



# STATE OF EXCLUSION

Delivery of Government-to-Citizen Cash Transfers in India

by The Social Protection Initiative

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### Social Protection Initiative<sup>1</sup>



### Field Partners



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# Executive Summary

## Key Findings

A variety of exclusionary factors can be found at every stage of the delivery pipeline of Direct Benefit Transfers (DBT). Starting from the enrolment stage and all the way to the cash withdrawal stage, both prospective and current beneficiaries have to reckon with issues pertaining to accessibility, procedural transparency, timeliness, and accountability, among others.

**The most prominent issues faced by citizens attempting to enrol under DBT schemes are:**

### Access-related

The lack of accessibility/proximity to enrolment points, unavailability, or erratic availability of officials/operators responsible for enrolment, etc.

### Application Delays

Delays caused by enrolment points in accepting and pushing the applications forward.

### Documentation Requirement-related

Difficulty or delay in procuring the required documentation and errors/issues found therein.

**The most prominent issues faced by citizens attempting to receive DBT into their bank accounts are:**

### Disruptions to Payment Schedule

Payments being stopped without notice/reason, missed instalments, and delay in accounts being credited. There is also a lack of clear communication to the citizens about reasons for any of these issues.

### Bank Account and Aadhaar-related

Spelling errors in Aadhaar details, pending KYC, frozen or inactive bank accounts, mismatch in Aadhaar and Bank account details, etc. Many of these issues may also result in the aforesaid payment disruptions.

### Documentation Requirement-related

These issues usually emerge for schemes wherein payment is conditional upon furnishing of certain documents that prove the beneficiary's fulfilment of a fixed set of requirements.

**The most prominent issues faced by citizens attempting to withdraw DBT from their bank accounts are:**

### Access-related

Travelling long distances to withdraw cash, erratic functioning of COPs, etc.

### Operational Issues

Issues occurring during the cash-out transaction, including network failures, biometric authentication failures, point-of-sale (PoS) device malfunctioning, long queues, etc.

Analysis of citizens' actions, with respect to pursuing grievance redress, revealed that majority of citizens resorted to an iterative process that involved re-submission of documents, multiple visits to government offices/banks/Common Service Centres (CSCs), and persuading local officials, rather than the usage of official mechanisms such as filling online complaint registration forms and calling helpline numbers.

## Policy Recommendations

### Enrolment



- There is an urgent need to increase the accessibility of enrolment points for citizens across schemes, specifically in rural and peri-urban areas. To that end, we recommend the speedy implementation of the objectives laid down in the Memorandum of Understanding between the Ministry of *Panchayati Raj* and CSC e-governance Services India Limited.
- The functional capacity of enrolment points such as CSCs or local government functionaries (such as the *lekhpal*, *patwari*, or any *Panchayat* member) has been limited only to the collection and submission of scheme applications but has not been extended to include functions such as tracking of applications and/or complaints. To that end, we recommend a suitable expansion of the functional capacity of local enrolment points.
- Until the functional capacity of local functionaries (who are citizens' first point of contact) is adequately expanded, mechanisms to periodically disseminate information from the top-level tiers to local functionaries on status of applications, Fund Transfer Orders, and data-correction requests should be instituted.
- Concerted efforts to improve citizens' awareness of welfare benefits and of the appropriate methods to access these benefits must be made. Such efforts must be cognizant of regional variations in enrolment procedures, apprising citizens clearly and frequently. However, running awareness campaigns cannot and must not be treated as a silver bullet for solving last-mile issues in DBT. While an aware citizen will find it easier to navigate the system and might even face lesser search costs, they will continue being at the risk of being excluded unless concomitant architectural changes are implemented.
- Live tracking of the application along with the specific reason for pendency/rejection must be added to the beneficiary's online record across schemes. The relevant web portal should show the cumulative number of days that have passed since application submission. Beneficiary records should also include the next step the beneficiary can follow to resolve the issue(s) the administration has flagged with respect to their application.
- SMS notifications and IVR calls by the relevant Ministry updating all DBT scheme applicants on the status of their application, should form an essential part of the delivery process. In case of rejection, the same must be relayed in preferably the local language via SMS or IVR call, along with information on the next steps, to ensure the applicants do not incur inordinate costs while attempting to track their status.
- Scheme-specific helpline numbers can be set up that would enable citizens (especially those unable to navigate digitised portals) to track applications in real time. A prerequisite of such a functionality is to enforce that each applicant is given a receipt displaying the application number that can be used for later reference.

## Policy Recommendations

### Benefit Processing



- The specific reason for credit failure must be added to the online record of DBT beneficiaries, along with information on the next steps to resolve the issue. For example, in case of payment rejection due to Aadhaar spelling error, the beneficiary record can include (in the appropriate local language): “Please visit your nearest Aadhaar Seva Kendra to rectify the issue”.
- The same reason must be communicated to the beneficiary along with steps for resolution (in case of inaccessibility of online portals) through an SMS notification or an IVR call by a designated governmental entity within the DBT architecture, preferably in the local language based on beneficiary location. A clear allocation of responsibility of Government to Citizen Services (G2C) communication must be instituted instead of relinquishing this duty to the banks.
- Periodic disclosure of all Aadhaar-enabled Payment System (AePS) transaction failures and underlying reasons for the same by NPCI is recommended.
- State Level Bankers’ Committee (SLBC) Convenor Banks and Lead Banks must undertake a periodic auditing of DBT transactions, under all schemes of all the banking points empanelled for the delivery of DBT payments, within their jurisdiction.

### Cash-out



- Increasing the number of cash-out points in underbanked villages with immediate effect. This process of activation of banking points must be expedited by making data on the Find My Bank portal public, which would enable both private and public service providers (such as banks and BC Kiosks/CSCs) to update verifiable numbers of cash-out points in real-time as well as help them identify districts and villages that are under-banked, ensuring optimisation of catchment areas under each bank. RBI’s recent notification with regard to geo-tagging of payment points is a welcome move.
- The above infrastructural changes must be accompanied by revision of current incentive structures of individual banking agents. The Reserve Bank of India (RBI) must create additional incentives for agents who provide services in underbanked areas, which usually have higher concentration of recipients of social protection entitlements.
- Establishment of clear accountability rules in case of embezzlement of welfare transfers (and other improper activities) by banking intermediaries, including CSPs. Any such rule should entail compensation of the beneficiary by the liable entity.

### Grievance Redress Mechanisms



- We recommend the creation of a common Grievance Redress Cell for all DBT schemes across tiers: State, District, and Block. A cell at each tier must be assigned with the task of collating and live-tracking all complaints generated at its sub-tiers and ensure timely redressal of grievances. It should also be responsible for assigning the duty of grievance resolution to the relevant level of administration, for each complaint depending on its nature. Ideally, appointees for a state-level cell should belong to all the agencies involved in the DBT system – the relevant Ministry/Department/Implementing Agency, Ministry of Finance, National Payment Corporation of India (NPCI), Unique Identification Authority of India (UIDAI), and State Level Banker’s Committee (SLBC) Convenor Banks and Lead Banks.
- Mandate the monthly assembly of a *Panchayat* session, specifically for facilitation of grievance redress for DBT schemes, at the village level. Although certain schemes such as MGNREGA have a provision of organising an Employment Guarantee Day (although with poor enforcement), no such mechanism currently exists for DBT schemes that are not backed by legislation. Such monthly sessions can be presided over by block-level officials responsible for scheme execution and should officially register citizen grievances online in a public repository proposed below.
- Expanding the scope of social auditing to include auditing of grievance redress procedures. This should include auditing for every gram *panchayat*, the number of complaints raised, number of complaints resolved, time taken in resolution. A public repository of complaints is a prerequisite for this recommendation. All data of any such public repository must be anonymised before sharing in the public domain.
- Setting up of a Complaints Management System:
  - Backend of such a proposed system must be integrated into the IT systems of departments administering the DBT schemes, or other stakeholders such as banks and NPCI. This should not just be a routing system to direct complaints to departments and various stakeholders, but should facilitate the tracking of complaints until their final closure.
  - Aggregate statistics on the type of grievance and root cause of failure, along with the number of beneficiaries and details of benefits transferred, should be made available through dashboards in the public domain. The data shared publicly must be anonymised.

# Introduction

This research brief is an abridged version of various research studies conducted by Dvara Research on the last-mile delivery of social protection. The individual studies, conducted between 2020-2022 in partnership with a diverse set of field partners, cover various aspects of the G2P cash transfer delivery ecosystem.

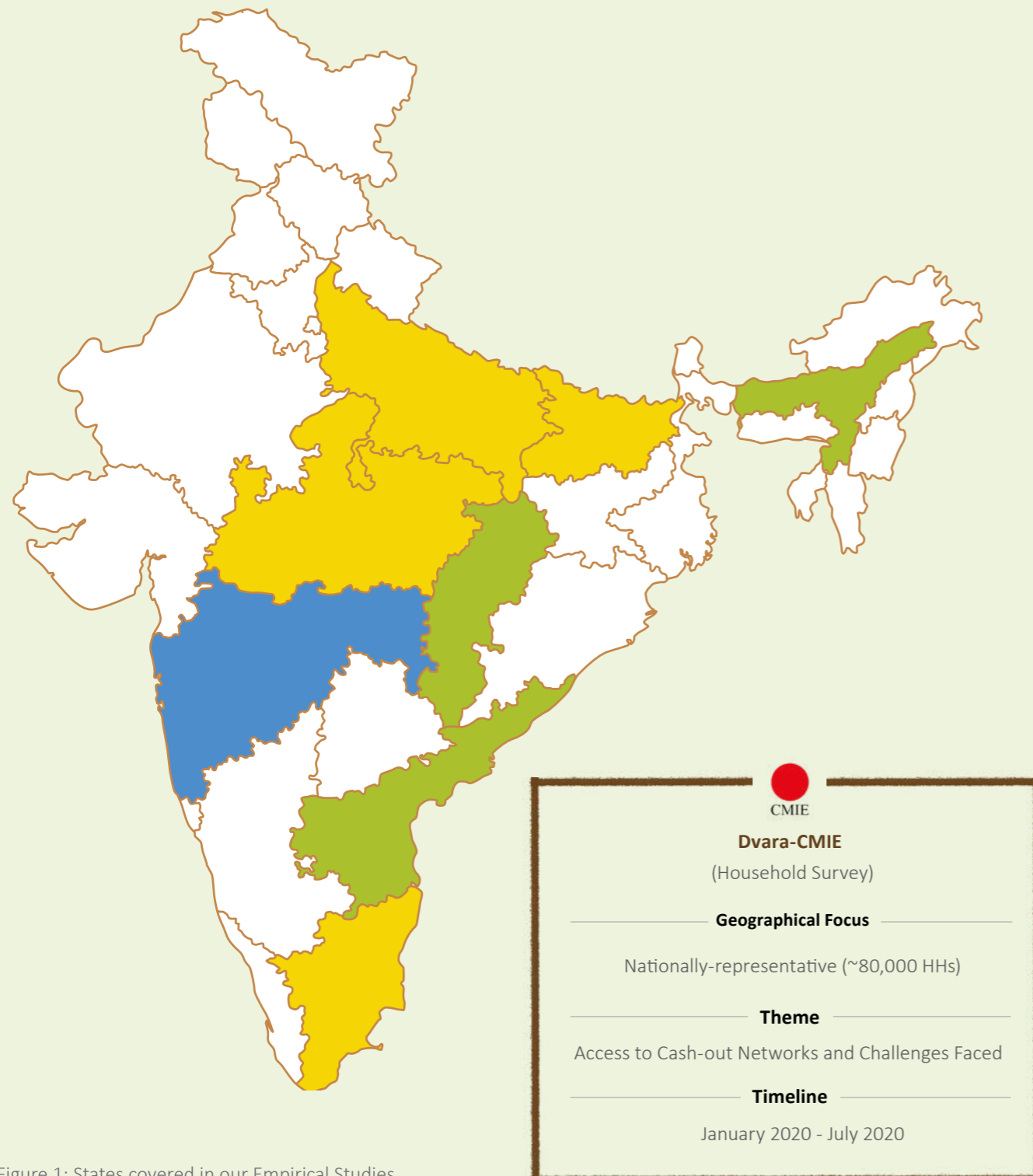





Figure 1: States covered in our Empirical Studies


  
**Dvara-Gram Vaani**  
(IVR Complaint Analysis, Citizen Interviews, Stakeholder Interviews)


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**Geographical Focus**

**Uttar Pradesh**  


**Madhya Pradesh**  


**Bihar**  


**Tamil Nadu**  


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**Theme**

Challenges in Targeting, Enrolment, Benefit Processing, and Disbursement under Social Protection Transfers + Role of Intermediaries in Grievance Redressal

