

Govt to achieve 50-mn LPG connection target by Aug 15

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Prime Minister Narendra Modi's flagship project Pradhan Mantri Ujjwala Yojana is set to provide 50 million free cooking gas connections by August 15, seven months ahead of the March 2019 target it had set earlier.

Ujjwala Yojana was launched on May 1, 2016, at Ballia district in Uttar Pradesh and has so far covered 47.3 million consumers in 715 districts. This is likely to be one of the key highlights in the list of achievements that the Modi government will highlight in the run-up to next year's Lok Sabha elections and may feature in his speech during the 72nd Independence Day celebrations. The price of subsidised liquefied petroleum gas (LPG), however, has increased by 18.4 per cent from ₹419.15 per cylinder to ₹496.26 from May 2016 till now in Delhi.

Oil marketing companies (OMCs) such as Indian Oil Corporation, Hindustan Petroleum Corporation, and Bharat Petroleum Corporation are speeding up the process to achieve the target before August 15, sources said. Moreover, the government has extended the ambit of the scheme to 80 million in the last Union Budget. However, safety remains one of the primary concerns for the scheme after a series of accidents in the last two years. Industry sources said that the rising LPG price too is a major concern for the poor. "Safety is still a major issue, though lots of campaigns were organised. We are welcoming the fact that the government is now allotting 5-kg cylinders under the scheme as well. This has helped reduce the



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47.3 million Total number of connections so far	50 million Target initially, extended to 80 million in 2018 following the scheme's success	715 Number of districts covered	₹100 billion Approximate business opportunity for OMCs
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financial burden for refills. Recently, the scheme was extended to all Scheduled Caste and Scheduled Tribe families, it should also be extended to other backward castes, if the government wants to achieve its next target of 80 million in the near future," said Pawan Soni, general secretary, Federation of LPG Distributors of India. When a normal consumer is refilling at an average of 7.76 per year, the rate of refill on PMUY comes to the tune of 3.8 per year. The number of consumers who have not come back for a second cylinder is only 15 per cent.

On the back of the scheme's success, LPG consumption in India has increased continuously for the last 57 months in a row. Consumption saw a cumulative growth of 13.7 per cent for the period of April to May this year. According to the Petroleum Planning and Analysis Cell, the northern region

had the highest share in consumption of 31.3 per cent, followed by southern region at 28.3 per cent, western region at 21.2 per cent, eastern region at 16.5 per cent, and northeastern region at 2.8 per cent during the period May 2018.

In fact, the increase in the number of users had added pressure on companies as the government had to allow OMCs to have night shifts at bottling plants, raising safety concerns. Though the number of users went up, the number of bottling plants remained the same, resulting in the existing 180 plants working at a current capacity utilisation of about 120 per cent.

More than 30 bottling plant projects are still stuck at various stages of clearances, with an investment of around ₹50 billion. There were also reports that extra pressure is there on OMCs to achieve the target on time.