutory mechanisms.

### Oil and natural gas development

Any dispute arising under the PSCs/RSCs is typically resolved by arbitration on an *ad-hoc* basis (non-institutional). In case the participant is a government entity, there is a special dispute resolution mechanism under the Department of Public Enterprises, Government of India. This procedure involves an arbitration panel of government representatives to resolve the dispute. The formal Arbitration & Conciliation Act, 1996 is not applicable to such procedure and a separate guideline governs this procedure.<sup>76</sup>

### Transportation processing or storage of natural gas, downstream oil infrastructure owners or users and distribution network owners

Under the Petroleum & Natural Gas Regulatory Board Act, 2006, the Petroleum and PNGRB has the power to decide disputes relating to refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas unless the parties have agreed for arbitration.<sup>77</sup> Any person who is aggrieved by the order of the PNGRB has to appeal to APTEL constituted under the Electricity Act, 2003.<sup>78</sup> In case the appeal is unsuccessful, a final right of appeal is provided to the Supreme Court of India.<sup>79</sup>

**13.2 Is your jurisdiction a signatory to, and has it duly ratified into domestic legislation: the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards; and/or the Convention on the Settlement of Investment Disputes between States and Nationals of Other States ("ICSID")?**

India signed the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards on June 10, 1958 and ratified the same in domestic legislation by enacting the Foreign Awards (Recognition and Enforcement) Act 1961 (1961 Act). The 1961 Act applied to all "arbitral awards" not considered to be domestic made on or after October 11, 1960. Thereafter, the Arbitration and Conciliation Act, 1996 (A&C Act) repealed the 1961 Act. The A&C Act now governs the enforcement of foreign arbitrations in India.

India is not a party to ICSID.

**13.3 Is there any special difficulty (whether as a matter of law or practice) in litigating, or seeking to enforce judgments or awards, against Government authorities or State organs (including any immunity)?**

There is no special difficulty (whether as a matter of law or practice) in litigating, or seeking to enforce judgments or awards, against government authorities or state organs. There is no sovereign immunity in India and in fact the Constitution of India<sup>80</sup> postulates that both central and state governments can be sued. The Supreme Court of India has held that liability of government under its contracts is akin to a private party.

**13.4 Have there been instances in the oil and natural gas sector when foreign corporations have successfully obtained judgments or awards against Government authorities or State organs pursuant to litigation before domestic courts?**

There have been challenges to arbitration award which are against the government. Most notable in the sector is the "Gas Migration" case which involved a consortium of foreign companies. In this case it was alleged by the government that the consortium had no right to take gas which migrated from an adjacent block. The arbitral tribunal was held in favour of the consortium; however, the award was challenged by the government. The challenge was dismissed by the Delhi High Court and the award was upheld.<sup>81</sup>

There have also been challenges to operation of PSCs, notably extensions, profit share etc. in which foreign corporations have obtained favourable results.

## 14 Updates

**14.1 Have there been any new regulatory or policy initiatives in your jurisdiction directly in response to the continuing global concerns around higher oil and gas prices and energy security (such as price caps, subsidies or a new focus on local sources of energy)?**

Import of crude oil in India takes place at international prices, which is issued daily by Platts assessment of benchmark “Brent” for sweet crude and average of “Dubai” and “Oman” for sour crude.

Domestically produced crude is being sold in the market at international prices corresponding to the crude assay. The government has recently<sup>82</sup> approved revised guidelines for pricing of domestically produced natural gas, which has led to a decrease in prices of PNG for households and CNG.

The Indian government has been continuing to provide subsidies on Public Distribution Kerosene and LPG since 2002.

**14.2 Please provide, in no more than 300 words, a summary of any new cases, trends and developments in Oil and Gas Regulation Law in your jurisdiction (other than anything already discussed above).**

With twin objectives of ensuring policy stability and promoting ease of business, the amendments to ORD, 1948 intends to bring about a landmark change for the upstream industry in India. The oversight by the PNGRB over the pipeline sector is becoming more tight with several amendments to regulations and amendments for natural gas and CGD networks.

