



A study on direct benefits transfer schemes with special reference to LPG (PAHAL) scheme in Coimbatore district

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Abstract

The banking sector in India is a key player in achieving inclusive growth as well as financial inclusion. The Direct Benefit Transfer system is an experiment in delivering services to citizens. It provides the guarantee that the funds are reaching the accounts of the beneficiaries. The RBI has started giving license to payment banks which will reach out to people in rural areas. This is an important step towards Direct Benefits Transfer Schemes under Financial Inclusion. The study assesses the impact of DBT (PAHAL) Scheme in Direct Benefits Transfer Schemes. The deployment of DBT system to DBTL has led to simplification of processes and operational efficiency as well as transparency and accountability in implementation of the scheme, inclusion and convenience of the beneficiaries and timely payment of cash benefits into the beneficiaries' accounts.

Keywords: DBT, PAHAL, PMJDY & government of India

1. Introduction

Indian banking sector has a rich history and heritage. Banking is a business in financial intermediation where one group of people deposits money with the bank and other group utilizes the same money by availing loan from the bank for income generating activities. The performance of the financial sector adds value of overall economic growth that a country aims at. Traditionally, the role of banking sector is restricted to provide the finance to needy sectors but lack of access to the finance sectors often created obstacles for the desired growth level. In most of the developing countries, access to finance is problem. India is a developing economy where all the sectors have not yet been able to derive benefits of banking services which would have helped a rapid growth of the economy. The technology also started playing an important role so as to provide better value added services to its customers. The major challenges faced by the previous programmes were to keep the accounts active. To deal with these issues, government has decided to link transfer of various direct benefits social welfare schemes with the accounts. The wide application of technology like Rupay card, Mobile Banking facilities, e-KYC also helped the process to go smoothly.

Government is encouraging these and other new model through policies that encourage innovation, partnership and responsible finance. At the same time, new data efforts are enabling countries and service providers to know more about unbanked markets and client needs and to measure progress against nationally determine targets.

Progress of LPG Subsidy Scheme

"The success of the PAHAL scheme in cooking gas gives an

indication of the potential for use of DBT to ensure that genuine beneficiaries get the benefit of subsidy while preventing illicit diversion. Subsidy outgo for kerosene for the financial year 2014-15 was about Rs. 24,799crore". While several state governments have come forward to implement DBT in kerosene in selected districts, the eight states mentioned above had agreed to introduce the direct cash transfer. Where such transfer is introduced, the consumer will pay the un-subsidised price of kerosene at the time of purchase. Subsequently, the amount of subsidy will be directly transferred to the bank account of the beneficiary. To avoid any inconvenience to the beneficiary through payment of un-subsidised price, subsidy will be credited to eligible beneficiaries in advance during the initial purchase. In order to incentives states to implement DBT in kerosene, they will be given cash incentive of 75% of subsidy savings during the first two years, 50% in the third year and 25% in the fourth year. In case some states voluntarily agree to undertake cuts in kerosene allocation beyond the savings due to DBT, a similar incentive will be given to them. The calculation will be based on net savings in kerosene consumption at state level. The centre will further consult the state governments Government before operationalising the scheme which will be reviewed after three months of implementation. The government had launched a similar DBT in LPG across the nation from January 2015 under which subsidy is, directly transferred into the bank accounts of beneficiaries. The centre saved around Rs 14,000 crore last fiscal due to weeding out of the fake and, duplicate LPG connections through DBTL.

Table 1: Direct Benefit Transfer Report from 01.01.2013 to 30.11.2016

S. No.	Name of the Scheme	Total number of Beneficiaries	Total number of Beneficiaries data seeded with Aadhaar	Percentage of Beneficiaries seeded with Aadhaar (%)	Fund Transferred			Percentage of fund transfer using Aadhaar Bridge Payment (%)
					Using Aadhaar Bridge Payment	Electronic Fund Transfer W/o Aadhaar Bridge Payment	Total(in Cr)	
	1	2	3	4(3/2)	5	6	7 (5+6)	8 (5/7)
1.	PAHAL (DBTL)	187271598	153178377	82%	2926591,65,108	1483231,89,054	4409806,54,162	66.37%

