

CHAPTER 1

1.1 Introduction

Direct Benefit Transfer (DBT) is an initiative launched by the Government of India (GoI) on 1 January 2013 to re-engineer the cumbersome delivery process of welfare schemes in order to reduce delays in flow of benefits to intended beneficiaries through effective use of technology. It marked a paradigm-shift in the process of delivering benefits like wage payments, fuel subsidies, food grain subsidies, *etc.*, by channelling these directly into the bank accounts of beneficiaries and by removing leakages.

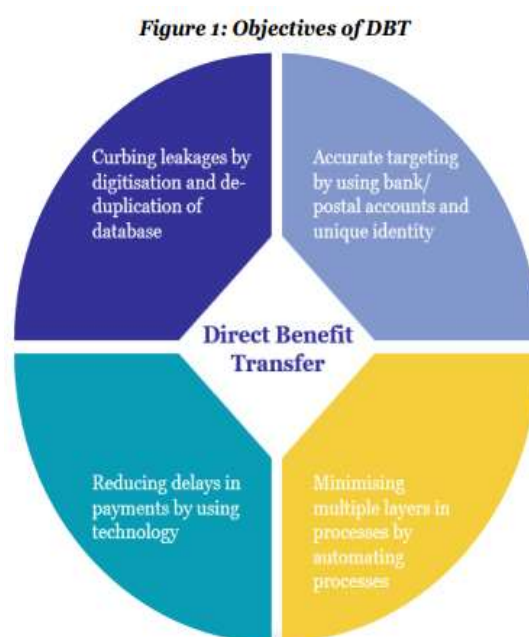
The need for such an initiative arose to address various bottlenecks existing in benefit transfer processes of welfare schemes like, involvement of numerous agencies resulting in multiple layers of authorisation, delayed transfers, inaccurate targeting of beneficiaries, leakages/ pilferages and duplication of beneficiaries, *etc.*

1.1.1 Objectives of Direct Benefit Transfer

DBT vision is a governance regime which ensures a simple and user-friendly Government to People interface and directly delivers entitlements to eligible individuals and households in a fair, transparent, efficient and reliable manner, fulfilling the objectives of DBT, as shown in *Figure 1*.

For any government to transfer benefits to its citizens effectively, it needs to ensure that it can firstly, identify beneficiaries correctly and secondly, make benefits accessible to them with minimum cost/ inconvenience. DBT as a delivery mechanism, has the potential to ensure fulfilment of both these crucial objectives. In order to ensure effective implementation of DBT, there are certain pre-requisites, which are as follows:

- Digitisation of database of beneficiary with Aadhaar number.
- Opening of bank accounts of beneficiaries.
- Seeding of Aadhaar numbers with digitised database and bank account
- Transfer of cash benefits from Ministries/ Departments directly to beneficiaries through State Treasury or through any implementing agency as appointed by Centre/ State Government.



1.2 Process of Delivering Benefits under DBT

The Standard Operating Procedure for DBT payments, issued by the Government of India, outlined the following processes:

- (i) Beneficiary identification and enrolment in DBT Scheme Management Software;
- (ii) Beneficiary validation/ registration on PFMS (iFMS, in case of Odisha);
- (iii) Generation of payment file instructions; and
- (iv) Processing of payment file and payment to beneficiary.

1.2.1 Beneficiary Identification and Enrolment in DBT scheme Management Software

As a first step, beneficiaries need to be correctly identified and enrolled through the respective DBT management software, as per requirements of the scheme concerned. This step also involves Aadhaar authentication of beneficiaries, as well as capturing of their bank account details, at the time of enrolment.

1.2.2 Beneficiary validation/ registration on PFMS/ iFMS

The registration of beneficiaries in PFMS/ iFMS is to be done after successful validation of, at least one of the following: bank account/ postal account validation or validation on Aadhaar mapper of NPCI.

1.2.3 Generation of Payment file instructions

After eligibility conditions for the beneficiary under the scheme guidelines are successfully validated, payment instruction file is generated, using the DBT Scheme portal.

1.2.4 Processing of payment file and payment to beneficiary

Once the payment instruction is generated, the same is transferred to beneficiary's accounts through the State Treasury Account. The maximum total time for receiving payment response (success/ failure) is T+4 working days, where T is the day of the transaction when the payment file is received with authorisation to process payment by PFMS. The maximum permissible time for submission of response file after process of payment (success/ failure) to the originator of the payment file is 4 days.

1.3 Organisational structure

1.3.1 Organisation of DBT at GoI level

The DBT Mission was initiated by the erstwhile Planning Commission (January 2013) and was subsequently transferred to the Department of Expenditure (DoE), Ministry of Finance (July 2013). To give more impetus, DBT Mission and matters related thereto, were placed in the Cabinet Secretariat under Secretary (Co-ordination and PG) from September 2015.