### Endnotes

- 1 [https://mospi.gov.in/sites/default/files/publication\\_reports/EnergyStatistics\\_India\\_publication\\_2024N.pdf](https://mospi.gov.in/sites/default/files/publication_reports/EnergyStatistics_India_publication_2024N.pdf)
- 2 NITI Ayog data.
- 3 <https://www.financialexpress.com/business/industry-natural-gas-imports-surge-18-per-cent-to-7-7-billion-in-h1-3645789/>
- 4 <https://www.statista.com/statistics/1237488/Ing-import-share-india-by-country/>
- 5 <https://www.thehindubusinessline.com/economy/indias-Ing-imports-during-may-july-2024-at-4-year-high/article68562836.ece>
- 6 India Brand Equity Foundation report August, 2024.
- 7 International Energy Agency data.
- 8 Ministry of Petroleum & Natural Gas – Annual Report 2023–24.
- 9 *Ibid.*
- 10 The Constitution of India, Seventh Schedule, Entry 18, List II, ‘Land, that is to say, rights in or over land, land tenures including the relation of landlord and tenant, and the collection of rents; transfer and alienation of agricultural land; land improvement and agricultural loans; colonization’.
- 11 The Constitution of India, Seventh Schedule, Entry 17-List II, ‘Water, that is to say, water supplies, irrigation and canals, drainage and embankments, water storage and water-power...’
- 12 The Constitution of India, Seventh Schedule, Entry 17-List II, ‘Gas and Gas Work’.
- 13 Framed under Section 5 & Section 6 of the Oilfields Regulation and Development Act, 1948.
- 14 “Mining lease” means a lease granted for the purpose of searching for, winning, working, getting, making merchantable, carrying away or disposing of mineral oils or for purposes connected therewith, and includes an exploring or a prospecting licence.
- 15 Includes natural gas and petroleum.
- 16 Section 5(1) – The central government may, by notification in the *Official Gazette*, make rules for regulating the grant of mining leases or for prohibiting the grant of such leases in respect of any mineral oil or in any area.  
(2) – In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely: (a) the manner in which, the mineral oils or areas in respect of which and the persons by whom, applications for mining lease may be made and the fees to be paid on any such applications; (b) the authority by which, the terms on which, and the conditions subject to which, mining leases may be granted; (c) the maximum or minimum area and the period for which any mining lease may be granted, and the terms on which leases in respect of contiguous areas may be amalgamated; and (d) the fixing of the maximum and minimum rent payable by a lessee, whether the mine is worked or not.
- 17 Section 5(1) & Section 5(2).
- 18 Rule 3 read with Schedule 2.
- 19 August 5, 2024.
- 20 “Petroleum lease” means a lease granted on or after the commencement of the Oilfields (Regulation and Development) Amendment Act, 2024, for the purpose of prospecting, exploration, development, production, making merchantable, carrying away or disposing of mineral oils or for purposes connected therewith, and includes a mining lease granted before the commencement of the said Act.
- 21 Basins, which have reserves and already producing.
- 22 Up to 400 metres.
- 23 Beyond 400 metres.
- 24 Basins, which have contingent resources pending commercial production.
- 25 Basins, which have prospective resources awaiting discovery.
- 26 Model Revenue Sharing Contract, Open Acreage Licensing Policy – IX, 2024.
- 27 Notice Inviting Offer, OALP – IX 2024.
- 28 S. 42 of Income Tax Act, 1961.
- 29 S.11 – S.13 Petroleum and Natural Gas Rules, 1959.
- 30 Model PSCs in NELP, OALP & DSF Rounds.
- 31 5.2.4, Ch. 5, Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Consolidated FDI Policy (Effective October 15, 2020).
- 32 Section 5 and Section 6, The Foreign Exchange Management Act, 1999; The Companies Act, 2013; The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.; The Income-tax Act, 1961.
- 33 Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Press Note No. 3 (2020 Series) (Issued on March 17, 2020).
- 34 *Ibid.*
- 35 Inclusion of express causes in MRSC OALP IX and NELP PSCs.
- 36 Section 3(1) and Section 3(2)(v), Environment (Protection) Act, 1986; Rule 5(3)(d), Environment (Protection) Rules, 1986 and notification number S.O. 60 (E) dated the 27 January, 1994.
- 37 Section 25.
- 38 Section 21.
- 39 Chapters 5, 6 and 7.

