

## **5. Diversion of LPG Cylinders for Commercial Use**

**Prelims Level: Governance - Schemes**

**Mains Level: GS-II Government policies and Interventions for Development in various sectors and Issues Arising out of their Design and Implementation.**

### **Why in News?**

- The Comptroller and Auditor General (CAG), in its report on the Pradhan Mantri Ujjwala Yojana (PMUY), have highlighted the risk of diversion of domestic cylinders for commercial use.

### **About PMUY:**

- It aims to provide **LPG (liquefied petroleum gas)** connections to poor households.
- Under the scheme, an adult woman member of a **Below Poverty Line (BPL)** family identified through the **Socio-Economic Caste Census (SECC)** is given a deposit-free LPG connection with financial assistance of Rs 1,600 per connection by the Centre.
- Eligible households will be identified in consultation with state governments and Union territories.
- The scheme is being implemented by the Ministry of Petroleum and Natural Gas. Under this scheme, initially 5 crore connections were to be provided to the people needing them. But now it has been extended to 8 crores.
- The scheme also provides interest-free loans to buy stove and refill by oil marketing companies. An initial outlay of Rs.8000 crore was sanctioned for the implementation of the scheme. The scheme is also expected to create employment to the tune of about a lakh.
- It will also boost the 'Make in India' programme for manufacturers of gas cylinders, stoves, gas hose and regulators. Only domestic manufacturers are engaged in this.
- It is also a business opportunity to the tune of a minimum of Rs.10000 crore.

### **What did the Report Say?**

- The CAG said this level of consumption seemed improbable in view of the BPL status of such beneficiaries. Similarly, 13.96 lakh beneficiaries consumed 3 to 41 refills in a month. Further, IOCL and Hindustan Petroleum Corporation Limited (HPCL) in 3.44 lakh instances issued 2 to 20 refills in a day to a PMUY beneficiary having single-bottle cylinder connection.
- As on 31 March 2019, Oil Marketing Companies had issued 7.19 crore LPG connections, which is about 90% of the target to be achieved till March 2020.

- Audit noticed that out of 3.78 crore LPG connections, 1.60 crore (42%) connections were issued only on the basis of beneficiary Aadhaar which remained a deterrent in de-duplication.
- The CAG said that the laxity in identification of beneficiaries was noticed as 9,897 LPG connections were issued against Abridged Household List Temporary Identification Numbers (AHL TINs) where names of all family members and the beneficiary were blank in the Socio-Economic and Caste Census (SECC)-2011 list.
- Similarly, 4.10 lakh connections were issued against AHL TINs where entire details of family except that of one member were blank in the 2011 list.
- Audit also observed that due to lack of input validation check in Indian Oil Corporation Limited (IOCL) software, 1.88 lakh connections were released against AHL TIN of males.
- Data analysis also revealed that 8.59 lakh connections were released to beneficiaries who were minor as per the SECC-2011 data, which was in violation of PMUY guidelines and LPG Control Order, 2000.
- It also exposed the mismatch in the name of 12.46 lakh beneficiaries between the PMUY database and SECC-2011 data.

#### **Grievances to be Addressed:**

- Lack of input validation check in the IOCL software allowed issue of 0.80 lakh connections to beneficiaries aged below 18 years.
- The audit also highlighted the delay of more than 365 days in the installation of 4.35 lakh connections against the stipulated time period of seven days.
- Adequate efforts were not made in distributing the small 5-kg cylinders for encouraging usage.
- Encouraging the sustained usage of LPG remains a big challenge as the annual average refill consumption of 1.93 crore PMUY consumers (who have completed more than one year as on March 31, 2018) was only 3.66 refills as worked out by audit.
- For the 3.18 crore PMUY beneficiaries, as on December 31, 2018, refill consumption declined to 3.21 refills per annum.
- The low consumption of refills by 92 lakh loanee consumers (who had completed one year or more as on 31 December 2018) hindered recovery of the outstanding loan of ₹1,234.71 crore.

**Immediate Requirements:**

- The PMUY is a bold and much-needed initiative, but it should be recognised that this is just a first step.
- The real test of the PMUY and its successor programmes will be in how they translate the provision of connections to sustained use of LPG or other clean fuels such as electricity or biogas.
- Truly smokeless kitchens can be realized only if the government follows up with measures that go beyond connections to actual usage of LPG.
- This may require concerted efforts cutting across Ministries beyond petroleum and natural gas and including those of health, rural development and women and child welfare.

### Vanishing into thin air?

A CAG audit found that in 3.43 lakh instances LPG distributors had issued 2 to 20 refills in a day to a single Pradhan Mantri Ujjwala Yojana beneficiary having a single cylinder connection. Table lists customers who ordered more than one refill in a single day and the number of such instances

| Daily refills | Customers | Instances |
|---------------|-----------|-----------|
| 2             | 2,60,934  | 3,02,193  |
| 3             | 17,589    | 20,389    |
| 4             | 6,931     | 7,574     |
| 5             | 3,829     | 4,065     |
| 6 - 13        | 9,283     | 9,587     |
| 14 - 20       | 5         | 5         |
| Total         | 2,98,571  | 3,43,813  |

- At least 2.98 lakh customers have applied for more than one refill a day in 3.43 lakh instances
- As a domestic connection won't need so many refills, the CAG suspects that they are being diverted for commercial use (such as in restaurants)

