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A STUDY ON THE DIRECT BENEFIT TRANSFER (DBT) SYSTEM ON RECIPIENTS OF THE OLD AGE PENSION SCHEME WITHIN THE FRAMEWORK OF FINANCIAL INCLUSION

RANGASWAMY D
Research Scholar
Department of Studies in Commerce, University of Mysore, Manasagangothri, Mysuru- 570006

Dr.N.NAGARAJA
Professor
Department of Studies in Commerce, University of Mysore, Manasagangothri, Mysuru- 570006

Abstract

Financial inclusion is greatly enhanced through the implementation of the Direct Benefit Transfer (DBT) system, ensuring equitable access to welfare schemes." "The DBT system serves as a catalyst for empowering underserved populations by directly transferring financial assistance, fostering economic stability." "Efficient utilization and expansion of the DBT system are vital steps towards achieving comprehensive financial inclusion goals, bridging socio-economic divides, this study investigates the efficacy of the Direct Benefit Transfer (DBT) system for recipients of the Old Age Pension Scheme within the context of financial inclusion. Utilizing a mixed-methods approach, the research incorporates both secondary and primary data analysis. Secondary data is sourced from the National Social Assistance Programme (NSAP) Portal, focusing on pension beneficiary lists and details. Primary data is collected through structured surveys administered to 144 respondents in Mysore district, encompassing urban and rural areas. Chi-square tests are used to analyse the association between area of residence and satisfaction levels among beneficiaries Purposive sampling is employed to ensure representation from diverse demographic groups, including both male and female respondents from urban and rural areas.

KEY WORDS: Direct Benefit Transfer (DBT), Old Age Pension Scheme Financial Inclusion

INTRODUCTION:

In the contemporary landscape, achieving financial inclusion stands out as a critical imperative for fostering inclusive growth and development across economies. While the term "financial inclusion" gained prominence in British discourse upon the realization that approximately 7.5 million individuals lacked access to bank accounts, its essence finds deep roots in the Indian economic landscape. Indeed, the concept of financial inclusion is not novel to India. As evidenced by the pivotal milestones such as the Bank

Nationalisation of 1969, the establishment of Regional Rural Banks (RRBs), and the introduction of Self-Help Group (SHG) - bank linkage programs, the Reserve Bank of India (RBI) has long been at the forefront of initiatives aimed at extending financial accessibility to underserved groups within the populace.

The National Social Assistance Programme (NSAP), overseen by the Ministry of Rural Development, serves as a pivotal welfare initiative, extending its reach across both rural and urban domains. Aligned with the constitutional mandate encapsulated within the Directive Principles of State Policy of India, NSAP embodies a crucial stride towards securing citizens' livelihoods, enhancing living standards, bolstering public health, and ensuring compulsory education for children. Notably, Article 41 of the Indian Constitution underscores the State's obligation to furnish public assistance to citizens facing unemployment, old age, sickness, disability, or any form of destitution, within the confines of its economic resources and developmental capacity.

In adherence to these principled imperatives, the Government of India formally integrated the National Social Assistance Programme into the Central Budget for 1995-96 on August 15, 1995, following the Prime Minister's announcement on July 28, 1995. Thereafter, NSAP was inaugurated as a Centrally Sponsored Scheme, marking a significant stride towards fulfilling these constitutional obligations.

Initially The NSAP initially consisted of three main schemes: the National Old Age Pension Scheme (NOAPS), the National Family Benefit Scheme (NFBS), and the National Maternity Benefit Scheme (NMBS). These initiatives were launched with the objectives of providing social assistance to the elderly, offering financial aid to below poverty line (BPL) households in case of the breadwinner's demise, and extending maternity benefits. They aimed to set minimum national standards while complementing existing or forthcoming welfare provisions from the states.

Currently, the NSAP comprises five distinct schemes, including the Indira Gandhi National Old Age Pension Scheme (IGNOAPS). IGNOAPS guarantees a monthly pension of Rs. 200 to individuals aged 60 years or older from BPL backgrounds until the age of 79, and Rs. 500 thereafter. This scheme plays a crucial role in providing essential financial support to the elderly population.

Literature Review

Parvin and Panakaje(2022) The study aims to analyze the various prospects and challenges related to digital financial inclusion. It discusses the importance of reaching vulnerable communities without digital financial access and highlights the need for technological adoption, such as smartphones and internet facilities, to promote secure and inexpensive financial services.the paper provides valuable insights into the challenges and prospects of digital financial inclusion, offering a comprehensive analysis that can benefit policymakers, financial institutions, researchers, and practitioners in the field.

