



Report of the Comptroller and Auditor General of India

on

Pradhan Mantri Ujjwala Yojana



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth and Public Interest



Union Government (Commercial)
Ministry of Petroleum and Natural Gas
No. 14 of 2019
(Performance Audit)

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Laid on the table of Lok Sabha and Rajya Sabha on.....

Contents

Chapter	Particulars	Page
	Preface	i
	Executive Summary	ii
Chapter 1	Introduction	1
Chapter 2	Audit Approach	6
Chapter 3	Distribution of LPG connections under PMUY	9
Chapter 4	Compliance to Safety Standards	21
Chapter 5	Infrastructure preparedness	27
Chapter 6	Transition of BPL households to LPG	34
Chapter 7	Financial Management	43
Chapter 8	Conclusion and Recommendations	48
	Annexures	50
	Abbreviations	53
	Glossary	55

Preface

This Audit Report has been prepared for submission to the President of India under Article 151 of the Constitution of India for being laid before the Parliament. The audit has been carried out in line with the Auditing Standards and Performance Audit Guidelines, 2014 issued by the Comptroller and Auditor General of India.

The Report contains the results of Performance Audit on Pradhan Mantri Ujjwala Yojana (PMUY) which was introduced in May 2016 with the aim to release LPG connections to BPL women. The Scheme is being implemented by three Central Public Sector Oil Marketing Companies (OMCs) viz. Indian Oil Corporation Limited (IOCL), Hindustan Petroleum Corporation Limited (HPCL) and Bharat Petroleum Corporation Limited (BPCL). As on 31 March 2019, total 3.81 crore connections had been released under PMUY. This Performance Audit was conducted in view of PMUY being a significant scheme, having a large social impact.

This Report has covered the implementation of the scheme in terms of its reach to the intended beneficiaries as well as the extent of transition of the BPL households from unclean to clean fuel.

Audit wishes to acknowledge the co-operation received from the Ministry of Petroleum & Natural Gas, Petroleum Planning & Analysis Cell and the three OMCs (IOCL, BPCL and HPCL) in providing records, information and clarification in completing the audit.

Executive Summary

Executive Summary

Pradhan Mantri Ujjwala Yojana (PMUY) was launched (May 2016) with an aim to safeguard the health of women and children by providing them with a clean cooking fuel – Liquefied Petroleum Gas (LPG). The scheme aimed to provide five crore deposit free LPG connections to women who were devoid of LPG access and belonged to Below Poverty Line (BPL) which were to be identified from Socio Economic & Caste Census (SECC) -2011 list. The target of scheme was revised to eight crore LPG connections and the identification criteria was expanded/relaxed under the scheme Extended-PMUY (E-PMUY). The scheme also provided an optional loan facility to cover the cost of stove and first refill, recovery of which was to be made from the subsidy accruing to the consumer on LPG refills under Direct Benefit Transfer for LPG (DBTL).

With the overall revision of the target from five crore LPG connections to eight crore, year-wise targets were two crore LPG connections each for the year 2016-17 to 2019-20. As on 31 March 2019, Oil Marketing Companies (OMCs) had issued 7.19 crore LPG connections, which is approximately 90 per cent of the target of eight crore connections to be issued till March 2020. Out of 7.19 crore connections, 3.81 crore LPG connections were issued under PMUY and 3.38 crore were issued under E-PMUY in 36 States/Union Territories. All India LPG coverage also increased from 61.90 *per cent* in May 2016 to 94.30 *per cent* in April 2019.

Against this background, Performance Audit of PMUY was conducted with a view to ascertaining the implementation effectiveness of the scheme by way of examining:

- Whether PMUY connections have been released and installed by the OMCs to the eligible and intended households of SECC list after due diligence?
- Whether sufficient measures for enhancement of LPG distribution network have been undertaken to cater to the PMUY beneficiaries?
- Whether the OMCs have taken steps to ensure the usage of LPG by PMUY beneficiaries as per the prescribed safety standards and for creating awareness of the scheme?
- Whether the scheme has led to sustained usage of LPG by PMUY beneficiaries?

Major findings of Performance Audit are briefed as below:

I. Distribution of LPG connections under PMUY

- In order to rule out existing LPG connection in beneficiaries' household, de-duplication was to be carried out on Aadhaar of all family members. Audit noticed that out of 3.78 crore LPG connections, 1.60 crore (42 *per cent*) connections were issued only on the basis of beneficiary Aadhaar which remained a deterrent in de-duplication.
- (Para 3.1)**
- Laxity in identification of beneficiaries was noticed as 9897 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 SECC-2011 list. Similarly,

4.10 lakh connections were issued against AHL TINs where entire detail of family except that of one member was blank in SECC-2011 list. **(Para 3.2.1 & 3.2.2)**

- PMUY envisaged release of LPG connection in the name of woman. However, audit 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. **(Para 3.2.3)**

- In 52271 cases, connections were issued by linking names of persons with names of beneficiaries appearing in SECC list by using conjunctions *URF/OR/ALIAS* to project that both the names pertain to the same consumer. **(Para 3.2.4)**

- Lack of input validation check in IOCL software allowed issue of 0.80 lakh connections to beneficiaries aged below 18 years. Similarly, data analysis revealed that 8.59 lakh connections were released to beneficiaries who were minor as per SECC-2011 data which was in violation of PMUY guidelines and LPG Control Order, 2000. **(Para 3.2.5)**

- Data analysis revealed mismatch in name of 12.46 lakh beneficiaries between PMUY database and SECC-2011 data. Further, test check in field audit revealed that AHL TINs of 784 (18 *per cent* of 4348 KYCs verified) intended beneficiaries were used by LPG distributors to extend benefits to un-intended persons. **(Para 3.2.7)**

- Deficiencies in de-duplication to restrict issuance of duplicate connections were noticed in 12465 cases. Further, lack of input validation check allowed release of 42187 connections against invalid AHL TINs which did not exist in SECC-2011 data. **(Para 3.3.1 & 3.3.2)**

- Delay of more than 365 days was noticed in installation of 4.35 lakh connections against stipulated time period of seven days. **(Para 3.5)**

II. Compliance to safety standards

- Departure from safety norms were noticed during test check of 18558 KYC records as pre-installation inspection report was not available in 2531 cases (13.64 *per cent*). Similarly, installation certificates were not available in 2367 cases (12.75 *per cent*). **(Para 4.1.1 & 4.1.2)**

- Instances of unsafe LPG practices by PMUY beneficiaries were also observed as the stoves were kept on ground/below the level of cylinder, non-standard hose pipe was being used *etc.* as noticed during beneficiary survey. **(Para 4.1.4)**

III. Infrastructure preparedness

- Inadequate efforts in commissioning targeted 10000 new LPG distributorships by OMCs led to a compelling situation for existing LPG distributors to supply cylinders either at long distance or from godown/designated points instead of door delivery. **(Para 5.3.1)**

- Delay of more than 10 days (ranging up to 664 days) was noticed in delivery of 36.62 lakh LPG refills against the stipulated delivery period of seven days. Further, the poor performance of LPG distributors in adherence to Targeted Delivery Time (TDT) norms of Marketing Disciplinary Guidelines (MDG) was not monitored by the OMCs.

(Para 5.3.1.3 & 5.3.1.4)

- Expenditure Finance Committee (EFC) and Petroleum Planning and Analysis Cell (PPAC) -Credit Rating Information Services of India Limited (CRISIL) had highlighted the importance of small 5 Kg cylinders to make PMUY successful considering high refill cost as a barrier to LPG usage, however, inadequacy of efforts was noticed in this direction as only 92005 (0.24 per cent of 3.78 crore connections) beneficiaries were provided 5 Kg cylinder connections.

(Para 5.4)

IV. Transition of BPL households to LPG

- 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 31 March 2018) was only 3.66 refills as worked out by audit. Similar analysis for 3.18 crore PMUY beneficiaries as on 31 December 2018 revealed that refill consumption declined to 3.21 refills *per annum*.

(Para 6.2.1)

- Risk of diversion of domestic cylinders for commercial use was noticed as 1.98 lakh PMUY beneficiaries had an average annual consumption of more than 12 cylinders which seems improbable in view of their BPL status. 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.

(Para 6.2.3)

- Low consumption of refills (up to three) by 0.92 crore loanee consumers (who had completed one year or more as on 31 December 2018) had hindered recovery of outstanding loan of ₹1234.71 crore.

(Para 6.4.1)

V. Financial Management

- Though year-wise target for release of PMUY connections was revised (September 2017) to two crore connections each for the years 2016-17 to 2019-20, neither the Revised Estimates for 2017-18 nor the Budget Estimates for 2018-19 was allocated in line with the revision of targets or for meeting the shortfall for the previous years. This led to partial settlement of OMCs' claims in these years due to shortfall in the budget.

(Para 7.1)

- There was excess parking of funds under Corporate Social Responsibility (CSR) pool which was contributed on the directives of Ministry of Petroleum & Natural Gas (MoPNG) without any realistic assessment thereof. As such, an amount of ₹261.85 crore is lying idle which could have been utilized elsewhere in other deserving projects.

(Para 7.2)

Recommendations

Following recommendations are proposed to address the issues raised in this Performance Audit:

- Aadhaar numbers of all adult family members of existing as well as new beneficiaries should be entered in the system to make de-duplication effective.
- Appropriate input controls, data validations and mandatory fields should be deployed in distributors' software to restrict issuance of LPG connections to ineligible beneficiaries;
- E-KYC needs to be initiated to reap twin benefits viz. capturing correct information and authenticating genuineness of the PMUY beneficiaries.
- LPG connections issued to minor beneficiaries may be transferred in the name of adult family member if the family is otherwise found eligible under PMUY.
- The feasibility of sharing the AHL TIN with the beneficiaries may be explored by MoPNG in coordination with MoRD.
- Massive safety campaigns need to be organized in order to ensure safe usage of LPG by PMUY beneficiaries.
- The option of subsidizing the cost of mandatory inspection may be explored to avoid risk hazards in the absence of regular inspections.
- As the target of releasing PMUY connections has been broadly achieved, PMUY beneficiaries in nil/low consumption category need to be encouraged for sustained usage.
- Cases of high consumption of refills should be regularly reviewed to curb diversion.
- Considering the audit findings on the basis of limited test check of sample cases, the entire LPG databases as well as physical records need to be scrutinized to identify and restrict release of connections to ineligible/male/minor beneficiaries/multiple connections.
- MoPNG, in consultation with concerned ministries, may develop a comprehensive roadmap for assessing the outcome in terms of measurable benefits like improvement in health of women and reduction in Household Air Pollution.
- Third Party Audit, as envisaged in the scheme, may be got carried out to assess the implementation of scheme.

The recommendations were discussed in Exit Conference and were largely accepted by MoPNG.

Chapter 1: Introduction

Chapter 1: Introduction

1.1 Background

Availability of clean cooking fuel is a major challenge for rural households in India. This deprivation is predominantly suffered by women and children as they are the most exposed to harmful effects of smoke from burning unclean fuels in the households. In order to safeguard the health of women and children by providing them with a clean cooking fuel – LPG, the Government of India (GoI) launched (1 May 2016) Pradhan Mantri Ujjwala Yojana (PMUY). The scheme aims to provide five crore deposit-free LPG connections to women belonging to Below Poverty Line (BPL) households appearing in Socio-Economic & Caste Census (SECC-2011) and suffering with at least one deprivation.

In SECC-2011 census survey, Ministry of Rural Development (MoRD) enumerated 24.49 crore (17.97 crore rural and 6.52 crore urban) households in the country. Out of these, 10.31 crore households {8.72 crore rural (48.53 *per cent*) and 1.59 crore urban (24.39 *per cent*)} suffered with at least one deprivation, which were identified by the GoI for release of five crore LPG connections under PMUY.

The target of five crore deposit-free LPG connections was revised (February 2018) to eight crore LPG connections by the Government to include BPL families identified from SECC-2011 list or BPL families covered under any of the seven categories¹ under the scheme e-PMUY which was to be achieved by March 2020. Accordingly, initial budget of ₹8000 crore was increased (February 2018) to ₹12800 crore.

1.2 Socio-Economic Caste Census (SECC)- 2011

SECC-2011, a door to door enumeration exercise across the country, was conducted (2011) through a comprehensive exercise involving MoRD, erstwhile Ministry of Housing and Urban Poverty Alleviation, office of the Registrar General and Census Commissioner, India and the State Governments. SECC-2011 census assigned a unique AHL TIN² of 29 digits to each member of BPL household. First 26 digits of AHL TIN of every family are common for each family member, and the last three are unique for each family member. AHL TIN ending with ‘001’ represents “head of the family” and that of the corresponding family members ends with 002, 003, 004 and so on.

Targeted beneficiaries for PMUY are women from BPL households appearing in SECC-2011 and having at least one of the following deprivations in the said survey:

Rural households	Urban households
Households with only one room, kucha walls and kucha roof	Households with only one room, kucha walls and kucha roof
No adult members between ages of 16 and 59	No adult member between the ages of 18 and 59
Female headed households with no adult male member between 16-59 years	Female headed households with no adult male member between 18 and 59 years
Households with disabled member and no able bodied member	Households with any type of disabled member and no able bodied adult member between 18 and 59
SC/ST Households	SC/ST Households

¹ Beneficiaries of Antyodaya Anna Yojana (AAY) or Most Backward Class or Pradhan Mantri Awas Yojana (Gramin) or Tea and Ex-Tea Garden Tribes or SC/ST households or people residing in island and river islands or forest dwellers

² Abridged Household List Temporary Identification Number

Households with no literate adult above 25 years	Households with no literate adult male above 21 years
Landless households deriving a major part of their income from manual casual labour	Households with any type of Chronic ill member and no able bodied adult member between 18 and 59
	Main source of household income through unorganized employment, without regular wage

1.3 Identification of BPL Beneficiaries

PMUY prescribed that LPG connection would be provided in the name of women of BPL families appearing in the list of SECC-2011. In order to get the LPG connection, the beneficiary of eligible BPL family has to fill up the prescribed form, apply to the nearest LPG distributor, complete the KYC³ requirements, provide the proof of residential address, Aadhaar number and details of her bank account. In case she does not have an Aadhaar number, LPG distributor is to assist her in obtaining the same. It is also necessary to provide the Aadhaar numbers of all adult members (above 18 years) in the family. In case the adult members of her family do not have Aadhaar number, she is required to provide an undertaking that the complete set of Aadhaar numbers (of all the adult family members) would be provided within six months. She is also required to provide a declaration that none of the other adult members of the family already have LPG connection in his/her name.

On receipt of the application, LPG distributor is required to verify the application details against the SECC-2011 database and carry out field verification of the information in order to ensure the genuineness of the beneficiary and also to ensure that the family of the applicant does not possess an LPG connection. Then, they have to enter the details of the applicant on the dedicated web portal of the OMCs which has been created for this purpose. After confirming through machine search of the nation-wide database of LPG customers that the family does not possess an LPG connection anywhere else in the country, a new LPG connection under PMUY is allotted to the applicant.

1.4 Financial assistance under PMUY

PMUY provides that an amount of ₹1600 per LPG connection towards security deposit for LPG Cylinder, Pressure Regulator and Installation Charges *etc.* would be borne by the Government as one-time financial assistance to adult women of BPL households included in the SECC-2011 and who are not already having any LPG connection in their household. It also prescribed that the Oil Marketing Companies (OMCs) viz. Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) would provide an option to PMUY beneficiaries to opt for loan, if they so desire, to cover the cost of a cooking stove and first refill. EMI of loan amount would be recovered by the OMCs from the subsidy amount due to the beneficiaries on refills.

Break-up of one-time financial assistance extended by the Government and details of optional interest-free loan facilities toward cost of stove and first refill extended by the OMCs are given in the table below:

³ Know Your Customer

Table 1.1: Break up of financial assistance and details of loan amount

S. No.	Particulars	Amount (₹)
1.	Security Deposit (14.2 Kg LPG Cylinder)	1250
2.	Security Deposit (Pressure Regulator)	150
3.	Suraksha Hose	100
4.	Domestic Gas Consumer Card Booklet	25
5.	Installation, Administrative charges	75
A	Total (1+2+3+4+5)	1600 (Assistance from GOI) ⁴
6.	Cost of Stove	990
7.	Cost of Refill (indicative) for 14.2 kg cylinder	517
B	Total (6+7)	1507 (Optional loan facility by OMCs)
C	Grand Total (A+B)	3107
D	Budgetary support from Central Govt.	1600
E	Finance (or Loan) to Beneficiary by OMCs	1507

As per the Scheme guidelines, in case the State Government / a voluntary organization / an individual wishes to contribute the cost of a stove and / or first refill, they would be free to do so under the overall umbrella of PMUY and no other scheme name / tagline would be allowed without the express approval of the Ministry of Petroleum and Natural Gas (MoPNG). Accordingly, the following State Governments have been extending partial/full financial assistance towards the cost of gas stove and first refill to the PMUY beneficiaries as given in the table below:

Table 1.2: Details of partial/full financial assistance

State	Particulars
Assam	Cost of stove
Arunachal Pradesh	Cost of stove
Jharkhand	Cost of stove and first refill amount
Chhattisgarh	Cost of stove and first refill amount subject to contribution of ₹200 by beneficiary

Amount of financial assistance provided by these State Governments is given below:

Table 1.3: Details of financial assistance provided by State Governments as on 31.12.2018

OMCs	Chhattisgarh		Jharkhand		Assam		Arunachal Pradesh	
	No. of beneficiaries	Financial assistance (₹crore)	No. of beneficiaries	Financial assistance (₹crore)	No. of beneficiaries	Financial assistance (₹crore)	No. of beneficiaries	Financial assistance (₹crore)
IOCL	1047851	155.88	738080	127.08	1142896	113.15	4370	0.43
HPCL	587166	86.87	369440	63.00	131446	13.01	0	0
BPCL	507447	75.79	504267	74.26	406065	38.48	303	0.03
Total	2142464	318.54	1611787	264.34	1680407	164.64	4673	0.46

⁴ Of this, an amount of ₹200 would be paid to the LPG distributors by OMCs towards items 3 to 5 above.

