

DIRECT BENEFIT TRANSFER IN INDIA: ACHIEVEMENTS, IMPLICATIONS & LACKS

Dr. Namita Sharma

(Assistant Professor, Dept. of Economics, Guru Ghasidas Central University, Bilaspur (C.G))

Ashish Kumar

(Research Scholar, Dept. of Economics, Guru Ghasidas Central University, Bilaspur (C.G))

Abstract- The Direct Benefit Transfer in India have achieved a lot with the target set by the government i.e transparency, accountability and simplified procedure of inclusive growth and on the way to increase the base of the program to achieve more. The overall analysis found to be profitable but this could have achieved more if we had a well prepared plan to implement before the implementation. That is first objective should be increasing the preparedness of the masses to deal with the process by gaining more knowledge about the digital process and more knowledge on the finance process of the government.

Keywords: Direct Benefit Transfer, Corruption perception index, Economic Cycle, Unconditional Cash Transfer (UCT), Conditional Cash Transfer (CCT), In Kind Transfer, Financial Literacy, Digital Literacy, Financial Inclusion.

1 INTRODUCTION

In the current scenario digitalization is being chosen in every activity in order to ensure the transparency, for simplified procedure and a cost effective approach along with this many other advantages also. In a similar way in India Direct Benefit Transfer (DBT) has been introduced by the government of India (GoI) as an attempt to change the mechanism of transferring subsidies, financial assistance through various welfare scheme and other type of assistance like scholarship for student, launched on 1st January 2013. With an intention to faster delivery of benefits and to prevent the fraudulent activities. But the aftermath calculation and possibilities that has been discussed are both the positive and negative calculation. That are the financial inclusion, stimulus for cashless economy and the inflationary pressure etc. In the initial discussion the achievements has been discussed for which it has been launched after that the other possibilities or speculations has been discussed.

1.1 Emergence of the study

The DBT in India has firstly introduced in a pilot basis then gradually the scope for the cash transfer is increasing in the economy in the economic year 2013-14 total cash transfer by DBT was 7367.7 Cr under 28 schemes, in the year 2017-18 an amount of 190870.9 Cr under 361 schemes and in the year 2020-21, an amount of 5,52,527.2 Cr has been disbursed into the account of

beneficiaries. However amount of money and number of beneficiaries are increasing over time along with this the E-Governance is also increasing. So it become necessary to analyze the achievement and what was the lack in the process.

2 REVIEW OF LITERATURE

The data for intentional achievement have been extracted from the government records (dbtbharat.gov.in) about the schemes, beneficiaries, the amount disbursed and the net gains. Thurow 1974 shows the pure cash transfer are superior than the other form of transfer. South worth 1945 suggested the household would spend the same amount in both the cases of in kind or in cash. When we have to increase the consumption expenditure on any specific commodity or services it is better in the in kind or conditional transfer than the pure cash transfer by Breunig 2004. Mukharjee and Ray says when the matter is human capital CCTs are Better than UCTs. Sudha Narayan's study shows that the in some cases like food and nutrition the in kind transfer is better than the in cash transfer. But if we talk about the welfare schemes like health & education and for eradication of poverty the pure cash transfer are better (UCTs) suggested by Superno Chatterjee 2013. In Bangladesh marginal propensity to consume is higher in wheat where this is in kind transfer than the cash transfer Ninno & Dorosh 2003. The DBT can be



inflationary in nature but it also increases the financial inclusion Justin Joy, 2018. Justin Joy 2019, suggested that providing agricultural credit than providing fertilizer subsidy for the agricultural GDP. Narenadarpani 02 august 2011 has suggested the Cash Transfer can be inflationary. NITI ayog Advisor Alok Kumar said “DBT is a way to ensure seamless transfer of money, it might be a part of the answer not a complete answer.

