

Comments on the National LPG Programme of India

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Below we discuss two of the three major issues slowing usage of LPG by the poor in India and how the new national programme attempts to deal with them: upfront costs and reliability of refills. In a later post, we will discuss the third major barrier, the cost of refills for poor families.

Below are links to recent blog stories from India expressing concerns about the new national LPG programme. They point out that many poor households who receive connections are not taking up LPG fully for cooking, some even not refilling after the first cylinder and some using at the rate of only 2-3 cylinders a year. Full usage for a typical Indian family is thought to be about 7 cylinders, although this number does not seem to be well established for families of different sizes, incomes, and cuisines.

This of course is hardly a surprise as changes in fundamental household technologies do not occur overnight after access is provided. In the cookstove world, this is termed “stacking” ---the new stove is first used alongside the older ones in the household and a transition to full usage can take years in some cases.

This is not confined to stoves – many technologies for improving health have two important steps in becoming effective – first providing access and second promoting usage. The second must include ways to discourage the traditional, previously practiced, unhealthy behavior. Just providing condoms, latrines, bednets, and institutional facilities for delivering babies is not sufficient; people’s behavior needs to change to use these new devices fully and to stop the sometimes ancient, traditional, and often free, but highly unhealthy, alternative. It is also true for drugs such as those for dealing with TB and those for managing chronic conditions such as high blood pressure – access to treatment is only the first step. Promoting its usage is just as vital.

Through its Pahal, Give it Up, and Ujjwala campaigns, the Indian government has found ways to provide LPG access to tens of millions of poor households. Very quickly – at a rate more than double what has ever occurred before. It is providing public resources for the connection charge – the cost of the cylinder deposit, first refill, hoses, and various other costs that pose a barrier to poor households not able to come up with the approximate \$25 upfront cost to have access to LPG. Some states provide a stove, while others provide no-interest microloans for the household to purchase their own (about \$15).

Realizing that surveys show clearly that a major barrier to usage in rural areas has been the reliability of supply, the Government has also worked to push distributors to refill within 48 hours as a national standard and promoted the development of websites that show the current record of every one of the 18,700 distributors in doing so. The official goal is also to have every cylinder delivered directly to each customer, something much easier in densely populated urban areas than in villages.

To cover more effectively these less densely populated areas, the OMCs (3 national oil marketing companies) are also in the throes of hiring 10,000 new distributors, a substantial increase over the 18,000 that existed in 2016 (the beginning of the Ujjwala programme). This has turned out to be

trickier and slower than expected due to the different financial and logistics requirements for these new distributors, which are different than those enjoyed by the current distributors. After roughly one year, only some 700 have been formally hired, although many more are in the pipeline. As one result, refill rates in rural areas with new connections are still not meeting national goals.

Of course, if a refill takes a week or more and people have to pick it up themselves at a distance from their home, the resulting cost in time and money may substantially slow usage of LPG. People go back to biomass in order to stretch LPG for tasks that it is best at and of course must use biomass while waiting for their refill. Some may even give up refilling as a result of the hassle and extra cost.

Although not focused on in public announcements by the government or by the media, perhaps the most ambitious task taken up by the programme is not so much signing up new connections, but to increase reliability of rural refills to poor and dispersed populations. Only being a year old and with less than 10% of the new workforce in place, it is perhaps not surprising that it has not happened yet in spite of the ambitious goals. It will continue to be challenging to the new distributors starting to work in more difficult parts of the country in terms of population density, roads, and even cell phone coverage. The established distributors would also have to change patterns of working, when they are likely to have established comfortable ways to meet the needs of their normal clientele.

One might well wonder, however, whether it may be more effective and even perhaps cheaper in the long run to do what the Indian middle class already does to minimize the hassle of dealing with the refill gap – that is, to have two cylinders. Indeed, government records indicate that 43% of all connections in the country are already ‘double connections’ in this way. Then, there is no worry about running out Sat night just before a big party. One can just hook up the second cylinder and order the refill on Monday. Even if it takes a week or two, there is no rush since cylinders last at least a month. Indeed, in cities there is little other option to cook because one cannot easily go back to the biomass chulha as happens in rural areas, which is why it makes sense for so many to have two today.

Even 48 hours will still leave a gap that will impel rural households to go back to biomass. Why not avoid this entirely? In this way, more fuel will be used (and sold), thus moving the population to full usage more quickly. Some care would be needed in tracking the second cylinder to prevent leakage to other sectors, but such ID systems are already available.

The initial cost of two cylinders, a second deposit of about \$16, would certainly add to the costs of the programme but would take pressure off the new and old distributor systems to find ways to reduce refill times to 48 hours nationally, even in difficult rural areas. And, it must be said, reduce the temptation for distributors to fudge the numbers a bit when reporting their performance.

Another option would be to provide each house one of the new 5 kg cylinders that are now being manufactured in bulk as part of the national programme (a normal cylinder holds 14 kg). These were mostly considered ways for poor people to pay less for each refill and to serve special populations such as single men or couples working as migrant workers. They are also smaller and easier to handle, particularly by women and children. They could serve as an interim source of fuel while a household is waiting for their refill. One wonders, however, whether introducing large number of cylinders of a different size and pricing would complicate everyone’s life too much.

One might say in conclusion that signing people up for the Ujjwala programme has run faster than the ability of current distributor system to provide the refills with the alacrity needed to make LPG a truly reliable home fuel option, even for those households that can afford it. Only when the distribution systems are more fully running can we judge how well it is working.

A question that needs answering, however, is whether achieving 48-hour home delivery in rural areas is going to take too long in much of the country where the need for better usage is greatest. Even 48-h might be too slow by some standards. Perhaps a second cylinder is a better answer, particularly considering that most urban households apparently already have taken this approach on their own.

Finally, health and other benefits only fully occur with near 100% usage and thus near elimination of the biomass chulha for cooking. Usage, however, cannot occur without access, which is now taking place at a remarkable rate of increase due to the national programme. To make that access truly reliable is now needed.

The aspirational value of LPG is significant and can assist this transition. Indeed, by engaging Bollywood actors and promoting clean, modern kitchens, the government has utilized this marketing message extensively. Like other aspirational products, however, a failure to deliver – in this case reliable consistent, and affordable refills – may undermine LPG’s promise.

Once reliable access is achieved, however, it the job of us in the health and other sectors concerned with social benefits to find ways to accelerate usage. This is the subject of the next submission.

India’s poor are not using LPG cylinders they got under Ujjwala scheme, LiveMint, Jun 29,
<http://www.livemint.com/Politics/oqLQDFKNumdbmLEVL88krN/Indias-poor-are-not-using-LPG-cylinders-they-got-under-Ujjw.html>

The Poor Got LPG Cylinders Under Modi’s Scheme But They Can’t Afford Gas Refills, The Wire, Jun 28,
<https://thewire.in/152066/modi-lpg-scheme/>

Modi’s pet Ujjawala scheme wobbles as many beneficiaries drop out after their first LPG cylinder, Scroll.In, Jun 11,
<https://scroll.in/article/839961/modis-pet-ujjawala-scheme-wobbles-as-many-beneficiaries-drop-out-after-their-first-lpg-cylinder>

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