- 40 Site restoration and abandonment guidelines for petroleum operations, 2017 available on website of DGH.
- 41 Section 3(1), Petroleum and Natural Gas Regulatory Board Act, 2006.
- 42 Section 11(b) & Section 15(c), Petroleum and Natural Gas Regulatory Board Act, 2006.
- 43 Section 43, Petroleum and Natural Gas Regulatory Board Act, 2006.
- 44 Schedule I read with regulation 6, Petroleum and Natural Gas Regulatory Board (Technical Standards and Specifications including Safety Standards for LPG Storage, Handling and Bottling Facilities) Regulations, 2019.
- 45 Code Of Practice for Liquefied Petroleum Gas Storage Installations, IS 6044 (part 1): 2000 & IS 6044 (Part 2): 2001.
- 46 Clause 1.1, Code of Practice for Liquefied Petroleum Gas Storage Installations, IS 6044 (part 1): 2000 & IS 6044 (Part 2): 2001.
- 47 Rule 2(xiii) – “gas cylinder” or “cylinder” means any closed metal container having a volume exceeding 500 ml but not exceeding 1,000 litres intended for the storage and transport of compressed gas, including any LPG container or CNG cylinder fitted to a motor vehicle as its fuel tank but not including any other such container fitted to a special transport or under carriage and includes a composite cylinder and cryogenic container; however, the water capacity of cylinder used for storage of CNG, nitrogen, compressed air, etc., may exceed 1000 litres up to 3000 litres provided the diameter of such cylinder does not exceed 60 cm.
- 48 Rule 2 (xxxvii) – “pressure vessel” means any closed metal container of whatever shape, intended for the storage and transport of any compressed gas which is subjected to internal pressure and whose water capacity exceeds one thousand litres and includes inter connecting parts and components thereof up to the first point of connection to the connected piping and fittings, but does not include containers wherein steam or other vapour is or is intended to be generated or water or other liquid is or is intended to be heated by the application of fire or the products of combustion or by electrical means, heat exchangers, evaporators, air receivers, steam type digestors, steam type sterilisers, autoclaves, reactors, calorifiers, pressure piping components such as separators or strainers and vessels containing a liquid under a blanket of compressed inert gas.
- 49 Rule 22, SMPV 2016.
- 50 Press Information Bureau, India’s Stand at COP-26 (Posted on February 3, 2022), available at <https://pib.gov.in/PressReleasePage.aspx?PRID=1795071> (Last visited on December 4, 2024).
- 51 Ministry of Petroleum and Natural Gas, Annual Report (2023–24), Ch. 10, available at <https://mopng.gov.in/files/TableManagements/annual202324.pdf> (Last visited on December 4, 2024).
- 52 Press Information Bureau, Green Hydrogen Mission, Ministry of New and Renewable Energy (Posted on March 16, 2023), available at <https://pib.gov.in/PressReleasePage.aspx?PRID=1907705> (Last visited on December 4, 2024).
- 53 Press Information Bureau, SATAT Scheme (Posted on August 10, 2023), available at <https://pib.gov.in/PressReleasePage.aspx?PRID=1947505> (Last visited on December 4, 2024).
- 54 Government of India, Spotlight on GOBAR-DHAN: Galvanizing Organic Bio-Agro Resources Dhan, available at <https://www.india.gov.in/spotlight/gobardhan-galvanizing-organic-bio-agro-resources-dhan> (Last visited on December 3, 2024).
