

Cabinet approves Rs 30,000 crore as compensation to Public Sector Oil Marketing Companies for losses in Domestic LPG

Posted On: 08 AUG 2025 4:12PM by PIB Delhi

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, has approved compensation amounting to Rs.30,000 crore to the three Public Sector Oil Marketing Companies (IOCL, BPCL & HPCL) for the under-recoveries incurred on sale of domestic LPG. The distribution of the compensation within the OMCs will be done by the Ministry of Petroleum and Natural Gas. The compensation will be paid in twelve tranches.

Domestic LPG Cylinders are supplied at regulated prices to consumers by the public sector Oil Marketing companies namely, IOCL, BPCL, HPCL.

The international prices of LPG remained at high levels during 2024-25 and continue to remain high. However, to insulate consumers from fluctuations in international LPG prices, the increase in cost was not passed on to consumers of domestic LPG which led to significant losses for the three OMCs. Despite the losses, the Public Sector Oil Marketing Companies have ensured continuous supplies of domestic LPG in the country at affordable prices.

This compensation will allow the OMCs to continue meeting their critical requirements such as crude and LPG procurement, servicing of debt, and sustaining their capital expenditure, thereby ensuring uninterrupted supply of LPG cylinders to households across the country.

This step also underlines the Government's commitment to protect consumers from volatility in global energy markets while maintaining the financial health of these PSU OMCs. It also reaffirms the objective of ensuring the widespread availability of clean cooking fuel to all consumers of domestic LPG, including those under flagship schemes like PM Ujjwala Yojana.

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(Release ID: 2154130)