

DIRECT BENEFIT TRANSFER (DBT): A BLESSING IN COVID 19

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ABSTRACT

India, the second-most populous country of the world, has been acclaimed as having one of the most inclusive public welfare structures. As per the recent report by the planning commission of India, the public distribution system (PDS) in India is so futile that 58 percent of the subsidized grains do not reach the targeted group and almost a one-third of it is diverted off the supply chain. According to a report published by Finance Ministry, the inefficiency of the PDS causes the government to spend Rs 3.65 for transferring Re. 1 to the poor.¹ As a measure to tackle these leakages, inefficiencies, and high transaction costs of social welfare programs government of India in January, 1st 2013 launched a scheme, Direct Benefit Transfer (DBT) scheme which aims to transfer benefits directly to the bank account of the beneficiary. The slogan to promote this scheme is “**Apna Adhikar, Apne Dwar**”. With an aim of the **MAXIMUM GOVERNANCE MINIMUM GOVERNMENT**, this scheme improves public distribution by ensuring that the services, benefits, and subsidies are delivered in an efficient, transparent, and targeted manner. The present study focuses to analyse the Direct Benefit Transfer scheme and its growth in the recent past, especially during the lockdown period of Covid-19.

Keywords: Direct Benefit Transfer, Covid 19, Supply Chain, PDS, Social Welfare Programs.

Introduction

Direct Benefit Transfer: An Overview

The history of the cash transfer scheme began in the Mid 1980s in Brasilia. “Fome Zero” strategy which means “Zero Hunger” started in Brazil and Cristovao Buarque, the former governor of Brasilia, is conferred as the father of the programme. Brazil has the world's largest cash transfer programme and has been successful in combating poverty. Its experience suggests that, when correctly administered, cash transfers are at best a required condition for poverty reduction. Direct benefit transfer has been used as one of the most effective tools for removing poverty in many Latin American countries in the last two decades.

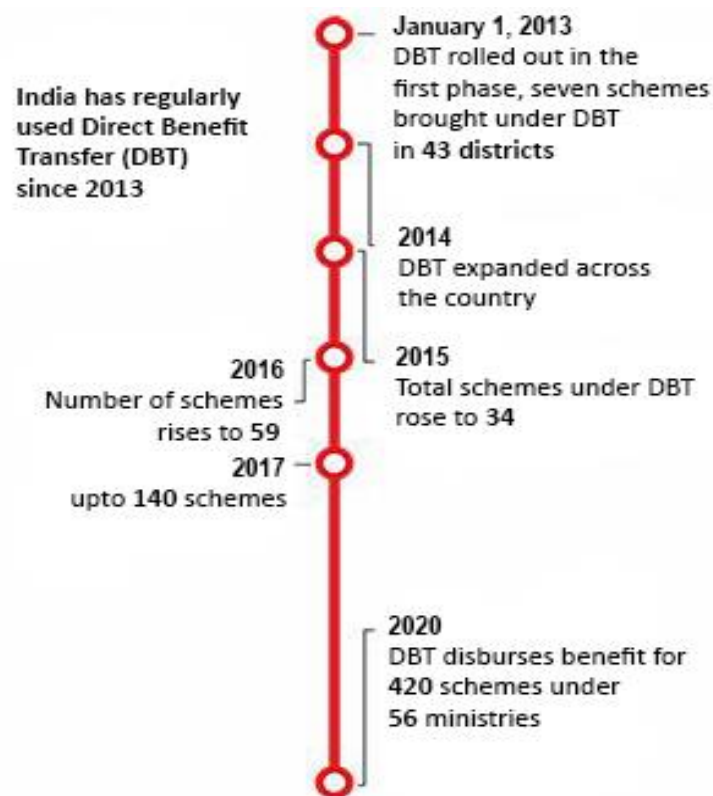
In India, the benefits transfer mechanism was perceived in the economic survey 2010-12. It mentions that; a well-targeted cash transfer can boost domestic consumption, and asset ownership and reduce problems of food security for the ultra-poor. Subsequently in the budget of 2011-12 under the chairmanship of Nandan Nilekani constituted a task force on Direct Transfer of Subsidies on Kerosene, LPG, and Fertiliser, 2011 to recommend and implement a solution for direct transfer of subsidies.³