- 55 Press Information Bureau, Cabinet Approves Amendment in “Pradhan Mantri JI-VAN Yojana” for Providing Financial Support to Advanced Biofuel Projects Using Lignocellulosic Biomass and Other Renewable Feedstock, available at <https://pib.gov.in/PressReleasePage.aspx?PRID=2043926> (Last visited on December 4, 2024).
- 56 Press Information Bureau, Blending of CBG in CNG and PNG (Posted on December 21, 2023), available at <https://pib.gov.in/PressReleasePage.aspx?PRID=1989226> (Last visited on December 4, 2024).
- 57 *Ibid.*
- 58 Supply of Liquefied Natural Gas, Press Information Bureau, Government of India, 22 March 2021.
- 59 PNGRB (Authorising Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008, G.S.R. 340(E).
- 60 Regulation 12, PNGRB (Authorising Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008.
- 61 Regulation 4, PNGRB (Authorising Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008.
- 62 Regulation 5, PNGRB (Authorising Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008.
- 63 Regulation 7, PNGRB (Authorising Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008.
- 64 Petroleum Rules, 2002, G.S.R. 204 (E).
- 65 Section 4, The Petroleum Act, 1934.
- 66 Section 2(a), The Petroleum Act, 1934.
- 67 The Petroleum and Natural Gas Regulatory Board Act, 2006, S 2(za)
- 68 The Petroleum and Natural Gas Regulatory Board (gas Exchange) Regulations, 2020
- 69 The Petroleum and Natural Gas Regulatory Board (gas Exchange) Regulations, 2020, regulation 3(3).
- 70 PNGRB (Eligibility Conditions for Registration of Liquefied Natural Gas Terminal) Rules, 2012
- 71 [https://pngrb.gov.in/OurRegulation/pdf/Gazette-Regulation/English/LNG\\_Infra\\_05\\_English.pdf](https://pngrb.gov.in/OurRegulation/pdf/Gazette-Regulation/English/LNG_Infra_05_English.pdf)
- 72 <https://mopng.gov.in/en/international-cooperation/iea#:~:text=After%20India%20became%20the%20associate,the%20IEA%20has%20grown%20significantly>
- 73 <https://mopng.gov.in/en/international-cooperation/about-international-cooperation>
- 74 <https://www.asean.org/wp-content/uploads/images/2015/October/outreach-document/Edited%20AIFTA.pdf>
- 75 <https://pib.gov.in/PressReleasePage.aspx?PRID=2088048#:~:text=Enhancing%20Services%20Trade%20through%20Free%20Trade%20Agreements&text=The%20India%2D%20EFTA%20Trade%20and,%2C%20Peru%2C%20and%20Sri%20Lanka>
- 76 Department of Public Enterprises, Office Memorandum No. 05/0003/2019-FTS-10937 dated 14 December, 2022.
- 77 S.24, Petroleum and Natural Gas Regulatory Board Act, 2006.
- 78 *Ibid* S.33.
- 79 S. 125, Electricity Act, 2003.
- 80 Art. 300 (1) - The Government of India may sue or be sued by the name of the Union of India and the Government of a State may sue or be sued by the name of the State any may, subject to any provision which may be made by Act of Parliament or of the Legislature of such State enacted by virtue of powers conferred by this Constitution, sue or be sued in relation to their respective affairs in the like cases as the Dominion of India and the corresponding provinces or the corresponding Indian States might have sued or been sued if this Constitution had not been enacted.
- 81 O.M.P. (COMM) 487/2018.
- 82 Notification dated 7 April 2023.