1.4.1 Interest-free loan provided to PMUY beneficiaries

In line with the scheme, OMCs have also extended the unsecured and interest-free loan to the PMUY beneficiaries on account of cost of first refill and / or cost of gas stove. As on 31 December 2018, 68.25 per cent of beneficiaries have availed loan from the OMCs. OMC-wise details of interest-free loan extended to the PMUY beneficiaries and recovery thereagainst for the period from May 2016 to December 2018 were as follows:

Table 1.4: OMC-wise details of loan extended vis-à-vis recovery (figures in crore)

OMCs	Total No. of PMUY Active connections	No. of PMUY beneficiaries who had taken loan	Loan Amount (₹)		
			Extended	Recovered	Outstanding
IOCL	1.80	1.25	2035.51	798.40	1237.11
BPCL	0.98	0.62	1010.00	365.40	644.60
HPCL	1.00	0.71	1147.28	411.92	735.36
Total	3.78	2.58	4192.79	1575.72	2617.07

1.5 Implementation status of the scheme

With the overall revision of the target from five crore LPG connections to eight crore, year-wise targets were also revised (September 2017) to two crore LPG connections each for the year 2016-17 to 2019-20. As on 31 March 2019, OMCs have issued 3.81 crore LPG connections under PMUY and 3.38 crore under E-PMUY in 36 states/UTs. Year-wise targets and achievement are given as per the table below:

Table 1.5: Targets and achievements of release of PMUY LPG connections (No. in crore)

Year	Targets	Achievements
2016-17	2.00	2.00
2017-18	2.00	1.56
2018-19	2.00	0.25
Total		3.81
E-PMUY connections(2018-19)		3.38
Total		7.19

(Source: PPAC and IOCL)

With the distribution of 7.19 crore LPG PMUY connection, the all India LPG coverage has gone up from 61.90 per cent as on 1 May 2016 (i.e. launch of PMUY) to 94.30 per cent as on 1 April 2019.

1.6 Roles and responsibilities of key stakeholders

1.6.1 Ministry of Petroleum and Natural Gas

MoPNG has formulated the scheme and has been implementing the same through the OMCs. The Ministry is responsible for overall monitoring of the scheme. It has issued clarifications/directions to the OMCs as well as to the Petroleum Planning and Analysis Cell (PPAC) for smooth implementation of the scheme from time to time.

1.6.2 Petroleum Planning and Analysis Cell

PPAC scrutinizes the claims of the OMCs from their books of account and forwards it to MoPNG which in turn reimburses the same to the OMCs.

1.6.3 Oil Marketing Companies

OMCs release the PMUY connections to eligible women of BPL families (after completion of various stages as stated in Para 1.3 above) through their LPG distributors. OMCs submit their claims to PPAC for the connections released/installed under PMUY on a monthly basis⁵.

OMCs are also responsible for conducting Information, Education and Communication (IEC) activities which also includes organizing ‘Melas’ at various locations for promotion and release of PMUY connections to women of BPL families in presence of public representatives and distinguished personalities of the area. Further, the OMCs have also been promoting the safe usage of LPG among rural LPG users through Safety Clinics/Camps and LPG Panchayats. Moreover, OMCs have taken a Public liability insurance cover so as to provide relief to registered/affected persons in case of LPG related accidents.

1.7 Monitoring

Monitoring of the implementation of the scheme is done at the following levels:

At District Level: Implementation of the scheme at the district level is the responsibility of the District Nodal Officer (DNO) who is an employee of one of the three OMCs. The DNOs design and coordinate the implementation campaigns and also coordinate with the Unique Identification Authority of India (UIDAI) and the Banks for facilitating Bank/Aadhaar linking. The DNOs are also responsible for advertisement and promotion campaigns for the scheme to generate enthusiasm among the eligible BPL families.

At State Level: A State-level coordination committee was set up at each State comprising of officers from all the three OMCs, with one of the officers functioning as the State Level Coordinator (SLC). The Principal Secretary of Food and Civil Supplies of the state is an invited member of the committee.

At National Level: Ujjwala Core Group has been formed with members as Joint Secretary (Marketing), Director (LPG) and Consultants from MoPNG and core team members of OMCs. It operates from DBTL⁶ Cell of MoPNG and can be approached by DNOs and OMCs for submitting PMUY information and other issues requiring immediate attention of MoPNG.

MoPNG monitors the progress of PMUY implementation through Project Monitoring Information System (PMIS) which is a web based solution, developed to provide various reports *e.g.* district-wise reports, state-wise reports, daily incremental report etc.

⁵ Up to August 2016, the same was on quarterly basis.

⁶ Direct Benefit Transfer of LPG

Chapter 2: Audit Approach

Chapter 2: Audit Approach

2.1 Audit objectives

This Performance Audit was conducted to assess the implementation of the scheme as per the guidelines laid down by the Ministry. Following are the audit objectives for this Performance Audit:

- Whether PMUY connections have been released and installed by the OMCs to the eligible and intended households of SECC list after due diligence?
- Whether sufficient measures for enhancement of LPG distribution network have been undertaken to cater to the PMUY beneficiaries?
- Whether the OMCs have taken steps to ensure the usage of LPG by PMUY beneficiaries as per the prescribed safety standards and for creating awareness of the scheme?
- Whether the scheme has led to sustained usage of LPG by PMUY beneficiaries?

2.2 Audit Scope

Performance Audit covered the implementation of PMUY (excluding e-PMUY) during the period from May 2016 to December 2018. Data Analysis of PMUY consumer transaction database provided by the OMCs up to 31 December 2018 was conducted. The field audit however included audit of PMUY transactions up to March 2018. It included review of efficacy of infrastructure of the three OMCs at their respective Marketing Head-offices, State / Zonal / Regional / Area Offices apart from examination of KYC / other documents of PMUY beneficiaries at selected LPG distributors. Moreover, beneficiary survey of selected PMUY beneficiaries was also carried out at each LPG distributor covered in the sample. Monitoring of the scheme and settlement of OMCs' claims were reviewed at MoPNG/PPAC.

2.3 Audit Criteria

The following audit criteria were used:

- ❖ Cabinet Note and agenda on PMUY;
- ❖ Circulars/guidelines/instructions *etc.* issued by MoPNG to OMCs for launch and implementation of PMUY;
- ❖ Modalities put in place for implementation of PMUY;
- ❖ SECC-2011 data containing details of eligible BPL households;
- ❖ Procedure specified by MoPNG for submission and settlement of PMUY claims;
- ❖ OMCs Board Agenda and Minutes w. r. t. PMUY and extension of interest-free loan to BPL beneficiaries.

2.4 Audit Sample and Sampling Methodology

As on 31 March 2018, there were 15736 LPG distributors having active PMUY beneficiaries. Details of OMC-wise distributors and registered and active PMUY beneficiaries with them are given below:

Table 2.1: OMC wise details of PMUY LPG distributors and beneficiaries (as on 31.03.2018)

Particulars	IOCL	BPCL	HPCL	Total
Total number of LPG distributors	7883	3857	3996	15736
Total customers registered	1.69 crore	0.95 crore	0.96 crore	3.60 crore
Total Active customers	1.66 crore	0.91 crore	0.95 crore	3.52 crore

Audit selected sample of 164 distributors (1.04 *per cent* of 15736) based on the market share of OMCs for detailed scrutiny at the distributors' end based on the following risk parameters:

- Number of PMUY LPG connections issued with interest-free loan facility for gas stove and first refill.
- Number of connections with no refills viz. where the LPG connections had been issued but were not installed at the premises of the beneficiaries.
- Number of connections with only one refill since release of PMUY connections.
- Number of connections with more than one refill per month.

The LPG distributors selected in sample for field audit covered 17.61 lakh PMUY beneficiaries *i.e.* around five *per cent* of total PMUY beneficiaries.

2.4.1 Process of drawing sample

Data analysis tool was used for drawing the audit sample using the following procedure:

- Distributor-wise percentiles were calculated for the three OMCs for each of the criteria mentioned above;
- The distributor-wise percentiles for the four parameters were added up to arrive at the cumulative percentiles for all the distributors of the three OMCs;
- The LPG distributors of each OMC were then divided into four geographical regions North, East, West and South.
- The LPG distributors in each OMC in each region were then sorted in descending order of number of active PMUY connections and divided into three sections *i.e.* top, middle and bottom with equal number of LPG distributors;
- In each section of the respective OMCs in each region, LPG distributors were then arranged in their decreasing order of cumulative percentiles;

The LPG distributors were then selected from the above three sections for the respective OMC in the ratio of 6:3:1 for the top, middle and bottom sections respectively.

2.5 Audit Methodology

The Performance Audit commenced with an Entry Conference with MoPNG and the OMCs on 19 July 2018 wherein the audit objectives, scope, criteria and methodology were discussed. Subsequently, Entry Conferences at regional level were also held by the respective MsAB.

PMUY consumer database as provided by the three OMCs, as on 31 December 2018 was analysed by audit. The data analysis was carried out with the help of Interactive Data Extraction

and Analysis (IDEA) tool. Field audit was conducted in 164 selected distributors as per the sample to examine whether due diligence was exercised by the distributors and OMCs in verifying the identity and eligibility of the applicants. Detailed audit scrutiny of at least 100 KYC records along with beneficiary survey of at least 10 beneficiaries was conducted at each of the selected 164 LPG distributors. Accordingly, KYC records of total 18558 PMUY beneficiaries were reviewed and beneficiary survey of 1662 PMUY beneficiaries was carried out during field audit.

In addition, review of infrastructure of the OMCs and cash assistance claims lodged by the OMCs with the PPAC and payment there against released by the MoPNG was also carried out by audit.

Draft PA Report containing audit findings was issued to the three OMCs on 15 March 2019. OMCs' replies to the draft PA Report were received in April 2019 which were duly incorporated in the draft audit report issued (26 April 2019) to MoPNG. The replies furnished (May 2019) by MoPNG to the draft audit report as well as the responses given during Exit Conference held on 30 May 2019 were also duly incorporated in this PA Report.

2.6 Audit Findings

The audit findings on each objective of PMUY Scheme are grouped under the following chapters.

- ❖ Chapter 3: Distribution of LPG connections under PMUY
- ❖ Chapter 4: Compliance to Safety Standards
- ❖ Chapter 5: Infrastructure preparedness
- ❖ Chapter 6: Transition of BPL households to LPG
- ❖ Chapter 7: Financial Management
- ❖ Chapter 8: Conclusion and Recommendations

It may be noted that the magnitude of inconsistencies in the data highlighted in some of the observations may not be material in terms of the number of cases or amounts involved when compared with the sample size checked in audit. However, the findings are reported to indicate the extent of achievement of the scheme objectives and to highlight certain inconsistencies from the system perspective so that the scheme implementation can be fine-tuned for better delivery of services to the intended beneficiaries.

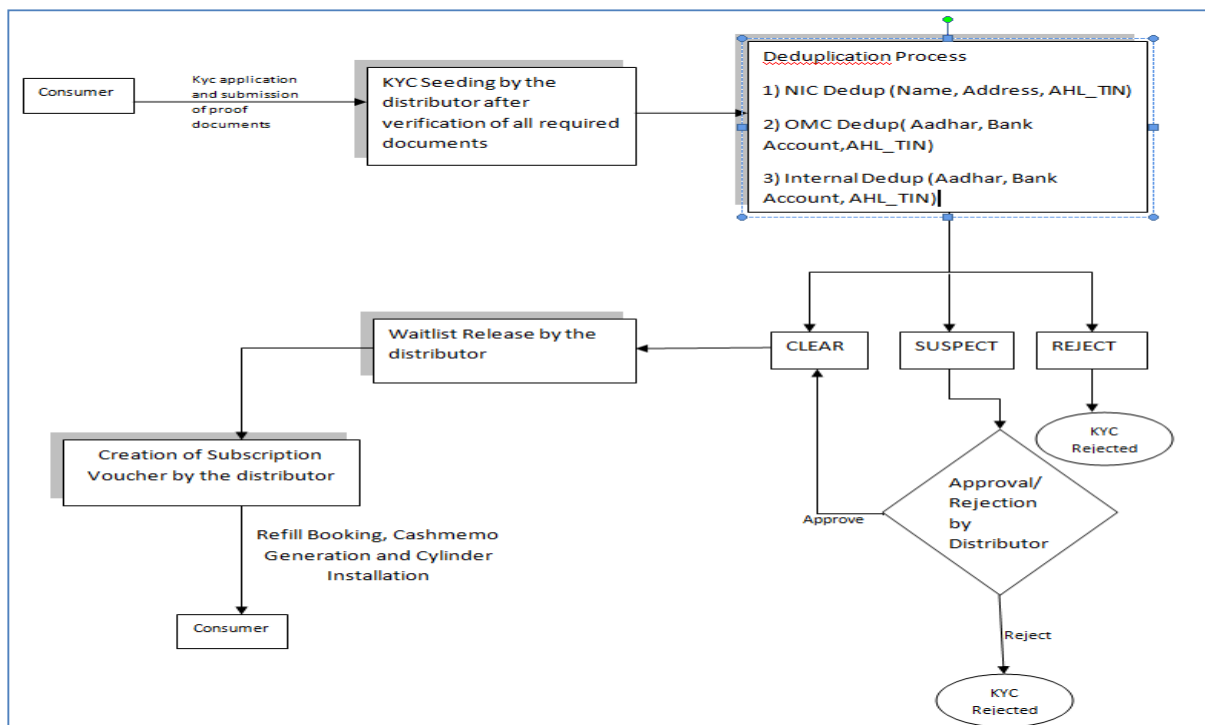
Chapter 3:
Distribution of LPG connections under PMUY

Chapter 3: Distribution of LPG connections under PMUY

Targeted beneficiaries of PMUY are underprivileged BPL households deprived of LPG access in the country. The objective of the scheme is to bring these BPL households under LPG coverage through one-time Government financial assistance to support their transition from unclean to clean cooking fuel. MoPNG *inter alia* formulated the following implementation modalities of PMUY:

1. A woman of the BPL household, who does not have access to LPG connection, may apply for LPG connection in the prescribed format along with details like address, Jandhan/Bank account and Aadhaar numbers of all the adult family members to the LPG distributor;
2. OMCs are to match the applications against SECC-2011 database and after ascertaining their BPL status, enter the details into a dedicated OMC Web Portal. Primary identification of a PMUY beneficiary is to be done on the basis of AHL TIN which is the identifying number of each beneficiary;
3. OMCs undertake electronically the de-duplication exercise and KYC checks to ensure that the new connections are issued only to the eligible beneficiaries.

The process of issuance of LPG connections under PMUY is described in the following flow Chart:



(Source –IOCL)

Identification of beneficiaries is a critical element in implementation and effectiveness of any social inclusion scheme so as to extend the benefits to targeted beneficiaries.

Audit assessed the efficacy of the implementation process in terms of compliance to PMUY guidelines, for deriving an assurance that the connections were issued to the intended and eligible PMUY beneficiaries. This was done by analyzing the data provided by the OMCs, the SECC-2011 data and the field audit of the KYC checks at the distributors' premises. The observations emerging from the above exercise are discussed in subsequent paragraphs:

3.1 Non-obtaining of Aadhaar Numbers of all adult family members from PMUY beneficiaries

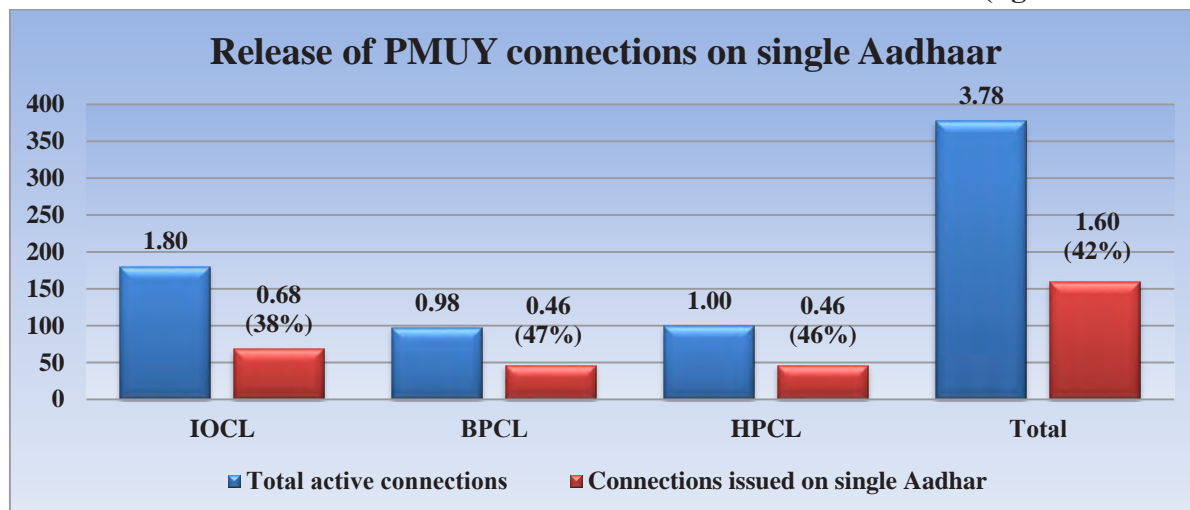
PMUY implementation modalities *inter alia* state that a woman beneficiary is required to furnish Aadhaar number of all family members and OMCs are to undertake electronically the de-duplication exercise for obviating the possibility of issue of multiple connections to the same household. In order to enforce implementation modalities of PMUY, MoPNG notified⁷ (23 June 2016) the approved format of Ujjwala KYC wherein obtaining the following information was made mandatory for undertaking KYC checks:

- Details of household members aged above 18 years (consisting of people living together in a dwelling unit having common kitchen);
- Aadhaar number of all adult family members along with copies of Aadhaar card;
- Ration card details viz. State of issue, Ration card number along with copy of ration card.

The PMUY Handbook (July 2016), had clarified that “it is mandatory to have Aadhaar as well as a Bank account in the name of recipient beneficiary. For other members of the household, it is mandatory to furnish Aadhaar number”.

On analysis of the PMUY consumer database, audit noticed that out of 3.78 crore active PMUY LPG connections, OMCs released 1.60 crore (42 per cent) connections only on the basis of beneficiary’s Aadhaar as depicted below:

(figures in crore)



Audit further observed the following:

1. OMCs started (May 2013) an intra-OMC de-duplication exercise within their respective databases as well as inter-OMC de-duplication (2014) post introduction of PAHAL (DBTL)⁸ on the basis of Aadhaar number to ensure identification of multiple connections. Further, as per implementation modalities of PMUY and Ujjwala KYC, Aadhaar of all adult family members were to be mandatorily collected. Accordingly, Aadhaar numbers of all adult family members were to be obtained and seeded in order to make de-duplication exercise effective before release of PMUY LPG connections.

⁷ Letter no.P-17018/1/2016-LPG

⁸ GoI launched (November 2014)PAHAL (DBTL) for transferring the subsidy on LPG directly to the consumers with a view to curbing pilferage and diversion in domestic LPG distribution system of OMCs.

2. During test check of records at selected LPG Distributors, audit noticed that out of 1206 KYCs, though 361 PMUY beneficiaries had furnished Aadhaar numbers of their adult family members along with KYC, the LPG distributors had not entered the same in the LPG web portal. On verification of Aadhaar numbers of family members from OMCs web portal, audit noticed that out of these 361 available Aadhaar numbers of adult family members of PMUY beneficiaries, 72 (20 per cent) were found to be linked with some other LPG connection with the same / another OMC which substantiates the existence of additional LPG connections in the beneficiary households.
3. Further, as per the scheme if the Aadhaar number of all family members was not available, OMCs were to facilitate in obtaining Aadhaar of family members. However, LPG software of OMCs had no provision to seed Aadhaar after release of LPG connections.