To reform the Government delivery system by re-engineering the present process of public distribution for a less complicated, faster, and more accurate flow of information/funds to the beneficiary Direct Benefit Transfer (DBT) was started on 1st January 2013. For the fair implementation of the DBT programme Planning Commission made the DBT mission a Nodal point and transferred it to the Department of Expenditure in July 2013. To give more impetus, DBT Mission and matters related thereto have been placed in Cabinet Secretariat under Secretary (Co-ordination & PG) w.e.f. 14.9.2015.⁴

- The First phase of DBT was started only in 43 districts and after it, 78 more districts were added in 27 schemes later. On 12.12.2014 DBT was further expanded all across the country referring to scholarships, women, child, and labour welfare.

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- 300 districts with higher Aadhaar enrolment have been identified and brought under the Direct Benefit Transfer Scheme with 7 different scholarship programme and MGNREGA.
- Electronic Payment Framework was laid down vide O.M. dated 13.2.2015 and 19.2.2015.⁵ Which means DBT will be applicable for all Sponsored Schemes of Government where there are components of cash transferred to the beneficiaries. It will be followed by all Ministries/ Departments and their attached Institutions/PSUs. Aadhaar is not mandatory in DBT but as Aadhaar provides a unique identity and is useful in targeting the intended beneficiaries, Aadhaar is preferred and beneficiaries are encouraged to have Aadhaar.
- JAM trinity i.e, Jan Dhan, Aadhaar, and Mobile are DBT enablers, and having more than 38 crore Jan Dhan accounts, 100 crore Aadhaar, and about 100 crore Mobile connections provide a unique opportunity for the government to implement DBT in all welfare schemes running across the country including States & UTs. Also, it become very easy to identify bogus beneficiaries and prevent leakages in government schemes.



Source: nic.in

Objective of the Study

To evaluate the present status of DBT in India, especially during the pandemic time. Paper also takes into account the flow of funds to beneficiaries during the lockdown period.

Methods

This study is more of a descriptive study. Literature related to the study is approached from various newspapers, journals, data, and figures from the official site of the direct benefit transfer mission of India.

Components of DBT⁶

Primary components in the implementation of DBT schemes include the Beneficiary Account Validation System, a robust payment and reconciliation platform integrated with RBI, National Payments Corporation of India (NPCI), Public & Private Sector Banks, Regional Rural Banks, and Cooperative Banks, etc.

Objectives of DBT are:⁷

- Curbing of pilferage by de-duplication
- Accurate target of the beneficiary
- Timely disbursal of payments
- Electronic transfer of benefits, minimizing levels involved in benefit flow.

Schemes Covered under DBT⁸

Schemes covered under DBT may broadly be divided into three categories:

- **Cash Transfer:** In this Scheme cash benefits are transferred by Government to individual beneficiaries. Examples PAHAL, MGNREGA, NSAP, PDS, Pradhan Mantri Awas Yojana, etc.
- **In-Kind:** - kind benefits are those which are being provided by the Government to individuals through an intermediate agency. Typically, the government or its agent spends internally to acquire items for public distribution and provide services to specific beneficiaries. Individual beneficiaries receive these goods or services for free or at subsidized rates. To cite an example, in Public Distribution System (PDS), the Food Corporation of India (FCI) is the Government agency responsible for the procurement, movement, storage, and distribution of food grains to Fair Price Shops
- **Other Transfers:** Other than these two categories of schemes, another category of transfer of payments from the government to different non-government functionaries who help in the facilitation of various government schemes till the last mile. Payments are made to the various promotor of government schemes like community workers, NGOs, incentives, etc. for the proper implementation of the schemes. Examples - ASHA workers, Aanganwadi workers, teachers in aided schools, etc. They are not beneficiaries, but they are salaried, trained, and rewarded for their contributions to the beneficiaries and community.

Present Status of DBT in India

Since its inception in 2013, the Indian government cumulatively transferred **21,47,670 cr** to beneficiaries through DBT under 312 schemes from 53 Ministries/Departments. Of this amount, **5,09,919 cr** was transferred through **505 cr** transactions in the previous financial year 2021- 22. DBT has also proved financially valuable as the Government of India could save a cumulative amount of **2,22,968 cr** as of March 2022 using this delivery channel.

