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No.B/87898/Plg(Lands)/2016/95/SO(II)/D(Lands)
Government of India,
Ministry of Defence

New Delhi
Dated 1st March, 2017

To

- (i) The Chief of Army Staff,
New Delhi.
- (ii) The Chief of Air Staff,
New Delhi.
- (iii) The Chief of Naval Staff,
New Delhi.
- (iv) The Director General, DE,
Ulaanbaatar Marg, Delhi Cantt-10.

Subject: Provisioning of PNG Infrastructure to OTM and Married Accommodation Projects to create Piped Natural Gas (PNG) pipeline infrastructure in all residential areas/unit lines of Defence.

Sir,

In supersession of this Ministry's policy letter No. B/87898/Plg(Lands)/16/28/SO(II)/D(Lands) dated 28.06.2016 on the above mentioned subject, I am directed to convey the sanction of the President to use Defence land for provision of PNG Infrastructure to OTM and Married Accommodation Projects and other Defence Establishments including Unit Lines, Officer's Messes, CSD, ECHS, OFBs, DRDO etc where the Budget is sanctioned under Defence Services Estimates or MoD(civil) estimate and to other residential or market areas of Cantonments or Military Stations to create Piped Natural Gas (PNG) infrastructure in all residential areas/unit lines of Defence on following terms and conditions:-

2. Mode of application and authority for execution of agreement for different categories:-

- I. For areas involving only A-1 land or analogous to A-1 land under three Services and other defence establishments in Cantonments & Military Stations for laying of PNG infrastructure, the applicant/PNG Company will have to apply to the Station HQ.
- II. For residential pockets and other areas in Cantonments(areas other than A-1 Land), the applicant/PNG Company/City Gas Distribution Company (CGD) will have to apply to the Chief Executive Officer of Cantonment Board.

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III. In areas where both Class A-1 land and other Class of defence land is involved in Cantonment areas for laying of PNG infrastructure, the applicant/PNG Company will have to apply to the CEO of Cantonment Board. However, Cantonment Board will have to obtain NOC from the Station HQs for laying of PNG line on A-1 land before the application is processed for sanction.

For category I, the license agreement will be signed by the Defence Estates Officer while for category II & III, the license will be issued by Cantonment Board as per provision of the Cantonments Act, 2006.

3. Sanctioning Authority:

Principal Director, Defence Estates of the Command will be the sanctioning authority for grant of license for use of Defence land for laying PNG infrastructure/pipeline.

4. Provisions for charging of security deposit and capital expenditure applicable for creation of Piped Natural Gas (PNG) infrastructure in all residential areas/unit lines of Defence of OTM and Married Accommodation Projects (For A-1 or analogous to A-1 Land).

(a) The Government will make refundable deposit of Rs.5,000/- per connection towards last mile connectivity and bear the capital cost of providing pipeline beyond 15 meters length from isolation valve, at the rate fixed by the PNG Company. For future projects this expenditure will be included in the Approximate Estimates of infrastructure of OTM and Married Accommodation Projects while obtaining administrative approval under AMWP/MAP. This will be applicable only for Married Accommodation and Single Accommodation with kitchen facilities.

(b) The capital expenditure for providing PNG pipeline connection to other defence establishments such as DRDO, CGDA OFB, DGDE etc. may also be included by the concerned authority under capital expenditure of Defence Services Estimates or MoD (Civil) estimates.

(c) A BOO will be convened by the LMA/Defence Establishment with representatives from IGL/Service Provider and DEO to provide details of PNG infrastructure, land details etc.

(d) All infrastructure cost of laying PNG pipeline will be met by the infrastructure company.

5. Provisions for charging of security deposit and capital expenditure applicable for creation of Piped Natural Gas (PNG) infrastructure in all residential areas/unit lines of other than OTM and Married Accommodation Projects (on other than A-1 or analogous to A-1 Land).

(a) For such areas, the consumer will have to pay refundable security deposit of Rs 5,000 per connection and bear the cost of providing pipeline beyond 15 meters length at the rate fixed by the PNG Company. Cantonment Board may facilitate the work of laying of PNG infrastructure in residential or market areas of Cantonments.

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(b) The PNG connection meant for domestic use shall be provided at domestic rates while connections meant for other than domestic use shall be given on commercial rates, as regulated from time to time by Petroleum and Natural Gas Regulatory Board.

(c) The proposal to lay PNG Infrastructure shall be placed by the CEO in the Board meeting for approval along with land details etc.

6. Terms and Conditions applicable for both OTM, Married Accommodation Projects and other areas for granting permission to create Piped Natural Gas (PNG) infrastructure in all residential areas/unit lines of Defence.

