



DIRECT BENEFIT TRANSFER IN INDIA: A GROUND-LEVEL STUDY ON AWARENESS, BARRIERS, AND SOLUTIONS

Dr. Sharanabasappa Linganna

Assistant Professor, Dept. of Commerce
Govt First Grade College Kamalapur Dist. Kalaburagi.

ABSTRACT

This comprehensive study delves into the grassroots realities of India's Direct Benefit Transfer (DBT) scheme, examining its implementation from the perspective of economically weaker sections. The research specifically focuses on the levels of awareness among beneficiaries, the multifaceted challenges encountered during its execution, and proposes practical solutions for improvement. Leveraging primary data collected from 150 beneficiaries in Kalaburagi District, Karnataka, the study uncovers critical issues such as widespread limited awareness, significant hurdles posed by digital illiteracy, persistent infrastructural gaps, and a discernible lack of administrative support. The analysis underscores that while DBT possesses immense potential for fostering transparent and efficient welfare delivery, its ultimate success is contingent upon effectively bridging these systemic gaps and empowering beneficiaries through targeted and sustained interventions.

KEY WORDS : DBT, CCT, Mobile Banking and FGD.

INTRODUCTION

India's public welfare programs have historically been plagued by deep-seated issues including inefficiency, corruption, and pervasive inclusion/exclusion errors. These long-standing systemic flaws often prevented essential benefits from reaching the intended recipients, leading to significant leakages and undermining the very purpose of social security initiatives. In a landmark move to address these entrenched problems, the Government of India launched the Direct Benefit Transfer (DBT) scheme in January 2013. This ambitious initiative aimed to fundamentally transform subsidy distribution by directly crediting funds into beneficiaries' Aadhaar-linked bank accounts. The core objective of DBT was to minimize the role of intermediaries, thereby enhancing transparency, accountability, and efficiency in the delivery of welfare services. By bypassing the traditional, often cumbersome, and corrupt distribution channels, DBT sought to create a more direct and reliable conduit between the government and its citizens.

Despite the profound promise of DBT at the policy level, its implementation at the grassroots has encountered significant challenges. The theoretical elegance of direct transfers often clashes with the complex realities on the ground, particularly in rural and semi-urban areas characterized by unique socio-economic and technological landscapes. This study meticulously explores the actual level of awareness among the scheme's intended beneficiaries, especially those at the bottom of the pyramid, who are often the most vulnerable and marginalized. Concurrently, it assesses the key hurdles that

impede effective implementation. Through a rigorous primary survey and in-depth analysis, this paper aims to provide actionable suggestions that can significantly enhance the scheme's impact, ensuring that the transformative potential of DBT is fully realized for all eligible citizens.

DBT in Global Context

While India's DBT scheme formally commenced in January 2013, the underlying concept of directly providing financial benefits to economically disadvantaged populations – frequently tied to specific conditions – had already been a well-established practice across various parts of the world. These pioneering initiatives are collectively and commonly referred to as Conditional Cash Transfers (CCTs).

Latin America emerged as a global leader and the undisputed epicenter of the CCT movement, implementing several highly influential and successful programs that served as models for other developing nations:

- **Brazil's Bolsa Família:** This large-scale program, which significantly expanded its reach between 2001 and 2002, became one of the most celebrated examples of a CCT, impacting millions of households.
- **Mexico's PROGRESA/Oportunidades:** Launched in 1997 (initially as PROGRESA, later renamed Oportunidades), this program was a foundational CCT that directly linked cash assistance to investments in human capital.
- **Chile's Chile Solidario (2002):** This innovative program not only provided cash but also integrated social support services alongside the transfers.
- **Colombia's Familias en Acción (2002):** Similar to its Mexican counterpart, this program focused on improving health and education outcomes through conditional transfers.
- **Peru's Juntos (2005):** This initiative aimed to break the intergenerational cycle of poverty by conditioning cash on specific health and education behaviors.

A common thread running through these Latin American initiatives was their dual objective: providing immediate cash assistance to poor families while simultaneously fostering long-term human capital development. This was achieved by making the receipt of cash contingent upon adherence to specific conditions, such as ensuring children's regular school enrollment and attendance, as well as timely health check-ups and vaccinations.

Beyond Latin America, **Asia** also saw the implementation of significant direct transfer programs:

- **Indonesia's Program Keluarga Harapan (PKH) (2007):** This program was specifically designed to improve maternal and child health indicators and enhance educational outcomes among beneficiary households.
- **Iran** also introduced a unique and notable variation of cash transfer in 2010 through a form of **Universal Basic Income (UBI)**, demonstrating a different approach to direct financial support.

