Hindu, Delhi, 24/03/2026
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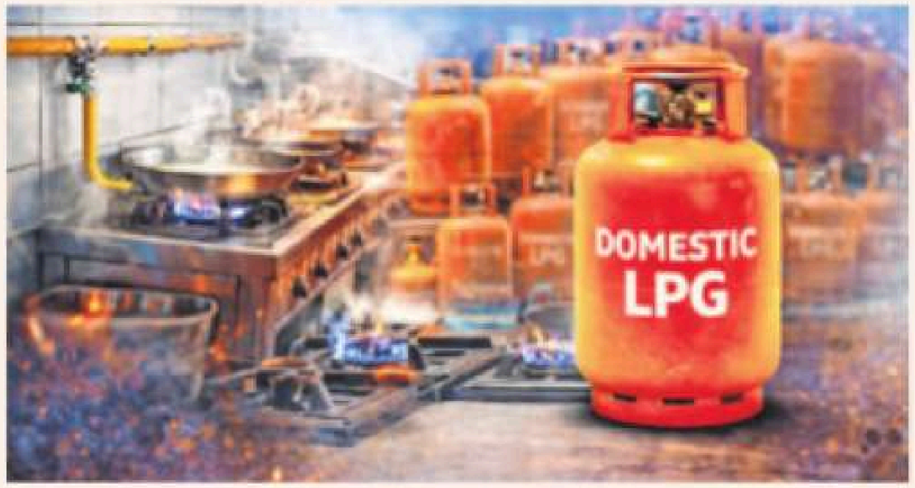
PNG transition issue

I wish to draw the attention of government officials to a troubling issue being faced by many consumers registered for piped natural gas (PNG) connections with GAIL (India) Limited. Under the recent government mandate (LPG Amendment Order 2026), households with functional PNG connections must surrender their domestic LPG cylinders. However, GAIL officials and distributors are reportedly asking consumers to surrender their LPG connections before the PNG line has been installed or activated.

'Over 3.5 lakh PNG connections issued; LPG supply stable'

The government on Monday said more than 3.5 lakh domestic and commercial piped natural gas (PNG) connections for cooking have been issued during the first three weeks of March, even as domestic LPG cylinder supplies remain stable and instances of panic booking have declined significantly.

According to an official statement, authorities are closely monitoring LPG availability in view of the prevailing geopolitical situation. Despite concerns, no cases of supply disruption or "dry-outs" have been reported at LPG distributorships across the country, indicating a stable supply chain. The government has also restored 20% of commercial LPG supply to consumers and is considering an additional 10% allocation to states and Union Territories. This incremental supply will be linked to reforms aimed at improving ease of doing business and accelerating the expansion of PNG infrastructure.



Domestic LPG production has increased compared to pre-crisis levels, supported by refineries operating at high capacity and maintaining adequate crude inventories. The government noted that sufficient stocks of petrol and diesel are also being maintained, with no reports of shortages at retail outlets. Oil marketing companies continue to ensure uninterrupted supply, and citizens have been advised against panic buying.

Priority allocation of fuel remains a key focus area. The government said 100% supply is being ensured for domestic PNG users and CNG transport, while supply to industrial and commercial users is currently being regulated at around 80%. This calibrated approach aims to balance essential consumption with broader economic needs.

City Gas Distribution (CGD) companies have been directed to prioritise PNG connections, particularly for commercial establishments. Incentives are being offered by major players such as Indraprastha Gas Ltd (IGL), Mahanagar Gas Ltd (MGL), GAIL Gas and Bharat Petroleum Corporation Ltd (BPCL) to encourage a shift from LPG to PNG, especially in urban areas.

In addition, states and Union Territories have been urged to expedite approvals required for expanding CGD networks. The Petroleum Ministry has received reform proposals from states such as Rajasthan and Madhya Pradesh, which are currently under review.To further accelerate adoption, central ministries have been asked to fast-track pending approvals for CGD infrastructure and assess potential demand for PNG connections within government establishments. — **IANS**

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'Adjust to 20% commercial LPG supply'

NT Correspondent
BENGALURU

Karnataka Food and Civil Supplies Minister K H Muniyappa on Monday said the state is supplying about 20 per cent of the usual commercial LPG demand, prioritising essential sectors, while urging stakeholders to "adjust" amid constraints.

Replying during Question Hour in the Karnataka Legislative Council, the minister said allocations have been streamlined following the intervention by the Centre, with a focus on education, public utilities and the hospitality sector.

"Now we are supplying around 16,000 cylinders per day," he said.

The minister noted that against a daily usage of about 45,000 commercial cylinders earlier, the current supply has been rationalised based on priority.

He said educational institutions have been allotted 4,200 cylinders, while government establishments, including canteens, airports, railways and bus stations, have been given 1,200 cylinders. "For hotels, 20 per cent allocation means about 10,000 cylinders, which will be distributed. Every hotel will get supply," he added.

