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IMPACT OF DIRECT BENEFIT TRANSFER SCHEMES ON FINANCIAL INCLUSION AMONG STUDENTS

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ABSTRACT

Improving the distribution of government welfare payments via increased transparency, efficiency, and financial inclusion is the goal of the Direct Benefit Transfer (DBT) system, a prominent policy effort. This study aims to gain a better understanding of how DBT initiatives affect financial inclusion and academic well-being among college students by analysing beneficiary perceptions. Results show that most students think DBT systems are open and effective in getting scholarship money and other advantages to students when they need it. Research shows that direct benefit transfer (DBT) plans significantly increase access to formal financial services, including bank accounts, savings habits, and knowledge of these options. Students also said that DBT benefits helped them pay for necessary educational and living expenditures, which aided in their academic continuity. There is a statistically significant variation in how the genders perceive the advantages of dialectical behaviour therapy (DBT), according to the ANOVA results.

Keywords: Direct Benefit transfers, financial inclusion, Education, Schemes, Welfare

I. INTRODUCTION

In India, Direct Benefit Transfer (DBT) programs have become a game-changer in terms of public policy, helping to increase access to banking services and improving the effectiveness, openness, and responsibility of government welfare programs. The DBT framework, which was officially introduced in 2013 and has since undergone substantial expansion, is designed to eliminate middlemen, reduce leakages, curb corruption, and ensure timely delivery of government subsidies and welfare benefits by transferring them directly into the bank accounts of qualified beneficiaries. Direct Benefit Transfer (DBT) is an inclusive financial ecosystem that uses banking networks, Aadhaar-based identity, and digital payment systems. It combines social welfare policies with digital financial infrastructure.

Succeeding in implementing DBT would lead to financial inclusion, which is the practice of making sure that everyone, especially the underprivileged and marginalised, has access to inexpensive and suitable financial goods and services when they need them. Through the implementation of bank account ownership requirements, Direct Benefit Transfer (DBT) initiatives have hastened the spread of formal banking services, particularly in semi-urban and rural regions, bringing millions of people who did not have access to formal banking into the system. In order to facilitate large-scale identification, authentication, and money transfers, DBT is built upon the JAM trinity, which consists of the Pradhan Mantri Jan Dhan Yojana (PMJDY), Aadhaar enrolment, and mobile connection. Beneficiaries have been taught the fundamentals of banking, including how to save, withdraw, conduct digital transactions, and manage their accounts, through DBT's various programs like LPG subsidy transfer (PAHAL), PM-KISAN, MGNREGA wage payments, scholarships, pensions, and social security benefits. Many low-income families have improved their financial knowledge, faith in official institutions, and savings habits as a result of this exposure. In addition, DBT has helped recipients become less reliant on predatory middlemen and informal moneylenders, which has strengthened the financial security of families.

Looking at DBT from a governance lens, we can see that it has enhanced fiscal discipline, allowed for data-driven beneficiary targeting, and saved the government a tonne of money by getting rid of duplicate and ghost beneficiaries. Transparency and accountability have been enhanced by the incorporation of technology in welfare distribution. This is because auditable records of transactions boost assessment and monitoring processes. Notwithstanding these successes, there are still obstacles in the connection between DBT initiatives and inclusion in the banking sector. Challenges that persist in affecting the accessibility and efficacy of DBT programs include last-mile connection, digital illiteracy, biometric authentication shortcomings, exclusion mistakes, gender gaps in account utilisation, and geographical inequalities. Also, even though there has been a huge uptick in the number of accounts held, the real problem in reaching true financial inclusion is getting people to actually use their accounts.

Access to banking services is just one component of DBT's effectiveness; long-term involvement, skills building, and enabling institutional frameworks are all crucial for beneficiaries to make good use of financial services. By bringing social protection goals into line with financial sector development, DBT programs herald a sea change in welfare administration within the larger framework of sustainable development and inclusive growth. They encourage digital financial inclusion, boost the safety net, and bring hitherto excluded groups into the formal economy. To evaluate the long-term social and economic effects of DBT programs, it is crucial to analyse their effect on financial inclusion, as governments are increasingly implementing technology-driven welfare systems.

II. REVIEW OF LITERATURE

Bano, Tarannum. (2025) this study paper delves deep into the significance of India's Direct Benefit Transfer (DBT) system in enhancing welfare delivery efficiency and promoting financial inclusion. Government benefits including pensions, scholarships, LPG subsidies, and employment earnings are transferred directly into the bank accounts of beneficiaries through the Direct Benefit Transfer (DBT) mechanism, which was established in 2013 as a structural reform to update the process of subsidy distribution. The goal of this top-down strategy is to speed up the distribution of benefits to those who are eligible for them, cut out wasteful red tape, and prevent fraud and other forms of corruption. The 'JAM' trinity, which consists of Jan Dhan Yojana (zero-balance bank accounts that provide access to financial services), Aadhaar (a one-of-a-kind biometric identification system that guarantees targeted delivery), and mobile connectivity (which allows for real-time tracking and notifications), is the foundation of DBT's success.

