

# **Digital India: A Study on DBT through Government Schemes**

**Prashant Rajan Shelar**

Assistant Professor, Valia C. L. College of Commerce, Andheri (w), Mumbai

## **ABSTRACT**

*Digital India is a flagship programme introduced by the government of India with a vision of transforming India into a digital empowered society and knowledgeable economy. Digital India programme aims at pulling various government programmes or schemes at a single platform. Through Digital India, government has tried to reform various government schemes and with this made an effort to improve the delivery of the services to the beneficiaries in a more efficient way. The present paper will study the implementation of Digital India through DBT system under government schemes.*

*Keywords: Digital India, DBT system, MGNREGA, PAHAL, PMJDY etc.*

## **INTRODUCTION**

As on June 2019, the current population of India is 1.37 billion. Over 460 million of population i.e. 26 percent of the total population of India use Internet service.

Digital India is the new beginning of digital revolution in Indian society. Digital India is an Initiative taken by the government of India in order to ensure the reaching of the benefits to the unreached section of the society through digital platform. Its important plans are to connect the rural area of India with the high-speed internet connectivity. Digital India Programme provides the measures to ensure that the citizen of the country will get the benefits of the various government services through digital platforms by improving internet infrastructure and strong internet connectivity.

In order to transform the entire ecosystem of public services through the use of information technology, the Government of India has launched the Digital India programme with the vision to transform India into a digitally empowered society and knowledge economy.

One of the major initiatives taken by the government under digital India is UIDAI i.e. Unique Identification Authority of India established under the provision of named as Aadhaar. Aadhaar is the world's largest identification system which enables benefit to the targeted individual. Since Aadhaar provides unique identity and is useful in targeting the intended beneficiaries directly without any middleman, Aadhaar is preferred and beneficiaries are encouraged to have Aadhaar.

The efforts of digital India are taken by the government because there was a lot of implications with transferring the benefits to the beneficiaries. With the aim of reforming Government delivery system by re-engineering the existing process in welfare programmes or schemes for simpler and faster flow of information/funds and to ensure accurate targeting of the beneficiaries, de-duplication and reduction of fraud Direct Benefit Transfer (DBT) was started on 1st January, 2013.

## **RESEARCH PROBLEM**

To Study the benefit of DBT facility on three major government schemes i.e. MGNREGA, PAHAL (DBTL) and PRADHAN MANTRI JAN-DHAN YOJNA

## **OBJECTIVES OF THE STUDY**

- To understand the functioning and implementation of DBT system in Digital India.
- To study the awareness of DBT amongst the beneficiaries.
- To understand the integration of Aadhaar and DBT system.

- To understand the challenges and opportunities of DBT system under Digital India.

## REVIEW OF LITERATURE

The following is the research done by various researchers in the field of DBT and the conclusions were as follows:

1. (KASABE, 2015) in her research article titled "A study on DBT with special reference to MGNREGA" tried to find out the advantages of DBT system as well as its usefulness to the beneficiaries of MGNREGA and the social security schemes. Study concluded that DBT is only applicable to few other schemes and it is yet to be analysed whether it is successful or not to the MGNREGA beneficiaries.
2. (KHERA, 2017) in her research article had critically analysed the impact of Unique Identity (UID) project which is widely known as Aadhar and its integration in major welfare programmes in India such as NREGA, Public Distribution System, other social security schemes etc. The research concluded that the Aadhar-integration has not addressed many issues like the problem of corruption and fraud practices in the welfare programmes etc. However, in order to make any change in the Aadhar information, citizens are required to go to far-off offices due to which they avoid to do so. Thus, the study concluded that in the above-mentioned sense, Aadhar-integration project has reduced the transparency and accountability in the system.
3. (C.PARAMASIVAN, 2018) has attempted to discuss the financial inclusion in India with respect to Pradhan Mantri Jan-Dhan-Yojna Scheme and DBT Scheme. The research concluded that the digital financial inclusion with the help of DBT linked with Aadhar, facilitate the financial inclusion programme as easiest way to target the unreached people of the country. Aadhar linked the network and DBT achieved to find out and provide financial assistance and incentives to the target beneficiaries.

