

REFINING AND MARKETING INDUSTRY

LPG under-recoveries reduce but remain sizeable

SEPTEMBER 2025



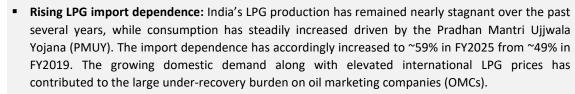
Highlights





While losses on domestic LPG sales have reduced since April 2025 owing to softening global LPG prices, nevertheless under-recoveries remain elevated highlighting continued pressure on profitability of OMCs and need for Government support.







■ Pradhan Mantri Ujjwala Yojana (PMUY) subsidy burden rising: PMUY connections rose to 10.3 crore in FY2025 from 8 crore in FY2020, while average consumption increased to 4.5 cylinders/beneficiary/year from 3 cylinders/beneficiary/year during same period. The Government of India (GoI) has approved Rs. 12,000 crore for PMUY subsidy in FY2026, but ICRA projects a requirement at ~Rs. 15,000 crore, indicating a modest shortfall.



■ LPG under-recoveries remain elevated: Under-recoveries on sale of domestic LPG were high in FY2025 owing to high international LPG prices and unchanged domestic retail prices. However, in Q1 FY2026, the burden eased following a Rs. 50/cylinder increase in cylinder prices and some softening of global LPG prices. Despite the increase the under-recoveries remain high at about Rs.50/cylinder.



Rs. 30,000-crore grant approved by Gol to offset losses. In August 2025, the Gol sanctioned a Rs. 30,000-crore LPG subsidy package for OMCs to be paid in 12 tranches. However, even after adjusting for Rs. 30,000 crore pending grant, the net projected under-recovery remains substantial, at ~Rs.27000 crore as on March 31,2026 highlighting continued pressure on profitability of OMCs and need for additional Government support.



Name	Designation	Email	Contact Number
Girish Kumar Kadam	Senior Vice President & Group Head	girishkumar@icraindia.com	022-6114 3441
Prashant Vasisht	Senior Vice President & Co-Group Head	prashant.vasisht@icraindia.com	0124-4545 322
Kushal Kumar B	Vice President & Sector Head	Kushal.kumar@icraindia.com	040-6939 6408

















ICRA Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860



















© Copyright, 2025 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



Thank You!

