



What is the Essential Commodities Act?

Why has the government invoked it?
How will it help solve India's gas crisis?
Which sectors will the order affect?

Priscilla Jebaraj

The story so far: **A**s the blockade of the Strait of Hormuz exposed the vulnerability of India's supply chain for cooking gas, the majority of which is imported, the Union government invoked the Essential Commodities Act, 1955. While long-term steps are needed to diversify and reduce reliance on global suppliers and expand strategic reserves, the Act is a crucial emergency tool for now. It allows the Centre to direct refiners to boost domestic LPG production, prioritise household consumption, and regulate the allocation of natural gas.

What is the Essential Commodities Act?
The Act empowers the Union government to control the production, supply, and distribution of commodities, including drugs, fertilisers, foodstuffs, edible oils, fuels, and seeds.

Under Section 3, the government can issue orders to maintain or increase supplies, to prioritise production of any essential commodity, or to secure their equitable distribution and availability at fair prices. It can set prices and stock limits, prevent sales, control storage, transport, and distribution, and prevent hoarding and black marketing.

In the recent past, the law has been invoked to manage shortages of wheat, sugar, and pulses. During the COVID-19 lockdown, it was invoked to prevent hoarding, black marketing, and profiteering of

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Why has it been invoked now? Facing U.S. and Israeli strikes, Iran has retaliated by attacking oil-producing neighbours in the Persian Gulf that hosted U.S. forces, and targeting ships in the Strait of Hormuz. While a fifth of the world's oil transits through this maritime chokepoint, it is the disrupted supply of Liquefied Petroleum Gas (LPG), or cooking gas, that has sent Indian consumers into a panic.

The Pradhan Mantri Ujjwala Yojana helped to boost LPG coverage in Indian households from about 62% in 2016 to almost 100% now. However, domestic production has not kept up with consumption. In 2024-25, Indian refineries produced 12.5 million metric tonnes of LPG, just 41% of the annual consumption of 31.3 million tonnes (Petroleum Ministry data). The gap is filled by imports, of which a whopping 90% comes through the Strait of Hormuz.

Liquefied natural gas (LNG) is also piped into Indian kitchens, apart from fueling vehicles, and being used for other commercial purposes. Of India's consumption of 189 million metric standard cubic metres per day, 52% is produced domestically. A quarter of the total consumption is imported from the Persian Gulf.

How does the order affect LPG production?
On March 5, the government ordered all oil refineries in India to channel their propane and butane streams into LPG production, rather than using them for petrochemical manufacturing. A revised order on March 9 specified that 82 oil refining companies and petrochemical complexes are also to be included. It added that propylene, butene, and other elements of the C1 and C4 streams were also to be used for LPG production only.

Apart from state-run refiners, such as Indian Oil Corporation (IOCL), Bharat Petroleum (BPCL), and Hindustan Petroleum (HPCL), Chemical Petroleum, Oil and Natural Gas Corporation, and the Narmalgaon Refinery, the order is also directed at private refiners such as Reliance and Nayara Energy.

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All LPG is to be supplied exclusively to IOCL, BPCL, and HPCL, which have been directed to supply cylinders only to domestic households. The de-prioritisation of commercial kitchens has already resulted in restaurants, hotels, and hotels downing shutters or limiting their menus.

How does this regulate natural gas supply?
The March 9 order on natural gas does not impact production, but rather establishes a priority-based allocation framework for gas distribution, overriding any existing contracts.

Top priority will go to piped natural gas for households, compressed natural gas for transport, gas needed for LPG production, and pipeline compressor fuel. Supplies to these sectors will be maintained at 100% of their average consumption over the past six months, subject to availability. Fertilizer manufacturers will get 70% of their needs, though this may change if the war continues to disrupt supplies as Kharif sowing gets into full swing in summer.

Supplies to tea, manufacturing, and other industries have been capped at 80%. Some petrochemical facilities run by ONGC, GAIL, and Reliance will face partial or full curtailment of LNG supply. Gas allocation to oil refineries will drop to 65% of their usual needs.

Local bodies to track LPG supply and act against black marketeers

CM Fadnavis claims there is no LPG shortage and accuses the opposition of spreading panic

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MUMBAI/NAGPUR: The state food and civil supplies department has issued instructions to form city-and district-level committees to monitor the supply of LPG, take action against black marketing and hoarding of cooking gas, and tap alternative fuel options. This follows an advisory issued by the central government on LPG supply due to panic booking of LPG cylinders caused by shortages created by the war in West Asia.

Accordingly, special committees will be set up under the district collectors and the rationing controller for the MMR. Police officers, representatives of oil companies and gas agencies will be part of the committees. "Authorities have also been instructed to ensure that domestic consumers receive LPG cylinders without disruption," according to a circular issued on



Several people were seen queueing up for LPG cylinders across the city on Saturday. RAJU SHINDE/HT PHOTO

Saturday.