These cases are only indicative which were found during test check and may lead to diversion of domestic LPG towards non-domestic use as there may be multiple connections on those Aadhaar numbers which were not entered in the system. Thus, due to non-obtaining/non-feeding of Aadhaar numbers of all adult family members of PMUY beneficiaries, de-duplication exercise on Aadhaar number of all adult family members could not be done by the OMCs which exposes the risk of diversion of connections to commercial use.

OMCs replied (April 2019) that Aadhaar of family members was not mandatory as per the initial scheme document (31 March 2016) and in line with prevailing norms of KYC, the enrolment started without mandatory collection of Aadhaar numbers of all adult family members from PMUY applicants. Further, since implementation of PAHAL (DBTL), only applicant's Aadhaar was seeded to enact subsidy transfer. Accordingly, the same system was continued under PMUY. Besides, to prevent multiple connections, AHL TIN de-dup was also introduced by NIC on the basis of family AHL TIN (26 digits) and beneficiary AHL TIN (29 digits) eliminating the possibilities of issuing multiple connections to the same AHL TIN family. Further, OMCs, while referring to the FAQ issued by MoPNG, also stated that in case of non-availability of Aadhaar number of family members, the customer should give a declaration regarding non-existence of LPG connection in the name of family members. Based on the market feedback, OMCs made it mandatory (September 2017) to collect at least one Aadhaar of family members to strengthen the enrolment process.

Replies are not acceptable as approved KYC format of PMUY as well as MoPNG's instructions (June 2016) had expressly mentioned to mandatorily collect Aadhaar numbers of all adult family members and no relaxation was ever given by MoPNG in this regard. Hence, continuing with the existing practice of collecting single Aadhaar, as per PAHAL (DBTL), was not in line with MoPNG directives. Further, AHL TIN de-duplication can detect multiple connections issued under PMUY only *i.e.* against same AHL TIN / family AHL TIN and cannot detect existing connection issued to other family members outside this scheme.

MoPNG noted (May/July 2019) the audit observation and advised OMCs to collect, seed and carry out de-duplication afresh based on additional Aadhaar number of beneficiaries' husband or other adult family member. The OMCs have designed the requisite provision in their LPG software. Further, upon verification by OMCs, 17,615 connections were found with NULL AHL TIN and 79,415 multiple connections. All these connections were blocked and 42910 cases were terminated.

However, the above mechanism will not eliminate the possibility of multiple connections existing in the name of other family member whose Aadhaar number is not captured in the system.

3.2 Issue of LPG connections in deviation from PMUY guidelines

Identification of BPL women beneficiaries through SECC list and de-duplication on Aadhaar, AHL TIN and bank account are established processes for releasing LPG connections under PMUY. Audit noticed that LPG connections were released to the beneficiaries in deviation from the PMUY guidelines in the following instances:

3.2.1 Release of PMUY connections against AHL TIN with complete blank records in SECC-2011 list

Audit matched the AHL TIN of the beneficiaries as per PMUY consumer database with AHL TIN of the SECC-2011 database provided by NIC and observed that 9897 LPG connections (IOCL: 9785 and HPCL: 112) were issued against AHL TINs where names of all family members including the beneficiary's name were completely blank in SECC-2011 list. Identification of these beneficiaries in these cases was not possible due to imperfections in the SECC-2011 data coupled with inadequate system checks leading to risk of issuing PMUY connections to unintended beneficiaries.

OMCs replied (April 2019) that 3014 connections (IOCL: 2902, HPCL: 112) have been blocked and IOCL has terminated 383 connections on the basis of the audit observation.

MoPNG replied (July 2019) that the OMCs had been advised to terminate such connections released against AHL TIN with blank records. Accordingly, IOCL terminated/blocked 4324 connections and HPCL has terminated all the 112 connections. Verification of remaining connections in IOCL was stated to be in progress.

3.2.2 Release of PMUY connections against AHL TIN with partial blank records in SECC-2011 list

On comparison of AHL TIN as per PMUY consumer database with AHL TIN as per SECC-2011 database, audit observed that OMCs released 4.10 lakh connections (IOCL: 2.09 lakh, BPCL: 1.21 lakh and HPCL: 0.80 lakh) against AHL TINs where entire details of family in SECC-2011 list were blank except that of one member. Due to this imperfection in SECC database, identification of beneficiary was not possible which, therefore, carried the risk of connections being issued to unintended persons. LPG software of OMCs did not have validation controls to restrict or warn against issuance of connection in such cases.

OMCs replied (April 2019) that as a substantial number of households were getting deprived of the scheme due to incomplete details in the SECC list, cases with partial details of households were considered and a Standard Operating Procedure (SOP) was devised (May 2017) by the Industry to take care of such cases. Accordingly, such households were considered as eligible applicants under PMUY.

Audit observed that the SOP referred herein by OMCs expressly specified that *in order to establish identity, the applicant should provide Aadhaar details of at least two family members, including head of the family or her husband, with one of the Proof of Identity (PoI) establishing*

her relationship with the person whose complete details are available in SECC list. SOP further suggested that distributor can enter KYC details and process for further de-duplication process only after verification of such family details otherwise it was to be kept on “Hold KYC” category.

However, this SOP does not address the above situation pointed out by Audit because in these cases, only name of one member was available and that too without his/her parent details, which was insufficient to establish beneficiary identity. Hence, besides necessary validation controls in the system, an appropriate alternative system of identity verification should have been devised by OMCs to avoid issuing connection to unintended persons.

MoPNG replied (May/July 2019) that the OMCs have been advised to obtain details of all adult family members as per ration card and seed in KYC with at least one Aadhaar number (of husband /adult family member). OMCs have been advised to carry out de-duplication afresh based on the additional Aadhaar number collected. Accordingly, 0.54 lakh connections were found ineligible and terminated by OMCs.

3.2.3 Issue of PMUY connections to male consumers

It was imperative upon the OMCs to design sufficient validation in the LPG software for issuance of LPG connections only to females. On matching of AHL TIN in the PMUY consumer database with those in the SECC-2011 database, audit observed that 1.88 lakh LPG connections were issued by IOCL against AHL TINs of males.

This was further corroborated during field audit at LPG distributors where it was observed that out of 285 KYCs verified, 20 connections were released to males by using AHL TIN of males. In addition, 43 connections were issued to males by using the AHL TIN of females.

Thus, due to absence of input validation checks in the gender field of LPG software of IOCL and lack of due diligence at field level, PMUY connections were released to males. These validation checks were although in place in HPCL and BPCL, yet 26 cases were terminated by HPCL being issued to males.

IOCL replied (April 2019) that the requisite system checks were introduced subsequently both at IOC and NIC level to restrict release of connection against male AHL TIN.

MoPNG replied (May/July 2019) that the OMCs were advised to verify and take corrective action. Accordingly, 0.41 lakh connections were terminated by IOCL being ineligible out of 1.78 lakh cases verified. Remaining cases were under verification.

3.2.4 Release of PMUY connections by using conjunctions *urf/or/alias* with the names of consumers

Analysis of PMUY consumer database revealed that in 52271 cases (IOCL-34356, BPCL-4701 and HPCL-13214), LPG distributors issued connections by linking names of persons with names of beneficiaries appearing in SECC by using conjunctions **URF / OR / ALIAS** to project that both the names pertain to the same consumer thereby impersonating identity of ineligible persons as exemplified below:

- a) “First Name as per KYC documents” **URF** “First Name as per SECC-2011” in the LPG database:

- b) “First Name as per KYC documents” **OR** “First Name as per SECC-2011” in the LPG database:
- c) “Name as per KYC documents” in the first name column, **Alias** in the middle name column and “Name as per SECC-2011” in the last name column:

Such inconsistencies were reviewed on test check basis at field audit of selected LPG distributors which revealed that LPG connections were issued to ineligible beneficiaries.

MoPNG replied (May/July 2019) that the OMCs were advised to verify and take corrective action. Accordingly, after verification of 0.55 lakh cases, OMCs found 0.29 lakh connections ineligible.

3.2.5 Issue of LPG connections to minors under PMUY

PMUY as well as LPG control order, 2000 stipulates that LPG connection can only be provided to a consumer who is at least 18 years of age. However, audit noticed instances of LPG connections issued to minor beneficiaries as discussed below:

3.2.5.1 LPG connections issued to Minors as per DOB mentioned in the Aadhaar card

On review of Aadhaar cards attached with 18558 KYC records of PMUY beneficiaries at 164 LPG distributors, audit observed that 255 LPG connections (1.37 *per cent*) were released to the individuals who were minors as per DOB mentioned in their Aadhaar cards. These LPG connections were issued by projecting a minor applicant as an adult by entering a wrong DOB under the relevant field of the LPG database, in contravention of the LPG control order 2000.

HPCL also detected 1809 connections issued to minor beneficiaries by two distributors after being pointed out by audit which indicates the possibility of existence of such cases in other distributors also. Hence, there is a requirement of detailed verification of similar cases at all LPG distributors of OMCs.

OMCs replied (April 2019) that cases of minor beneficiaries as pointed out during field audit have either been terminated / under verification and action has been taken against erring distributors.

MoPNG replied (May/July 2019) that the OMCs were advised to verify and take corrective action. Accordingly, OMCs have found 211 ineligible connections. Further, NIC has been roped in to verify DOB in LPG data base vis-à-vis DOB as per Aadhaar data available with UIDAI.

3.2.5.2 Issue of connections to minors due to absence of validation checks in the LPG database (IOCL)

IOCL’s LPG software initially did not have any validation check on the Date of Birth. This was put in place in February 2018. An analysis of PMUY consumer data provided by IOCL revealed that the age of 0.80 lakh PMUY beneficiaries was less than 18 years on the date of SV as per DOB of beneficiaries entered in the application software. In these cases, the KYC checks were done before February 18 which resulted in issue of connections to minors.

MoPNG replied (May/July 2019) that the OMCs were advised to verify and take appropriate action. Accordingly, after verification of 77631 connections, IOCL found 18137 ineligible connections. Remaining cases were under verification.

3.2.5.3 Issuance of LPG connections to consumers being minors as per SECC-2011

A comparison of SV date of beneficiaries as entered in the PMUY database with that of DOB of beneficiaries in SECC-2011 database revealed that in 8.59 lakh instances (IOCL: 3.60 lakh, BPCL: 2.30 lakh and HPCL: 2.69 lakh), the age of PMUY beneficiaries on the date of issuance of SV was less than 18 years.

OMCs replied (April 2019) that SECC data had inaccuracies in recording of DOB and to accommodate such aberrations, FAQ issued by MoPNG provided that “*The age as in Aadhaar will be considered as correct one*”. Accordingly, the OMCs had allowed registration even if the age, as given in the SECC data, was not matching with the age captured in the Aadhaar card and enabled system check to capture Date of Birth (as per Aadhaar) so as to ensure that no connections are released to minors.

Such a large magnitude of discrepancies underlines the need for detailed verification of all such cases by the OMCs.

MoPNG replied (May/July 2019) that the OMCs were advised to verify and take appropriate action. Accordingly, after verification OMCs have found 1.72 lakh (IOCL: 0.90 lakh, BPCL: 0.38 lakh and HPCL: 0.44 lakh) connections ineligible. Remaining cases were pending for verification.

3.2.6 Issue of PMUY connections on AHL TIN of persons whose age was more than 100 years as on the date of issue of SV

Comparison of LPG database with SECC-2011 list revealed that DOB of 8465 PMUY beneficiaries (IOCL: 4255 BPCL: 2328 and HPCL: 1882) was more than 100 years as per the SECC-2011 data whereas age of these beneficiaries in the LPG database was as follows:

Table 3.1: No. of beneficiaries falling under different age ranges in the LPG database

Range of age (in years)	No. of beneficiaries
0 to less than 18 (minor)	46
18 to 40	3500
41 to 80	3493
81 to 100	436
More than 100	990

Variation in the age between SECC data and LPG database raises concerns regarding genuineness of these beneficiaries and misuse of the AHL TIN of these individuals for release of connections to ineligible beneficiaries.

IOCL replied (April 2019) that they have terminated 245 such connections.

MoPNG replied (May/July 2019) that there is no upper age limit of eligible applicants. However, the OMCs have been directed to verify and take appropriate action. Accordingly, OMCs have found 1454 connections ineligible and 11 cases of IOCL were pending for verification.

3.2.7 Mismatch in the names of beneficiaries between SECC-2011 database and PMUY consumer database of OMCs

Audit compared the PMUY consumer database with the SECC-2011 list and observed that the names of 12.46 lakh PMUY beneficiaries in the LPG database were different from those entered in the SECC-2011 list (IOCL: 7.24 lakh, BPCL: 3.96 lakh and HPCL: 1.26 lakh).

Further, during field audit of 38 LPG distributors, test check revealed that out of 4348 beneficiaries, the names and family details of 784 PMUY beneficiaries (18 per cent) as per their KYC records viz. ration card, Aadhaar card did not match with SECC detail which shows that LPG connections were issued to unintended beneficiaries by manipulating and using AHL TIN of eligible beneficiaries which was mainly due to absence of monitoring at the field level.

MoPNG replied (May/July 2019) that the OMCs were advised to verify and take appropriate action in respect of reported cases of name mismatch. Accordingly, after verification, OMCs have found 2.29 lakh connections ineligible.

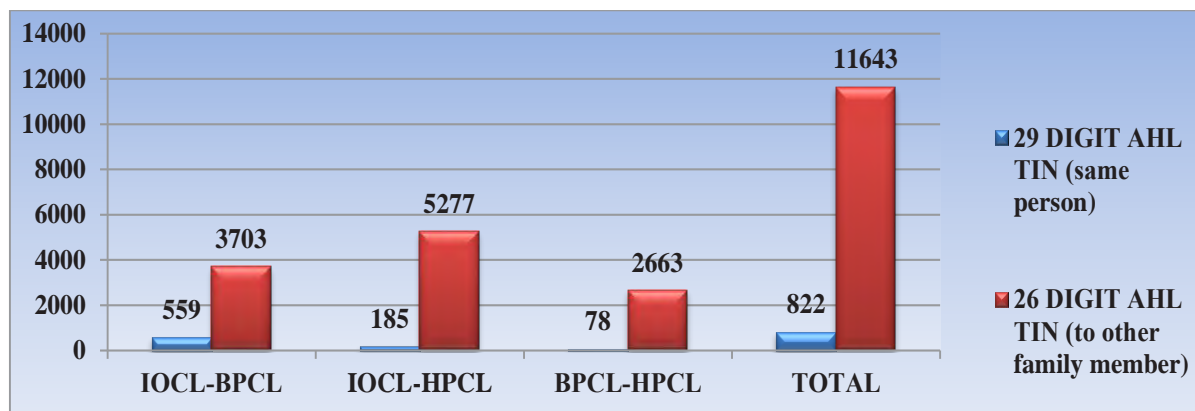
3.3 De-duplication process before release of LPG connections under PMUY

The LPG Control Order, 2000 (as amended) permits single LPG cooking gas connection to a household and restricts possession of more than one LPG connection by a household under the public distribution system. To restrict issuance of multiple LPG connection to individual / family, OMCs adopted the de-duplication process as detailed below:

- ❖ Internal de-duplication check within OMC based on Aadhaar number of applicant and of family member and bank account of applicant with existing customer master data.
- ❖ Inter-company de-duplication check through web service interface using the above method.
- ❖ Parallel de-duplication checks by NIC based on validation of AHL TIN with SECC data (name and AHL TIN).
- ❖ De-duplication with customer master and KYC cleared and suspect cases for SECC household on AHL TIN by NIC.

3.3.1 Issue of multiple connections under PMUY to the same individual or within the same family

Audit carried out de-duplication exercise on AHL TIN used for issue of connections and observed that in 822 cases, the OMCs had released duplicate connections on the same AHL TIN i.e. to the same person (on the basis of 29 digit AHL TIN) while in 11643 cases, duplicate connections were issued to the same family (on the basis of 26 digit of AHL TIN) as depicted below:



MoPNG replied (May/July 2019) that the OMCs were advised to verify and take corrective action. Accordingly, OMCs have blocked/terminated all these cases.

3.3.2 Issue of PMUY connections on AHL TIN not available in the SECC- 2011 database

As per the methodology of de-duplication, KYC is to be rejected in case AHL TIN of the applicant is not found in SECC-2011 list. A comparison of PMUY consumer database with SECC-2011 database revealed that in 42187 cases (IOCL: 42145 and BPCL: 42), the AHL TIN entered in LPG database was not available in the SECC-2011 database.

Test check of the above cases in the field audit at LPG distributors revealed that the concerned distributors had entered incorrect AHL TIN of the beneficiary which was accepted by the LPG software due to lack of input validation check. This also remained undetected in the de-duplication process at the NIC level and carried the risk of releasing PMUY connections to ineligible persons.

IOCL replied (April 2019) that the distributors have made a typographical error in punching of a digit and thus due to inadequate system check initially the same has got enrolled. All such connections have been centrally blocked for field verification / necessary corrective action.

BPCL replied (April 2019) that SECC data was amended from time to time as the data was obtained from various resources. These AHL TIN were confirmed by NIC in 2016/2017 when sent to NIC for de-duplication. For the purpose of reconfirmation of the beneficiary detail, these 42 cases were being sent to field for verification of KYC documents submitted by beneficiaries.

Replies may be viewed against the fact that inadequate system check on the part of OMCs and NIC allowed the wrong AHL TIN to get enrolled and got through de-duplication process.

MoPNG replied (May/July 2019) that NIC has enabled system checks to ensure that valid AHL TIN was enrolled. Further, IOCL found 41617 cases ineligible and 159 cases were pending for verification.

3.4 Non-installation of connections after issue of SVs

Audit analysis of installation dates revealed that in 1.34 lakh cases (IOCL: 0.51 lakh, BPCL: 0.57 lakh and HPCL: 0.26 lakh), SVs were issued but connections were not installed. Further, out of these cases, in 0.61 lakh cases (IOCL: 0.16 lakh, BPCL: 0.26 lakh and HPCL: 0.19 lakh) connections were pending for installation for a period ranging from six to 30 months.

OMCs stated (April 2019) various reasons for non-installation of connections *viz.* non-availability of customer contact, migratory rural population, beneficiary's request for loan after KYC seeding, unsafe kitchens, disruption in transportation of Cylinders due to transporters' strikes. However, all SVs pending for installation beyond 30 days are followed up which has resulted in reduction of pendency to 46425 (IOCL: 26302, BPCL: 2323, HPCL: 17800).

