

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

**New Delhi
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**C&AG Audit Report on “Pradhan Mantri Ujjwala Yojana”
presented in Parliament**

Performance Audit Report of the Comptroller and Auditor General of India (Report No. 14 of 2019) on ‘Pradhan Mantri Ujjwala Yojana’ (Ministry of Petroleum and Natural Gas) was laid in the Parliament today. 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). Beneficiaries were to be identified from Socio Economic & Caste Census (SECC) -2011 list. The target of scheme was revised (February 2018) to eight crore LPG connections with expanded/relaxed identification criteria under the scheme Extended-PMUY (E-PMUY) to be issued till March 2020. Accordingly, initial budget of ₹8000 crore was increased to ₹12800 crore. 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).

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 these 7.19 crore connections, 3.81 crore connections were issued under PMUY and 3.38 crore connections were issued under E-PMUY. 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 (excluding e-PMUY) was conducted for the period from May 2016 to December 2018 with a view to ascertain the implementation effectiveness of the scheme.

Major Audit findings:

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 (AHLTINs – a unique number of 29 digits assigned to each member of BPL household under SECC) where names of all family members and the beneficiary were blank in SECC-2011 list. Similarly, 4.10 lakh connections were issued against AHLTINs 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 software of Indian Oil Corporation Limited (IOCL), 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 names of 12.46 lakh beneficiaries between PMUY database and SECC-2011 data. Further, test check in field audit revealed that AHLTINs 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 AHLTINs 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*) 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 connection.

(Para 6.2.3)

- Low consumption of refills (up to three) by 0.92 crore loanee consumers 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 was lying idle which could have been utilized elsewhere in other deserving projects.

(Para 7.2)

Recommendations:

- 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.