## RESEARCH METHODOLOGY

The present study is totally based on the secondary data which is collected from reference books, research articles journals, published thesis, websites etc.

## DIRECT BENEFIT TRANSFER (DBT)

Electronic payments and fund transfers have an advantage of targeted and direct delivery of services to the beneficiaries without the involvement of any middleman who otherwise subvert the system. With this Government of India has introduces DBT system in India.

DBT was introduced by Government of India in January 2013. According to this scheme, there is a direct transfer of the services to the beneficiaries into their bank/postal accounts. It guarantees a smooth, hassle-free, and transparent process. It was carried out by re-engineering the existing process in welfare schemes for simpler and faster flow of information and funds, accurate beneficiary targeting, reduction of fraud/pilferage, with the use of Aadhaar as a primary identifier of beneficiaries. of which 1.23 billion of population has enrol to Aadhar. This enables beneficiaries to get their entitlements, and also ensures that funds are withdrawn by beneficiaries' themselves, through the biometric system. This system reduces the time and cost of transferring funds.

The DBT Scheme Started with generation of Aadhar numbers for everyone. This Aadhar number was then linked with the beneficiary's bank account and benefits are transferred directly to his or her Aadhar linked bank accounts. DBT enables disbursements to take place at the doorstep of the beneficiaries. Cash withdrawal is made possible through 250,000 post office branches and 100,000 ATM's in the country. One million Aadhar enabled 'micro-ATMs' are added and the aim is to incorporate over 750 million mobile phone devices. The entire system is run on a 'Aadhar Payment Bridge' (APB) and 'Aadhar-enabled payment system' (AEPS). This system can handle millions of transactions on daily basis. It talks to all banks and business correspondents. DBT is a new system but not a new scheme. It aims to make the payments under existing government schemes reach people faster and more efficiently.

**Implementation of DBT:** The first phase of DBT was initiated in 43 districts of India which were later on extended to 78 more districts expanding the benefits to the beneficiaries at the larger scale. Initially the

schemes were implemented to National Rural Employment Guarantee Act (NREGA), widow pensions, old age pensions, scholarships, discounted LPG cooking gas, and other subsidies which were latter added in 27 more schemes pertaining to scholarships, women, child and labour welfare. Seven new scholarship schemes and Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was brought under DBT in 300 identified districts with higher Aadhaar enrolment ratio. Electronic Payment Framework was laid down and is followed by all Ministries/ Departments and their attached Institutions/PSUs and is applicable on all Central Sector (CS)/ Centrally Sponsored Schemes (CSS) and for all schemes where components of cash are transferred direct to individual beneficiaries into their bank accounts. DBT scheme covers beneficiaries under 59 different schemes.

Further we will discuss the implementation of DBT system into major Government schemes and will try to understand the challenges and opportunity of this in detail.

### **DBT AND MGNREGA**

Employment Guarantee Scheme (EGS) was an important state level programme in Maharashtra launched on 1<sup>st</sup> May 1972. National Rural Employment Guarantee Act (NREGA) is currently the largest employment programme in the world. It was launched on 2<sup>nd</sup> Feb 2006. It is a unique programme which provide right to work to the poor unskilled labour of rural India. It is a central government scheme under the ministry of rural India creating a safety net and securing livelihood for poorest household in India. NREGA has its origins in the EGS of Maharashtra. Initially NREGA was implemented in 200 selected backward districts which was later on 2<sup>nd</sup> October, 2009 extended to an additional 130 districts and then renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The Act is now effective in 619 districts of rural areas covering the entire country.

MGNREGA is based on the principle of right to work and aims to enhance the livelihood security of people in rural area by guaranteeing 100 days of wage employment to the rural household's members, who volunteer to do unskilled manual work. It is administered by creating the awareness about entitlements of workers, and ensuring the access to the entitlements through the provision of adequate employment and wages. It is the largest funded rural development programme in India with an annual budget of USD 8.44 billion in 2019-20, compared to an initial budget of 1.6 billion in 2006-07 at the time it was launched. The payment of wages is done on a weekly basis through their bank account or post office account compulsorily. Some of the previous studies have found out that there is an issue with the wage payment among the labours, where the wages were not directly transferred to the beneficiaries.