Ozili,and Peterso (2022) The paper emphasized that digital financial inclusion is an ongoing journey rather than a final destination, requiring continuous progress and the use of innovative technologies to adapt financial services to cater to the needs of all individuals. It also highlights the potential pitfalls of digital financial services, such as input errors leading to costly mistakes. Overall, the paper underscores the importance of digital financial inclusion and suggests ways to leverage it for the betterment of society, offering implications for policymakers and practitioners in the digital finance realm.

Boshkov (2019) examined the Virtual Banking and Financial Inclusion. Financial sector is constantly striving to find new ways to provide financial services to the world's population as the fact that banks play a key role in promoting online businesses. The increase in technology in the financial industry (FinTech) seems to have filled the gap in the inaccessibility of financial services, as facilitating accessibility for all entities to financial tools and services at reasonable costs. Digital Payments, P2P and many others are just an example

of the development of FinTech, and while these innovative services have changed the financial world, including many participants in the financial sector, a huge unused portion of the world's population, which does not use a bank, remained non-inclusive.

Wenxiu Nan (2018) conducted a case study to evaluate the Who Are the Users of Digital Innovation for Financial Inclusion? The Case of M-Shwari In emerging economies, digital innovation has become a driving force of financial inclusion and socioeconomic development. However, who are the users? This simple yet crucial question has often been neglected. This paper argues that in order for a digital innovation for financial inclusion to generate expected outcomes, we need to examine whether the users are the intended users. This paper explores this issue by examining one particular instance—M-Shwari—the mobile-based digital savings service, which is intended to bank the unbanked, low-income population in rural areas in Kenya. In contrast to the expectation, the findings show that M-Shwari is likely to be used by high-income households in urban areas, who are already banked. This paper contributes to the emerging digital innovation and financial inclusion literature by calling for further research toward users in this particular context.

Ying Tee et.al (2022) The study focused on the development of digital financial inclusion in both developed and developing countries and identifies key elements for a comprehensive digital financial inclusion mechanism. The systematic literature review reveals that developing countries, particularly in Asia, are embracing digital financial inclusion to reduce poverty. However, there are persistent divides between gender, wealth, urban and rural areas in terms of access to and usage of digital financial services. The study proposes recommendations to improve digital infrastructure, simplify banking procedures, and emphasize financial education to enable the smooth implementation of digital financial inclusion across countries. Study concludes by emphasizing the importance of digital financial inclusion in reducing poverty and boosting the economy, and highlights the ongoing efforts of over 50 countries and global financial sector standard-setting bodies in promoting digital financial inclusion.

Objectives

1. To assess the level of financial inclusion achieved among recipients of the Old Age Pension Scheme through the implementation of the DBT system.
2. To assess the satisfaction levels of beneficiaries with the Direct Benefit Transfer (DBT) system for receiving pension payments.

Hypothesis:

1. H0: There is no significant difference in satisfaction levels among beneficiaries with the DBT system for receiving pension payments.
2. H1: There is a significant difference in satisfaction levels among beneficiaries with the DBT system for receiving pension payments.

Research Methodology:

This study investigates the efficacy of the Direct Benefit Transfer (DBT) system for recipients of the Old Age Pension Scheme within the context of financial inclusion. Utilizing a mixed-methods approach, the research incorporates both secondary and primary data analysis. Secondary data is sourced from the National Social Assistance Programme (NSAP) Portal, focusing on pension beneficiary lists and details. Primary data is collected through structured surveys administered to 144 respondents in Mysore district, encompassing urban and rural areas. Chi-square tests are used to analyse the association between area of residence and satisfaction levels among beneficiaries Purposive sampling is employed to ensure representation from diverse demographic groups, including both male and female respondents from urban and rural areas. Structured surveys are designed to gather primary data, ensuring clarity and relevance. Ethical guidelines, including informed consent and confidentiality, are strictly followed. Potential limitations, such as sample

