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in Mental Well-being**

Kamlesh D Patel

INDIA

Gifts Holistic Well-being to the World



DIRECT BENEFIT TRANSFER IN INDIA

A GLOBAL ROLE MODEL

Launched about a decade ago as a transformative programme in public service delivery using modern Information and Communication Technology, the Direct Benefit Transfer (DBT) has expanded to over 300 Central schemes and more than 2000 State schemes by April 2023. The DBT has been a force multiplier in facilitating the transfer of social safety net payments directly from the Government to beneficiaries' bank accounts, helping reduce leakages, curb corruption, and provide a tool to effectively reach households to increase coverage.

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The Indian political system has come to be associated with deeply grown democratic roots. The roots of democracy can be traced in India as early as the 4th century. These roots finally bloomed into a robust institutional democracy in the second half of the 20th century, with the Constitution of India providing the legal framework. It expressly

provided for India to be a welfare state with rights for all and entitlements for the weak. The two instruments through which this was ensured are the Fundamental Rights and the Directive Principles of State Policy. The Direct Benefit Transfer (DBT) paradigm marks a quantum leap in terms of the accomplishment of the stated vision of these instruments. The right to a dignified



several price subsidies that governments offer, rich households benefit more from the subsidies than do poor households (say, in the case of electricity, water, or fuel subsidies), and distortions are created in the market that ultimately hurt the poor the most (say, in the case of minimum support prices or railway passenger subsidies). Further, on account of their leakages not only are direct wastages created, but opportunity costs of how the government could have otherwise deployed those resources also pile up. It held that the benefit that price subsidies seek to create for the poor can be directly transferred to the poor through lump-sum income transfers, avoiding the distortions that subsidies induce. Against this backdrop, the goal of converting subsidies into DBT mediated through the Jan Dhan, Aadhaar and Mobile Number (JAM) trinity was set into motion.

What is DBT?

The DBT was originally envisaged as a scheme, where the welfare benefits provided by the Government are directly credited to the bank or postal account of the accurately identified beneficiary. It took off about a decade ago in 43 districts in 24 Central schemes. Till date, the DBT in India not only entails cash support to eligible

beneficiaries but also in-kind transfers to them, covering over 300 Central and more than 2000 State schemes. Widely known examples of cash support include farmer income support programmes like the Pradhan Mantri Kisan Samman Nidhi (PM KISAN), pensions for the old aged, *Divyangjan*, widows, etc., under the National Social Assistance Programme (NSAP), scholarships for the deprived and other sections needing support; and instances of in-kind support like fertiliser subsidy, food grains support (Public Distribution System), mid-day meals for school children [Pradhan Mantri Poshan Shakti Nirman (PM POSHAN)], etc. Whereas the first set of support entails transfer of assistance in the respective

living guaranteed under the Fundamental Rights (Article 21) is actualised through provisions made under the Directive Principles of State Policy, whereby the State pursues its positive obligation to secure conditions of a dignified existence of individuals. Accordingly, the DBT gives more teeth to Article 21 by efficiently and efficaciously implementing schemes to address issues like inequalities in income, opportunities and resources, strengthening the health, and securing right to work and public assistance to those in need – all elements of the Directive Principles of State Policy. Delivering welfare benefits efficiently – the archetype of DBT – is an essential cornerstone of modern-day good governance in India.

Economics of DBT

The Economic Survey 2015-16 observed that growth needs to be complemented with active government support to improve the economic lives of the poor and vulnerable, and achieve equity. Moreover, it showed that in

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bank accounts of the beneficiaries, the second bucket of schemes involves provision of in-kind goods and services to intended beneficiaries. The common theme is the use of electronic-ID Aadhaar for identifying and authenticating the intended beneficiaries. At the time of enrolling beneficiaries, the Aadhaar is captured; it is then authenticated vis-à-vis the details stored in the Unique Identification Authority of India (UIDAI)'s Central Identities Data Repository (CIDR) – the frequency being determined by the scheme implementing agency (e.g., PM KISAN entails Aadhaar authentication only at the enrolment whereas in PDS the beneficiary needs to authenticate her Aadhaar each time to access the quota of grains).