2. Review of Literature

Aman Sharma (2017) ^[1], “DBT leads to Rs.50000cr Savings for Govt in 3 Years”, Savings due to Direct Benefit Transfer (DBT) over the last three years have touched Rs.50000cr as on December 31, 2016, as per latest government figures. This amount is equivalent to the subsidy paid out under DBT in this financial year, implying nearly a year’s subsidy was saved. “The savings figure is expected to significantly rise further in the next financial year as the government will be bringing a total of 533 central payout schemes in 64 ministries under the DBT mechanism by March 31,2018 as per the directions of PM Narendra Modi”, a top government official told Economic Times. Presently 84 schemes in 17 ministries are covered under the DBT up from 34 schemes as on March 31, 2015, “Under UPA, the talk was only about big scams and several lakh crore rupees of losses. There is no scam now instead we have saved nearly Rs.50000cr by crediting the subsidy amounts directly in the bank accounts of the correct beneficiaries”, the top official added. Nearly 33 crore people receive various subsidies directly in their bank accounts new through DBT. As per government’s interim figures as on December 31, the cumulative DBT savings stand at Rs.49650cr, pending information from many states. The top government official cited this figure against the one of Rs.48860cr of subsidy transferred through DBT in this financial year till December 31, 2016. Through the DBT mechanism started in 2013 under the UPA on a pilot basis. It took off in a major way only under Modi government after the LPG subsidy scheme (Pahal) was commenced through the DBT mechanism in November 2014. “We saved Rs.15192cr in 2014-15, Rs.20961cr in 2015-16 and nearly Rs.14000cr in 2016-17 till December 31, 2016 through DBT”.

Santosh, Subrahmanyam & Narayana Reddy (2016) ^[2], “Major Milestones of Financial Inclusion in India- An Analytical Study” in this article, revealed that Financial Inclusion is not a onetime effort, it is an ongoing process. It is a huge project which requires concerted and team efforts from all the stakeholders – the Government, Financial Institutions, the regulators, the private sector and the community at large. Among the initiatives taken by the Government/RBI in that the two major milestones SHG – Bank Linkage Programme and Pradhan Mantri Jan Dhan Yojana (PMJDY) plays a major for achieving of greater financial inclusion in India. These two steps main objective is to provide financial services to excluded segment of the society such as weaker sections and low income groups. Hence it is necessary to extend the formal financial services to un-served/underserved areas to unlock its growth potential.

3. Objectives of the study

1. To explore the awareness of the beneficiaries about LPG PAHAL Scheme in Direct Benefits Transfer Schemes
2. To study the level of Satisfaction about LPG PAHAL Scheme in Direct Benefits Transfer Schemes.
3. To study the factors influencing the beneficiaries in accessing LPG PAHAL Scheme in Direct Benefits Transfer Schemes.
4. To identify the problems faced by the beneficiaries in getting the LPG PAHAL Subsidies.

4. Hypothesis

H₀₁: There is no significant association between socio-economic characteristics of sample respondents (age, Community, Educational qualification, Marital status, Family size and Monthly income) and the satisfaction level of the Beneficiaries about LPG PAHAL Scheme.

5. Research Methodology

This study is an empirical research based on the survey method. The study is based on Primary data collected by interviewing the sample respondents personally. A detailed questionnaire embracing the objectives laid down was designed and canvassed to the sample respondents. The first hand information collected from the sample respondents with the help of an interview schedule prepared and pre-tested for its suitability through a pilot study. Simple percentage analysis and Chi-square test were the statistical tools used in the study.

Study Area

Geographical area of the study is confined to Coimbatore District.

Sampling Size & Sampling Deign

Universe of the present study is infinite. Hence it is decided to use convenience sampling method. Originally, the data were collected from 350 sample respondents. Due to incompleteness and contradictory information, it was possible to have only 300 sample respondents as final sample size. The sample chosen consisted of 300 respondents representing different status viz., agriculture, business, employee and professional.

Data Collection

Primary data are used in the present study. Required primary data are collected in course of interview with the members through survey method with separated, pre-tested, well – structured and non-disguised interview schedule. The

secondary data needed for the study have been collected from journals articles, Newspapers and Internet.