To address public grievances, district administrations and urban local bodies have been directed to establish round-the-clock control rooms and help-lines. They have also told to set up dedicated phone and WhatsApp numbers for citizens to report complaints regarding LPG supply. In addition, they must collect daily data on the supply of petrol, diesel, LPG and PNG and submit regular reports.

The circular further directs officials to explore using alternative fuels such as coal or kerosene if LPG supply constraints

arise, particularly for hotels and restaurants, by establishing communication with these establishments.

Officials said domestic LPG production is sufficient to meet the state's daily consumption of about 9,000 tonnes, without drawing from the static buffer stock of 30,000 tonnes, which can sustain supply for three-four days.

"About 50% of LPG is imported, while the remaining 50% is produced domestically. With the supply of commercial LPG currently restricted, domestic production will be able to

meet household consumption requirements," an official said.

The official also said Maharashtra is in a relatively stronger position than many other states due to the presence of key energy infrastructure such as Bombay High, ONGC facilities and GAIL refineries. "The restriction on commercial LPG and the decision to increase the gap between cylinder bookings from 15 days to 25 days have helped manage the demand-supply situation effectively," he said.

CM blames Congress

Meanwhile, chief minister Devendra Fadnavis says there is no LPG shortage in Maharashtra, accusing the opposition Congress of creating panic among citizens. "Whether Maharashtra or the country, there is no LPG shortage. The central government has stated this repeatedly, yet Congress leaders are deliberately creating confusion among the people and making them stand in queues," Fadnavis said.

The state has issued guidelines to regulate the distribution of cooking gas and ensure priority supply to essential services. Full supply will be maintained to hospitals, ashram schools, aided hostels, government canteens, mid-day meal kitchens and anganwadis.

LPG has now turned into 'LaPata Gas', says Akhilesh

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MUMBAI: Samajwadi Party president Akhilesh Yadav said prime minister Narendra Modi squandered the opportunity to become a "Vishwaguru" by failing to help stop the war in West Asia. Instead, his government has left people struggling with a shortage of LPG gas.

Yadav was in Mumbai on Saturday for his initiative titled "Vision India", aimed at promoting youth-driven, inclusive development and presenting a progressive alternative to the ruling BJP ahead of the 2027 Uttar Pradesh elections.

"We were expected to stand against the war. So many people are losing their lives and several regions have been completely devastated. If PM Modi had made efforts to stop the war, he could have emerged as a Vishwaguru,"



Akhilesh Yadav. HT PHOTO

said the Samajwadi Party chief.

He said the war has impacted life even in India. "Businesses dependent on LPG, such as hotels, restaurants and others have been badly impacted. Liquefied Petroleum Gas has now turned into 'LaPata Gas' as it is not available. The common people are clearly suffering because of this shortage," he remarked.

Yadav also attended an iftar party organized by the Samajwadi Party's Maharashtra unit.



2 tankers

connects the Persian Gulf (west) to the Gulf of Oman and the Arabian Sea (east).

Under the Navy's Operation Sankalp, warships remain deployed in the Gulf of Aden and Gulf of Oman for anti-piracy and to secure maritime trade. Following the West Asian crisis, multiple warships have sailed to the region, the sources said. They had earlier indicated that New Delhi was in discussions with Tehran to facilitate safe passage of vessels headed for India, particularly energy tankers, through the Strait of Hormuz.

The two LPG tankers of the state-owned Shipping Corporation of India (SCI) that crossed the Strait of Hormuz — the narrow waterway between Iran and Oman that connects the Persian Gulf with the Gulf of Oman and the Arabian Sea — are very large gas carriers (VLGCs) *Shivalik* and *Nanda Devi*. They are

cumulatively carrying 92,700 tonnes of LPG, of which there is short supply in India. To put this in perspective, the annual domestic LPG demand with no restrictions on consumption is 33 million tonnes, which translates to about 90,000 tonnes a day.

The country's LPG imports have been severely hit by the effective closure of the Strait of Hormuz, forcing New Delhi to cut LPG supplies to commercial and industrial consumers to meet the kitchen fuel needs of over 33 crore households.

Shivalik crossed the fraught waters of the Strait of Hormuz late Friday, as per ship tracking data, and is on its way to Gujarat's Mundra port, where it is expected to arrive on Monday. Shipping Ministry Special Secretary Rajesh Kumar Sinha informed that *Nanda Devi*, too, crossed the Strait on Saturday morning, and is likely to reach Kandla port in Gujarat on Tuesday. Both the VLGCs were chartered by government-owned refiner and fuel retailer Indian Oil

Corporation, according to industry sources.