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**Timeline**


March 2020 - November 2020


**हक्रदर्शक**  
Haqdarshak


**Dvara-Haqdarshak**  
(Citizen Survey and Stakeholder Interviews)

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**Geographical Focus**

**Assam**  


**Chhattisgarh**  


**Andhra Pradesh**  


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**Theme**

Challenges in Enrolment, Payment Processing, and Cash-out under Direct Benefit Transfers + Grievance Redressal Mechanisms Deployed by Citizens

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**Timeline**

March 2021 - December 2021

  
**Dvara-IMN**  
(Citizen Interviews and Stakeholder Interviews)

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**Geographical Focus**

**Maharashtra**  


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**Theme**

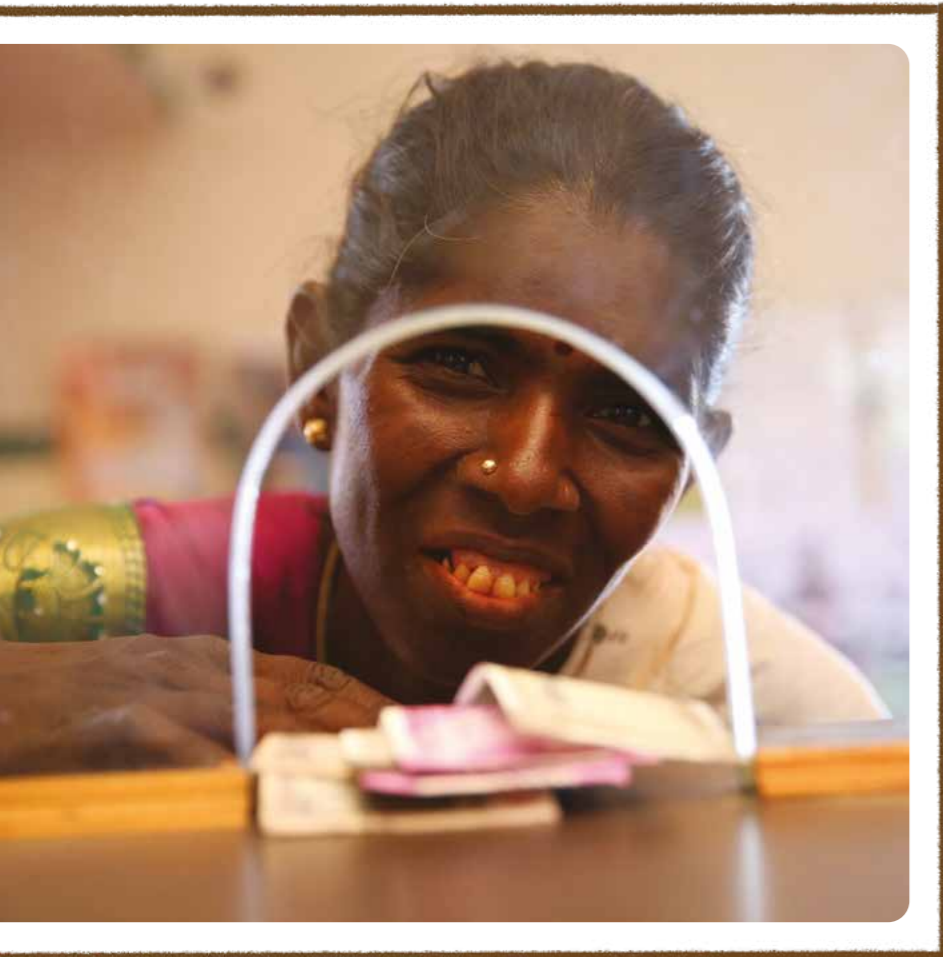
Challenges in Enrolment, Benefit Processing, and Cash-out under the BoCW Act, 1996

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**Timeline**

October 2021 - December 2021

# Chapter - 03 Conceptual Approach to Documenting Exclusion in Social Protection



Focusing on reducing inclusion errors to ensure that ineligible or undeserving citizens do not get access to government welfare programmes, comes at a cost. Our research tries to underscore how these iterative error-reducing mechanisms can result in the exclusion of many prospective and current recipients of welfare transfers.

Cash transfers to citizens through the Direct Benefit Transfer (DBT) system is one of the most prominent developments in India's social protection policy landscape.<sup>2</sup> Under this system, citizens enrolled under various welfare schemes, receive monetary benefits from the concerned Ministry/State Department/Implementing Agency<sup>3</sup>, directly into their bank accounts. The DBT architecture has been designed to eliminate ghost beneficiaries<sup>4</sup>, with the main objective of reducing 'leakages' in welfare delivery.<sup>5</sup> End-to-end error-free digitisation of records, error-free seeding of Aadhaar with beneficiaries' bank accounts, efficient back-end processing of transfers in the banking system, and a fully working cash-out architecture, are some of the pre-requisite design features for the DBT system to work seamlessly.

Notably, these nuts and bolts that underpin the delivery of DBTs, are not without fault lines. It is against this backdrop that we have developed an Exclusion Framework that offers a typological view of the various exclusionary factors that impede a citizen's access, along the entirety of the delivery chain (targeting, enrolment, payment processing, and cash-out). We use this framework to empirically document last-mile delivery challenges across a variety of cash transfer schemes in India, through citizen surveys, citizen case studies, stakeholder interviews, etc. This brief, a compilation of all our key learnings from field engagements spanning 7 states, attempts to bring the last mile to the fore of policy discussions on social protection entitlements and their delivery.

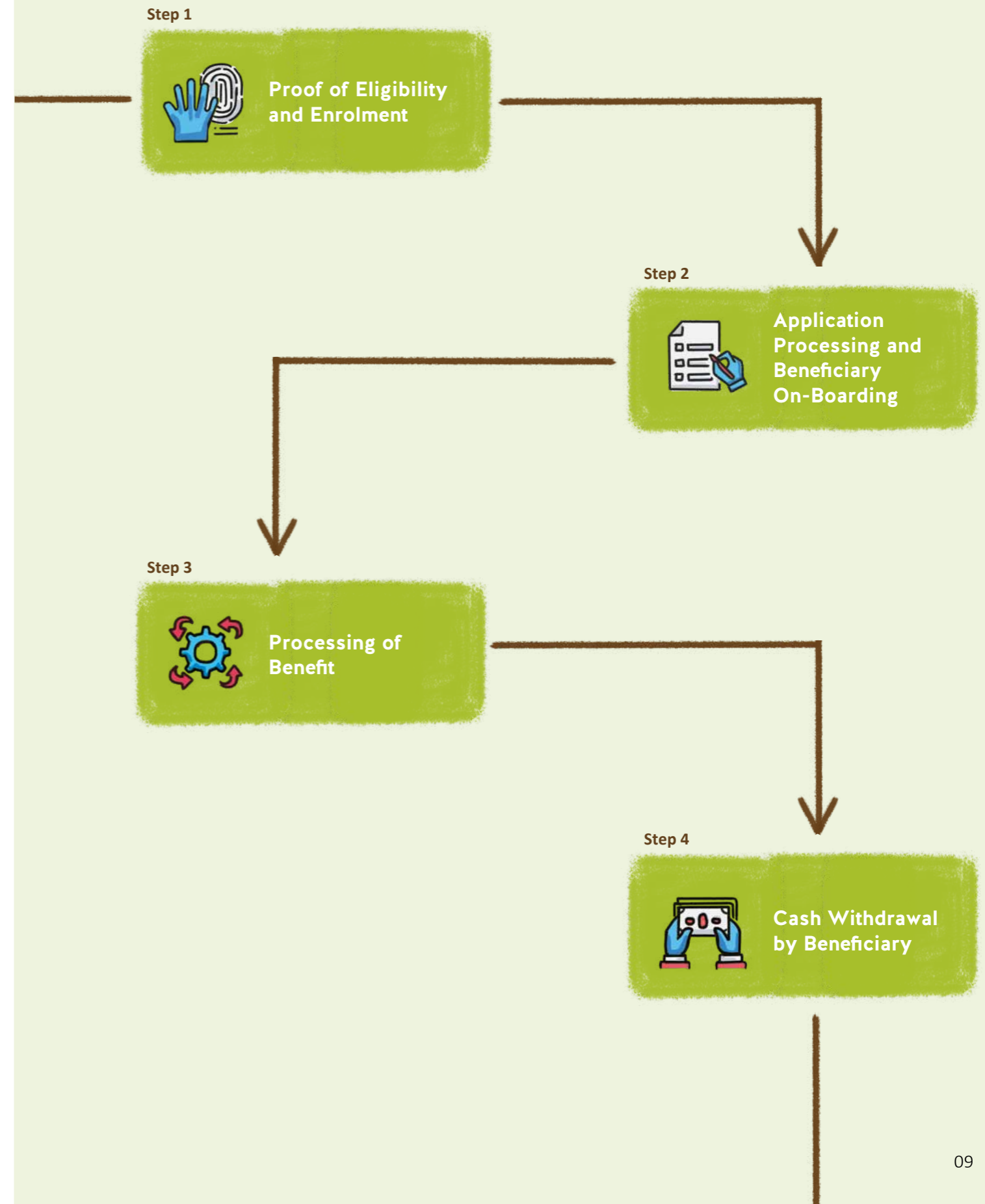
<sup>2</sup>DBT Mission, Government of India. (2019). DBT Bharat. Retrieved from DBT Mission: <https://dbtbharat.gov.in>

<sup>3</sup>The Standard Operating Procedure laid down by the DBT Mission (under the Cabinet Secretariat, Government of India) identifies these three entities responsible for sanctioning welfare payments to citizens.

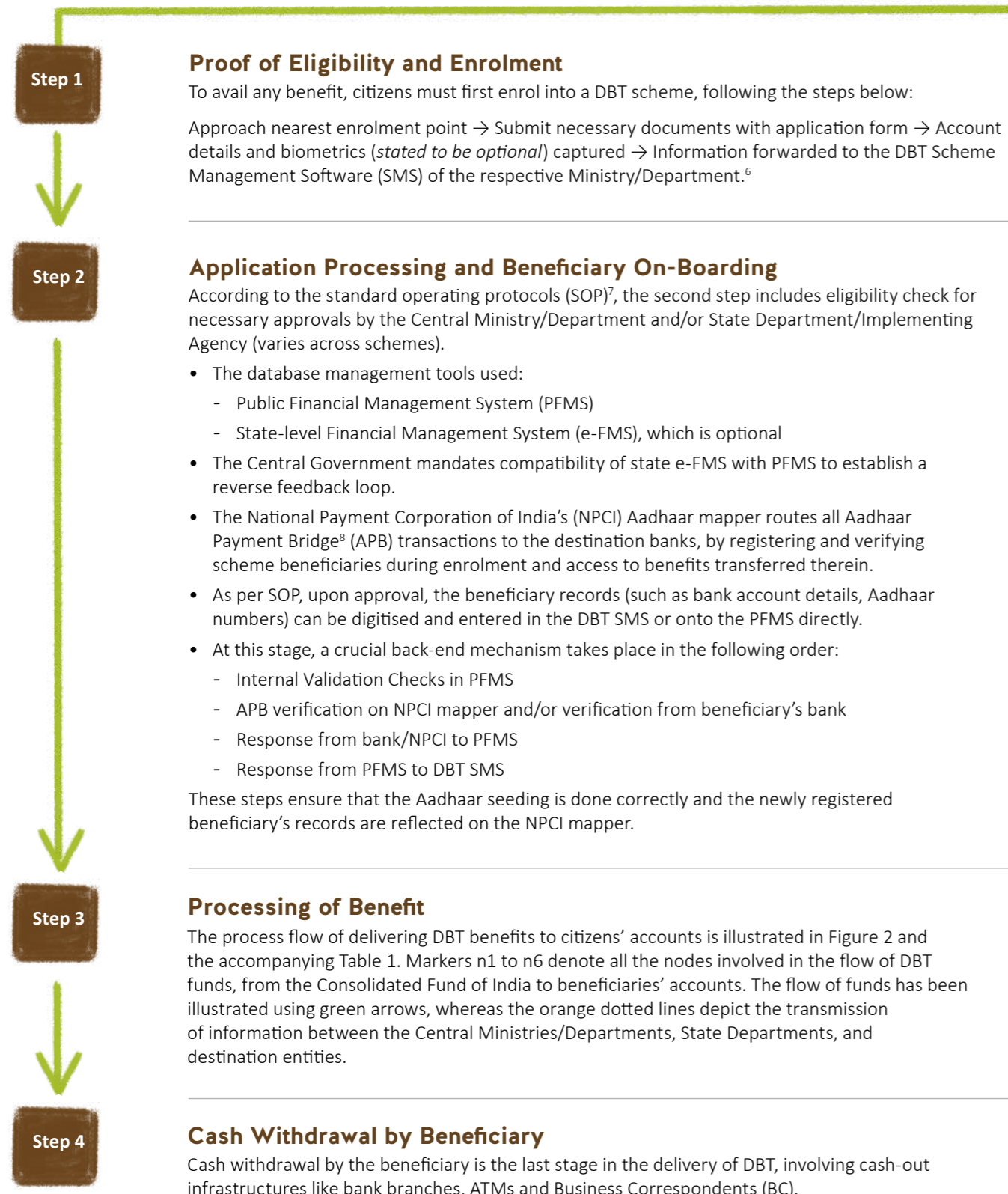
<sup>4</sup>This term represents an existing or non-existing person, under whose name scheme benefits are illegally drawn.

