



Research Article

PRECAUTIONARY EXPOSITION ON LPG SUBSIDY AND FREE CONNECTION IN GROWING ECONOMIC SCENARIO OF INDIA

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ABSTRACT

Energy is an important source to produce economic products which supports economic level to be improved. So, the developing country India also enhancing various steps to entrust the well society by providing several services with cost and free of the same. Programmes and executing policies are still empower the society and also creates the future economic questions about, consumption, production and demand on how this would be fulfilled to future society?. Hence, this study clearly explained with details of scheme in introduction and framed objectives which led this towards effective suggestions. Moreover, collected secondary data which covered five years based are analysed by Compound Annual Growth Rate (CAGR) and line chart to identify the data fluctuation and reasons for it. Finally, it concluded with suggestions and overall status of energy around world wide.

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INTRODUCTION

Due to developments in various economics and technical components in India, it's status has improved powerfully which further leads the nation to global advances. There are kinds of energy which helps in development of various sectors and some of them have been significant for prime activities such as cooking.. Especially, nowadays the role of LPG is enormous in cooking, transportation and various sectors with increasing consumption trends year by year. Demand for it also at the greater ratio excluding of cooking activities in hotels and households of rural and urban areas. Recently, government has initiated subsidy price Rs.419.26 per cylinder to household LPG consumers while market price is Rs.608 which they have to pay per cylinder. The subsidy amount will be transferred into their bank account directly for those who surrender sufficient and truthful documents because the amount will be transferred based on Direct Benefit Transfer on LPG (DBTL) scheme for eliminate duplicate addressed registration. Thereby, number of LPG consumers have declined from 16.35 to 14.78 crore. In the second phase, the government started 'Give it up' policy it meant that it expected volunteers willing to sacrifice LPG subsidy and found great result out of which 1.13 crore people from different state have surrendered subsidy. At the third stage, government strengthened its power in providing LPG subsidy, starting that the people who are earning more than Rs.10 lakh as their annual income have been eradicated from the list of LPG subsidy.

As a result of this, central government stated that 20.26 lakh people are found in the category that earning more than the specified amount (ENS Economic Bureau, 2016).

On the other hand, present government is targeting to provide LPG connection to Below Poverty Line (BPL) people throughout country creating 5 crore connections with monetary supply of Rs.1600 under the scheme of Pradhan Mantra Ujjwala Yojana (PMUY). It has been primarily initiated Uttar Pradesh, Rajasthan, Gujarat, Uttarakhand, Odisha, Bihar and Madhya Pradesh and soon it will be extended and completed in all the states before 2019. To achieve this target, Rs.8000 crore has been allocated to spend and this is the first time that ministry of petroleum and gas has given benefits to the people in our history. Main aim of this is, that the LPG connection should be made available to all people especially BPL and subsidy to poor people. This decision is primarily centered with providing clean fuel LPG, improve the health status of women and their lifestyle (www.thehindu.com/.. /article8509447.ece).

Consumers are benefited at the first stage by opening bank account and are encouraged with the process of saving by transferring the subsidy amount. In the second stage, again the consumers are the beneficiaries, where in the poor people gains and the economically sound can enter the 'Give it up' policy, which indirectly helping the economy. At the third phase, subsidy canceled to people gaining more than Rs.10 lakh as their annual income is like wrenching fruits and giving to the people who are unable to claim and pluck from the tree, it meant that economically sound has to pay market price without subsidy and indirectly paving way for poorer people to get LPG at subsidized price. The third phase LPG subsidy

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surrendered amount altogether are directed to spend for rural and BPL people to supply LPG subsidy and free connection to make India without primary energy consumers in cooking process. At the same, the scheme PMUY has benefiting people in many ways sharply sited on employment, income, education, health, standard of life in social and consumption, demand, savings in economic advantages.

