

Suspending DBT Scheme Not a Good Idea

Guest Column



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Reportedly, the government of India is planning to suspend the Scheme of Direct Cash Transfer of LPG Subsidy through Aadhaar. This has raised a counter question: why such a great idea implemented with rigour and discipline unparalleled in recent years is being suspended all of a sudden. The scheme referred to as Direct Benefit Transfer of LPG Subsidy (DBTL) is innovative in many ways. The scheme provided the hope that the Aadhaar number would be leveraged for cash transfer of subsidy only to the intended beneficiaries and would plug

leakages. It was also hoped that diversion of subsidised cylinders for commercial use would be prevented and bring greater transparency in subsidy management. Despite apprehensions, the scheme could be rolled out in such a large area covering 291 districts within a short duration of eight months. Therefore, any plan to suspend the scheme would not only be a retrograde step, but would raise a question as to whether the objectives of the scheme have been appreciated fully.

National Payments Corporation of India (NPCI) plays a key role in the operation of the scheme. The initial operational problems and apprehensions have been addressed to a great extent. The scheme has been extended only in those districts where Aadhaar enrolment is more than 80%.

The LPG customer is required to 'link' the Aadhaar number with the LPG distributor and also 'seed' with the bank. The bank, in turn, will report the fact of seeding the Aadhaar number to NPCI for 'mapping' in the 'Aadhaar Mapper'. Once these three small processes are completed, the consumer is ready to receive the subsidy through 'Aadhaar Pay-

ment Bridge (APB)' of NPCI in an automated manner. When a district is taken up for DBTL, the consumer has to request for linking and seeding to his gas distributor and his bank respectively.

The impression that linking and seeding are difficult processes is no longer valid. The very fact that 60 million records in the Aadhaar Mapper have been mapped during such a short period indicates that the initial learning difficulties have been overcome. The oil marketing companies have trained their distributors and staff as to how the Aadhaar number of the consumer should be linked in their system.

Similarly, banks have simplified the processes for seeding the Aadhaar number in their core banking solution. Apart from their branches, they have enabled alternative channels like internet banking, ATMs and IVR for accepting the requests of customers for seeding purposes. Similarly, banks have been provided access to NPCI's Aadhaar Mapper for uploading the seeded data to the Mapper in an automated way without any manual intervention.

Banks can now check the status of Aad-

haar mapping seamlessly. Recently, NPCI launched a web service for the LPG consumers whereby a customer can log on to the transparency portal of the oil marketing company and check the status of linking, seeding and mapping. A customer with MTNL or BSNL mobile connection can also make a query by raising a USSD query to *99#. This service called 'Query Service on Aadhaar Mapper (QSAM)' has been a success.

The DBTL scheme demands that when LPG cylinder is delivered, the consumer is charged the full commercial rate of the cylinder. As against the old system of receiving the cylinder at ₹400+, the consumer is now charged ₹1,100+ in the DBTL scheme. This gives a visibility of the cost of the cylinder. On the third day, the consumer's account gets credited with the subsidy component (the difference between the earlier rate and the new commercial rate). Thus, the subsidy is now made available by way of cash instead of kind. This is no doubt a point of discomfort to the consumer. But there seems to be no easy way of preventing commercial consumers camouflaging as household consumers and defeating the purpose of subsidy.

Last month, NPCI processed 15 million DBTL transactions apart from State Bank of India which processed another 5 million transactions.

Thus, subsidy payment was made only to 20 million consumers thereby plugging the leakage in a big way. Since the launch of DBTL scheme in June 2013, it has achieved a success rate of over 99.50% credit to the intended beneficiaries on the third day. Even at the back of this success, if the scheme is suspended because of some teething trouble, the efforts required to revive the scheme would be difficult.

It would be better to fine-tune the scheme as it moves instead of taking a halt. One such fine-tuning can be to ensure making the payment on the very day instead of on the third day. It is possible to streamline and make the payment even real time. Payment systems in India have come of age with NPCI's Immediate Payment Service (IMPS) and National Automated Clearing House (NACH) service and DBTL scheme should leverage the same. Suspending the scheme should be the last thing to consider.

(Views are personal)