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DIRECT BENEFIT TRANSFER SCHEME: NEED OF THE HOUR

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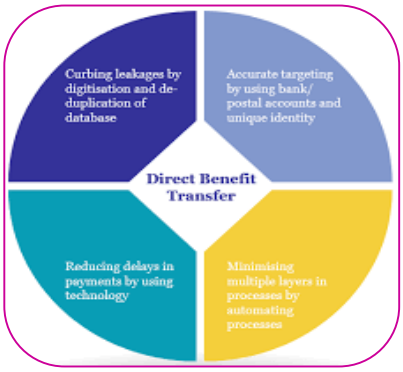
ABSTRACT—
DBT is an attempt to ensure a better and more timely delivery of benefits to the people. This marks a paradigm shift in the process of delivering government benefits like wage payments, fuel subsidies, food grain subsidies, etc. directly into the hands of the beneficiaries, speeding up payments, removing leakages, and enhancing financial inclusion. As



depicted in the figure above, the DBT system through its customer-friendly processes ensures the last mile connectivity, allowing actual disbursements to take place at the doorstep of the beneficiaries through a network of bank branches and Business Correspondents (BCs) with micro ATM machines. This paper focuses upon the role of DBT in cash transfer to the beneficiaries and making sure the actual disbursement.

KEY WORDS: *CCT Schemes, Cash Transfer, Direct Benefit Transfer,*

INTRODUCTION :

Cash transfers can be described as a class of instruments that transfer cash directly to poor households, with or without conditions. Thus, the beneficiaries are endowed with purchasing power to acquire specific goods rather than the goods themselves.

The following can serve as the purpose of cash transfers-

- To provide monetary benefits for a specific purpose and use, such as for health care through medical assistance programme, for education through a scholarship
- To provide direct income support benefits to some specific category of people such as unemployed adults, disabled persons, older adults etc.
- To provide a direct subsidy for specific products such as for food, fuel, agricultural inputs, electricity etc.

Further, cash transfers can be divided into conditional cash transfers and unconditional cash transfers. Conditional cash transfer schemes provide cash directly to poor households on the condition that those households make pre- specified investments in the human capital of their children. Specific conditions attached to these transfers, may be minimum attendance of children in schools and/or attendance at health

clinics, participation in immunization etc. These schemes create incentives for households to adjust their behaviour towards nationally accepted social goals.

Cash transfer programmes that do not impose any conditions for making the transfers are called Unconditional cash transfers. It includes social transfers such as pensions to senior citizens, the physically challenged, children etc. as most common unconditional cash transfers. These transfer schemes are unconditional not attempting to influence individual/household consumption preferences. Such transfers recognize the vulnerability of those whom the scheme addresses and make provisions of cash grant to enable individual or group coping mechanisms, often in response to guaranteed human rights.

Conditional cash transfer schemes originated in middle-income Latin American countries that had good infrastructure and supply systems. They were introduced as publically provided safety net programme that essentially supplied cash to the needy and helped them to survive through the period of economic crisis. In the mid-1990s , in various municipalities of Brazil and in the Federal District, a number of programmes were launched with the main aim to provide cash transfers to families living in extreme poverty in exchange for commitments on education (Aguiar and Araiyo,2002; Gogoy, 2004). In 1997, Mexico introduced the Education, Health and Food Programme (Progresa), which transferred cash, food supplements access to basic health package to rural families living in extreme poverty on the condition that they undertake specific education and health care commitments (Levy and Rodriguez, 2005).

In Brazil, the first CCT programme was started in 1996 with a focus on child labour. While some more programmes based on the CCT philosophy were introduced to address specific areas, these were integrated in 2004 into the now-well known programme - BolsaFamilia. Including above many other first generation CCTs addressed health and education. Other few of these wereBono de Desarollo Humano (Equador), Familia en Accion (Familis in Action, Columbia), PRAY (family allowance programme , Honduras), PATH (Programme of Advancement through Health and Education, Jamaica), short - lived RED de Protection Social (RPS, social protection programme, Nicarugua). Further, the second generation CCT schemes in South East and South Asia have been directed primarily to schooling and maternal health (Sri Lanka's Samruddhi and India's Janani Surakhsha Yojna (JSY). Recent Initiatives include pilot programmes in many countries in sub-Saharan Africa.

Thus, CCTs being multi-sectoral and integrated in nature and having the prospects of tackling the short- term poverty while protecting the formation of human capital has led governments in Africa and Asia to adopt such schemes.

