



PRESS INFORMATION BUREAU
(Research Unit)
Ministry of Information and Broadcasting
Government of India



PAHAL (DBTL) scheme
(Ministry of Petroleum & Natural Gas)

November 16, 2021

“PAHAL Yojana will bring an end to black-marketeering; subsidy will reach people more effectively. Its role in nation-building is important.”

- Prime Minister Narendra Modi

“Pratyaksh Hanstantrit Labh Yojana” - PAHAL (Direct Benefit Transfer for LPG) Scheme was initially rolled out in 291 districts in the country starting from 01 June 2013 in six phases. The government had comprehensively reviewed the scheme and after examining the difficulties faced by the consumer substantively modified the scheme prior to launch. The modified scheme had been **re-launched in 54 districts on 15.11.2014¹ in the 1st Phase and launched in the rest of the country on 01.01.2015**. In the initial phase of roll out of the Scheme, the Aadhaar number was must for availing LPG subsidy by consumer. The “PAHAL” scheme has been acknowledged by the ‘Guinness Book of World Records’ for being the largest cash transfer programme (households) with **12.57 crore households²** receiving cash transfer as on 30 June, 2015.

LPG Market & Pricing Structure

The Government of India provides Liquefied Petroleum Gas (LPG) to domestic households at heavily subsidized rates in **14.2 Kg cylinders³** up to the prevailing cap of cylinders per annum per household. Supplies are made at the consumer level through a wide distributor network of Oil Marketing Companies (OMCs). LPG cylinders from 186 bottling plants are sent to more than 13000 distributors to serve more than 16 crore households, covering more than half of the country’s population, delivering more than 30 lakh cylinders every day. All the social groups are impacted by the delivery of LPG cylinders as it is an essential commodity for almost 50 per cent of the households (larger percentage in the urban areas).

¹<http://petroleum.nic.in/dbt/whatisdbtl.html>

²http://petroleum.nic.in/dbt/DBTL_Handbook.pdf

³http://petroleum.nic.in/dbt/DBTL_Handbook.pdf

LPG is a clean fuel and over 16 crore households use it for cooking purposes at highly subsidized rates. The total subsidy burden was [Rs. 46,000/- crore for 2013-14](#)⁴. The fact that such a huge amount of subsidy is being provided to consumers imposing an unimaginable burden on the state exchequer, is a matter of grave concern. As this fact had not been effectively communicated to the consumers, there had been a growing sense of entitlement on part of the consumer to the subsidy. Apart from the lack of awareness of the huge subsidy burden, the pricing of domestic subsidized LPG below the market price also led to diversion of subsidized LPG for commercial purposes, which unnecessarily added to the subsidy burden of the exchequer.

LPG being an essential commodity, its supply and distribution has been regulated by various regulations to control the trade and illegal diversion. However, the prevention of such activities had at best been minimal, primarily due to the large scale of the LPG supply chain. The only way to prevent this diversion is to move LPG in the supply chain at one market price so that the incentive for diversion is eliminated. This is the backdrop of the Direct Benefit Transfer for LPG (DBTL) Consumers scheme.

The LPG price is derived based on international market price. LPG price for cooking for consumers under PAHAL (DBTL) is subsidized by the Government of India. The subsidy quantum given to the PAHAL consumers by way of Direct Benefit Transfer is the difference between the market-determined price and the subsidized price. The national LPG coverage is about 97 per cent, with more than [27.76 crore connections](#)⁵. Therefore, out of the about 27.76 crore consumers, in respect of about 26.12 crore consumers, the increase in price is borne by the Government by enhancing the subsidy component.

On account of a sharp increase in the international price of LPG during January, 2020 from [\\$ 448/MT to \\$ 567/MT](#)⁶, there has been a hike of Rs. 144.50 for a 14.2 kg LPG cylinder in the market-determined price of domestic non-subsidized LPG at Delhi. While the price of domestic non-subsidized LPG cylinder has increased from Rs. 714 per cylinder to Rs. 858.50 per cylinder, the subsidy amount to subsidized consumers in Delhi has increased from Rs. 153.86 per cylinder to Rs. 291.48 per cylinder. In view of the subsidized price determined by the Government, the subsidized LPG consumers are insulated from the volatility of LPG prices in the international market.