There were leakages and delays in wage payment under MGNREGA which led to poor implementation of the programme. In order to overcome this, MGNREGA adopted Direct Benefit Transfer (DBT) scheme in December, 2014. DBT was introduced by Government of India in January 2013. According to this scheme, there is a direct transfer of the services to the beneficiaries into their bank/postal accounts. It guarantees a smooth, hassle-free, and transparent process. It was carried out by re-engineering the existing process in welfare schemes for simpler and faster flow of information and funds, accurate beneficiary targeting, reduction of fraud/pilferage, with the use of Aadhaar as a primary identifier of beneficiaries. This enables beneficiaries to get their entitlements, and also ensures that funds are withdrawn by beneficiaries' themselves, through the biometric system. This system reduces the time and cost of transferring funds. But studies have revealed that there is still lot of implications towards the application of this system. Still huge number of beneficiaries have not benefited from this scheme even after the introduction of DBT system.

Recent studies say that due to the poor implications of the system and MGNREGA had barely reduces the amount of poverty. The Government of India however has proposed Unnati scheme, if it works as planned, will offer MGNREGA beneficiaries a ticket out of the programme, and, in the long run, out of poverty. Under Unnati, the government will provide 100 days of training to one member from each MGNREGA household that completed 100 days of work under MGNREGA in FY19 in skills

## **DBT AND PAHAL (DBTL)**

Liquefied Petroleum Gas (LPG) is the largest consumable domestic fuel used in Indian households. According to 2011 census over 33.6 million i.e. 28.5 % of Indian households use LPG for cooking where rest majority still use traditional method of cooking. Considering this many government schemes was launched to provide the LPG to the weaker section of the society at the subsidise rate. The Government of India launched PAHAL (DBTL) scheme. It was earlier launched on 1st June 2013 and covered almost 291 districts of India. The important requirement of the scheme was that the consumer to mandatorily have an Aadhaar number for availing LPG Subsidy. The government has comprehensively reviewed the scheme and after examining the difficulties faced by the consumer substantively modified the scheme prior to launch. The modified scheme has been re-launched in 54 districts on 15.11.2014 in the 1st Phase and to be launched in rest of the country on 1.1.2015.

Objective of PAHAL (DBTL) Scheme is to provide benefit to LPG Consumers by giving up subsidy in cash directly in their bank account automatically with linking their Aadhaar. This will also help improving availability of new LPG connections. The government will also be equally benefited after implementation of DBTL in domestic LPG, by generating additional revenue due to check on illegal uses and black marketing and control over it.

The objective of the government to introduce PAHAL is to provide the LPG facility to each and every households at the subsidise rate through DBT system. The following steps were taken by the government in implementing the system such as:

1. To provide banking services to all individual at the distance of 5 km of every village.
2. The bank to provide banking service at no minimum balance account to all the beneficiaries.
3. Each family to have at least one bank account.
4. The subsidy will directly transfer into the bank account of the beneficiaries.
5. Banks to get commission for transferring the subsidy so that more banks to initiate for providing the services.
6. To provide and to improve banking facility to rural areas.

Some of the studies show that consumer is satisfied with the DBTL system under PAHAL scheme. The study has also shown that the consumer has saved money on LPG subsidy. There is also an increase in the number of consumers who has register under the scheme then before. Problem like fake/duplicate accounts and black marketing of LPG has also reduced. But still there are lot of problems which needs to be resolve.