(a) Permission to use Defence land to Government owned PNG companies for laying underground pipelines will be accorded at an annual license fee @ Rs.1/- per running meter.

(b) The PNG company will make a security deposit of 5% of cost of defence land (for A-1 and analogous to A-1 Land) involved with the DEO. For other than A-1 / analogous to A-1 land, 5% security deposit will be paid to CEO cantonment Board. This deposit will be refunded on completion of work after adjusting cost of rectifying any damages and recouping any loss, claim etc. The deposit will be forfeited in case of any non-compliance with license condition etc.

(c) The initial period for license of defence land for PNG infrastructure/pipeline will be of 10 years. The license can be renewed on expiry of initial license period for a further period of 10 years at the option of the lessee.

(d) The general terms and conditions at the time of renewing of license if so, shall be governed, including rates of rentals as per MoD policy letter dated 02.02.2016 (as amended from time to time).

(e) Rates as fixed by the Petroleum and Natural Gas Regulatory Board (PNGRB) from time to time would be adopted.

(f) The permission granted is for laying of pipeline and fixing of yellow marks and one valve chamber of 2x2m size after each Km. It does not include permission for use of land for setting up emergency control room for which separate proposal would be submitted to the Government by the PNG agency for approval by the competent authority.

(g) The date of commencement of the work and the probable date of completion of the work shall be intimated to the DEO/CEO/LMA, by the PNG companies.

(h) The PNG companies will bear all expenses for restoration of roads/assets in original condition and reimburse damages to the LMA/ Cantt Board as calculated/determined by them. If Horizontal Directional Drilling(HDD) or moling method for laying of pipeline is not used and digging is necessary prior permission

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of LMA/CEO will be necessary and the applicant will have to bear all damages /restoration expenditure, as assets by LMA/CEO.

- (i) During the execution of work, liability of any kind of risk and the cost shall rest entirely upon the concerned PNG companies.
- (j) Repair/maintenance of the PNG pipeline shall be the responsibility of the PNG Company.
- (k) In case of any dispute the same will be resolved by the PDDE, the Command whose decision shall be final and binding on both the parties.
- (l) In case the pipeline has to pass through land belonging to the other Central Government Department / State Government Department PNG company will have to obtain NOC from the concerned authorities and submit to the concerned authority, Station Commander/ DEO/ CEO.
- (m) The PNG company /applicant shall make good any damage to or loss of the property of the Government or the third party due to the presence or laying of pipeline and shall pay the cost of making good any damages of loss if any caused to the property of the Government or property of the third party during the course of laying/construction/maintenance/ repair of the pipeline
- (n) The applicant /PNG Company shall not transfer or sublet the permission granted and in case of subletting or transfer the permission shall be deemed to be revoked.
- (o) The permission granted shall not be deemed to create any tenancy or right or interest in favour of PNG Company/CGD Company.
- (p) Neither the applicant nor their employees/representatives or agents shall at any time enter upon the defence land for any purposes whatsoever in connection with the PNG pipeline without the previous consent in writing of the defence administration (LMA/DEO/CEO). Written permission would be obtained by the PNG companies from the concerned authorities to minimize inconvenience to the troops/general public.
- (q) In case any shifting or alternation in the position of laid PNG pipeline is necessitated due to widening of road, construction of flyover or bridges, etc, the PNG Company shall do the same at its own cost at a later date within specified period indicated by the CEO/DEO/LMA.
- (r) The PNG Company shall be solely responsible to ascertain from the respective agency in coordination with Authority concerned regarding the location of other Optical Fiber cable/ducts, underground installations/utilities/facilities PNG Company shall ensure the safety and security of already existing cables/underground installation/utilities/facilities etc before commencement of the excavation.
- (s) The PNG Company shall ensure safety and security of all underground installations/utilities/facilities and shall be solely responsible for

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compensation/indemnification of concerned authority for damage caused/claims or replacements sought for at their cost and risk.

(t) Ministry of Defence may issue clarification on any of the issues above and in case such clarification is issued it will form part of this policy.

7. This issue with the concurrence of Ministry of Defence (Finance Division) vide their U.O. No. 101/Fin/W-I dated 28.02.2017.

Yours faithfully,


(G.C. Srivastava)
Deputy Director (Lands)

Copy to:

1. CGDA, Palam Road, Delhi Cantt.
2. DGA(DS), L-II Block, Brassey Avenue, New Delhi-11
3. Ministry of Defence, (Fin/W-1) Kashmir House, New Delhi.
4. QMG Branch/Plg (Lands)
5. D(Air-II)/D(Navy-III)/D(R&D)/D(QA)/D(Prod-III)
6. D(Lands), MoD