Reasons furnished by the OMCs do not seem justifiable in cases where delay in installation is more than six months. Further, fact remains that despite effective monitoring put in place by OMCs, there were still a number of connections pending for installation.

MoPNG, during Exit Conference, stated that the time frame for installation will be decided in due course. It further replied (July 2019) that after verification of 48494 connections, OMCs

have terminated 15300 cases as either the beneficiaries were not traceable or found ineligible. Remaining cases were pending for verification.

3.5 Delay in installation of PMUY connections

The OMCs' Citizen Charter on Marketing of Petroleum Products stipulated that the registration for new domestic LPG connection is to be done immediately and new connection is to be installed within seven working days. In order to make the scheme effective, it is pertinent that the installation of PMUY connections is done in a timely manner.

Audit analyzed the PMUY consumers' data to examine the time taken for installation of PMUY connections since the date of feeding of KYC details in the system. It was observed that installations were done with a considerable delay as detailed below:

Table 3.2: Time analysis of installation as on December 2018 (in lakh)

Time taken from KYC to installation (No. of days)	No. of connections			Total
	IOCL	BPCL	HPCL	
0-7	33.27	27.29	12.10	72.66
8-30	62.79	29.44	35.82	128.05
31-60	30.78	13.25	19.90	63.93
61-90	14.89	7.91	9.99	32.79
91-180	24.38	11.34	14.12	49.84
181-365	12.48	7.19	6.59	26.26
more than 365 days	1.82	1.09	1.44	4.35
Total	180.41	97.51	99.96	377.88

Audit observed that only 19.23 per cent of the total PMUY connections were installed within the stipulated time frame.

OMCs cited (April 2019) various reasons for delay in installation like difficulties in locating customer due to absence of customer contact number, migrating rural population, beneficiary's request for loan after KYC seeding, non-availability of safe conditions for LPG installation like cooking platform, time taken for imparting training to manpower for installation and disruption in transportation of Cylinders / Regulators / Hot Plates due to transporters' strikes, flood.

OMCs' reply may be viewed against the fact that non-availability of customer contact and difficulties faced by distributors in customer identification raises the concerns whether pre-installation inspection was conducted at consumers' premises before SV generation. Reply is also silent on the steps taken by the Management to address the issue of delay in installation.

MoPNG replied (May 2019) that OMCs have put in place a detailed SOP and effective monitoring mechanism to ensure timely installation of connections.

3.6 Linked Bank Account not pertaining to PMUY beneficiary

PAHAL (DBTL) scheme launched (2013) by GoI envisaged curbing pilferage and diversion of domestic LPG through distribution system of OMCs by effecting cash transfer of subsidy directly into the bank account of the eligible beneficiaries. The Scheme envisaged payment of market price for the domestic cylinders by LPG consumers and the transfer of subsidy amount directly to consumer's bank account. However, during test check of KYC records at sample

164 LPG distributors, 100 instances were noticed where bank account of others were linked with PMUY beneficiaries which led to transfer of her subsidy in the bank accounts of others thereby depriving the genuine beneficiaries of their subsidy.

OMCs replied (April 2019) that in all such cases where wrong bank details were found, the system had a provision for correction which could be carried out by the distributor.

MoPNG added (May/July 2019) that bank account and name of beneficiary were sent to NPCI for verification with respective banks and de-duplication. OMCs have been advised to identify joint accounts linked to PMUY beneficiaries and submit report by 30 June 2019. Further, BPCL and HPCL have verified 64 cases and found 11 connections ineligible. Verification of the remaining cases was pending.

Replies are to be viewed against the fact that as the bank accounts not pertaining to beneficiaries got cleared from NPCI and respective banks, it indicates inadequacies in existing account verification.

3.7 Delay in verification of blocked/inactive PMUY connections

Analysis of PMUY consumer database revealed that 2.77 lakh suspect PMUY connections (IOCL: 1.34 lakh, BPCL: 1.12 lakh and HPCL: 0.31 lakh) have been blocked or made inactive by the OMCs. As the PMUY beneficiaries belong to BPL category and are new users of LPG, blocking the LPG connections and keeping them pending for verification for a long time will come in the way of transition of beneficiaries from unclean fuel to clean fuel. Audit further noticed that out of 2.77 lakh blocked connections, 2.31 lakh (IOCL: 1.06 lakh, BPCL: 1.03 lakh and HPCL: 0.22 lakh) were pending for verification for a period of more than nine months (considered from the date of last refill as blocking date was not available) which is not justified.

OMCs (April 2019) replied that verification of blocked/inactive PMUY connections would be expedited.

MoPNG replied (May/July 2019) that OMCs have verified 3.85 lakh blocked connections and terminated 1.15 lakh (IOCL: 74,000; BPCL: 31,048 and HPCL: 10,178) connections being ineligible and found 1.59 lakh eligible connections which have been activated. Remaining cases were pending for verification.

3.8 Lack of information among beneficiaries about their own AHL TIN

Under the scheme, a woman of BPL household has to apply for new LPG connection by submitting the prescribed KYC application form. LPG field officials are to match the KYC details against SECC-2011 list. However, audit observed that AHL TINs of beneficiaries were identified by the LPG distributors in the SECC list and the beneficiaries were not aware about their own AHL TIN. This is fraught with the risk of misuse of AHL TIN of genuine beneficiaries without their knowledge for releasing connections to unintended beneficiaries.

OMCs replied (April 2019) that SECC list is displayed in Melas / Camps organized in villages which are visited by the potential eligible beneficiaries. SECC list was also provided to village administrative officials, district level officials for sharing with the public. Therefore, reliance only on the distributor for identifying their names in SECC data was not much of a challenge to the applicants.

MoPNG, during Exit Conference, stated (May 2019) that the issue has been taken up with MoRD as there are other social schemes also which are based on SECC.

3.9 Third Party Audit of the Scheme

PMUY guidelines stipulated that the Government may undertake third party audit of the scheme. However, no such audit has been carried out by the Government till date which assumes importance in view of audit observations discussed above.

MoPNG noted (May/July 2019) the audit observation and informed that the process to carry out Third Party Audit of the Scheme has been initiated.

Chapter 4: Compliance to safety standards

Chapter 4: Compliance to safety standards

As LPG is highly inflammable, its safe usage is of prime concern especially in the context of PMUY beneficiaries who are traditionally dependent on unclean fuel and are unaware of the safe usage of LPG.

4.1 Safe usage of LPG

In order to ensure safe usage of LPG by PMUY beneficiaries, pre-installation inspection of the beneficiary's premises, safety briefing on usage of LPG during installation, connecting the LPG equipment, demonstration on usage of LPG, emergency response etc. by the mechanic assume great significance. Audit observations in this regard are discussed as below:

4.1.1 Non-conducting of Pre-installation Inspection

Pre-installation inspection is conducted before issuance of LPG connection in order to ascertain that the beneficiaries' premises meet the required safety standards for LPG installation *viz.* ventilated kitchen, elevated platform for stove etc. Pre-installation inspection also serves as a tool to check whether the household already has a LPG connection in which case, the beneficiary becomes ineligible for getting a LPG connection under PMUY.

During field audit, a test check of the KYC records at LPG Distributors revealed that in 2531 cases (13.64 *per cent*), the pre-installation inspection report regarding suitability, or otherwise, of the kitchen of household on the basis of pre-installation inspection was not available on record. In addition to this, audit observed that at three sample distributors, pre-installation inspection report was not found attached with the SVs in any of the PMUY connections (29078). Thus, the possibility of non-compliance to safety standards during LPG installation in these households cannot be ruled out.

OMCs replied (April 2019) that carrying out pre-installation inspection checks is a part of the process for distributors while releasing LPG connection. As release of PMUY connections was carried out in mission mode, additional resources were engaged on short-term basis. During this process, the distributors were lagging behind in completing the documentation part, for which they have now been sensitized.

Replies may be viewed against the fact that carrying out the pre-installation inspection check is essential to ensure that the premises of the beneficiary are safe enough for LPG installation and in absence of inspection reports, it could not be verified whether the inspections were done as per the norms of the OMCs.

MoPNG replied (May/July 2019) that the OMCs have been advised to conduct pre-installation inspection and to maintain reports thereof. Further, the OMCs have framed an SOP for installation along with format of inspection report.

4.1.2 Non-availability of installation certificates

Installation certificate serves as an evidence of proper and safe installation of LPG connection at the beneficiaries' household. Further, the installation process involves a briefing on safety, demonstration on usage of LPG and emergency response etc. which are documented by the mechanic of LPG distributor.

However, a test check during field audit at selected LPG distributors revealed that the installation certificates were not annexed with the SVs in 2367 instances (12.75 *per cent*). Besides, in case of four LPG distributors, audit observed that the installation certificates were not available for any of the 11906 PMUY connections.

OMCs replied (April 2019) that the PMUY scheme was launched in a Mission mode requiring deployment of additional manpower on temporary basis. As a result, the documentation part of the process took a backseat. IOCL further stated that distributors have been advised to complete the documentation part by revisiting the customer premises and prepare the installation certificates.

The fact remains that in the absence of documentation for installation, Audit could not derive an assurance that installations were done in accordance with the laid down procedure through which the users are made aware of the safe LPG practices. Further, required safety checks should not be compromised even during large scale enrolment on a mission mode.

MoPNG replied (May 2019) that the OMCs have been advised to update details.

4.1.3 Discrepancies in recording of mandatory inspection date in LPG software

In order to ascertain whether all the safety measures are being complied with by LPG consumers during LPG usage, physical inspection of the consumers' households is to be conducted at an interval of every two years. During mandatory inspection, the mechanic checks for signs of leakages, ascertains the condition of the regulators and the gas pipes and replaces/repairs these in case of any leakage. This mandatory service is available on payment of the charges⁹ approved by the OMCs.

Analysis of the "mandatory inspection date" field in the PMUY consumer database revealed that out of 3.78 crore LPG connections installed by the OMCs as on 31 December 2018, 1.36 crore connections were due for mandatory inspection. Out of the above, in respect of only 1.19 lakh beneficiaries (IOCL: 0.17 lakh, BPCL: 0.33 lakh and HPCL: 0.69 lakh) *i.e.* 0.88 *per cent* of PMUY beneficiaries, the date of mandatory inspection punched in the system was two years after the date of installation which indicates that mandatory inspection has been conducted in respect of only these beneficiaries.

Audit also observed that there was no validation check in the "mandatory inspection date" field in the software and the following discrepancies were noticed in the remaining cases where this inspection was due:

- i) In case of 75.43 lakh connections, the date of mandatory inspection was the same as the date of installation which indicates that either the mandatory inspection has not been carried out or the same has not been fed into the system after carrying out the mandatory inspection;
- ii) in case of 37.53 lakh connections, the date of mandatory inspection punched in the system was earlier to the date of installation which was not possible;
- iii) in case of 19.38 lakh connections, the date of mandatory inspection was within three months from the date of installation and in remaining 1.96 lakh cases, it was after three months but before completion of two years from installation.

⁹ ₹150 *plus* GST w.e.f 1 May 2016

Thus, in view of these discrepancies, audit could not get an assurance on whether in all these cases, inspections were conducted or not which is very important to ensure safety of the PMUY households. Further, it also reflects that the OMCs have failed to apply proper input data validation controls in the date field.

OMCs replied (April 2019) that key objective of the mandatory inspection (MI) is to ensure safe installation of ovens, hose, fixtures, regulators, positioning of installation in the kitchen etc. The periodicity of MI was based on 2 years life span of earlier rubber tube which was one of main reasons for LPG incidents. The same was later replaced by Suraksha Hose which has a life of 5 years. In view of the same, Industry has already proposed MoPNG to revise the MI norms from 2 years to 5 years. With respect to capturing and monitoring of MI, system improvisation is in progress and same will be implemented covering PMUY.

IOCL further stated that issues related to delay/ non adherence of conducting MI within two years were due to absence of the customer, not allowing mechanic inside kitchen etc. It may further be noted that MI are conducted on chargeable basis and it is entirely the choice of the customer to get the MI done or not.

OMC's replies are to be viewed against the fact that PMUY beneficiaries are first time users of LPG and therefore compliance to LPG safety standards by these beneficiaries need to be monitored by OMCs through these inspections. Further, many safety aspects (stove, pressure regulator and leakage) other than Suraksha hose are also checked during mandatory inspection. In addition, even though it is the choice of the customer to get this inspection done, greater awareness building on the importance of these inspections is required. Non-conducting of mandatory inspection at defined interval period may result in compromising the safety standards.

MoPNG replied (May/July 2019) that the OMCs have been advised to revise their SOP for carrying out mandatory inspection of PMUY beneficiaries. During Exit Conference, it stated that the OMCs have been directed to work out modalities in this regard as these beneficiaries have an affordability issue. Therefore, mandatory inspection has been kept on hold for PMUY beneficiaries.

Reply needs to be viewed in light of the fact that non/delayed mandatory inspection puts the safety of PMUY beneficiaries at risk.

4.1.4 Unsafe LPG usage by the PMUY beneficiaries

The Handbook of PMUY provides for the following safety standards to be observed:

- i) The hot plate should always be placed on a platform (made of non-flammable material) above the cylinder level;
- ii) All parts of the installation are to be in good condition;
- iii) Only ISI marked hot plates are to be used;
- iv) Rubber tube must be regularly checked and changed immediately in case any visible cracks / damage are noticed. Use of "SURAKSHA" LPG hose sold by LPG distributors is recommended for its enhanced safety features and longer life. Rubber Tube, if used, must be ISI approved.

Test check of KYC records at sample distributors and beneficiaries survey (1662) conducted by audit revealed adoption of unsafe LPG practices in 277 cases (16.67 per cent) viz. installation of hot plate below the height of LPG cylinder (82 cases), hot plates kept on wooden platform (9 cases), poor quality / rusted / damaged stove burners/non ISI stove (21 cases), sub-standard quality of hose-pipe (10 cases), installation of LPG connection in unsafe places i.e. kutcha houses, bamboo / hay roof (155 cases). Instances of unsafe practices are reflected in the following pictures:



1. Gas stove Kept on floor: IOCL, Kanpur



2. Kept on floor and damaged gas pipe in use: IOCL, Kanpur



3. Gas stove kept on floor: BPCL, Mirzapur



4. LPG connections installed in hay roof: HPCL, Sitapur

Further, review of pre-installation inspection and installation reports of the above mentioned cases revealed that in these cases, the households were declared safe for installation of LPG.

1. Further, it was seen that in the first three cases, availability of elevated platform for LPG was confirmed in the pre-installation inspection report. However, during beneficiary survey the same was not found in these kitchens;
2. In the fourth case, it was confirmed in the pre-installation inspection report that roof was *pucca*. However, during beneficiary survey the same was found as hay roof.

This indicates that these reports were prepared in a cursory manner and do not reflect the actual situation in the beneficiary's premises and these should not have been declared safe for installation of LPG connections. Further, it also underlines the need to carry out massive safety campaigns by the OMCs to spread awareness regarding safe usage of LPG.

Number of accidents which took place in the premises of PMUY beneficiaries during 2016-17 to 2018-19 (up to December 2018) are as under:

Table 4.1: OMC-wise number of accidents

Year	No. of Accidents			
	IOCL	BPCL	HPCL	Total
2016-17	23	6	16	45
2017-18	109	41	47	197
Apr-Dec'18	94	22	37	153
Total	226	69	100	395

Source: OMCs

The increasing number of accidents during the period underlines the importance of conducting regular inspections to check and prevent unsafe practices in usage of LPG by PMUY beneficiaries.

MoPNG noted (May 2019) the observation and added that the OMCs have been advised to conduct more number of safety clinics to educate on safe use of LPG.

4.2 Information Sharing and Consumer Awareness

OMCs have been conducting safety clinics for their LPG consumers much before launch of PMUY. Subsequently, MoPNG had instructed (November 2016) the OMCs to organize Intensive Safety Campaigns at all LPG distributors¹⁰ in coordination with district administration and also to undertake print and electronic media campaigns at OMC level. A financial assistance of ₹5000/- per distributor was to be borne by the OMCs and this was to be reimbursed from CSR fund (out of IEC fund of PMUY). The respective DNOs were to submit detailed report thereon on the basis of distributor-wise field officer's report. A monthly report was to be submitted to MoPNG by 10th of the following month. The reimbursement was to be done through PPAC after vetting of the DNOs' reports by OMCs. Further, the OMCs were also instructed to undertake regular safety promotion campaigns at Gram Sabha level to educate women on safe usage of LPG. OMCs did not lodge their claims for expenditure incurred on safety clinics as it also covered non-PMUY beneficiaries.

In this regard, audit observed that IOCL had conducted relatively fewer number of safety clinics as compared to HPCL despite having 46.90 *per cent* of the total PMUY connections as on 31 March 2018 as shown below:

Table 4.2: OMC-wise number of safety clinics organized

OMC	No. of safety clinics organized			
	2015-16	2016-17	2017-18	Total
IOCL	9434	22267	46921	78622
HPCL	15224	23323	70311	108858
BPCL	23681	26271	32739	82691
Total	48339	71861	149971	270171

As PMUY focused on BPL households who were less likely to be aware about safe usage of

¹⁰ Urban-rural, rural and Rajiv Gandhi Gramin LPG Vitrak

LPG, lack of adequate awareness camps and workshops goes against the objective of educating the beneficiaries about safety measures in LPG usage.

Audit observed that the monthly report on safety campaigns as stipulated by MoPNG was not submitted by the OMCs.

Subsequently, the concept of Pradhan Mantri LPG Panchayat (LPG Panchayat) was mooted (2017-18) by MoPNG to bring together about 100 nearby LPG customers to discuss about safe and sustainable usage of LPG, its benefits and the linkage between use of clean fuel for cooking and women empowerment. MoPNG kept a target of conducting one lakh LPG Panchayats by March 2019 which was achieved¹¹ by the OMCs.

OMCs (April 2019) replied that since all such safety programmes are conducted by the distributors/field officers at the field level, no separate reports from DNOs are generated.

Reply may be viewed in light of the fact that despite MoPNG directives, OMCs did not submit the reports on safety campaigns. In the absence of proper monitoring and reporting, audit could not ascertain the extent to which the PMUY beneficiaries participated in these programmes.

MoPNG replied (May 2019) that the OMCs have been advised to submit reports on safety campaign (clinics) as and when conducted.

¹¹ 105123 LPG Panchayats were organized by OMCs (IOCL: 54440, HPCL 27002 and BPCL: 23681) till 31 March 2019.

Chapter 5:
Infrastructure preparedness

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5.1 Procurement and Sourcing of LPG

The OMCs source LPG from refineries, fractionators (ONGC and GAIL), private parties (M/s. Reliance and M/s. Essar) and import mainly from the Middle Eastern countries.

