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Direct Benefit Transfer: Issues and Challenges” in respect of Students' Scholarship Scheme

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Abstract : *Students need financial support as well as encouragement to pursue higher studies. Today, higher education is more expensive than ever before, making it difficult for many students to afford courses and colleges of their choice. Talented Indian students face financial challenges and hardship to afford costly higher education. Therefore, the Government of India provides them with financial help by giving them scholarships. Earlier, they had to run from one place to another for financial help through educational scholarships by the Government.*

Launched by Hon'ble Prime Minister of India, the Students Scholarship is a one-stop solution through which various

services starting from student application, application receipt, processing, sanction and disbursement of various scholarships to students are enabled. The Students Scholarships are taken as a Mission Mode Project under the National e-Governance Plan (NeGP). This initiative aims at providing a Simplified, Mission-oriented, Accountable, Responsive & Transparent 'SMART' System for faster & effective disposal of scholarship applications and delivery of funds directly into beneficiaries account without any leakages.

Keywords— DBT, SMART, NeGP..

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Introduction:

According to an article in epaper **Live Mint, Mar 14, 2014** a Direct Benefit Transfer (DBT) programme has been launched by the Government of India for effecting direct transfer of entitlements, like scholarships, pensions, wages, etc. to beneficiaries across the country. On 1 January 2013, the government of India launched an ambitious Direct Benefits Transfer (DBT) programme. The programme promises to transform service delivery in India by transferring government benefits and subsidies directly into the hands of residents through a biometric based identification system (Aadhaar), speeding up payments, removing leakages, and enhancing financial inclusion. Students need financial support as well as encouragement to pursue higher studies.

In a communication today, the University Grants

Commission (UGC), which governs higher education in the country, has asked all recognized universities and colleges to ensure that the scheme is implemented in a suitable manner. The government has also decided to extend the DBT mode of payment to beneficiaries under pre-matric scholarship scheme for minority students and directly credit the amount to their bank account from the coming academic session. The Ministry of Social Justice and Empowerment has proposed implementation of DBT scheme to ensure proper reach and utilization of the scholarship for reserved categories students.

Steps Involved in Implementation of DBT:

The following steps are required for implementation of DBT in any sector:

1. Identification of the key bank of the state.
2. Arrangement with key banks enables a seamless electronic payment mechanism.
3. Co-ordination with the identified bank for interfacing NREGA soft with the core banking solution of banks.
4. Freezing, verification and updating of bank account information of workers, vendors and staff.
5. Identification of payment level and the signatories. The signatories are authorized to approve payment at each level.
6. Issuance of digital signatures to all approving authorities.
7. Positing technical manpower at state and district levels for handling and supporting the activities on a daily basis.

Objectives of DBT :

The main objectives of the DBT are to facilitate direct credit of payments at the right time and in the right account. Its aims are the following:

1. Automating all processes involved for effecting direct transfer of payments to bank accounts of the beneficiaries.
2. Ensuring availability of data at all levels of governance for strategic decision making.
3. Taking care of the problem of large unspent opening balances and help to streamline the fund flow process.

4. Reduces corruption and black money issue.
5. Reduces economical inequalities in rural areas, as everyone gets his/her share rightfully.
6. More circulation of money in economy which will lead to at least 0.5% growth in GDP.
7. Encourages free and fair market structure. Earlier subsidized grains entering the market through the backdoor used to distort the price in the market.
8. When it is linked to the Aadhaar biometric system, it eliminates fictitious accounts.
9. Bank accounts are necessary, hence financial inclusion.
10. Boost financial inclusion in rural areas creating jobs & change banking habits of Indians, leading to more circulation of money, as in Jan Dhan Yojna.

