Import concerns: India ups LPG output, focuses on PNG

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As the recent conflict in West Asia completes a month, the world's second largest importer of LPG has managed to navigate the black swan event so far by prioritising domestic production of the key cooking fuel, while focusing on encouraging as many as 60 lakh LPG consumers to migrate to piped natural gas (PNG).

The conflict — considered the biggest disruption in the history of global oil and gas markets — impacted India adversely, given that 60 per cent of its LPG requirement, 47 per cent of its liquefied natural gas (LNG) demand and roughly 30 per cent of crude oil needs transit the Strait of Hormuz, the 34 km-long world's most critical energy choke point.

The conflict led to a surge in global energy prices. While Brent crude oil prices have averaged at $98 per barrel in March 2026 so far (up to March 25, 2026), up from $68 in February 2026, the average price of the Indian basket of crude oil has risen significantly to $125.7 a barrel in the ongoing month from $69 in February 2026, ICRA said.

Besides, natural gas prices (JKM) have also risen quite sharply, surpassing $20 per mBtu on March 18, 2026, nearly double the levels seen a month ago, it added.

While India has "sufficient" stocks of crude oil, natural gas, petrol, diesel and jet fuel, it faces supply risk with respect to LPG imports. This is because India is importing 60 per cent of its domestic demand.

PRODUCTION INCREASE. Domestic refinery production has now been ramped up by 40%, bringing daily LPG output to a record 50,000 tonnes

However, the government responded immediately to the issue and prioritised LPG production in refiners at the expense of petrochemicals by invoking the Essential Commodities Act.

Domestic refinery production has now been ramped up by 40 per cent, bringing daily LPG output to a record 50,000 tonnes, which is more than 60 per cent of India's requirement.

India's daily requirement is around 80,000 tonnes. This helped the net daily import requirement to decline to 30,000 tonnes.

LPG IMPORTS

Besides, the government has 80,000 tonnes of assured LPG import cargoes, which are en-route from the US, Russia, Australia and other countries, arriving across India's 22 LPG import terminals. This is equal to almost a month's supply.

Besides, Centre has also managed to check panic buying with OMCs successfully delivering over 50 lakh cylinders every day. Cylinder demand had gone up to 89 lakh cylinders due to panic booking, but has now come down to 50 lakh cylinders.

Commercial cylinder allocations have been raised to up to 70 per cent in consultation.

The government is also pushing for expansion of PNG and compressed natural gas (CNG) in the country, encouraging households and businesses to migrate to piped gas. City gas distribution (CGD) has expanded from 57 geographical areas (GAs) in 2014 to over 300 today. Domestic PNG connections have grown from 25 lakh to over 1.6 crore.

In terms of crude oil and petroleum products, the government is in a very comfortable position.

India has 74 days of total reserve capacity and actual stock cover is around 60 days right now (including crude stocks, products stocks and the dedicated strategic storage in caverns). Nearly two months of steady supply is available. Beside, another 2 months of crude oil imports have been secured.