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## **DIRECT BENEFIT TRANSFER SCHEME**

### **INTRODUCTION**

**Direct Benefit Transfer** or **DBT** is an attempt to change the mechanism of transferring subsidies launched by **Government of India** on **1 January 2013**. This program aims to transfer subsidies directly to the people through their bank accounts. It is hoped that crediting subsidies into bank accounts will reduce leakages, delays, etc.

The program was launched in selected cities of India on 1 January 2013. It was launched in 20 districts, covering scholarships and social security pensions initially.

In a review by the Prime Minister's Office on 5 August 2013, the minutes reported that two schemes dominated transfers through CPSMS - 83% of all transfers were for the **Janani Suraksha Yojana** and scholarships. Lack of computerized records for schemes to be linked to DBT was hindering rollout. The minutes show that out of 39.76 lakh beneficiaries who ought to have been covered under various schemes, only 56% had bank accounts, 25.3% had both bank accounts and aadhar numbers, but only 9.62% have bank accounts seeded with aadhar numbers.

### **STRUCTURE**

The primary aim of this Direct Benefit Transfer program is to bring transparency and terminate pilferage from distribution of funds sponsored by Central Government of India. In DBT, benefit or subsidy will be directly transferred to

citizens living below poverty line. [Central Plan Scheme Monitoring System \(CPSMS\)](#), being implemented by the Office of Controller General of Accounts, will act as the common platform for routing DBT. CPSMS can be used for the preparation of beneficiary list, digitally signing the same and processing of payments in the bank accounts of the beneficiary using the Aadhar Payment Bridge of NPCI. All relevant orders related with the DBT are available on the CPSMS website.

### **ABOUT THE SCHEME**

- It aims to reduce leakages, cut down corruption, eliminate middlemen, target beneficiaries better and speedup transfer of benefits to eligible individuals.
- To meet the socio-developmental objectives of poverty elimination and to promote inclusive growth, a number of Government sponsored programs and schemes have been introduced.
- However, efficiency and effectiveness have not been achieved by any of the programs and schemes optimally.
- It transfers the benefit directly to the beneficiary's account with the help of biometric Aadhar linked account.

### **PRIMARY AIMS OF DBT**

- To bring transparency and terminate pilferage.
- In DBT, benefits and transfers will be directly transferred to the citizen living below poverty line.
- The DBT scheme aims at cutting a subsidy bill of Rs. 164000 crores apart from the other benefits like better delivery, accurate targeting, broader choice, reducing delays and corruption.
- LPG and kerosene subsidies, pension payments, scholarships and employment guarantee scheme payment as well as benefits under other Government welfare programs will be made directly to beneficiaries.

## **WORKING OF DBT SCHEME**

The benefit is directly transferred to the beneficiary's account with the help of biometric Aadhar linked account

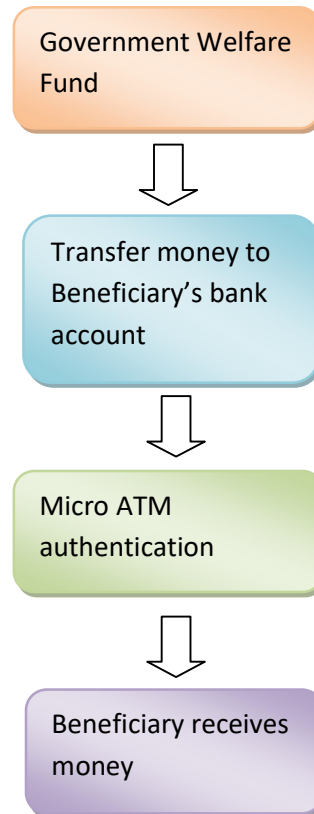
LPG and kerosene subsidies, pension payments, scholarships and employment guarantee scheme payment as well as benefits under other Government welfare programs will be made directly to beneficiaries

Under DBT, each and every beneficiary has to establish his identity and eligibility many times by producing multiple documents for verification. The verification of such documents is done by multiple authorities

### **UID and its applications – Government Benefits**

- Government can transfer the benefit amount directly to the bank account of the beneficiaries to which their aadhar card is linked. In this way we can avoid middlemen eating away the government fund.
- For the rural people, if the bank branches are not there in their village, we can provide them the micro ATM facility where he need to verify his identity by making a thumb impression on micro ATM.
- Then the person carrying the micro ATM will pay the benefit amount and the bank will deduct this amount from the beneficiary's account.

## **Path of Benefit Transfer**



## **DBT SCHEMES**

- ✓ National Child Labour Project
- ✓ Student Scholarship
- ✓ LPG Subsidy
- ✓ Pension Pans
- ✓ MNREGA

74 Schemes of 17 ministries of central government were under DBT by 31 May 2016. As DBT implemented on December 2017 in 400 schemes from 46 ministries.

## **SWOT ANALYSIS**

### **Strength**

- World's largest cash transfer program
- Cut down on corruption
- Subsidies under various schemes account for nearly 3.5% of GDP
- Cost effective way

### **Weakness**

- Banking system has less penetration in rural parts
- Aadhar card given only to 400mn out of 1200mn
- Faulty Aadhar cards
- Bridging Aadhar card with bank account

### **Opportunities**

- Population 1.27 billion
- Expansion of banking system in rural area
- Corruption free scheme
- Save huge amount of money

### **Threats**

- New government – new plans
- New government may drop the project due to any reason
- Technology misuse
- Money transfer to incorrect accounts
- Frauds

## **CONCLUSION**

The new system is expected to reduce this cost and subsidy bill through better targeting. If the entire system is managed through the efficient targeting, disbursement and regular monitoring of the disbursed funds, can result into transforming the rural India. The real success of the policy lies in the accuracy and efficiency in identification of worthy beneficiaries i.e. BPL Households.

