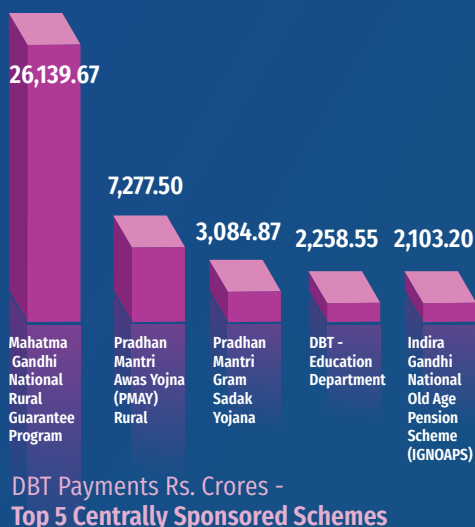


# Direct Benefit Transfer

Supporting the financial Institution of the government during the crisis of COVID-19

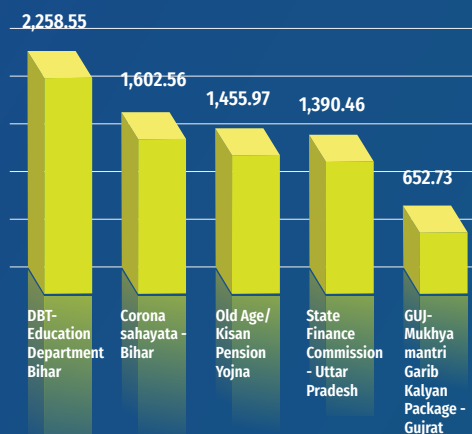
**D**irect Benefit Transfer (DBT) plays an important role during the crisis times to provide sustenance to the highly affected population such as farmers, daily wagers, migrant labours etc. by transferring cash benefits directly to their bank accounts as well as delivering in-kind benefits such as free food grains. DBT had established itself prior to the COVID-19 crisis leveraging on the Aadhaar and banking infrastructure. The crisis enabled the Governments both, Central as well as States to utilize its reach to provide emergency financial support to people, efficiently and in quick time, thus facilitating them to pull through the hard times.

Payment of subsidies to identified beneficiaries of government schemes was fraught with leakages before the advent of DBT. There were various intermediaries in the process which not only led to delays in payment but also to the ultimate beneficiary not getting the amount due to him/her in its entirety. This ushered in reforms in the form of Direct Benefit Transfer to the account of the beneficiary. Over the last few years, particularly since 2014, the implementation of DBT schemes has gained steam and benefitted a large section of the underprivileged population of the country.



## Critical role of DBT during the COVID-19 crisis

As the lockdown triggered by COVID-19 crisis loomed, it was last week of the financial year 2019-2020. Various teams of NIC worked towards providing round the clock assistance, facilitating the smooth functioning of the financial machinery of the government. During the last week of the financial year, highest number



DBT Payments Rs. Crores - Top 5 State Schemes

of transactions in a single day was recorded on 30<sup>th</sup> March 2020 of 2.19 crore transactions in PFMS largely driven by DBT payments. While PFMS was leveraged by Central Government and some State Governments to transfer benefits (cash as well as in-kind) under various schemes, many states used their own DBT portals to disburse funds to different sections of the society such as drivers, barbers, migrant labours, students, senior citizens, widows, disabled persons, health workers, small and marginal farmers etc. to counter the economic distress caused by the COVID-19 crisis.

## DBT payments highlights

during COVID-19 (25<sup>th</sup> Mar'20 - 14 Jun'20)

- The DBT payments under all the Central Sector/Centrally Sponsored Schemes through PFMS amounted to Rs. 63564.26 crore in the accounts of nearly 29.32 crore beneficiaries through schemes like PM KISAN, Mahatma Gandhi National Employment Guarantee Scheme (MNREGS), National Social Assistance Program(NSAP), Prime Minister's Matru Vandana Yojana (PMMVY), National Rural Livelihood Mission (NRLM), National Health Mission (NHM), Scholarship Schemes of various ministries through National Scholarship Portal (NSP).
- Taken together with funds transferred by State Governments under their welfare schemes, state-linked schemes, UT schemes, a total of Rs. 78,428.99 crore covering nearly 41.01 crore beneficiaries were disbursed through DBT during this period.

Apart from transfer of funds through PFMS under Central Sector, Centrally Sponsored and State Schemes, States also used their own DBT portals to transfer funds. The major states include Madhya Pradesh, Uttar Pradesh, Bihar, Telangana and Karnataka.

As DBT lowers transaction costs and reduces pilferage by removing the intermediaries, it is the ideal platform for leveraging efficient delivery of benefits. Without this, it would not have been possible to attain a high volume of disbursement of funds to the vulnerable sections of the society especially in the hinterland of the country in a short period.



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