DBT Readiness: Strategic Focus

- Fixed cost of subsidies Rs. 3.78 trillion or 4.4% GDP (Economics Survey 2014-15)
- Elimination or phasing out of subsidies neither feasible nor desirable
- Poor need affordable food, fuel services & other commodities

- Accurate targeting of beneficiaries due to Aadhar and biometric verification.
- Avoidance of leakages on account of ghost beneficiaries & effecting de-duplication
## e-PDS savings: Krishna District

<table>
<thead>
<tr>
<th>Month</th>
<th>Rice (kg)</th>
<th>Sugar (kg)</th>
<th>Wheat (kg)</th>
<th>Wheat Atta (kg)</th>
<th>K.Oil (ltr)</th>
<th>R.G.Dal (kg)</th>
<th>Subsidy saved (Cr.)</th>
</tr>
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<tbody>
<tr>
<td>May, 2015</td>
<td>2089601</td>
<td>67671</td>
<td>67130</td>
<td>76276</td>
<td>525779</td>
<td>-</td>
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<td>72349</td>
<td>34066</td>
<td>35619</td>
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<td>33480</td>
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<td>102423</td>
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<td>329190</td>
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<td>20423</td>
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<td>January, 2016</td>
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<td>12119</td>
<td>21509</td>
<td>284824</td>
<td>13041</td>
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<td>58086</td>
<td>8399</td>
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<td><strong>TOTAL</strong></td>
<td><strong>2,252,905</strong></td>
<td><strong>13,16,591</strong></td>
<td><strong>358,297.2</strong></td>
<td><strong>498,717</strong></td>
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<td><strong>45,63,48</strong></td>
<td><strong>88.71</strong></td>
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</table>
NCAER’s Experience: 2003-2012

e-Readiness & e-Governance

- e-Readiness- Ability of state to pursue value creation opportunities, facilitated by ICT for inclusive development.

- e-Governance- Includes Government to Citizens, Government to Businesses, Government to Government Solutions facilitated by ICT.

- 4 phases of e-Governance: Information, Interactive, Transactive and Transformative.
Direct Policy Competition among States and Union Territories

E-Readiness and E-Governance

**Technique – Principal Component Analysis**

- Compresses data by reducing the number of dimensions without much loss of information.

- Explains the variance in original data by a set of small number of variables called principal components or linear relation of original data.

- Selects these components such that it preserves a high amount of cumulative variance of the original data.
### DBT Learning till date: Social Protection System

#### Productivity Enhancing Safety Nets
- Targeted at economically active people
- Subsidised inputs or correction for market failures
- E.g. PDS, MGNREGS, PAHAL, Kerosene subsidies, Fertiliser subsidies, JSY

#### Direct Welfare Transfers
- Address livelihood shocks (floods, drought)
- Non emergency - future economically active population (students) or economically non-active population
- E.g. Mid day meals, old age pensions

#### Market Interventions
- Open market operations to maintain price bands; attractive for farmers and affordable for consumers
- E.g. Buffer stocks of foodgrain, Agricultural market interventions programmes like NAFED, Tribal market intervention programmes like TRIFED
DBT Learning till date:
Classification by DBT Mission

Cash Transfers to Beneficiaries
- eg: PAHAL, MGNREGS, Scholarships, Pensions (NSAP)

In Kind Transfers to Beneficiaries
- eg: PDS, Mid Day Meal

Other Transfers process
- eg: Asha, Aanganwadi workers, NGOs
Overall DBT Readiness Index

Analytical Framework

Environment
  Policy Environment
  Infrastructure Environment (Physical and Soft)
  Individual Readiness (Ability to use and Ability to produce)
  Government Readiness

Skill Set
  Individual Usage (Micro ATMs adoption)

Usage
  Government Usage (Cash out through micro ATMs)

Overall DBT Readiness Index
Indicators:
Infrastructure Environment

Physical infrastructure

- No. of FPS
- No. of Aadhar enrolment centres
- No. of Anganwadi centres
- Common Service Centres (CSCs)
- Total No. of Mobile/Internet towers
- Towers with GPRS facilities
- Towers with GPRS facilities operating with diesel input
- Broadband connectivity to villages/blocks
- No. of Post offices
- No. of banks