Benefits of DBT

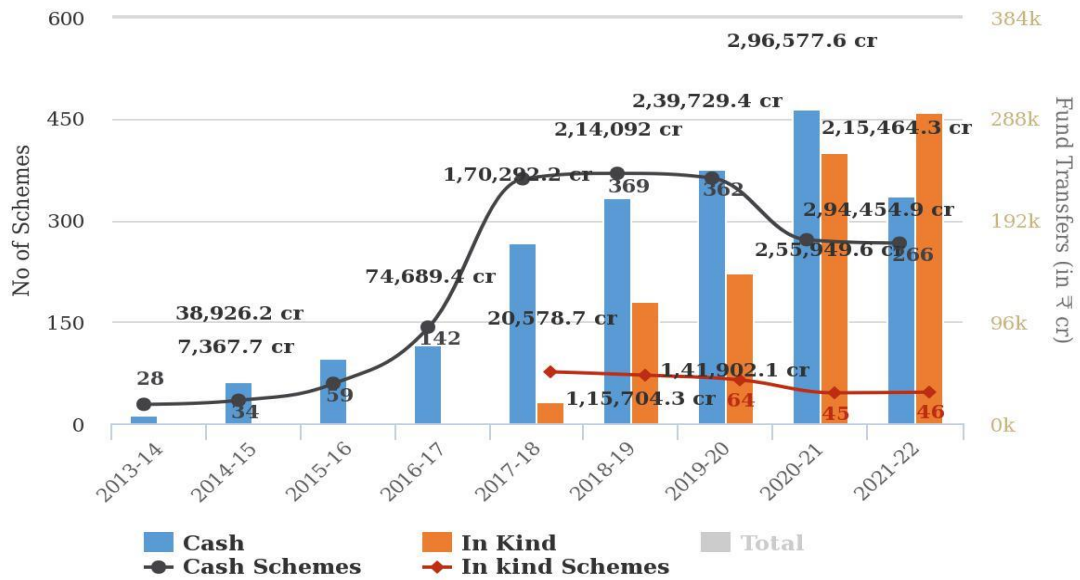
- Create transparency in fund transfers to beneficiaries
- Accurate identification & targeting of beneficiaries
- Ensure greater insertion and effortlessness of availing services
- Curb leakages in the benefit delivery processes
- Curbs 'Rent Seeking' –elimination of middlemen/agents
- Facilitating reforms in Government processes through re-engineering
- Increase efficiency in scheme delivery processes
- Ensure effectiveness of schemes through timely implementation

DBT During Covid-19

With the outbreak of the COVID-19 pandemic, millions of people were affected worldwide, their livelihoods were impacted because of the imposition of lockdown. All the economic activities were stopped except consumption. In times of highly disrupted economic activity, seamless transfers provided a lifeline to the dispossessed. It was not possible earlier to reach beneficiaries so effectively and effortlessly but the Direct Benefit Transfer scheme made it possible also in the time of the pandemic. A report says between March 2020 and May 2021, about 222 countries planned or implemented more than 3,333 social protection measures to give some relief to their citizens. Of these, a large sum of about 23% was transferred as a cash benefit that reached more than 1.3 billion people, or about 17% of the world's population. India was among the first few countries to announce a relief package worth USD 23.2 billion⁹. Pradhan Mantri Garib Kalyan Yojana (PMGKY) one of the major programmes run by the government of India to help the poor and deprived community, intended to help poor households that faced losses or saw their incomes fall during the lockdown. The speed and the volume of the cash transfers were prodigious. It served as a lifeline for people to cover their basic needs during the lockdown. During the

