



Centre for Social Change

सामाजिक परिवर्तन केन्द्र

**NEPAL'S 2026 LPG
CRISIS: A
DISTRIBUTION
PROBLEM
NOT A SUPPLY
SHORTAGE**

WHAT IS GOING ON IN NEPAL?

The 2026 LPG Crisis Explained



Nepal has LPG.



But the LPG is not reaching households efficiently.

Nepal normally imports **45,000–46,000** MT of LPG every month from India.

In Shrawan 2083, imports reached a record **54,505** MT—the highest monthly import level recorded.

Yet people are still standing in long queues with empty cylinders.

So, what is the problem?

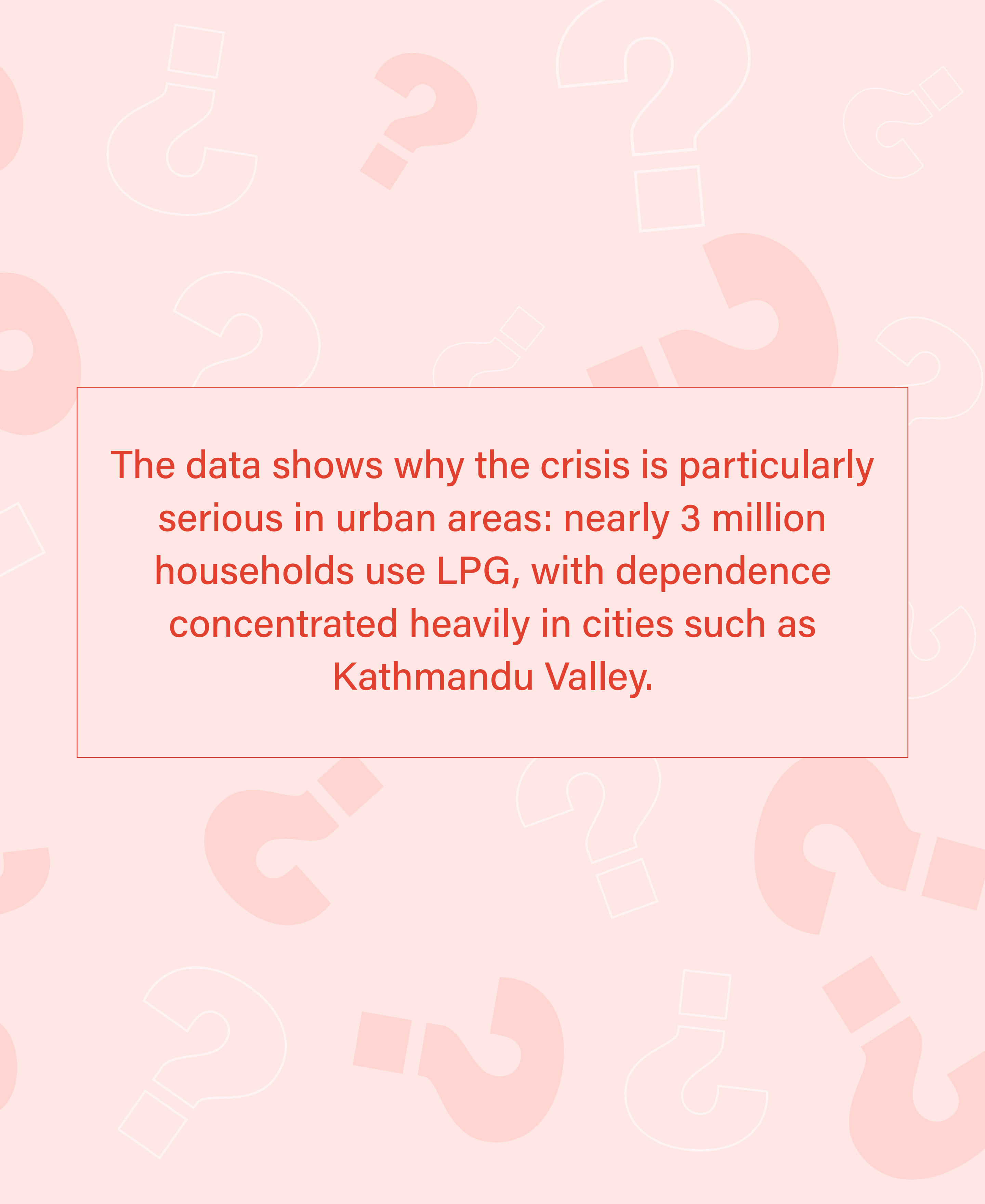
Not simply a shortage of LPG.

