



Execution of Subsidy Programmes

The dismantling of the administered pricing mechanism (APM) in the petroleum sector was announced by the Government with effect from 1st April 2002. During the APM period, the subsidy on PDS Kerosene and domestic LPG and freight subsidy for far flung areas were met through an oil pool account mechanism. While dismantling the APM, it was decided by the Government that the aforesaid subsidies/under recoveries to the oil companies shall be met from the Government budget.

Accordingly, the following schemes were notified with a view to put in place a mechanism to provide to the oil companies from the Government budget- the post APM subsidy on PDS Kerosene and domestic LPG and freight subsidy for far-flung areas:

- PDS Kerosene and domestic LPG Subsidy Scheme, 2002 (Notified in Official Gazette vide No.P-20029/18/2001-PP dated 28.1.2003) – discontinued w.e.f 01.04.2015
- Freight Subsidy (For Far-Flung Areas) Scheme, 2002 (Notified in Official Gazette vide No.P-20029/18/2001-PP dated 28.1.2003) - discontinued w.e.f 01.04.2015

The other schemes under which subsidies are provided to the participating companies are as follows:

- Direct Benefit Transfer for LPG Consumer (DBTL)
- Natural Gas Subsidy Scheme
- Pradhan Mantri Ujjawala Yojana (PMUY), 2016
- Direct Benefit Transfer for PDS Kerosene Consumer (DBTK)

1. Direct Benefit Transfer for LPG Consumer (DBTL)

Direct Benefit Transfer for LPG Consumer (DBTL) Scheme, 2013 was launched with effect from 1st June 2013. The objective of the scheme was to provide subsidy up to the capped number of LPG cylinders to domestic LPG consumers having LPG connection directly into their bank account on purchase of LPG subsidized cylinder (as per her/his entitlement) at market price.

The other major features apart from Direct Transfer of subsidy to eligible consumers were as follows:

- (i) One Time Permanent Cash Advance provided to each existing/ new Cash Transfer Compliant (CTC) consumer.



- (ii) The expenditure on project management for the districts where DBTL is launched to be reimbursed to OMCs subject to certain specified ceilings.

The scheme was launched in phased manner in various districts all over India. By Jan'14 DBTL Scheme, 2013 was launched in 291 districts. However, scheme was kept in abeyance vide MOP&NG letter dated 07.03.14 from 07.03.14.

A modified DBTL scheme was again launched with effect from 15th November 2014 in 54 districts of India which was called as PAHAL (DBTL) Scheme, 2014. This was extended to all Districts in the country on 01.01.2015.

The basic objectives, principles and features of the modified scheme remained the same but with a few improvements and changes.

The budgetary provision for DBTL and the actual payments released from the Union Budget, up to 2016-17 are as under:

Year	DBTL Subsidy		Project Management Expenses	
	Budget	Actual	Budget	Actual
2013-14	1377.00	1377.00	145.00	43.16
2014-15	2500.00	2500.00	1.00	0.00
2015-16	21140.00	21140.0	200.00	200.00
2016-17	13000.00	13000.00	0	0

2. Natural Gas Subsidy

MOP&NG has formulated a scheme for administering subsidy related to sale of Natural Gas in the North East region of India. The scheme is known as the “Natural Gas Subsidy Scheme”. The participating companies currently under the scheme are Oil India Ltd and ONGC Ltd.

These participating companies sell natural gas from the nominated gas fields to the consumers at Administered Pricing Mechanism (APM) rate as decided by the Government from time to time. Customers to whom gas is sold are in Power Sector, Fertilizer Sector. Allocations of supply to the customers are given as per various orders of MOP&NG.

The participating companies are entitled to a subsidy from the Government for the sales made to the consumers at APM rate. The amount of subsidy shall be a difference between the producer price as applicable to the participating companies and the APM rate or the consumer price applicable to different categories of customers of the NE Region for the quantities of gas supplied.

Subsidy on natural gas is provided from the budgetary grant of MOP&NG.



The budgetary provision for Natural Gas Subsidy and the actual payments released from the Union Budget, up to 2016-17 are as under:

Rs/Crores

Year	Budget	Actual payments
2010-11	444.73	444.73
2011-12	458.00	458.00
2012-13	626.87	626.87
2013-14	625.00	625.00
2014-15	661.00	661.00
2015-16	660.00	660.00
2016-17	744.45	744.45

3. Pradhan Mantri Ujjawala Yojana (PMUY), 2016

PMUY scheme was launched on 1st May, 2016 for providing free LPG connections by Oil Marketing Companies (OMCs) to women belonging to the below poverty line (BPL) households. Under the scheme, 5 crore BPL households would be covered over a period of 3 years. The objective of the scheme is to provide clean fuel to all poor households. The salient features of the scheme are given as under:-

The Government is to provide a cash assistance to cover the initial cost of Rs.1600 for providing LPG connection to women belonging to BPL families.

While the connection charges would be borne by the Government, the OMCs would provide an option for the new consumer to opt for EMIs, if the consumer so desires, to cover the cost of a cooking stove and first refill. The EMI amount may be recovered by the OMCs from the subsidy amount due to the consumer on each refill.

The budgetary provision for PMUY and the actual payments released from the Union Budget, up to 2016-17 are as under:

Rs/Crores

Year	Budget	Actual payments
2016-17	2500.00	2500.00



4. Direct Benefit Transfer for PDS Kerosene Consumer (DBTK)

Effective 1st Oct, 2016, Direct Benefit Transfer in PDS Kerosene Scheme 2016 (DBTK) was implemented in 4 districts in Jharkhand State. This scheme was extended to another 6 districts effective 1st April, 2017 and the entire state of Jharkhand was covered under DBTK effective 1st July, 2017. The salient features of the scheme are as under:-

The scheme is to be administered by State Government / UTs through district level agencies.

Each beneficiary should have an Aadhaar number with linked bank account and digitized ration card ID through which subsidy can be transferred directly to the linked bank account. In case an Aadhaar number is not assigned to a consumer, the consumer shall be offered alternate and viable means of identification for delivery of subsidy under intimation to MOP&NG.

State/UT through its implementing agencies will establish an appropriate institutional mechanism to undertake transfer and monitor monthly cash subsidy.

OMCs would transfer monthly cash subsidy to the State Government /UT on the basis of actual upliftment of PDS SKO in the preceding month.

State Government / UT through its implementing agency shall transfer the monthly cash subsidy to the beneficiaries' bank account based on actual upliftment of PDS SKO by the beneficiaries in the preceding month.