

DIRECT BENEFIT TRANSFER: A KEY TO FINANCIAL INCLUSION

Neethu Mariam Ajith¹ & Karthika S Nair²

Assistant Professor¹, M Com Student²

Department of Commerce

St Thomas College, Kozhencherry,

Pathanamthitta, Kerala.

Abstract

Direct Benefit Transfer (DBT) is a program launched by Government of India aims to bring transparency and eliminate manipulation in the distribution of funds provided by Central Government. Under this, payments are directly provided to the bank accounts of beneficiaries. This helps to remove various leakages in the distribution of funds and enhances financial inclusion. The main aim of introducing Direct Benefit Transfer is to bring all the people of the country under the preview of banking network.

This paper attempts to study whether the weaker section of the society is benefited through Direct Benefit Transfer and to analyse the impact of Direct Benefit Transfer on financial inclusion. The study is empirical and descriptive in nature. The study reveals that Direct Benefit Transfer covers most of the section of the society under the banking system. The scheme is perceived to be more effective in rural people.

Key words: Direct Benefit Transfer, Financial Inclusion, weaker sections of the society.

INTRODUCTION

Financial inclusion is one of the effective way which helps to bring the unbanked people under banking network. Government of India introduced the scheme on financial inclusion to provide financial services to the unreached people at an affordable or free cost.

Direct Benefit Transfer is a scheme launched by Government of India to transfer the benefits and subsidies of different welfare schemes of Government like LPG subsidy MNREGA payments, old age pension, scholarships etc. directly into the bank accounts of the beneficiaries.

It was launched by Government of India on 1 St January 2013 hoped that crediting subsidies into bank accounts will reduce delays, cost and leakages etc. A key role in large scale, real time implementation of Direct Benefit Transfer has been envisaged for the JAM(Jan Dhan Yogana, Aadhaar numbers, Mobile numbers) Trinity. Jan Dhan bank accounts aims to ensure universal financial inclusion, Aadhaar number provides a means for identification and authentication and Mobile banking offers an alternative mechanism of payment and withdrawal.

In India, majority of people who live Below the Poverty line (BPL) rely on Government welfare payments such as the MNREGA, old age pension, scholarships, subsidies etc. The Government of India makes these

payment through Direct Benefit Transfer scheme covering beneficiaries under 59 different schemes. This makes Direct Benefit Transfer an excellent platform to bring banks closer to the people especially weaker sections of the society. This innovative scheme leads the unbanked and under banked people to start using bank accounts to transact, various relevant products, save, invest etc...

Thus Direct Benefit Transfer is a game changer in promoting financial inclusion and leads to economic growth.

SIGNIFICANCE OF THE STUDY

India is a developing country with most of the people belongs to low and middle income group. For avoiding exploitations of this situation from unorganised or informal financial system like private money lender it is necessary to include them under formal banking system. So it is necessary to bring them under the financial inclusion scheme. Direct Benefit Transfer is intended to avoid financial exclusion. It is a scheme introduced by Government of India to make all people financially included.

As Direct Benefit Transfer helps to transfer payment made by the Government directly to the beneficiaries through bank accounts. So, this will bring most of the people under the preview of banking system.

OBJECTIVES

1. To understand whether the weaker sections of the society is benefited through Direct Benefit Transfer.
2. To analyse the impact of Direct Benefit Transfer on financial inclusion.

SCOPE OF THE STUDY

The study conducted among weaker sections of Cherukole panchayath in Pathanamthitta District, Kerala. Economically weaker sections is a term used to refer those citizens or households with income below a certain threshold limit.

OPERATIONAL DEFINITION

In this study, weaker section means those who are having an annual income below Rs 2, 00,000 and those who belong to SC/ ST category

RESEARCH METHODOLOGY

The study is conducted on the basis of both primary and secondary data. Primary data for the study were collected by using judgement sampling technique. Those who are getting benefits through Direct Benefit Transfer were selected as respondents. Structured interview schedule is used for collection of data and weighted average technique is used for analysis.

