

Chapter 7

Self-selection in Subsidy

7.1. Non Cash Transfer Compliant (NCTC) consumers

Non-cash transfer compliant (NCTC) consumers are those who have not joined PAHAL (DBTL) Scheme. The details of bank account and/or Aadhaar number of these consumers are not linked to their consumer IDs and they do not receive any subsidy on LPG consumption. The number of NCTC consumers as on 31 October 2015 was 1.72 crore. Audit appreciates that NCTC consumers may include fake/multiple LPG connections that have rightly been weeded out. However, as pointed out in a report of M/s Neilson (marketing research agency) engaged by BPCL to obtain a feedback from LPG consumers regarding PAHAL (DBTL) Scheme implementation (May 2015), as many as 77 per cent of the NCTC consumers wished to be a part of the Scheme, but were deterred by lack of knowledge, lengthy process, low process clarity, time taken for processing, etc. This underlines the possibility that more efforts may be essential for outreach to all LPG consumers so that deserving consumers are not deprived of subsidy, particularly considering that 28 per cent of NCTC consumers are rural consumers. In this context, Audit notes that the number of NCTC consumers is on the decline having reduced to 1.55 crore as on 31 December 2015. However, more efforts may be essential to ensure protection of entitlement and subsidy of the deserving domestic LPG consumer.

7.2. Give-it up initiative

The Give-it up campaign was launched as a part of PAHAL (DBTL) Scheme in order to encourage the affluent consumers who could pay the market price of LPG supply, for opting out of subsidy. This exercise would also significantly reduce under-recoveries for OMCs and subsidy outflow for the government.

It was noticed that the number of consumers giving up subsidy had gone up significantly from 0.22 lakh consumers in January 2015 to 1.67 lakh in March 2015, which further increased to 67.27 lakh in February 2016.

As on 31 December 2015, there were 1.55 crore non-cash transfer compliant consumers. The possibility that this includes consumers who deserve the subsidy cannot be ruled out.