

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION NO.- 2511
ANSWERED ON- 10/08/2026

DIVERSION OF SUBSIDIZED LPG CYLINDERS

2511 SHRI SUBHASISH KHUNTIA:

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

- (a) whether Government has assessed instances of diversion, unauthorised commercial use or illegal hoarding of subsidised domestic LPG cylinders, and if so, the details thereof;
- (b) whether such practices have affected the availability of domestic LPG to rural and economically weaker households, and if so, the details thereof;
- (c) whether inspections, enforcement actions or prosecutions have been undertaken during the last three years, and if so, the details thereof; and
- (d) whether additional measures are proposed to prevent such diversion, and if so, the details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS

(SHRI SURESH GOPI)

(a) to (d): Prices of LPG in the country are linked to its prices in the international market. While prices of commercial LPG are set by LPG marketing companies independently, Government continues to modulate the effective price to consumer for domestic LPG. Due to this price difference, the possibility of diversion of domestic LPG cylinders for commercial use by unscrupulous elements cannot be ruled out.

Whenever such complaints are received, they are investigated by the concerned OMCs. In all established cases, action is taken as per provisions of the prevailing Marketing Discipline Guidelines (MDG)/Distributorship Agreement. Further, OMCs levy penalties on the concerned distributors as per the provisions of MDG.

The details of number of inspections carried out by OMCs at their LPG distributorships and the number of established cases in which penalties were imposed during the last three financial years are as under:

Description of Inspection/Penalties	2023-24	2024-25	2025-26	Total
Number of inspections carried out at LPG distributorships	1,04,368	1,00,176	98,031	3,02,575
Number of cases in which penalties were imposed	4,883	7,667	7,030	19,580

Source: IOCL on behalf of PSU OMCs

Major steps taken by the Government/OMCs to eliminate the possibility of diversion of LPG & other malpractices and bring transparency in the functioning of LPG distribution across the country inter alia include: -

- Notification of “Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000”, in order to regulate distribution of LPG.
- Notification of LPG Marketing Discipline Guidelines (MDG) by OMCs to be adhered to by the distributors. The MDG is revised from time to time to cover all aspects of LPG marketing and to keep a check on erring distributors.
- KYC initiative for all New Connections/Multiple Connections/Transferred/Inactive customers so that customers with proper identity and address proof are enrolled at distributors.
- Introduction of IVRS/SMS refill booking system across the country in all regular distributorships, wherein customers get SMS on refill booking / generation of cash memo.
- Introduction of e-Invoice by OMCs so that customer can view the exact price payable.
- Provision of digital payment facility to the consumers.
- A dedicated toll-free helpline (1800 2333 555) is available for consumers to lodge their queries, including subsidy-related issues and short code 14438 helpline for Ujjwala beneficiaries.
- Introduction of different colours for domestic and non-domestic LPG cylinders so that misuse of domestic LPG cylinders for unauthorised use is easily identifiable.
- Direct Benefit Transfer of LPG (DBTL)-PAHAL Scheme has been implemented since January 2015 for transparent and effective disbursement of subsidy across the country. Under PAHAL Scheme, all domestic LPG cylinders are sold at a uniform Retail Selling Price (RSP) and applicable subsidy to LPG consumers is transferred directly into their bank accounts.
- Facility of opting for another distributor operating in the same area under portability scheme, in case the customer is not satisfied with the services of the existing distributor.

Oil Marketing Companies (OMCs) are maintaining uninterrupted LPG supplies through authorized distributors while closely monitoring the supply chain and coordinating with local authorities to prevent diversion, black marketing and hoarding. To strengthen oversight, OMCs in coordination with state government have deployed cross-functional teams to conduct surprise inspections of LPG distributorships. As a result, during the period from 01.03.2026 to 15.06.2026, about 1,330 FIRs were registered, 311 persons were arrested and approximately 75,960 LPG cylinders were seized across the country.

Further, the Delivery Authentication Code (DAC) mechanism has been strengthened, wherein a unique OTP is sent to the registered mobile number of the customer and delivery is completed only upon verification of this code. This system ensures that cylinders are delivered to the genuine customers, thereby minimizing the possibility of diversion of domestic LPG cylinders.
