

India's CGD Expansion – What Happened in FY25- 26?



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Utility is an essential service that directly supports economic activity, public welfare, urban functioning, and national stability. In India, electricity, water, and even telecom are widely treated as utilities. However, another basic service that is considered a core utility across much of the world is piped natural gas.

In advanced economies, piped gas is not viewed merely as a fuel business. It is treated as urban infrastructure, an energy security asset, and a core utility service alongside electricity and water. India has historically not accorded

piped gas the same strategic importance, but with recent LPG supply concerns linked to potential Strait of Hormuz disruption risks, attention has once again shifted towards the importance of Piped Natural Gas (PNG).

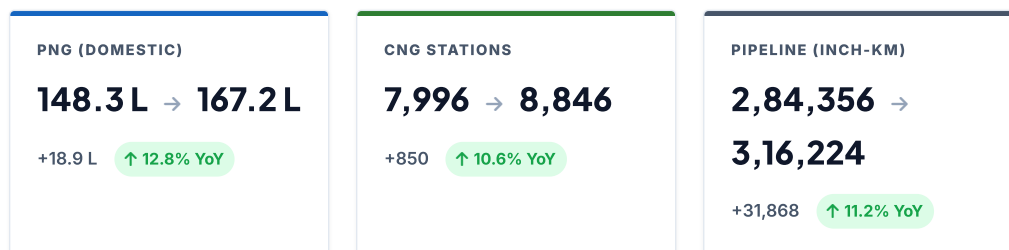
How India's CGD Expansion Model Works

In India, the PNG network is being developed by City Gas Distribution (CGD) companies – entities designed to function as urban gas utilities. These companies are responsible for connecting homes through PNG domestic connections, installing CNG stations for transport fuel supply, and laying pipeline networks that connect households, commercial establishments, and industries with the national gas grid.

The country has been divided into 307 Geographical Areas (GAs), each awarded by the Government of India through the regulator (PNGRB) to a CGD entity. These companies were selected through competitive bidding, where bidders committing the highest PNG connections, CNG stations, and pipeline Inch-Km under the Minimum Work Programme (MWP) were awarded infrastructure exclusivity for 25 years. Among all parameters, domestic household PNG connectivity carried the highest weightage.

PNGRB tracks the physical progress of these networks and publishes a monthly progress report. I analysed the progress made between March 2025 and March 2026 (FY25-26) across bidding rounds, companies, states, and Geographical Areas to understand where the sector is heading.

Executive Summary: The Macro Picture



While year-on-year growth remained in double digits, fresh additions during FY25-26 slowed compared to FY24-25. PNG domestic connection additions declined from 21.0 lakh in FY24-25 to 18.9 lakh in FY25-26 (a ~10% decline). CNG station additions fell sharply from 1,204 to 850 (a 29% drop), and pipeline Inch-Km additions reduced from 36,470 to 31,868.

Many Round 9-10 GAs that showed high activity in the previous fiscal year – when trunk pipelines were being built and initial customer onboarding was easier – are now entering a phase where the low-hanging opportunities have largely been captured. Incremental additions now require significantly higher field effort per connection. This appears more like a natural S-curve inflection than a sectoral slowdown.

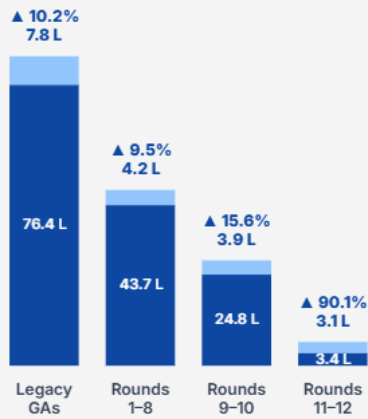
Performance by Bidding Rounds

For analytical purposes, GAs have been grouped into four broad categories to differentiate between mature utility networks and early-stage expansion territories: **Legacy GAs** (awarded pre-2006 covering large metros), **Rounds 1-8** (authorised 2009-2017), **Rounds 9-10** (authorised 2018-2020), and **Rounds 11-12** (authorised post-2020).

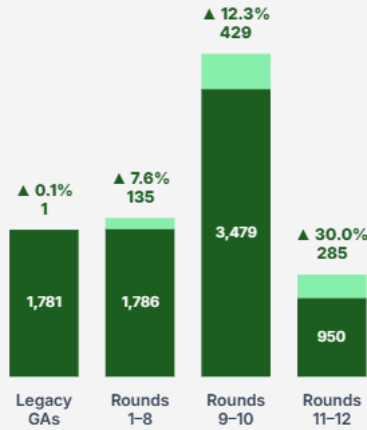
- **Legacy GAs Drive PNG Growth:** Legacy areas delivered a disproportionately large share of PNG growth – 7.83 lakh new connections, accounting for ~41% of all new PNG domestic connections in the country. Critically, CNG contribution from Legacy GAs in FY26 was near-zero (+1 net station), consistent with the saturation of CNG infrastructure in these mature urban markets.
- **Rounds 1-8** GAs were awarded nearly a decade ago, but cumulatively have achieved only about 73% of their pro-rata PNG connection targets.
- **Rounds 9-10** GAs have achieved only 19% of cumulative PNG pro-rata targets, but are currently doing the heaviest CNG expansion lifting in the country. Nearly half of all new CNG stations added in FY26 came from this group.