Government initiatives on LPG energy supply to all with the favour of consumers has enormous merits. on the other hand, improvements in social and economic advantages may worse in different sectors if performance of them is at horizon. Introduction of Policies must be aware of the future balance in all sectors of economy to prolong the policy without any clash. Maintenance of savings and deposits of benefited people in banking may favour to bring prospects in standard of living but the government may not provide monetary supply perpetually as it may be a beginning step to boost people's life. Due to give it up policy and cancellation of subsidy a government specifies, common people may think that the government is playing tricks in collecting money from people's hand and providing to the poor people. The scheme PMUY has been launched in some of the states and decided to execute in other states also very soon and it is effective exposition to the society and economic development by providing employment in the supply of LPG, income through this employment, easier cooking process and prepare child to the school at right time which helps to limit the illiteracy rate. At the economic viability, by the introduction of PMUY scheme government has created further demand for LPG among rural and economically backward regions and therefore consumption and demand for LPG will surely increased for cooking purpose. On the other hand, import of LPG energy need to be enriched to fulfill domestic demand. But importation may lead the country to unfavourable balance in the international trade which may lead to perpetual debt.

In such a situation, government's intervention and inspection need to act sharply on every moments of the society and the economic components of the country needs to be boosted by initiating effective policies to maintain and reach economic prospects. By initiating banking in rural and most backward regions, savings and investing mode of people can be improved and it will lead percapita growth. Government must mitigate the monetary supply if people begin to get developments in all needs including improvements in standard of living and reduction of subsidy price less LPG amount may cause to generate convenience and favourable result from the people not getting LPG subsidy. Thinking about future society and living standard of BPL people at present reveals that it will be attain sufficient development in the major components itself. Because of this PMUY scheme, if people's life standard and education improves, that will certainly arise the need for extension and execution of social security services to be enrolled by the government. It may include hospitals, schools, training centers, banking, LPG supplying agency etc. At the national level, to maintain favourable and balanced trade, the government must in this context enhance feasible trade policy with specific nation so that whenever growing trend of consumption and demand for LPG arises, such a policy need to be executed by the government.

Objectives

This study has been framed following objectives for construct the work in well design towards giving effective

recommendations for the favour of welfare of the Indian societies.

- To know the trend of LPG production in India.
- To identify the impact of LPG subsidy and free connections on Indian economy.

DATA SOURCES AND METHODOLOGY

Data sources and Methodology are the key and outline of effective research work which deals social problems with statistical information to be proved by analysis. This study covered five years based secondary data from 2010-11 to 2015-16 and collected data have been formatted as tabulation and graphical presentation. And also analysed by Compound Annual Growth Rate (CAGR), diagramatical fluctuation to show the data variations and causes for it. Energy statistics, 2017 was a enforced tool for construct this study well manner based on framed objectives.

RESULT AND DISCUSSION

Economic factors are the significant tools to identify the level of country whether it is upgrading or degrading. Hence, the cooking energy LPG in India has been identified with economic components of production, consumption and availability due to changes of economic scenario. Economic level must be grow year by year but the consumption and demand will bring great fluctuation in economic level of a country. There are many causes that accumulates changes in consumption and demand of anything but recently, Government policies and programmes as a single factor has been generates consumption and demand upward in cooking energy LPG. First time India has signed to import LPG from Iran due to the increasing domestic demand of the same and report says that india has imported 8.8 million tonnes of LPG in 2015-16. Consumption of LPG in 2016-17 has raised from 9.8 percent to 21.55 percent and around 11 million tonnes of LPG imported from others. According to economist thoughts that 'supply create its own demand' thus, consumption of LPG leads to demand for the same in due period. Therefore, demand for LPG is expected to grow from 9.7 percent to 23.7 million tonnes in the present fiscal year and it aims to reach 35 million tonnes by 2031-32. Report says, during the end of fiscal year march 31, 2017, 2.2 Crore free LPG connections given while total of 3.45 crore connections made available (economictimes.indiatimes.com > oil-gas)