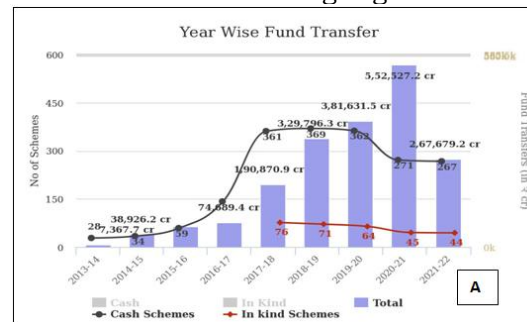
2.1 Objective of the study

The objective of the study to make an overview of the achievement and objective for which the DBT is launched in India, that is the prevention of fraudulent activity, transparency or leakages saved and to ensure the benefits reaching to the target. Description of the Economic cycle with various types of benefit transfer i.e Conditional & unconditional, Pure cash transfer and in kind transfer. And the suitability of different sector i.e in health, education, in schemes for poverty alleviation and in the ration. Description of the important elements of DBT that are financial literacy, Digital literacy & Financial inclusion which are of major concern.

3 ANALYSIS OF ACHIEVEMENTS UNDER DBT INDIA

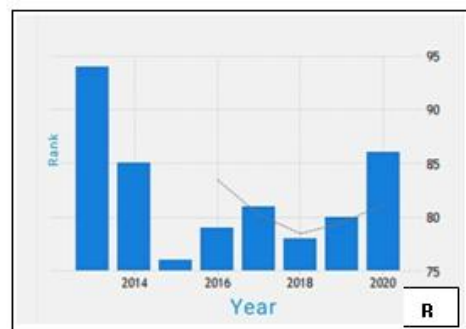
Former Prime minister of India Shree Rajiv Gandhi in 1985 said Out of every rupee spent by the govt. only 15 paise reaches to the masses, this statement indicates the leakages in the form of corruption, pilferage duplicate beneficiaries. So in order to bring transparency in the system to avoid and faster delivery of benefits the “Direct benefit Transfer” in India launched on 1st January 2013 only in 20 district initially covering scholarship and social security pension but now it covers around 311 schemes under various ministries and department a benefit of total amount 19,05,430.00 Cr has been disbursed under both in kind and in cash transfers from starting to October 14, 2021. The per annum distribution has been presented in the diagram A in 2013-14 economic year a sum of 7367.7 Cr, in 2016-17 an amount of 74689.4 Cr, in the year 2019-20 3.81 lakh Cr. Rupees has been transferred. And due to pandemic

the amount in 2020-21 is very big that is 5.52 lakh Cr. Has been disbursed directly in the account of people. However the amount in each year is increasing if we analyze the trend. And the endeavor of the govt. is to bring more and more programs under the DBT so it's very important to analyze whether the result is heading towards its goal like corruption or small pilferage & the finding of duplications or not, which has been discussed in the following segments.



3.1 India and Corruption Perception Index After DBT

The Corruption Perception index by Transparency International which is a highly valid and reliable study shows that in 2013 India's rank became 94th out of 177 nation with a very low score of 36 out of 100 (low score shows high rank & vice versa and high rank means highly corrupted). In 2014 rank scaled up to 9 position that is 85th, after a year in 2015 again scaled up to 76th position. Until 2019 the over trend was decreasing. After that again India's rank is slipping down with having a more lower score if we analyze somewhere DBT has affected the rank but the trend is again increasing which should be a matter of discussion. In the initial year the goal of DBT can be found vibrant in the corruption perception but soon after some year it seems complicated with goal. (Diagram B)



3.2 The Gain in DBT

The Direct Benefit Transfer in India has made an approximate equation between the “Top-Bottom” approach and “Bottom-Up” approach. Hence there can be found least or less leakage in the process, hence the govt. estimate states that from 2013 to 2019 an amount of 141677.56 Cr. has been saved. And up to 2020 march total amount of 178396.65 Cr. has been saved which can be considered as the gains of DBT. And in the year highest amount has been disbursed through DBT so in further estimate, the gains are expected to rise very high and same in the case of year

2021. All the savings has done by deleting the duplicate beneficiaries & other type of pilferage according to the data under the National Social Assistance Program 7.57 lakh duplicate, non-existent and ineligible account has been deleted. Under the Ministry of women and child development 98.8 lakh such beneficiaries has been removed. Under PAHAL the 4.49 crore duplicate or inactive LPG connection and 1.71 crore Non-subsidized consumer and 1.05 crore give it up consumers are found. 2.98 Ration card has been removed from the database which were duplicate because of migration, death etc.