- **Rounds 11–12** GAs remain in the early ramp-up phase. They have already achieved 56.9% of cumulative Inch-Km targets, indicating infrastructure build-out is progressing ahead of customer acquisition.

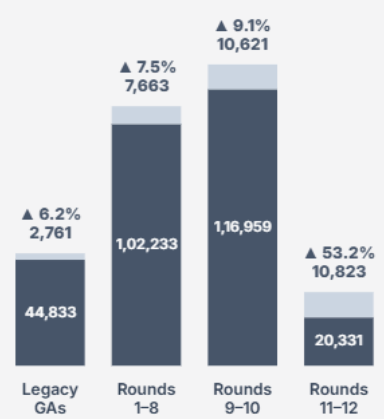
PNG (Domestic) Additions by Round



CNG Station Additions by Round



Pipeline Additions by Round (Inch-Km)

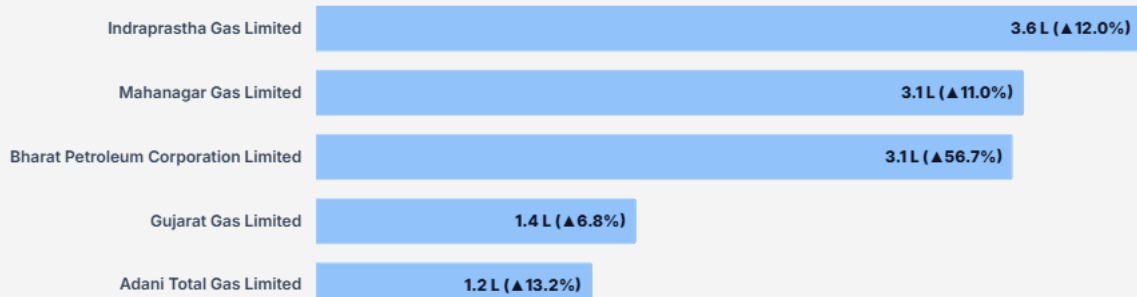


Which Companies Led Expansion?

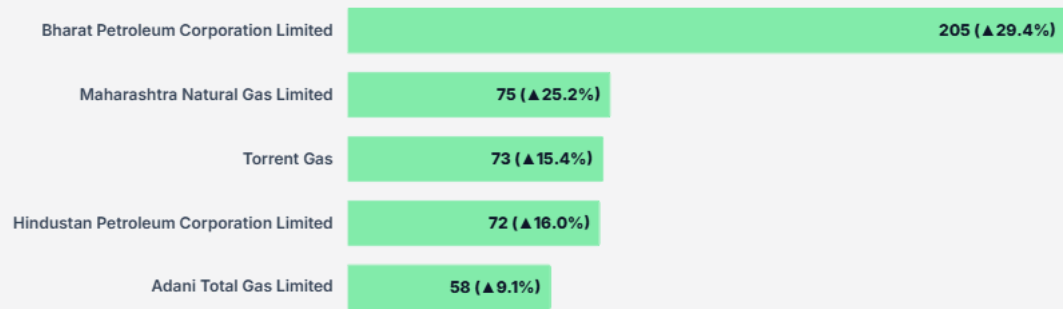
The sectoral data clearly shows a divide between mature urban utilities focusing on network densification and newer operators prioritising greenfield infrastructure expansion.

- **Indraprastha Gas Limited (IGL)** topped the sector in PNG additions, with 3.65 lakh new connections across 10 GAs, driven predominantly by Delhi. However, IGL's CNG station count declined by a net 74 stations.
- **Mahanagar Gas Limited** delivered 3.13 lakh PNG connections, while pipeline growth was only 427 Inch-Km – confirming the characteristics of an ultra-mature network.
- **Bharat Petroleum (BPCL)** stands out as the most well-rounded CGD performer. With 3.08 lakh PNG connections added, 205 new CNG stations, and 6,481 Inch-Km of new pipeline, it was the only major operator showing strong, balanced growth.
- **GAIL Gas Limited** represents one of the strongest positive reversals in the sector – PNG additions increased from 0.57 lakh in FY24-25 to 1.17 lakh in FY25-26, a 105.5% jump.