Table 1 Trend of LPG in Economic Components

Years	Liquefied Petroleum Gas (million tonnes)					
	Production	CAGR	Consumption	CAGR	Availability	CAGR
2010-11	9.71	-	14.33	-	152.56	-
2011-12	9.55	-1.64	15.35	7.11	158.21	3.70
2012-13	9.82	2.82	15.60	1.62	170.10	7.51
2013-14	10.03	2.13	16.29	4.42	169.61	-0.28
2014-15	9.84	-1.89	18.00	10.49	178.51	5.24
2015-16 (p)	10.57	7.41	19.62	9.00	199.69	11.86

Note: CAGR - Compound Annual Growth Rate
Source: Energy statistics 2017

Table:1. Expresses the data of LPG trend in growing economic components of India. Production of LPG from 2010 to 2015-16 (p) is upgrading year by year and is found as great production ehanced at 10.57 million tonnes in 2015-16 (p). Growth rate in production of LPG from 2010 to 2015 were at below 5 percent but from 2015-16 (p) it is growing more than

7.41 percent. Consumption of LPG in 2010 was 14.33 million tonnes and it was increased with little fluctuation at 16.29 million tonnes in 2013-14. But the trend resulted that it has grown from 16.29 million tonnes to 19.62 million tonnes in 2015-16 (p). Growth rate in consumption of LPG found as minimum growth in 2012-13 at 1.62 and maximum in 2014-15 at 10.49 percent. Later growth rate in consumption of LPG has been declined at 1.49 percent from 10.49 to 9.00 percent in 2015-16 (p). Availability of LPG also is in upgrading trend that increases from 156.52 million tonnes in 2010-11 to 199.69 million tonnes in 2015-16 (p). Availability trend of LPG was found greatly in 2012-13 as 7.51 percent and reached negative availability in the next year at -0.28 percent but later it increased about 11.86 percent in 2015-16 (p) due to increases import of LPG.

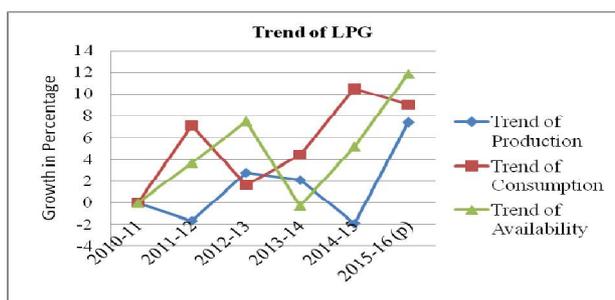


Figure 1 Growth trend of LPG in Economic Components

Figure:1 reveals the image of five years growth trend (2011-12 - 2015-16(p)) of LPG in given economic components. Left vertical axis exposes the growth in percentage and bottom horizontal axis says the year classification. Moreover, 'diamond' symbols are pointing the fluctuative production trend, 'square' symbols are reveals the fluctuative consumption trend and 'triangle' symbols says fluctuative availability trend of LPG. Figure clearly expresses the first falling of consumption from 2011-12 and availability of LPG from 2012-13 due to strict announcement of government that only six cylinders of LPG will be supplied to consumers in a year. So, the consumption and availability of LPG ratio have been declined but later it was increased as 9 cylinders will be distributed in a year (Rajesh Chandramouli, 2013). And later, due to government new schemes and policies which announced and executed for the welfare of public and more than 1.22 crore new LPG connections (Press Information Burea, 2016), trend consumption and availability are began to getup. When consumption and availability were at low status, production of LPG was horizon to meet future demand for it and the same also improving from 2014-15 to till. Finally, 2015-16 (p) results clearly about all components that they are in trending up by the rank of available, consumption and production.