These diverse global precedents collectively underscore the significant value and proven effectiveness of direct transfer mechanisms in enhancing the efficiency and reach of welfare delivery systems. The wealth of experiences and lessons learned from these international programs critically informed and shaped the conceptualization and subsequent evolution of India's own ambitious DBT framework, allowing it to build upon established best practices while adapting to local contexts.

LITERATURE REVIEW

The conceptual framework for the DBT scheme was meticulously informed by an expanding body of research and policy discussions that consistently highlighted the inherent inefficiencies in India's

existing welfare systems. These studies laid the groundwork for a paradigm shift towards direct transfers, emphasizing transparency and targeting.

- **Planning Commission Reports (2005, 2009):** These seminal reports from the Planning Commission of India extensively documented the rampant leakages prevalent in major welfare programs, particularly the Public Distribution System (PDS). They strongly advocated for and recommended alternative mechanisms such as direct cash transfers as a viable strategy to significantly reduce pilferage and enhance the precision of targeting, thereby ensuring that subsidies reached the genuinely needy.
- **The National Institute of Public Finance and Policy (2008):** This institution conducted a comprehensive evaluation of various subsidy mechanisms. Their findings conclusively demonstrated that direct cash transfers were not only more efficient but also fiscally more sustainable compared to traditional in-kind subsidies, which often suffered from significant administrative overheads and diversion.
- **The World Bank (2007):** A critical assessment by the World Bank highlighted a pervasive lack of effective targeting within India's social safety nets. Consequently, the report strongly encouraged the adoption of digitized beneficiary tracking systems as a means to improve accuracy, reduce errors, and enhance the overall integrity of welfare delivery.
- **Pilot Projects (2010–2012):** Pre-DBT launch, several pilot projects were conducted in states like Andhra Pradesh and Rajasthan. These trials specifically tested Aadhaar-enabled direct cash transfers. While the early results were promising in terms of demonstrating reduced leakages, they also critically exposed several operational gaps. These included poor digital access, low levels of financial literacy among beneficiaries, and recurring technological glitches, which highlighted the need for more robust infrastructure and support.
- **Laura and Rubio (2005):** Their study provided an international perspective by evaluating the impact of direct cash transfer programs in diverse countries such as Mexico, Colombia, Turkey, Honduras, Jamaica, and Nicaragua. Their findings consistently emphasized the positive effect of such programs on household behavior and their tangible contributions to improved social outcomes.
- **Das, Do, and Özler (2005):** This research specifically analyzed Conditional Cash Transfer (CCT) programs. They observed a significant distinction: while unconditional transfers often led households to consume a broader range of goods, the imposition of conditionality effectively helped align spending with desired health and education outcomes, thereby maximizing the social return on investment.
- **Bryant (2009):** This study highlighted the historical context, noting that cash transfers have played a pivotal role in significantly reducing poverty in industrialized nations for over half a century. Importantly, he pointed out a shift in global perception: these programs, once deemed unsuitable or unaffordable for poorer countries, had begun to gain considerable traction globally in the decade prior to his study.
- **Scorzafave and Lima (2010):** Their analysis of income inequality in Brazil from 1993 to 2007 revealed nuanced insights. They found that income derived from informal labor and self-employment sectors contributed to reducing income inequality, while public sector wages showed an increase in inequality during the same period. Crucially, they concluded that social transfer programs had a positive but ultimately limited impact on overall equality.
- **Ghosh (2011):** This researcher put forth a critical argument: cash transfers should unequivocally complement, rather than substitute, the public provisioning of essential goods and services. He posited that when cash transfers are additional to core public expenditures on necessities, they play

a genuinely positive and effective redistributive role, ensuring that all citizens, especially the poor, have access to fundamental provisions.

RESEARCH GAP

While existing literature highlights the need for welfare reforms and technological readiness for DBT, there is limited micro-level research on beneficiaries' awareness, perceptions, and real-world challenges post-launch. A critical gap exists in localized data from rural or semi-urban areas, where digital access and financial literacy remain low. These regions face unique implementation issues not captured by broader policy studies. This study addresses that gap by analyzing primary data from DBT beneficiaries in such settings, offering grassroots insights essential for shaping targeted, effective interventions that improve the scheme's reach, impact, and inclusivity for the most vulnerable populations.