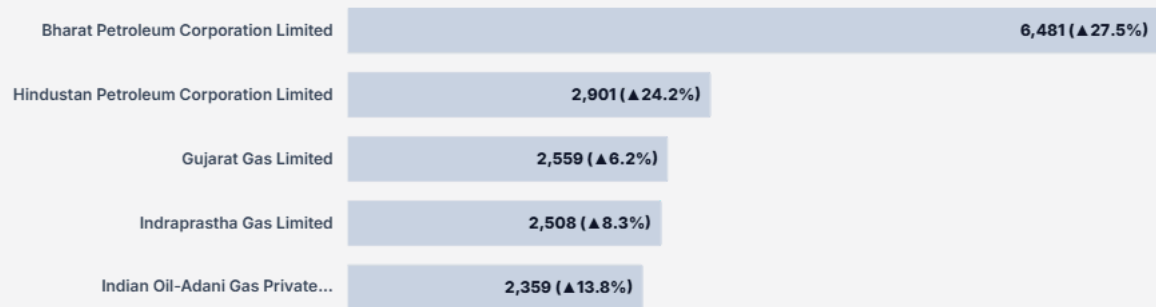
Top 5 Companies by New PNG (Domestic) Connections



Top 5 Companies by New CNG Stations



Top 5 Companies by Pipeline Infrastructure (Inch-Km)

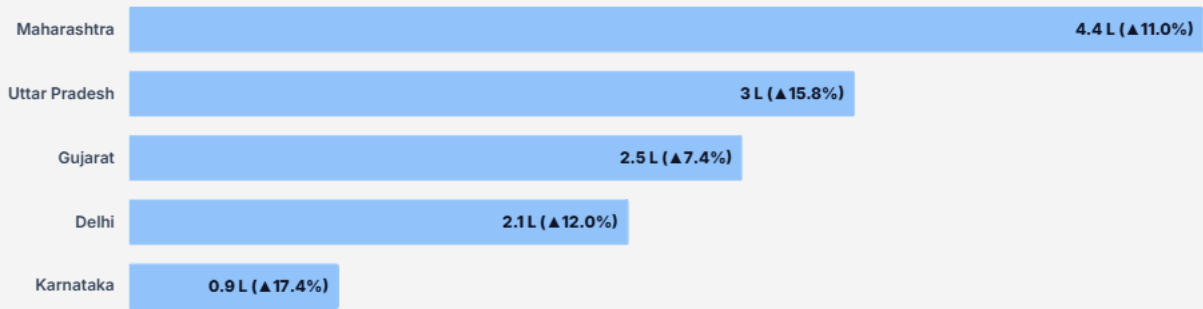


State-wise Utility Expansion Trends

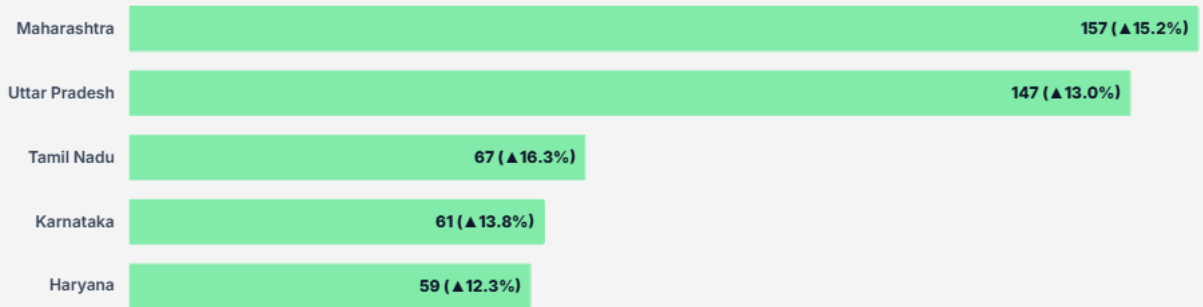
The state-wise data highlights that CGD expansion remains highly concentrated around large urban corridors and industrial clusters, while some southern and eastern regions are witnessing moderation after rapid earlier expansion.

- Maharashtra, Uttar Pradesh, and Gujarat together accounted for over 50% of total PNG growth in FY25-26.
- Uttar Pradesh remains the most aggressive geography for CNG infrastructure rollout and also has the highest number of distinct entities competing in CNG expansion.
- Delhi was the only major state/UT to report negative CNG station growth, signaling a long-term demand shift.
- Southern states saw the sharpest decline in new CNG additions (-122 overall). Tamil Nadu declined from 98 to 67 additions, Kerala nearly halved from 62 to 25.