S No.	Ministry/ Department	Scheme	Estimated savings/Benefits (in Rs. Cr)		
			Cumulative up to march 2019	April 2019 to March 2020	Cumulative up to march 2020
1	Dept. of Fertilizers	FERTILIZER	10000	00	10000
2	Dept. of Rural Development	MGNREGS	20790.45	4881.91	25672.36
3	Dept. Rural Development	NSAP	516.01	8.30	524.31
4	Ministry of Woman and Child Development	OTHERS	1523.75	00	1523.75
5	Others	OTHERS	1120.69	00	1120.69
6	Ministry of petrol And Natural Gas	PAHAL	59599.00	11702.00	71301.00
7	Dept. of Food & Public Distribution	PDS	47633.00	19263.87	66896.87
8	Ministry of Minority Affairs	SCHOLARSHIP SCHEME	159.15	863.00	1022.15
9	Department of social justice and empowerment	SCHOLARSHIP SCHEME	335.51	0.01	335.52
Total			141677.56	36719.09	178396.65

All these gains or savings has been possible through the enabler of DBT JAM i.e Jan-Dhan Bank account, Adhaar & Mobile. This helped to find the overlapping of data for identification of duplication.

3.3 Economic Cycle & Forms of cash transfer: Implications

The utmost important objective of the economy is to maintain the economic stability, where benefit transfer can be used as an important tool. However the benefit transfer is always a an inflationary phenomenon, Different types of benefit transfer have different degree of inflationary force so this should be used in the time of recession and depression. Because it is directly related to the purchasing power and consumption expenditure of the household, benefit transfer would never decrease them, but

the benefit transfer will always have to take place whether recovery, prosperity, recession, depression therefore it is necessary to find out which approach (among in Unconditional cash Transfer UCT, in kind, or conditional cash transfer CCT) should be followed in which phases.

3.4 Unconditional Cash Transfer & Economic cycle

This form of transfer is appropriate in the time of depression which have very high force of inflationary power because direct money supply will be increased in the market which will increase the purchasing power and there will be a comparably long term mismatch between demand and supply because the market is not aware the demand for which will be increased. In normal situation it is suitable in the case of health and education sector where this will be used

for the intended purpose. In an inflationary situation in extreme cases like poverty alleviation programs can be used, if the purchasing power of poor will be increased it will not increase the demand in other than the daily or weekly needs which can be shortly full filled.

3.5 Conditional Cash Transfer & Economic Cycle

Such transfer is preferable in normal situation, where objective intended will be fulfill. This type of transfer is less inflationary in nature because by the policy behavior of the government the market will be aware production of which should be increased in the economy, here only temporary mismatch will be there in the market demand and supply and such low level of inflation is desirable for the economy. Also this can be used restrictively in both the extreme cases of depression and prosperity.

3.6 In Kind Transfer & Economic Cycle

This will be very helpful in the time of inflation where benefits are transferred in the form of kind. It is preferable in inflationary situation because supply and demand flow simultaneously. Therefore it is less inflationary in nature as comparison to other two types mentioned formerly but still this is considered as inflationary in absolute term because it fulfills some of their need and their permanent income will increase the demand for household and other than household goods i.e small capital goods. In all the three cases vulnerable groups should be take special care.

4 DBT & MAJOR CONCERNS

The term 'Digitalization' is gaining its importance and India is not an exclusion from this. It's being promoted in different sector but 'Direct Benefit Transfer' is directly connected to the masses and digitalization in it need certain preparedness that are i.e. Digital literacy & Financial Literacy, it is worth noting that DBT in turn will enhance these two factor. DBT will be a stimulus for them as a pull factor but it will take time first we should focus on the push factor.