An Electronic Payment Framework was laid down for DBT by GoI in February 2015 and this Framework is to be followed by all Ministries/ Departments and is applicable to all Central Sector (CS)/ Centrally Sponsored Schemes (CSS) and to all schemes, where components of cash are transferred to individual beneficiaries. In June 2017, GoI further issued guidelines on establishment of DBT framework at State level.

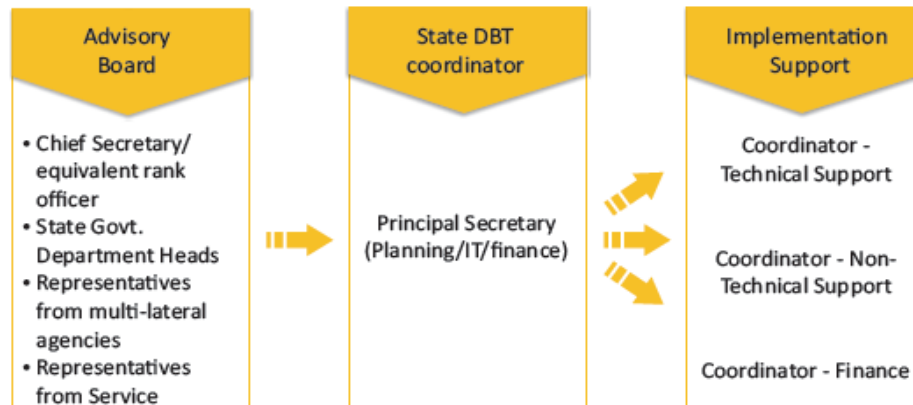
The DBT Bharat Portal was conceptualised and developed as a national aggregator for all DBT information in the country and was launched in August 2016, by GoI.

1.3.2 State level Framework for DBT:

Government of Odisha (GoO) established a State DBT Cell in October 2016, under the administrative control of the Finance Department, with Principal Secretary, Finance, as the State level DBT Coordinator. The DBT Coordinator is assisted by an Officer on Special Duty for administrative work and a Technical Support team, which had been deployed by World Bank, initially for a period of two years (2017-19)¹. The DBT Cell functions under the overall guidance of the State DBT Advisory Board, which was constituted under the Chairmanship of Development Commissioner-cum-Additional Chief Secretary by GoO (September 2016).

The State level organisation of the DBT set-up, is illustrated in the Chart below:

Chart 1.1: State level organisation of the DBT set-up



The State DBT Cell serves as a single point for coordinating all efforts related to on-boarding and implementation of schemes under the DBT mode. In pursuance of GoI guidelines, a State DBT portal was launched in June 2018, which acts as a dashboard for display of disaggregated data of DBT for the on-boarded schemes from the State level to Gram Panchayat (GP) level. Further, the DBT Portal of the State is also supposed to have linkages to the National DBT Portal, Public Financial Management System (PFMS²), Portals of the

¹ The World Bank team continued up to March 2021

² The Public Financial Management System (PFMS) is a web-based online software application developed and implemented by the Controller General of Accounts, Department of Expenditure, Ministry of Finance, Government of India

State Implementing Agencies³ and the Integrated Financial Management System (iFMS⁴) of the State Treasury.

1.3.3 Status of implementation of DBT in Odisha

Delivery of benefits through DBT mode, was started by GoI in 20 districts in January 2013 and as of March 2021, the Government had implemented 310 schemes in 54 Ministries, through the DBT mode, all over India. The State DBT Cell under Finance Department (GoO) assessed 29 schemes (21 Central and 8 State) for implementation through the DBT mode, of which the DBT Cell was able to onboard only 22 schemes, pertaining to seven⁵ departments, in the State DBT Portal, as of March 2021, which includes the Post Matric scholarship scheme for ST/SC/OBC/EBC students and the Medhabruti scheme, selected for the Performance Audit.

For successful and fruitful implementation of direct-benefit-transfer, the DBT framework, as explained above, needs to be put in place effectively, beginning with the coordination of the DBT Mission with the Central Ministries, which, in turn, coordinate with the State and support the State DBT Cell. The State DBT Cell plays a pivotal role in supporting all the State departments, as well as the district/ block/ panchayat administration, to facilitate benefit delivery systems, in order to ensure that benefits reach the intended recipients efficiently and, in a fair, transparent and reliable manner.

³ PRERANA, eMedhabruti, Odisha State Scholarship Portal, Student Academic Management System

⁴ Integrated Financial Management System (iFMS) is an IT system designed to make payment, reporting, budgeting, *etc.*, as required for Government of Odisha

⁵ Agriculture and Farmer's Empowerment, Food Supplies & Consumer Welfare, Higher Education, Housing & Urban Development, Panchayati Raj and Drinking Water, ST& SC Development, Minorities & Backward Classes Welfare and Women & Child Development Departments