It is a shortage of efficient distribution, storage and cylinder circulation.

NEPAL'S LPG INFRASTRUCTURE AT A GLANCE

Total households (Census 2021 : 6.67 million)

44.3% Percentage of Households using LPG (Census 2021)	Normal monthly LPG imports from India 45,000–46,000 MT
Recent monthly imports (record) 54,505 MT	Monthly LPG consumption Up to 50,000 MT
Storage capacity only around 10,166–10,500 MT (~ 6 days of buffer)	Private bottling plants 58
Rationed cylinder 7.1 kg	Standard cylinder 14.2 kg
Estimated cylinders in circulation 14.4–17.5 million	Daily demand after full cylinders returned ~100,000-127,000+ cylinders
Recent monthly imports (record) 54,505 MT	



The data shows why the crisis is particularly serious in urban areas: nearly 3 million households use LPG, with dependence concentrated heavily in cities such as Kathmandu Valley.

HOW THE CRISIS UNFOLDED?

What began as a precaution turned into a crisis of its own.

Period	Event
13 March 2026	The government became concerned about possible LPG supply disruptions linked to the West Asia conflict. So, NOC introduced rationing. Bottling plants fill cylinders to only 7.1 kg (half of standard 14.2 kg), citing fears of supply disruption from the West Asia conflict.
March 14	Anti-hoarding measures- NOC asks consumers to buy only what they need. Gas companies must report daily sales, seller details and quantities; sellers are asked to maintain consumer records.
March–July 2026 (4 months)	Half-filled cylinders remain the norm nationwide. Households effectively pay for/collect gas twice as often for the same usage.

July to
Mid-July
2026

Imports hit a record 54,505 MT for the month; the highest on record, as NOC builds stock ahead of restoring full cylinders.

15 July
2026

NOC restores full 14.2 kg cylinders after determining that Indian supplies had stabilized.

Late July
2026

Second Phase of Crisis began with demand surge. Households rush to exchange old cylinders and buy extra ones as a hedge against future rationing. Empty cylinders pile up at homes instead of being returned. Dealers and bottling plants can't cycle stock fast enough.

Early to
Mid-August
2026

NOC resumes direct sales from Teku amid renewed shortages and long queues. Special distribution + ID-based sales introduced to control hoarding and improve access.

17th
August
2026

Quick Response Team (QRT) established to handle consumer complaints and supply problems.

Late
August
2026

Long queues and empty depots persist in Kathmandu and other cities even though national-level import volumes are at a record high.

WHAT ACTUALLY CAUSED THE CRISIS?

- Demand surged after four months of rationing

For four months, households received only 7.1 kg of LPG. When full cylinders became available again in July, many people rushed to refill their cylinders and stock up in case rationing returned. Daily demand jumped from around 100,000 to more than 127,000 cylinders a day.

- Too many cylinders were kept at home

Some households began keeping two or more cylinders as backup. Fewer empty cylinders returned for refilling, contributing to shortages in local markets.



- **Nepal has limited storage capacity**

Nepal consumes up to 50,000 MT of LPG each month, while total storage capacity is estimated at only around 10,166–10,500 MT. This gives the country only a limited supply buffer. So, any disruption in imports, can put additional pressure.

- **Bottlenecks in the supply chain**

Nepal has problems in storage, bottling, transportation or retail of LPG which is preventing it from reaching consumers where demand is highest.



- **Direct sales added pressure to the distribution system**

To manage the shortage, the government introduced direct sales through selected outlets and required identification for purchases which reduced the role of traditional neighbourhood dealers and concentrated large crowd at few outlets.

- **Hoarding and illegal market practices made the situation worse**

The shortage also created opportunities for hoarding, overcharging and illegal diversion of LPG and forced consumers to pay higher prices.



WHAT CAN THE GOVERNMENT DO?



