

Benchmarks >

Nifty **CLOSED**
 9,111.90 **363.15**

Stock Screener >

Top Growth
StocksStocks with
Regular PayoutMid-Cap
Growth Stocks

Search, Select & Invest in Top Stocks

FEATURED FUNDS

**Axis Long Term Equity Direct
Plan-Growth**

★★★★★

5Y RETURN

5.71 %**INVEST NOW**

Subsidised LPG prices rise 13% in 6 months

 BY [SANJEEV CHOUDHARY](#), ET BUREAU | JAN 16, 2020, 07.16 AM IST

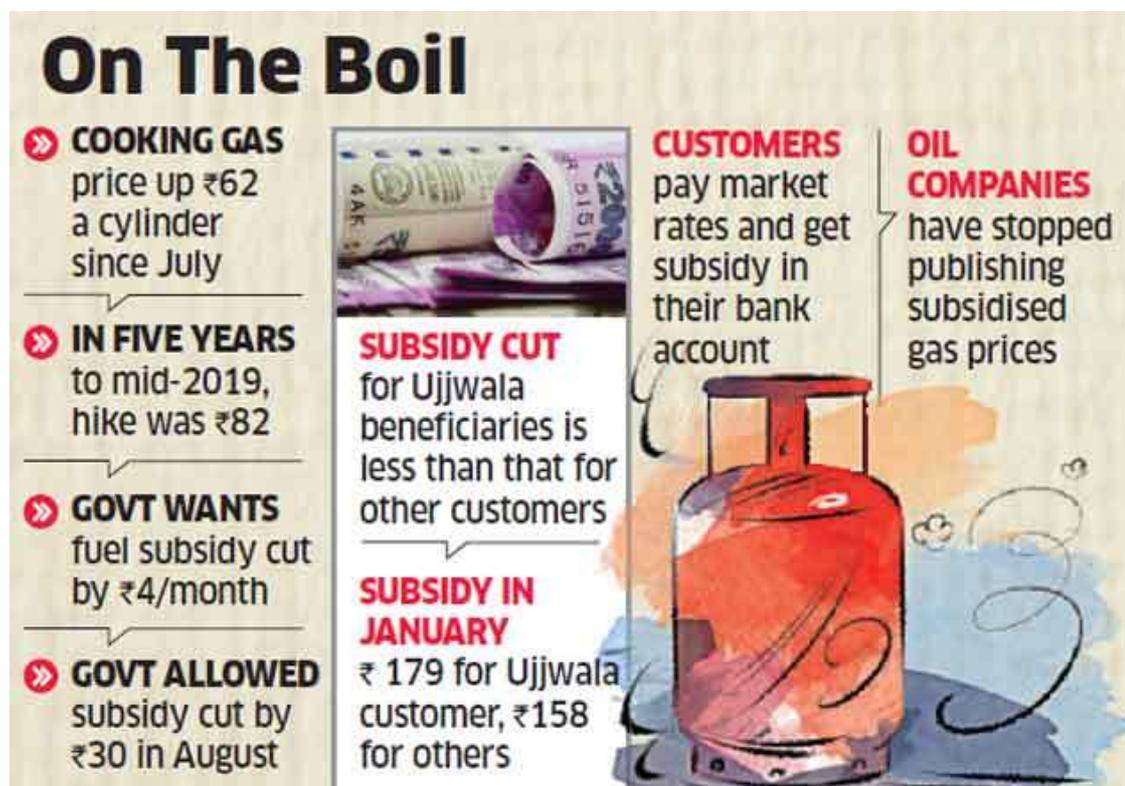
NEW DELHI: Subsidised cooking gas prices have risen by Rs 62 per [cylinder](#), or 13%, in six months — a fact gone unnoticed as oil companies stopped publishing prices — following a government drive to cut [fuel subsidy](#).

Big Change:
 The end of Five-Year Plan

The decision to cut gas subsidy would leave the government with more resources to spend elsewhere in a year when collections are behind targets, but would hurt households facing a five-year-high [inflation](#).

State oil companies raised prices of subsidised cooking gas by nearly Rs 30 a cylinder in August and raised it by a further Rs 32 in five months that followed. The current hike appears steep compared to the total increase of Rs 82 in five years to mid-2019.

The government had directed the sharp hike in August and a subsequent Rs 4 rise every month, but monthly consumer price index (CPI) inflation appear to be steeper than that.



The government is aiming to eliminate fuel subsidy within years although the directive doesn't say so while leaving monthly hikes open, people with knowledge of the matter said.

The oil ministry, state-run marketing companies Indian Oil, HPCL and BPCL didn't respond to ET's emailed request for comment in press time Wednesday.

In Delhi, the market rate for a 14.2-kg gas cylinder is Rs 714 while the subsidy offered is Rs 179 to an Ujjwala customer and Rs 179 to others. So, the effective consumer price is Rs 535 for Ujjwala customer and Rs 535 for others.

Of the total 276 million cooking gas customers in the country, about 20 million do not receive the subsidy. Out of the 256 million subsidies, 80 million, or a little less than one-third, are Ujjwala beneficiaries.

“The creation of two categories of subsidies has put at disadvantage poor customers who obtained gas connections before the Ujjwala scheme was launched,” an oil company executive said.

Recent hikes in consumer prices have gone unnoticed as oil companies have stopped publishing subsidised gas prices on their websites. Customers pay market rates and get subsidy directly into their bank accounts a few days later.

Both market rates and subsidy vary every month, leaving customers with little sense of how much they have actually paid. “Customers can know that only if you make special effort to look at your bank statement and subtract subsidy from the market rate, which is rare,” said a cooking gas distributor, explaining why customers rarely notice small monthly hikes.

At current fuel prices, a Rs 4 per month price escalation can eliminate entire gas subsidy in about 3-4 years for both Ujjwala and non-Ujjwala customers.

The [Narendra Modi government](#), in its last term, too had launched subsidy reduction programme, first by Rs 2 per month and then by Rs 4/month for another five months, but stopped following feedback that rising prices were making gas connections for poor families.

Stay on top of business news with The Economic Times App. [Download it Now!](#)