

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:569
ANSWERED ON:16.08.2007
SMART CARD SYSTEM
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government is planning to introduce Smart Card System in cooperation with the oil marketing companies to curb diversion of PDS kerosene into the black market and to plug leakages in the system;
- (b) if so, the extent to which smart card is going to help in curbing diversion of kerosene meant for PDS;
- (c) whether it is going to be introduced on a pilot scheme basis in some districts of the country;
- (d) if so, the details of the districts so identified in different States particularly in the State of Andhra Pradesh for this purpose;
- (e) whether some States are opposing this move; and
- (f) if so, the details thereof and the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) & (b) In order to formulate a long-term pricing policy of petroleum products, the Government had constituted an Inter-Ministerial Committee under the Chairmanship of Dr. C. Rangarajan. The Committee has inter alia recommended to restrict the subsidy on kerosene to BPL families only. The Government has accepted the recommendations of Dr. Rangarajan Committee Report and has decided 'in principle' that subsidy on PDS kerosene be limited to BPL families only. With the objective of ensuring that the benefit of the subsidy reaches the BPL families in an efficient and cost-effective manner and to prevent any leakages, this Ministry proposed introduction of Smart Card System for distribution of PDS kerosene to BPL families. The Smart Card Scheme is expected to help contain the black marketing of kerosene and also its diversion for adulteration.

(c) to (f): The Smart Card Scheme was proposed to be introduced initially on an experimental basis in three districts – Latur in Maharashtra, Nalanda in Bihar and Nainital in Uttaranchal in 2007. Under the Smart Card Scheme, Smart Cards would be issued to the BPL card holders, to ensure that the subsidized PDS kerosene is delivered to BPL families only. The beneficiaries i.e. BPL families will be identified by the district authorities. In the Pilot project, subsidized kerosene through Smart Card is proposed to be available to BPL families while all other ration card holders would be given non-subsidized kerosene. Oil Marketing Companies (OMCs) would ensure adequate availability of PDS as well as non-subsidized kerosene during the entire period of implementation of the Pilot scheme.

The State Governments of Maharashtra, Bihar and Uttrakhand did not favour the implementation of the pilot Smart Card Scheme. The State Governments stated that the supply of subsidized PDS SKO should not be restricted to BPL families only and the same should continue to all families as at present. The State Government of Bihar intimated that they have approved distribution of PDS SKO to BPL families on the basis of coupon and the APL families on the basis of ration card and requested to stay the implementation of smart card scheme in the Nalanda district.

In view of the unfavourable response from the State Governments, this Ministry has not been able to implement the pilot Smart Card Scheme.

The pilot scheme of Smart Card is not planned in any district of Andhra Pradesh.