For a 14.2 kg cylinder, the subsidy borne by Government to domestic users is increased from Rs. 153.86 per cylinder to [Rs. 291.48 per cylinder](#)⁷. For the [Pradhan Mantri Ujjwala Yojana \(PMUY\)](#)⁸ consumers, the subsidy borne by Government has increased from Rs. 174.86 per cylinder to Rs. 312.48 per cylinder. Therefore, the impact of price hike is mostly borne by the Government by enhancing the subsidy for subsidized and PMUY consumers.

⁴ ibid

⁵ <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1603063>

⁶ ibid

⁷ ibid

⁸ <https://www.pmuy.gov.in/>

Challenges in the LPG Supply Chain

For Consumers

- **Absence of competition:** The customer was locked with the distributor available in that location. As the distributor had a monopoly over [LPG distribution](#)⁹, there was no incentive for him to provide better services. The customer was helpless and at the mercy of the distributor.
- **Poor services:** The customer had to either physically visit the distributor or call on phone for the limited and basic LPG services offered. As a result he had to spend time and effort and there was no tracking of the requests made or completed. The customer services were limited, difficult to access and never measured. This precluded any improvement in service levels and accountability on part of distributors.
- **Loss of Entitlement:** There was complete lack of visibility in the supply of subsidized cylinders, which are sold at almost half their cost. This led to rampant diversion of subsidized cylinders into the commercial market such as auto LPG and cooking fuel in hotels by ghost connections.
- **Poor Grievance Redressal System:** There was no mechanism for the consumers to complain about delayed deliveries or poor service levels.

For Government

- **Burgeoning Subsidy:** The total subsidy (2013-14) on LPG was [Rs. 46,458 crore](#)¹⁰, accounting for 25% of the overall fuel subsidy burden of Rs.1,39,869 crore. Hence, it was found imperative to infuse transparency and efficiency in the LPG supply chain to achieve twin objectives of reduction in diversion as well as improving consumer services.

Need for PAHAL or Direct Benefit Transfer for LPG (DBTL) Consumers Scheme

LPG supply chain was opaque and LPG consumers were powerless, and were at the mercy of the distributors in a monopoly market structure. The government at one hand wanted overcome these obstacles and deliver good services to citizens and on the other hand wanted to reduce their subsidy burden by curbing the diversion of subsidized cylinders meant for domestic consumers into the commercial market. Hence, a task force was set up to suggest solution to this problem. One of the recommendations was to infuse transparency and efficiency into the [supply chain of LPG](#)¹¹. The Task force suggested a framework which would lead to better management of subsidy and reduction in the burden to the exchequer. Information technology became an enabler to achieve these objectives. Government decided