Muniyappa said earlier allocation of 1,000 cylinders for hotels had proved inadequate and was subsequently increased.

He also noted that 500 cylinders per day have been earmarked for agriculture, seed processing and pharmaceutical activities, with 205 cylinders kept in reserve for emergencies.

The minister said the Centre has permitted utilisation of 16,105 cylinders and clarified that supply to commercial users would be restricted to 20 per cent of their usual consumption.

"If a hotel was earlier using five cylinders a week, it must now adjust and use one cylinder," he said.

Highlighting regulatory measures, he said all institutions must register with Gas Authority of India Limited (GAIL) within a week to continue receiving supply.

"Only those who are registered will receive supplies. If they do not register, it will be difficult to supply cylinders," he cautioned, adding that the move is aimed at preventing misuse and assessing demand.

Muniyappa also outlined staggered supply for domestic consumers, stating that cylinders will be provided once every 25 days in urban areas and once every 40 days in rural regions.

Earlier, member Ivan D'Souza urged the government to arrange firewood supply for hotels.

LETTERS TO THE EDITOR

Erratic policy

The dramatic post by U.S. President Donald Trump, on a 'five-day ceasefire of sorts', must have stunned Benjamin Netanyahu's Israel. The 'second coming' of Mr. Trump has been marked less by strategic doctrine and more by disruptive impulse. Alliances once seen as bedrock as NATO, have been treated as transactional, their value weighed against immediate domestic optics rather than long-term geopolitical balance. Trade agreements and multilateral pacts have been entered and exited with disconcerting ease, reinforcing a perception of the U.S. as an uncertain partner. In conflict theatres, this inconsistency has been stark. Support extended to Ukraine appeared forceful yet episodic, leaving allies unsure of endurance. Europe, once a strategic anchor, has often been addressed with impatience rather than partnership. Even Israel, a beneficiary of unequivocal backing, has found that patronage can pivot abruptly.

R. Narayanan,
Navi Mumbai

PNG transition issue

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M BM-BME

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West Asia's shadow on energy security in India

Oil and gas together account for 36% of India's primary energy supply, yet India imports ~90% of its crude oil and 47% of its natural gas. The Strait of Hormuz, now effectively closed, is the transit route for over 50% of India's crude oil imports and 55–60% of its liquified natural gas (LNG) imports. India has limited options to fall back on, despite turning to spot LNG markets and the temporary relief in buying Russian crude. Rising crude prices have already driven up liquified petroleum gas (LPG) prices and could drive up petrol, diesel, and CNG prices as well, with knock-on effects across the economy. India's energy security cannot rely on reacting to crises in concentrated supply chains.

Hemant Mallya

Sabarish Elango

The first priority is to strengthen storage buffers. India's Strategic Petroleum Reserve (SPR) provides only 9–10 days of net crude oil import cover (74, including commercial inventories). This is below the 90-day benchmark recommended by the International Energy Agency. Japan holds nearly 200 days of reserves and South Korea ~207. In these countries, minimum stockholding levels are statutory obligations on both government and industry, whereas India's SPR targets rest on cabinet resolutions and executive orders. The planned expansion by 6.5 million tonnes by 2027 should be accelerated under clear statutory obligation, with defined stockholding requirements for oil marketing companies.

India also currently has no dedicated strategic gas reserves to cushion price-sensitive sectors like fertiliser production and piped gas. During the 2022–23 gas price spike, the fertiliser subsidy bill exceeded $30 billion. Underutilised capacity at India's LNG terminals (operating at 50% utilisation on average) could be used as an interim strategic buffer. GAIL has planned 3–4 billion cubic metres of storage in depleted gas fields. India should build substantially more gas reserves and also future-proof new strategic reserves to be green-hydrogen-ready from the outset.

Electrification of road transport also strengthens energy security. Research by the Council on Energy, Environment and Water (CEEW) finds that electric two- and three-wheelers are already cheaper to own than their petrol- or gas-powered counterparts. They constitute 67% of India's petrol consumption, demand for which is projected to peak by 2032. Diesel demand could likely peak only by the mid-2040s because freight electrification remains costlier.

In the interim, LNG offers a pragmatic bridge for trucks and buses, moderating excessive growth in diesel demand and reducing the risk of stranded refining assets.

Over the longer term, India must reduce structural dependence on imported oil and gas.

First, freight should undergo modal shifts while transitioning to clean fuels. Shifting trucks to electricity or green hydrogen will require sustained domestic R&D on hydrogen and electric powertrains, and the development of hydrogen refuelling and high-capacity charging infrastructure along major freight corridors. Road-based diesel transport is projected to grow sharply through mid-century under current trends.