Progress of DBT in India

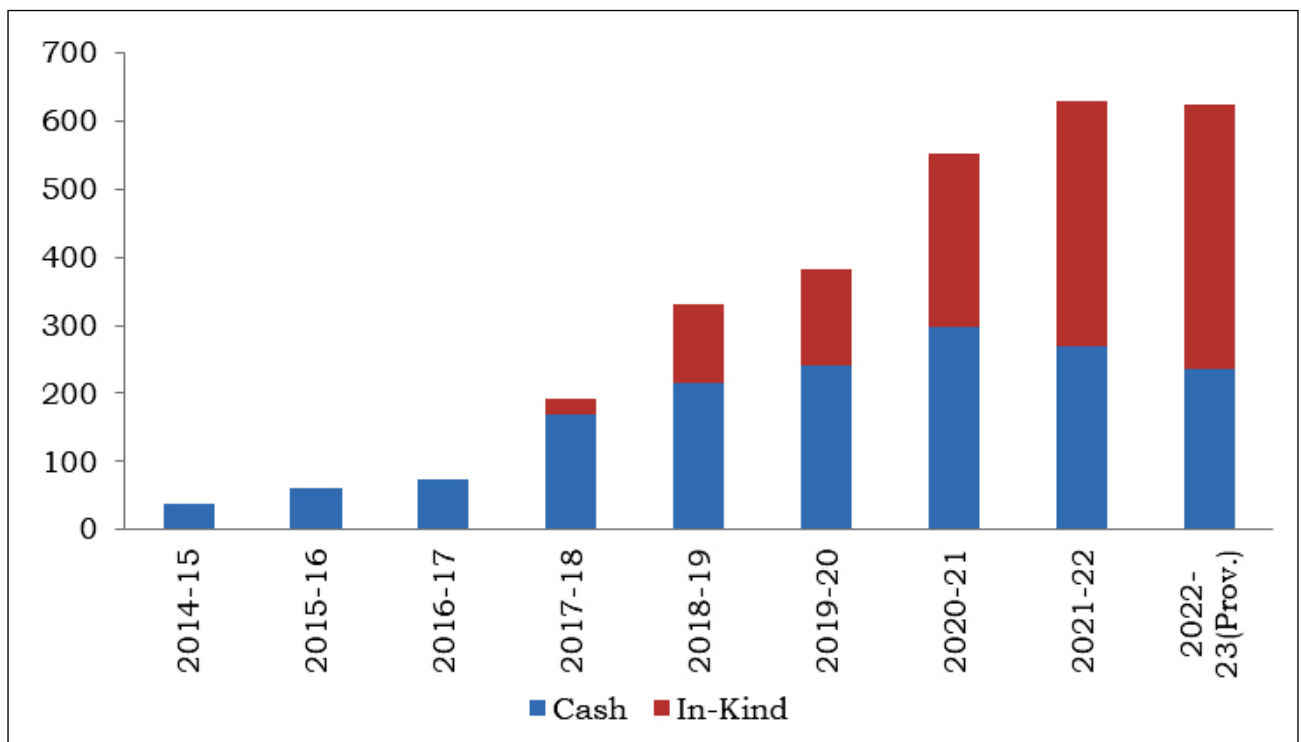
The Figure 1 captures the tremendous growth in DBT transfers at the level of Central government in the past decade. Over time, DBT in India has been recognised to bring all-round inclusivity and efficiency by experts from various fields. The World Bank (2022) also recognised the need for countries to back the DBT-styled public interventions into action plans for disaster resilience. The positive impact of DBT in India on the economic and

social position of women within and beyond their households.

DBT and India Stack

India Stack is the moniker for a set of open APIs and digital public goods that aim to unlock the economic primitives of identity, data, and payments at population scale. The DBT is not a social assistance programme in itself; instead, it is a mechanism to consolidate and control the data on direct benefit transfers from multiple sources. For cash schemes, the DBT relies on bank accounts number or Aadhaar-linked accounts to directly transfer the social benefits to the beneficiaries. Accordingly, the use of Aadhaar doubles up not only as a unique identifier but also as a financial address [under the Aadhaar Payments Bridge (APB); the Aadhaar number is mapped against a unique savings bank account and transfers to such accounts can be done using the Aadhaar number as the address; further, under the Aadhaar-enabled Payment System (AePS), biometric credentials can be used by an individual to carry out banking transactions in Aadhaar-linked bank accounts]. In summary, DBT leverages two elements of India Stack – identity

Figure 1: Total fund transfer in Central schemes (in Rupees thousand crore)



Source: Data as supplied by Ministries to DBT Mission, Cabinet Secretariat



and payments – building on and contributing to online, paperless, cashless, and privacy-respecting access to a variety of public and private services.