EXPERIENCE OF CASH TRANSFER IN OTHER COUNTRIES

Evaluations have suggested that CCTs in Latin America had remarkable success in many aspects, more notably on school enrolment and retention. The same is true of Female Stipend Programme in Bangladesh where each additional year of participation in the programme leads to an increase in girls' enrolment by 8% (Khandker et al 2003) and of Cambodia's Girls Scholarship Programme (FIlmer and Schady 2006). Many CCTs were introduced primarily to incentivise use of health services in Bangladesh, Indonesia, Nepal, Sri Lanka, Malawi and in Latin America. Thought the evidence is thin but yet several studies suggest that they do increase use of preventive services but did not clearly state if they led to improvement in health outcomes.

While Mexico's Progressa and Nicaragua's UPS are associated with significant improvement in child height, PRAF in Honduras and Bolsa Almientacao (nutrition allowance) in Brazil have essentially no effects on pre-school nutritional status. Overall, the evidence on CCTS indicates increased service utilization (i.e. School enrolment and healthcare use) but mixed impacts in final outcomes, such as test scores, illness prevalence and nutritional status (Bassett 2008). It has also been argues that the CCTS have complemented state provisions. Indeed, the successful CCTS in Latin America have often mandated, conditionalities that involve use of state provided health and nutrition services. Behrman and Hoddinott (2005) find that progress beneficiaries improved with CCT and nutritional supplements. In Mexico, children receiving both the cash transfer and a multi micronutrient supplement grew about one centimetre more than those receiving

neither intervention, but it have not been possible to identify the effects of the two interventions individually. The success of CCTS is not much, as a standalone intervention but as a complementary input and it should be recognised as such (Bassett 2008). Progressa in Mexico and Bolsa Familia in Brazil were rolled out in communities that had adequate access to services and hence made the fulfillment of conditionality's feasible. Further, there are chances that the neediest household may not be able to participate if compliance is too costly, for example, if transportation costs are too high, schools and clinics are too far away or opportunity costs of labour too great (Bassett 2008). Low participation rate and poor uptake have been problems with many CCTS, as with Nepal's National Incantive Programme, to promote safe delivery (Powell Jackson et. al 2009) and India's JSY (Lim et. al 2010).

CCT SCHEMES AND SOCIAL TRANSFERS IN INDIA

Since the initiation of planning in 1951, Social transfers have a rich tradition in India with both the Central as well as the State governments implementing a range of measures broadly comprising socio-economic security. In an attempt to fulfill some of the commitments made under the directive Principles of State Policy, the Fundamental Rights guaranteed under the Constitution of India and the commitments made to the International Community on the Millennium Development Goals, a wide range of programmes have been launched. Many national and state level schemes implemented all over India having similarities with CCT schemes are-

NATIONAL LEVEL SCHEMES

- Dhanlakshmi 2008,
- Janani Suraksha Yojana (JSY 2005),
- Balika Samridhi Yojana 1997
- National Programme for Education of Girls at elementary - level under the Sarva Shakti Abhiyaan (SSA)2003
- Kasturba Gandhi Balika Vidyalay Scheme, 2004 etc.

State Level Schemes	States
Ladli Scheme ,2008 :	Delhi
Pension Schemes, 1960 (covering eldery, widows, the destitute, agricultural workers, workers of informal sector):	Tamil Nadu and Kerala
MDMS (free textbooks, uniforms, and nutritional support provided on massive scale):	Tamil Nadu
VidyaVikas Programme and AksharaDoshala	Karnataka
Chiranjivi Yojana	Gujarat

No doubt several initiatives have been undertaken to boost the supply services, but there is still not much evidence of steps to stimulate and, in the current macro-economic context, protect demand. The CCT programmes on the other hand, shift governments focus from the supply -side delivery of basic services to the demand - side, by protecting the consumption of merit goods. Also these programmes represent a shift from general subsidies to more sharply targeted programmes that aim to improve human capital formation and thereby, increase efficiency in long-run.

INDIA'S STEPS TOWARDS CCT SCHEMES

A recent study by Planning Commission, ascertains that the Public distribution System (PDS) is so ineffective that 58% of the subsidized grains do not reach the targeted group and almost one-third of it is trajected off the supply chain. Finance Ministry has stated that the inefficiencies of the PDs s caise the government to spend Rs 3.65 for transferring Rs I to the poor. To generate budget savings and to reduce corruption, the Government of India has Launched the Direct Benefit Transfer (DBT) scheme on January 1st,

2013. The DBT programme aims that entitlements and benefits are transferred directly to the beneficiaries with the help of biometric Aadhaar- linked bank account.