Working of DBT Scheme:

The DBT Scheme Started with generation of Aadhaar numbers for everyone. This Aadhaar number was then linked with the beneficiary's bank account and benefits are transferred directly to his or her Aadhaar linked bank accounts. DBT enables disbursements to take place at the doorstep of the beneficiaries. Cash withdrawal is made possible through 250,000 post office branches and 100,000 ATM's in the country. One million Aadhaar enabled 'micro-ATMs' are added and the aim is to incorporate over 750 million mobile phone devices. The entire system is run on an 'Aadhaar Payment Bridge' (APB) and 'Aadhaar-enabled payment system' (AEPS). This system can handle millions of transactions on a daily basis. It talks to all banks and business correspondents. DBT is a new system but not a new scheme. It aims to make the payments under existing government schemes reach people faster and more efficiently.

Present Status of DBT Scheme:

The following programs at present are covered under DBT:

- National Child Labour Project
- LPG subsidy
- Dhanalakshmi Scheme
- Janani Suraksha Yojana
- Student's scholarship and many more

Students Scholarship :

The Ministry of Social Justice and Empowerment has proposed implementation of DBT scheme to ensure proper reach and utilization of the scholarship for reserved categories of students. The meeting held on 8th May 2013 chaired by Kumari Selja, then Minister for Social Justice and Empowerment, was called to discuss the centrally sponsored scholarship schemes of the SC and OBC students. During the 11th plan the number of beneficiaries has gone up from 31.58 lakh to 46 lakh. The total expenditure under the scheme including the committed liability of the states, has increased from Rs. 2,158.70/-crore in 2001-08 to Rs. 3,994.96/-crore in 2011-12 (According to the website of the Social Welfare Department, Govt. of Bihar, as on September 2016).

Different Government Schemes of Scholarships under DBT:

There are several scholarship schemes that are opened and some schemes are in process. Those processing schemes will be opening soon, as shown in Table 1 (According to the website of Minority Affairs, Govt. of Bihar, as on September 2015).

Direct Benefits Transfer – Plan of Action:

The Direct Benefits Transfer (DBT) programme envisages a switch from the present electronic transfer of bank accounts of the beneficiary to transfer of benefits directly to Aadhaar seeded bank accounts of the beneficiaries for the identified 34 Schemes in 43 districts of 16 States/UT. (According to Planning Commission, 2013)

The first step in this regard is to ensure that all the intended beneficiaries have or get an Aadhaar number before commencement of the DBT. The levels of Aadhaar enrollment as well as the number of bank accounts for beneficiaries of these programmes varies from district to district.

A Plan of Action to commence the rollout of the DBT scheme has to be finalized by the District Collector. The following actions need to be completed before commencing DBT rollouts:

Beneficiary data base has to be digitized.

Aadhaar has to be “seeded” with beneficiary database. For this, adequate technology support is needed from NIC unit.

Wherever beneficiaries do not have an Aadhaar number, they will have to be enrolled for Aadhaar by the UIDAI Registrar.

Wherever beneficiaries have bank accounts, it will need to be linked with their Aadhaar number.

Wherever beneficiaries do not have bank accounts they will have to be opened, for which Aadhaar may be used as KYC, by the Lead Bank/Bank Branch. The new bank account will then be seeded with Aadhaar (According to the website of Pradhan Mantri Jan Dhan Yojna, as on October 2016).

An IEC campaign to be initiated to inform the beneficiaries of the programme and to encourage enrolment in Aadhaar and opening bank accounts.

Robust but easy to access grievance redressal systems to be put in place to mitigate unforeseen hardships, system failures etc. and to ensure there is no denial of service to beneficiaries without Aadhaar or bank accounts.

If there are any inter sectoral dependencies then please flag them for us to resolve them at the earliest.

Objectives of the study:

- Areas in which Direct Benefit Transfer is being used.
- Direct Benefit Transfer is providing benefit upto which level in the areas it is used.
- To study the reason why Direct Benefit Transfer is not being used by many areas.

Methodology of the study:

Area of Study: Survey of “MINISTRY OF WELFARE DEPT, BIHAR & MINISTRY OF MINORITY AFFAIRS, BIHAR” and its offices.

- **Sample Size and Sampling Method :** The sample was collected from different colleges.