Maritime traffic through the Strait of Hormuz — which usually accounts for a fifth of global oil and liquefied natural gas (LNG) flows and a bulk of India's energy imports — has effectively come to a halt since the West Asia military conflict started on February 28. A number of merchant vessels have come under attack in the region in recent days.

The effective closure of the Strait of Hormuz has created a major headache for India, which depends on imports to meet a bulk of its energy needs. Around 40% of India's crude oil imports, over 50% of its LNG imports, and a whopping 90% of its LPG imports transited the Strait, making the chokepoint particularly critical for India's LPG supplies.

India's annual LPG consumption stands at a little over 33 million tonnes, with an import dependency level of 60%. With 90% of India's LPG imports coming from West Asia, the Strait of Hormuz effectively sees

the movement of around 54% of India's LPG consumption.

With the crossings by *Shivalik* and *Nanda Devi*, there is growing hope of more vessels carrying energy supplies and other important cargo making their way to India, even as the situation in West Asia remains volatile.

Majority of the Indian vessels waiting to cross the Strait of Hormuz to get to India are oil and gas tankers. According to data provided by Sinha, there are six LPG tankers, four crude oil tankers, one LNG carrier, and one chemical or petroleum product tanker among the 22 Indian vessels in the Persian Gulf. All of these are loaded with energy cargoes. The remaining Indian vessels include three container ships, two bulk carriers, one dredger, and one empty vessel; three other vessels are on dry docks for routine maintenance. In all, these 22 vessels have 61 seafarers, according to Sinha. Three vessels — with 76 seafarers — are also stuck to the east of the Strait of Hormuz.

Vaishnav

following two months. Sharing details of the current stock position, Information and Broadcasting Minister Ashwini Vaishnav told reporters that as on March 13 this year, 62 lakh tonnes of urea is available, which is 10 lakh tonnes higher than on the same date last year. The DAP stocks are at 25 lakh tonnes, almost double last year's level, and NPK fertilisers at 56 lakh tonnes are the highest ever at 56 lakh tonnes compared with 31 lakh tonnes last year, he said.

Briefing reporters, Vaishnav said the government has a heat map comprising 652 major agri districts which is closely monitored for fertiliser availability. "If there is a shortage anywhere, it gets flagged in the heat map. Abnormal sales patterns are also red-flagged in this system," he said, adding that fertiliser stocks are expected to be comfortable before the peak kharif demand.

In the 2025 kharif season, the government had pegged the requirement of urea at 185.39 lakh tonnes, DAP 56.99 lakh tonnes, Muriate of Potassium (MOP) 11.13 lakh tonnes, and NPKS 76.11 lakh tonnes. Government officials said the requirement for the ensuing kharif season is estimated to be marginally higher than last year. "Usually the opening stock remains one-fourth of the total requirement but this year the opening stock is estimated to be about one-third of the requirement, which is a good

sign," an official said.

Vaishnav said the government advanced its global tender for urea after it sensed global uncertainties and placed orders for 13.5 lakh tonnes middle-February, and 90 per cent of these are expected to arrive by March-end. DAP procurement also started in advance, he said, and alternate sources including Canada, Russia and Morocco were tapped for DAP, a nutrient that is applied at the time of sowing.

Further, he said the government is diversifying its sourcing for spot gas procurements and tapping Russia, Canada, US, Africa and Saudi Arabia. These spot gas purchases are undertaken by GAIL and approved by the Ministry of Petroleum and Natural Gas-approved Empowered Pool Management Committee. "GAIL will conduct its first phase purchase by Tuesday," he said.

To optimise the use of gas and production, the government also advanced the annual plant maintenance to March. The production in March is expected to be around 17 lakh tonnes compared with the normal urea production of 25 lakh tonnes a month.

With the Strait of Hormuz practically shut, the government's five-year contract with Saudi Arabia for 3 million tonnes for DAP will continue. There is no force majeure here since the supplies are through the Red Sea. The supply of urea, DAP and NPK fertilisers from Russia too would continue uninterrupted via the Cape of Good Hope, the minister said.

Key island

According to officials quoted by Reuters, only "military targets" on Kharg Island were targeted and the US Navy would soon begin "escorting tankers" through the Strait of Hormuz.

"Our Weapons are the most powerful and sophisticated that the World has ever known but, for reasons of decency, I have chosen NOT to wipe out the Oil Infrastructure on the Island. However, should Iran, or anyone else, do anything to interfere with the Free and Safe Passage of Ships through the Strait of Hormuz, I will immediately reconsider this decision," Trump said in his post.

Importance of Kharg

Kharg Island is arguably Iran's most sensitive economic target. The reason why this export terminal has remained untouched throughout the devastating US-Israel attacks is that bombing the site would likely trigger a sustained increase to already surging oil prices, as it would amount to neutralising almost all of Iran's daily crude exports. With this attack now happening, the chances are that

crude could move towards the \$150 per barrel mark.