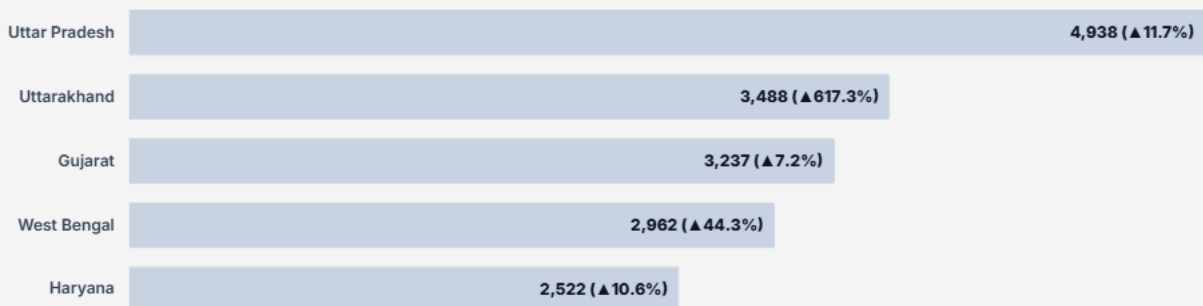
Top 5 States by New PNG (Domestic) Connections



Top 5 States by New CNG Stations



Top 5 States by Pipeline Infrastructure (Inch-Km)

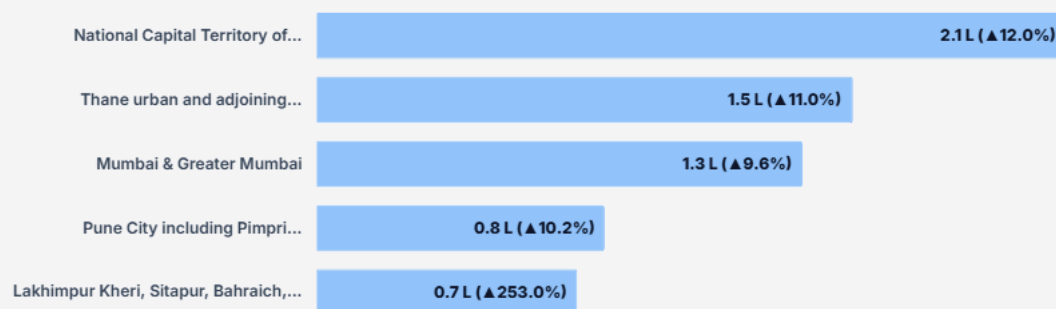


GA-Level Signals & Constraints

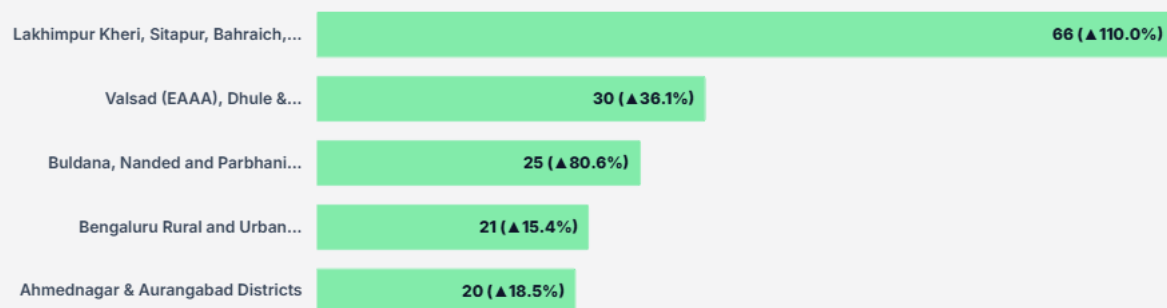
GA-level data provides the clearest picture of how differently India's CGD build-out is progressing across urban, semi-urban, industrial, and difficult terrain regions.

- The Lakhimpur Kheri–Sitapur cluster in UP emerged as the single highest-performing GA for CNG station additions in FY25-26, adding 66 new stations.
- Sholagasco (Kerala) added 15 CNG stations despite reporting zero pipeline addition and zero residential PNG connections, reflecting unique terrain constraints.
- All six Round 12 GAs covering northeastern states along with Jammu & Kashmir–Ladakh reported zero activity across all three parameters, highlighting severe terrain and demand challenges.

Top 5 GAs by New PNG (Domestic) Connections



Top 5 GAs by New CNG Stations



Top 5 GAs by Pipeline Infrastructure (Inch-Km)



What the FY25-26 Numbers Really Indicate

India's CGD sector is steadily evolving from a fuel business into an urban utility network. FY25-26 data shows the sector continues to expand at scale, though growth is now shifting from rapid rollout to deeper network penetration and infrastructure consolidation. Legacy cities are driving PNG densification, newer GAs are leading CNG expansion, and regional gaps in rollout remain visible.

"Ultimately, the success of CGD will not be measured only by pipeline length or station count, but by how seamlessly piped gas becomes part of everyday urban life – much like electricity and water. India may still be early in that transition, but the utility model is clearly taking shape."