Soft infrastructure

- Bank mitras (total)
- Bank mitras with micro ATMs
- Micro ATMs
- Beneficiaries with Aadhar numbers
- Beneficiaries databases
- Scheme wise digitisation process
- Citizen charter
- Districts connected with SWAN connectivity
- Dedicated servers scheme wise
Indicators: Policy Environment

1. Presence of DBT cell
   - Multi-disciplinary
   - Multi-departments
   - With authority
   - With financial powers
   - Access to CM
   - If cell is not in operation, by when it would be initiated

2. Nodal department for Aadhar enrolment
Indicators:
Skill Set - Readiness

1. Adoption of PFMS

2. Data bases evolution, scheme wise

3. Skill set of policy planners/users/beneficiaries:
   - Training on DBT readiness
   - Training on creation of database
   - Policy planners with software expertise to carry out database evolution
   - Awareness for users, scheme wise
   - Incentives/recognition for bringing users to DBT
Indicators: Usage

- Beneficiaries with Aadhar seeding as a percentage of total beneficiaries
- Beneficiaries receiving benefits using AEPS or APB as a percentage of total beneficiaries
- Efficiency gains due to adoption of DBT process scheme wise
- Beneficiaries with Aadhar seeded bank accounts
- Beneficiaries receiving benefits through BAPU
- Beneficiaries receiving benefits through Cash-Transfers
Enhancing Collective Impact

• With DBT implementation, DBT Mission may have to evolve scheme of sharing economic benefits with states
  – To encourage direct policy competition amongst states.

• NCAER and DBT Mission to identify state-wise strengths and weaknesses to enhance DBT Readiness.
  – Relative and Absolute Indices
  – State-wise DBT Profiles

• Collaborative efforts of NCAER, DBT Mission, Microsave, CDFI

• Pilot Projects
  – DBT-fertilisers in Krishna district etc.
THANK YOU
Public Distribution Systems (PDS)

- Various types of schemes under PDS (like BPL, APL, Antodaya, ETC)
- Designated person in the DBT cell to carry out DBT in PDS

Policy environment:
- NFSA is adopted
- DBT BAPU mode adopted
- Database digitised
- No. of households per FPS, intra state variation
- No. of FPS, district wise
- No. of towers with GPRS facility

Soft infrastructure:
- Digitisation of PDS consumers
- FPSs with e-pos
- Aadhar seeding of PDS beneficiaries
- Supply Chain Management
- Monitoring from software
- Exception report
- Real time/time lag
Economic benefits following DBT implementation

- Bogus cards deleted and deduplication of beneficiaries following digitisation of data base and Aadhar seeding of data base
- Tonnes of commodities (Rice, Wheat, Sugar, Kerosene) saved following the above exercise
- Price of commodities per tonne (MSP + Transportation cost + Dealers’ margin)
- Additional PDS beneficiaries included and increase in quotas following NFSA implementation.
- When was DBT introduced, current customer base (of various types) and entitlements for each category of beneficiaries

Skill sets:

- E-pos adopted
- Awareness of e pos amongst PDS beneficiaries if e pos is adopted
- Supply chain optimisation software developed
- Stock position communicated through SMS
- Data base for FPS operators
- Mode of payment settlement for FPS operations
- Mode of payment for customers
- If BAPU model adopted?

Usage:

- No. of FPS shops with e-pos machine/ total number of FPS shops
- District wise information
- PDS transactions through BAPU to total transactions
- Grievance redressal
MGNREGS

Background information:
- Rural labour force
- Rural work force
- Rural unemployment
- No. of households in rural areas
- No. of households applying for job card
- No. of households registered for job card
- No. of Gram Panchayats with internet access

Policy environment:
- DBT implemented across all districts/ selected districts
- State level laws complementing Central law (yes/no)
- Designated officials for MGNREGS at various levels
- Average no. of days jobs offered per card against MGNREGS
- Average no. of days jobs offered per card against State schemes
- DBT for MGNREGS (yes/no)
- DBT action plan for MGNREGS (yes/no)
Skill sets:
- Training programmes held to implement DBT in MGNREGS
- At what level (State/district/block/GP)
- Execution of works, involvement of non-governmental bodies like NGOs, Self Help Groups/ Co-operative societies
- Social Audits done, if yes, frequency
- Awareness programmes for users, various modes used