OBJECTIVES

This study is structured around three core objectives, designed to provide a comprehensive understanding of the DBT scheme's functionality and impact at the grassroots level:

1. To assess the level of awareness about the Direct Benefit Transfer (DBT) scheme among individuals at the bottom of the pyramid.
2. To identify key challenges and barriers affecting the effective implementation of the DBT scheme.
3. To recommend practical solutions to overcome these challenges and improve the scheme's overall effectiveness.

RESEARCH METHODOLOGY

This study adopts a mixed-method approach, combining quantitative and qualitative techniques to gain a comprehensive understanding of the Direct Benefit Transfer (DBT) scheme's implementation at the grassroots level. The research was conducted in selected taluks of Kalaburagi District, Karnataka, focusing on economically disadvantaged individuals who are active recipients of DBT benefits. A purposive sampling method was used to select 150 beneficiaries with direct experience of the scheme. Data collection took place between April and June 2014 using a multi-pronged approach:

- **Structured questionnaires** to gather quantitative data on awareness, challenges, and demographics.
- **Personal interviews** to collect in-depth qualitative insights into individual experiences.
- **Focused Group Discussions (FGDs)** to capture collective views and community-level challenges.

Descriptive statistics were applied to analyze quantitative data, while thematic analysis was used for qualitative responses. This blend of methods ensured the study reflected both measurable trends and the nuanced realities of beneficiaries' experiences with DBT.

DATA ANALYSIS AND DISCUSSION

The data meticulously collected from 150 DBT beneficiaries in Kalaburagi District, Karnataka, underwent rigorous analysis. This analysis aimed to thoroughly assess the critical aspects of awareness, ease of access, prevalent infrastructure issues, and the various administrative barriers encountered in the context of the Direct Benefit Transfer (DBT) scheme.

1. Awareness of DBT Scheme

Table 1: Awareness Levels of DBT among Beneficiaries

Awareness Level	Number of Respondents	Percentage (%)
Fully Aware	62	41.3%
Partially Aware	52	34.7%
Not Aware	36	24.0%
Total	150	100.0%

(Source:Primary Data)

Observation: A significant finding from the survey is that only 41.3% of the beneficiaries were fully aware of DBT's comprehensive purpose and its intended benefits. A substantial portion, including those partially aware (34.7%) and not aware (24.0%), demonstrated a critical knowledge gap. Many beneficiaries, for instance, perceived the credited amount simply as a one-time grant or a festival bonus, rather than understanding it as a regular, targeted transfer for specific welfare programs. This limited understanding often hinders their ability to properly utilize the benefits or seek redressal for issues.

2. Access and Infrastructure Challenges

Table 2: Infrastructure and Access-Related Challenges

Challenge	Number of Respondents	Percentage (%)
Distance to Bank/ATM	44	29.3%
Aadhaar Payment Failures	33	22.0%
Biometric Authentication Issues	47	31.3%
Delayed/Infrequent Transfers	26	17.3%

(Source:Primary Data)

Observation: The data clearly highlights significant infrastructural and access-related impediments. A concerning 31.3% of respondents reported frequent issues with biometric authentication. This directly reflects serious technological and connectivity limitations prevalent in the study area, making it difficult for beneficiaries to access their funds reliably. Furthermore, 29.3% faced challenges due to the considerable distance to the nearest bank or ATM, leading to time and cost burdens for withdrawing their benefits. Aadhaar payment failures (22.0%) and delayed/infrequent transfers (17.3%) also contribute to the frustration and distrust among beneficiaries.

3. Administrative and Procedural Issues

Table 3: Administrative Challenges Faced by Beneficiaries

Issue	Number of Respondents	Percentage (%)
No Assistance in Aadhaar Linking	38	25.3%
No Help During Account Opening	29	19.3%
No Grievance Redressal Mechanism	56	37.3%
Informal Payments to Intermediaries	12	8.0%
Total	150	100.0%

(Source : Primary Data)

Observation: Administrative hurdles form a significant barrier to effective DBT implementation. A striking 37.3% of the respondents explicitly reported the complete absence of any formal grievance redressal system. This critical gap leaves beneficiaries with no clear avenue to resolve issues, leading to prolonged delays, a profound sense of helplessness, and a gradual erosion of trust in the scheme. Additionally, 25.3% indicated a lack of assistance in Aadhaar linking, a foundational step for DBT, while 19.3% received no help during bank account opening. Even though smaller, the fact that 8.0% still reported making informal payments to intermediaries highlights the persistence of some old practices due to systemic gaps.

