

Summary of Discussion of Online Roundtable meeting-

Ensuring sustained LPG use: what should be the post-Ujjwala focus?

March 18, 2021 (Thursday) | 3 PM – 5 PM IST

Discussion dedicated to the memory of Kirk R. Smith¹

Introduction

Clean and affordable cooking is both a crucial public health and energy equity issue. Given the policy and investment push, Liquefied Petroleum Gas (LPG) has been and will continue to be a major part of the solution in India. The Pradhan Mantri Ujjwala Yojana (PMUY) has ensured near 100% connection penetration of LPG in the country today. PMUY continues to be one of the major social protection schemes, as was seen even during the COVID-19 crisis, where three free cylinders to PMUY beneficiaries were provided. Recently in the budget speech, the Finance minister announced that PMUY would be expanded to a further 1 Crore people. All of these suggest that PMUY, and indeed LPG, is here to stay and would be one of the prominent public instruments to ensure rural transition to clean cooking fuels; while an urban transition to piped natural gas and electric induction cooking is currently underway in parallel.

Connections notwithstanding, there are considerable gaps when it comes to sustained adoption of LPG as a clean cooking fuel. The latest pan-India data available from NSSO's 76th round survey on Drinking Water Sanitation Hygiene and Housing Conditions and the 5th National Family Health Survey (NFHS) paint a grim picture. Even few years into PMUY, about half of rural India still relies on solid fuels for its primary cooking needs. While affordability, behaviour change, local tastes, cultural habits etc. are indubitably some of the drivers for translation of connections to sustainable use of LPG, quality of supply and service (QoS) and all the factors that ensure QoS are also crucial to this story.

If the public health and social development goals and the huge investments made in PMUY and expanding distributorship networks have to be fully realised, we need to focus on both policy and governance issues in ensuring sustained use of LPG, especially in the rural and underserved areas. To discuss some of these issues, Prayas (Energy Group) organised a roundtable discussion by bringing various stakeholders together. This roundtable was an attempt to deliberate on the challenges, develop a shared understanding and perhaps develop broad contours of an approach. Some of the questions we wished to discuss at the roundtable were:

¹ Complete biography of Kirk K Smith- <http://www.kirksmith.org/biography>

1. What should be the public investment and policy priorities to fast-track clean cooking adoption in rural and underserved areas?
2. What strategies are distributors adopting to translate LPG connections to enhanced LPG use? What enablers can be provided to help this?
3. What are some state and local level institutions and schemes that can be leveraged to promote sustained clean cooking?
4. How public and accessible are the processes of decision-making, accountability and progress monitoring in the domestic LPG sector? What can be done to address this?
5. What should each of the actors-- central government, state governments, Oil Marketing Companies (OMC), distributors, consumers, and civil society groups do to ensure sustained adoption of LPG?

The roundtable discussion was dedicated to the memory of Kirk R. Smith who worked tirelessly to understand and address the challenge of indoor air pollution arising from use of solid cooking fuels in India and around the world.

The online discussion followed Chatham House rules and was not recorded. However, a brief summary of key points raised, without any attribution, has been compiled below. The detailed agenda for the roundtable can be found in Annexure -1 and the list of participants in Annexure-2.

Summary of the discussion:

Why is LPG delinked from India's larger development story?

The issue of adoption and sustained use of LPG should be located within India's broader development story, rather than looking at it as independent of the state's larger welfare role and the various rural development schemes. There is a need to place LPG adoption among the many rural-welfare programmes that might enable its adoption—for example, a well-functioning MGNREGA, would tackle distress out-migration, enhance household incomes and improve LPG affordability. On the other hand, a well-functioning clean-cooking scheme would in turn reduce disease burden of the household, especially of women and children, thereby enhancing the various nutrition and healthcare schemes. Therefore, viewing LPG adoption as a part of larger rural development would also help LPG use to be monitored at a granular level under a line Ministry or department like Ministry of Health and Family Welfare, Ministry of Women and Child Development, Ministry of Rural Development through the various State government and local governance structures.

