



Direct benefit transfer scheme

KEYWORDS

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ABSTRACT *Direct Benefit Transfer (DBT) is launched by Government of India on 1 January 2013. This program aims to transfer subsidies directly to the people living below poverty line through their bank accounts. It is hoped that changing mechanism of transferring subsidies i.e crediting subsidies into bank accounts will reduce leakages, delays, etc.*

OBJECTIVE: *The objective of this paper is to study the Direct Benefit Transfer (DBT) Scheme in India and government attempt to change the mechanism of transferring subsidies.*

INTRODUCTION

Year 1987, the then Prime Minister of India, Sri Rajiv Gandhi has elaborated the scenario of corruption and its prevalence in the country in Lok Sabha. He said that out of every Rs 100 spent by the government only Rs 0.87 reached the targeted population of the country. Decades have passed by and nothing has changed for good. One can see an increase in the rate of corruption and the money being drained out as its consequence.

In 2013, the then government of India, was trying to find out a way of how to save the benefits of welfare schemes from draining out. Especial focus was on the subsidy schemes that were meant for the poor and needy population of the country. According to the C.Rangarajan committee estimates, 30.9 per cent of the rural population and 26.4 per cent of the urban population was living below the poverty line in 2011-12. The state of poverty in India is such that 25% of all hungry people worldwide live in India. According to latest FAO estimates in 'The State of Food Insecurity in the World, 2015" report, 194.6 million people are undernourished in India.

The Unique Identification Number scheme, later renamed as Aadhar Scheme, modeled on the Social Security number scheme of the United States provided an answer to them. The Government came out with a unique idea of linking the Aadhar card, which was also a biometric card, with the benefit schemes and planned to transfer the same directly to the targeted population. In Delhi the Aadhar card also known as Unique Identification Project (UID), was launched on 2nd October 2010. Focusing on vulnerable population living in Delhi, Mission Convergence took the service to the doorstep of the vulnerable pockets (community). This service is delivered through Gender Resource Centers (GRCs). The data of vulnerable people living in Delhi is already covered by mission convergence through survey. Initially the UID enrolments in GRCs began with just two centers in North West District. Later, over 104 GRCs are operational in Delhi for Aadhaar card enrolment. In GRCs beside UID enrolment, data correction and updation of vulnerable people living in catchment areas is also done so that those left out will also be included. Till date over 2.3 lakh vulnerable people have been enrolled in this project and approximately 48000 Aadhaar cards have been generated. The whole idea behind enrollment of people in Aadhar card was to link the beneficiaries' bank account with

his/her Aadhar card, so that the data is registered with the Government. This data will help the government in providing benefit of different schemes to the person/s.

On 1 January 2013, Direct Benefit Transfer (DBT) program was launched on a pilot basis in 20 districts of India initially aiming to cover scholarships and social security pensions. The program was officially introduced on 6 January 2013 by the then Minister of Rural Development Sri Jairam Ramesh along with the then Chief Minister of Andhra Pradesh Sri N. Kiran Kumar Reddy in Gollaprolu of East Godavari district. Later from July 1, 2013, 121 districts were benefited through DBT scheme also by 1 October 2013, schemes run through Post office Accounts were also included in DBT scheme.

Major hindrance in implementation of DBT scheme was lack of computerized record of beneficiaries making it difficult to link DBT with schemes. Out of 39.76 lakh beneficiaries who ought to have been covered under various schemes, only 56% had bank accounts, 25.3% had both bank accounts and aadhaar numbers, but only 9.62% have bank accounts seeded with aadhaar numbers

The Office of Controller General of Accounts has implemented Central Plan Scheme Monitoring System (CPSMS) that will act as the common platform for routing DBT. All the relevant orders related with the Direct Benefit Transfer are available on the CPSMS website. CPSMS can also be used to prepare beneficiary list and digitally signing and processing them for payment in the bank accounts of the beneficiary/ beneficiaries.

Direct Benefit Transfer (DBT) and Schemes

Direct Benefit Transfer aims to reduce the leakages and delays, in transferring subsidies to the people. With basic objective of bringing more transparency, reducing leakages of benefits and delays in sanctioning of the social security programmes, this initiative of Direct Benefit Transfer (DBT) through Aadhaar was introduced by the government in case of 42 government schemes. The DBT schemes include, Pension schemes, Scholarship Scheme, Janani Suraksha Yojana, LPG Subsidy, National Child Labour Project, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) etc., National Social Assistance Programme (NSAP), PAHAL (Modified DBTL) and Other schemes.

According to the report on DBT and DBTL for the period 1st January, 2015 till 31st March, 2015; Total number of beneficiaries under DBT schemes are 22.74 Cr. PAHAL rolled out across the country. A sum of Rs 14,779.31 Cr had been disbursed to about 14.86 Cr LPG consumers in about 28 Cr transactions. In old DBTL Rs 5,394.9 Cr was transferred to 2.8 Cr LPG consumers up to 28.02.2014. Cumulative Aadhaar saturation is 65.30 % for the 643 districts. So far Rs 46,293.85 Cr have been released under DBT since 1.1.2013 till 31.3.2015, out of which Rs 12,185.56 Cr were transferred through Aadhaar Payment Bridge (APB), and Rs 34,108.29 Cr had been transferred via other electronic modes of transfers including NEFT.