**DBT and PMJDY:** Pradhan Mantri Jan Dhan Yojna is a financial inclusion programme initiated by the government of India on 28 August 2014. It's a National mission for financial inclusion to ensure that the financial services like pension, insurance, remittance etc goes into bank account of the individual. The objectives or benefit of the PMJDY are as follows:

1. Opening of bank account at zero payment or with zero or no minimum account criteria.
2. Over drafting facility up to 10,000 to the account holder after 6 months specially the lady of the house.
3. Bio metric facility is used to open the account which ease the illiterate people to operate.
4. Accidental insurance covers up to 2 lakh rupees.
5. Government subsidies are transfer through DBT system directly into their bank account which reduces the delay and leakages into the services.

The PMJDY also tried to channelize all the government benefits to the beneficiary accounts and forcing the Direct Benefit Transfer (DBT) scheme of the central government. PMJDY has offered a base for the three

social security schemes i.e. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Atal Pension Yojana (APY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Mudra Yojana (PMMY).

**Number of Accounts opened under PMJDY and Amount deposited under the scheme.**

Year	Account opened	Deposits
2015	15.8 crores	17,520 crores
2016	21.9 crores	38,048 crores
2017	28.7 crores	64,163 crores
2018	31.6 crores	18,204 crores
2019	36.06 crores	1,00,495.94 crores

**ANALYSIS AND INTERPRETATION**

**Beneficiaries as on 18/12/2019**

Bank Name / Type	Number of Beneficiaries at rural/semi-urban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	No Of Rural-Urban Female Beneficiaries	Number of Total Beneficiaries	Deposits in Accounts (In Crore)	Number of Ru-pay Debit Cards issued to beneficiaries
Public Sector Banks	16.23	13.82	15.86	30.05	86356.81	24.75
Regional Rural Banks	5.23	1.20	3.59	6.43	19712.41	3.79
Private Sector Banks	0.70	0.56	0.67	1.25	3072.44	1.15
<b>Grand Total</b>	<b>22.16</b>	<b>15.57</b>	<b>20.12</b>	<b>37.73</b>	<b>109141.66</b>	<b>29.69</b>

Source: <https://pmjdy.gov.in/account>

**Direct Benefit Transfer FY (2019-20)**

Scheme group name	Total Direct Benefit Transfer	Total no. of Transaction
MGNREGA	2,84,79,14,81,000	23,50,13,182
PAHAL	96,24,15,54,400	46,10,52,342
PMAYG	1,32,14,14,76,579	41,87,955

Source: <https://dbtbharat.gov.in/reportnew/scheme-group-report>

The above reports indicate that after the implementation of DBT system into Various government schemes the no. of beneficiaries has also increase with increasing the welfare in the society.

**CONCLUSION**

Government of India with the Digital India has achieved remarkable achievement by bringing a large number of unbanked people into the formal financial system as part of PMJDY’s flagship financial inclusion programme. Almost 100% of households in India now access banking services through Jan-Dhan Account which offer not only basic banking services of remittance, lending and overdraft but also add on financial services including pension, accidental insurance. It is a step forward to the long-held goal of world universal financial access. Direct Benefit Transfer to beneficiaries’ Aadhaar linked Jan Dhan account prevent leakage of various government schemes like MGNREGA, PAHAL etc. Schemes Under the scheme women account holders account for 57%, is another milestone for eliminating gender gap through universal to access to

banking services. But financial inclusion remains under challenges in advancing loan to the poor section of people as they are the inability to provide security against their loan. and most of the rural people are unfamiliar with ATM, internet, online and mobile banking due to low literate. Still there is lot of improvement required to accomplish the benefit and the objective to the schemes to the people.

## **REFERENCES**

1. Chavda, Parimalsinh. "Socio economic impact of mahatma gandhi national rural employment guarantee scheme mgnregs a study of selected districts of Gujarat." (2018).
2. Kasabe, Rohini Arun. "A study of direct benefit transfer with special reference to MGNREGA." *The Business & Management Review* 5.4 (2015): 38.
3. Khera, Reetika. "Impact of Aadhaar in welfare programmes." *Available at SSRN 3045235* (2017).
4. <https://www.digitalindia.gov.in/>
5. <https://pmjdy.gov.in/>
6. <https://dbtbharat.gov.in/>
7. <https://nrega.nic.in/>