Tools and Technique for data collection:

- Survey was conducted offline by designed questionnaire among students.
- Responses were compiled to derive the required information.

Observations :

The impression drawn from this research study specifies and highlights following facts:

1. **Awareness about Direct Benefit Transfer among students:** 70% Students are aware of the term DBT but around 30 % have no idea of DBT as shown in fig i.
2. **Enrollment of Aadhaar card among Students:**65% students have enrolled for Aadhaar card but 5 % have yet not applied as shown in fig ii.
3. **Linking of Aadhaar card to Bank Account:**56% students have linked their aadhaar card to their bank account but 44 % have still not linked as shown in fig iii.
4. **Number of students having Bank Account:**89% students are having their bank account but 11% students do not have their bank account as shown in fig iv.
5. **Procedure of DBT time consuming or not:**11% students say that procedure of DBT is time taking but 6% says it is not a time taking process as shown in fig v.
6. **Support from Bank to Scholarships:** 55% banks are providing moderate support to scholarship and 27% students are providing good support to scholarship scheme and around 18% banks do not have any involvement in scholarship scheme as shown in fig vi.
7. **Duration of cash transferred into account under DBT scheme:**14% students say that they get cash after 30 days of applying, 6% say that they get cash within 30 days and around 80 % don't have an idea as to when they will get cash as shown in fig vii.
8. **Amount that is transferred into students accounts:**15% student say that they get a fixed amount every time they apply but 43% say that they don't get a fixed amount every time as shown in fig viii.
9. **Are Students in favour of DBT replacing manual scholarship ? :** 54% students are in favour of replacing DBT with manual scholarship, 23% students don't want to replace DBT with manual scholarship as shown in fig ix.

Challenges faced by DBT Scheme:

The main problem faced by this system is the exclusion of deserving and inclusion of undeserving beneficiaries.

- There are also some technical problems i.e. operational errors such as spelling variations in names and change in address by the beneficiaries. It becomes difficult to verify the same person every time.
- With lesser banks in rural and most parts of India, it will be another overhead for people to get their scholarship amount among withdrawal.
- Money in the hand of the poor may get spent in something other than what is needed, A scholarship is to be spent in education only, but how can government ensure that, once she has sent it to the account.

Future Scope:

- The main target of the DBT programme is to completely stop the money transfer fraud.
- All Direct Benefit Transfers (DBT) will be linked to Aadhaar by the end of the current calendar year, 2016 (According to an article in Money Control, July 25, 2016).
- While setting the ambitious target, the Centre has also decided to bring all subsidies and welfare schemes under the DBT net by March 31, 2017 (According to the website of minorityaffairs.gov.in as on October 2016).
- The scope of DBT has been expanded to include cash transfers to individual beneficiaries through (Pratyaksh Hanstantrit Labha or Pahal), transfer of LPG subsidy to individual consumers.

Conclusion:

The project is all about the benefits to be provided to students under the DBT scheme. DBT is being deployed across a variety of sectors. The case contains valuable insights on how it can best be adapted to various circumstances. Through our study we came to the conclusion that:

- Government can better focus on other issues and not on distribution.
- Money can be used for other purposes such as nutrition and health, etc.
- 70% students are aware of the term DBT but 30 % students are unaware of DBT.
- 89% students have their bank account but still 11% students are yet to open their account.

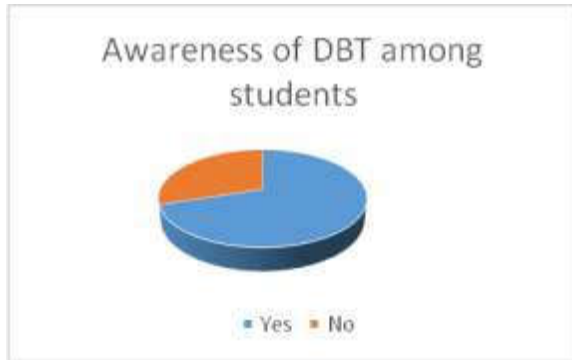
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Table 1. Different Government Scheme of Scholarship under DBT:

Pre Matric Scholarships Scheme for Minorities	Opened
Post Matric Scholarships Scheme for Minorities	Opened
Merit Cum Means Scholarship For Professional and Technical Courses CS	Opened
Maulana Azad National Fellowship for Minority Students	Opening Soon
Prime Minister’s Scholarship Scheme For Central Armed Police Forces And Assam Rifles	Opening Soon
Pre-matric Scholarship for Persons with Disabilities	Opened
Post-matric Scholarship for Persons with Disabilities	Opened
Scholarships for Top Class Education for students with disabilities.	Opened
National Fellowship for Persons with Disabilities	Opening Soon
Post Matric Scholarships Scheme for SC Student (UT only)	Opened
Upgradation of Merit of SC Students	Opening Soon
Pre Matric Scholarship for SC students (UT only)	Opened
Top Class Education Scheme for SC Students	Opened
RGNF-SC	Opening Soon
Post Matric Scheme For Award Of Scholarships Under Beedi Workers Welfare Fund	Opened
Post Matric Scheme For Award Of Scholarships Under Cine Workers Welfare Fund	Opened
Post Matric Scheme For Award Of Scholarships Under IOMC Workers Welfare Fund	Opened
Post Matric Scheme For Award Of Scholarships Under LSDM Workers Welfare Fund	Opened
Pre Matric Scheme For Award Of Scholarships Under Beedi Workers Welfare Fund	Opened
Pre Matric Scheme For Award Of Scholarships Under Cine Workers Welfare Fund	Opened
Pre Matric Scheme For Award Of Scholarships Under IOMC Workers Welfare Fund	Opened
Pre Matric Scheme For Award Of Scholarships Under LSDM Workers Welfare Fund	Opened
Scholarship to the children of iron/Manganese/Chrome ore Workers	Opening Soon
Scholarship to the children of lime Stone and Dolomite (LSDM) Workers	Opening Soon
Umbrella Scheme for Education of ST Childern - Pre-Matric Scholarship (class IX and X) for ST Students	Opened
Umbrella Scheme for Education of ST Childern - Post-Matric Scholarship for ST Students	Opened
National Fellowship and Scholarship for Higher Education of ST Students - Scholarship (Formally Top Class Education for Schedule Tribe Students)	Opened
National Fellowship and Scholarship for Higher Education of ST Students - Scholarship (Formally Rajiv Gandhi National Fellowship for ST Students)	Opening Soon
National Overseas Scholarships (NOS) for ST Students	Opened
National Scheme for Incentive for the Girl Child for Secondary Education	Opened
National Means Cum Merit Scholarship	Opened
Central Sector Scheme of Scholarships for College and University Students	Opened

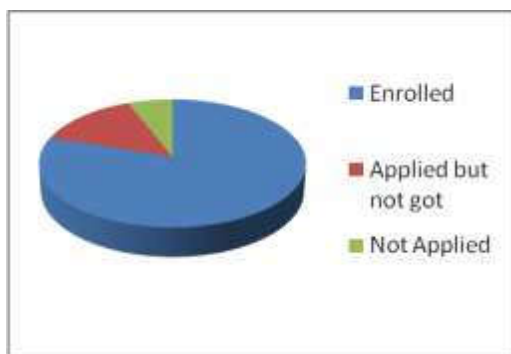
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Major findings of the study:



	Total	Yes	No
Student	100%	70%	30%

Fig. i



	Total	Enrolled	Applied but not got	Not Applied
Student	100%	65%	30%	5%

Fig. ii



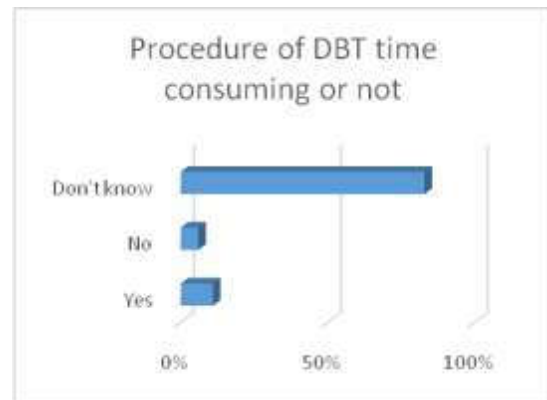
	Total	Yes	No
Student	100%	44%	56%

Fig. iii



	Total	Yes	No
Student	100%	89%	11%

Fig. iv



	Total	Yes	No	Don't know
Student	100%	11%	6%	83%

Fig. v

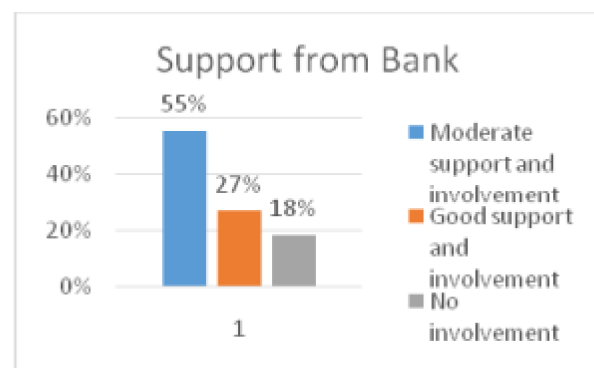
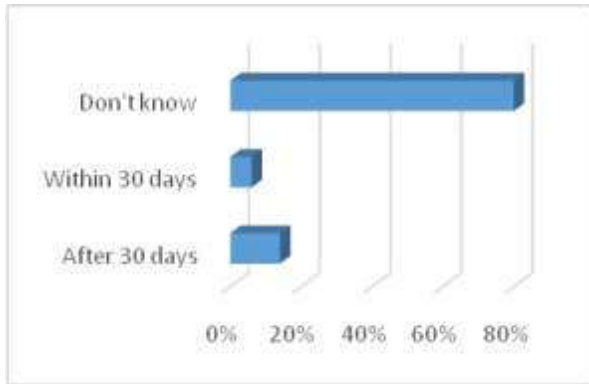
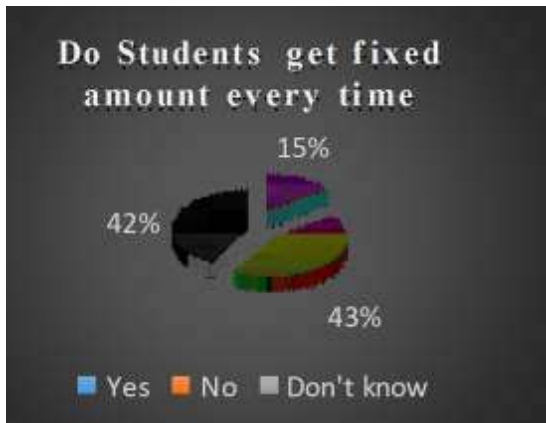


Fig. vi



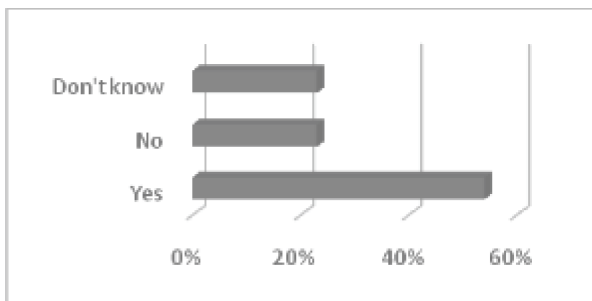
	Total	After 30 days	Within 30 days	Don't know
Student	100%	14%	6%	80%

Fig. vii



	Total	Yes	No	Don't know
Student	100%	15%	43%	42%

Fig. viii



	Total	Yes	No	Don't know
Student	100%	54%	23%	23%

Fig. ix

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