

PRESS RELEASE

Text of the D.O. Letter dated 29.9.2013 addressed by **Selvi J Jayalithaa**, Hon'ble Chief Minister of Tamil Nadu to **Dr. Manmohan Singh**, Hon'ble Prime Minister of India is reproduced below :

"You would recall that, in my letter dated 27th April, 2013, I had registered my strong objections to the Direct Benefit Transfer (DBT) mechanism as proposed to be implemented by the Government of India. In Tamil Nadu, we have already adopted the Direct Cash Transfer through banks for the schemes which involve conditional cash transfers like scholarships, maternity benefits and social security pensions. While the State Government machinery is fully prepared to ensure smooth functioning of direct cash transfer through bank accounts as a result of proper planning and continuous monitoring, the full roll out has not been possible as the Banks are not in a position to deliver the desired level of service at the door steps of the beneficiaries due to inadequate number of Banking Correspondents appointed by the Banks.

There were two primary objections I had voiced against the Direct Benefit Transfer proposed by the Government of India. To begin with, my strong opposition was to any move to monetize and transfer in cash the subsidy element under the Public Distribution System, fertilizer subsidy, kerosene subsidy etc where not just the quantum of subsidy, but the access to and timely availability of commodities is a critical concern. Further, I had stated that we are equally opposed to the direct transfer of cash to the beneficiaries' bank accounts by the Government of India bypassing the State Governments since this is neither an administratively sound practice nor in keeping with the spirit of federalism and democratic decentralization enshrined in the Constitution. Having the field machinery of the State Government carrying out the entire process of identification and verification, while the releases are done directly by the Government of India, will result in divorcing authority from responsibility and accountability. This violates a basic tenet of sound administration that authority, responsibility and accountability have to be fused together at the same level to ensure effectiveness and efficiency. Hence, mechanisms which bypass the State Governments will not lead to sound outcomes.

Based on the objections that I had voiced, we understood that the Union Planning Commission had excluded the three districts in Tamil Nadu, Ariyalur, Pudukkottai and Tiruchirapalli from Phase I of the rollout of the Direct Benefit Transfer mechanism.

In this situation, I was rudely shocked to receive a letter from the Union Minister for Petroleum and Natural Gas dated 7.9.2013, informing me

that the second phase of the Direct Benefit Transfer for LPG (DBTL) scheme is proposed to be implemented in 235 districts in the country including 25 districts in Tamil Nadu, with effect from 1st January, 2014. I would like to place on record my strong opposition to the proposed roll out of Direct Benefit Transfer for LPG.

The proposed Direct Benefit Transfer for LPG scheme would amount to replacing a subsidy on the supply of an essential commodity with a cash transfer which the Government of Tamil Nadu strongly opposes. LPG is an essential commodity that has to be made available to the users in a timely and need based manner and, in our view, replacing the subsidy with a direct cash transfer is not appropriate.

Further, the Ministry of Petroleum and Natural Gas intends to link the Direct Benefit Transfer for LPG scheme with the Aadhaar number of the LPG customers. This is a proposal fraught with a number of practical difficulties. As we are all aware, the pace of assigning Aadhaar numbers is as yet very slow in all States, including Tamil Nadu. An important reason for this is the confusion created between different Ministries in the Government of India, and the parallel schemes of the National Population Register (NPR) based registration, and the Unique Identification Authority of India (UIDAI) based registration in different States. In Tamil Nadu, National Population Register based registration is being implemented through the Census Commissionerate which is a Central Government agency and the work is proceeding quite slowly due to a number of difficulties with the Central agency and not with the State machinery. Even after National Population Register registration is done, I understand there is considerable delay in the issue of the Aadhar number due to co-ordination issues with the Unique Identification Authority of India. So far, as against 6.74 crore eligible persons in Tamil Nadu, Aadhar numbers have been issued only to 2.52 crore persons. Linking Direct Benefit Transfer for LPG scheme to the Aadhaar number without preparing the system adequately will only lead to confusion and public inconvenience.

Moreover, the Direct Benefit Transfer for LPG scheme as designed by the Ministry of Petroleum and Natural Gas envisages that after a grace period of 3 months, no person who is not an Aadhaar enrollee can receive the LPG subsidy. As you are well aware, the Hon'ble Supreme Court has, in a recent judgment, held that Aadhar enrollment has to be voluntary and the Government cannot make it mandatory for rendering any services. Therefore, the Direct Benefit Transfer for LPG scheme may not stand legal scrutiny.

There is an environmental dimension as well. As it is, allotment of kerosene to Tamil Nadu by the Government of India has been arbitrarily reduced by more than 50 per cent and is insufficient. If many people are

deprived of access to LPG due to a poorly conceived and clumsily implemented roll out of Direct Benefit Transfer for LPG scheme, many households, especially those in rural and semi-urban areas, will look for alternatives like felling trees for their cooking fuel needs or use electricity, accentuating the energy deficit.

I had already voiced my strong opposition to utilizing State Government machinery for essential steps like beneficiary identification and verification and thereafter bypassing the State while distributing benefits as violative of the constitutional scheme of distribution of powers. Direct Benefit Transfer for LPG scheme now intends to follow precisely the same approach, which is unacceptable to us. I also wonder why the Government of India is seeking State intervention in LPG subsidy administration where the State has no role to play. In a situation where the preparedness for such a roll out is so poor, on account of the poor performance of Central agencies in issuing Adhaar numbers and of Banks in delaying the roll out of doorstep service in villages through Banking Correspondents and the prevailing legal uncertainty due to the Supreme Court's recent orders, I think it is highly unfair and inappropriate to expect State agencies to involve themselves in the frontline as it would then mean that the State Government would have to bear the brunt of public unhappiness and resentment that is bound to follow.

I have to reiterate that, in a federal structure like ours where the States are in close and direct contact with the people, the choice of designing and implementing welfare schemes is best left to the States. If the intention of the Central Government is to ensure efficient delivery, then it should consult the States before launching any ambitious scheme. In the circumstances, I strongly urge you to have a complete rethink on the proposed Direct Benefit Transfer for LPG and pending such a rethink, put on hold the proposed Phase II roll out."

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