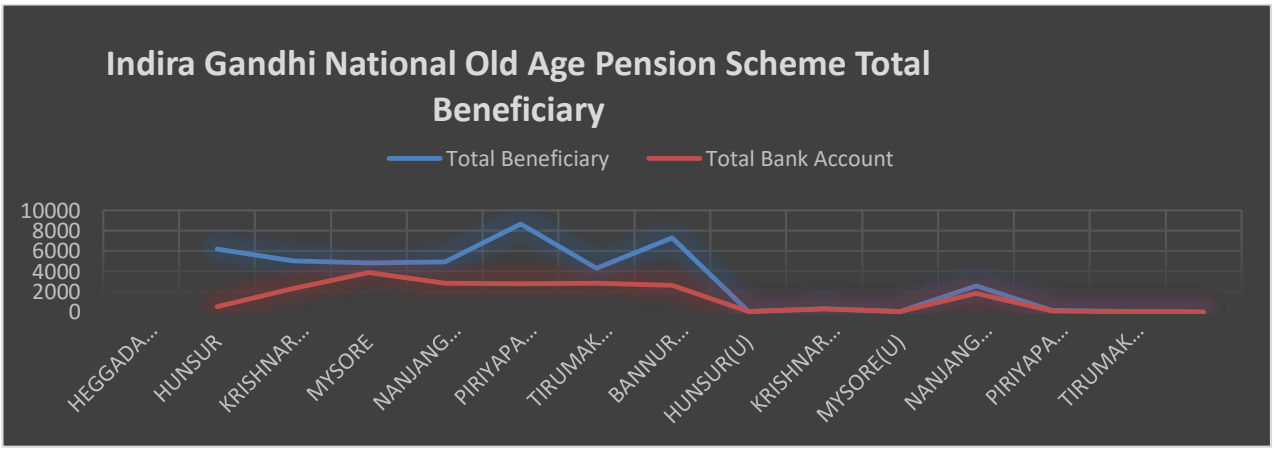
representativeness and response biases, are acknowledged, with efforts made to mitigate these through careful sampling and data collection procedures.

This table presents on Indira Gandhi National Old Age Pension Scheme Total Beneficiary list of Mysore District

Table:1

S.No	Subdistrict/Municipality	Scheme	Total Beneficiary	Total Bank Account	Total P.O Account	Total bank and po accont	M.O account
	RURAL						
1	**HEGGADADEVANKOTE**	IGNOAPS	6173	511	5632	**6143**	30
2	**HUNSUR**	IGNOAPS	5046	2294	2648	**4942**	104
3	**KRISHNARAJANAGARA**	IGNOAPS	4833	3872	767	**4639**	194
4	**MYSORE**	IGNOAPS	4927	2834	2016	**4850**	77
5	**NANJANGUD**	IGNOAPS	8636	2751	5795	**8546**	90
6	**PIRIYAPATNA**	IGNOAPS	4296	2805	1464	**4269**	27
7	**TIRUMAKUDAL-NARSIPUR**	IGNOAPS	7277	2611	4351	**6962**	315
	TOTAL		**41188**	**17678**	**22673**	**40351**	**837**
	URBAN						
8	**BANNURU(U)**	IGNOAPS	61	34	27	**61**	0
9	**HUNSUR(U)**	IGNOAPS	318	305	13	**318**	0
10	**KRISHNARAJANAGARA(U)**	IGNOAPS	45	40	5	**45**	0
11	**MYSORE(U)**	IGNOAPS	2563	1823	740	**2563**	0
12	**NANJANGUD(U)**	IGNOAPS	140	86	54	**140**	0
13	**PIRIYAPATNA(U)**	IGNOAPS	49	33	16	**49**	0
14	**TIRUMAKUDAL-NARSIPUR(U)**	IGNOAPS	16	2	14	**16**	0
	TOTAL		**3192**	**2323**	**869**	**3192**	**0**
	RURAL AND URBAN TOTAL		44380	20001	23542	43543	837

Source: NSAP Portal



This table summarizes data on the Indira Gandhi National Old Age Pension Scheme (IGNOAPS) in Mysore District, Karnataka, India. It appears to be a report on the total number of beneficiaries for the scheme, categorized by sub district/municipality and location type (rural or urban).