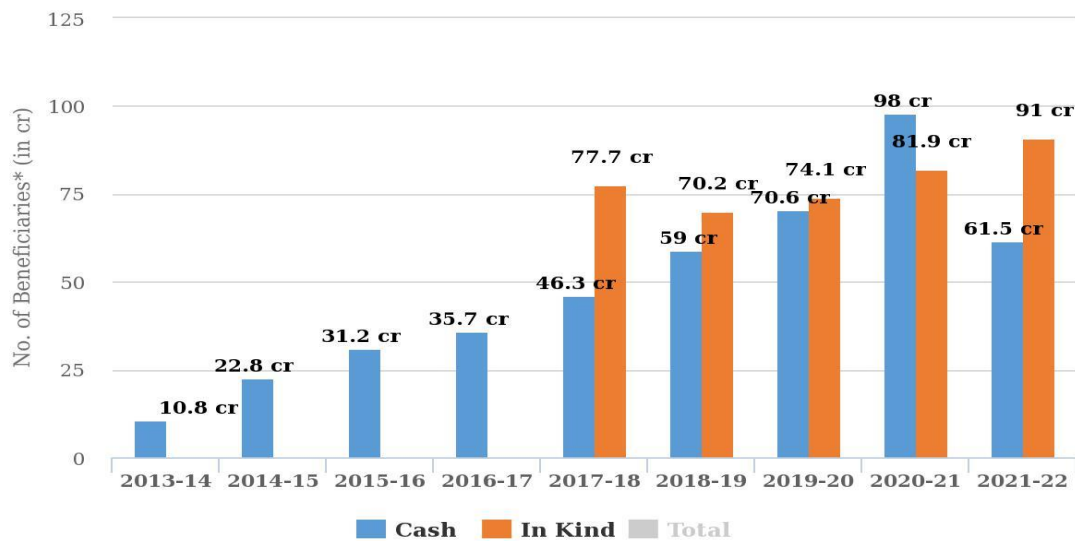
time of struggle, the Public Financial Management System (PFMS) team rose to the task of ensuring the seamless operation of the Government of India's financial machinery. On March 30, 2020, PFMS achieved the largest number of transactions in a single day, with 2.19 crore transactions, mostly driven by DBT payments. Under Central Schemes (CS) and Centrally Sponsored Schemes, cash sums were transmitted utilising the digital payments technology vehicle, Public Financial Management System (PFMS). Between March 24 and April 17, DBT payments under all centrally sponsored schemes through PFMS transfer a total of Rs 27,442.08 crore in the accounts of 11.42 crore beneficiaries through schemes such as PM-KISAN, Mahatma Gandhi National Employment Guarantee Scheme (MGNREGS), National Social Assistance Program (NSAP), Prime Minister's Matru Vandana, and Prime Minister's Matru Vandana Yojana.

Year Wise Fund Transfer



Source: - <https://dbtbharat.gov.in>

Year Wise DBT Beneficiaries



*Sum total of beneficiaries across schemes

Source: - <https://dbtbharat.gov.in>

Apart from the above-mentioned schemes, Rs 500 was credited to the women account holder of Jan Dhan accounts under the PM Garib Kalyan Yojana. Till April 13, the total number of women beneficiaries stood at 19.86 crores, which resulted in a disbursement of Rs 9,930 crore. Also, a total of Rs 17,733 crore has been paid under PM-KISAN to 8.43 crore beneficiaries, while Rs 5,406 crore has been disbursed under MGNREGA to over 1.55 crore bank accounts.

DBT payments increased over the last three financial years with the total amount disbursed through DBT increasing from 22 percent in 2018-19 to 45 percent in 2019-20 as per a report released by the finance ministry. Prior to direct benefit transfer, it was difficult to distribute cash during emergencies even within a single city. But now, we have capability to transfer cash almost anywhere in the country with no time.

Balazs Horvath, chief economist, UNDP, Asia-Pacific, said: "If a large part of an entire generation loses its livelihood, with no social safety net to catch it, the social costs will be unbearably high, and Economic instability will follow." Whether DBT or cash transfer would be able to offset the economic damage caused by the COVID-19 pandemic is a subject of debate. But DBT played a major role in sustaining life, especially of the underprivileged segments of the society impacted by the COVID-19 crisis, helping millions by providing immediate relief in tiding over the turbulent period.

The importance of the DBT scheme can be realized from the words of novel laureate winner Abhijeet Banerjee & Alfred Duflo "Fortunately, India has infrastructure for DBTs in place... industries should not collapse, and putting a moratorium on debt is important". Banerjee said there was no immediate need to transfer all the money, but there should be an assurance from the government about such transfers in the future.¹¹

Conclusion

DBT scheme becomes a blessing in disguise for not only the poor but also the hard hit section of the society say labours and daily wage earners during the pandemic. Raising the graph of DBT transactions and the number of beneficiaries during the last year shows how it helped the needy in need and reflects its crucial role in providing social security to marginalized populations. It not only helped to reach the last mile easily and effectively and effortlessly but has saved more than Rs 1.70 lakh crore rupees from falling into the hands of mediocre.

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