Auto LPG runs on fumes, sales down 82% since FY19

NITIN KUMAR
New Delhi, 24 April

The country's automotive sector is witnessing slow transition to greener alternatives like compressed natural gas (CNG) and electric vehicles (EV), thereby limiting the scope of automobile liquefied petroleum gas (LPG) — the world's most widely used transport fuel after petrol and diesel and forerunner of CNG vehicles in India.

The sales of LPG cars have seen a steep decline of 82 per cent in five years. In 2022-23 (FY23), only 23,618 units were registered, against 128,144 units registered in 2018-19, according to data on the VAHAN portal of the Ministry of Road Transport and Highways (MoRTH).

Of the total 22,224,702 vehicles sold in India in FY23, the share of LPG vehicles was at just 0.11 per cent versus other green alternatives like CNG and electric, which have a share of 3 per cent and 5 per cent, respectively.

The rise and fall
LPG is high-octane, abundant, releases fewer emissions, and once touted as an alternative fuel for

GREEN TRANSITION LIMITING SCOPE

According to industry experts, the peak witnessed during 2019 was due to an increase in demand for LPG from four-wheeled passenger vehicles. Now, a slow shift to greener alternatives is limiting scope for LPG's growth

automobiles in the country. The use of LPG in automobiles became legal in India in April 2000. The demand for LPG-fuelled vehicles peaked in 2019 when 128,144 LPG vehicles were registered in the country.

According to industry experts, the peak witnessed during 2019 was due to an increase in demand for LPG from four-wheeled passenger vehicles (PVs). More than 80 per cent of the LPG vehicle demand comes from the three-wheeler segment. The share of four-wheelers in the LPG segment has declined to 14 per cent in FY23, from 18 per cent in 2018-19 (FY19). Only 3,495 LPG four-wheelers were registered in FY23, against 23,965 units registered in FY19. "It was the aftermarket demand from the PV segment that gave the LPG industry a push from 2018 to 2020. However, imprudent MoRTH regulations, high cost of kit-type approvals — requiring recertification every three years — and non-availability of LPG models resulted in waning consumer interest," says Suyash Gupta, director general, Indian Auto LPG Coalition. Apart from the absence of LPG-powered options, the rise in the cost of LPG and a dearth of fuelling infrastructure also paused its penetration.

As of March 2023, there are only 1,177 LPG stations in the country, against more than 4,600 CNG pumps, 5,200 EV charging stations, and 80,000 petrol pumps. Moreover, the price of LPG has also increased by about 70 per cent in Delhi to ₹68 per litre in 2023, from ₹40 in 2019. It is even higher in other states. "The lack of government aid and carmakers' reluctance to come up with LPG-run vehicles is hampering the growth of LPG in the industry. Today, India's biggest car manufacturer — Maruti Suzuki India — has stopped manufacturing LPG models. People with interest in CNG and EV are killing the LPG sector in the country," says an industry expert. The sales of CNG and EVs have seen a rise of 58 per cent and 400 per cent, respectively, during the same period.

"There is no level playing field in the automotive industry for LPG. The government has incentivised the EV and CNG segments. However, automobile LPG is still a non-subsidised fuel in the country, regardless of it being one of the cleanest," adds Gupta.

Although customers increasingly opted for greener and cleaner vehicles in the past five years, their share of petrol and diesel automobiles remains significantly higher. In 2023, the share of petrol and diesel vehicles was 78 per cent and 10 per cent, respectively, according to VAHAN data.

Automotive industry experts feel that CNG taking the lead has made LPG-driven vehicles a non-viable option in the country.

"With CNG and EV infrastructure ramping up in the country and the government focusing on alternative fuels like hydrogen, the future of LPG seems somewhat uncertain," says Puneet Gupta, director, S&P Global.