Detail of year-wise LPG consumption versus indigenous production and import during the period from 2013-14 to 2017-18 was as follows:

Table 5.1: Year-wise LPG consumption, production and import for the last five years
(Quantity in '000 MT)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Consumption	16294	18000	19623	21608	23342	24918
Indigenous production	10032	9840	10568	11253	12364	12876
Imports	6567	8313	8959	11097	11380	13194

(Source: PPAC)

The data reveals that the consumption of LPG is increasing consistently in the range of 1600 to 2000 TMT *per annum* whereas the indigenous production of LPG has increased only by about 2800 TMT. As a result, OMCs' dependence on import has drastically increased from 6567 TMT in 2013-14 to 13194 TMT in 2018-19.

5.2 Bottling of LPG

LPG is bottled in the bottling plants and supplied to the customers in the packed form. The OMCs have 192 LPG bottling plants across the country with bottling capacity of 18338 TMT/PA as on 1 April 2019. The OMCs are marketing packed LPG to domestic customers (in cylinders of 5 Kg and 14.2 Kg) and to commercial customers (in cylinders of 19 Kg, 35 Kg and 47.5 Kg) through 23737 LPG distributors attached with their bottling plants as on 1 April 2019 to cater to the demand of 26.54 crore consumers (including 7.19 crore active PMUY and E-PMUY consumers).

5.3 LPG distributors

5.3.1 Non-achievement of target to appoint distributors

In furtherance of its commitment to provide clean fuel to all households in the country with key focus on rural and difficult areas, the MoPNG directed (February 2016) the OMCs to start 10,000 new LPG distributorships in that year (2016-17). Further, while obtaining (March 2016) the approval of Cabinet Committee on Economic Affairs (CCEA) for PMUY, MoPNG mentioned that the scheme has a huge potential for generating direct & indirect employment and nearly 10,000 LPG distribution points were to be set up over the next year to cater to the increased demand and to provide better services to the rural poor. Accordingly, MoPNG issued (June 2016) a new set of Guidelines with the objective of strengthening LPG supply chain with focus on rural areas and creating job opportunities through the supply chain system. Key features of the Unified Guidelines for selection of LPG distributorships included four broad types of distributorships with varying refill ceiling limits- Sheheri, Rurban, Gramin and Durgam Vitrak. Eligibility norms for age, education, fund requirement and ownership of land

for godown and showroom were also relaxed to make the selection process more participative. Moreover, PPAC & CRISIL's Assessment Report (June 2016) on household cooking fuel usage and willingness to convert to LPG had also emphasized on lack of availability of LPG distribution centers as a barrier preventing LPG penetration.

Audit observed that the OMCs have commissioned only 4738 new LPG distributorships in the last 33 months (April 2016 to December 2018). Out of these, 2262 distributorships were related to the advertisements released prior to June 2016. After June 2016, OMCs advertised for 6373 locations out of which 2476 distributorships (39 per cent) were commissioned. It was further observed that in 12 states¹² less than 25 per cent LPG distributorships were commissioned against the advertisement.

OMCs replied (April 2019) that after receipt of the revised Unified Guidelines for Selection of LPG distributorships, OMCs conducted Feasibility studies / Surveys for identification of locations for setting up the LPG distributorships and 6382 locations were identified (till April 2019) and published on pan India basis. Completion of the stipulated procedures for selection for such a high number of locations took considerable time.

MoPNG added (May 2019) that 7807 new distributorships have been commissioned in the last four years and commissioning of more than 2000 new distributorships is at various stages. Further, during Exit Conference it stated that difficulties are being faced in obtaining the NOC/ Retail Sales License in some states.

The replies should be viewed against the fact that 2390 out of 6117 distributorships were yet to be commissioned (May 2019) in respect of locations advertised in 2016 and 2017. Further, Assembly Elections in three states was cited as the only reason for non-commissioning which seems only temporary.

Non-commissioning of targeted number of LPG distributorships has been compelling the distributors to supply cylinders for long distances, delivery of cylinders at godown or designated points instead of door-step delivery and considerable delays in supply of cylinders as discussed in the subsequent paras.

5.3.1.1 Long distances catered to by the Distributors

As per Unified Guidelines for selection of LPG distributorship issued (June 2016) by MoPNG Rural Urban Vitrak and Gramin Vitraks serve the LPG customers in specified rural areas covering all villages falling within 15 Km from the municipal limit / boundary limit of the LPG distributorship location respectively and / or the area specified by the respective OMCs.

Audit analyzed the data relating to the distance covered by 164 distributors and observed that LPG distributors are covering the various villages/areas/tehsils as specified by the OMCs which come in the range of 0 Km to 92 Km as detailed below:

Table 5.2: No. of LPG distributors with distance covered for refill delivery

Particulars	0-15 Km	Beyond 15 Km upto 92 Km
IOCL	47	35
HPCL	7	34
BPCL	15	26
Total	69	95

¹² Andhra Pradesh, Assam, Dadra & Nagar Haveli, Goa, Gujarat, Jharkhand, Karnataka, Kerala, Meghalaya, Puducherry, Telangana & West Bengal

Thus, it can be seen that out of 164 LPG distributors, 95 LPG distributors (57.93 per cent) served the PMUY beneficiaries' located up to a distance of 92 Km. Covering such long distances to cater to the consumers led to delay in refill supply and non-delivery of refills at customer's door-steps as discussed in subsequent paras.

OMCs replied (April 2019) that the existing distributors had to extend their reach as prospective PMUY consumers were to be enrolled in a Mission mode. Setting up of new distributorships is a long process comprising of various stages of selection / commissioning. With the commissioning of all the locations, average distance between distributor and customers would reduce and almost all the villages would be catered by an LPG distributorship within vicinity.

Replies should be viewed against the fact that enrolment of consumers at such a huge scale without commissioning adequate distributorships affects the service capability of distributors in timely refill delivery.

MoPNG replied (May/July 2019) that the OMCs have been directed to expedite the commissioning of new distributorships and also effect intra as well as inter OMC customer transfer by re-distributing connections to the nearest distributorship and complete this exercise by 31 July 2019.

5.3.1.2 Non-Delivery of LPG cylinders at customers' address

As per Marketing Discipline Guidelines (MDG), the LPG distributors should provide adequate delivery infrastructure for making home delivery of LPG cylinders commensurate to the average daily refill sales and also to take care of breakdowns/absenteeism. In case of a backlog, additional delivery infrastructure as per requirement is to be provided. In order to ensure that distributors follow operating policies, procedures and practices, various actions to be taken against erring distributors are prescribed as per MDG.

During beneficiary survey of PMUY consumers, audit observed that LPG distributors were not making home delivery to all consumers. Instead, consumers had to pick up the LPG cylinders either from the distributor's godown or from a common point in the service area as identified by the distributor. 247 (14.86 per cent) out of 1662 surveyed PMUY beneficiaries reported that they are getting refills either on point delivery basis or self pick-up from the distributors' godown. Audit also observed that since the OMCs are not maintaining any data in their system about the ex-godown / point delivery taken by the consumers, it could not be verified as to what portion of the population are still not getting refills delivered at their doorsteps which is mandatory as per the MDG.

OMCs replied (February 2019) that PMUY consumers are mostly from the rural segment with meager buying capacity. They prefer to take refills from the distributor premises as per their convenience and ease to buy.

BPCL further stated (April 2019) that in view of rapid expansion of customer base in rural areas after PMUY, district/state administration have suggested and advised distributors to identify Points of delivery as an interim arrangement of refill delivery till the commissioning of new distributors.

The replies disregard the fact that non-home delivery of refill can only be made under exceptional circumstances and with prior written authorization of the OMC. Non-compliance

of this condition falls under major irregularities defined under MDG. Further, it confirms the fact that there is an urgent requirement for the OMCs to appoint new LPG distributors in the rural areas.

MoPNG replied (May/July 2019) that the OMCs have been advised to ensure door step delivery by capturing coordinates of the refill delivery place or to allow ‘Cash and Carry’ rebate to customers. It also directed the OMCs to capture the mobile number of all the registered consumers in the system.

5.3.1.3 Delay in delivering refills to PMUY consumers

During the period from May 2016 to December 2018, 19.41 crore LPG refills have been delivered by 17782 LPG distributors to 3.78 crore active PMUY beneficiaries. On analysis of data, audit observed that in case of 36.62 lakh LPG refills delivered to 24.83 lakh consumers (6.57 per cent of total active consumers) by 14290 LPG distributors (80.36 per cent of total LPG distributors), there was a delay of more than 10 days in delivery of refills by the LPG distributors which is in deviation to the OMCs’ Citizen Charter which specifies maximum delivery time of seven days. On further analysis, it was observed that out of 36.62 lakh refills, 5.94 lakh refills were delivered with a delay of more than 30 days as detailed below:

Table 5.3: Delay in delivery of LPG refills

Delay in refill delivery (in days)	IOCL		HPCL		BPCL		TOTAL	
	No. of refills	No. of consumers affected	No. of refills	No. of consumers affected	No. of refills	No. of consumers affected	No. of refills	No. of consumers affected
11-30	1263645	1007872	749289	692349	1055057	783261	3067991	2483482
31-180	221849		173055		195375		590279	
181-664	71		1701		2238		4010	
Total	1485565		924045		1252670		3662280	

It was further observed that 1209 LPG distributors supplied more than 100 refills (ranging from 100 to 9154 refills) with a delay of more than 30 days to 5 lakh beneficiaries. As majority of PMUY beneficiaries are having Single Bottle Cylinder (SBC), delayed delivery of refill is a deterrent to the main objective of the scheme of transferring the BPL households from unclean to clean fuel and may force PMUY beneficiaries to return to unclean fuel being used earlier.

OMCs replied (April 2019) that many consumers enrolled under PMUY are from difficult terrain / remote area wherein reach of LPG was a challenge in the recent past. Further induction of distributors will certainly improve the situation. Further, the system is not capturing the reason for delay in refill delivery, therefore the case-wise reasons cannot be provided.

OMCs’ reply is incorrect as LPG system of the OMCs has a feature in which the distributor can capture the reasons for delay in delivery. Further, the reply signifies that delay in delivery of refills was due to non-availability of LPG distributors in the vicinity of consumer residence and there was an urgent need to induct new distributors.

MoPNG replied (May/July 2019) that the OMCs have been advised to closely monitor the distributors’ performance and also been given the target to achieve ‘5’ or ‘4’ star rating of at least 80 per cent distributorships as a part of MoU for the year 2019-20.

5.3.1.4 Non-adherence to “Targeted Delivery Time” norms contained in the MDG

LPG distributorships are appointed by the OMCs and are governed by the terms & conditions of agreement/MDG. As per the MDG, the LPG distributors have to deliver the gas cylinders within the “Targeted Delivery Time” (TDT) where delivery time is the time between the booking date and the actual delivery date. The TDT performance envisages rating of distributors based on its quarterly performance as follows:

Table 5.4: Criteria for Star rating of LPG distributors

No. of Star	Delivery period	Category
5 Star	85% delivery in ≤ 2 days	Excellent
4 Star	85% delivery in ≤ 4 days	Good
3 Star	85% delivery in ≤ 6 days	Average
2 Star	85% delivery in ≤ 8 days	Below Average
1 Star	15% delivery in > 8 days	Poor

The distributor is to ensure that its distributorship is not rated with ‘1’ Star, i.e. ‘Poor’ rating and ‘2’ Star, i.e. ‘Below Average’ rating in a quarter, failing which the OMCs have to take the action, as specified in the MDG, against the erring distributorship.

MDG states that in case of ‘1’ Star rating in 1st or 2nd quarter, OMCs have to issue a warning-cum guidance letter to the distributor. In all cases of ‘Poor’ rating during any quarter subsequent to above period, a fine equivalent to 25 *per cent* of one month’s distributor commission shall be imposed on the erring distributor. In every instance of ‘Poor’ performance rating subsequent to the above, 50 *per cent* of one month’s distributor commission shall be imposed. Further, it states that if LPG distributorship is rated ‘Poor’ in any four completed quarters during the preceding 2 years (i.e. 8 quarters), it would lead to termination of the LPG distributorship.

On analysis of the OMCs star rating data w. r. t. its LPG distributors, audit observed that there were 504 (IOCL: 373, BPCL: 87 and HPCL: 44) LPG distributors who were given one star rating in all eight quarters in the preceding two years on the basis of their performance and were therefore liable for termination.

Further, it was observed that there were 461 (IOCL: 371, BPCL: 40 and HPCL: 50) LPG distributors whose performance was observed at two-star rating, either on consistent basis or in last three quarters in the last two years. As per MDG, these distributorships were also liable for a penalty i.e. a fine equivalent to 10 *per cent* to 25 *per cent* of one month’s distributor commission due to continuous ‘Below Average’ performance.

OMCs replied (April 2019) that there were certain reasons, which were not attributable to distributors, like logistical issues involving law and order situation, state specific issues, natural calamities, the distributors which released high number of PMUY connections etc. due to which supplies to distributors and further to consumers were affected. In case of low TDT ratings all the above factors were analyzed and distributors were issued show cause letters for explaining low ratings. Once the reply was received, the same was reviewed at region/area office level and in case it was found that the distributor was responsible, action as per MDG was taken.

HPCL further stated (June 2019) that it has taken action on 43 out of 94 LPG distributors identified by audit. Similarly, IOCL informed (June 2019) that it has taken action against 89

LPG distributors out of 744. However, BPCL did not inform the details of action taken in this regard.

OMCs replies are not acceptable as the reasons given by the OMCs for low TDT ratings can have only a temporary impact on the supplies and can affect a quarter and not all the eight consecutive quarters in which the distributors were having either '1' or '2' star ratings.

MoPNG replied (May 2019) that the OMCs have been advised to deliver the refills to door steps of customer as per TDT norms. Further, during Exit Conference it stated that TDT performance of distributors has now been included in MoU with OMCs as a performance indicator.

5.4 Insufficient steps to encourage consumption of 5 kg cylinders

The Expenditure Finance Committee (EFC) in its meeting held on 7 March 2016, highlighted that unless and until the distribution policy of LPG was reformed to bring availability of small cylinders to the poor households, PMUY would not be that successful. In line with this, MoPNG recommended two sizes of cylinders i.e. 14.2 Kg and 5 Kg for PMUY beneficiaries depending upon the field situation. Further, encouragement of the option of using smaller sized cylinder was important as PPAC-CRISIL survey (June 2016) had highlighted that high refilling cost was a serious barrier to LPG usage with 83 *per cent* of the respondents of the survey considering it as a barrier.

However, it was observed that the OMCs, till December 2018, have been able to release only 16032 connections with 5 Kg cylinders as shown below:

Table 5.5: Number of 5 kg LPG connections released

OMC	2016-17	2017-18	2018-19 (Dec.2018)	Total
IOCL	325	322	13848	14495
BPCL	0	253	172	425
HPCL	0	896	216	1112
Total	325	1471	14236	16032

It is evident from the above that the number of 5 Kg cylinder connections released till December 2018 constituted only a miniscule portion (0.04 *per cent*) of the total PMUY connections.

Further, during the course of beneficiary survey, audit observed that 567 beneficiaries out of 1662 PMUY consumers (34 *per cent*) were not aware of the option of 5 Kg cylinders which raises a concern about the effectiveness of awareness building measures taken by the OMCs.

Though a pilot project for swapping 14.2 Kg cylinder with 5 Kg cylinder was launched (July 2017), the response was not very encouraging. In May 2018, eight focus states were identified to improve 5 Kg cylinder by certain ways viz. maintaining adequate stock at distributorship / plant level, close monitoring of LPG distributor performance on 5 Kg cylinder and undertaking wide publicity.

Further, MoPNG issued instructions in June 2018 to OMCs to encourage use of 5 Kg cylinders by providing the option to switching from 14.2 Kg to 5 Kg cylinder or opt for Double Bottle Cylinder (DBC) of 5 Kg cylinder instead of a 14.2 Kg connection. However, these steps should have been taken initially itself in view of caution expressed by EFC.

Despite introducing the above options, the OMCs have been able to convert only 75973¹³ LPG connections till 31 December 2018 thereby totaling to 92005 connections of 5 Kg cylinder which was a meager 0.24 *per cent* of 3.78 crore active PMUY connections.

OMCs replied (April 2019) that the scheme had both the sizes for the prospective customers. Since the monetary value of 14.2 Kg cylinder was higher, the general tendency was to avail a higher benefit. Affordability being one of the main issues, they had introduced ways to familiarize these PMUY beneficiaries and prospective customers with the advantages of availing a smaller 5 kg package. Despite the intention of promoting 5 Kg package, the early feedback reflected that any further amount of promotion would go waste because of the very fact that availing 5 Kg option was losing proposition for beneficiaries comparing to 14.2 Kg.

MoPNG added (May 2019) that the OMCs have been promoting 5 Kg refill and also identified 10 districts for mandatory rollout of 5 Kg refill for PMUY beneficiaries. Learning from this pilot study would be replicated in other parts.

Replies have to be viewed in light of the fact that the Industry was only in a mission mode to meet the target fixed by the MoPNG. In that process, the promotion of 5 Kg cylinders was side tracked and it was only in June 2018 i.e. two years after the launch that this push was given for encouraging use of these cylinders.

Audit is of the view that had these smaller cylinders been extensively promoted in first two years, the issue of affordability as a major concern, which the MoPNG and the OMCs were aware since beginning itself, could have been overcome to a great extent. It is to be noted that BPCL and HPCL had not released a single 5 Kg connection in first year of the scheme and IOCL had released only 325 such connections. Further, there was lack of efficient measures for awareness building.

¹³ IOCL: 13613, BPCL: 49562 and HPCL: 12798

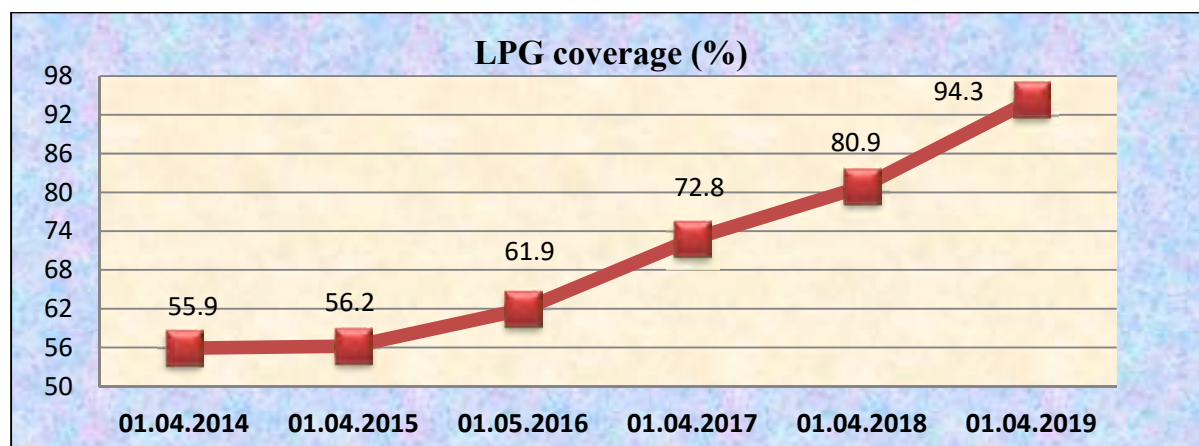
Chapter 6:
Transition of BPL households to LPG

Chapter 6: Transition of BPL households to LPG

6.1 All India LPG Coverage

LPG Coverage is the ratio of active domestic customers to total households estimated on the basis of growth rate during 2001-2011 as per Census 2011.

