

**GOVERNMENT OF INDIA  
PETROLEUM AND NATURAL GAS  
LOK SABHA**

STARRED QUESTION NO:121

ANSWERED ON:13.12.2013

CASH SUBSIDY ON LPG AND KEROSENE

Jindal Shri Naveen;Krishnaswamy Shri M.

**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

- (a) whether the Government has made evaluation of the pilot projects for transferring cash subsidy on kerosene and LPG directly to the bank accounts of beneficiaries;
- (b) if so, the details thereof and the reaction of the government thereto;
- (c) if not, the reasons therefor;
- (d) whether the subsidy is given at par to the consumers irrespective of whether their bank accounts are linked through Aadhaar cards or not; and
- (e) if not, the reasons therefor and the action taken or proposed by the Government in this regard?

**Answer**

MINISTER OF PETROLEUM & NATURAL GAS ( Dr. M. VEERAPPA MOILY)

(a) to (e) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 121 BY SHRI M. KRISHNASSWAMY AND SHRI NAVEEN JINDAL TO BE ANSWERED ON 13TH DECEMBER, 2013 REGARDING CASH SUBSIDY ON LPG AND KEROSENE

(a) to (c): A pilot project based on Aadhaar authenticated LPG cylinder delivery was conducted in Mysore for three distributors of Indian Oil Corporation Limited (IOC), Hindustan Petroleum Corporation Limited (HPCL) and Bharat Petroleum Corporation Limited (BPCL) during September 2011. A scheme of direct benefit transfer to LPG consumer (DBTL) was then formulated which took into account the learnings from the pilot project. The scheme was initially launched in 18 high Aadhaar coverage districts on 1.6.13. As per the approved expansion, DBTL scheme has been expanded to 184 districts covering 6.57 crore LPG consumers. The scheme will cover 291 districts of the country by 1.1.14 covering a total of 9.22 crore LPG consumers.

Under the DBTL scheme all domestic LPG cylinders (up to and beyond the cap) will be sold to domestic LPG consumers who have linked their Aadhaar number to their LPG consumer number and to their bank account at market price. The difference between market price and subsidized retail selling price (excluding VAT) applicable on the date of delivery is automatically transferred to the consumer's Aadhaar linked bank account. One time Permanent Advance is also provided to each consumer at the time of joining the DBTL scheme for purchase of first cylinder. Consumers who have not linked their Aadhaar number to their LPG and bank database are allowed 3 months grace period from the date of launch of DBTL to seed their Aadhaar number in LPG and Bank database and join the scheme. They continue to receive their entitlement of LPG cylinders at Subsidized Retail Selling Price during the grace period.

After the expiry of the grace period of 3 months, all LPG consumers will receive cylinders at Market Price and become entitled to subsidy/ Permanent advance on joining the scheme.

A Pilot Project for 'Direct Transfer of Cash Subsidy of PDS Kerosene' was launched in the Block Kotkasim, District Alwar (Rajasthan) in December 2011 by MOP & NG, in collaboration with Government of Rajasthan. As per the report of the State Government of Rajasthan there has been a marked decline in consumption of Kerosene and consumption has reduced by almost 60% of the allocation. Subsidy is transferred into the Bank account of PDS SKO beneficiaries.

The scheme for Direct Cash Transfer of Cash Subsidy on PDS Kerosene, 2012 was then finalised in consultation with Ministry of Finance and same was notified by MoP&NG on 11.10.2012. Eleven states / UTs indicated their willingness to join the scheme and three states have so far indicated the specific districts where the scheme would be implemented during 2013-14.

(d) and (e) : Under the DBTL scheme, subsidy is given at par to all consumers during the three months grace period, regardless of whether their Aadhaar cards are linked to Bank accounts or not. Thereafter, all LPG consumers receive LPG cylinders at market price and become entitled to subsidy on joining the scheme. Additional VAT burden on market price of LPG cylinder is borne by LPG consumers. State Governments have been requested to make VAT on LPG specific and not ad valorem so that VAT burden remains the same for DBTL and non-DBTL consumers.