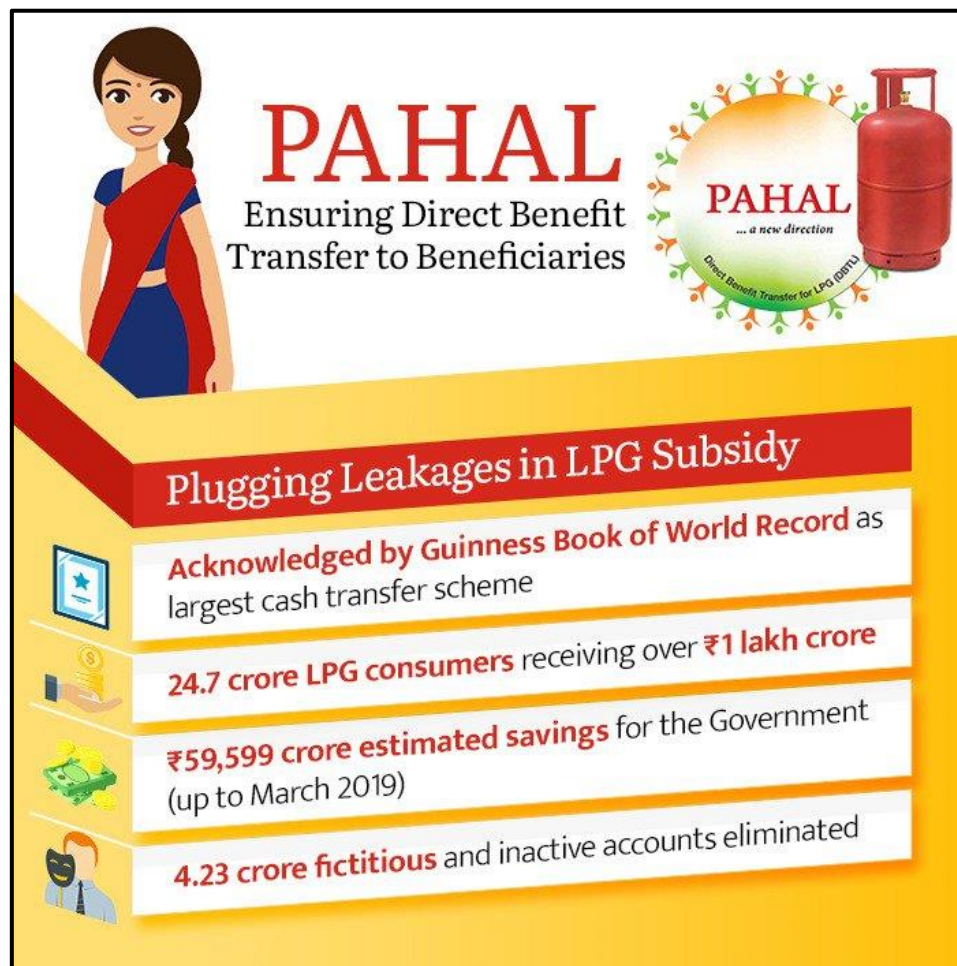
⁹http://petroleum.nic.in/dbt/DBTL_Handbook.pdf

¹⁰http://petroleum.nic.in/dbt/DBTL_Handbook.pdf

¹¹ibid

to launch PAHAL or Direct Benefit Transfer for LPG (DBTL) scheme for LPG consumers across the country.

The Ministry of Petroleum and Natural Gas took the decision to leverage Information Technology which would solve the twin problems of lack of accountability leading to poor consumer service and diversion leading to leakages in LPG subsidy. A unified portal www.MyLPG.in has been created to address the myriad problems of the LPG consumer. On one hand this portal has led to measurement of service levels, enhanced competition, consumer choice, transparency and grievance redressal, and on the other hand it has become one of the key enablers to launch PAHAL (DBTL).



(As on July 2019)

Objectives of PAHAL (DBTL) Scheme

- [Removing incentives](#)¹² for diversion.
- Protect the entitlement and ensure the payment of subsidy to the consumers.
- Improving the availability or delivery of LPG cylinders for genuine customers.
- Eliminating fake or duplicate connections.
- Providing self-selection in subsidy.

¹²http://petroleum.nic.in/dbt/DBTL_Handbook.pdf

Benefits of PAHAL (DBTL) Scheme

The [PAHAL \(DBTL\)](#)¹³ scheme has many benefits to the customers, the Government of India and the Oil Marketing Companies (OMC). The benefits are as follows:

The benefits of this scheme to the Government of India are:

- The launch of this scheme will reduce the subsidy burden because of:
 - Elimination of unauthorized usage and supply chain leakages.
 - Allowing consumers to opt-out of subsidy.
 - Reducing multiple connections via Aadhaar based de-duplication.

The benefits of this scheme to the LPG Consumers are:

- Direct cash transfer of LPG subsidy to their bank account automatically.
- Protection of entitlement of customers due to the removal of incentive for diversion.
- Improvement in the availability of new LPG connections in the market.
- Reduction of back-logs of subsidy because of reduced diversion.

The benefits of this scheme to the Oil Marketing Companies (OMC) are:

- Reduction in the administrative overheads because of: Less policing; Reduction in grievances related to unauthorized diversion or usage or delayed deliveries; Public audit of subsidy.
- Allowing focus on consumer relationship management.
- Removal of multiple fake connections and customers.
- Better management of imports due to reduced product shortage.

Pricing under DBTL

In the DBTL district(s), domestic LPG cylinders will be sold to Cash Transfer Compliant (CTC) domestic LPG consumers at Market Determined Price (does not include subsidy) from the date of launch of the scheme.