At present the scheme is covering 7 welfare schemes in 20 districts in 16 states. The areas that would be covered by the programme include scholarships, pensions, unemployment allowances and later MNREGA and public distribution schemes. The DBT scheme aims at cutting a subsidy bill of Rs 1, 64, 000 crores apart from other benefits such as better delivery, accurate targeting, broader choice, reducing delays and corruption.

In a landmark step, the then Prime Minister Manmohan Singh announced the much - awaited direct cash transfer scheme in which the subsidy amount will go directly into the bank accounts of the beneficiaries,

The government has implemented the scheme for cash transfer to the beneficiary's account in 51 districts from January 1, 2013. The money is directly transferred into bank accounts of beneficiaries. LPG and kerosene subsidies, pension payments, scholarships and employment guarantee scheme payments as well as benefits under other government welfare programmes will be made directly to beneficiaries. The money can then be used to buy services from the market. For example subsidy on LPG or kerosene is abolished and the government still wants to give the subsidy to the poor, the subsidy portion will be transferred as cash into the banks of the intended beneficiaries.

ROLE OF DIRECT BENEFIT TRANSFER

Direct Benefit Transfer (DBT) was introduced on 1 January 2013 with the main aim of improving the Government's delivery system and redesigning the current procedure in welfare schemes by making the flow of funds and information faster, secure, and reduce the number of frauds.

Initially, the nodal point for the execution of the DBT programmes, the DBT Mission was designed in the Planning Commission. However, from July 2013 until 14 September 2015, the DBT mission was taken over by the Department of Expenditure. From 14 September 2015, matters relating to the DBT Mission were placed in the Cabinet Secretariat under the Co-ordination & PG Secretary.

The initial phase of DBT was started in 43 districts. However, 78 more districts were included in 27 schemes concerning labour welfare, child, women, and scholarships. There was a further expansion in India with regards to the DBT scheme from 12 December 2014. DBT is present in over 300 districts with the introduction of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and 7 new scholarships. The Indian Government focuses highly on the DBT scheme. DBT brings about accountability, transparency, effectiveness, and efficiency in the Government of India system. The DBT enablers are Jan Dhan, Aadhaar, and Mobile (JAM). Currently, there are about 100 crore mobile connections, more than 100 crore Aadhaar, and 22 crore Jan Dhan accounts who can make use of the scheme. The process of directly transferring the subsidy amount and making other transfers directly into the account of beneficiaries rather than providing it to government offices is known as DBT. In this context, transfer can be defined as the payment that the government makes directly to the beneficiary without receiving any returns. Some of the examples of transfers are scholarships and subsidies.

ADVANTAGES OF DIRECT BENEFIT TRANSFER

The main advantages of DBT are mentioned below:

- DBT's main advantage is preventing any frauds. Therefore, the beneficiary receives the funds directly from the government. The beneficiary's bank account will directly receive the money.
- With the help of the Aadhaar number, the identification of the beneficiary can be done better. The government will be able to identify the beneficiary with the help of their Aadhaar details since it is a universal ID.

OPERATING PROCESS FOR DIRECT BENEFIT TRANSFER

DBT process contains a number of sub-processes that are present at different levels. Given below are the sub-processes of DBT:

- Preparatory steps that must be taken.
- Public Financial Management System (PFMS) registration.
- A beneficiary database must be created.
- Checking the accuracy and validity of beneficiary details.
- Payments that must be made and setting up of a feedback loop.

CONCLUSION

DBT Mission was initially created in the Planning Commission to act as the nodal agency for implementation of DBT in government schemes. The Mission was transferred from Planning Commission to the Department of Expenditure, Ministry of Finance in July 2013. To give a further fillip to the DBT process, DBT Mission and matters thereto have been placed in the Cabinet Secretariat under the administrative control of Secretary (Coordination & PG) with effect from 14.9.2015.

DBT Mission has been entrusted with the responsibility of implementing DBT in all government subsidy/welfare programmes throughout the country.

The work of DBT Mission entails studying existing delivery process in welfare schemes and subsidies and re-engineering the same to simplify process and fund flow, providing policy interventions, coordinating with various Ministries/Departments, monitoring of DBT Programme both at Central and State level, compilation of data/information and preparing progress reports on the status of DBT implementation.

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