FINDINGS

Based on the detailed analysis of primary data, this study brings forth several critical findings regarding the Direct Benefit Transfer scheme at the grassroots level in Karnataka:

- **Awareness Gap:** A considerable portion of beneficiaries are still largely unaware of the comprehensive purpose, underlying mechanism, and specific benefits of the DBT scheme. This lack of fundamental understanding often leads to misconceptions and reduces their ability to fully leverage the scheme's advantages.
- **Infrastructure Deficiencies:** Poor infrastructure, particularly prevalent in rural areas, continues to be a significant impediment to effective DBT implementation. This includes unreliable internet connectivity, insufficient banking touchpoints, and functional issues with biometric devices, directly impacting beneficiaries' ability to access their funds.
- **Support and Literacy Deficit:** The lack of local support mechanisms and pervasive digital illiteracy among beneficiaries exacerbate existing delays and contribute to exclusion errors. Without proper guidance and the ability to navigate digital processes, many vulnerable individuals struggle to participate seamlessly in the DBT ecosystem.

SUGGESTIONS

To address the identified challenges and enhance the overall effectiveness and reach of the Direct Benefit Transfer scheme, the following practical and actionable suggestions are put forth:

- **Awareness Drives:** It is imperative to organize regular, sustained, and localized awareness camps at the village level. These camps should utilize local languages and culturally appropriate media, such as radio broadcasts, local loudspeakers, and folk shows, to maximize reach and comprehension. The focus should be on clearly explaining the DBT scheme's purpose, benefits, and how beneficiaries can access their funds and resolve issues.
- **Mobile Banking Vans:** To bridge the significant access gap, particularly in remote areas, the government should actively deploy mobile banking units or vans. These mobile units can provide essential banking services, including cash withdrawals, balance inquiries, and even Aadhaar-seeding assistance, bringing financial services directly to the beneficiaries' doorsteps.
- **DBT Helpdesks:** Establishing dedicated DBT Helpdesks in every Gram Panchayat office is crucial. These helpdesks should be adequately staffed with trained personnel capable of providing assistance with Aadhaar linkage, facilitating bank account opening, registering complaints, and offering general beneficiary support.
- **Grievance Redressal:** A robust and accessible grievance redressal system is paramount for building trust. This should include the introduction of a toll-free national or state-level number with multilingual support. Crucially, this must be complemented by the development of field-level grievance tracking and resolution systems to ensure that complaints are not only registered but also effectively addressed in a timely manner.

- **Capacity Building:** Empowering local communities is key. This can be achieved by training local officials, Self-Help Group (SHG) leaders, and youth volunteers as "DBT Mitras" (Friends of DBT). These trained individuals can serve as crucial intermediaries, providing on-the-ground assistance, monitoring implementation, and helping beneficiaries navigate the system, thereby fostering local ownership and support.

CONCLUSION

The Direct Benefit Transfer (DBT) scheme has the potential to transform India's public welfare system by streamlining benefit delivery. However, this study, based on primary data from Kalaburagi, Karnataka, highlights that its success depends heavily on beneficiaries' awareness, access to financial services, and administrative efficiency. The research reveals an urgent need to bridge critical digital, educational, and infrastructural gaps. Without focused interventions, many vulnerable beneficiaries may be excluded. To ensure DBT fulfills its promise of transparency, efficiency, and inclusivity, sustained efforts are needed, through local engagement, empowerment, and strong technological and administrative support that address on the ground challenges.

REFERENCES

1. Bryant, J. (2009). *Country Assessment of Cash Transfer Programmes*. United Nations Development Programme.
2. Das, J., Do, Q. T., & Özler, B. (2005). Reassessing Conditional Cash Transfer Programs. *The World Bank Research Observer*, 20(1), 57–80.
3. Drèze, J., & Khera, R. (2009). The battle for employment guarantee. *Frontline*, 26(1).
4. Ghosh, J. (2011). Cash transfers as the silver bullet for poverty reduction: A sceptical note. *IDEAs Working Paper Series*.
5. Laura, R., & Rubio, G. M. (2005). Conditional Cash Transfers: An Effective Tool for Poverty Alleviation? *World Bank Policy Research Working Paper No. 3434*.
6. National Institute of Public Finance and Policy. (2008). *A Review of Public Expenditure on Subsidies*.
7. Planning Commission. (2005). *Performance Evaluation of Targeted Public Distribution System*. Government of India.
8. Scorzafave, L. G., & de Lima, L. R. (2010). Public Transfers and Income Distribution in Brazil. *Revista Brasileira de Economia*, 64(2), 147–163.
9. UIDAI. (2010–2012). *Aadhaar Working Papers*. Government of India.
10. World Bank. (2007). *Social Safety Nets in India: Are They Reaching the Poor?* World Bank.