Year-wise growth in all India LPG coverage from April 2014 to March 2019 was as below:



Source: PPAC and IOCL

All India LPG Coverage as on 1 April 2014 was 55.90 per cent which increased to 61.90 per cent as on 1 May 2016 and to 94.30 per cent by 1 April 2019.

The LPG coverage in 14 states/UTs as on 1 May 2016 was less than the national LPG coverage. Meghalaya had the lowest LPG coverage with 22 per cent, followed by Jharkhand (28 per cent), Chhattisgarh (31.10 per cent), Bihar (31.70 per cent), Odisha (31.90 per cent) and Lakshadweep (35.10 per cent).

Since the launch of PMUY, 14 States / UTs¹⁴ (*Annexure I*) have achieved LPG coverage in the range of 100.10 per cent to 140 per cent as on 1 April 2019. While Meghalaya (45.20 per cent) is yet to achieve the national LPG coverage of 1 May 2016, LPG coverage of the five states Jharkhand, Chhattisgarh, Bihar, Odisha and Lakshadweep was ranging from 68.40 per cent to 74.20 per cent.

Year wise growth in LPG connections after launch of PMUY is shown below:

Table 6.1: Year-wise detail of active LPG connections (No. in crore)

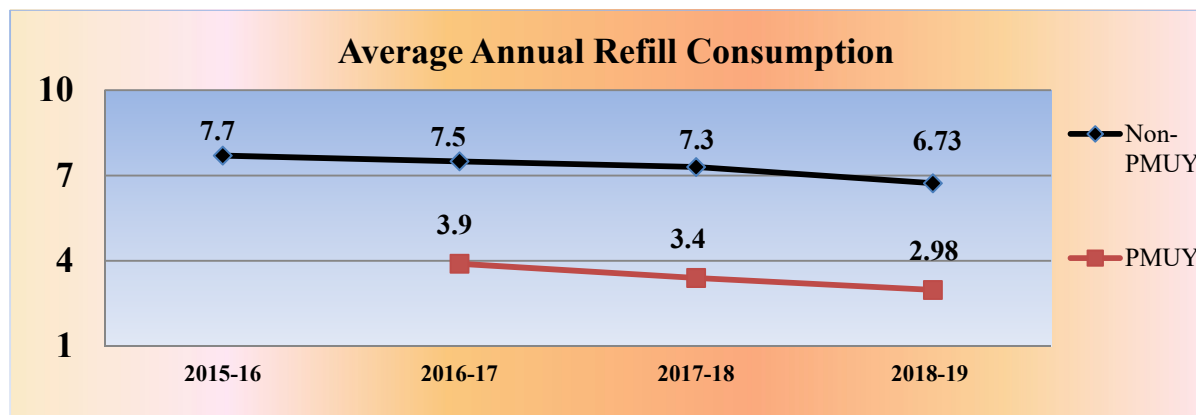
As on	Estimated no. of households	No. of LPG connections				Year-wise increase in connections	LPG coverage (per cent)
		PMUY	E-PMUY	Non-PMUY	Total		
01.05.2016	26.89	0	0	16.67	16.67	-	61.9
31.03.2017	27.29	2.00	0	17.88	19.88	3.21	72.8
31.03.2018	27.72	3.52	0	18.91	22.43	2.55	80.9
31.03.2019	28.15	3.81	3.38	19.35	26.54	4.11	94.3

(Source: PPAC and IOCL)

¹⁴ Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Rajasthan, Uttaranchal, Mizoram, Goa, Maharashtra, Karnataka, Kerala and Telangana

As evident from the above, the increase in LPG connections was 9.87 crore since launch of PMUY, out of which 7.19 crore was on account of PMUY/E-PMUY.

However, it was observed that the increase in number of LPG connections during this period is not commensurate with the average refill consumption as depicted in the chart below:



Source: IOCL & MoPNG

The above indicates that though PMUY has been able to give a significant push to increase LPG coverage, average refill consumption is showing a downward trend which indicates that the OMCs have to go a long way to ensure sustainable usage of LPG. It may also be noted that the decline in average consumption of non-PMUY consumers (10.27 per cent) was less than that of PMUY consumers (23.59 per cent).

6.2 Adoption of clean fuel by the PMUY beneficiaries

Audit analysis of consumption of refills by PMUY consumers are given in the following paras:

6.2.1 Low consumption of refills

At the time of implementation of the scheme, OMCs have worked out the annual consumption of existing BPL families having LPG connections as 3-4 refills *per annum*. This consumption pattern was expected to continue after launch of PMUY and the assessment of demand of refills was based on this assumption.

First year of LPG usage is crucial in assessing the BPL household's willingness to adopt clean fuel and, therefore, keeping this in view, audit calculated the average refill consumption of 1.93 crore PMUY consumers who had completed one year or more as on 31 March, 2018 and observed that they had consumed 3.66 refills¹⁵ *per annum*. The same analysis was done for 3.18 crore PMUY consumers who had completed one year or more as on 31 December 2018 and it revealed that the average refill consumption came down to 3.21 refills *per annum*. Thus, the overall average refill consumption of PMUY beneficiaries is on a declining trend.

A further analysis of these 3.18 crore PMUY consumers (*Annexure II*), who had completed one year or more as on 31 December 2018, revealed that 0.56 crore (17.61 per cent) beneficiaries never came back for second refill and 1.05 crore (33.02 per cent) beneficiaries consumed 1 to 3 refills only.

¹⁵ Audit adopted the weighted average methodology for calculating the average refill consumption by the beneficiaries (viz. time period of respective beneficiary, total refill availed by her from date of installation to 31.12.2018 divided by time period in year and finally, sum of individual averages are divided by total number of beneficiaries)

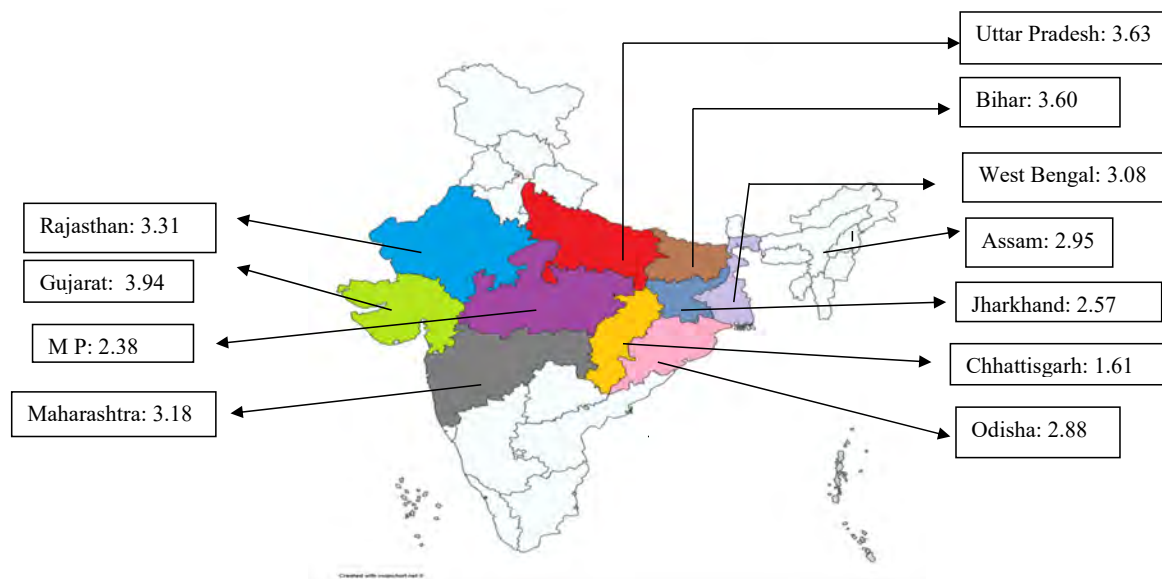
OMCs replied (April 2019) that the primary objective of this scheme was to make the clean cooking fuel reach them. The huge improvement of penetration is one of the measures of success of the scheme.

MoPNG replied (May/July 2019) that adoption of LPG depends on several factors e.g. food habits, cooking habits, access and price of LPG etc. The OMCs have been aggressively promoting 5 Kg refills and have identified 10 districts for mandatory roll out of 5 Kg refill on pilot basis. Presently, off-take of 5 Kg refills has increased significantly and being monitored on weekly basis.

The replies should be viewed against the fact that success of such a huge social scheme cannot be measured in terms of mere distribution of connections without ensuring the transition to clean fuel through sustained usage of LPG.

6.2.2 State-wise consumption pattern

Audit has analyzed the consumption pattern of PMUY beneficiaries in 11 states which had 76.50 per cent of the BPL households as per SECC-2011 list and observed that 89.95 per cent of the total PMUY connections have been released in these States as on 31 December 2018. Audit analysis revealed that the average refill consumption of PMUY beneficiaries, who had completed one year or more, located in 7 out of these 11 states was less than the overall average refill consumption of 3.21 refills per annum as worked out by audit as on 31 December 2018.



This map is for illustration purpose only. Boundaries may differ from actual.

The above chart shows that Chhattisgarh had the lowest per annum average refill consumption of 1.61 refills, followed by Madhya Pradesh (2.38 refills), Jharkhand (2.57 refills), Odisha (2.88 refills), Assam (2.95 refills), West Bengal (3.08 refills) and Maharashtra (3.18 refills).

Apart from the above in the remaining 25 states/UTs, audit observed that in two¹⁶ States/UTs the average annual consumption was less than three refills i.e. below the envisaged consumption of 3-4 refills per annum.

Though the objective of distributing deposit free LPG connections has broadly been achieved by the OMCs as discussed in Para 1.5, sustained usage of LPG by the BPL beneficiaries needs

¹⁶ Jammu & Kashmir (2.82 refills) and Dadra & Nagar Haveli (2.44 refills)

to be ensured in the states where average annual consumption was less than the envisaged consumption.

OMCs replied (April 2019) that the Industry has conducted LPG Panchayats, deferred recovery of loan from subsidy up to 6 refills, provided option for switch over to 5 kg refill, improved accessibility and created customer awareness to encourage the first-time users for consumption level to improve. The replies may be viewed against the fact that despite various steps taken to increase refill consumption, PMUY beneficiaries average refill consumption was not commensurate with the national average.

MoPNG noted (May 2019) the audit observation.

6.2.3 High Consumption of refills

Govt. of India launched (November 2014) PAHAL (DBTL) Scheme to address concerns regarding diversion of domestic subsidised LPG cylinders towards non-domestic usage. Accordingly, a domestic LPG consumer is entitled to receive subsidy on 12 cylinders in a financial year and consumption beyond 12 cylinders, attracts market prices without subsidy entitlement. Audit analyzed the consumption pattern of LPG from the LPG database and the observations are given below:

6.2.3.1 Higher annual LPG refill consumptions

OMC-wise details of consumers with higher annual consumption of refills are as detailed below:

Table 6.2: OMC wise number of beneficiaries with higher consumption

Average annual consumption of LPG refills	Number of PMUY consumers			Total
	IOCL	BPCL	HPCL	
13 to 20	96326	60160	37384	193870
21 to 30	1376	1342	1335	4053
31 to 40	108	104	141	353
41 to 50	33	17	107	157
51 to 85	11	4	16	31
Total	97854	61627	38983	198464

As seen from the above, 1.98 lakh consumers had an average annual consumption of more than 12 cylinders. Given the BPL status of these consumers, this pattern of high consumption prima-facie appears to be improbable and the risk of diversion of these domestic cylinders for commercial use cannot be ruled out.

6.2.3.2 Higher monthly LPG refill consumptions

Audit further analyzed the consumption pattern of PMUY beneficiaries on monthly basis and observed that 13.96 lakh consumers in 20.12 lakh instances consumed 3 to 41 refills in a month since installation. Out of 13.96 lakh consumers, 10.09 lakh consumers have taken refills in the above range only once and the remaining 3.87 lakh consumers have taken refills 2 to 23 times which suggests that these consumers are habitual in taking more than two refills in a month. OMC wise detail of instances of higher monthly consumption by the beneficiaries is as detailed below:

Table 6.3: OMC wise instances of higher monthly consumption

Monthly Consumption of LPG refills	IOCL		BPCL		HPCL		Total	
	No. of consumers	No. of instances	No. of consumers	No. of instances	No. of consumers	No. of instances	No. of consumers	No. of instances
3 to 5	553516	689769	449031	612752	393898	543521	1396445	1846042
6 to 9		51626		48400		35638		135664
10 to 14		16092		7996		6185		30273
15 to 41		67		65		84		216
Total		757554		669213		585428		2012195

6.2.3.3 Abnormal daily LPG refill consumption

Audit analyzed the PMUY refill transaction data of PMUY beneficiaries as well as system put in place by the OMCs for booking/issuance of refills and observed that BPCL has put in place an effective system driven mechanism for restriction on booking / delivery of more than one refill on the same day through data validation. On the other hand the software of IOCL and HPCL lacked such validation checks. Therefore, LPG distributors of IOCL and HPCL, in 3.44 lakh instances (*Annexure III*), have issued 2 to 20 refills in a day to a single PMUY beneficiary having single bottle connection.

There is a significant difference between the price of domestic and commercial LPG refills on account of subsidy / additional duties and levies (*i.e.* custom duty, excise duty and other tax differentials). Moreover, this much of high consumption is not possible even in case of general connections and therefore, risk of diversion of domestic LPG towards non-domestic / commercial use cannot be ruled out in these cases. Therefore, this needs to be investigated in order to prevent misuse of refills under the scheme.

IOCL and HPCL replied (April 2019) that LPG refill consumption of each household is independent of any quota restriction to govern the same on any single day. Each household's family structure is different, eating and cooking habits varies; as a result, every household has its unique LPG consumption requirements. Therefore, there were no restrictions to prohibit the booking and delivery of more than one LPG cylinder per day. However, a control mechanism to regulate more than one booking and refill delivery to SBC customers has been introduced in the system.

Replies are not tenable as given the BPL status of PMUY consumers, the pattern of high off-take of refills appears to be improbable and there is a risk of diversion.

MoPNG replied (May/July 2019) that the OMCs have been advised to frame internal checks and balance to closely monitor refill consumption of PMUY consumers. Further, OMCs have introduced annual capping of 15 cylinders of 14.2 Kg and distributors with high refill sales have been given show-cause letters and appropriate actions as per MDG will be taken. Moreover, three cases of diversion have been detected by BPCL and action as per MDG is being taken.

6.3 Outcome of PMUY beneficiary survey

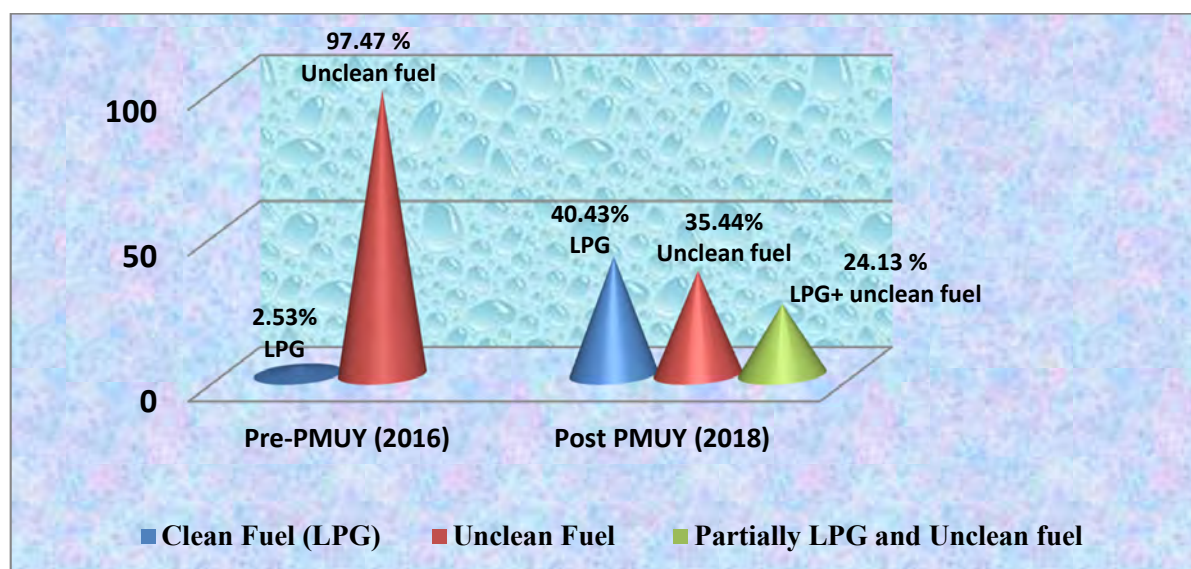
Audit conducted a sample survey of 1662 beneficiaries by selecting at least 10 PMUY beneficiaries registered with each of the 164 selected LPG distributors. This survey was

conducted to examine the extent of transition and also understand the constraints to the use of LPG by the BPL households. The following constraints were faced during this survey:

1. As the survey was conducted by the audit party in presence of LPG sales officer and LPG Distributor, the responses might involve certain bias.
2. In case the beneficiary was not present at the time of survey, the responses of some other family member were taken which might have been different from that of the beneficiary's.

Audit observed that before implementation of PMUY, 97.47 per cent PMUY beneficiaries were totally dependent upon traditional unclean cooking fuels viz. firewood, cattle dung and low quality coal and rest were using the LPG purchased from the open market.

Based on the beneficiary survey, the trend of transition from unclean fuel to clean fuel by the PMUY beneficiaries before and after implementation of PMUY was as follows:



Out of 1662 PMUY beneficiaries, 672 beneficiaries exclusively shifted to LPG, while 589 beneficiaries again reverted back to the use of unclean fuels (firewood, cow-dung cake and etc.) and 401 beneficiaries were using both LPG and unclean fuels mainly due to higher price of LPG refills or easy/free of cost availability of traditional unclean fuel.

