



Resuming LPG Subsidies

This article is based on [“High LPG Prices are Scorching the Air Pollution Fight”](#) which was published in The Hindu on 09/12/2021. It talks about the issues associated with unavailability of LPG connections to the beneficiaries and the steps that can be taken to tackle the problem.

As per the [Global Burden of Disease Study](#), 2019, solid fuel use for cooking is the leading contributor to air pollution and related premature deaths in India, estimated to be around over 600,000 every year.

To tackle this issue, the Government of India has taken several measures to improve access to clean cooking energy such as the [Pradhan Mantri Ujjwala Yojana \(PMUY\) scheme](#) under which more than 80 million subsidised LPG connections were distributed.

However, the sustained rise in the price of LPG cylinders has been burning a hole in many households' budgets for more than a year now.

Reinstating subsidies on LPG refills for low-income households can help reverse families going back to polluting fuels.

India's LPG Revolution

- **Increase in Number of LPG Connections:** As per the **India Residential Energy Survey (IRES) 2020**, conducted by the [Council on Energy, Environment and Water \(CEEW\)](#) and the Initiative for Sustainable Energy Policy, **LPG has now replaced biomass as the most common cooking fuel in India.**
 - Nearly **85% of Indian homes** have an LPG connection and 71% use it as their primary cooking fuel, compared to only 30% a decade back.
 - This reversal of trends could be attributed to the success of the [Ujjwala](#), consumption-linked subsidies and gradual strengthening of the LPG distributorship.
- **Achievements of Ujjwala Scheme:** In the first phase of the PMUY, **8 crore poor families were given free cooking gas connections** including from the Dalit and tribal communities.
 - The LPG infrastructure has expanded manifold in the country. In the last six years, **more than 11,000 new LPG distribution centres have opened** across the country.
- **Issues Associated:**
 - **High LPG Prices and Pandemic-Induced Problems:** At the current refill prices, an average Indian household would have to **spend around 10% of its monthly expense on LPG** to meet all its cooking energy needs which is just double the actual share of reported expenses on cooking energy (as of March 2020).
 - Nearly half of all Indian households will have to at least double their cooking energy expense to completely switch to LPG at current prices.
 - Given the **loss of incomes and livelihoods during the Covid-19 pandemic**, the ability of households to afford LPG on a regular basis has taken a further hit.
 - **No Refill Subsidies:** The **price of LPG refills has risen by more than 50%** in November, 2021 compared to around ₹600 in the previous year.
 - Additionally, **no refill subsidies in place since May 2020** raise a genuine concern about many households **slipping back to using polluting solid fuels** for

cooking, such as firewood and dung cakes.

- **Prevalence of Biomass Over LPGs:** Around **30% of Indian households continue to rely on biomass** as their primary cooking fuel, mainly due to high LPG prices. Another **24% stack LPG with biomass**.
 - The practice of biomass usage is **predominantly concentrated in rural areas** in states of Bihar, Jharkhand, Chhattisgarh, MP, Odisha and West Bengal.
 - Urban slums are also critical hotspots where the use of biomass for cooking is widely prevalent.
 - **Easy availability of free biomass** and lack of home delivery of LPG refills further reduce the efficacy of LPG as a reliable and affordable proposition.
- **Unavailability of LPG:** Only half the rural LPG users receive home delivery of LPG refills, while the rest have to travel about five kilometres one way to procure a cylinder.
 - **Gaps in the doorstep delivery of LPG cylinders** are also present in urban pockets, **particularly in slum areas** which further encourages the use of biomass among urban slum households.

Way Forward

- **Reinstating LPG Subsidies:** Resuming subsidies would be critical to support LPG use in many households.
 - Estimates suggest that an **effective price of LPG refill** could ensure that the average share of actual household expenditure on cooking energy matches the pre-pandemic levels.
 - At the bare minimum, **subsidy must be resumed for the households granted LPG connections under the Ujjwala** scheme.
- **Identifying 'Beneficiaries In-Need':** The Government can also explore diverse approaches to identify beneficiaries such as by **limiting the subsidy provision to seven to eight LPG refills annually** and excluding well-to-do households using robust indicators.
 - For instance, **lowering the income-based exclusion limit for LPG subsidy** or excluding families owning a non-commercial four-wheeler vehicle can significantly reduce the number of eligible beneficiaries.
 - Entering [Aadhaar numbers of all adult family members](#) of existing as well as new beneficiaries to **make deduplication effective** and appropriate measures in distributors' software to **restrict issuance to ineligible beneficiaries**.
- **Extension of Ujjwala Scheme:** The Ujjwala scheme should be **extended to poor households in urban and semi-urban slum areas**.
 - There is a need for achieving a higher LPG coverage of the population by providing connections to households that do not have LPG.
- **Boosting Timely Availability of LPG:** There is a need to **strengthen the LPG supply chain** and enforce timely service delivery, particularly **in states with a large number of Ujjwala connections** and slum population.
 - This must be complemented by **higher incentives for rural distributors**, who have to otherwise service a low but distributed demand at similar commissions.
 - **Looping in Self-Help Groups** could also help aggregate demand and create jobs in distant areas.
- **Facilitating Alternative Use for Biomass:** A new market for locally available biomass can be created via pilot initiatives focused on **promoting the use of locally available biomass in decentralised processing units** that manufacture briquettes and pellets for industrial and commercial establishments.
 - Households can be incentivised to supply locally available biomass (including crop stubble or dung cakes) to [Compressed Biogas \(CBG\) production plants](#) (being set up under the [SATAT scheme](#)).
 - Such measures would **help enhance local income and livelihood opportunities**, in turn encouraging rural families to use LPG on a regular basis.

Conclusion

The launch of welfare schemes like PMUY and Ujjwala 2.0 show the Government's commitment towards promoting clean cooking energy access. However, ensuring affordability and timely availability of LPG

cylinders for refills is a must to wean households away from polluting solid-cooking-fuels and reap the benefits of the investments made in the schemes. Such efforts also go a long way in improving the health and well-being of the population.

Drishti Mains Question

“Ensuring affordability and timely availability of LPG cylinders for refills is a must to wean households away from polluting solid-cooking-fuels and reap the benefits of the investments made in the Ujjwala Scheme”. Comment.

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