There are four major sector which promoting and considering the economic level of a country. If there is economic favourable outcomes, there will be some investment it meant, some consumption processing to expose targeted output. Hence, as a developing country India consists several sectors promoting the economic conditions with the intensive consumption of LPG. Primary sector deals the agricultural activities, secondary sector pointed the manufacturing fields, Service sector consists both private and public organisation which serving to the welfare of public and domestic sector meant, households sector where cooking process prevailing and it also includes hotels and others.

Table 2 Sector wise LPG consumption

Year	Liquefied Petroleum Gas ('000 tonnes)					CAGR
	Primary sector	Secondary sector	Service sector	Domestic sector	Total	
2010-11	2	1150	224	12369	13745	-
2011-12	5	1255	224	13296	14780	7.53
2012-13	4	1208	215	13568	14995	1.45
2013-14	4	1208	195	14412	15819	5.49
2014-15	6	1259	165	16040	17470	10.43
2015-16 (p)	7	1666	172	17182	19027	8.91

Note: CAGR - Compound Annual Growth Rate
Source: Energy statistics 2017

Table:2 expresses the LPG consumption among various sectors of developing country India in several years. Primary sector is utilised LPG for crop cultivation and preparation to bring matured. So, the trend LPG consumption in this field has been growing with minimum trend that pointed from 2 tonnes in 2010-11 to 7 tonnes in 2015-16 (p). Secondary and domestic sectors are also promoting its consumption level faster than primary sector which meant, 1150 tonnes of LPG were consumed in 2010-11 by secondary sector and it increased about 516 tonnes from 2011-12 to 2015-16 (p). Thus, domestic sector also improved from 12369 tonnes to 17182 tonnes in 2015-16 (p) (4813 tonnes improved). On the other hand, while other sector's consumption level of LPG improves, consumption of LPG among service sector is declining from 224 tonnes in 2010-11 to 172 tonnes in 2015-16 (p) (52 tonnes declined) due to technology invention and innovation, Government policies and programmes are always favourable to public wealth not to service distribution. This, overall consumption of LPG also mounted from 13745 tonnes in 2010-11 to 19027 tonnes in 2015-16 (p) (5282 tonnes improved). Finally, compound annual growth rate generally expose the LPG consumption trend that declined from 7.53 percent in 2011-12 to 5.49 percent in 2013-14 because of imbalance growth among sectors. Later it began to improve at 10.43 percent in 2014-15 due to increases supply of LPG to sectors especially domestic purposes. And the growth has been declined to 8.91 percent in 2015-16 (p) because increased price of LPG and cancellation of subsidy.

Suggestions

For further research to be conducted, policy makers to create policies for further welfare of public, this study exposes some suggestions.

- LPG productive factors need to be considered for further production.
- Strengthen of trade in LPG import possible to make imbalance due to exposing our demand to others.
- Significance of LPG economic in consumption need to proclaim.
- Government policies should be a welfare to society but it shouldn't affect the future economy.
- Government must seek equal treatment in serving related to LPG.
- Government should judge that free LPG must not affect the other's economy.

CONCLUSION

Around the world, energy is significantly talking in economic components with long-term questions and expectations to fulfil

future demand of the same. Even, under developing countries are emphasising energy for all purposes to attain self sufficiency and targeted economic level of the country. But, in many phases, even developing and developed countries are not fulfilled itself to share energy others and facing stumble to maintain energy on economic components. Though, demand for energy among all other economic components, is adamantly spur up and making questions about future fulfilment. As a developing country India is demanding several energies, though, demand for LPG and electricity are the wider needed energies that must be fulfilled to all consumers. In this situation, executing feasible policies and programmes for the welfare of public in creating demand for LPG future is may lead unexpected economic drawbacks. But, the government taking enormous steps to avoid all flaws and remedy to make well society. Hence, to meet the demand for LPG, India is assigned with Iran to import of LPG. Thus, this study has been pointed the trend of LPG in all economic components and it mainly focused after the scheme implemented for the society.

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