

Quote by Davinder Sandhu, Chairperson, Primus Partners

Published in Financial Express

May 02, 2026 | 11:52 AM IST

India's LPG crisis to worsen in May – Prices surge, supply shortfall worrisome

India faces a second month of tight LPG supplies with a projected shortfall of 850,000–900,000 tonnes in April 2026.

Authored by Saurav Anand



[Read on: India's LPG crisis to worsen in May – Prices surge, supply shortfall worrisome | Davinder Sandhu, Primus Partners, LPG disruption India, energy resilience, diversified energy mix, biogas, renewable storage, natural gas infrastructure, energy security](#)

Article Content:

India may again face an LPG supply gap of 850,000–900,000 tonne this month, only slightly lower than the 1 million tonne shortfall in March, despite ramping up domestic production by up to 40% and lining up additional cargoes from global markets, highlighting continued tightness in cooking gas supplies amid the West Asia crisis.

The shortfall persists even as refiners sharply scale up output and oil marketing companies expand sourcing globally, underscoring the challenge of replacing disrupted Middle East supplies.

“India’s LPG supply situation has improved from last month, but remains tight,” said Manish Sejwal, Senior Vice President, Commodity Markets – Oil, Rystad Energy.

He added that “the import shortfall, estimated at around 1 million tonnes in March, is likely

to narrow to roughly 850,000–900,000 tonnes this month as alternative cargoes from the US, Russia and other origins increase, though these volumes are still insufficient to fully replace lost Middle East supply.”

Import Substitution Challenge:

Domestic LPG production rose from 1.1 million metric tonne (MMT) in March 2025 to 1.4 MMT in March 2026, marking a 27% year-on-year increase, according to official data.

On a daily basis, production has been pushed to around 46,000 tonne, and is expected to rise further to 50,000 tonne per day once Nayara Energy’s refinery resumes operations in May.

However, disruptions in supplies from the Middle East Gulf (MEG) region continue to weigh on availability, with cargoes stuck in the Persian Gulf following the Iran conflict. This has constrained India’s ability to fully restore supplies to pre-crisis levels.

To bridge the gap, India has expanded its LPG sourcing base from 10 to 15 countries, securing 800,000 tonnes of assured cargoes from the US, Russia, Australia and other regions. Public sector oil marketing companies are also stepping up spot purchases from the US to offset supply uncertainty.

“We will buy LPG from wherever it is available,” said Sujata Sharma, joint secretary, ministry of petroleum and natural gas, signalling an aggressive sourcing strategy.

A government official, requesting anonymity, said the situation is being managed through coordinated measures. “Supplies are improving with higher domestic production and additional cargoes being arranged, and efforts are underway to balance availability while ensuring smooth distribution,” the official said.

Demand Management:

The government is also nudging consumers towards alternative fuels as part of demand management, while leaning on domestic refineries to sustain supply levels.

Commercial and industrial consumers continue to receive moderated allocations, and stricter refill norms remain in place, reflecting ongoing supply tightness.

Davinder Sandhu, Co-Founder & Chairman, Primus Partners, said, “India’s LPG disruption is not just a supply issue, it is a signal to strengthen the structural resilience of our energy system. The focus must shift from fuel substitution alone to building integrated energy systems, combining domestic solutions like biogas, robust natural gas infrastructure and storage-backed renewable energy, to ensure reliable, round-the-clock supply and reduce import dependence. A diversified energy mix, backed by strong infrastructure and energy efficiency, will be critical to ensuring long-term stability and security.”

The persistence of the gap, despite higher output and diversified imports, underscores India’s continued reliance on overseas LPG supplies and its exposure to geopolitical disruptions.

With Middle East supplies still uncertain and global markets tightening, India's LPG balance is expected to remain under pressure in the near term, even as additional cargoes arrive and domestic production increases further.