The table provides data on the total number of beneficiaries enrolled in the Indira Gandhi National Old Age Pension Scheme across various sub districts/municipalities in Mysore District, both in rural and urban areas. The total number of beneficiaries is 44,380. The data indicates the total number of beneficiaries who have bank accounts, post office accounts, and both bank and post office accounts. In rural areas, out of 44,380 beneficiaries, 17,678 have bank accounts, 22,673 have post office accounts, and 40,351 have either bank accounts or post office accounts. There are 837 beneficiaries who have a mode of payment account, which could be a different mode of disbursement than bank or post office accounts. The data is divided into urban and rural categories. In rural areas, the majority of beneficiaries have either bank accounts, post office accounts, or both, whereas in urban areas, there are significantly fewer beneficiaries with such accounts. Additionally, there are no beneficiaries with mode of payment accounts in urban areas. There seems to be a discrepancy in the "Total bank and po account" column in the rural section. The total should ideally match the sum of beneficiaries with bank accounts and post office accounts, but it is slightly lower (40,351 instead of 40,351). This could be due to some beneficiaries having both types of accounts. the data provides insights into the distribution of beneficiaries and their access to banking facilities under the Indira Gandhi National Old Age Pension Scheme in Mysore District.

This data appears to be a cross tabulation (cross-tab) showing the relationship between two categorical variables: "area" (Urban or Rural) and "Level of satisfaction" (Low level, Moderate level, or High level)
Table:2

area * Level of satisfaction Cross tabulation

Count

		Level of satisfaction			
		Low level	Moderate level	High level	Total
area	Urban	27	31	27	85
	Rural	34	17	8	59
Total		61	48	35	144

Chi-square tests are used to determine whether there is a significant association between the two categorical variables (in this case, "area" and "level of satisfaction").

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.861[a]	2	.004
Likelihood Ratio	11.120	2	.004
Linear-by-Linear Association	10.592	1	.001
N of Valid Cases	144		

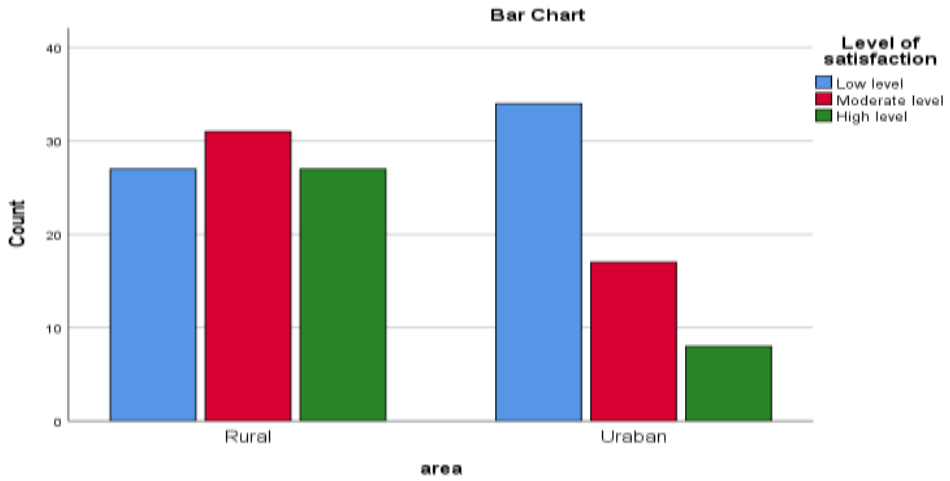
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 14.34.

The "Pearson Chi-Square" value is 10.861 with 2 degrees of freedom, and the associated p-value is 0.004. This p-value indicates that there is a statistically significant relationship between area and level of satisfaction. The "Likelihood Ratio" and "Linear-by-Linear Association" tests also show significant p-values, further supporting the presence of an association between the variables. The N of Valid Cases indicates the total number of valid cases considered in the analysis, which is 144 in this case. The note regarding expected counts ensures that none of the cells have expected counts less than 5, which is a requirement for the validity of the

chi-square test. In conclusion, based on the chi-square tests, we can infer that there is a significant association between the area (Urban or Rural) and the level of satisfaction (Low, Moderate, or High).

Bar graph showing the relationship between two categorical variables: "area" (Urban or Rural) and "Level of satisfaction" (Low level, Moderate level, or High level)

Fig:1



This data represents a cross tabulation (cross-tab) showing the relationship between two categorical variables: "Gender" (Male or Female) and "Level of Satisfaction" (Low, Moderate, or High)

Table:3

Gender * Level of Satisfaction Crosstabulation

Count

		Level of satisfaction			
		Low Level	Moderate level	High level	Total
Gender	Male	23	23	32	78
	Female	27	20	19	66
Total		50	43	51	144

Chi-square tests are employed to assess whether there's a significant association between the two categorical variables (Gender and Level of Satisfaction).

