

# Ujjwala mission: A work in progress

## Liquefied petroleum gas distribution has spiked across India, but a policy dilemma persists



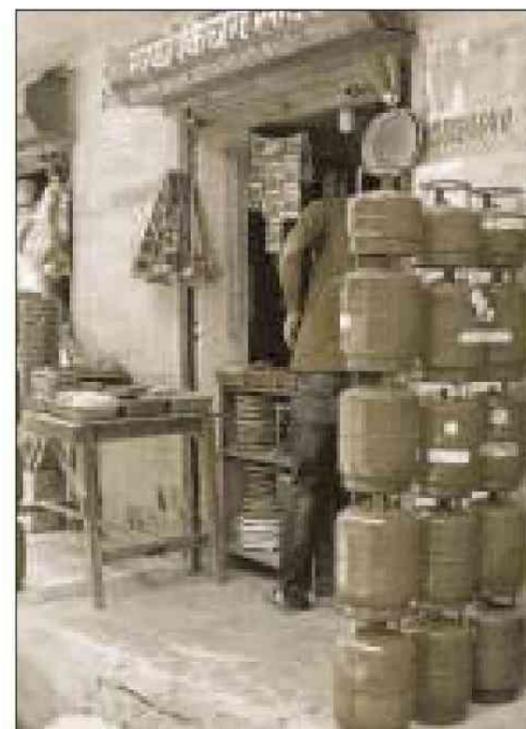
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There is a clichéd expression about a glass being half-empty or half-full. “Do you know Algebra?” said the rabbit. “Yes, I liked it in high school,” said Alice. “What is one of the axioms of Algebra?” asked rabbit. “Equal multiples of equals are equal,” said Alice, selecting the first she remembered. “Indeed!” said the Rabbit. “You will admit that a bottle half-full is a bottle half-empty.” “Yes,” said Alice, wondering what was coming now. “Well, multiply both sides by two, and a bottle full is a bottle empty,” said the Rabbit. “Oddly enough, familiar though it is, the antecedents of the half-empty half-full expression aren’t easy to pin down. From an online discussion on etymology, I discovered that the quote I have given is the earliest known reference. The National Council of Teachers of Mathematics (USA) has a journal called “The Mathematics Teacher” and this appeared there in 1927.

The 2011 Census wasn’t a long time ago. The Census asks a question about households with amenities. One such amenity question is about the percentage of households who use LPG/CNG for cooking. All India, the percentage who use LPG/CNG

increased from 17.5% in 2001 to 28.5% in 2011. Specifically, for rural households, the increase was from 5.7% to 11.4%. If households don’t use LPG/CNG for cooking, what do they use? A large chunk is firewood. (There is gobar gas, crop residue and charcoal too.) Census 2011 tells us, in 2011, 62.5% of rural households used firewood for cooking. Roughly, not exactly, there are similar numbers from the National Sample Survey (NSS). Hence, a little more than 100 million rural households use firewood. This means adverse health effects, with a gender angle thrown in, and issues of collecting that firewood. Therefore, on May 1, 2016, the Pradhan Mantri Ujjwala Yojana (PMUY) was launched in Ballia, Uttar Pradesh. The bare bones are the following. One, through the PMUY, a new LPG connection will be issued in the name of a woman from a BPL household, as long as it is a new connection. Two, the BPL (below the poverty line) identification is on the basis of the rural socio-economic and caste census (SECC), at least one deprivation. Separate guidelines for urban and other kinds of households have been added to the original template in April 2018. Three, the government pays Rs 1,600 for that new connection. (This is reimbursed to the oil marketing company.) Four, The beneficiary has to pay for the stove and refill. (There is an EMI option.) Five, there was a target of 15 million connections in the first year and 50 million in the first three years. Those three years would have ended in 2019.

A few days ago, a document titled “48 Months of Transforming India” was brought



■ According to the 2011 Census, the use of cooking gas in rural households rose from 5.7% to 11.4% from 2001

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out. That gives a figure of 38 million women having obtained LPG connections and we are also told the target has been increased from 50 million to 80 million. In addition, there is a performance dashboard at mygov.in and since it is real time, it is more current than the first document. The dashboard shows a figure of 41 million.

Is something like the PMUY a good idea? I haven’t met anyone who has said it is a bad idea. Is there any duplicity (perhaps I should have written multiplicity) and double counting in the numbers? Because of several diligence checks used, I haven’t met anyone who

has claimed that. Hence, half-full versus half-empty. Those who want to fill the glass look upon it as half-full and those who want to empty the glass look upon it as half-empty. Perception is coloured by the lens one wears.

It is also a fact that improvements face the phenomenon of the bar being constantly raised. Therefore, there is a critique that argues the following. The PMUY is fine. However, having introduced the PMUY, you need to build on it. Despite getting a LPG connection, people don’t refill cylinders. Why don’t they? Bordering on the speculative, one can hypothesise.

Even when subsidised, LPG costs are high. Firewood is cheaper and negative externalities associated with firewood not appreciated enough.

The market wants smaller cylinders (5 kg), but distributors only supply larger ones (14.2 kg). Rs 1,600 still means losses for oil marketing companies and without refills, distributors suffer losses.

Despite such elements of a critique, it is not obvious what the policy deductions are. Is there an argument for increasing subsidy on subsidised LPG cylinder further? Is it an argument for increasing the fixed cost subsidy beyond Rs 1,600? Is there a case for tweaking EMI provisions? (I haven’t gone into these details.) Or is this simply a case of markets reacting with a time lag?

Oddly enough, not too many people in metro India seem to know that April 20 is celebrated as Ujjwala Diwas, a part of Gram Swaraj Abhiyan (GSA).

Indeed, many don’t seem to know about the GSA. Full for rural may mean empty for metro.

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The views expressed are personal*