In view of high cost of LPG refill, which emerged as the main cause for reverting back to traditional unclean fuel by the BPL households from beneficiary survey, audit analyzed the price of LPG refills (14.2 Kg cylinder) and found that market price of LPG refills had varied between the range of ₹500 per refill to ₹837 per refill¹⁷ during the period from April 2016 to December 2018. Since the cost of refill has to be paid upfront by the BPL consumers, this has become a constraint in ensuring sustained usage of LPG.

OMCs replied (April 2019) that the adaptability and sustainability of the usage of LPG by PMUY beneficiaries will be a gradual process since they are habituated to their traditional cooking methods and fuel. Also, as majority PMUY beneficiaries are from rural areas, the access and easy availability of alternate conventional solid fuels in their vicinity like firewood, cow-dung cakes, and agriculture residue cannot be ruled out as a factor affecting complete switch by

¹⁷ In the four metro cities

the beneficiaries to clean cooking fuel LPG. To bring in this transition and switch over to LPG by PMUY beneficiaries various initiatives and steps have been taken by Oil Companies.

MoPNG added (May 2019) that the OMCs have been aggressively promoting 5 Kg refills amongst PMUY beneficiaries to overcome affordability issue.

Replies have to be viewed in light of the fact that even after completion of more than two years, around 60 *per cent* beneficiaries surveyed have not yet completely shifted to clean fuels. Moreover, initiatives to encourage 5 Kg refills should have been taken much earlier in line with the caution expressed (March 2016) by EFC during approval of the scheme itself as already stated in Para 5.4.

6.4 Interest-free loan extended by the OMCs

MoPNG guidelines on the PMUY states that OMCs will provide EMI facility to those BPL beneficiaries who want to avail the same towards the cost of gas stove and first refill under the scheme. In this regard, audit observed that OMCs have extended unsecured interest-free EMI facility to 68 *per cent* of beneficiaries subject to recovery of loan amount from the subsidy payable to respective PMUY beneficiary against initial refill/subsequent refills. Details of interest-free loan extended by the OMCs to PMUY beneficiaries vis-à-vis recovery thereof as on 31 March and 31 December 2018 was as follows:

Table 6.4: Details of loanee PMUY consumers and outstanding loan thereagainst

(figure in crore)

PARTICULARS	31.03.2018	31.12.2018
No. of active PMUY consumers	3.52	3.78
No. of PMUY consumer who have taken loan	2.38	2.58
Amount of Interest-free Loan extended (₹)	3852.77	4192.79
Amount of Interest-free Loan recovered (₹)	1519.36	1575.72
Outstanding Interest-free Loan (₹)	2333.41	2617.07

As seen from the above, only 37.58 *per cent* of the amount of interest-free loan extended has been recovered by the OMCs as on 31 December 2018.

6.4.1 Non-recovery of interest free loan from PMUY beneficiaries

Analysis of loanee PMUY consumers revealed that out of 2.58 crore loanee PMUY beneficiaries, 2.14 crore (82.95 *per cent*) have completed one year or more as on 31 December 2018 and amount outstanding from them was ₹1994.82 crore as shown below:

Table 6.5: Details of outstanding loan from PMUY consumers who completed one year

Particulars	IOCL	BPCL	HPCL	Total
No. of loanee consumers who have completed more than one year as on 31.12.2018 (in crore)	1.04	0.50	0.60	2.14
Loan amount (₹ crore)	1669.24	811.36	962.00	3442.60
Loan recovered (₹ crore)	734.75	332.48	380.55	1447.78
Loan outstanding (₹ crore)	934.49	478.88	581.45	1994.82

The above reveals that the OMCs have been able to recover 42.05 per cent of the amount extended as interest-free loan to PMUY consumers who have completed more than one year as on 31 December 2018. However, further analysis of these consumers revealed that 0.92 crore (43 per cent) consumers had consumed lower number of refills (up to three) since installation and outstanding amount of loan from them was ₹1234.71 crore¹⁸ as shown below:

Table 6.6: Details of outstanding loan from PMUY consumers with low consumption

Sl. No.	Particulars	One refill	Two refill	Three refills	Total
1	No. of loanee consumers who completed one year or more as on 31 December 2018 (in crore)	0.38	0.29	0.25	0.92
2	Total loan amount extended to these loanees (₹ crore)	614.30	472.04	403.43	1489.77
3	Loan amount recovered (₹ crore)	71.10	84.29	99.66	255.05
4	Outstanding loan amount there against as on 31 December 2018 (₹ crore)	543.20	387.75	303.77	1234.72

In view of low consumption of refills by these beneficiaries, the chances of recovery of the outstanding amount are bleak.

OMCs replied (April 2019) that monitoring mechanism is being put in place to track these low consumption consumers in order to guide them for usage of clean LPG.

Despite efforts being taken by the OMCs to guide low consumption consumers for usage of clean LPG, the fact remains that since inception of the scheme, the consumption of loanee PMUY consumers who have taken one to three refills has not gained momentum resulting in non-recovery of loan extended.

MoPNG, in its reply (May 2019), did not offer any comments.

6.4.2 Impact of deferment of recovery of loan by the OMCs on PMUY beneficiaries

In view of low consumption of refills by the loanee PMUY beneficiaries, OMCs deferred (1 April 2018) the recovery of loan amount up to six refills from all the PMUY beneficiaries who were having outstanding loan amount as on 31 March 2018 as well as from all new loanee PMUY consumers who were enrolled from 1 April 2018 to boost LPG consumption.

Audit analyzed the impact of the deferment of recovery of loan amount of those consumers who consumed one, two and three refills and had completed one year as on 31 March 2018 and observed that out of 0.53 crore loanee consumers, only 0.26 crore came back for subsequent refills during the period from April - December 2018. Out of the ones who came back, only 17315 consumers consumed more than six refills from whom the recovery could be started.

Audit also observed that till 31 December 2018, number of loanees who have completed one year but having one to three refills had increased to 0.92 crore. The outstanding loan amount against them was ₹1234.71 crore as on 31 December 2018.

IOCL and BPCL have provided an amount of ₹840.96 crore and ₹70 crore respectively towards bad and doubtful debts in their books of accounts as on 31 December 2018.

¹⁸ 82.88 per cent of the loan extended to them

Thus, the deferment of recovery of loan by the OMCs up to six refills did not effectively result in boosting the consumption of refills and the possibility of recovery of the outstanding amount from the consumers who have low consumption is remote which will ultimately have to be borne by the OMCs.

OMCs, while accepting that deferment of recovery of loan has not enhanced the per capita consumption, replied (April 2019) that it has been decided to restart recovery of loan *w.e.f.* 1 April 2019 from all the existing as well as new loanee PMUY beneficiaries.

MoPNG, in its reply (May 2019), did not offer any comments.

6.5 Absence of Performance indicators to assess the benefits of the scheme

Expenditure Finance Committee, during approval of the Scheme, enquired (March 2016) about the measurable benefits / outcomes of PMUY to which MoPNG replied that PMUY being a social development scheme, the measurable benefits / outcomes were:

- a) the reduction in dependence on firewood
- b) improved health status of women

Audit, however, observed that there were no parameters set to monitor sustained usage of clean fuel. No performance indicators were set by the Ministry for assessing the health benefits achieved by the beneficiaries from the scheme. To an audit query that whether any criteria / benchmark has been set to assess the extent of achievement of the scheme, MoPNG replied (January 2019) that the scheme relied upon the existing studies enumerating impact of conventional fuels on the health of women and children. Hence, the overall benefit achieved from the scheme cannot be measured in absence of any performance indicator.

MoPNG noted (May/July 2019) the audit observation and also replied that to assess the impact of PMUY, it has requested the Ministry of Health & Family Welfare to set up an inter-ministerial panel of experts chaired by Health Sector expert consisting of representatives from relevant sectors including Environment, Petroleum & Natural Gas.

Chapter 7: Financial Management

Chapter 7: Financial Management

7.1 Budget for settlement of PMUY claims

OMCs' claims against release of LPG connections under PMUY are required to be lodged with PPAC on a quarterly basis which was revised to monthly basis from September 2016. PPAC scrutinizes and forwards the same to MoPNG which in turn reimburses the claims to OMCs.

Year-wise release of PMUY connections and settlement thereof was as given below:

Table 7.1: Details of funds allocated and utilization

(figures in crore)

Year	PMUY connections released	Budget Estimate	Revised Estimate	Budget utilized	OMCs' claims processed	Remarks
2016-17	2.00	2000.00	2500.00	2500.00	Up to January 2017	Balance claims of ₹498.77 crore for 2016-17 were settled in 2017-18.
2017-18	1.56	2500.00	2251.81	2251.81	Up to September 2017	Balance claims of ₹672.84 crore for 2017-18 were settled in 2018-19.
2018-19	2.39 (including 2.09 crore under E-PMUY)	3200.00	N.A.	3200.00	Up to August 2018 (part payment)	<ul style="list-style-type: none"> Balance claims amounting to ₹1232.00 crore for the period from Aug-18 to Nov-18 were settled in 2019-20. Payment of claim of ₹177.11 crore for December 2018 was under process at MoPNG

In this regard, audit observed that while scaling up the scheme target to eight crore, the year-wise target for release of PMUY connections was also revised (September 2017) to two crore connections each for the years 2016-17 to 2019-20. However, neither the RE for 2017-18 nor the BE for 2018-19 was allocated in line with the revision of targets or for meeting the shortfall for the previous years.

This has resulted in partial settlement of the claims in these years due to shortfall in the budget.

This situation is likely to persist in view of further release of PMUY/E-PMUY connections unless MoPNG gets sufficient budget to settle the pending claims of the OMCs including the shortfall arising due to partial settlement of claims.

MoPNG replied (May 2019) that it has reimbursed claims amounting to ₹9183 crore and there are no claims pending as on date.

Ministry's reply may be viewed against the fact that out of ₹9183 crore, claims of ₹1232 crore for the year 2018-19 (Aug.2018 to Dec.2018) were settled from the budget of 2019-20. Further, claims amounting to ₹1894.59 crore for the period from January 2019 to March 2019 were yet to be processed by PPAC. Thus, cyclical shortfall in the budget resulted in delay in reimbursement of claims of OMCs.

7.2 CSR funds collected from NOCs without assessing the realistic requirement

CCEA, while approving the scheme, had stipulated that MoPNG may, from within the available savings from the total scheme funds and CSR fund of OMCs, spend no more than two *per cent* towards administration and IEC related activities. MoPNG, while issuing modalities for implementation of PMUY, directed (June 2016) the OMCs that 20 *per cent* of CSR funds of National Oil Companies¹⁹ would be used for release of LPG connections under PMUY to the extent of two *per cent* administrative / IEC expenses. IOCL was nominated as the nodal agency.

Accordingly, the NOCs had contributed 20 *per cent* of their CSR funds as given below:

Table 7.2: Details of CSR funds contributed by NOCs (₹ in crore)

Company	CSR Contribution			
	2016-17	2017-18	2018-19	Total
ONGC	107.13	-	-	107.13
GAIL	16.30	-	-	16.30
OIL	15.80	12.35	11.23	39.38
IOCL	41.60	76.43	85.38	203.41
BPCL	31.82	36.67	40.54	109.03
HPCL	16.58	25.27	31.44	73.29
Total	229.23	150.72	168.59	548.54

Utilization of CSR fund by the OMCs for release of LPG Connections under PMUY as on March 2019 was as below:

Table 7.3: Details of utilization of CSR funds by OMCs (₹ in crore)

OMC	2016-17	2017-18	2018-19	Total
IOCL	41.60	10.79	54.20	106.59
BPCL	16.44	12.94	29.58	58.96
HPCL	15.99	14.09	31.06	61.14
Total	74.03	37.82	114.84	226.69

Audit observed that MoPNG, instead of working out the realistic requirement of CSR funds for utilization in PMUY, directed the NOCs to pool in 20 *per cent* of their CSR fund as per past practice. Since only an amount of ₹286.69 crore²⁰ had been utilized till March 2019, an amount of ₹261.85 crore is lying idle with IOCL which is the pool operator.

OMCs replied (April 2019) that the unutilized fund gets carried forward to the next year. Further, in order to utilize the fund, MoPNG has allowed releasing connections to single male members as per SECC-2011 data, 5 Kg Double Bottle Cylinder (DBC) connections and BPL families of Taj Trapezium Zone who were not part of SECC data.

Replies are to be viewed against the fact that in the absence of realistic assessment of the requirement for CSR funds excess contribution in the CSR pool has resulted in idling of funds.

¹⁹ NOCs viz. ONGC, IOCL, BPCL, HPCL, GAIL and OIL

²⁰ This includes an amount of ₹60 crore released to BPCL to meet shortfall arising from previous BPL scheme.

MoPNG replied (May 2019) that IOCL has been advised to return back the excess fund, if any, to the concerned NOC.

7.3 Expenditure on IEC/PME activities in excess of maximum eligible amount

In addition to PMUY claims, the OMCs are also entitled to claim reimbursement towards two *per cent* expenditure on Administrative/IEC activities on a quarterly basis subject to equivalent utilization for release of LPG connections under PMUY from CSR fund contributed by the NOCs.

IEC/PME claims of the OMCs are also to be settled by MoPNG through PPAC on the basis of the lowest of the following three:

- Two *per cent* of net PMUY claims released to the individual OMC up to the quarter;
- Actual expenditure on PME/IEC up to the quarter as claimed by OMCs and
- Actual amount utilized from CSR funds for releasing LPG connections under PMUY.

OMC-wise details of expenditure on IEC/PME, claims lodged and settled were as follows:

Table 7.4: Details of IEC/PME expenditure by OMCs and claims thereagainst
(₹in crore)

OMCs	Expenditure incurred on IEC / PME activities for the period April 2016-December 2018	PMUY Cash assistance claims processed by PPAC for the period April 2016-December 2018	Eligibility as per cumulative PMUY Claims processed by PPAC (2% of Col.3)	Amount utilized from CSR fund for release of LPG Connections under PMUY	Least as per eligibility for the period April 2016 to December 2018 (least of col.2, 4& 5)	Cumulative amount of IEC/PME claims approved and released by MoPNG
1)	2)	3)	4)	5)	6)	7)
IOCL	166.43	4425.38	88.51	88.51	88.51	51.34
BPCL	138.84	2446.91	48.94	29.38	29.38	16.44
HPCL	126.44	2523.59	50.47	30.08	30.08	30.08
Total	431.71	9395.88	187.92	147.97	147.97	97.86

As seen from the above, there has been an extra expenditure of ₹243.79 crore on IEC/PME activities by the OMCs over and above the reimbursable amount up to December 2018 which is an additional burden on the OMCs. Further, the utilization of CSR fund by BPCL and HPCL was less than respective allowable limits of two *per cent* of PMUY claims which led to reduction in their reimbursable expenditure on account of IEC/PME activities.

Even if the overall outlay of ₹12800 crore for PMUY is considered, the maximum eligible amount for reimbursement of IEC/PME would be ₹256 crore only. This additional cost to OMCs is bound to increase in subsequent years as PMUY is to be implemented by 2019-20.

OMCs replied (April 2019) that successful implementation of such a big scheme required deployment of huge resources leading to high IEC/PME expenses which cannot be equated with a normal project. It was also stated that MoPNG has been requested to increase this limit to four *per cent*.

While noting the above reply, audit observed that as the limit for IEC/PME fixed by CCEA while approving the scheme was not increased even while scaling up the target from five crore to eight crore LPG connections under PMUY, this extra expenditure incurred in view of the increasing requirement of IEC/PME will have to be borne by the OMCs from their own budget till the completion of the scheme.

Ministry, in its reply, (May 2019) did not offer any comments.

7.4 Non-transfer of subsidy to PMUY consumers

The non-loanee PMUY beneficiaries are entitled for refill subsidy right from the first refill. However, for loanee beneficiaries, the subsidy is to be transferred only after recovery of loan in full. In order to enable transfer of refill subsidy to consumers' bank account, Bank account details and Aadhaar number of consumer has to be mapped with LPG connection by the LPG distributor.

Analysis of PMUY transaction data (as on 31 December 2018) using data analysis tool revealed that:

- a) Subsidy of ₹78.85 crore (IOCL: ₹44.38 crore, BPCL: ₹13.04 crore and HPCL: ₹21.43 crore) for 10.5 lakh non-loanee PMUY consumers (IOCL: 5.97 lakh, BPCL: 1.48 lakh and HPCL: ₹3.05 lakh) had not been transferred to their bank account despite these consumers being active and taking refills;
- b) Similarly, subsidy amounting to ₹108.66 crore (IOCL: ₹66.02 crore, BPCL: ₹15.55 crore and HPCL: ₹27.09 crore) for 15.43 lakh loanee PMUY consumers (IOCL: 9.53 lakh, BPCL: 2.06 lakh and HPCL: 3.84 lakh) on subsequent refills had not been transferred to bank accounts of these consumers. Out of 15.43 lakh consumers, loan of 3.23 lakh consumers (IOCL: 2.24 lakh, BPCL: 0.26 lakh and HPCL: 0.73 lakh) had been recovered fully. Subsidy of remaining consumers was due as their consumption was less than six refills²¹ as on 31 December 2018.

OMCs replied (April 2019) that subsidy failure is due to various reasons like Aadhaar non-linking / de-linking or account being inactive with banks / NPCI. However, the issue has been deliberated with banks and NPCI and certain actions have been initiated in October 2018 for process improvement in handling such issues.

MoPNG added (May 2019) that subsidy transaction failure rate is merely 0.5 *per cent* and the OMCs constantly monitor and take remedial measures to retrigger the subsidy transaction.

Replies have to be viewed against the fact that non-transfer of subsidy to six *per cent* of PMUY consumers may act as a disincentive to consume more refills since they belong to BPL category and have paid higher cost for the refills without receiving subsidy. This assumes importance in view of low pattern of refill consumption by PMUY beneficiaries.

7.5 Ineffective scrutiny of PMUY Claims by PPAC

As per PMUY guidelines, claims submitted by the OMCs shall be duly audited and accompanied with audit certificate. It further provides that PPAC would scrutinize the cash assistance claims of the OMCs from their books of account and can cross check from accounts maintained and for this purpose may call for any related records or visit and examine records maintained by OMCs at site, plant, regional office, head-office *etc.*

²¹ Loan recovery up to six refills was deferred from 1 April 2018 up to 31 March 2019.

As AHL TIN as per SECC-2011 list was the primary criterion for ascertaining the beneficiaries' eligibility as per scheme guidelines, it was essential to put in place adequate validations on AHL TIN so as to avoid extension of benefits to ineligible persons or issue of multiple connections to same beneficiary / household. Further, PPAC, having been assigned a critical role of scrutinizing PMUY claims, was also required to conduct due diligence before recommending PMUY claims to MoPNG so as to identify and restrict the OMCs' claims on account of duplicate/ multiple / LPG connections.

