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**Disbursement of Benefits of Welfare Schemes through Alternate Channels**

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**ABSTRACT**

The success of welfare schemes run by the state government depends up to the strong delivery system at government level as well as bank level because the money can be disbursed only through banking system. The cost of operations in banking is now increasing day by day and banks have started recovery of charges from their account holders. Moreover, the maintenance of huge database of small financial figures also increased the cost of technical up gradation in banks.

The use alternative channels have become inevitable now. It costs lesser than having an account and can provide broad based MIS. The importance of MIS for administrative decisions and long term planning is now established. There is a need to consider other modes of payment rather than Saving Bank Account.

The opening of accounts for small size of transactions can be replaced by Pre-Paid cards with the same functionalities. It is more useful than a bank account.

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**INTRODUCTION**

There are concerted efforts across the country to facilitate access to these social benefit schemes. These schemes include financial and non financial benefits. Financial benefits are given through Banks like banks, post offices, Banking correspondent etc. while non-financial benefits are given through govt. agencies like Fair Price Shops for food grains at nominal rates, free medicines through dispensaries, elementary education and basic medical help through volunteers who are paid some remunerations for their services.

A considerable sum of money that is meant for the poorest of poor does not actually reach them. While this money meanders through large system of government bureaucracy much of it is widely believed to leak and is unable to reach the intended parties. Government is therefore, pushing for direct cash transfers to beneficiaries through their bank accounts rather than subsidizing products and making cash payments. These efforts require an efficient and affordable banking system that can reach out to all.

Bankers and industry experts estimate the cost of opening and maintaining a bank account at between Rs 200 and 250, which means the annual cost of the empty accounts for Indian banks could add up to some Rs 21 billion.

At present a single ATM withdrawal would cost a bank Rs 15-20 per transaction whereas Bank Mitras/BCs receive inadequate remuneration for their services. Due to the relatively poor ATM network in rural areas, there is virtually no place to withdraw or swipe the cards by the financially excluded strata who are issued Jan Dhan cards.

There is an active role of Post Offices in disbursement of benefits of such social welfare schemes in remotest areas. Despite of all possible options, the rural people are not getting their benefits in time. Moreover, State government is also not having sufficient information i.e. time and place about the disbursement of such benefits. There are so many problems in providing such benefits.

#### **Alternative channel for payment**

I found that there are two important welfare schemes in which the amount is very small and pertains to poor persons. These are as under:

#### **Janani Suraksha Yojana**

The Scheme was started in September 2005 and the benefits were given only to women belong to BPL (Below Poverty Line) families. In August 2006, the benefits were extended to women of all categories, caste and residence.

Benefits given are as under:

(w.e.f. 24-11-2006, per case)

Description	Rural Area	Urban Area
Delivery in Govt. Hospitals/Health Centres	1400	1000
Incentives to ASHA Sahayogini	400+200	200

The aim of the scheme is to encourage the women for registration in Govt. Hospital for their delivery, awareness for pre-delivery and prefer to go in hospitals than home as it was general practice in older days. The payments are made in cash or by cheque immediately within 7 days of delivery in health centres/hospitals so that lady is not forced to come again to collect this benefit.

The amount paid under Janani Suraksha Yojana is not a recurring nature. Only one time payment is made to the beneficiary. However, the incentives to ASHA Shahayogini is being regularly.

It is not expected from each one of beneficiary (woman) to have her account in a scheduled bank to enable her to get encashed cheque/DD received under the scheme. Opening of account in a bank is not so easy as it is being advertized. There are so many formalities and requirement of documents for opening an account in the bank. Moreover, it is possible that the bank branch is not situated nearby her residence. In such cases, the encashment of cheque/DD may result in considerable expenses by the beneficiary. In addition, there are some charges after specified number of transactions in specified duration. If the beneficiary does not require the bank account for any other purposes, the opened account has to be closed immediately otherwise charges for not maintaining minimum balance have to be bear by the beneficiary. There are also account closure charges now-a-days ranging from Rs.@ 500/- to Rs.1000/-. If all the charges are considered, the net benefit will be Rs. 500/- to Rs.700/- only.

#### **Social Security Pension**

Old age, Widows, Parityakta and Disabled persons unable to earn livelihood are provided monthly pension as minimum means of survival. The identification of eligible pensioners is done by the Patwari and Thesildar and the report is submitted to Sub Divisional Officer (SDO) for Urban areas and to Block Development Officer (BDO) for rural areas.

SDOs and BDOs are the sanctioning authorities of Social Security Pensions, the sanctioned pensioner payment processes are initiated by various Treasury offices and sub treasury offices of the state. Pension Payments can be received by eligible pensioners either through cash from the treasury or Bank account, or post office savings account or by Money Order to the address as specified in the sanction letter desired by the pensioner. The Payment under various schemes as follows:

Name of Scheme	No. of Pensioner	Amount (crore)
Indira Gandhi National Old age Pension	6,24,172	154.5098
Indira Gandhi National Widow Pension	1,02,390	28.2793
Indira Gandhi National Disabled Pension	17,324	5.2334
Chief Minister's Old Person Samman Pen.	40,87,100	2026.7400
Chief Minister's Ekal Naari Samman Pension	6,41,734	304.4700
Chief Minister's Special abled Samman Pen.	3,25,407	147.6000
<b>Total</b>	<b>57,98,127</b>	<b>2666.8325</b>

It is clear from the table that benefits under social security pension schemes are given to those who are old age or/and women.

