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## Why India built crude reserves but not LPG buffers despite demand surge

*India built crude reserves for energy security but LPG was never treated the same way even as demand surged. Experts explain what held back storage planning*

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India's LPG supply has come under strain after disruptions in the Strait of Hormuz, a key global shipping route through which nearly 90 per cent of the country's imports pass. With India importing about 60 per cent of its cooking gas needs, the current crisis has exposed vulnerabilities in the supply chain.

The disruption has brought renewed attention to a key gap in India's energy security framework: while the country maintains strategic reserves for crude oil, no such buffer exists for LPG.

This comes even as India's cooking gas consumption expanded rapidly over the past decade, driven primarily by the rollout of the Pradhan Mantri Ujjwala Yojana (PMUY). The country now has around 330 million LPG connections, including more than 105 million beneficiaries under the scheme, pushing consumption from 21.6 million tonnes in FY17 to about 31.3 million tonnes in FY25.

Nilanjan Banik, professor of economics and finance at the School of Management, at Mahindra University, said the expansion should ideally have been matched with stronger supply safeguards.

“The government should have expanded long-term LPG storage capacity alongside PM Ujjwala Yojana's growth to better mitigate supply risks, though costs and logistics pose hurdles. PM Ujjwala added over 100 million connections since 2016, tripling imports to 20 million tonnes by 2024–25,” he said.

#### **Why does India have crude reserves but no LPG buffers?**

India maintains strategic petroleum reserves (SPR) at Visakhapatnam, Mangaluru, and Padur, covering about 9–10 days of crude oil demand. But no such national buffer exists for LPG.

The reason lies as much in physics as in policy.

“LPG lacks a comparable policy due to storage and supply differences. As a pressurised propane-butane mix, LPG requires costly high-pressure or cryogenic facilities; unlike crude oil, which suits natural caverns,” Banik explained.

He added that India's LPG system operates on a fundamentally different model.

“LPG relies on a just-in-time distribution model serving 330 million households, prioritising continuous flow over strategic stockpiling,” he said.