<sup>5</sup>DBT Mission, Government of India. (2019). Estimated Gains. Retrieved 1 July 2020 from DBT Mission: <https://dbtbharat.gov.in/page/frontcontentview/?id=ODM=>

## Understanding the Direct Benefit Transfer System



# Conceptual Approach to Documenting Exclusion in Social Protection



Detailed Steps in Processing of DBT Payment Files	Entities Involved
Generation of payment file instructions by the relevant Ministry, either in DBT SMS (then PFMS) or in PFMS directly	Central/State Ministry
The payment file pushed to the sponsor bank using an NPCI switch (either through APB or NACH)	Sponsor Bank NPCI
NPCI pushes the payment instruction to Destination Bank, which in turn credits the beneficiary's account	Destination Bank

Table 1: Steps of Processing DBT

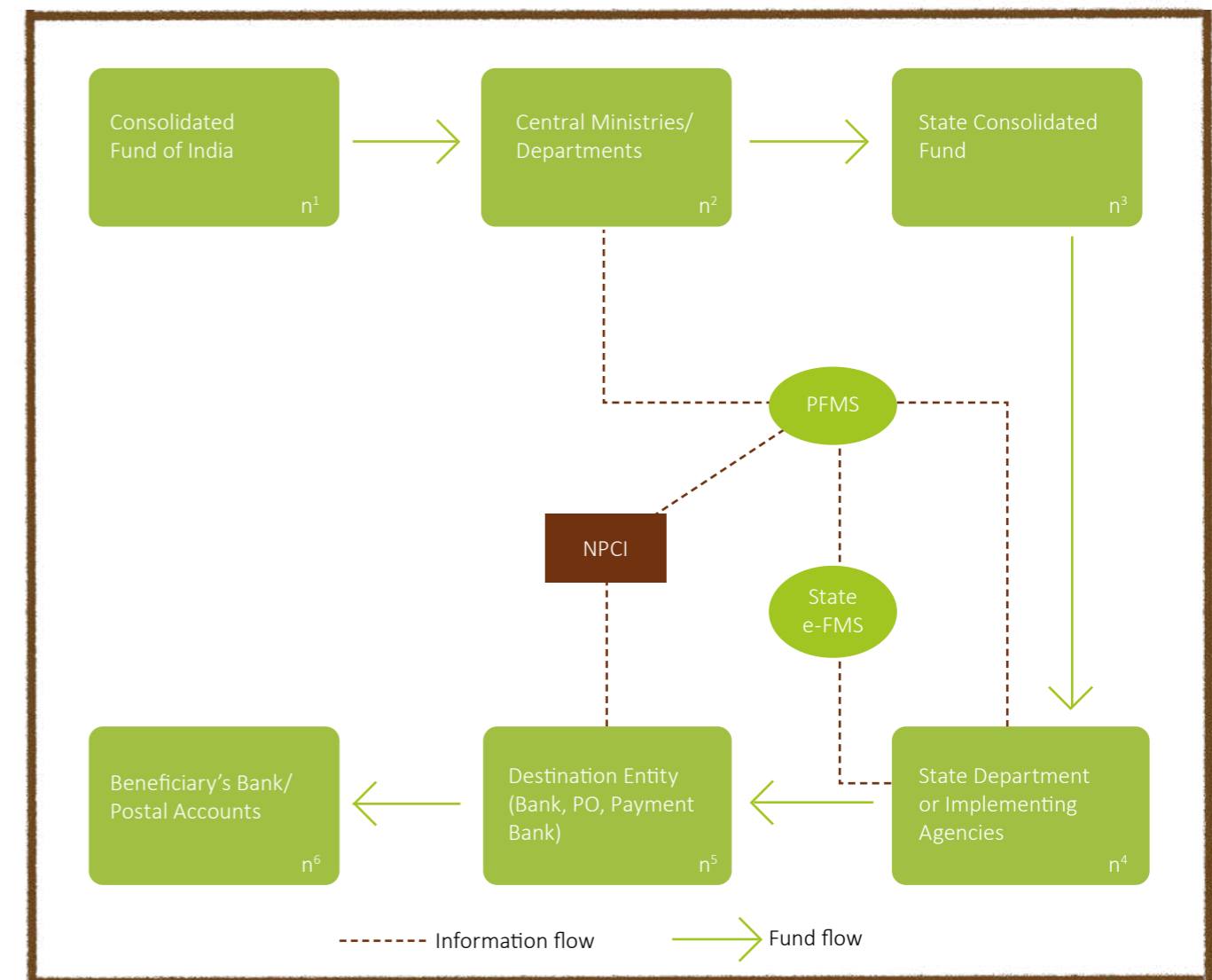


Figure 2: Flow of DBT Delivery

<sup>6</sup>DBT Mission, Cabinet Secretariat. Standard Operating Procedure (SOP) for DBT Payments. New Delhi: DBT Mission. Retrieved 1 July 2020, from <https://dbtbharat.gov.in/data/documents/Standard-Operating-Procedures.pdf>

<sup>7</sup>DBT Mission, Cabinet Secretariat. Standard Operating Procedure (SOP) for DBT Payments. New Delhi: DBT Mission. Retrieved 1 July 2020, from <https://dbtbharat.gov.in/data/documents/Standard-Operating-Procedures.pdf>

<sup>8</sup>Aadhaar Payment Bridge (APB) is a payment system implemented by NPCI, which uses Aadhaar number as a central key for electronically channelizing government benefits and subsidies in the Aadhaar Enabled Bank Accounts (AEBA) of the intended beneficiaries.

# Unpacking the Exclusion Framework

Corresponding to each of the aforesaid DBT stages, the Exclusion Framework identifies a set of exclusionary factors that either delay or entirely preclude a citizen from moving on to the next stage. Figure 3 provides an overview of this framework.

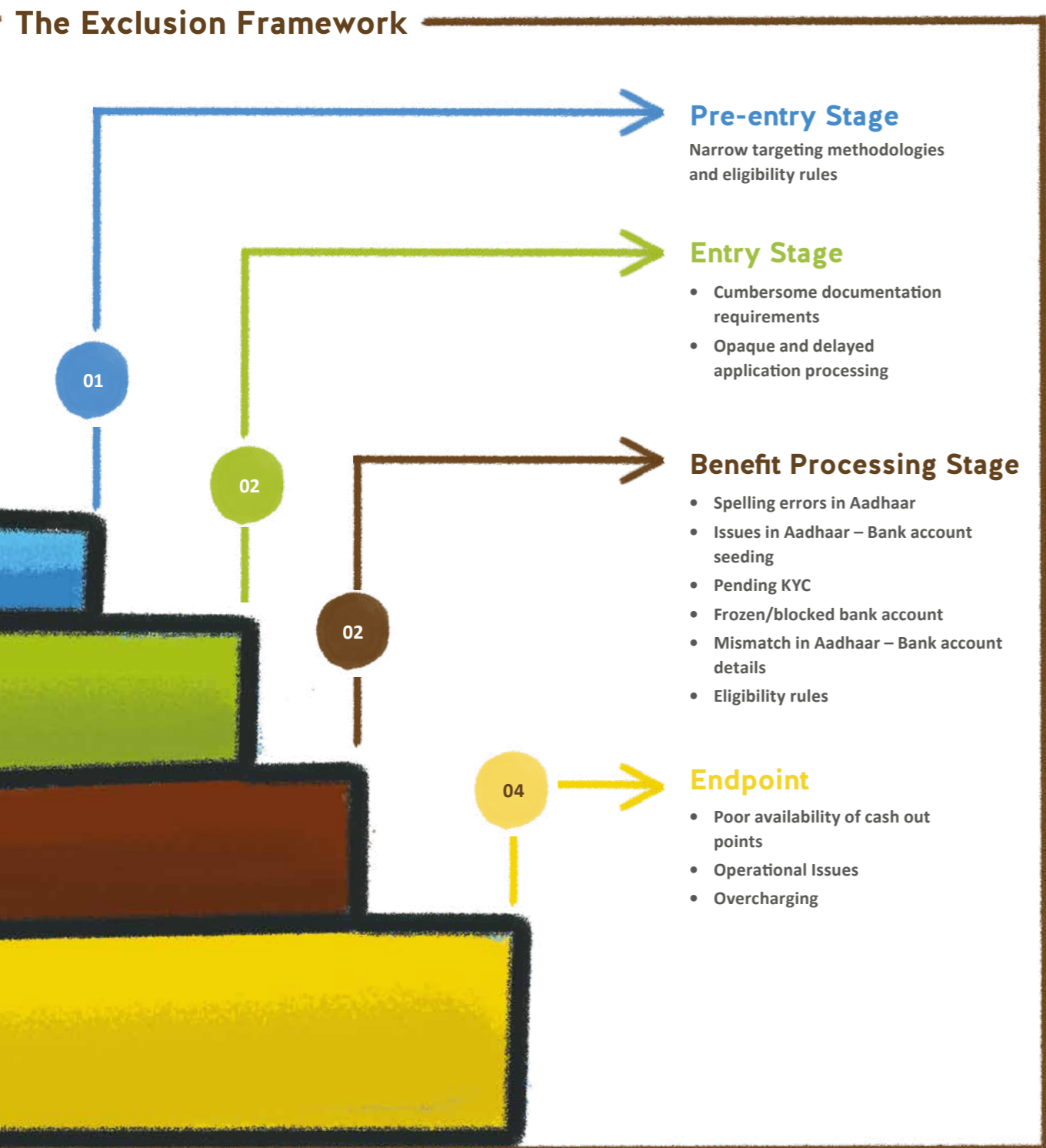


Figure 3: The Exclusion Framework

### Example of List-based Targeting

Assistance under the sub-schemes of National Social Assistance Programme (NSAP) is applicable only for persons belonging to Below Poverty Line (BPL) category.<sup>9</sup> Selection of beneficiaries under the Pradhan Mantri Awaas Yojana Gramin (PMAY-G) is based on housing deprivation parameters of SECC, subject to the 13-point exclusion criteria, followed by Gram Sabha verification.<sup>12</sup>

Although SECC is an improvement over the BPL approach, concerns related to its data have emerged. Vested interest to overstate the extent of deprivation by respondents and errors in enumeration leading to under-counting of the poorest sections, are some of the major concerns associated with SECC (2011).<sup>13</sup>

### 01

#### Pre-entry Stage: Narrow Targeting Methodologies

Given the lack of readily available granular data, targeting challenges in any social welfare programme are inevitable. Proxy Means Testing (PMT), as seen in the cases of identifying BPL or deprived households in SECC, is the predominant targeting methodology. The PMT's effectiveness depends upon different factors – the formula's predictive power, the quality of the survey team, etc.<sup>9</sup> In the context of the DBT framework, most schemes depend on the BPL and SECC lists for identifying beneficiaries.<sup>10</sup>

The reliability of both these lists has been called into question multiple times in the past. The SECC data provides for automatic exclusion based on 14 parameters, automatic inclusion based on five parameters, and grading of deprivation based on seven criteria. It has been touted as a substantial improvement over the poverty line-based method, as it captures multiple aspects to characterize deprivation of households. Report of the Expert Group on Socio Economic and Caste Census 2011 (Bose Committee) also recommended that SECC data should be used for all schemes of central and state governments, to refine them in lieu of the BPL lists to ensure that they target the right beneficiaries.

The data collection procedure has also been called into question. The survey was conducted using a low-cost device, which required extensive training of field operators who complained of poor quality and even non-provision of the devices.<sup>14</sup> States such as Kerala were required to re-do surveys due to extensive errors.<sup>15</sup> Lastly, the SECC is likely to be outdated and unable to identify the transient poor or even those who have fallen into poverty in the years since.<sup>16</sup> There is some evidence to support this, in the form of discrepancies in the most deprived districts identified by the SECC, the 2011 Census, and the National Family Health Survey (2015-16).<sup>17</sup> In the context of COVID-19, being able to target and identify citizens quickly and proactively has surfaced as an emergent need.