In this regard, audit observed that PPAC carried out a de-duplication exercise on AHL TIN contained in consumer data (Excel files) furnished by OMCs and till March 2018 identified 38 cases of duplicate LPG connections released to the same SECC household / individual. However, the methodology adopted by PPAC for this de-duplication was limited to the extent of matching of AHL TIN in MS-Excel for the claim submitted for that month, within and amongst OMCs, instead of on all the claims submitted to PPAC till that date.

Audit also observed that the consumer data furnished by OMCs to PPAC did not contain some important fields like gender, date of birth etc. of the consumers. Further, there were deficiencies in this data as blank names of beneficiaries, blank / truncated / incomplete AHL TIN etc. were observed in some cases. Review of these fields / information was important in view of the fact that PPAC had conducted (August 2017) a study on PMUY implementation and had noticed severe irregularities viz. release of LPG connections to ineligible beneficiaries (male, minor etc.) by OMCs under PMUY. Thus, had these fields / information been obtained and reviewed before processing of OMCs' claims, the scrutiny by PPAC would have been far more effective.

PPAC replied (April 2019) that as per the scheme, it is not mandated to verify the eligibility of the beneficiaries as the OMCs as per the scheme undertake de-duplication exercise electronically and other measures for due diligence for new LPG connections. It also stated that subsequent to submission of its report on implementation, it has started verifying the duplicate connections issued within the same month within and amongst OMCs.

MoPNG replied (July 2019) that review of complete information of beneficiaries before processing the claims will result in duplication of efforts and will also lead to digression from the mandate assigned to PPAC. Further, adequate checks and balances have been introduced to ensure proper validation of the claims submitted by OMCs.

Reply has to be viewed against the fact that PPAC is the only agency empowered by the Government to scrutinize PMUY claims of the OMCs before reimbursement. Further, the additional de-duplication exercise conducted by PPAC may not serve the desired purpose of de-duplication effectively as the same is not being done on cumulative data.

Chapter 8:

Conclusion and Recommendations

Chapter 8: Conclusion and Recommendations

8.1 Conclusion

The OMCs have issued 7.19 crore PMUY/E-PMUY connections as on 31 March 2019 against the target of issuing eight crore connections by 2019-20. The Performance Audit covered the implementation of the scheme in order to examine whether the connections under the scheme were issued to eligible beneficiaries and transition to clean fuel *i.e.* LPG was ensured with sustained usage.

Analysis of data and the field audit conducted at selected distributors revealed some deficiencies in implementation of the scheme e.g. lack of due diligence in KYC checks and failure of de-duplication exercise conducted by OMCs as well as by NIC leading to release of connections to unintended beneficiaries viz. males, minors, multiple connections to same individual / household etc.

There was lack of adequate distributors in rural areas leading to delay in supplies of refills and inability to deliver the refills at residences of the beneficiaries. Audit noticed that only 0.24 *per cent* beneficiaries were provided 5 kg cylinder although expenditure finance committee and PPAC-CRISIL report had highlighted the importance of small 5 kg cylinder to make the scheme successful considering the high refill cost as a major barrier to LPG usage.

It was also observed that the OMCs' decision (April 2018) to defer the recovery of loan up to six refills could not achieve the desired result of boosting the consumption of loanee consumers in low consumption category as only a small number of those consumers returned for refills till 31 December 2018.

Incomplete documentation at the level of LPG distributors was also observed as pre-installation inspection reports and Installation Reports were not found annexed with KYC documents in some instances. As a result, audit could not derive an assurance whether the requisite checks were carried out to ensure safe installation and usage. This was corroborated from the Beneficiary Survey during field audit which revealed unsafe installation / usage of LPG.

Instances of non-transfer of subsidy were also observed which may prove a disincentive for transition to clean fuels by BPL beneficiaries.

PMUY, having main focus on providing LPG access to BPL households, has helped to increase the LPG coverage in the country from 61.9 *per cent* (May 2016) to 94.3 *per cent* (March 2019) as the pace of releasing connections witnessed a surge after launch of E-PMUY (March 2018) by including BPL beneficiaries apart from SECC-2011 database. However, the consumption pattern showed a downward trend of average annual refill consumption from 7.5 to 6.73 refills by non-PMUY consumers and from 3.9 to 2.98 refills by PMUY beneficiaries from 2016-17 to 2018-19.

At the time of approval of PMUY, MoPNG envisaged the intended benefits from implementation of the scheme as reduction in dependence on unclean fuels and improvement in health of women. However, it had not formulated any measureable performance indicators to assess the extent of achievement of these benefits.

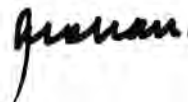
8.2 Recommendations

Following recommendations are proposed to address the issues raised in this Performance Audit:

- Aadhaar numbers of all adult family members of existing as well as new beneficiaries should be entered in the system to make de-duplication effective.

- Appropriate input controls, data validations and mandatory fields should be deployed in distributors' software to restrict issuance of LPG connections to ineligible beneficiaries;
- E-KYC needs to be initiated to reap twin benefits viz. capturing correct information and authenticating genuineness of the PMUY beneficiaries.
- LPG connections issued to minor beneficiaries may be transferred in the name of adult family member if the family is otherwise found eligible under PMUY.
- The feasibility of sharing the AHL TIN with the beneficiaries may be explored by MoPNG in coordination with MoRD.
- Massive safety campaigns need to be organized in order to ensure safe usage of LPG by PMUY beneficiaries.
- The option of subsidizing the cost of mandatory inspection may be explored to avoid risk hazards in the absence of regular inspections.
- As the target of releasing PMUY connections has been broadly achieved, PMUY beneficiaries in nil/low consumption category need to be encouraged for sustained usage.
- Cases of high consumption of refills should be regularly reviewed to curb diversion.
- Considering the audit findings on the basis of limited test check of sample cases, the entire LPG databases as well as physical records need to be scrutinized to identify and restrict release of connections to ineligible/male/minor beneficiaries/multiple connections.
- MoPNG, in consultation with concerned ministries, may develop a comprehensive roadmap for assessing the outcome in terms of measurable benefits like improvement in health of women and reduction in Household Air Pollution.
- Third Party Audit, as envisaged in the scheme, may be got carried out to assess the implementation of scheme.

The recommendations were discussed in Exit Conference and were largely accepted by MoPNG.



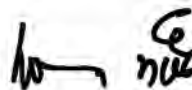
(VENKATESH MOHAN)

New Delhi:

Dated: 06 November, 2019

**Deputy Comptroller and Auditor General
and Chairman, Audit Board**

Countersigned



(RAJIV MEHRISHI)

New Delhi:

Dated: 06 November, 2019

Comptroller and Auditor General of India

Annexures

Annexure I (As referred to in Para No. 6.1)

State-wise LPG coverage as on 01 April 2019

(figures in lakh)

STATE/UT	NO. OF HOUSEHOLDS AS PER CENSUS 2011	ESTIMATED* HOUSEHOLDS AS ON 1.4.19	ACTIVE DOMESTIC CONNECTIONS OF OMCs AS ON 1.4.19	LPG COVERAGE
CHANDIGARH	2.35	2.68	2.75	102.5%
DELHI	33.41	39.13	49.42	126.3%
HARYANA	47.18	54.77	66.14	120.8%
HIMACHAL PRADESH	14.77	16.31	17.27	105.9%
JAMMU& KASHMIR	20.15	23.99	29.84	124.3%
PUNJAB	54.10	60.18	83.07	138.1%
RAJASTHAN	125.81	147.47	154.47	104.9%
UTTAR PRADESH	329.24	383.00	375.98	98.2%
UTTARAKHAND	19.97	23.01	25.22	109.6%
SUB TOTAL NORTH	646.98	750.53	804.15	107.1%
ARUNACHAL PRADESH	2.62	3.17	2.47	78.1%
ASSAM	63.67	72.47	63.80	88.0%
MANIPUR	5.07	5.83	5.04	86.4%
MEGHALAYA	5.38	6.60	2.98	45.2%
MIZORAM	2.21	2.63	2.83	107.7%
NAGALAND	4.00	3.98	2.47	62.0%
SIKKIM	1.28	1.41	1.37	96.5%
TRIPURA	8.43	9.44	6.98	74.0%
ANDAMAN& NICOBAR ISLANDS	0.93	0.98	0.95	96.7%
BIHAR	189.41	228.29	164.06	71.9%
JHARKHAND	61.82	73.01	51.72	70.8%
ODISHA	96.61	107.54	79.77	74.2%
WEST BENGAL	200.67	22.06	209.39	93.9%
SUB TOTAL EAST	642.10	738.42	593.84	80.4%
CHHATTISGARH	56.23	66.50	47.87	72.0%
DADRA& NAGAR HAVELI	0.73	1.06	0.88	82.5%
DAMAN&DIU	0.60	0.87	0.61	70.6%
GOA	3.23	3.44	4.82	140.0%
GUJARAT	121.82	140.82	100.60	71.4%
MADHYA PRADESH	149.68	174.24	141.14	81.0%
MAHARASHTRA	238.31	269.13	269.28	100.1%
SUB TOTAL WEST	570.59	656.05	565.20	86.2%
ANDHRA PRADESH	126.04	137.25	134.01	97.6%
KARNATAKA	131.80	148.82	154.13	103.8%
KERALA	77.16	80.22	86.09	107.3%
LAKSHADWEEP	0.11	0.11	0.08	68.4%
PUDUCHERRY	3.01	3.70	3.69	99.9%
TAMILNADU	184.93	208.25	206.91	99.4%
TELANGANA	84.21	91.69	105.55	115.1%
SUB TOTAL SOUTH	607.26	669.64	690.46	103.1%
ALL INDIA	2466.9	2814.6	2653.7	94.3%
*The estimated no. of households as on 1.4.2019 is arrived at using household growth rate during the decade 2001-2011 as per Census 2011 Source: OMCs (IOCL, BPCL and HPCL)				

Annexure II (As referred to in Para No. 6.2.1)

Statement showing refills consumption of PMUY beneficiaries, who have completed one year and more as on 31 December 2018

No. of refills	No. of Active consumers			
	IOCL	BPCL	HPCL	Total
Initial	2471636	1426617	1645797	5544050
1	1782097	1060605	1183009	4025711
2	1586413	906408	981759	3474580
3	1413221	783790	842028	3039039
4	1226810	669562	709827	2606199
5	1053116	561771	588889	2203776
6	887921	466181	484137	1838239
7	742049	386854	394522	1523425
8	617124	319117	320868	1257109
9	513643	266190	261976	1041809
10	426427	219905	213455	859787
11	356845	183358	175303	715506
12-49	1846374	966024	847572	3659970
50-99	505	415	624	1544
100-199	12	7	36	55
Total	14924193	8216804	8649802	31790799

Annexure III (As referred to in Para No. 6.2.3.3)

Statement showing OMC wise instances of higher daily consumption

Daily consumption of LPG refills	IOCL		HPCL		Total	
	No. of consumers	No. of instances	No. of consumers	No. of instances	No. of consumers	No. of instances
2	164692	197807	96242	104386	260934	302193
3	14245	16641	3344	3748	17589	20389
4	5838	6404	1093	1170	6931	7574
5	3250	3462	579	603	3829	4065
6	2423	2656	343	364	2766	3020
7	1276	1279	175	175	1451	1454
8	1041	1046	112	113	1153	1159
9	713	719	89	89	802	808
10	817	821	65	65	882	886
11	843	848	56	56	899	904
12	1259	1285	50	50	1309	1335
13	16	16	5	5	21	21
14	0	0	1	1	1	1
15	1	1	0	0	1	1
16	1	1	0	0	1	1
17	0	0	1	1	1	1
20	1	1	0	0	1	1
Total	196416	232987	102155	110826	298571	343813

Abbreviations

Abbreviation	Description
AHL TIN	Abridged Household List Temporary Identification Number
BE	Budget Estimate
BPCL	Bharat Petroleum Corporation Limited
BPL	Below Poverty Line
CCEA	Cabinet Committee on Economic Affairs
CRISIL	Credit Rating Information Services of India Limited
CSR	Corporate Social Responsibility
DBC	Double Bottle Cylinder
DBTL	Direct Benefits Transfer for LPG Consumers
De-Dup	De-duplication
DGCC	Domestic Gas Consumer Card
DNO	District Nodal Officer
DOB	Date of Birth
EMI	Equated Monthly Instalment
E-KYC	Electronic-Know Your Customer
E-PMUY	Extended Pradhan Mantri Ujjwala Yojana
FAQ	Frequently Asked Question
GAIL	GAIL (India) Limited
GOI	Government of India
HPCL	Hindustan Petroleum Corporation Limited
IDEA	Interactive Data Extraction and Analysis
IEC	Information, Education and Communication
IOCL	Indian Oil Corporation Limited
ISI	Indian Standard Institute
KYC	Know Your Customer
LPG	Liquefied Petroleum Gas
MDG	Marketing Disciplinary Guidelines
MI	Mandatory Inspection
MoPNG	Ministry of Petroleum and Natural Gas
MoRD	Ministry of Rural Development
NIC	National Informatics Centre
NOC	National Oil Company

Abbreviation	Description
NPCI	National Payment Corporation of India
OIL	Oil India Limited
OMC	Oil Marketing Company
ONGC	Oil and Natural Gas Corporation Limited
PAHAL	Pratyaksh Hanstantrit Labh Yojana
PME	Project Management Expenses
PMIS	Project Monitoring Information System
PMUY	Pradhan Mantri Ujjwala Yojana
PoI	Proof of Identity
PPAC	Petroleum Planning&Analysis Cell
RE	Revised Estimate
SBC	Single Bottle Cylinder
SECC	Socio-Economic & Caste Census
SLC	State Level Coordinator
SoP	Standard Operating Procedure
SV	Subscription Voucher
TDT	Targeted Delivery Time
TMTPA	Thousand Metric Tonnes per Annum
TMT	Thousand Metric Tonnes
UIDAI	Unique Identification Authority of India
UT	Union Territory

Glossary

Term	Meaning
Aadhaar Number	Aadhaar is a 12 digit individual identification number issued by the Unique Identification Authority of India (UIDAI)
Active Consumer	Consumer allowed to take refill whose LPG connection is neither blocked nor terminated
AHL TIN	AHL TIN (Abridged Household List Temporary Identification Number) is a unique 29 digit number assigned to each member of BPL household by SECC-2011 census.
Blocked connection	LPG connection put on hold for verification purpose and not allowed to take refill during the blocked period
Cleared KYC	Clearance of consumer KYC information through de-duplication process at OMC and NIC level
Commercial non-subsidized LPG cylinder	LPG cylinder (in 19 Kg or 47.5 Kg) available at market rate for commercial and industrial establishment
Corporate Social Responsibility (CSR)	A portion of profit dedicated by profit making Company for the purpose of common social good so as to give back to the society within which they operate
Domestic Consumer	Consumer using LPG for domestic purposes like cooking, heating
Domestic subsidized LPG cylinder	LPG cylinder available at subsidized rate for domestic use where subsidy amount is borne by central government and transferred to bank account of LPG customers after purchase and delivery of a refill
e-KYC services of Aadhaar Authentication	A process where Aadhaar number along with Aadhaar holder's personal information (biometric/demographic) is submitted digitally to UIDAI for instant authentication and verification of identity. The purpose of authentication is to enable residents to provide their identity and for the service providers in a secured manner to supply services and give access to the benefits
Electronic de-duplication	Computer aided exercise to identify duplicate/multiple connections on the basis of certain parameter / inputs <i>viz.</i> Aadhaar number, AHL TIN, bank account <i>etc.</i>
e-PMUY	Revised guidelines of PMUY wherein scheme benefits were also provided to BPL families covered under seven additional notified categories (excluding those covered by 14 parameters of exclusion in SECC list) in addition to SECC beneficiaries
Fractionators	Fractionators plant process natural gas to separate it into different fractions / hydrocarbons <i>viz.</i> methane, ethane, propane and butane required by different applications like production of LPG, fuel / feedstock for urea plants and power plants, production of petrochemicals, LPG and industrial fuel <i>etc.</i>

Term	Meaning
Jandhan Account	A saving Bank account for every household under National Mission on financial inclusion for universal access to banking facilities, financial literacy, access to credit, insurance and pension facility
Know Your Customer	Procedure followed for obtaining information on Proof of Address (POA) and Proof of Identity (POI) with supporting documents
LPG	Blended form of Butane and Propane readily liquefied under moderate pressure. LPG vapour is heavier than air; thus it normally settles down in low-lying places
LPG bottling plant	A plant receiving bulk LPG through pipeline or a reliable source for bottling (5 kg, 14.2 kg, 19 kg etc.) and supply to market.
LPG control Order	Order notified by MoPNG to regulate supply and distribution of LPG in India
LPG Panchayats	An education and awareness programme to educate PMUY beneficiaries on benefits of sustained and safe use of LPG
Market Disciplinary guidelines	Guidelines framed by OMCs to maintain discipline in the operation of retail network and provide high customer service standards.
PAHAL (DBTL)	DBTL (Direct Benefits Transfer for LPG Consumers) Scheme has been named as 'PAHAL' which means "Initiative". It is an acronym based on Hindi translation of the Scheme: "Pratyaksh (Direct) Hastantarit (Transferred) Labh (Benefit)
Public distribution system	PDS facilitates the distribution of essential commodities to a large number of poor people at a subsidized price on recurring basis.
Public liability insurance	A third Party Insurance obtained by OMCs towards accidents involving LPG
RGGLV	LPG distribution location set up broadly based on potential of average monthly sale of 600 LPG cylinders of 14.2 kg
Safety Clinics	An awareness programme for safety aspects of LPG usage during the LPG connection distribution to make the new consumers aware of the safety procedures
SECC-2011	SECC-2011 is a study of socio economic status and allows ranking of households based on predefined parameters. It has three census components viz. Rural, Urban and caste census.
Seeding of Aadhaar	Aadhaar seeding is necessitated for receiving Direct Benefit Transfers (DBT) provided by various Government schemes. In order to enable Aadhaar seeding, the beneficiary has to furnish Aadhaar to his/her LPG distributor and bank.
Standard Operating Procedure	Standard operating procedure (SOP) is a set of step-by-step instructions compiled by an organization to achieve efficiency, quality output and uniformity of performance, while reducing miscommunication.
Subscription voucher	On payment of LPG security deposit and requisite documents by applicant, subscription voucher is issued for successful registration.

Term	Meaning
Subsidy	A form of financial aid or support extended to an economic sector (or institution, business, or individual) generally with the aim of promoting economic and social policy.
Taj Trapezium Zone	A defined area of 10,400 sq km around the Taj Mahal to protect the monument from pollution
Validation check	An automatic check to ensure that information / data entered is sensible and stops unexpected or abnormal data

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