Statistical Techniques Used

The data so collected is analyzed with help of various tools and techniques to fulfill the research objectives. These include Simple percentage analysis and ANOVA Test. The use of these techniques at different places has been made in the light of nature and suitability of data available and requirement of analysis.

6. Limitations of the Study

In spite of the all possible efforts have been taken to make the analysis more comprehensive and scientific, as study on the present kind is bound to have certain limitations. Some of them are as follows:

1. The study was confined to only Coimbatore District. Hence the conclusion derived from this study may not be applicable to other places.
2. The study was confined to only LPG PAHAL Scheme. Hence the conclusion derived from this study may not be applicable to other Schemes.

7. Data Analysis & Interpretation

Table 2: Type of Bank Accounts maintained

S. No.	Opinion	No. of Respondents	Percentage
1	Savings A/c	182	61
2	Current A/c	98	33
3	Recurring Deposit A/c	20	06
4	Fixed deposit A/c	-	-
5	NRI Deposits A/c	-	-
	Total	300	100.0

The above table highlights that 61% of the respondents are having savings bank accounts, 33% of the respondents are having current account and 6% of the respondents are having recurring deposit account in bank.

Level of Satisfaction

An attempt has been made to know the level of satisfaction of the respondents about LPG PAHAL Scheme. For the purpose of this study, it has been classified into five categories viz., highly satisfied, satisfied, neutral, not satisfied and highly not satisfied. The details are furnished in the following table.

Table 3: Level of Satisfaction in LPG PAHAL Scheme

S. No.	Level of Satisfaction	No. of Respondents	Percentage
1	Highly Satisfied	58	19
2	Satisfied	62	21
3	Neutral	168	56
4	Not Satisfied	12	4
5	Highly Not Satisfied	0	0
	Total	300	100

The above table highlights that 56% of the respondents are feeling as normal in getting the LPG Subsidies, 21% of the respondents are satisfied in getting the LPG Subsidies, 19% of

the respondents are highly satisfied in getting the LPG Subsidies and 4% of the respondents are not satisfied in getting the LPG Subsidies.

Table 4: Hypothesis Testing

Demographic Profile	F	Sig.	S/NS
Community	5.187	0.0006**	S
Marital Status	2.301	0.0076	S
Age	9.978	0.000**	S
Educational Qualification	9.947	0.000**	S
Monthly Income	0.484	0.748	NS
Family Size	0.163	0.850	NS

Source: Primary data **p<0.05 S-Significant NS – Not Significant

The above table shows analysis of variance of level of Satisfaction of the beneficiaries about the Quality of Services of LPG PAHAL scheme of Direct Benefits Transfer Schemes in terms of different demographic profiles with the mean scores range. Out of six different variables Community, Marital status, age and Educational qualification have got significant value of less than 0.05 supports to accept the alternate hypothesis "There is a significant difference among the level of Satisfaction of the beneficiaries about the Quality of Services of LPG PAHAL scheme of Direct Benefits Transfer Schemes in terms of age, annual income and designation". The Monthly income and Family size (in members) variables are failed to reject the null hypothesis because the significant values are greater than 0.05.

8. Findings

1. Majority of the respondents are maintaining the savings bank accounts.
2. Majority of the respondents are feeling as normal in getting LPG subsidies.
3. Majority of the respondents are influencing as government rules in getting the LPG subsidies.
4. Majority of the respondents were faced the problems of low amount of subsidy and the extra charges collected on delivery.

9. Suggestions

1. The government may consider to increase the Subsidy amounts because of the respondents are feeling the low amount of subsidies claimed and to liberalize the rules.
2. The gas agencies may pay attention on the payment due to extra charges collected from the customers on the delivery time.

10. Conclusion

The success of the scheme is a result of an intensive Information Education Campaign comprising advertising through various means, direct reaching out to consumers, and dealer level campaigns. The Ministry of Petroleum and Natural Gas has undertaken several innovative measures such as guardian officers for each district, deployment of technology by use of SMS, and a single window portal to enable consumers to join the scheme. This portal is an important step in bringing transparency and gives details of who is benefiting from subsidy.

11. References

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