

PRESS RELEASE

Text of the D.O. Letter dated 28.11.2014 addressed by Thiru O. Panneerselvam, Hon'ble Chief Minister of Tamil Nadu to Shri Narendra Modi, Hon'ble Prime Minister of India is reproduced below:

"I understand that the Government of India has launched the Modified Direct Benefit Transfer to LPG consumers (MDBTL) Scheme in 54 districts of the country on 15th November, 2014. Further, in Tamil Nadu, MDBTL is proposed to be launched on 1st January, 2015.

Our respected and beloved Leader Puratchi Thalaivi Amma had written to the then Prime Minister and also indicated in the memorandum presented to you on 3rd June, 2014 that Tamil Nadu as one of the most progressive and well governed States in the country has already adopted the mechanism of Direct Cash Transfer, through bank accounts of the beneficiaries, for schemes which involve conditional cash transfers like Scholarships, Maternity Benefits, Social Security Pensions etc., on its own initiative.

In principle, the Government of Tamil Nadu is strongly opposed to any move to monetize and transfer in cash the subsidy element under the Public Distribution System including kerosene and fertilizers where the issue is not just the quantum of subsidy, but the critical concern is access to and timely availability of commodities.

Further, as already emphasized by our beloved Leader Puratchi Thalaivi Amma on grounds of sound administrative practice and to ensure that the States are true partners in development, the direct transfer of cash to the bank accounts of the beneficiaries should be effected by the State Governments with the Centre releasing its share to the States. I am glad to note that our suggestion of not making Adhar Number mandatory has been incorporated in the MDBTL guidelines.

Ideally, we would prefer that even in the case of LPG there should have been no monetization of the subsidy and the subsidy amount should have been released through the State Governments. But given that the entire subsidy is borne by the Government of India and the distribution network is also under the control of the Oil Marketing Companies which are Central Public Sector Undertakings, this is primarily an issue within the Government of India's administrative competence and jurisdiction.

However, in order to ensure that the consumer is not put to any hardship **I request you to kindly instruct the concerned Ministry** to

address certain deficiencies that we foresee. Firstly, the scheme requires the availability of adequate banking infrastructure across the State. In remote and rural areas, people may find it difficult to access nationalized bank branches. Therefore, in order to deepen penetration in the villages, the Primary Agricultural Cooperative Societies and Post Offices can also be involved in delivering the subsidy which would reduce the inconvenience. In urban areas, Urban Co-operative Banks can also be involved in the delivery of subsidy. In fact, we already face this problem in rolling out transfer of old age pensions through bank accounts, as banks are not in a position to make available a robust mechanism for door disbursement of pensions which has been the delivery mechanism so far through postal money orders. I therefore suggest that adequate banking facilities may be made available throughout the State.

Further, it is essential to protect the consumer from fluctuations in the market price of LPG which is linked to international prices. Hence, the total amount of subsidy should not be fixed and should be increased as and when the market price of LPG increases and such increased amounts credited to the bank accounts to ensure that the consumers are not put to hardship. Lack of clarity on this aspect would lead to considerable dissatisfaction amongst consumers, especially those of the lower and middle classes.

I trust that the suggestions made by the Government of Tamil Nadu would be kept note of while implementing the Modified Direct Benefit Transfer to LPG Consumers."

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