The process of sanctioning pension can be divided as under:

1. Application : The filling up of pension under the scheme is not so easy and it needs some guidance/help from a literate person. The application should also be supported by documents.
2. Sanction of pension: The pension is sanctioned by the authorities after verifying the information given in the application form. The process has been computerized in the state now. The data related to pension is provided to the computer agency which ensures validations and release of pension every month through a bank account.
3. Release of pension on monthly basis: The disbursement officer releases the pension every month through the e-mode after satisfying himself the correctness of the data available for him. If there is any error or wrong information in the data, either the pension is not released or released in a wrong account number. At present all such pensions are being disbursed by Treasuries/Sub-Treasuries in the state. Some pensions are being release through money orders.
4. Drawing pension by the pensioner: Pension is credited in the beneficiary account is withdrawn by personal visit to a branch or through ATM card. It is hardly a good number of ATM Cards held by the beneficiaries under the scheme due to age constraint. However, it is up to the beneficiary how he or she with draw the pension.
5. MIS to the Govt./Department concerned: The MIS related to pension may be available with the concerned department in soft form or in paper form.

There is no use of MIS at present which would have been utilized in the interest of public and further decision making for policy maker. Only the data related to pension and pensioner and date of release of pension may be available with the concerned department. It is equally important to have detailed MIS starting from application to withdrawal of pension month by month.

The banks are not supposed to share their data with the government department on regular basis because it is not important data for them. In addition, mining of data from their huge data base is very cumbersome exercise.

Considering the nature of payment, inconvenience to the beneficiary and increase work pressure at banks, we should think about alternative mode of payments/withdrawal of money.

There are many types of cards which are being issued by banks now a days. Generally there are two types of card which are well known to the public, one Debit cum ATM card and other is Credit Card. Benefits can be withdraw only through Debit cum ATM card which is linked with an account.

ATM cards are issued to account holder by the bank. There are some maintenance charges annually for this facility. Moreover, due to incidents of frauds and cheatings, the rural people do not have faith in this facility. The other limitation is to maintain minimum balance which is ranging from

Rs.1000/- to Rs.5000/- . The penalty for not maintaining balance can be Rs. 300/- to 1000/- on yearly basis.

Banks are issuing another type of card which are known as Pre-Paid cards. In these types of card, money is loaded as per the mandate of issuing authority and can be withdrawn through any ATM and PoS. At present the, the cash disbursement limit per day is Rs.2000/-

These cards can be issued to any number of customers. The charges for issuance and amount loading can be waived for the government if matter can be taken up with the higher authorities of bank.

The benefits of these cards are:

- No minimum balance requirement as these cards are issued without linking to any account.
- No transactions charges are deducted from the loaded amount if withdraw any time, in any number.
- Safe from Fraud/cheating as the amount can be withdrawn upto the limit of amount pre-loaded, the chances of losing money due to frauds or cheating are rare.

### **MIS**

This is the important benefit to the government because complete and historical MIS can be made available by the bank to issuing authority including date of loading money, date and time of withdrawal, place of withdrawal and amount remaining in each card. As the money is a benefit nature and government is sole owner of the remaining amount of benefits which are not availed by the beneficiaries, the balance of amount in each card can be recall back by the government. The departments can make policy on the basis of withdrawal of money.

At present the social security pension is being released after getting life certificate annually. If these types of cards are issued to beneficiaries and withdrawing of money can be done on the basis of bio-metric authentication, there will not be any requirement of life certificate annually. This will give the relief to the beneficiaries also.

No requirement of maintaining huge database in banking system

The maintenance of huge data base in case of account is mandatory for banks. The record of each transaction is always become a part of their database. The retrieval of any information becomes very if required later on.

But in case of pre-paid cards, the database is being maintained in other system which is separate from main data base of banking system. Bank can issue login id and password to the beneficiary for getting information regarding their cards at time, any day.

Bank can also make arrangements to provide centralized facility to government for downloading any type of MIS related to these cards so that government officials can take decision based on the MIS.

### **No bank branch requirement**

These types of cards can be issued on the basis of KYC and other details provided by the government department. There is no need to have linked these cards with a bank branch. This will facilitate the people who do not have any account and getting their benefits through money orders. This will also reduce the crowd in bank branches. Bank can concentrate their work force on other high value customers to provide better customer services for other products.

### **Wide network of disbursement of money**

These cards can be used at ATM and PoS machines therefore, the network of withdrawing money or using at PoS is very wide. At present there are more than 40,000 e-Mitra in Rajasthan who can be equipped with these PoS machines to provide the facility of disbursement of cash to these beneficiaries. Bank can also pay incentive on every transaction for cash disbursement.

### **Step forward to Cash less economy**

Small shop keepers can be encouraged to install these PoS at their shops so that public can use their pre paid cards for purchase also.

### Reducing workload on ATMs

As the prepaid cards are not linked with any account, the beneficiaries can be educate to use PoS for withdrawing cash or buying goods from shop keepers. This will reduce the workload at ATM and cash out problems.

### Restrictions on misuse of account for malafide/money laundering purposes

It was reported that the accounts opened in Jan Dhan Yojana were misused by depositing considerable money during the demonetization. It is possible that the account opened for small benefits can be used for money laundering. Some reports also says that accounts in villages are being given on lease against some money to convert black money into bank money. The banking facility for only getting small amount at monthly interval may costs much higher for the banks, government even customers too, therefore, it should be considered to issue prepaid cards for disbursement the amount of welfare schemes of small size.

Considering various limitations in banking channel and benefits in alternative channels, it would be better to migrate all such benefits from account based to Pre-Paid cards.

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