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## **Direct Benefit Transfer: The Great Technological Move of India**

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### Abstract

DBT has been used to deliver over 450 schemes to over 900 million people. Since 2016, the government has deposited nearly 65% of the welfare and subsidy budget directly into beneficiaries' accounts. DBT will undoubtedly meet the government's and people's expectations, especially those of the poor and unfortunate. We hope that more schemes will be covered by DBT and that the entire country and its people will receive benefits without delay or flaws. As a result, the government must make a concerted effort in various areas of planning to improve the lives of the poor and powerless in society. In this way, DBT helps create an environment where people can live long, healthy, and creative lives. This paper examines the role of Direct Benefit Transfer.

Keywords: financial inclusion, direct benefit transfer, pros and cons, technology, etc

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### **Introduction**

It is a government of India's mission or initiative that began on January 1, 2013, to reform the government delivery system. It was envisioned as a tool to make the flow of information and funds to beneficiaries easier and faster, as well as to reduce fraud in the delivery system. On January 1, 2013, the program was launched in a few Indian cities. DBT was first

implemented in 43 districts, initially covering scholarships and social security pensions. It was expanded across the country beginning in December 2014. MGNREGA, along with 34 other schemes, was included in the DBT. The primary goal of this Direct Benefit Transfer program is to bring transparency to the distribution of funds sponsored by the Indian government and to eliminate pilferage. Benefits or subsidies are directly transferred to citizens living in poverty under DBT.

The Office of the Controller General of Accounts is implementing the CPSMS, a common platform for DBT routing. The CPSMS can create a beneficiary list, digitally sign it, and pay the beneficiaries via the Aadhar Payment Bridge. In India, transfers and subsidies from the central and state governments account for about 4% of the country's GDP (GDP). Currently, these transfers take place over a variety of channels. The payment is delayed as a result of this, and its intangible value to the beneficiary is reduced before it reaches him or her. Due to ill-targeting, leakages, and ineffective service delivery, previous schemes have struggled to meet their objectives.

Aside from that, the various levels of sanctions within the federal structure cause additional delays, allowing for inefficiencies and duplication of effort. Subsidies and benefits that are required for various segments of society require a well-targeted delivery system that ensures timely distribution of benefits to the citizens of the country. DBT will improve government efficiency, effectiveness, transparency, and accountability while also instilling citizen confidence in governance. As a result, DBT entails putting modern technology and IT tools to work to realize the dream of maximum governance with minimal government. So far in FY22, DBT transfers have risen to Rs 20.45 lakh crore. The increased use of Aadhaar-enabled DBT platforms for most of the flagship welfare schemes is largely responsible for the increase in DBT.

## Methodology

Ex post facto and analytical research are both applicable to the current investigation. As a result, the research is conducted using a historical and descriptive approach. As a result, the research relies on both primary and secondary sources. A qualitative approach has been used to analyze the secondary data that has been gathered from reputable sources such as books and websites on the internet and newspaper articles, as well as various international journals and magazines. In addition, the research is based on personal observations.

Research objectives

1. To understand the meaning and initiatives of Direct Benefit Transfer.
2. To analyze the Pros and Cons of Direct Benefit Transfer.

## Results and Discussion

Intermediaries transfer federal and state subsidies. Because of this, the intended subsidy or amount was significantly reduced before it reached the end-user. The DBT eliminates multiple layers of intermediaries and sends money directly to an individual's bank account. The DBT revolves around Aadhaar. Aadhaar is the world's first paperless digital ID service. The Aadhaar Card uses biometrics such as fingerprints and iris scans. Like biometrics, Aadhaar Card users' identities are unique. In the world of benefits and welfare, 'Aadhaar' plays a unique role. It not only provides an ID, but also a Digital ID that can be used to verify identity online in real-time. The 12-digit Aadhaar Card Unique Identification Number is permanent and does not change (UIN). Aadhaar is sufficient to transfer payments to an individual without concern for bank account changes. As a result, the Aadhaar Card is a financial address in India.

The world's largest biometric program, Aadhar cards have been issued over 80 crore times. Banks and telecom companies can use the Aadhar Card to improve service delivery. Aadhaar can be used by state governments, central ministries, PSUs, and private businesses to deliver integrated services to Indian citizens. Aadhaar becomes a person's financial address in a DBT scheme. Aadhaar cards are linked to bank accounts for money transfers. The DBT system is based on the APB and AEPS, which can process millions of transactions per day. By March 31, 2016, the APB had processed 60.95 lakh transactions worth Rs. 681 crore.