<sup>9</sup> Hanna, R., & Karlan, D. (2017). Designing Social Protection Programs: Using Theory and Experimentation to Understand How to Help Combat Poverty. Handbook of Economic Field Experiments, 2, 515-553. Doi: 10.1016/bs.hefe.2016.07.002

<sup>10</sup> A few exceptions are seen in the cases of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and PM Kisan, wherein enrolment is done by self-targeting and a set of exclusion criteria respectively. In MGNREGA, any person who is above the age of 18 and resides in a rural area is entitled to apply for work. In the case of PM-Kisan, scheme rules do not define the characteristics of those targeted but define those of the ones excluded, such as institutional landholders, income-tax payers, etc.

<sup>11</sup> Ministry of Rural Development. (2014). National Social Assistance Programme: Programme Guidelines. Government of India. Retrieved from [http://nsap.nic.in/Guidelines/nsap\\_guidelines\\_oct2014.pdf](http://nsap.nic.in/Guidelines/nsap_guidelines_oct2014.pdf)

<sup>12</sup> Ministry of Housing & Urban Poverty Alleviation. (2015). Pradhan Mantri Awaas Yojana: Scheme Guidelines. Government of India. Retrieved from [https://pmaymis.gov.in/PDF/HFA\\_Guidelines/hfa\\_Guidelines.pdf](https://pmaymis.gov.in/PDF/HFA_Guidelines/hfa_Guidelines.pdf)

<sup>13</sup> Saxena, N. (2015). Has It Ignored Too Many Poor Households? Socio Economic Caste Census. Economic & Political Weekly (EPW), 50(30). Retrieved from <https://www.epw.in/journal/2015/30/commentary/socio-economic-caste-census.html>

<sup>14</sup> Sivakumar, S. (2011). Socio-economic & caste census off to a slow start. Times Of India. Retrieved from [http://timesofindia.indiatimes.com/articleshow/10965808.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://timesofindia.indiatimes.com/articleshow/10965808.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

<sup>15</sup> Economic Times. (2015). On Socio Economic and Caste Census: This is not...an entirely wasted exercise, says economist Jean Dreze. Retrieved from [https://economictimes.indiatimes.com/news/politics-and-nation/on-socio-economic-and-caste-census-this-is-not-an-entirely-wasted-exercise-says-economist-jean-dreze/articleshow/48151122.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/news/politics-and-nation/on-socio-economic-and-caste-census-this-is-not-an-entirely-wasted-exercise-says-economist-jean-dreze/articleshow/48151122.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

<sup>16</sup> Mehta, B., & Kumar, A. (2019). Dear Govt, Welfare Schemes Will Work When Poverty Data Is Reliable. Retrieved 8 July 2020, from <https://www.thequint.com/voices/opinion/poverty-data-tendulkar-committee-outdated-bjp-government-welfare-schemes>

<sup>17</sup> Srinivas, A. (2019). The targeting challenge in India's welfare programs. Livemint. Retrieved from <https://www.livemint.com/politics/policy/the-targeting-challenge-in-india-s-welfare-programs-1557294982507.html>



# Unpacking the Exclusion Framework

02

## Entry Stage: Issues during Enrolment

The choice of targeting methodology also has operational implications for the enrolment process. Most programmes or schemes target citizens who fall below a certain threshold of a vulnerability indicator. These indicators may include income, occupation, assets, consumption, social group status, etc. Such a targeting approach places the onus on the citizen to prove that they fit the specific eligibility criteria, with the proof often being furnished in some form of a physical identification card. Therefore, cumbersome documentation requirements are a direct result of narrow targeting approaches in social protection. Even after successfully procuring the required documentation, the citizen may face an array of issues :

- Distant enrolment points
- Erratic availability of officials at such points
- Data-entry errors (especially for digitised enrolment interface)
- Inexplicable stagnation of scheme application, etc.

**It is also crucial to note that data-related errors in enrolment applications may take an inordinately high time to get corrected, given the fragmentation of enrolment points under DBT. The functional capacity of enrolment points such as Common Services Centres (CSC) or local government functionaries (such as the *lekhpal*<sup>18</sup> or the *patwari*<sup>19</sup>) has been limited to the collection and submission of scheme applications and has not been extended to include functions like record corrections in scheme databases and corrections in Aadhaar details (except for PM Kisan<sup>20</sup>). The task of record correction in schemes' management information systems (a major factor causing inordinate delay in credit of beneficiary accounts) continues to be the monopoly of government departments, subject to typical bureaucratic delays.**

<sup>18</sup> A *lekhpal* is a clerical government officer who primarily maintains revenue accounts and land records at the village level.

<sup>19</sup> A village registrar or the *patwari* is the lowest state functionary in the Revenue Collection System and is tasked with maintaining land records and tax collection.

<sup>20</sup> Under PM Kisan, beneficiaries can correct their Aadhaar details online, especially through CSCs.

**Any issue during these two procedures can result in the failure of money transfer to the scheme beneficiary, even in cases where the beneficiary has been successfully enrolled into the scheme.**

**Issues such as spelling errors in Aadhaar details, incorrect seeding of the citizen's Aadhaar and bank account, pending KYC and frozen/blocked bank accounts, are some of the most prominent reasons for payment failures in DBT.**

03

## Benefit Processing Stage: Issues in the Backend

The DBT architecture contains well-defined back-end procedures for onboarding the scheme applicant and subsequently, for money transmission from the government to the individual beneficiary.<sup>21</sup>

As illustrated in Figure 3, two key procedures primarily constitute the back-end processing stage:

- A set of eligibility checks, wherein the applicant's details such as Aadhaar number and bank account number, are keyed into the PFMS. This is followed by four crucial steps –
  - internal validation checks in PFMS
  - APB verification on NPCI mapper/verification from beneficiary's bank
  - response from bank/NPCI to PFMS
  - response from PFMS to DBT SMS
- The transfer of money from the relevant source (Consolidated Fund of India/ State Consolidated Fund or Treasury/any other Implementing Agency) to the on-boarded beneficiary's account via the Aadhaar Payment Bridge System or National Automated Clearing House

04

## Endpoint: Issues during Cash-Out

The last segment of the Exclusion Framework maps all the challenges that citizens might face while withdrawing their welfare entitlements from their bank accounts. The existing banking ecosystem (NPCI, banks, BC agents, etc.) forms the bedrock of the DBT delivery system. Therefore, any issues that characterize the banking system and channels in the country, inescapably affect the recipients of DBT. Assuming that the citizen did not fall through any of the aforementioned fractures in the DBT pipeline, and their account was credited successfully, they may still face issues while withdrawing the benefit amount.

We categorise these challenges under three broad heads:

- The availability of and accessibility to a cash-out point (COP), including travelling long distances to withdraw cash, erratic functioning of COPs, etc.
- Issues during the cash-out transaction such as network failures, biometric authentication failures, point-of-sale (PoS) device malfunctioning and long queues.
- Non-compliance on the part of the banking officials/agents interacting with the DBT beneficiaries, including petty corruption and fraud.

These may not necessarily lead to the complete exclusion of a citizen but may nonetheless prove to be cost and time-intensive, further exacerbating the levels of hardship for low-income individuals.

<sup>21</sup> DBT Mission. (2015). Standard Operating Procedure (SOP) Modules for Direct Benefit Transfer (DBT). Retrieved from <https://dbtbharat.gov.in/data/documents/Standard-Operating-Procedures.pdf>



# Empirical Approach to Documenting Exclusion in Social Protection



**The Exclusion Framework, as described previously, has underpinned our empirical work on last-mile delivery in social protection. Studies conducted in collaboration with different partner organisations have helped us achieve granularity in our findings.**

One of the foundational studies that applied this framework was undertaken in collaboration with Gram Vaani and the University of Montreal in 2020. Using data from Gram Vaani's Interactive Voice Response (IVR)<sup>22</sup> platform and in-depth interviews of citizens selected through critical case sampling, we documented the various scheme-related challenges rural citizens faced, between the months of March and November 2020.

**Under the Dvara-Gram Vaani Study, we analysed a total of 1,017 citizen complaints across various social protection programmes including Direct Benefit Transfer schemes<sup>23</sup> (261), Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) (96), Public Distribution System (PDS) (542), and Employees' Provident Fund (118).**

## Research Objectives under the Dvara-Gram Vaani Study

Analysis of user-generated content to understand the different challenges citizens face in accessing social protection entitlements.

Understanding the various modalities through which Gram Vaani volunteers assist citizens in resolving the challenges they face.

Proposing a set of Standardised Operating Procedures (SOPs) that can be used by community-based institutions and civil society organisations for grievance redressal.

## Research Questions under the Dvara-Haqdarshak Study on Exclusion in Government to Person Payments

What are the various kinds of challenges citizens face in accessing cash transfers across the various stages of scheme delivery (enrolment, back-end processing, and cash-out)?

How do such excluded citizens attempt to resolve their grievances — what are the various channels employed to raise and track complaints?

What is the average time spent and average cost borne by citizens during such a redressal process?

What are the various perspectives provided by state actors such as *panchayat* officials, local government functionaries, block and district-level bureaucratic officials, and non-state actors such as private service providers, in light of the challenges documented for a given scheme in a particular district?

The study was designed with the aim of exploring the entire landscape of last-mile issues in social protection and documenting the various resolution pathways citizens opted for.

An analysis of the IVR data, through a simple categorisation of citizen complaints, served a two-fold purpose:

- It helped validate the sufficiency of our Exclusion Framework as a conceptual tool for capturing a diverse set of last-mile delivery issues
- It helped demarcate the universe of exclusionary factors faced at each of the four stages

While the analysis of such IVR complaints provided a typological view of exclusionary factors, there were three key limitations to this approach:

- **Lack of granularity:** The quality, richness and format of information available, varied across citizens who dialled in.
- **Under-representation of exclusion at the Endpoint Stage:** Fewer calls pertaining to cash withdrawal compared to the other stages of exclusion. We speculate that this is because citizens are likely to prefer employing other mechanisms for dealing with cash-out problems such as making multiple trips to the COP or switching the COP, rather than reporting the issue/filing a grievance, a process that might prove more cumbersome than the issue itself. In many cases, citizens might even hesitate to characterise a particular cash-out issue as a grievance that warrants redressal.<sup>24</sup>
- **Lack of one-on-one mapping of resolution pathways to complaints:** The dataset comprising impact stories/action pathways<sup>25</sup> did not correspond directly to the complaints that were analysed. Therefore, we were unable to track a given complaint and identify the resolution pathways and resolution status associated with it.

The Dvara-Haqdarshak Study on Exclusion in Government to Person Payments built upon the results from the Dvara-Gram Vaani project. Our qualitative analysis of citizen-generated IVR complaints provided us with a granularized view of the last-mile. Each of the specific issues identified was categorised under broad heads and added as options/prompts in the citizen survey administered under the Dvara-Haqdarshak study. While the states and districts in the study were selected through convenience sampling, the citizens were selected through purposive sampling, i.e., we only surveyed those citizens who had faced or were facing challenges in accessing benefits under a given DBT scheme. Wherever possible, we also ensured that the sample selected for a given scheme in a particular district was representative of all the four stages of exclusion (enrolment-related issues, payment failures, etc.). Such a study design allowed us to address some of the aforesaid limitations.

<sup>22</sup> Gram Vaani operates a network of voice-based community media platforms in several rural areas of North India (Bihar, Jharkhand, Uttar Pradesh, Madhya Pradesh) and Tamil Nadu. During the COVID-19 lockdown in India in 2020, more than 1 million citizens called into these platforms, describing their experiences, or reporting grievances related to welfare schemes of the government. We used these audio recordings to document challenges faced by beneficiaries in accessing DBT schemes.

<sup>23</sup> Under this study, the 'DBT Schemes' category included the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN), Pradhan Mantri Ujjwala Yojana (PMUY), Pensions, Jan Dhan Yojana, cash transfers under the Pradhan Mantri Garib Kalyan Yojana, Welfare Board schemes (specific to Tamil Nadu), and some other state-specific transfers. Please note that although MGNREGA wages are transferred through the DBT system, we have created a separate framework for the scheme given some of its unique features, including raising work demand and work allocation.

<sup>24</sup> This has also been noted in Libtech's 'Length of the Last Mile' report, wherein the authors ascribe the lack of categorizing an issue as a grievance to the routineness of hardships typically faced by low-income individuals.

