

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
STARRED QUESTION NO - 388
ANSWERED ON- 30/03/2026

SHORTAGE OF COMMERCIAL LPG

*388 SHRI K. R. SURESH REDDY:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) Whether Government is aware of reports of restaurants shutting due to shortages of commercial LPG;
- (b) Whether Government has conducted any evaluation of the losses faced by businesses and the economy, due to the shortage of commercial LPG;
- (c) the steps taken by Government to secure India's energy supply;
- (d) the steps taken by Government to compensate businesses for the losses caused by this LPG deficit; and
- (e) the steps taken by Government to boost domestic production of LPG for current usage and to reduce dependence in the future?

ANSWER

MINISTER OF PETROLEUM AND NATURAL GAS
(SHRI HARDEEP SINGH PURI)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (E) IN RESPECT OF THE RAJYA SABHA STARRED QUESTION NO. 388 FOR REPLY ON 30.03.2026 REGARDING 'SHORTAGE OF COMMERCIAL LPG' ASKED BY SHRI K. R. SURESH REDDY.

(a) to (d): Before the outbreak of conflict in the Middle East on 28 February, India imported about 60 percent of its LPG consumption, out of which about 90 percent was transiting through the Strait of Hormuz. The Government has undertaken a series of proactive measures to ensure stability in LPG supplies post the outbreak of the conflict. These include rapid increase in production of LPG by 40%, prioritization of domestic LPG consumption, diversification of import sources, dynamic stock management, and inter-regional allocation to address localized shortages.

While domestic LPG supplies have been prioritised, commercial LPG supplies were regulated in order to avoid hoarding & black marketing, as commercial LPG is sold over the counter. After coordinating with State Governments & restaurant/hotel associations, Government started supplies of 20% to commercial consumers, which was further enhanced to an overall allocation of 50%, including 10% linked to PNG expansion reforms by State Governments. This allocation was prioritised for key sectors such as restaurants, dhabas, hotels, industrial canteens, food processing and dairy units, subsidised canteens run by State Governments or local bodies, community kitchens, and 5 kg FTL cylinders for migrant labourers. From 14.03.2026 to 21.03.2026, approximately 15,440 MT of commercial LPG has been uplifted across States and UTs. Additionally, educational institutions and hospitals continue to receive 100% of supplies, accounting for around 50% of the total commercial LPG allocation.

In continuation of these measures, the Government have further enhanced allocation of commercial LPG by an additional 20%, taking the total allocation to 70% of the pre-crisis level on 27 March (including the 10% reform-linked component). This additional allocation is being prioritised for labour-intensive and core industrial sectors, including steel, automobile, textile, dye, chemicals and plastics, with preference to process industries and those requiring LPG for specialised heating purposes where substitution with natural gas is not feasible.

Entities seeking allocation under this additional 20% are required to comply with existing conditions relating to registration with OMCs and application for PNG connections to CGD entities, as stipulated earlier. However, in cases where LPG is required for specialised process use that cannot be substituted by natural gas, such requirements are being waived.

Oil Marketing Companies (OMCs) have constituted a three-member Committee at the Executive Director level to oversee and ensure rationalised and equitable distribution of commercial LPG across States. States/UTs have also been advised to expedite implementation of PNG-related reforms to avail the additional 10% reform-linked allocation.

To mitigate the impact on commercial and industrial users and ensure continuity of operations, kerosene is also being made available through retail outlets and Public Distribution System (PDS) channels. Also, alternative fuels such as RDF, cooking coal & others were allowed for restaurants, hotels and advisory was issued by Central Pollution Control Board (CPCB) to the States to temporarily allow such fuels.

The Government have also requested State/UT Governments to expedite the approval of applications required for expansion of CGD networks and also offered all States/UTs an additional 10% allocation of commercial LPG, provided they facilitate long-term transition from LPG to PNG.

Further, all Ministries/Departments have been advised to issue necessary directions to the concerned Departments/Bodies for immediate fast-tracking and disposal of all pending and new permissions related to CGD infrastructure and to switch over to PNG wherever the same is available.

(e): To boost domestic production of LPG for current usage, the Government, on 9th March 2026, issued directions to all oil refining companies, including petrochemical complexes, that the entire output of C3 and C4 hydrocarbon streams—such as propane, butane, propylene and butenes—is utilised exclusively for LPG production and supplied only to the Public Sector Oil Marketing Companies (IOCL, HPCL and BPCL). Further, refineries were also instructed not to divert these streams for manufacture of petrochemical products or any downstream derivatives. OMCs have been directed to ensure that the LPG so produced is supplied exclusively to domestic LPG consumers. As a result of these initiatives, domestic LPG production has been increased by 40 per cent.

Strategically, diversification of LPG imports is being pursued to ensure supply security and mitigate risks arising from regional disruptions or geopolitical events. As part of this strategy, PSU OMCs have recently concluded contracts for the import of approximately 2.2 Million Metric Ton (MMT) of US-origin LPG for the calendar year 2026, covering nearly 10% of the country's total LPG import requirement. This marks a significant step in strengthening India's energy resilience by establishing a reliable alternate LPG supply source outside the traditional Arab Gulf region.

The Government have undertaken several proactive measures to reduce import dependence and enhance energy security in the medium to long term. In this regard, Government, vide letter dated 20.03.2026, has requested all Central Government Ministries/Departments to carry out a comprehensive assessment of the potential demand for PNG connections in establishments under their jurisdiction, and to designate a nodal officer in each Ministry/Department to coordinate this exercise. Pursuant to the aforesaid directions, the Petroleum and Explosives Safety Organisation (PESO) has instructed all its offices to accord priority to CGD-related applications and ensure their disposal within 10 days of receipt.

Further, strengthening of the supply chain and infrastructure has been undertaken through expansion of refining capacity, augmentation of LPG import terminals, pipelines, bottling plants and storage facilities to ensure efficient nationwide distribution. Government is also promoting alternative fuels by increasing the share of natural gas in the energy mix through expansion of City Gas Distribution (CGD) networks and Piped Natural Gas (PNG). In addition, emphasis is being laid on renewable energy development, including solar, wind, bioenergy and green hydrogen, alongside implementation of energy efficiency measures across sectors. Ethanol blending and other biofuels are also being promoted to reduce import dependence and enhance energy sustainability.

The Government of India vide Gazette dated 24.03.2026 have notified the Natural Gas and Petroleum Products Distribution (Through Laying, Building, Operation and Expansion of Pipelines and Other Facilities) Order, 2026 under the Essential Commodities Act, 1955. The Order provides a streamlined and time-bound framework for laying and expanding pipelines across the country, addressing delays in approvals and access to land, and enabling faster development of natural gas infrastructure, including in residential areas. It is expected to accelerate PNG network growth, enhance last-mile connectivity, and support the transition to cleaner fuels, thereby strengthening energy security and advancing India's gas-based economy.

OMCs have been directed to plan for LPG stocks equivalent to at least 30 days of national consumption (in terms of stock levels and not storage capacity).