- **Amount transferred to consumer:** The total cash applicable on LPG cylinder will then be transferred to the CTC consumer for each subsidized cylinder delivered (up to the cap) as per his entitlement.
- **Grace Period:** Non-CTC consumers will be allowed 3 months from the date of launch of DBTL to become CTC. During this period such consumers will receive their entitlement of subsidized cylinders at the then applicable subsidized retail selling price.
- **Parking Period:** After the grace period of three months, all Not Transfer Compliant (NTC) LPG consumers will get an additional 3 month Parking Period:

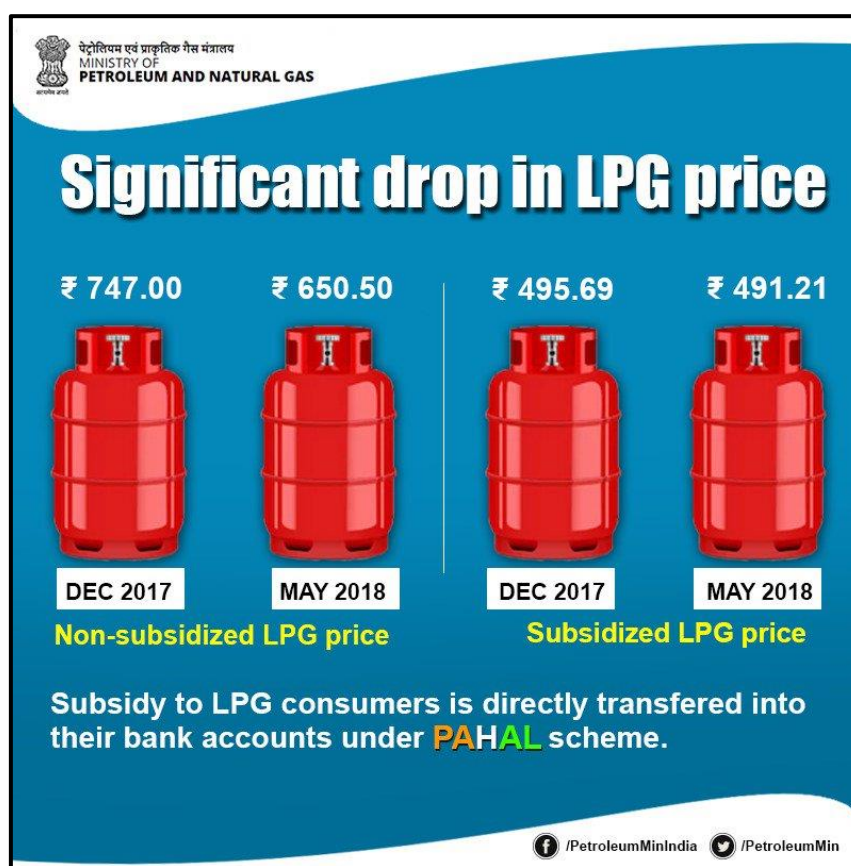
¹³ ibid

i.) During the Parking Period, the NTC consumers will have to buy cylinders at the market rate. If the consumer joins the scheme within the Parking Period, the subsidy as per entitlement and consumption during Parking Period will be transferred to his bank account.

ii.) In case consumer remains NTC during this Parking Period, the parked funds will lapse and consumer shall become ineligible to receive the parked funds and sale will continue at market determined price till consumer becomes CTC.

iii.) After the expiry of the Grace Period of 3 months, and thereafter an additional Parking Period of 3 months, all NTC consumers will receive cylinders at market determined price and will not be entitled to total cash until they become CTC.

iv.) When NTC consumers become CTC beyond the parking period they will be eligible to get one time permanent advance and total cash entitlement on balance subsidized cylinders in that financial year.