Process:
- Application for job cards available online/ others
- Beneficiaries data base digitisation, Aadhar seeding, bank account seeded with Aadhar
- Adoption of Aadhar payment Bridge (APB)
- Total number of beneficiaries/job card
- Average number of days availed per job card
DBTL (PAHAL)

- Accent is on cost-benefit analysis and not on DBT readiness of the Ministry of Petroleum and Natural Gas.
- No. of LPG connections before and after DBTL. (percentage reduction state wise)
- No. of LPG cylinders consumed before and after DBTL.
- Cylinders per LPG connection and percentage reduction
- Market price of LPG cylinder and subsidy on each cylinder
- Total subsidy payment before and after DBTL.
Fertilizer Subsidies

- Fertilizers consumed (Urea, DAP, MoP and Complex fertilizer) in tonnes in 2015-16 and 2016-17 Q1
- Land owning cultivators and Tenant farmers/Share croppers, total numbers and area cultivated

- Krishna district pilot study with BAPU implementation
- Fertilizers consumption before and after pilot study
- Urea tonnes reduction
- DAP tonnes reduction
- MoP tonnes reduction
- Complex fertilizer tonnes reduction
- Projection at all India level
- Possible economic benefits calculation based on subsidies provided per tonnes of various fertilizers and capital cost to install POS machine at Retail shops.
Background information:
• Institutional births/total births
• Institutional births + births conducted by skilled health professionals /total births

Policy environment:
• District wise penetration - total districts where JSY in operation /total number of districts in the state
• Mandate/instruction/direction to implement DBT (yes/no)
• Nodal officers present (yes/no)
• Benefits offered to mothers and ASHA workers in rural and urban areas.
• Total number of beneficiaries in JSY
• Digitisation of JSY beneficiaries
• Beneficiaries seeded with Aadhar and bank accounts
• Magnitude of benefits given per mother and ASHA workers
• Number of beneficiaries (mothers+ ASHA workers before and after digitisation and Aadhar seeding of beneficiaries)
• Saving potential State wise (total beneficiaries reduced following deduplication and elimination of bogus ones due to digitisation and Aadhar seeding * amount of benefits given to each beneficiary)
## Details of Subsidies (Rs in Crore)

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<thead>
<tr>
<th>Subsidy</th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
<th>2015-16*</th>
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<td>Food</td>
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<td>92000</td>
<td>117671</td>
<td>139419</td>
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<tr>
<td>Fertilizer</td>
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<td>67339</td>
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<td>Petroleum</td>
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<td>85378</td>
<td>60269</td>
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<td>Other</td>
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<td>Total</td>
<td>257079</td>
<td>254632</td>
<td>258258</td>
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*Revised Estimates
Source: PIB Release
<table>
<thead>
<tr>
<th>Schemes</th>
<th>Ministries/Department</th>
<th>Outlay (2015-16, in Rs Cr)</th>
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<tr>
<td>PDS (Food)</td>
<td>Ministry of Consumer Affairs, Food, and Public Distribution</td>
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<td>Fertilisers</td>
<td>Ministry of Chemicals and Fertilizers</td>
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<td>MGNREGS</td>
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<td>SSA(Sarva Shiksha Abhiyan)</td>
<td>Ministry of Human Resource Development</td>
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<td>DBTL(PAHAL)</td>
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<td>ICDS(Integrated Child Development Scheme)</td>
<td>Ministry of Women and Child Development</td>
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<td>MDMS(Mid day Meal Scheme)</td>
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<td>NSAP(National Social Assistance Programme)</td>
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<td>Scholarships</td>
<td>Minority, MHRD, Tribal Affairs, Labor and Employment, North Eastern Council, Home Affairs</td>
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<td>IGMSY (Indira Gandhi Matritva Sahyog Yojana)</td>
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Source: Central Budget