LITERATURE REVIEW

Balaji.R(2013)"A study on the problems perspectives and implications of the new Direct Benefit Transfer scheme with reference to Kanchipuram district of Tamil Nadu",studied about the process of implementation of Direct Benefit Transfer, various prospects and problems involved therein and perception of beneficiaries.The study is conducted empirically through structured interview schedule for collection of data and chi_square test ANOVA, and other parametric test for analysis of data. The study find out that the scheme has been perceived to be more effective among rural people. The scheme is more beneficial to low and middle income groups, linking of Aadhaar to Direct Benefited Transfer scheme is looked upon as a negative aspect. The study concludes that the Government should play a major role in addressing the issues and shortcomings

of the scheme as to make it more effective in order to achieve the very purpose of it.

Katia, Vikas (2013)"financial inclusion for Direct Benefit Transfer growth and hurdles"evaluated the impact of financial inclusion drive on banks and to study the contribution of different sector banks in the field of financial inclusion and find out the role of financial inclusion for Direct Benefit Transfer growth takes place in the field and challenges and hurdles in proper implementation. The study is conceptual in nature. The study concluded that financial inclusion is must for proper growth of the country.Direct Benefit Transfer"s benefits could not reach to poor people in absence of financial inclusion. The study finds that at grass root level people are facing difficulties and there is a lot of trouble for poor people to avail services. He suggested that,if these problems are not address properly the poor will not be benefited through the scheme.

Joy, Justin(2018)"A critical analysis of Direct Benefit Transfer in India", attempts to critically evaluate Direct Benefit Transfer mission in India in terms of Aadhaar card linkages,seeded bank accounts and in light of global experience. The study is descriptive.He find out that Direct Benefit Transfer system has been introduced in 2013,Rs 5.68 crore beneficiaries were not holding an Aadhaar and the number become Rs 8.36 crores in 2017.He suggested that Government should take efforts in grass root level by providing Aadhaar and Aadhaar bridge payment assistance to the common people.

Priya Samant,Dr. Anupama.B.Singh,Dr.Ritesh Dwivedi (2017)"JAM Trinity; Transforming; Transforming rural landscape through financial inclusion"examined the agro based Indian economy's transformation to financial inclusion of rural people. The study examines the work done under Jan Dhan Yogana and find out growth in India. The objectives of the study was to understand the concept of JAM Trinity and its role in financial inclusion and analyse the performance of PMJDY and highlights the achievements and the problems faced at implementation stage.Tend analysis is used for analysis of data. The study brings out the problems and provides suggestions to use this Trinity tactically for attaining financial inclusion. The study concluded that PMJDY along with JAM model with its wide geographical reach, large scale of operations and mission mode approach has shown positive results.

Guntupalli,sreelatha(2016)in her study"Exploring the impact of Pradhan mantri Jan Dhan Yogana- PMJDY in urban areas ", reviewed that the role of Government and banks in PMJDY scheme,it's implications and explore the implementation of PMJDY.As part of the national mission of financial inclusion, PMJDY is an integrated approach of Government of India to bring universal access to banking facilities to every household.Questionnaire method is used for data collection and percentage analysis is used for analysis of data. The study concluded that all the benefits such as financial inclusion, financial stability, financial freedom are expected to get through PMJDY, to the poor and the under privileged people in rural,semi- urban and urban areas.

Table - 1
Impact of Direct Benefit Transfer on financial inclusion

Impact	Weighted average
Encourage to take Bank account	28.10
Improvement in savings	30.43
Financial literacy	27.67
Standard of living	26.40
Helps to avail other banking services	32.13

Source: Primary data

The table shows the weighted average scores of impacts of Direct Benefit transfer on financial inclusion. As per respondents opinion DBT has positive impact on financial inclusion especially on factors like availing various other banking services ,improvement in saving habit and financial literacy, they are of the opinion that DBT encouraged them to take bank accounts.