(As on May 2018)

Coverage under the PAHAL (DBTL) Scheme

- As on 01.01.2021, total number of domestic Liquefied Petroleum Gas (LPG) consumers is **28.90 crore** in the country. Apart from LPG, 70.75 lakh domestic

consumers are also using Piped Natural Gas (PNG). At present, national LPG coverage is 99.5%.¹⁴

- As on 13th December 2019, Rs 25.84 crore¹⁵ LPG consumers have joined the PAHAL Scheme and **Rs. 1,22,666.82 crore** have directly been transferred to the bank accounts of LPG consumers.
- There has been a rise in the number of LPG customers in the country since 2016. As on April 1, 2016, there were a total 16.62 crore LPG customers in the country which has increased to 29.11 crore¹⁶ as on July 1, 2021.
- There have been estimated savings/benefits of Rs. 59,599 crore¹⁷ for the Government up to March, 2019.
- As on 01.03.2018, 19.88 crore LPG consumers have joined the scheme and an amount of Rs. 68020.35 crore¹⁸ has been transferred to the bank accounts of LPG consumers since inception of the scheme.
- The Budget Estimates provide an amount of Rs. 37478 crore¹⁹ as Petroleum subsidy for the 2019-20, compared to Rs. 24833 crore in revised estimates of 2018-19. Out of the above, Rs. 32989 crore are earmarked for LPG subsidy while Rs. 4489 crore have been allocated for kerosene subsidy.

Project Management Information System (PMIS)

Project Management Information System (PMIS)²⁰ is a web based solution for monitoring progress of PAHAL (DBTL). This application will be accessible to Ministry of Petroleum and Natural Gas, OMCs, LDMs, Distributors and other identified agencies to view/update their respective information.

The PMIS application provides a platform to:

- i. Enter PAHAL (DBTL) related data.
- ii. Collate data from different OMCs for Aadhaar/Bank Seeding and Subsidy/Advance payment.
- iii. View reports related to PAHAL (DBTL) data by MoPNG/OMC officials.
- iv. Track progress against the set target. v. Create users who can access the above information.

¹⁴<https://pib.gov.in/PressReleasePage.aspx?PRID=1694710>

¹⁵<https://pib.gov.in/PressReleaselframePage.aspx?PRID=1596830>

¹⁶<https://newsonair.com/2021/08/13/lpg-consumers-on-a-rise-29-11-crore-consumers-since-2016/>

¹⁷<https://pib.gov.in/PressReleasePage.aspx?PRID=1577390>

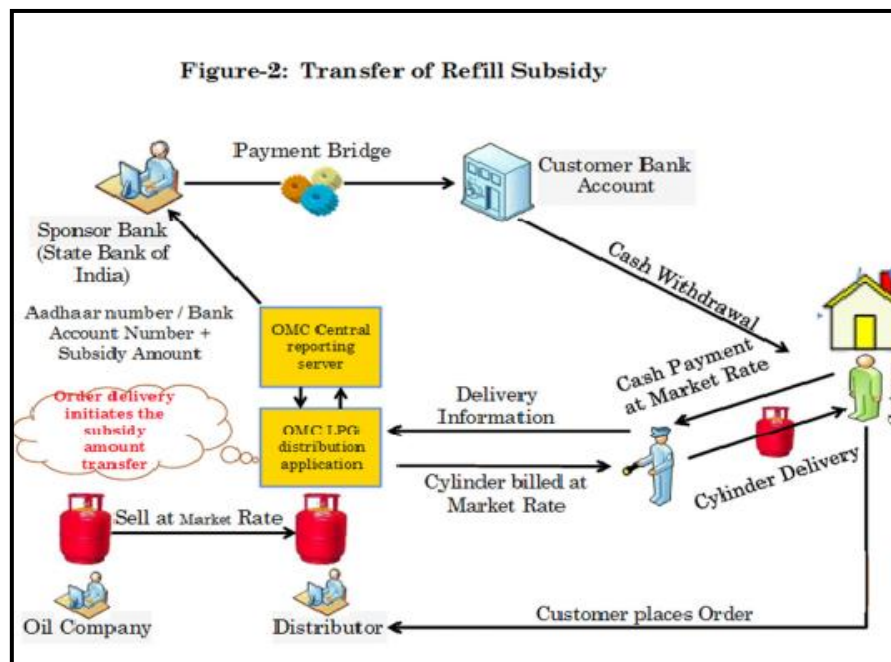
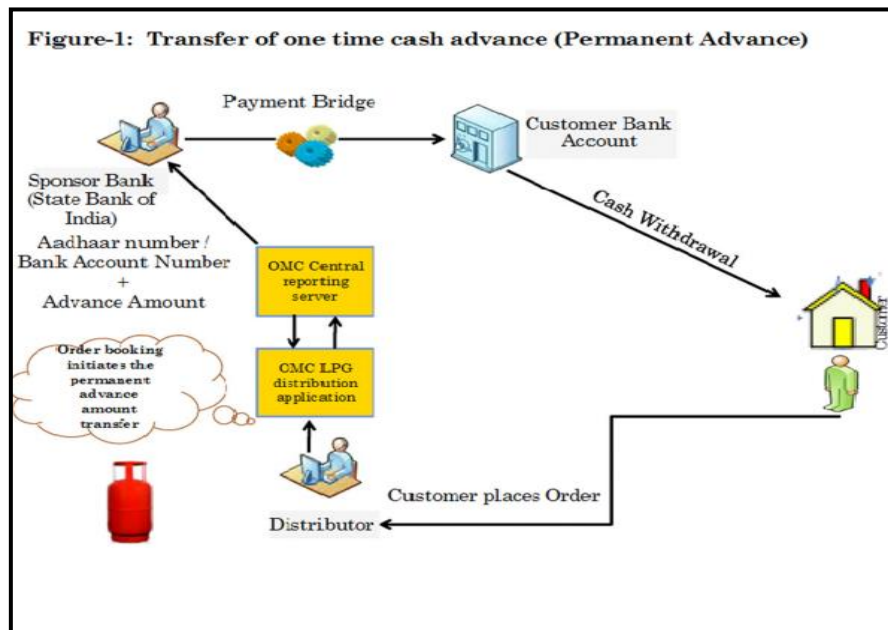
¹⁸<https://pib.gov.in/Pressreleaseshare.aspx?PRID=1522773>