Due to the DBT scheme's importance, the beneficiary can get the subsidy through post offices. Officials from the Central Bank have been appointed. They will help the villagers open bank accounts. Villagers must give thumb impressions, and after verification, a bank account can be opened. Micro ATMs are given to banking correspondents. Micro ATMs allow farmers to withdraw cash from DBT accounts. For this reason, all micro ATMs must be Aadhaar-enabled. Two major issues plague India's Public Distribution System. The first is a leak, and the second is a mischarge. Benefits leakage occurs when they are not received due to corruption, theft, or other reasons. In the case of mistargeting, higher-income groups also benefit.

To speed up the transfer of subsidies and plug system leaks, DBT has proven to be effective. Due to each user's unique identity, DBT has removed fakes and duplicates from the system. This alone saves time and money. Post office banking and banking correspondents have made banks accessible to users who previously couldn't access them. The DBT system has created jobs and employed many people. The system's portability ensures that pensions and scholarships reach recipients wherever they are. Because Aadhaar will be used for electronic authentication. Achieving this program's goal is difficult. Currently, a large portion of the population is classified as poor, making them prime beneficiaries. However, determining who is eligible for this program based on their income will be difficult for the government. Coordination of government agencies at various levels is also difficult. Universal Aadhaar card enrolment and digitization of existing databases are required. Banks and post offices must be connected to APB and AEPS. The government must ensure that all connecting links work in unison.

The government must ensure that fingerprint authentication is foolproof, especially for manual workers and the elderly. It must also consider the real-time authentication program in areas without mobile connectivity. The Government of India has mandated the implementation of DBT through 35 centrally sponsored schemes. Among the major schemes under the DBT initiative are the Indira Gandhi Matritva Sahyog Yojana, Dhanalakshmi Scheme, Janani Suraksha Yojana, Rajiv Gandhi National Fellowship, and Maulana Azad National Fellowship.

PAHAL was a Direct Benefit Transfer (DBT) scheme that deposited LPG subsidies directly into customers' accounts. The UPA-II administration started it. The NDA government later re-launched the scheme nationwide. Individuals can receive up to 12 cylinders per year in subsidies, but those earning over ten lakhs are ineligible. This helped address both leakage and mistargeting. In a few Union Territories, DBT is used in food subsidies.

### **Merits of DBT**

Leakage prevention because the subsidy will reach the intended beneficiary directly rather than passing through multiple levels. The black market can be significantly reduced. As a result, people are less likely to face resource scarcity or price inflation. Money can be transferred to a bank account linked to an Aadhar number, which has two advantages. Because Aadhar uniquely identifies an individual, it is put to good use and will greatly reduce beneficiary-duplicity. People will open bank accounts in greater numbers, promoting financial inclusion. The DBT can cover a wide range of government-subsidized activities. Fertilizers, for example, or the public distribution system (PDS). Our PDS is ineffective because food grains are diverted in large quantities. DBT can be extremely helpful in this situation.

## Demerits of DBT

The low literacy rate among our population's lower strata. Misuse of funds by male account holders is also a problem. The lack of bank branches and atm services in rural areas of the country results in a waste of time and money for the beneficiary. At the bank level, corruption may become more prevalent. However, the government could work to correct the flaws and ensure that the benefits are delivered to the intended recipients promptly while avoiding corruption. Without a doubt, its transparent and effective use benefits the people of India in particular as well as the Indian government in general and would aid in the alleviation of poverty.

## Conclusion

As a result, in a country as diverse as India, different sectors have different goals and challenges. Due to its scalability and reliability, the DBT mechanism can play a significant role in achieving and addressing sector-specific objectives and challenges, ensuring good governance for all. This program allows India to skip generations of sub-optimal systems and switch to a cutting-edge system right away. The system's end-to-end transparency aids in eradicating corruption from society and propelling India forward in its socio-economic development. The Direct Benefit Transfer (DBT) system, which covers scholarships and social security pensions, was launched in 20 districts in January 2013. DBT is an attempt by the Indian government to change the mechanism for transferring subsidies, which was launched on January 1, 2013.

The goal of this program is to send subsidies directly to people's bank accounts. Crediting subsidies to bank accounts is hoped to reduce leakages, delays, and other issues. The DBT system is a pilot program for providing services to citizens. It ensures that the funds are only received by the intended recipients. It also ensures that the funds are withdrawn by the intended recipients. Only a few schemes have benefited from DBT. The amount is dynamic and has already been sanctioned through the DBT system. As a result, whether or not this scheme is successful remains to be seen.

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