4.1 Low Financial Literacy

An important aspect where India lacked is financial literacy after literacy in education. According to 2011 census 74.04 % of total population is literate, But Global Financial Literacy Excellence Centre says only 24% of total adult population is financially literate (in 2015). Recently SEBI, India in 2020 given a statement "In a country like India we have close to 80% literacy rate, But when it comes to financial literacy we are not that lucky" National Centre for financial education shows only 27% Indians are financially literate. This statement urged the need financial literacy. SMART initiative by SEBI and recently National Strategy for Financial Education Reported by RBI for 2020-25 they all lack the implementation. But due to DBT it can be expected to rise in future because it is directly connected to the masses which would be worked as a training for them.

4.2 Low Digital Literacy

In addition to financial literacy there is a strong need for digital literacy, which is very necessary for functioning of the whole process. As per the definition of Ministry of Electronics and IT out of the total population (age 5+) only 38% household in India are literate digitally, with a high disparity of 68% in urban area and just 25% in rural area as of the end of 2020.

4.3 False Financial Inclusion

According to Financial inclusion database or Global Findex Report 2017, 80% of Indian adult (age 15+) have a bank account if we compare the data before launching of DBT in 2011 it was only 35%. Comparison to this female inclusion is less that is 77% in 2017 and 26% in 2011 but still increasing in nature. For which step can be taken under DBT as in 'Bolsia Familia' in brazil to increase the female beneficiaries .This is because opening of free Jan-Dhan account for the Adhaar holders. Moreover this DBT transactions in number and number of beneficiaries shows the increasing trend of financial inclusion. However financial inclusion is relatively at good position. But it is a matter of discussion that financial inclusion is at good position in number but digital and

financial literacy is not, this shows that most of the beneficiaries are not aware of the process of getting benefit and their concern scope of benefits hence this financial inclusion can't be considered as genuine.

5 CONCLUSION & SUMMERY

The aim of government to reform the delivery system by remaking of the existing system for simpler and faster flow of benefit in order to ensure benefit to the targeted group and reduction or prevention of fraudulent activity seems to have achieved in some amount in the form of the de-duplication, deletion of fake & non-existent beneficiaries and through estimated gains or savings. But the dream of "Maximumm Governace Minimumm Government" seems to remain unachieved even after so many year. However we can expect that overlapping of both the aim would bring the desired outcome. In other words the dbtbharat mission would help the government to enhance the Digital literacy, Financial Literacy and financial inclusion. And the ultimate aim of efficiency, effectiveness, transparency, accountability in the government and the infused confidence of the public on the government can be achieved.

REFERENCES

1. Justin joy. "A critical analysis of direct benefit transfer in India". 2018 Indian Journal of Economic development. Vol. 6.

2. Sudha Narayan, "A case for reframing the cash transfer debate in India" Economic political weekly 2011.
3. V. Selvam & G. Velmurugan, "An Empirical Study on DBT Awareness" Mediterranean Journal of Social Science Vol6. No. 5 2015.
4. Suyash Rai, "Direct Benefit Transfer: What lies ahead", Yojana February 2013.
5. Souparno Chatterji, "Reducing Poverty by Direct Cash Transfer" Newa Reach January-February 2013.
6. Breunig, R, I Dasgupta, C Gunderson and P Pattanaik (2004): "Explaining the Food Stamp Cash-out Puzzle", Food Assistance and Nutrition Research Report, Food and Rural Economics Division, Economic Research Service, US Department of Agriculture.
7. Southworth, Herman M (1945): "The Economics of Public Measures to Subsidise Food Consumption", Journal of Farm Economics.
8. Ninno, Carlo Del and Paul Dorosh (2003): "Impacts of In-Kind Transfers on Household Food Consumption: Evidence from Targeted Food Programs in Bangladesh", Journal of Development Studies.
9. Narendar Pani, "Cash Transfer can be Inflationary", 02 Aug 2011 The Hindu Business line.
10. Rebika Laishran & Anjani Kumar, "The Promise and Challenges of India's DBT agricultural subsidies", January 2013 IFPRI event Blog post.
11. Venugopal Mothkooor & Fatima Mumtaz, "The Digital dream: Up skilling India for the Future", 23 march 2021 Ideas for India.
12. Siddharth Mohan Roy, "The Importance of Financial Literacy in India", 23 September 2020, streetfins.com.