¹⁹<https://pib.gov.in/PressReleasePage.aspx?PRID=1577390>

²⁰http://petroleum.nic.in/dbt/DBTL_Handbook.pdf

Payment process under the Scheme

The process of transfer of advance and subsidy to the consumer under the Scheme is represented in the flow charts below:



Way Ahead

- Direct Benefit Transfer is a landmark initiative of the Government to ensure that benefits under various welfare and subsidy programmes of the country reach eligible and rightful beneficiaries.

- The document states that in addition, there are [1.86 crore non-subsidised](#)²¹ LPG consumers, including 1.03 crore ‘Give it up’ consumers.
- On the issue of Direct Benefit Transfer in Public Distribution System kerosene, the statements of Fiscal Policy indicate that till date, 12 State Governments/UTs have voluntarily surrendered their PDS kerosene allocations under DBTK Scheme.
- Eight State Governments/UTs have already cut down their PDS kerosene allocation to nil. There has been an overall reduction of 12% for the year 2018-19 in comparison to the allocation of 2017-18.

As LPG is progressively becoming more preferred clean cooking fuel in India, there has been a growing emphasis on the need for reforming the LPG subsidy program. The Government of India launched the [DBTL](#)²² scheme with the aim to reduce diversion of subsidized LPG and improve the subsidy transfer efficiency through better identification. The performance assessment of DBTL reveals that the scheme has been basically successful on account of the efficacy of the implementation process as well the accomplishment of stated objectives. The study further indicates that the strong political will and leadership, juxtaposed with institutional co-ordination and intensive advertising and communication campaigns, were the key drivers behind the scheme’s successful implementation.

Important link references:

- <http://petroleum.nic.in/dbt/whatisdbtl.html>
- <http://petroleum.nic.in/sites/default/files/PAHAL.pdf>
- https://cag.gov.in/uploads/download_audit_report/2016/Union_Commercial_Compliance_Report_25_2016_Chapter-2.pdf
- https://cag.gov.in/webroot/uploads/download_audit_report/2016/Union_Commercial_Compliance_Full_Report_25_2016_English.pdf
- <https://twitter.com/mygovindia/status/1148223462546145280>
- <https://twitter.com/PetroleumMin/status/993834013952479232>

AG/PPD/PB

²¹<https://pib.gov.in/PressReleasePage.aspx?PRID=1577390>

²²<https://www.iisd.org/system/files/publications/dbtl-performance-evaluation.pdf>