

**THE INFLUENCE OF ENERGY AND NON-ENERGY SUBSIDIES AND  
INFLATION ON FUEL STACKING AMONG INDIAN HOUSEHOLDS**

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## **ABSTRACT**

In the literature of household energy transition, the phenomenon of Fuel Stacking takes the center stage. The current paper examines the effect of energy and non-energy subsidies on fuel stacking behavior among Indian households. Additionally, it also assesses the impact of inflation on energy subsidy effectiveness. A two-stage Heckman Probit model is used on the Household Consumption Expenditure Survey 2022-23 data. Results show that energy subsidies promote LPG dominance, while non-energy subsidies push households into being Firewood dominant. Interestingly, the interaction between Pradhan Mantri Ujjwala Yojana (PMUY) and non-energy subsidies signifies a higher likelihood of LPG dominance, elucidating previously unexplored complementary effects. Inflation presents a contrasting effect where it pulls households into stacking, even among beneficiaries of energy subsidies. However, LPG dominance is maintained amongst stacking households. Leveraging the complementary effects of PMUY and non-energy subsidies, and inflation-adjusted energy subsidies, can pave the way to maintaining progress towards clean cooking fuel adoption.