

LPG Supply Security

Prelims: Current events of national and international importance | Economy

Why in News?

India is diversifying LPG imports, especially by increasing purchases from the U.S., in response to supply disruptions and volatility resulting from the West Asia crisis.

According to World Liquid Gas Association (WLGA) "U.S. LPG alone is **not a "silver bullet"**.

Limitations of U.S. LPG as a Comprehensive Solution

- The United States has existing commitments to multiple long-term **supply contracts**.
- Several countries, in addition to India, are seeking increased access to U.S. LPG supplies.
- As a result, securing substantial quantities of U.S. LPG on short notice is challenging.
- Elevated shipping premiums during periods of geopolitical instability may offset the benefits of lower Free on Board (FOB) prices.



World Liquid Gas Association

- **WLGA** - It serves as the global authority for the liquefied petroleum gas (LPG) and liquid gas industry, representing the full value chain.
- **Headquarters** - Neuilly-sur-Seine, France.
- **Established** - 1987 (and granted Special Consultative Status with the UN Economic and Social Council in 1989).
- **Membership** - Connects over 300 public and private companies across more than 125 countries.
- **Mission** - To promote the use of liquid gas, including LPG and bioLPG, to support a safer, cleaner, healthier, and more prosperous world.

India's Main Vulnerabilities

- **Limited Strategic Buffer** - Insufficient LPG storage capacity allows supply disruptions to rapidly affect end consumers.
 - **While storage cannot prevent a crisis, it offers a critical window to secure** alternative supplies.
- **Freight Cost** - Disruptions in West Asia often lead to increased shipping premiums.
 - Indian oil marketing companies (OMCs) risk becoming **passive recipients of elevated freight rates**.
- **Geopolitical Concentration** - Excessive reliance on a single region or supplier heightens vulnerability to geopolitical shocks.
- **Strong Domestic Demand** - LPG demand has risen significantly as a result of greater **household penetration and clean-cooking initiatives**, particularly the Pradhan Mantri Ujjwala Yojana (PMUY).

Reference

[The Hindu | U.S. LPG not a Silver Bullet for India](#)