<sup>25</sup> Gram Vaani, in addition to creating a repository of complaints, also curates the various modalities through which each complaint was resolved.

# Empirical Approach to Documenting Exclusion in Social Protection

The Dvara-CMIE survey covered ~80,000 households across several states in the country, documenting issues they faced while interacting with Cash-in<sup>26</sup> Cash-out (CICO) points, between the months of January and July in 2020.

The Dvara-Haqdarshak study was designed to curate issues using an all-encompassing framework and provided us with a much more granular taxonomy of exclusionary factors at each stage of DBT delivery, against a backdrop of localized contexts, that vary from state to state. It also brought forth supply-side perspectives with respect to last-mile delivery, through detailed interviews of stakeholders across three tiers (village, block, and district).

In addition to capturing the typology of cash-out challenges under the aforesaid studies, we also attempted to capture the scale of each of these challenges through the Dvara-CMIE Survey on Access to Cash and Coping Mechanisms during COVID-19. Our survey module<sup>27</sup> was administered as part of the Consumer Pyramids Household Survey (CPHS), a fast-frequency survey conducted by the Centre for Monitoring Indian Economy.



This period not only enabled an analysis of the progression of problems since the lockdown announcements in March 2020 but also allowed for a comparison of these problems, with those existing before March 2020. It effectively enabled us to study the impact of the COVID-19 shock on cash-out infrastructure.

## Research Objectives under the Dvara-CMIE Study

Type of CICO points in use and challenges faced therein

Receipt of Government Transfers and other Private Cashflows

In addition to these studies, we also undertook research that focused on a specific segment of the informal workforce in the country. In collaboration with India Migration Now, we attempted to understand the various challenges faced by construction workers in accessing cash entitlements under the Building and Other Construction Workers' Act, 1996. The construction sector in India employs approximately 51 million individuals and contributes to 9% of the country's GDP. However, the informal nature of work in this sector, renders its workers significantly vulnerable. This study enabled us to understand challenges idiosyncratic to migrant workers (including female workers) in this sector, especially in the period following the COVID-19-led migrant crisis of 2020.

## Research Questions under the Dvara-India Migration Now Study

What are the various entry-level barriers that eligible workers face while attempting to register themselves in the BOCW Welfare Board of Maharashtra?

What are the various challenges that registered workers face while attempting to access the entitlements due to them under the BOCW Act in Maharashtra?

What are the specific challenges faced by female migrant workers while attempting to access the entitlements due to them under the BOCW Act in Maharashtra?

What are the challenges that stakeholders like Civil Society Organisations, Trade Unions, Private Sector Companies and Government representatives face when facilitating the process for workers to access the BOCW card in Maharashtra?

<sup>26</sup> An analysis of problems faced by households while depositing cash have not been included in this brief, although they were part of the larger survey.

<sup>27</sup> For more details, see Dvara-CMIE Survey on Access to Cash and Coping Mechanisms during COVID-19.

# Research Findings

## Excerpts from citizen complaints

“I had applied for disability pension 5 years back and submitted my application to the village head. But I am yet to receive any money. My application has been pending for a long time.”<sup>29</sup>

## Excerpts from citizen complaints

“I haven’t received any money under PM Kisan scheme. I had filled forms and submitted to *lekhpal* 1.5 years ago. I have also gone to the *Vikas Bhawan*. Data checks have revealed some problem in my bank details.”

This section synthesises our research findings across all the aforesaid individual research projects and provides distilled insights on last-mile delivery issues in social protection, across contexts. We unpack these findings for each stage, starting from the Entry Stage (Enrolment).<sup>28</sup>

### Entry Stage: Enrolment Issues

Our analysis of IVR complaints under the Dvara-Gram Vaani study showed that 83% of enrolment-related complaints (N=29) pertain to the ‘Application Processing’ stage. Inordinate delays in the processing of scheme applications had excluded many financially distressed persons, who continued to await the receipt of their entitlements. General opaqueness and poor grievance redressal mechanisms have made the enrolment stage difficult to navigate for citizens. In many cases, applicants simply lacked the know-how to track their DBT applications online and needed assistance from civil society organisations or formal touchpoints like Common Service Centres (the latter involving user fees).

The Dvara-Haqdarshak study built upon these insights and surveyed DBT beneficiaries in the states of Assam, Chhattisgarh, and Andhra Pradesh. Figure 5 provides a broad typology of enrolment issues documented through the survey, along with the percentage of respondents corresponding to each of the categories.

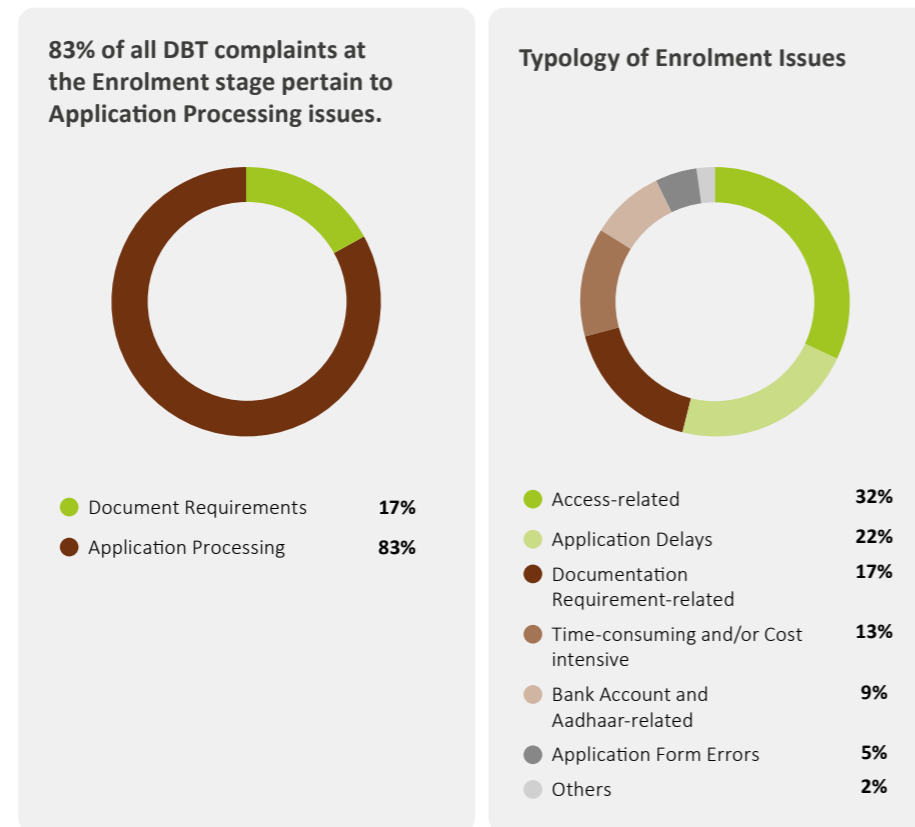


Figure 4: Exclusion during DBT Enrolment

Figure 5: Overall Break-down of Enrolment Issues (N=815)

## Stakeholder Insights

**Panchayat Official in Bihudia, Dalgaon (Assam)**  
 “Document issues related to submission of age proof and bank account details are major challenges for citizens in the enrolment process”. (NSAP)

Most prominent enrolment issues reported by respondents under the survey:

- **Access-related** – the lack of accessibility/proximity to enrolment points, unavailability, or erratic availability of officials/operators responsible for enrolment, etc.
- **Application Delays** – delays caused by enrolment points in accepting and pushing the application forward.
- **Documentation Requirement-related** – difficulty or delay in procuring the required documentation and errors/issues found therein

The next set of tables provide a scheme-wise breakdown of the enrolment issues faced along with the follow-up actions taken by citizens.

### National Social Assistance Programme<sup>30</sup> (N<sup>31</sup> =317)

Issue Category	Specific Issue	Percentage of Respondents who reported the issue	Follow-up Action Taken by Respondents	Percentage of Respondents whose issue was resolved
Documentation Requirement-related	Difficulty/delay in accessing necessary document	42%	Multiple visits to the relevant government department + Complained to the District Health Officer/Civil Surgeon regarding delay in issuing age/disability/death certificates by the district hospitals	62.4%
Access-related	Revenue/ <i>Tehsil</i> /government officials were unavailable	26%	Multiple visits + Complained at the <i>Tehsil</i> Office	100%
Access-related	Enrolment Points were not in proximity	25%	(No follow-up question asked)	-
Time-consuming and/or Cost-intensive	Multiple visits to the enrolment points for status check was time-consuming/forego wage	20%	(No follow-up question asked)	-
Application Delays	Revenue/ <i>Tehsil</i> officer delayed submission of my application	19%	Multiple visits to request officials to process the application	96.7%

<sup>28</sup> Please note that this brief does not cover the Pre-entry Stage (i.e., Targeting Methodologies) since issues pertaining to it were not empirically investigated under any of the four field studies.

<sup>29</sup> Transcribed and translated version of the original audio recording.

<sup>30</sup> Please note that unlike Chhattisgarh and Assam, Andhra Pradesh relies on a volunteer-led delivery model to disburse pension amounts to registered beneficiaries.

<sup>31</sup> Number of respondents who said ‘Yes’ to the question, ‘Did you face any challenges during the enrolment stage?’.

# Research Findings

## Stakeholder Insights

### Block Programme Officer in Dalgaon, Darrang (Assam)

“Enrolment process is very time consuming. There are many job card applications lying in the *Panchayat*. Some families who have job cards but have now separated, apply for new job cards. It takes time to verify such families with the ward member and the village headman.” (MGNREGA)

## Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) (N=109)

Issue Category	Specific Issue	Percentage of Respondents	Follow-up Action Taken by Respondents	Percentage of Respondents whose issue was resolved
Application Delays	Enrolment point did not respond/ accept my application	41%	Submitted a written complaint to <i>panchayat</i> / block office/district office	45.2%
Access-related	<i>Rozgar Sevak</i> / official unavailable	24%	Multiple visits to request <i>panchayat</i> officials to process application + Submitted a written complaint to <i>panchayat</i> / block office/district office	84.6%
Application Delays	Application processing delayed	12%	Multiple visits to request <i>panchayat</i> officials to process application + Submitted a written complaint to <i>panchayat</i> / block office/district office	100%
Time-consuming and/or Cost-intensive	Multiple visits to the enrolment points for application submission was time-consuming/ forego wage.	13%	(No follow-up question asked)	-



## Stakeholder Insights

### District Agricultural Officer, Jaggampeta (Andhra Pradesh)

“Application rejections happen when the applicant is deemed to be ineligible as per scheme rules. When we receive such complaints, we check the portal to ascertain the status of the application. These types of issues cannot be solved at the village level, but can be solved at the district-level.” (PM KISAN)

## Stakeholder Insights

### Anganwadi Worker in Dalgaon (Assam)

“Basically, only bank-related issues are being faced by beneficiaries predominantly. Sometimes, if the mother does not take any vaccine during her pregnancy then we cannot apply for benefits under the scheme for that citizen and sometimes husband’s documents are not found to be appropriate.” (PMMVY)

## Stakeholder Insights

### Child Development Project Officer Jaggampeta, East Godavari (Andhra Pradesh)

“When beneficiaries go to their in-laws’ house, their surname is changed. This results in a mismatch between bank account details and Aadhaar details. Banks hold and reject such applications, citing data errors.” (JSY)

## Pradhan Mantri Kisan Samman Nidhi (PM KISAN) (N= 129)

Issue Category	Specific Issue	Percentage of Respondents	Follow-up Action Taken by Respondents	Percentage of Respondents whose issue was resolved
Access-related	Enrolment Points were not in proximity	33%	(No follow-up question asked)	-
Access-related	Patwari was unavailable	30%	Multiple visits	87%
Bank Account and Aadhaar-related	Aadhaar-bank seeding issue	17%	Approached bank branch to get Aadhaar seeding (or correction) or KYC done	50%
Time-consuming and/or Cost-intensive	Multiple visits to the enrolment points for status check was time-consuming/ had to forego wages	16%	(No follow-up question asked)	-

## Pradhan Mantri Matru Vandana Yojana (PMMVY) (N=86)

Issue Category	Specific Issue	Percentage of Respondents	Follow-up Action Taken by Respondents	Percentage of Respondents whose issue was resolved
Application Delays	ASHA/ Anganwadi Sevika delayed submission of my application	38%	Multiple visits to request ASHA/ Anganwadi Sevika to process application	67%
Bank Account and Aadhaar-related	Mismatch of Aadhaar details with bank account details	8%	Approached bank branch	43%

## Janani Suraksha Yojana (JSY) (N=112)

Issue Category	Specific Issue	Percentage of Respondents	Follow-up Action Taken by Respondents	Percentage of Respondents whose issue was resolved
Application Delays	ASHA/ Anganwadi Sevika delayed submission of my application	18%	Multiple visits to request ASHA/ Anganwadi Sevika to process application	100%
Time-consuming and/or Cost-intensive	My payment got delayed	16%	Multiple visits to ASHA/ Anganwadi Sevika	89%
Bank Account and Aadhaar-related	Frozen/Blocked Account	9%	Visit bank branch + resubmitted documents at Public Health Centre or Anganwadi	90%

# Research Findings

## Case Study

### Exclusion from PM-Kisan due to Delays in Enrolment

Mr. Suresh Kumar (name changed), a resident of Shivpuri, M.P., had submitted his PMK application to the local patwari of his village, in November 2019. Patwaris are responsible for approving PMK applications at the panchayat-level, after a thorough inspection of land records submitted by prospective beneficiaries. As part of his application, Mr. Kumar had submitted his land ownership records, bank passbook copy, and Aadhaar card copy. After having submitted these documents, Mr. Kumar waited for his instalments to arrive. Not having received any status update for months, he approached the patwari, who claimed that Mr. Kumar would be registered soon. However, as per the latter's account, any action was yet to be taken on his application. When we spoke to Mr. Kumar in June 2020, he informed us that he does not even know whether his application has been forwarded for approval by the patwari or not. Since the application was yet to be processed by the patwari, it did not even reflect in the digitised records available on the PMK website. He also told us that the patwari was the only enrolment point for PMK in his village, and therefore, he could not approach any other point to get his application processed.