DBT in the G20 Agenda

The ongoing Indian Presidency of the G20 is envisaged to be inclusive, ambitious, action-oriented, and decisive. It has also been stressed that since 'India is a microcosm of the world', the initiatives that we take for 'leveraging technology for citizen welfare' will ...catalyse a fundamental mindset shift, to benefit humanity as a whole. (PMO *ibid.*) The DBT is a shining instance of Indian innovation that fits seamlessly into this farsighted vision. India is endeavouring to use the G20 platforms for introducing the home-grown DPI-based DBT paragon to the world, particularly the Global South (PTI 2023). DBT also fits into the bigger picture of India's co-chairship of Global Partnership for Financial Inclusion, a forum where India seeks to promote 'the development of an open, inclusive and responsible digital financial ecosystem based on the presence of a sound and effective digital public infrastructure (DPI) for the advancement of financial inclusion', a vision reiterated in FMCBG (2023). For its impact on promoting transparency, DBT was also showcased in the G20 Anti-Corruption Working Group Meeting.

World praises India's DBT

India's Direct Benefit Transfer has been a force multiplier in facilitating the transfer of social safety net payments directly from the government to beneficiaries' bank accounts, helping reduce leakages, curb corruption, and provide a tool to effectively reach households to increase coverage. The IMF has hailed DBT for being 'a logistical marvel how these programmes that seek to help people who are at low-income levels reach literally hundreds of millions of people', with the World Bank also lauding the scale at which DBT impacts people's lives – 'Helped by digital cash transfers, India managed to provide food or cash support to a remarkable 85% of rural households and 69% of urban households'. At the same time, DBT and accompanying governance reforms have been estimated to save the Government of India cumulatively a sum of Rs 2.23 lakh crore up till March 2021 or close to 1.1% of GDP (Alonso et al., *ibid.*). This figure has subsequently gone up to Rs 2.73 lakh crore as of March 2022, as per the data available at www.dbtbharat.gov.in/estimatedgain

Future Scope of DBT

For a country with deep civilisational moorings and a policy approach for that seeks to be epoch making, the DBT is only a small step in a miles-long journey. Wheels are already in motion for realising the next big-bang reforms titled DBT 2.0 and DBT 3.0.

- The DBT 2.0 focuses on an online eligibility verification mechanism using Aadhaar. Briefly, the Schemes often require applicants to submit eligibility documents or certificates issued by different government agencies and departments. Subsequently, the scheme-implementing agency has to spend time and incur expenditure for verifying authenticity of such documents. The digitisation and Aadhaar seeding of such documents ensure citizen-friendly, real-time, and cost-effective verification or authentication. The DigiLocker and API Setu offer convenient digital platforms to issue and access eligibility certificates in electronic and machine-readable format. In his address on the occasion of the Civil Services Day on 21 April 2023, the Prime Minister alluded to this approach. The policy

framework has been laid down; the technical platforms have been readied, and many States and Ministries/ Departments of the Central government have already been onboarded on the platforms. Others are being pursued to hop on the reform bus.

- The DBT 3.0 seeks to usher in a transformative shift in the scheme of benefit delivery to citizens. As things stand, citizens have to discover the Government schemes for which they would be eligible and apply to the concerned scheme implementing agency for availing the benefits. However, by pooling in data residing in various government databases, the State can suo motu reach out to eligible citizens and start delivering the envisaged benefits to them by obtaining their consent and willingness thereof. Several States have put in place such 'Social Registries' of varying levels of maturity and richness of data fields – such as *Kutumba* in Karnataka, *Parivaar Pehchaan Patra* in Haryana, *Samagra* in Madhya Pradesh, *Jan Aadhaar* in Rajasthan, Social Protection Delivery Platform (SPDP) in Odisha. The need now is to establish a national-level social registry that builds on the states' best practices and places governance in India on a peerless pedestal.

Conclusion

For the far-reaching contemporary impacts of, and the possibility of futuristic reforms in India's DBT paradigm, it is one of India's most remarkable contributions to the discourse in ongoing G20 discussions. It clearly has the potential to promote harmony within our 'One Family' and engender hope for our 'One Future'. □

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