Women's time, health, economic freedom and ownership of asset:

Firstly, it is important to recognise that PMUY was primarily targeted at the women of the household, since the burden of HAP is borne by women and children is the most. Moreover, rural women having poor health indicators like anaemia, adds to their vulnerability. While PMUY has ensured connections in the name of the woman of the household, the reality of women having little or no control over household expenditure decisions continue to act as a major barrier. Participants shared insights from their respective studies that showed, not only do men of the household control the finances of the household but also the end-use of LPG, prioritising their own needs over the household's. It was also evident in these enquires that economically independent rural women like agricultural workers in Odisha, were very clear that they would never go back to biomass for their cooking needs. Therefore, efforts to value women's time and effort is needed. Focussing on economic well-being of women, not limited to livelihood but also creating ownership of assets, would give a fillip to sustained use of LPG.

LPG versus Biomass:

Biomass collection is often thought to be without an opportunity cost, and LPG usage is often compared with it creating a situation where it is easier for households to fall back on biomass since it is 'fighting with free'. However, the discussion brought out several nuanced aspects to the contrary. First, collecting biomass is time consuming and effort intensive. Second, in protected forest areas, biomass collection is hazardous due to presence of forest guards. Third, as already discussed, when schemes like MGNREGA are not working, people are forced to cut corners and collect biomass for their cooking and other heating needs. Therefore, there is a cost

attached to biomass collection that needs to be recognised to think of incentives to wean people away from biomass.

The conundrum however is regarding areas where biomass is abundant and the cost of disposal is high. Examples were given of coastal areas where coconut husks and other biomass is abundant without any easy alternative/clean use and with high disposal costs. To this, there were suggestions on creating value-chain for such biomass to be collected and processed into briquettes and pellets for industrial use. This is a possibility that can be considered after due analysis.

Rethinking subsidies:

There was unanimous agreement that affordability and cash flow challenges were impediments to adoption of LPG. Participants discussed the experience of pilots and schemes in Maharashtra to provide cylinders and concessional rates and highlighted its impact on LPG adoption and health outcomes. The participants also discussed the need to redesign subsidies such that concessions currently benefiting middle and high income consumers with pre-existing connections are redirected to poor and underserved consumers. In this context, some solutions that were discussed included considering seasonal vouchers for encouraging use of LPG, and consumption-reflective telescopic pricing of cylinders so that the initial cylinders are available at much lower price and it gradually increases with consumption.

Quality of supply and service challenges:

Quality of supply and service was highlighted as one of the major barriers to sustained use of LPG. The participants shared both observational and experiential anecdotes of incidents of poor supply and service. In some rural pockets, some participants observed empty cylinders being bundled on the roadside for distributor trucks to replace them with filled cylinders on a particular day; suggesting an obvious gap in the supply chain efficiencies.

The aspect of 'corruption' in the system post-DBTL was also discussed. Particularly, it is important to understand the exact nature, modalities and occurrences of leakage actually present in the distribution system. Views regarding prevalent pilferage and arbitrage due to pricing difference between non-domestic and domestic LPG rather than cylinder diversion were expressed.

OMC and Distributorship challenges and initiatives:

Since OMC and distributors are crucial enablers to encourage sustained use, there is a need to understand the challenges at that level². The following distributor challenges were briefly discussed-

- I. **Training and capacity:** There is a need to train new distributors, especially in the rural and underserved areas (Gramin and Durgam), and distributorship aspirants. Currently, such distributors have been treated as urban distributors, where significant market maturity has happened. Expecting distributors to deliver from the very first day, in nascent markets, has led to lot of infeasibilities. Not all distributors function with the same value system of 'customer service', and QoSS is not uniform.
- II. **Competition and viability:** It was discussed that a majority of rural and durgam distributors today may be unviable, selling very less refills per month, despite having customers. The initial rush to allocate Ujjwala connections among OMCs has led to a situation where new distributorship locations have been determined without feasibility studies. Moreover, existing distributors have lost many consumers to such market restructuring, regardless of their good service qualities. There are instances where distributors have had to deliver to consumers over distances as long as 80km. In order to address both affordability for consumers and viability, it was suggested that smaller packages of domestic LPG (i.e less than 5kg) should be made available.
- III. **Incentives:** Today, distributors do not find themselves incentivised enough for good performance. Rather, market restructuring has made many of their business positions weak. Uniform distributor commissions (for urban and rural) were also discussed as one of the root causes of poor quality of supply and service since business realities of urban areas and rural areas are very different. In order to tackle this, few solutions were put forth. To incentivise rural consumers, ideas such as differential distributor commissions, service reflective tariffs and service/location incentives were discussed.