With the online status check option unavailable for such a scenario and lack of any clear communication from the patwari, Mr. Kumar was forced to make multiple trips to the nearest bank branch to check whether he has received the instalment, returning empty-handed every single time. It must be noted here that the scheme has guidelines in place to notify beneficiaries of their enrolment into the scheme; lists are to be displayed at the Panchayat offices and SMS notifications to be sent, so people may immediately know of their status.<sup>32</sup> In Mr. Kumar's case, since the patwari himself was not moving the application forward (for reasons unknown), none of those avenues proved useful for a status-check.

In June 2020, Gram Vaani, on behalf of Mr. Kumar, brought the matter to the notice of the local tehsildar,<sup>33</sup> who in turn ordered the patwari to expedite the process. Gram Vaani also spoke with the concerned patwari, who claimed that he had done all that was required at his end and had submitted Mr. Singh's applications at the local tehsil office. None of the access points (the patwari or the tehsil office) involved in the enrolment process, seemed to assume responsibility for the delay.

Meanwhile, Mr. Kumar continued to incur costs throughout the year. As of June 2020, he had spent approximately Rs. 1,800-2,000 in the process. This included the payment made to the patwari (Rs. 200), costs incurred while procuring necessary documentation (Rs. 700), and lastly travel costs (remaining sum), given that the bank branch and other access points were located far away from his village. An even more disconcerting fact was that after the COVID-19 lockdown, the lack of public transport had compounded the accessibility issue. People residing in remote villages were forced to rely on fellow villagers who owned private transport for the commute, to whom they then paid money/wheat grains, as compensation for the fuel and amount of time spent. Mr. Kumar also had to make many such trips to the bank branch that was located 9 kilometres away from his village.

It was only in October 2020, when Mr. Kumar resubmitted his documents to the patwari, that his registration under PMK was successful. It is unclear why his application was successfully processed this time around and not when he had initially submitted it a year ago. Notwithstanding any contingent factors at play, Mr. Kumar's case illustrates how local functionaries like the patwari continue to exercise discretion in granting access to welfare benefits even under the DBT system, an initiative designed to eliminate such factors.

Analysis of the Gram Vaani complaints database showed that ~84% of the total DBT schemes-related complaints (N=249) pertained to issues at the backend, leading to exclusion.<sup>34</sup>

### Benefit Processing Stage: Backend Issues

Understanding the landscape of payment failures that occur during this stage, requires a multi-pronged approach. Data from citizen surveys needs to be complemented with data from administrative sources, as the former is unlikely to reveal the technical reasons behind the payment delays/failures reported by citizens. In the absence of any comprehensive data published by the government or NPCI on the scale of DBT transaction failures and the reasons behind them, we relied on the following sources of evidence for this stage of the Exclusion Framework:

- Gram Vaani Complaints Database
- Web-scraping of PM Kisan website
- Dvara-Haqdarshak Study
- Right to Information Responses
- Data Collected from private Financial Service Providers (FSP)

A thorough taxonomy of failure reasons in DBT revealed through our data scraping exercise of the PM Kisan website, and a Right to Information (RTI)<sup>35</sup> filed by an independent researcher in 2019, provide interesting insights into the functioning of the DBT back-end. Interviews with volunteers from Gram Vaani also revealed a similar pattern of failures. Aadhaar seeding in the NPCI mapper, as well as closing/freezing of bank accounts, seem to be persistent issues despite notifications<sup>36</sup> by the Ministry of Finance, to that effect.



<sup>32</sup> PM Kisan Operational Guidelines – 2019. (2019). Retrieved 10 November 2020, from [http://agricoop.nic.in/sites/default/files/operational\\_GuidePM.pdf](http://agricoop.nic.in/sites/default/files/operational_GuidePM.pdf)

<sup>33</sup> A *tehsildar* is the Chief Officer-in-Charge of revenue administration of a block.

<sup>34</sup> Gupta, A., Narayanan, A., Bhutani, A., Seth, A., Johri, M., Kumar, N., Ahmad, S., Rahman, M., Enoch, L., Kumar, D., Sharma, A., Kumar, A., Pappu, L.R., and Pant, D. Delivery of Social Protection Entitlements in India: Unpacking Exclusion, Grievance Redress, and the Relevance of Citizen-Assistance Mechanisms. Dvara Research. (2021). Retrieved 23 August 2021, from <https://www.dvara.com/research/wp-content/uploads/2021/04/Delivery-of-Social-Protection-Entitlements-in-India-Unpacking-Exclusion-Grievance-Redress-and-the-Relevance-of-Citizen-Assistance-Mechanisms.pdf>.

<sup>35</sup> Kodali, S. (2020). COVID-19, Aadhaar-DBT and a Reminder of the Issues With Transaction Failure Data. The Wire. Retrieved from <https://thewire.in/government/covid-19-aadhaar-dbt-and-a-reminder-of-the-issues-with-transaction-failure-data>

<sup>36</sup> See here for such notifications.

# Research Findings

Even though the problems seem easily rectifiable, in most cases the beneficiary is either unaware of the reason for credit failure or is still engaged in a long process of resolution, despite knowing the reason.

Accounts are closed/blocked by banks without notice due to low number of transactions by the beneficiary. In some cases, incorrect or lack of Aadhaar linkage with the bank account/pending KYC may lead to credit failure. Sometimes, there might be issues in the Aadhaar details themselves, such as wrong spellings of names, leading to rejection at the DBT back-end.

Search costs associated with problem diagnosis of failed DBT transactions are also high. Most citizens run from pillar to post to ascertain the nature of the error and then for resolving it.

Figure 6 provides a broad typology of issues that pertain to the DBT back-end, as documented through citizen surveys under the Dvara-Haqdarshak study.

Most prominent issues reported by respondents:

- **Disruptions to Payment Schedule –**
  - payments being stopped without notice/reason
  - missed instalments
  - delay in account being credited

There is a lack of clear communication to the citizens about reasons for payment disruption.

- **Bank Account and Aadhaar-related –** spelling errors in Aadhaar details, pending KYC, etc. (see Figure 7)
- **Documentation Requirement-related –** payment is conditional upon furnishing of certain documents that prove the beneficiary’s fulfilment of a fixed set of requirements, as seen under schemes such as JSY and PMMVY

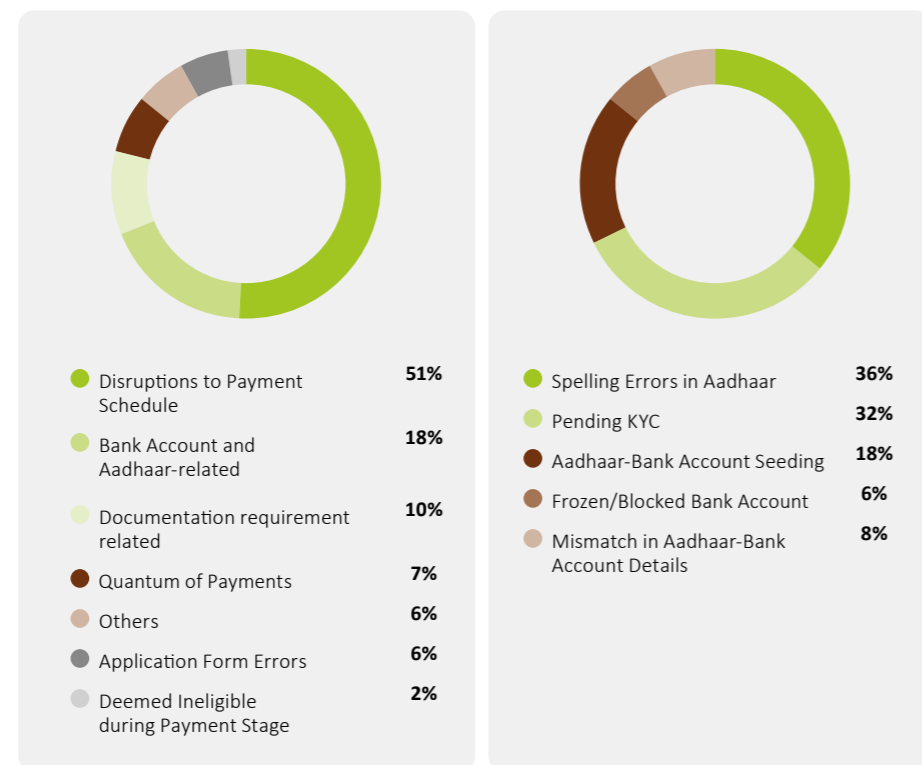


Figure 6: Overall Break-down of Payment Issues

Figure 7: Break-down of the 'Bank Account and Aadhaar-related' Category under Payment Issues

## Stakeholder Insights

**District Project Manager, Zila Parishad, Darrang (Assam)**  
 “There are a lot of beneficiaries who do not check their bank statements and hence deny receiving any payment, but those payments have actually been made. The benefit amount is very small and therefore, people do not approach their banks on a monthly basis but check their balance only once or twice a year”.  
**(NSAP)**

## Stakeholder Insights

**Welfare Assistant, Paderu (Andhra Pradesh)**  
 “In 2020, the pension amount disbursement would be within 21 days, but due to lack of funds currently, it is taking minimum 3 to 6 months to disburse the amount.”  
**(NSAP)**

## Stakeholder Insights

**Gram Rogar Sevak in Bahabari, Dalgaoon (Assam)**  
 “There have been no funds since three months. If the government does not release money, how can we pay the people on time?”  
**(MGNREGA)**

The next set of tables provides a scheme-wise breakdown of the payments-related issues citizens faced under the DBT system.

## National Social Assistance Programme (NSAP) (N=449)

Issue Category	Specific Issue	Percentage of Respondents	Follow-up Action Taken by Respondents	Percentage of Respondents whose issue was resolved
<b>Disruptions to Payment Schedule</b>	Missed pension for a month/ more than one month	60%	Multiple visits to the relevant government department	6.7%
<b>Documentation Requirement-related</b>	Documentation pending <sup>37</sup>	16%	Multiple visits to the relevant government department + Submit necessary documents	94.4%
<b>Bank Account and Aadhaar-related</b>	Spelling or any other kind of error in Aadhaar details	14%	Approached Aadhaar Seva Kendra/Aadhaar enrolment centre to get Aadhaar details corrected.	100%
<b>Bank Account and Aadhaar-related</b>	Pending KYC	13%	(Unresolved – passive or no action being taken by any of the respondents)	3.3%

## Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) (N=119)

Issue Category	Specific Issue	Percentage of Respondents	Follow-up Action Taken by Respondents	Percentage of Respondents whose issue was resolved
<b>Quantum of Payments</b>	Wage amount less than expected	72%	Approached Gram Sevak/Rozgar Sevak	38.37%
<b>Disruptions to Payment Schedule</b>	Panchayat not processing payment leading to wage delay	24%	Multiple visits	0%

<sup>37</sup> For instance, documents like proof of life, proof of no remarriage are required to be submitted and in some cases, these have to be resubmitted every year.