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.863[a]	2	.239
Likelihood Ratio	2.879	2	.237
Linear-by-Linear Association	2.834	1	.092
N of Valid Cases	144		

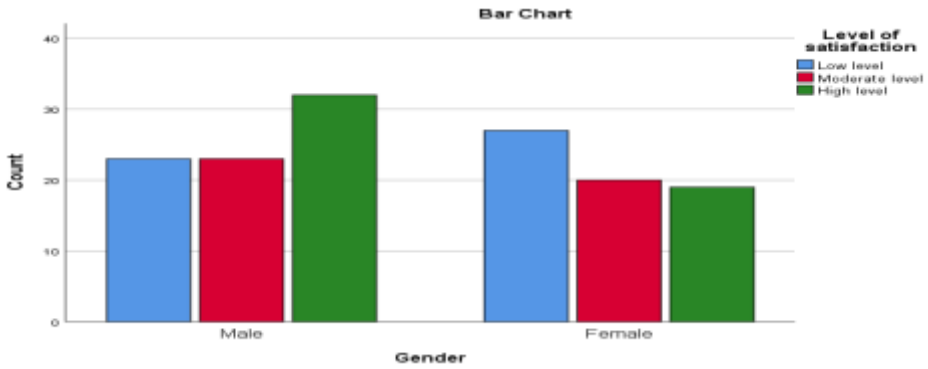
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 19.71.

The "Pearson Chi-Square" value is 2.863 with 2 degrees of freedom, yielding a p-value of 0.239. This indicates that there is no statistically significant relationship between gender and level of satisfaction at the conventional significance level (usually $\alpha = 0.05$).The "Likelihood Ratio" and "Linear-by-Linear Association"

tests also produce non-significant p-values, further supporting the lack of a significant association between the variables.The N of Valid Cases represents the total number of valid cases considered in the analysis, which is 144 in this instance based on the chi-square tests, there isn't sufficient evidence to conclude that there's a significant association between gender and level of satisfaction among the population under consideration.

Bar graph showing the relationship between two categorical variables: "area" (Male or Female) and "Level of satisfaction " (Low level, Moderate level, or High level)

Fig:2



This table presents the distribution of individuals based on their level of satisfaction.

Table:3

Level of satisfaction					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low level	50	34.7	34.7	34.7
	Moderate level	43	29.9	29.9	64.6
	High level	51	35.4	35.4	100.0
	Total	144	100.0	100.0	

This table presents the distribution of individuals based on their level of satisfaction. This column indicates the count (frequency) of individuals falling into each category of satisfaction level. there are 50 individuals with a low level of satisfaction, 43 with a moderate level, and 51 with a high level This column represents the percentage of individuals in each category relative to the total sample size. 34.7% of individuals have a low level of satisfaction, 29.9% have a moderate level, and 35.4% have a high level.

This Pie Chart presents the distribution of individuals based on their level of satisfaction

Fig:3

Findings:

1. Based on The Pension Scheme (IGNOAPS) data is divided into urban and rural categories. In rural areas, the majority of beneficiaries have either bank accounts, post office accounts, or both, whereas in urban areas, there are significantly fewer beneficiaries with such accounts. Additionally, there are no beneficiaries with mode of payment accounts (Money Order Payment Account) in urban areas
2. Based on the chi-square tests, we can infer that there is a significant association between the area (Urban or Rural) and the level of satisfaction (Low, Moderate, or High).
3. Based on the chi-square tests, there isn't sufficient evidence to conclude that there's a significant association between gender and level of satisfaction among the population under consideration.

Suggestions:

1. Given that significantly fewer beneficiaries in urban areas have bank accounts, post office accounts, or both compared to rural areas, efforts should be made to enhance financial inclusion in urban areas.
2. Initiatives such as awareness campaigns, simplified account opening procedures, and mobile banking facilities could be implemented to encourage urban beneficiaries to open bank or post office accounts.
3. Recognizing the differences in beneficiary profiles between urban and rural areas, it's important to tailor the DBT system's services accordingly. Regular monitoring and evaluation of the DBT system's performance, including satisfaction levels among beneficiaries, are essential.

Conclusion:

This study underscores the importance of enhancing financial inclusion efforts, addressing satisfaction disparities, and adopting gender-sensitive approaches to optimize the effectiveness and inclusivity of the DBT system for recipients of the Old Age Pension Scheme. By implementing targeted interventions informed by rigorous research and ongoing monitoring, policymakers and program managers can work towards ensuring that all beneficiaries have access to the financial resources and support them need to lead dignified and fulfilling lives in their later years.

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