

India City Gas Distribution (CGD) - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The India City Gas Distribution Market size is estimated at USD 11.33 billion in 2025, and is expected to reach USD 20.93 billion by 2030, at a CAGR of 13.06% during the forecast period (2025-2030).

Key Highlights

- Over the medium term, increased government efforts to decarbonize the residential and transport sectors and rising demand for CNG vehicles are expected to drive the market.
- On the other hand, the rising demand for electric vehicles is expected to hinder the market's growth.
- Nevertheless, the government's intention of converting India into a gas-based economy is expected to increase the natural gas share in its energy mix from 6% in 2019 to 15% by 2030. This is expected to create enormous opportunities for the India City Gas Distribution (CGD) Market.

India City Gas Distribution Market Trends

Industrial Sector to Dominate the Market

- The industrial segment includes various manufacturing industries requiring natural gas for heating. For example, natural gas is used in the steel industry to melt pig iron into steel. Similarly, natural gas is used in the brick industry to increase mechanical properties like strength and hardness.
- Like the residential and commercial sectors, PNG connections supply industries with natural gas. Over the years, the Indian

industrial sector has grown. It is expected to grow further in the upcoming years due to various medium- and small-scale industry policies and convenient financing methods from India's central public sector banks.

- The industrial sector is the major segment that consumes the highest volume of natural gas compared to the residential and commercial sectors. Natural gas is required in large volumes in industries. For instance, the steel manufacturing industry needs nearly 18000 cubic meters of natural gas per hour. However, this number may change based on the industry's capacity. Similarly, the tea industry requires a large volume of natural gas to dry the tea leaves in bulk.

- As of March 2023, industries have around 16,563 PNG connections. The connection number seems low as compared to residential and commercial. However, its uses are significantly high. As per PPAC, in the period April 2022-September 2022, industries consumed nearly 12.1 MMSCMD of natural gas, which is relatively high as compared to 2.5 MMSCMD in the residential and 0.67 MMSCMD in the commercial sector.

- As of February 2023, data from the Ministry of Micro, Small & Medium Enterprises reveals that Micro MSMEs dominated the Indian market, holding a share of over 96.6 percent. They were trailed by Small MSMEs at 3.12 percent and Mid MSMEs at 0.28 percent. This significant market share underscores the critical role Micro MSMEs play in the Indian economy, providing employment opportunities and contributing to GDP growth.

- During the upcoming years, natural gas consumption in the industrial sector is expected to grow further due to an increase in the numbers of small and medium-scale industries. As per the Ministry of Micro, Small, and Medium Enterprises, as of February 2023, there are nearly 14,392,652 MSMEs in India. Among all, 13.8 million are micro-enterprises, 446,980 are small, and 40,400 are midsize enterprises.

- Therefore, based on the above-mentioned factors, industrial sector is expected to have the largest market share during the forecast period.

Increasing PNG Connections and CNG Stations are Expected to Drive the Market

- The city gas distribution market in India includes PNG and CNG segments. PNG connections are provided to various end-users, such as domestic, industrial, and commercial. At the same time, CNG stations, also known as retail outlets, are installed at various places so that people can have access to natural gas for transport.

- After the completion of the 12 bidding rounds in the country in October 2023, the government announced that it had covered 98% of the population compared to 96% in the previous round. This increase in the coverage area is expected to increase the number of PNG and CNG connections across the country.

- The Petroleum & Natural Gas Regulatory Board in India, under the Natural Gas Infrastructure in India "Vision 2030," has announced plans to increase the share of natural gas in the energy mix by 20% in 2025 as compared to 11% in 2010, which may increase the number of PNG connections and CNG stations in the country.

- The Petroleum and Natural Gas Regulatory Board is mandated to authorize entities to lay, build, operate, or expand the local natural gas distribution network (CGD Network) for which it calls for competitive bids from entities for laying, building, operating, or expansion of CGD networks. The authorization to the entity gives the physical exclusivity to lay, build, operate, and expand the CGD Network, which includes CNG & PNG, for a period of 25 years.

- As of March 2023, under Petroleum & Natural Gas Regulatory Board (PNGRB), there are 5,665 CNG stations, with 1,10,29,228 domestic, 37,772 commercial, and 16,563 industrial piped natural gas (PNG) connections across India

- According to PNGRB, by 2025, around 230 cities are likely to have gas infrastructure. Pipeline infrastructure is set to grow nearly four times, and compressed natural gas stations are to increase three times through 2025 as expansion in new geographies picks up pace.

- Such developments are expected to drive the adoption of PNG in the household sector and expansion of CNG stations across the country during the forecast period.

India City Gas Distribution Industry Overview

The India city gas distribution (CGD) market is semi-fragmented. The key players in the market (in no particular order) include Indraprastha Gas Limited, Mahanagar Gas Ltd, GAIL Gas Limited, Gujarat Gas Ltd, and IndianOil-Adani Gas Pvt. Ltd, among others.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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