# Research Findings

## Stakeholder Insights

**District Agricultural Officer, Raipur (Chhattisgarh)**  
 “In most cases, errors during application and payment processing are caused due to issues in Aadhaar-bank account seeding.”  
**(PM KISAN)**

## Stakeholder Insights

**CSC Operator in Dongargarh, Rajnadgaon (Chhattisgarh)**  
 “For issues related to data correction in PM Kisan, we coordinate with local *patwari* and *gram sevak*, but they take a lot of time to facilitate the correction process. Once the data correction request is submitted, state government takes anywhere between 1-2 months to approve it.”  
**(PM KISAN)**

## Pradhan Mantri Kisan Samman Nidhi (PM KISAN) (N=73)

Issue Category	Specific Issue	Percentage of Respondents	Follow-up Action Taken by Respondents	Percentage of Respondents whose issue was resolved
<b>Disruptions to Payment Schedule</b>	Payments stopped without reason	78%	Resubmitted documents + Approached CSC/ Aadhaar service centres for data corrections.	5.2%
<b>Disruptions to Payment Schedule</b>	Delay in receiving first instalment	15%	Met the Patwari/ Agriculture Officer to enquire about the issue	27.2%
<b>Bank Account and Aadhaar-related</b>	Spelling or any other kind of error in Aadhaar details	8.2%	Approach Aadhaar Seva Kendra/ Aadhaar enrolment centre/CSC to get Aadhaar details corrected.	16.6%
<b>Bank Account and Aadhaar-related</b>	Aadhaar-bank seeding issue	8.2%	Approach bank branch to get Aadhaar seeding (or correction) or KYC done	66.6%



PM Kisan is one of the few schemes wherein the instalment status of each beneficiary is made available as part of a village-wise dashboard in the public domain. In this box, we summarise the key insights on payment failures for the district of East Godavari<sup>38</sup> in Andhra Pradesh.

Reason for Payment Failure – Broad Categories	Percentage of PM Kisan Beneficiaries Affected (N=39,655)
Aadhaar-related	51.3%
Bank Account-related	5.3%
Correction Pendency (no specific reason given)	18.5%
Miscellaneous	3.9%
No Reason Provided	20.8%
<b>Grand Total</b>	<b>100%</b>

As of December 2020, there were a total of 39,655 farmers in East Godavari who were registered in the PM Kisan scheme but had not received any of the instalments due to them. We analysed all these records to ascertain the exact reason for such failure of their DBT payments. For almost 51% of such farmers, the payment failure occurred due to an Aadhaar-related error while another 5.3% of farmers faced a failure due to a bank-related error. Interestingly, for 18.5% of such records, the reason for payment failure was an equivocal statement, ‘*Correction is pending at state*’, possibly indicating that the correction in beneficiary records (Aadhaar or bank account details) was yet to be approved by the state government (although authorised by district-level authorities).

Break-down of Reasons for each Category of Payment Failures (East Godavari)	Percentage of PM Kisan Beneficiaries Affected (N=39,655)
<b>Aadhaar-related</b>	
‘Aadhaar Number is not seeded in NPCI’	51.3%
‘Aadhaar Number already exists for same Beneficiary Type and Scheme’	
<b>Bank Account-related</b>	
‘Rejected by Bank, Account Number does not exist in Bank’	5.3%
‘Rejected by Bank, As per Bank Account Number is Invalid’	
‘Account detail is under revalidation process with bank’	
‘Temporary hold due to account revalidation’	
‘Rejected by Bank, Account status is closed’	
‘Rejected due to no response received from banks within specified days’	
‘Duplicate Bank Account Number’	
<b>Correction Pendency (no specific reason given)</b>	
‘Correction is pending at state’	18.5%
<b>Miscellaneous</b>	
‘IFSC Code either not present or currently inactive in the Bank Branch’	4%
‘Invalid Bank/Post Office Name’	
‘Bank Name is not as per PFMS Bank Master’	
‘Duplicate Beneficiary Name, Bank Account Number and Bank Name not allowed for same scheme’	
‘Invalid IFSC’	
‘One or more mandatory tag values are missing’	21%
<b>No Reason Provided</b>	

<sup>38</sup> East Godavari is one of the 4 districts covered in-depth under our research collaboration with Haqdarshak. Please note that this district has been selected only for illustrative purposes and its selection was not based on any demographic characteristics.



# Research Findings

## Stakeholder Insights

**Prime Minister’s Overarching Scheme for Holistic Nutrition (POSHAN) Abhiyaan Office, Assam**  
 “Instalments under PMMVY are released within a month but they get delayed sometimes due to lack of funds.”  
**(PMMVY)**

## Stakeholder Insights

**ASHA Worker in Paschim Mangaldoi (Assam)**  
 “The main reasons for delay of payment under JSY are:  
 1. Sometimes beneficiaries do not provide their discharge certificate to the ASHA workers.  
 2. Frozen bank accounts or furnishing of wrong bank account details.”  
**(JSY)**

### Pradhan Mantri Matru Vandana Yojana (PMMVY) (N=222)

Issue Category	Specific Issue	Percentage of Respondents	Follow-up Action Taken by Respondents	Percentage of Respondents whose issue was resolved
Disruptions to Payment Schedule	Did not receive scheduled instalment/ scheduled instalment got delayed	91%	Complained to AMO/MO at PHC + Multiple visits to the Anganwadi worker.	6%
Application Form Errors	Application form errors	7%	Resubmitted documents at Sub-Centre/PHC/ Anganwadi	17%

### Janani Suraksha Yojana (JSY) (N=215)

Issue Category	Specific Issue	Percentage of Respondents	Follow-up Action Taken by Respondents	Percentage of Respondents whose issue was resolved
Disruptions to Payment Schedule	Did not receive scheduled instalment/ scheduled instalment got delayed	29%	Resubmission of documents to ASHA workers	14%
Disruptions to Payment Schedule	Was told payment would be done along with PMMVY instalment	12%	(No follow-up question asked)	-
Bank Account and Aadhaar-related	Delivery at private hospital – I was disqualified from JSY benefit	12%	Enquire regarding list of registered private hospitals at the District Health Office/NGOs	0%
Bank Account and Aadhaar-related	Hospital had not received my documents/I did not have my documents (ANM Referral Slip, Mother and Child Protection Card Card)	12%	Multiple visits to request ASHA/ Anganwadi Sevika to process application	0%

Between January-March 2020, approximately 46% of the households that reported cash-out problems, faced the issue of transaction failures (highest compared to other problems). This is followed by the problem of cash-out being too time-consuming (~42%), overcrowding (~26%), unavailability/inaccessibility (~11%), and lastly, staff-related issues (~8%).

### Endpoint: Cash-out Issues

Our results from the Dvara-CMIE study showed that around 39% of the households that attempted to withdraw cash in the period January-July 2020, faced at least one of the following issues:

- No longer accessible, not available<sup>39</sup>
- Too time-consuming
- Staff was not helpful
- Staff wanted bribes
- Prone to transaction failures<sup>40</sup>
- Too crowded or unsafe

Regions	Months		
	January – July 2020	January – March 2020 (Pre-COVID-19)	April – July 2020 (Post-COVID-19)
All India	39%	17.2%	36.7%
Rural	40.3%	17.2%	37.8%
Urban	36.3%	17.4%	34.5%
Top 6 states <sup>41</sup>	Jharkhand (91%) Haryana (75.6%) Himachal Pradesh (63.4%), Madhya Pradesh (60%) Uttarakhand (59%) Andhra Pradesh (54%)	Himachal Pradesh (63.3%) Jharkhand (55.7%) Telangana (43%) Karnataka (42.6%) Andhra Pradesh (41.8%) Uttarakhand (32.7%)	Jharkhand (91.2%) Haryana (75.4%) Madhya Pradesh (57%) Karnataka (51.4%) Andhra Pradesh (51%) Telangana (43%)

Table 5: Incidence of Cash-out Problems (Summary)

The percentage of households facing cash-out problems was higher for rural regions as compared to urban, i.e., a higher proportion of rural households attempting to withdraw cash faced problems as compared to the urban households attempting cash withdrawal.

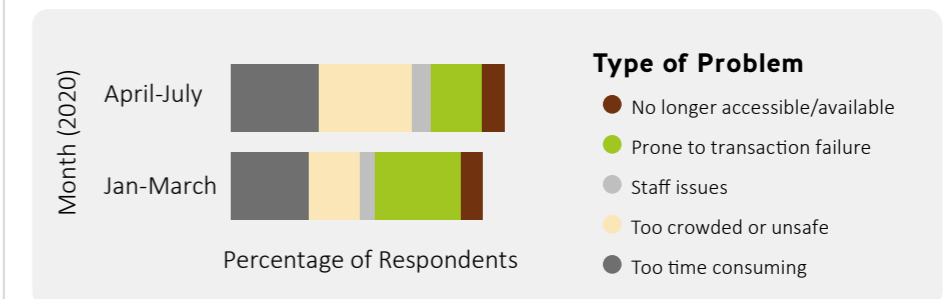


Figure 8: Problems Faced in Withdrawing Cash (January-March vs. April-July)

Between January-March 2020, ~47% of rural households and ~32% of urban households reported that the process of cash withdrawal was too time-consuming. For ~58% of urban households that faced cash-out problems, the key concern was transaction failure. This is followed by cash-out being too time-consuming (~32%), overcrowding/unsafe (~22%), inaccessibility/unavailability (15%), and lastly, staff-related issues (~8%). For rural households, transaction failures (~40%) and overcrowding (~28%) emerge as the other set of dominant problems. Issues of inaccessibility/unavailability (~9%) and staff-related issues (~8%) have been reported by far fewer households, when compared to other problems.

<sup>39</sup> This includes “shut down”, “BC not coming”.

<sup>40</sup> This includes “open, but no money available”.

<sup>41</sup> The list does not include certain small states such as Meghalaya and Tripura, and Union Territories such as Puduchery and Delhi.

# Research Findings

The problem of inaccessibility/unavailability has been reported by ~15% of urban households which is higher than their rural counterparts (~9%). This cannot be ascribed to the COVID-19 shock since these figures pre-date the pandemic outbreak, requiring further investigation.

For the period April-July 2020, ~50% of the households reporting cash-out issues cited overcrowding as a problem, almost double that of the January-March figure. This is understandable as crowded cash-out points posed a risk of exposure to the COVID-19 virus. Overcrowding is followed by the problem of cash-out being too time-consuming (~46%), transaction failures (~28%), unavailability/inaccessibility (~12%), and lastly, staff-related issues (~10%). In this period, ~49% of rural households and 51% of urban households reporting cash-out issues, cited overcrowding as a problem (Figure 9). This was followed by time-consuming (~50% rural, 39% urban), transaction failures (23% rural, 37.5% urban), unavailability/inaccessibility (~12% for both rural and urban), and lastly, staff-related issues (~11% rural, 6% urban).

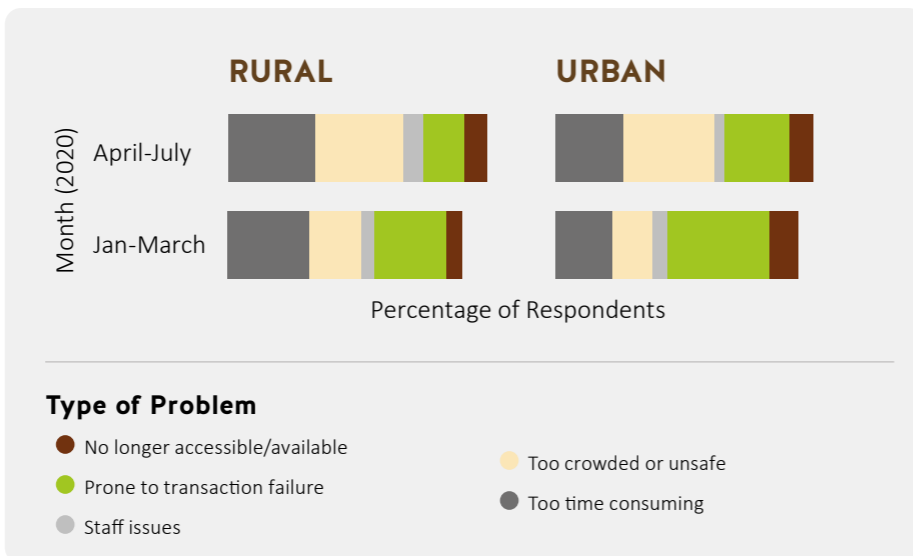


Figure 9: Rural vs. Urban Typology of Cash Out Problems (January-March vs. April-July)

## Typology of Cash Out Problems

Cash withdrawal being a time-consuming activity, is a significant problem for rural households, both before and after the COVID-19 induced lockdown.