Further, few participants suggested that OMCs themselves need to be incentivised for focusing on domestic LPG business segment more, in order to be able to incentivise distributors. Citing an example from Kenya, it was suggested that OMCs could consider using existing network of petrol/diesel filling stations to augment LPG distribution network.

² Unfortunately, our OMC invitees were unable to join the discussion due to last minute exigencies. The discussion would have benefitted from their perspective.

- IV. **Initiatives:** Few initiatives like to increase awareness in Odisha and other states were discussed where rural women act as intermediaries of distributors and work with them to increase demand in the rural areas. Possibilities of augmentation of Common service centres (CSCs) and additional extension counters at the village level for distribution of cylinders were discussed.

Towards overcoming these challenges, there were views that there is a need to imagine distributorship for the rural and underserved outside the existing urban-centric model. Rural distribution system does not need to follow the urban model of a distributor, a distributor vehicle, a delivery person only. Many existing local structures of SHGs, milk-federations, Gram panchayat sub-committees that are funded by the various line departments (like school committee) etc. can be leveraged. The potential of SHGs are particularly important since they are not limited to microfinance, and are affinity groups for many schemes including providing hot cooked meals to Anganwadis. Innovative mechanisms to employ banking correspondents and postal personnel to act as the last mile link in the delivery of LPG can be thought of.

Data, transparency and monitoring:

In order to understand the gaps at a granular level, disaggregated demand and supply data have to be made public. It was discussed that there is a need for a regular evaluation of service quality, data of which is currently available at the OMC and distributor level, which should be made publicly available. Independent monitoring and evaluation of programmes is critical to effectiveness and improvement of the scheme. In addition, methods like process tracing/process evaluation were also suggested by participants to understand the successes and failures in providing quality of supply and service. It was also felt that there is a need to go beyond a dashboard-approach and look at the issue holistically.

Conclusion:

The diverse participants of the roundtable discussion thus touched upon a range of issues, however the group unanimously agreed that if sustained LPG usage has to be promoted, new and 'out of the box' solutions have to be devised. Some of the ideas for solutions have been mentioned in the relevant sections of this summary note. From the governance side, it was felt that if a broad-brush solution is not possible or a time-consuming reform, high-risk groups can be focused upon. Health vulnerabilities could be one way to look at it—households with pregnant women, infants and so on, are some high-risk groups for whom additional support to consume LPG can be thought of. The discussion group also put forth a word of caution that interventions and social behaviour change communication must not be patronising to rural communities. Rural aspirations have changed and recognising that might hold a key to a solution for encouraging sustained LPG use. The same needs to be kept in mind while designing research enquires into these issues.

Annexure 1

Detailed agenda

Welcome and Introduction	Ashok Sreenivas	5 min
Opening remarks and dedication	Veena Joshi	5 min
Context-setting presentation	Narendra Pai	10 min
Remarks by lead discussants	<ul style="list-style-type: none">▪ Shonali Pachauri, International Institute for Applied Systems Analysis▪ Pawan Soni, Federation of LPG Distributors of India▪ Abhishek Jain, Council On Energy, Environment And Water	~25 min
Roundtable Discussion	Moderated by Ann Josey	~70 min
Closing Remarks	Ann Josey	5 min

Annexure 2

List of participants

Sl no	Participant	Affiliation
1	Abhishek Jain	Council On Energy, Environment And Water
2	Ann Josey	Prayas (Energy Group)
3	Ashok Sreenivas	Prayas (Energy Group)
4	Ashwini Dabadge	Researcher, University of Erlangen-Nürnberg
5	Ashwini Kulkarni	Pragati Abhiyan, Nashik
6	Bhamy Shenoy	Mysore Grahakara Parishat
7	Dinesh Sarraf	Former PNGRB Chairperson
8	Govind Kelkar	GenDev Centre for Research and Innovation
9	Narendra Pai	Prayas (Energy Group)
10	Pawan Soni	Federation of LPG Distributors of India
11	Ritu Parchure	Prayas (Health Group)
12	Sarath Guttikunda	UrbanEmissions.Info
13	Shirish Darak	Prayas (Health Group)
14	Shonali Pachauri	International Institute for Applied Systems Analysis
15	Shyam N Kashyap	Azim Premji University
16	Sudipto Roy	Vadu Rural Health Program, KEM Hospital Research Centre, Pune
17	Sunil Mani	Council On Energy, Environment And Water
18	Veena Joshi	Independent Senior Researcher
19	Vivek Velankar	Sajag Nagrik Mancha, Maharashtra