

# Centre directs refiners to maximise LPG production

Govt. invokes Essential Commodities Act, tells oil companies to prioritise domestic supply; order seeks to re-prioritise allocation of propane, butane streams for cooking gas production

**The Hindu Bureau**  
NEW DELHI/CHENNAI

**D**espite assuring Indians that the country has “comfortable” stocks of crude, diesel, petrol and LPG, the Centre on Wednesday invoked the Essential Commodities Act (ECA), 1955, directing domestic oil refiners to prioritise the production of liquefied petroleum gas (LPG) – a tacit admission that there are supply bottlenecks that could affect distribution in the near future.

The order issued on Wednesday read: “All oil refining companies operating in India shall maximise and ensure that propane and butane streams produced, recovered, fractionated or otherwise available with them are utilised for production of LPG and make it available to the three public sector oil marketing companies.”

The order said that all public sector oil marketing



**Allaying concerns:** IOCL issued a statement seeking to reassure consumers that the country has adequate reserves. FILE PHOTO

companies (OMCs) shall ensure that LPG so produced is supplied or marketed solely to consumers of domestic LPG.

The order further states that oil refining companies “shall not divert, utilise, process, crack, convert or otherwise employ propane or butane streams for manufacture of petrochemical products or other such downstream derivatives.”

The cooking fuel is formed from a combination of propane and bu-

tane and liquefied under pressure. It may contain trace quantities of higher hydrocarbons as well.

“LPG is largely a mixture of propane and butane. These gases are found along with natural gas, but are also produced in the crude oil refining process. The refining process can be tweaked to increase the butane-propane content of the output and rebalance the other output products, thereby boosting the production of

liquefied petroleum gas for use as cooking fuel,” said Prashant Vasisht, Senior Vice-President at ICRA.

Mr. Vasisht added that the government is prioritising the availability of LPG for household cooking gas use rather than supplying it to vehicles or commercial establishments.

Some 60% of India’s LPG is imported, much of it from Persian Gulf countries such as Saudi Arabia and Qatar. With the Strait of Hormuz closed since March 1, LPG imports have been badly hit. OMCs such as Indian Oil Corporation and Bharat Petroleum Corporation produce roughly 40% of India’s LPG requirement domestically.

The fuel is then bottled and distributed across the country.

Separately, IOCL issued a statement seeking to reassure consumers that the country has adequate reserves, dismissing social media chatter about a “fuel shortage” as “rumours”.