Table-2
Benefits received through Direct Benefit Transfer

SA- Strongly Agree, A- Agree, N - Neutral, D -Disagree, SD-SD- Strongly Disagree WA- Weighted Average

Benefits	SA	A	N	D	SD	WA
Transparency in distribution of income	75	80	90	48	11	20.27
Encourages to take Bank account	235	152	18	18	0	48.2
Eliminate intermediaries	105	156	75	24	3	24.2
Avoid frauds	80	204	72	12	3	24.73
Avoid delays in payment	255	144	21	12	0	28.84
Getting benefits in time	185	200	30	6	0	28.06

Source: Primary data

The table shows the benefits received through Direct Benefit Transfer. Weighted Average method is used to analyse the data.

Weighted Average = $\frac{\sum WX}{\sum W}$

From this table we can understand that Direct Benefit Transfer benefits the weaker sections of the society as it encourages them to take Bank account, avoid delays in payment, helps to get benefits in time, avoid frauds, eliminate intermediaries and transparency in distribution of income.

FINDINGS

1. Through Direct Benefit Transfer frauds are reduced to a great extent as it avoids intermediaries in the distribution of benefits.
2. Direct Benefit Transfer encouraged the weaker sections to take Bank accounts. This helps them to become

financially included.

3. Standard of living of people improved. As Direct Benefit Transfer avoids delays in payment of benefits and it ensures timely payment.
4. The amount of savings of the people also increased, because they are getting earnings on time and they have an avenue to save their money.
5. Constant interaction with bank officials helped a lot to improve their financial literacy
7. It helps the people to avail other banking services also.

SUGGESTIONS

Since most of the aged people (more than 60 years) are unaware of financial services. Their education level also is very low. This is a major problem for them to become financially literate. Necessary steps needed to be taken by the Government or banks in order to improve their financial knowledge like awareness programmes specially designed for these people.

CONCLUSION

Financial inclusion means including all the people under the banking system. If all people are included under the preview of banking network the dependence of public on private money lender can be reduced to a great extent.

As all the benefits of Government is provided through Bank account of the beneficiaries, they are forced to take a Bank account. This in turn leads to bring the unbanked poor people with in the umbrella of banking system. Thus, financial problems of people in a country can be reduced and we can avoid financial exclusion.

REFERENCE

1. Balaji, R (2013) "A study on the problems, perspectives and implications of the new Direct Benefit Transfer scheme with reference to Kanchipuram district of Tamil Nadu", international journal of innovative Research in Science, Engineering and Technology, ISSN:2319-8753, vol-2, September 2013 .
2. Katia, Vikas (2013), "Financial Inclusion for Direct Benefit Transfer growth and hurdles", International journal of economics, Commerce and Research (IJECR), ISSN(P)-2250-0006, ISSN(E)-2319-4472, volume-3, Issue-5, December 2013.
3. Joy, Justin (2018), "A critical analysis of Direct Benefit Transfer in India", Indian journal of Economics and Development, ISSN(online)- 2320-9836, ISSN(print) -2320-9828, volume-8, August 2018.
4. Samant, Priya, Dr. Singh, Anupama, B, Dr. Diwedi, Ritesh (2017), "JAM Trinity; Transforming Rural Landscape through Financial Inclusion", Researchers World Journal Arts, Science and Commerce, ISSN-2231-4172, volume-8, issue-4(4), October 2017.
5. Guntupalli, Sreelatha (2016), "Exploring the impact of Pradhan mantri Jan Dhan Yojana-PMJDY", IOSR Journal of Economics and Finance, e-ISSN -2321-5933, p-ISSN- 2321-5925, pp-82-86.

WEBLIOGRAPHY

<http://www.indianjournal.org.in>

<http://www.india.gov.in>

<http://www.researchgate.org.in>

<http://www.quora.com>

<http://www.livemint.com>

