High LPG Prices are Scorching the Air Pollution Fight

What is the issue?

The sustained rise in the price of LPG cylinders has been a burden in the budget of many households for more than a year now.

What is the trend of the price of LPG refills?

- The price of LPG refills has risen by more than 50% to over Rs. 900 per cylinder in November this year compared to around Rs. 600 over the past year.
- With no refill subsidies in place since May 2020 many households are now slipping back to polluting solid fuels such as firewood and dung cakes.

What measures were taken to boost clean fuel?

> *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 6 lakh every year.*

- To tackle the issue of solid fuels, the Government of India launched the Pradhan Mantri Ujjwala Yojana in 2016.
- It is a scheme of the **Ministry of Petroleum & Natural Gas** for providing LPG connections to women from BPL households, SC/ST, PMAY, AAY, Most backward classes, tea garden, forest dwellers and those residing in islands.
- The target under the scheme was to release 8 Crore LPG connections to the deprived households by March 2020.

- **Ujjwala 2.0 – It was launched in 2021 to provide** 1 crore additional PMUY connections to those low-income families who could not be covered under the earlier phase of PMUY.
    - Apart from a deposit-free LPG connection, a free refill worth over Rs 800 and a free stove will be provided

    - Requires minimal paperwork
    - Migrants will not be required to submit any address proof to get the benefit
    - Self-declaration is enough for both ‘family declaration’ and as a ‘proof of address’
- **Other initiatives**
    - National Programme on Improved Chulha was launched in 1984 backed by training programs.
    - PAHAL scheme was launched in 2013 providing LPG subsidy directly to the beneficiary’s account.

How far have we managed to dissuade households from biomass?

- As per the India Residential Energy Survey (IRES) 2020, 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 could be attributed to
    - The success of the Ujjwala,
    - Consumption-linked subsidies
    - Gradual strengthening of the LPG distributorship
- But around 30% of Indian households continue to rely on biomass as their primary cooking fuel, mainly due to high LPG prices and another 24% stack LPG with biomass.
- Rural areas, particularly among States such as Bihar, Jharkhand, Chhattisgarh, Madhya Pradesh, Odisha and West Bengal and urban slums are the 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 option.

What more need to be done to improve the progress further?

- **LPG refill subsidies-** 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.
- The subsidies on LPG refill for low-income households have to be restored.
- An effective price of Rs. 450 per LPG refill could ensure that the average share of actual household expenditure on cooking energy matches the pre-pandemic levels.
- **Targeting beneficiaries**- The Government can explore diverse

approaches to identify beneficiaries such as limiting the subsidy provision to 7 to 8 LPG refills annually and excluding well-to-do households using robust indicators.

- Lowering the income-based exclusion limit for LPG subsidy from Rs. 10 lakh a year or excluding families owning a non-commercial four-wheeler vehicle can significantly reduce the number of eligible beneficiaries.
- **Timely availability of LPG**- Only half of the rural LPG users receive home delivery of LPG refills, while the rest have to travel miles to procure a cylinder.
- 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 can be complemented by higher incentives for rural distributors.
- Self-help groups could also be involved to help aggregate demand and create jobs in distant areas.
- **Market for biomass**- The Government needs to pilot initiatives for promoting the use of locally available biomass in decentralised processing units that manufacture briquettes and pellets.
- For instance, the National Thermal Power Corporation recently invited applications to supply biomass pellets to fire their power stations
- The Government can incentivise the participation of entrepreneurs and households under the Sustainable Alternative Towards Affordable Transportation (SATAT) scheme.
- This would help enhance local income and livelihood opportunities, in turn encouraging rural families to use LPG on a regular basis.

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