

Modi's LPG reform was different. It helped the poor immediately, no trickle-down timeline

As we celebrate India's 1991 economic reforms, it is also important to know the success stories of recent campaigns. None stand out like LPG.



RAMA BIJAPURKAR 17 July, 2021 11:02 am IST



Representational image | LPG cylinders | Bloomberg

In 2014, to get a gas connection for my domestic worker, I needed to go all the way to the chairperson of a PSU oil company and ask for a special dispensation because the beneficiary was from a lower income group and lived in a *chawl* in Mumbai with no rent agreement or proof of residence. “It’s a subsidised commodity so we can’t change the rules,” was the reason the oil company gave us for being so hidebound on KYC documents for address proof. She needed LPG, not just for convenience, but for earning more. She needed it to make chapatis for her entire family’s lunch *dabbas* and then show up for work on time before her

office-going women employers left for the day. They paid more than those who were okay with 11 am housework.

In 2019, another domestic worker of mine in Mumbai wanted a gas connection. In addition to working in my house, she ran a food service business for her neighbouring street vendors – she cooked and her husband delivered the food. This time, after five rounds to her gas agent and some coaching from me on asserting her rights, she got her connection and two cylinders.

In 2021, a farm labourer wanted a gas connection in a remote village. I downloaded the forms online and filled them for him; he made one trip to the agency with photographs, Aadhaar card and bank passbook as residence proof (almost all Indian households have bank accounts now). It took three days end-to-end for him to get the gas cylinder at home.

While we are commemorating and celebrating three decades of economic reforms in India, we should also be evaluating, remembering important reform moves that have taken place in the recent past, especially one that actually helped the poor almost immediately and didn't wait for the trickle-down timeline.

Why LPG worked

All my extended family's domestic workers across India's big and small towns have LPG connections now, as do 90 per cent of urban and 59 per cent of rural households (ICE360 [survey data](#)). Today, I have great difficulty obtaining even a small bottle of kerosene in Mumbai.

An even more gratifying sign of progress is that money for the LPG subsidy is now coming directly into people's bank accounts. In 2014, when my domestic worker found that the money had actually come into her account, I remember the excitement, both hers and mine! It was the first broad-based Direct Benefit Transfer scheme in India (and the world's [largest](#)). We had never seen money flow directly into our bank account no questions asked, and no middlemen to be nice to.

Getting a gas refill was a big pain not too long ago. Call the gas agency, get endless 'engaged' ringtones, then promises of delivery, and finally, no delivery. The service you got was totally dependent on who you were. Today, my worker orders LPG gas on her cellphone using Marathi IVR. She is not literate, has a gas cylinder picture on her contact list, and gets her cylinder in the same wait time as me, even though I tip the delivery man more than she can afford to.

Then came the 'Give It Up' campaign in 2015, where one crore people responded to PM Narendra Modi's call to give up their LPG subsidy.

I remember a meeting at an oil major many years ago where the topic of selective subsidies had come up for discussion. "Why should Shah Rukh Khan and my driver get the same subsidy," one of the attendees asked. The answer was that it was too complicated administratively to let some get subsidies and some not. Call me a '*bhakt*' if you will, but the PM's **idea** to 'Give It Up' through giveitup.in was sheer genius. It appears that the number of people giving up subsidy has gone down now, but with sustained promotion and an easier user interface, it can grow again.

How Consumer India works

The idea of providing gas connections to low-income households was never considered in the past. "Too expensive to transport" was the refrain. LPG is one thing that cannot be sachet-ised because there is no way to economically make smaller cylinders.

Hindustan Petroleum started an initiative called 'Rasoi Ghar' around 2004 — community kitchens with LPG, which was a pay-for-what-you-use facility. But that received lukewarm consumer response because taking your food elsewhere to cook it with others was not everyone's idea of a great idea. Then came various versions of smokeless *chulhas*, but none of them was obviously as good as the real thing — LPG. Now, as part of our welfare State, we have given 83 million **women** below the poverty line access to LPG through Ujjwala Yojana.

Critics say, “Oh, giving connections is easy, but they can’t afford to buy LPG regularly, so what’s the point?”

A report in *Hindu Business Line* in September 2019 said that the Modi government was “stumped” by the fact that connections had increased but consumption of LPG had not in proportion. Why anyone who knows Consumer India should be “stumped” by this is itself stumping.

We need to explain to the critics that having access to an amenity is itself a huge benefit — one that can be used when you need to. Consumer India has always had, even at middle-income levels, a portfolio of products that are consumed for any purpose, optimising overall benefit and cost. Good detergent powder for office clothes, low-quality detergent for bedsheets and home clothes; two-wheelers for neighbourhood errands and commute to office, and a car to take the family out for social occasions; the list is endless. That’s how Indian families optimise their happiness and balance their budgets. Shampoo sachets, that much-celebrated innovation, now work as regular ‘once-in-a-while’ usage. So, there’s no need to stress about infrequent LPG usage. It’s not like building toilets with no water connection— a kind of deal stopper.

The LPG story of India is remarkable. Let’s celebrate it and push harder for ‘giveitup.in’ so that more low-income households have equality of access. As their incomes grow, they will, by choice, become firewood-free.

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