The issue of inaccessibility/unavailability seems more dominant in urban areas in the January-March 2020 period but the proportion of households reporting it in April-July seems similar in the two regions.

Staff-related issues do not seem to be a significant cash-out problem in either of the regions, especially in the January-March 2020 period, but a higher proportion of rural households report it compared to urban, in the April-July 2020 period.

The Dvara-Haqdarshak survey specifically focused on issues citizens reported while withdrawing their DBT amounts.

Percentage of Respondents who Faced One or More Issues during Cash-out	
Type of Response	Percentage of Respondents (%)
Yes	62.9%
No	36.8%
Prefer not to answer	0.27%

### Key Insights:

- ~63% of all respondents faced one or more issues while withdrawing cash under DBT schemes
- ~50% of all respondents reported the 'COP is far away', indicating distance to be the primary issue
- ~37% of all respondents reported 'Network errors or failures'
- ~21% of respondents reported 'Biometric authentication failures'

## Stakeholder Insights

**CSC Operator in Dongargarh, Rajnadgeon (Chhattisgarh)**  
 "We don't have good quality biometric devices, sometimes it takes multiple attempts to authenticate users. Poor battery-life and network issues are common problems we face".



# Research Findings

## Stakeholder Insights

**Customer Service Points (CSP) Operators**  
CSP operators are compensated through commissions (where commission amounts vary across schemes and partner banks), typically in the range of 0.5-1% of the transaction value for cash withdrawals.

Many CSP operators also cited the issue of delay in receipt of commission.

Type of Issue	Percentage of Respondents who Faced a Given Type of Issue during Cash-out <sup>42</sup>	Follow Up Actions that Resulted in Successful Resolution	Percentage of Respondents whose Issue was Resolved
Access-related	Cash-out point is far away 49.5%	(No follow-up question asked)	-
Operational	Network errors or failures 36.9%	Visited cash out point multiple times + Approached bank branch to withdraw cash through passbook.	59.4%
Operational	Biometric authentication failures 20.7%	Approached Aadhaar enrolment centre to get biometrics updated.	45.6%
Access-related	Cash-out point is very crowded 20.5%	(No follow-up question asked)	-
Access-related	Cash-out point is unavailable most of the times 14.5%	Visited cash-out point multiple times + complained to principal bank branch.	84.6%
Access-related	Too time-consuming 9.5%	(No follow-up question asked)	-
	Others (please specify) 4%	(No follow-up question asked)	-
Operational	PoS device not working 0.2%	Visited again next day/another day	50%
	Prefer not to answer 0.1%	(No follow-up question asked)	-
Non-compliance	Staff demanded bribes 0.0%	-	-

## Key issues reported by people using bank branches, BCs, ATMs, etc.:

- Distant COPs is the most prominent issue across all COPs
- Interestingly, 52.6% of BC users who faced some issue during the cash withdrawal process noted that the COP was far away from them, while this number is lower for bank branch users (46.3%) and ATM users (49.2%)
- Approximately 26% of ATM users who faced some issue during the cash withdrawal process experienced network errors, and the ATM being crowded as well

Percentage of Respondents who Faced an Issue at a Given COP as a Percentage of All Respondents who Faced at least One Issue at that COP	Bank Branch	BCs	ATM	Others
Cash-out point is far away	46.3%	52.6%	49.2%	94.4%
Network errors or failures	40%	32.4%	26.2%	33.3%
Biometric authentication failures	23.4%	22.1%	19.2%	0.0%
Cash-out point is very crowded	20.9%	22.8%	26.7%	5.5%
Cash-out point is unavailable most of the times	11.7%	16.7%	17.6%	38.8%
Too time-consuming	7.3%	8.6%	3.7%	0.0%
Others (please specify)	0.4%	4.6%	1.0%	0.0%
PoS device not working	0.0%	0.2%	0.0%	0.0%
Staff demanded bribes	0.2%	0.1%	0.0%	0.0%

<sup>42</sup> The total does not add up to 100% since respondents may have reported experiencing multiple issues.

## Implementation Issues under the Building and Other Construction Worker's Act, 1996

Both interstate and intrastate migrants responded that documentation was a major challenge in the enrolment process.

- Interstate migrants reported issues with the requirement of having paperwork that recognised them as domiciles of Maharashtra, as their address proofs or bank accounts were still linked to their home state residences.
- Intrastate migrants also faced problems with documentation and reported that their bank accounts were based in their hometowns, even though they had documentation with an address in the Mumbai/Thane region.
- All workers, regardless of migration status, reported challenges with respect to the 90-day working certificate that is required for the BOCW enrolment process.
- *Naka* workers, regardless of migrant status, face challenges in terms of the 90-day working certificate required for the BOCW card. Since they are employed for short-term, daily-wage work, they don't have contractors/employers who can issue the 90-day certificate to them. According to a worker union representative in Mumbai, while this is the case for *naka* migrant workers, those working on formal construction sites are likely to be registered under the BOCW, even if they are migrants.
- Some *naka* workers reported trying to complete the enrolment process but the lack of documentation led them to discontinue their registration process. Workers also reported not completing enrolment as contractors denied them the necessary stamp approval, since it was not in the interest of contractors and would result in their establishment being taxed.
- According to one of the workers' unions in Mumbai, workers do not get a chance to directly interact with government officials and are largely dependent on intermediaries like NGOs and unions. Unless intermediaries facilitate the registration process, workers face barriers with completing the process and following up on the status of their applications. A lot of workers are unable to fill out the application forms comprehensively with all the necessary and accurate personal information.
- According to civil society organisations interviewed, female workers are often invisible in the construction sector, and their work is considered minimal, hence they are often left out of BoCW registration processes.
- In the Mumbai and Thane region, organisations helping with BoCW registration reported facing challenges communicating with the Labour Department. These issues include delays in status updates of applications, losing submitted applications, and rejection of applications for ostensibly trivial errors. The organisations also reported facing problems with contractor/employers in Mumbai who are not inclined to certify *naka* workers, especially migrant workers.
- Interstate migrants who had the BoCW card but reported not being able to access the benefits available under the BoCW Act, cited the cumbersome nature of processes involved. They reported that the process for availing benefits once registered under the Act, is as cost and time intensive, as the initial registration itself.
- According to civil society organisations, *naka* workers face several challenges registering for the BOCW card, and assume that after the initial registration, they will begin receiving benefits. They don't have the awareness that they need to individually enrol in each scheme and renew the card on a yearly basis, which leads to workers not receiving benefits and getting frustrated by the tedious process.

# Policy Recommendations

## Infrastructure and Capacity Building

- There is an urgent need to increase the accessibility of enrolment points for citizens across schemes, specifically in rural and peri-urban areas. To that end, we recommend the **speedy implementation of the objectives laid down in the Memorandum of Understanding between the Ministry of Panchayati Raj and CSC e-governance Services India Limited.**<sup>43</sup> Under the MoU signed in 2019, the State governments can setup a CSC in each panchayat responsible for regular updating of scheme-level data across all governmental schemes. Unfortunately, as the MoU currently stands, the terms of the agreement are not binding and do not place any obligations on either of the parties involved, resulting in a glacial implementation pace.
- One possible policy lever that can accelerate the process of setting up additional enrolment points operated by non-state actors is the alignment of incentives. Currently, issues pertaining to low financial viability discourage potential Village Level Entrepreneurs (VLEs) from setting up and actively maintaining these points.<sup>44</sup>
- The functional capacity of enrolment points such as CSCs or local government functionaries (such as the lekhpal, patwari, or any Panchayat member) has been limited only to the collection and submission of scheme applications but has not been extended to include functions such as tracking of application and/or complaint. This is symptomatic of the current trend of application and payment processing mechanisms becoming increasingly centralised without a concomitant improvement in Government-to-Government (G2G) communication (between different administrative tiers). Such a set-up has resulted in inadequate/outdated information being available with local access points that form citizens' predominant avenue for accessing information and initiating grievance redress. To that end, we recommend **a suitable expansion of the functional capacity of local enrolment points.**
- Increasing the number of cash-out points in underbanked villages with immediate effect. This process of **activation of banking points must be expedited by making data on the Find My Bank portal public, which would enable both private and public service providers (such as banks and BC Kiosks/CSCs) to update verifiable numbers of cash-out points in real-time as well as help them identify districts and villages that are under-banked, ensuring optimisation of catchment areas under each bank.** A multi-stakeholder approach to enhancing the data available through the Find My Bank portal may be considered – layering access point density data against poverty maps could be a useful tool for financial service providers to take better informed decisions, while activating COPs in remote areas. RBI's recent notification<sup>45</sup> with regard to geo-tagging of payment points is a welcome move.
- The above infrastructural changes must be accompanied by **revision of current incentive structures of individual banking agents.** The Reserve Bank of India (RBI) must **create additional incentives for agents who provide services in underbanked areas, which usually have higher concentration of recipients of social protection entitlements.**

<sup>43</sup> Accessible here.

<sup>44</sup> Sabhikhi, Inayat and Lahoti, Rahul and Narayanan, Rajendran, Does Digital India Deliver in Improving Government Front-End Services? (July 24, 2019). Available at SSRN: <https://ssrn.com/abstract=3425806> or <http://dx.doi.org/10.2139/ssrn.3425806>

<sup>45</sup> Framework for Geo-tagging of Payment System Touch Points. Reserve Bank of India. (2022). Retrieved 12 April 2022, from <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12260&Mode=0>.

## Transparency and Accountability

- Periodic information dissemination by the top-level tiers to local functionaries (who are citizens' first point of contact) on status of applications, Fund Transfer Orders, and data-correction requests.
- Concerted efforts to improve citizens' awareness of welfare benefits and of the appropriate methods to access these benefits must be made. Such efforts must be cognizant of regional variations in enrolment procedures, apprising citizens clearly and frequently. However, running awareness campaigns cannot and must not be treated as a silver bullet for solving last-mile issues in DBT. While an aware citizen will find it easier to navigate the system and might even face lesser search costs, they will nonetheless be at the risk of being excluded unless concomitant architectural changes are implemented in DBT delivery.
- **Live tracking of the application along with the specific reason for pendency/rejection must be added to the beneficiary's online record across schemes.** The relevant web portal should show the cumulative number of days that have passed since application submission. Beneficiary records should also include the next step the beneficiary can follow to resolve the issue in case (i) the application has been rejected (ii) the cumulative number of days has crossed the temporal limit established under certain Public Service Acts<sup>46</sup>. While the PM Kisan portal has some of these features in place, it can be a point of reference for other schemes for which online dashboards are yet to be introduced.
- **SMS notifications and IVR calls by the relevant Ministry updating all DBT scheme applicants on the status of their application, should form an essential part of the delivery process.** In case of rejection, the same must be relayed in preferably the local language via SMS or IVR call, along with information on the next steps, to ensure the applicants do not incur inordinate costs while attempting to track their status.
- **Scheme-specific helpline numbers can be set up that would enable citizens (especially those unable to navigate digitised portals) to track applications in real time.** A prerequisite of such a functionality is to enforce that each applicant is given a receipt displaying the application number that can be used for later reference.
- **The relevant government department must periodically release lists of successfully registered beneficiaries, or failed registrations, at the Panchayat level.** Reasons for failure should be published and the Panchayat officials should proactively assist in resolving them.
- **The specific reason for credit failure must be added to the online record of DBT beneficiaries, along with information on the next steps to resolve the issue.** For example, in case of payment rejection due to Aadhaar spelling error, the beneficiary record can include (in the appropriate local language): *"Please visit your nearest Aadhaar Seva Kendra to rectify the issue"*.
- **The same reason must be communicated to the beneficiary along with steps for resolution (in case of inaccessibility of online portals) through an SMS notification or an IVR call by a designated governmental entity within the DBT architecture, preferably in the local language based on beneficiary location.** A clear allocation of responsibility of Government to Citizen Services (G2C) communication must be instituted instead of relinquishing this duty to the banks.
- **Periodic disclosure of all Aadhaar-enabled Payment System (AePS) transaction failures and underlying reasons for the same by NPCI is recommended.**
- State Level Bankers' Committee (SLBC) Convenor Banks and Lead Banks must undertake a periodic auditing of DBT transactions, under all schemes of all the banking points empanelled for the delivery of DBT payments, within their jurisdiction.
- Establishment of clear accountability rules in case of embezzlement of welfare transfers (and other improper activities) by banking intermediaries, including CSPs. Any such rule should entail compensation of the beneficiary by the liable entity.

<sup>46</sup> A few states in India (Bihar, Odisha, Uttar Pradesh, among others) have passed the Right to Public Services Act that guarantees time-bound delivery of services for various G2C public services and provides an accountability enforcing mechanism as well.







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