Like other initiatives of the Indian government, even this DBT initiative was also not beyond flaws. Complaints were made for such a hasty implementation of such an important measure. When majority of the targeted population still not being registered under Aadhaar System then how the government could make Aadhaar linked DBT schemes roll. As a reply to the complaints, the Supreme Court had detached Aadhaar from being a mandatory option for getting benefit under DBT schemes.

Today even without the mandatory registration of Aadhaar and linking the bank account through Aadhaar, the scheme has proved to be a mile stone in the battle against pilferage in scholarship and social security schemes. Detaching the scheme from Aadhaar Card system proved to be a limitation on this novel idea but the relative success of the scheme provided the government with much needed moral support. The government has included Mahatma Gandhi National Employment Guarantee Act with Direct Benefit Transfer. The wages of MGNREGA is now being transferred through DBT.

The government had also linked subsidy on domestic LPG through this route only. The Direct Benefit Transfer Scheme for LPG subsidy (DBTL), formerly known as Pahal or Pratyaksha Hastantarit Laabh was launched on June 1, 2013. The program was officially launched by then minister of Petroleum & Natural Gas, M Veerappa Moily in 20 high Aadhaar coverage districts. Under DBTL, the bank account details of the beneficiaries are linked with their LPG consumer numbers so that the LPG subsidy is transferred directly to the beneficiary's account. On booking first subsidized cylinder the subsidy will be credited in the bank account before the actual delivery of cylinder. Next subsidy will again be credited after first cylinder is received until the cap of 12 cylinders per year is reached.

Pahal scheme has received a place in the Guinness World Records as the largest direct benefit transfer scheme. Today more than 15 crore LPG users have benefited from 'Pahal' scheme and more than Rs. 40,000 crore has been transferred to the accounts of the beneficiaries through different schemes.

As another effort to cut down diversion and black marketing of the fuel, the government of India on 1st January 2016 introduced the DBT scheme of cash transfer of subsidy in kerosene distribution. From 1 April 2016, eight states i.e. Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Punjab and Rajasthan have agreed to the introduction of DBT of subsidy for kerosene in 26 districts.

Soon DBT scheme for cotton farmers will be introduced, where payment of Minimum Support Price (MSP) is guar-

anteed to the cotton farmers. A pilot project has already been launched at Hinganghat taluka of Maharashtra. The central government also plans to link the DBT programme with Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), seven higher scholarship schemes, fertilizer and urea subsidy.

Direct Benefit Transfer (DBT) and check on corruption

The DBT scheme will help the beneficiaries to receive welfare payments through a single platform i.e. through Aadhaar card hence, reducing corruption and administrative cost. A check on duplicate beneficiaries is also maintained as using the Aadhaar platform will increase transparency in identification and authentication of beneficiary.

An enormous waste of physical and financial resources meant for the poor is noticed because of middlemen in DBT scheme. These middle men are repeatedly held responsible for siphoning off parts of the subsidy of various schemes. Thus, the direct electronic transfer of benefits into beneficiaries' bank accounts as proposed in Aadhaar is expected to reduce bureaucratic red tape.

Challenge in Implementation of Direct Benefit Transfer (DBT) Scheme.

Policy makers face many challenges in implementing the DBT scheme as delivery of benefit both in cash or in kind have its own challenges. Direct Benefit Transfer in cash form may lead to adverse benefit distribution within the family. In a male dominating society like India, direct benefit received in cash may not be distributed equally in a family. Large part of benefit is often spent on liquor and gambling. Thus, women and kids in the family may be neglected. Reflecting on these ground realities, Amartya Sen says: "Direct access to food tends to favor children rather than adults, and girls rather than only boys, thus working against biased social priorities common in the subcontinent".

In rural areas, banking system is not developed fully in light of proposed program. Also coverage of rural population under Aadhaar is less. For any program to be efficient there must be collaboration between different stake holders involved. These stake holders include; central departments, state departments, UIDAI, and banks. Failure or inefficient implementation at any level will lead to huge disruptions in implementation of program as whole. MGNREGA is the recent example where due to time lag in payment the program could not achieve the expected transformational impact.

For any DBT scheme to be a success there is a need of strong social support infrastructure. For example, if health care schemes are converted to cash transfer benefit in absence of strong social support infrastructure there are chances that poor people are forced to private health services. As in this case the public healthcare system will not be well funded and will lack access to many preventive and curative cares.

Therefore, government needs to develop strong social support infrastructure, ensure Aadhaar coverage across the country, check corruption due to middle men involved and expand its rural banking network.

CONCLUSION

In conclusion, one should admit about the novelty of the idea behind the initiative. No effort is beyond fault, especially in a country like India, where the number of benefi-

ciaries and complex implementing procedure itself makes schemes to be extremely challenging, it becomes more difficult for the government to make it full proof. Even then, what at best we can do is to increase awareness about schemes and its implementation so that proposed program can be a success.

It can also be concluded that, if DBT scheme is implemented correctly, it has the potential to improve societal welfare with minimum government's expenditure. This can only be achieved in the presence of a strong social support infrastructure. It further requires strengthening of rural infrastructure, easy access to banks, schools, hospitals and Aadhaar coverage across the country.

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