"No major Iranian oil & gas production, export facility has thus far been attacked. I believe it is a deliberate measure in the interest of stabilizing the oil price. It is partly a signal to Iran to reciprocate by refraining from attacking other countries' facilities — which it has so far rebuffed. It is partly also a measure to keep the Iranian people on side in the days after the war, as Iran's ability to produce and export oil and gas will be the foundation on which its economy can be revived," an expert affiliated with a Japanese shipping major told The Indian Express hours before the strike.

On an average, around 1.5 million barrels of oil pass through Kharg every day, though Iran had sharply ramped up volumes to 3 million barrels a day in mid-February, according to the investment bank JP Morgan. This was in anticipation of a US-led attack. A further 18 million barrels are stored on Kharg as a backup, JP Morgan said in a note.

As of late 2025 and early 2026, Iran's total oil exports, including crude and condensate, were estimated to be around 1.8 million barrels per day, with the

majority going to China. Production in early 2026 was reported near 3.1 million barrels per day. Much of this was clearly routed through Kharg.

Vital Infrastructure

Kharg is particularly significant for Iran since most of that country's coastline is too shallow for very large crude carriers to dock. Kharg is pretty close to deep waters and has jetties built in on its eastern shoreline.

The infrastructure on Kharg allows very large crude tankers to be able to come up to the terminal quite easily, and then get back down the Persian Gulf and out of the Straits of Hormuz, all the way to China — the main user of Iranian oil. From a strategic point of view, Kharg island is the economic lifeline of the regime in Iran and is fundamental to the Iranian Islamic Revolutionary Guard Corp (IRGC) to keep fighting back the Americans and the Israelis.

But the problem for the Americans is that they would ideally not want to cause collateral damage to the oil export infrastructure on Kharg Island, since that would most certainly send the prices of crude surging. Especially as China looks to buy from elsewhere. Markets are al-

ready nervous and the destruction of Iran's oil infrastructure could dampen sentiments further. Also, there are indications that the Trump administration could be eyeing a Venezuela type of upside, where they get to access Iranian oil after a possible regime change. Which is why the White House went out of its way to clarify that the action was specifically against the military targets on Kharg, which has an air strip and some military installations, and not the oil infrastructure housed on the island.

American connection

Kharg is where pipelines from Iran's oil fields in the middle and the west of the country terminate. Set up by a US oil conglomerate, American Oil Company or Amoco, it was seized by Iran during the 1979 revolution. Amoco continues to retail fuel brands under BP ownership.

There is a view that since the Americans helped set up all this, they have a rightful stake on the oil infrastructure in Iran, including Kharg Island. That resonates with the American administration's view on Venezuela's oil infrastructure, which too the Americans helped set up almost half a century ago.

गेल गैस लिमिटेड का मेरठ बुलियन एण्ड ज्वैलर्स एसोसिएशन के बीच एमओयू



मेरठ, 14 मार्च (देशबन्धु)। एशिया के सबसे बड़े आभूषण मैन्यूफैक्चरिंग स्थान-नील गली, सर्राफा बाजार और आस-पास के ज्वेलरी कलस्टर एरिया में निकट भविष्य में पीएनजी इंफ्रास्ट्रक्चर को पहुंचाने के दृष्टिगत जिलाधिकारी मेरठ के शिविर कार्यालय पर जिलाधिकारी डा. वी. के. सिंह के समक्ष गेल गैस लिमिटेड, मेरठ और मेरठ बुलियन एण्ड ज्वैलर्स एसोसिएशन के बीच एक एमओयू हस्ताक्षर किया गया। जिसके अनुसार गेल गैस लिमिटेड, मेरठ नील गली, सर्राफा बाजार की तंग गलियों में भी अब पीएनजी इंफ्रास्ट्रक्चर को पहुंचाने

का कार्य करेगा, जिससे पहले चरण में इस क्षेत्र की लगभग 2500 छोटी-बड़ी ईकाइयों को आभूषण मैन्यूफैक्चरिंग हेतु प्राकृतिक गैस उपलब्ध कराएगा। जिलाधिकारी मेरठ डा. वी.के. सिंह, उपजिलाधिकारी सदर डा. दीक्षा जोशी के समक्ष यह एमओयू हस्ताक्षर किया गया। इस अवसर पर गेल गैस लिमिटेड के महाप्रबंधक एवं प्रभारी अधिकारी मेरठ विनय कुमार, उपमहाप्रबंधक अंकुर, वरिष्ठ अधिकारी विपणन परितोश जोशी एवं मेरठ बुलियन एण्ड ज्वैलर्स एसोसिएशन के अध्यक्ष राजकिशोर रस्तोगी आदि मौजूद रहे।