**Anuja Tiwari**, Senior Partner in the Delhi office, specialises in Energy and Infrastructure sectors. With more than 16 years of experience, her expertise includes advising on all aspects of project development and operation including advising clients on entry-level strategies, pre-dispute resolution strategies and transaction structuring and assisting clients to adapt their businesses to regulatory and policy changes. Anuja is a specialist in advising clients on conventional and renewable energy projects and infrastructure projects based on Public Private Partnerships. Her key areas of practice include conventional and renewable energy, mining and natural resources, battery storage, mini and micro grids, e-mobility, environmental attributes and carbon off-set regimes, railways and metros, township projects, hospitality, roads, ports, and urban infrastructure, such as water and waste management, public street-lighting and healthcare. Anuja Tiwari has strong expertise in infrastructure projects, including in relation to concession agreements, EPC contracts and PPAs. An interviewee says, "Anuja always provides excellent advice" – *Chambers Review*.

**AZB & Partners**

AZB House Plot No. A8, Sector 4, Noida 201301  
National Capital Region Delhi  
India

Tel: +91 120 4179 999  
Email: [Anuja.tiwari@azbpartners.com](mailto:Anuja.tiwari@azbpartners.com)  
LinkedIn: [www.linkedin.com/in/anjua-tiwari-040ba77](http://www.linkedin.com/in/anjua-tiwari-040ba77)



**Mallika Anand**, Partner in the Delhi office, specialises in Energy and Infrastructure sectors. With more than 13 years of experience, her expertise includes advising on all aspects of project development and operation, including advising clients on entry-level strategies and transaction structuring and assisting clients to adapt their businesses to regulatory and policy changes. Her key areas of practice include bid advisory for PPP projects, railways and metros, roads, ports, conventional and renewable energy, hospitality, mining and natural resources and urban infrastructure, such as water and waste management and healthcare.

**AZB & Partners**

AZB House Plot No. A8, Sector 4, Noida 201301  
National Capital Region Delhi  
India

Tel: +91 120 4179 999  
Email: [Mallika.anand@azbpartners.com](mailto:Mallika.anand@azbpartners.com)  
LinkedIn: [www.linkedin.com/in/mallika-anand-05052221](http://www.linkedin.com/in/mallika-anand-05052221)



**Aditya Pandey** is a Senior Associate at AZB & Partners and is part of the firm's Energy, Infrastructure and Sustainability practice in the Delhi office. He has more than eight years of experience, and his expertise includes advising on all aspects of project financing, development and operation including advising banks and financial institutions on structuring lending transactions and regulatory framework for project finance; drafting and negotiating financing documents. Aditya is a specialist in advising clients on infrastructure sectors including, mining, oil and gas, battery storage, e-mobility, aviation, airports, roads and ports and conventional and renewable energy.

**AZB & Partners**

AZB House Plot No. A8, Sector 4, Noida 201301  
National Capital Region Delhi  
India

Tel: +91 120 4179 999  
Email: [Aditya.pandey@azbpartners.com](mailto:Aditya.pandey@azbpartners.com)  
LinkedIn: [www.linkedin.com/in/aditya-pandey-52a78637](http://www.linkedin.com/in/aditya-pandey-52a78637)



**Shikhar Thukral** is a Senior Associate at AZB & Partners and is part of the firm's Energy, Infrastructure and Sustainability practice in the Delhi office. He has more than 11 years of experience, and his expertise includes advising on all aspects of upstream oil and gas acquisitions, project development, financing and intra-JV issues. Shikhar specialises in advising several public and private clients in the oil and gas space and dispute resolution.

**AZB & Partners**

AZB House Plot No. A8, Sector 4, Noida 201301  
National Capital Region Delhi  
India

Tel: +91 120 4179 999  
Email: [shikhar.thukral@azbpartners.com](mailto:shikhar.thukral@azbpartners.com)  
LinkedIn: [www.linkedin.com/in/shikhar-thukral-5905a45b](http://www.linkedin.com/in/shikhar-thukral-5905a45b)

AZB & Partners was founded in 2004 with a clear purpose to provide reliable, practical and full-service advice to clients, across all sectors. Our key strength is our in-depth understanding of legal, regulatory and commercial environments, in India and elsewhere. Having grown steadily since its inception, AZB & Partners now has offices across Mumbai, Delhi, Gurgaon, Bangalore, Pune and Chennai. We have an accomplished and driven team of over 550 lawyers committed to delivering best-in-class legal solutions to help clients achieve their objectives.

[www.azbpartners.com](http://www.azbpartners.com)



**AZB & PARTNERS**  
ADVOCATES & SOLICITORS

The **International Comparative Legal Guides**

(ICLG) series brings key cross-border insights to legal practitioners worldwide, covering 58 practice areas.

**Oil & Gas Regulation 2025** features one expert analysis chapter and 21 Q&A jurisdiction chapters covering key issues, including:

- Overview of Natural Gas Sector
- Overview of Oil Sector
- Development of Oil and Natural Gas
- Import / Export of Natural Gas (including LNG)
- Import / Export of Oil
- Transportation
- Gas Transmission / Distribution
- Natural Gas Trading
- Liquefied Natural Gas
- Downstream Oil
- Competition
- Foreign Investment and International Obligations
- Dispute Resolution
- Updates