

## CASH TRANSFER SUBSIDY: DIRECTIONS AND IMPLICATIONS

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### ABSTRACT

*India is a country of villages. Poverty is the main problems of Indian citizens. Various plans for eradicating the poverty are implemented since the independence of India by the Indian government but the problem of poverty is still persisting. Cash transfer subsidy scheme help poor and vulnerable households to raise and smooth incomes. The term encompasses a range of instruments (e.g. social pensions, child grants or public works programmes) and a spectrum of design, implementation and financing options. While the primary purpose of cash transfers is to reduce poverty and vulnerability, the evidence shows that they have proven potential to contribute directly or indirectly to a wider range of development outcomes.*

*In this paper we will discussed and tried to get the answer for the following questions:*

- 1. What is direct cash transfer scheme?*
- 2. What is its operation modal in India along with CBT of the same?*
- 3. How have the other countries adopted the cash transfer scheme including CCT?*
- 4. What are the important inferences and suggestions for the DBT SCHEME?*

*Understanding these question help us to judge the scheme whether or not it is a game changer, magical or revolutionary, the actual reality has to be reviewed.*

**KEYWORDS:** *Cost Benefit Analysis (CBA), Conditional Cash Transfer (CCT), Direct Beneficiaries Transfers (DBT).*

### Introduction

In wherein the subsidy amount will go directly into the bank accounts of the beneficiaries. The government will a landmark step, Prime Minister Manmohan Singh announced the much-awaited direct cash transfer scheme implement the scheme for cash transfer to the beneficiary's account in 51 districts from January 1, 2013. It is a poverty reduction measure in which government subsidies and other benefits are given directly to the poor in cash rather than in the form of subsidies. Cash transfer can be a good way of helping the poor in many circumstances. Indeed, many schemes that are not directly cash transfer schemes also work mainly through cash transfer, such as the National Rural Employment Guarantee programme, which certainly has helped the poor through creating jobs and generating cash income for a great many poor people in rural India. Cash is easy to handle and can be, in many cases, easily monitored. It cannot be sensible to be generically against cash transfer schemes, in a country with a lot of poverty and a commitment to use public money to make the very poor a bit less poor. However, the Direct Benefits Transfer (DBT) programme is a particular scheme of cash transfer, and we have to ask what it may be displacing and whether the losers will not be plunged into more poverty. It is not the modality of cash transfer that is the only issue, but also how much, and for whom, and also, instead of what. If, for example, it is instead of subsidized food, we have to make sure that the people who depend on cheaper food will have enough cash to buy the unsubsidized food. There is also another issue-that of

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