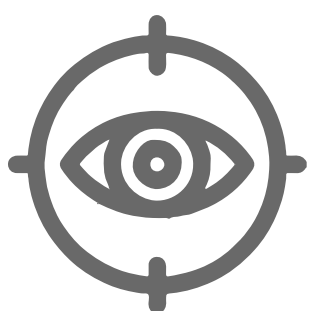
1. Build a stronger strategic LPG reserve

Increase storage capacity so short-term geopolitical, transportation or supply disruptions do not immediately require rationing. A larger buffer would also reduce the risk of another demand shock when normal supply resumes.



2. Introduce digital cylinder tracking

Use QR codes or barcodes to track cylinders from bottling plants to dealers and households, including their return and refilling. This would help identify where cylinders are getting stuck or being unnecessarily stockpiled



3. Monitor distribution, not just imports

Knowing how much LPG enters Nepal is not enough. Authorities should monitor where the LPG is, which areas are facing shortages, and whether supplies are reaching high-demand locations.



4. Strengthen the existing dealer network

Keep local dealers and retailers integrated into the distribution system while improving monitoring and accountability, rather than concentrating on consumers at a limited number of sales points.

WHAT CAN THE GOVERNMENT DO?



5. Improve empty-cylinder circulation

Introduce measures that encourage households and dealers to return empty cylinders promptly, allowing bottling plants to refill and recirculate them faster.



6. Crack down on hoarding and black marketing

Strengthen inspections and enforcement against hoarding, overcharging, black marketing and illegal diversion so available LPG reaches consumers at regulated prices.



7. Communicate clearly and regularly

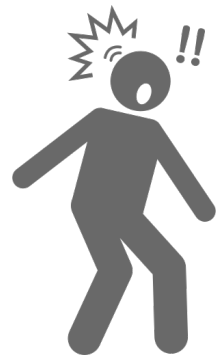
NOC and the government should publicly share information on imports, available stocks, regional supply and expected distribution. Clear information can reduce rumours and panic buying.



8. Reduce long-term dependence on LPG

Where electricity is reliable, promote induction cooking and other electric appliances and make greater use of Nepal's domestic hydropower for cooking. This can strengthen long-term energy security.

WHAT CAN PEOPLE DO?



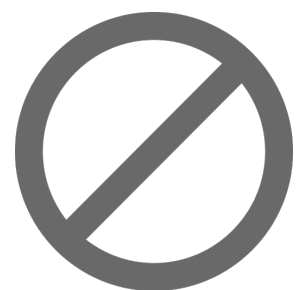
1. Don't panic-buy

Buy LPG according to your normal household needs rather than keeping multiple cylinders as a precaution. Stockpiling removes cylinders from circulation and can worsen shortages.



2. Return empty cylinders quickly

Once your cylinder is empty, return it promptly so it can be refilled and made available to another household.



3. Don't buy from the black market

Avoid unauthorized sellers and highly inflated prices. Report hoarding, overcharging and illegal sales to the authorities.



4. Use electricity where possible

Where electricity supply is reliable, use induction cookers, electric rice cookers and other electric appliances for some meals. This reduces household LPG consumption and eases pressure on the system.



5. Don't rely on rumours

Check information from NOC and government authorities rather than unverified social-media posts. Reliable information can prevent unnecessary panic buying

SOURCES

The Kathmandu Post. (2026, August 11). LPG imports are up. Why are consumers still queuing for it?

<https://kathmandupost.com/money/2026/08/11/lpg-imports-are-up-why-are-consumers-still-queuing-for-it>

The Rising Nepal. (2026, August 19). LPG supply sufficient to meet demand. <https://risingnepaldaily.com/news/85040>

República. (2026). LPG shortage or distribution failure? <https://myrepublica.nagariknetwork.com/news/lpg-shortage-or-distribution-failure-85-18.html>

Urja Khabar. (2026, August 9). LPG supply eases marginally as imports rise, market inspections intensify.

<https://urjakhabar.com/en/news/0908468874>

Dhakal, B. (2026, August 11). What's really behind Nepal's LPG crisis? Everything you need to know. Nepal News.

<https://english.nepalnews.com/s/explainers/whats-really-behind-nepals-lpg-crisis-everything-you-need-to-know/>