Second, the industrial energy transition should be leveraged as a major opportunity for strategic substitution. India has nearly 3,700 GW of wind-solar hybrid power generation potential, which reduces intermittency. This could support green hydrogen production and industrial electrification. Transitioning fertiliser production from imported LNG to green hydrogen could release over 15 billion cubic metres of gas for other uses. Electrifying industrial heat and steam applications would also free up additional gas.

Finally, refineries also need a clear national transition strategy. India currently imports 60% of its LPG. Reducing the share of petrol production could unlock additional domestic LPG supply from the excess naphtha currently used to produce petrol.

The crisis in West Asia is a reminder that India's energy security remains tied to geopolitical events far beyond its borders. The energy transition is India's most credible long-term energy security strategy. Treating it as such, rather than primarily as an environmental commitment, is where policy must now go.

Hemant Mallya is fellow, and Sabarish Elango is programme lead at the Council on Energy, Environment and Water (CEEW). The views expressed are personal

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THE COMPASS

PLNG valuations attractive, but near-term downtrend likely

DEVANGSHU DATTA

The damage caused to Qatar's Ras Laffan 82 million metric tonnes per annum (mtpa) facility in the ongoing Iran war has led to a shutdown of gas exports. The facility processes 20 per cent of global LNG supply. Iran's Pars gas field has also been hit, while the UAE has shut its gas facilities as well.

India imports 50 per cent of its gas requirements in the form of LNG — 9.5-10 mtpa or 40 million cubic metres of gas per day (mscmd) — and around 25 per cent of this comes from Qatar's plant. This means that the Ras Laffan closure affects volumes for Petronet LNG (PLNG), GAIL, Gujarat Gas and others. The Centre has stated that 25 per cent of India's natural gas requirements are impacted due to the Strait of Hormuz blockade. Also 40 per cent of India's LPG requirements have been affected, even when accounting for a possible 25-30 per cent rise in domestic LPG output.

PLNG gets 8.5 mtpa of LNG from Qatar, or 50 per cent of its volume. As a response to QatarEnergy's notice of force majeure, PLNG also issued force majeure notices to offtakers like GAIL and BPCL. India's gas marketing companies have informed industrial customers that supply would be curtailed.

The Qatar shutdown could be for a prolonged period, implying disruption to India's LNG supplies even if Hormuz is cleared. The Centre estimates India's natural gas usage is 189 mscmd, of which 92 mscmd is imported; about 47.4 mscmd of gas imports has been impacted currently. Gas companies are seeking alternatives. India doesn't have much gas inventory, due to challenges in storing gas. The government has already set priorities for gas allocation with minimum booking time for domestic customers increased. It is possible further cuts will be required. While two Indian-flagged vessels carrying 92.7 kilotonnes of LPG (equivalent to 1 day of demand) have reached India, 22 Indian ships remain stranded.

Gas prices have doubled from $10 per mmbtu to nearly $20 per mmbtu and further rise in prices due to volume disruption is probable. The supply shock affects every gas company and oil marketing company. The supply tightness impact for GAIL is estimated at 34-36 mscmd, which will be an estimated ₹250-300 crore per month of impact on the operating profit. PLNG's Dahej utilisation is falling to 50 per cent or lower, according to management. City gas distribution (CGD) companies face margin pressure.

GAIL losses across transmission and trading are somewhat offset by the new gas pooling mechanism (PPAC-determined price treated as cost) allowing GAIL to escape potential losses from obligations to supply contracted gas through spot purchases. But earnings will be weak until the situation is resolved and the stock price has seen significant correction from pre-war levels.

While tariff renegotiation is not under discussion, PLNG may offer volume-linked incentives to drive Dahej utilisation. Receivables remain secured with CY22 use-or-pay dues of ₹690 crore backed by bank guarantees and the majority of CY23 receivables (₹610 crore) also covered. The impact is volume-led so far, rather than margin-driven.

PLNG's management says India-specific trains were not damaged at Ras Laffan and supplies to India may resume quickly once the force majeure is lifted. However, it would be conservative to assume no supplies from Qatar for the next four months at least. The management also says use-or-pay customers (32 per cent of total available capacity) are taking volumes at normal rate.

The long-term gas import story is strong, assuming easing of tensions in West Asia. Given long-term gas demand growth potential of 6-7 per cent per annum, imports will accelerate. Global LNG export capacity growth is also set for capacity additions over the next five years. PLNG's 5 mtpa capacity expansion is expected to be commissioned by the end of FY26. Analysts have cut the pre-war operating profit projections for PLNG for FY26 and FY27 by double-digits, with FY27 likely to see operating profit drop by 25 per cent or more. Volume impact may be partly offset by 5 per cent increased regas tariff.

The stock has seen steep correction and if the war continues indefinitely, a further downtrend is likely. But given the long-term trend of gas demand and the inescapable logic of imports, there's a point at which value investors will look to enter PLNG.