Rajanna, Umesh & Nagaraju, Y. (2025) One innovative way that the government helps its residents is through the Direct Benefit Transfer (DBT) mechanism. Eliminating middlemen and minimising leakage, it guarantees that the payout reaches its intended recipients by sending payments directly into their bank accounts. Enhancing security and accountability, Aadhaar-based withdrawal guarantees that funds may only be accessed by the designated beneficiaries. In order to better understand how DBT schemes affect financial inclusion among rural beneficiaries, this study primarily aims to assess beneficiaries' perceptions of these programs. Using a Non-Probability Convenience sampling technique, data is collected from 112 households that have benefited from the DBT initiatives of the GOI.To examine whether there is a difference in how DBT household beneficiaries perceive their benefits, we use one-way ANOVA. To examine whether beneficiaries' perceptions of their benefits affect their financial inclusion in rural areas, we employ a chi-square test.A comprehensive digital and financial literacy program should be implemented on a national level to assist DBT recipients, with a focus on underserved areas and rural areas.

Seelam, Sreekanth et al., (2024) A simple definition of financial inclusion would be the expansion of banking services to low-income communities and individuals. Banking (savings and payments through bank branches, ATM, cheques, and e-transfer), insurance (life and non-life general insurance), credit (loans at affordable rates), investment opportunities (mutual funds, pension plans, child investment plans, etc.), and the elimination of barriers to financial assistance are all primary goals of financial inclusion. To that end, this paper surveys the current landscape of financial inclusion in India and the steps the government has made to broaden access to banking services. Examining the significance of financial inclusion in societal and economic development, the article emphasises the effects of financial inclusion in economies both with and without it.

Sharma, Priyanka et al., (2023) by utilising digital infrastructure to improve the efficiency, openness, and responsibility of subsidy and benefit distribution, the Direct Benefit Transfer (DBT) program in India has become a landmark change in public welfare administration. Objective: This study aims to assess the effectiveness of DBT in enhancing welfare delivery, analyse its development, factors that have helped and hindered it, and provide ideas for how to optimise it strategically. The methodology consists of a thorough literature evaluation of policy reports and peer-reviewed studies concerning DBT in India. Public value theory is utilised to assess the effect of DBT on the provision of public services, and the essential results are methodically compiled. After that, we take a look at the program's pros, cons, opportunities, and threats using a SWOT analysis. This will help managers in India improve public welfare through DBT.

B, Bharath & K, Dr. (2022) Thanks to government programs like the Digital India Movement and the Pradhan Mantri Jan Dhan Yojana, India has made tremendous strides in the last decade towards financial inclusion. Resolving the challenges of obtaining sustainable income and eliminating poverty may become critical in order to construct an inclusive society. The unbanked are finding more and more ways to gain access to financial services, thanks to advancements in information and communication technology. Residents' quality of life is being enhanced by the increased usage of digital technologies. What follows is an analysis of the current state of financial inclusion, as well as future plans and the potential of digital technology to foster a more welcoming culture for all. The Pradhan Mantri Jan Dhan Yojana, a government initiative to speed up and digitise financial inclusion, was launched in August 2014 by the government. Subsequently, 320215027 recipients were paid a total of Rs. 793711.06 Lakhs. Also, as of April 2018, 240921418 people had gotten Rupay cards. With reference to several important Indian social security programs, this study analyses how Direct Benefit Transfer (DBT) helps individuals become financially included. These programs include Pratyaksha Hastaantarit Laabh (PAHAL), DBT for LPG, the National Social Assistant Program, the Scholarship Program, the Public Distribution System, and many more.

c, paramasivan& Kumar, G. Arunkumar. (2018) One of the most effective and cutting-edge methods for getting financial services, aid, and subsidies to the people who really need them is financial inclusion. To ensure that underserved populations in India have access to affordable or even free financial services, the government launched the Scheme on Financial Inclusion. For those who do not yet have a bank account, the Reserve Bank of India has ordered all commercial banks to establish "no frills" accounts.

III. RESEARCH METHODOLOGY

Research Design

An analytical research design is followed in the present study.

Sources of Data

The study is based on both primary and secondary data. Primary data were collected directly from the respondents, while secondary data were obtained from government reports, published research articles, official websites, journals, and related literature.

Sampling Technique

The respondents were selected using a non-probability convenience sampling technique.

Sample Size

A total of 130 students were selected from high school for the study.

Tool for Data Collection

A pretested structured interview schedule is used for the collection primary data from respondents of DBT schemes.

Statistical tools

To measure the qualitative data, five-point Likert's scale technique is adopted in the study. Statistical tools such as mean value analysis, percentage analysis and Chi-square test have been used.

IV. DATA ANALYSIS AND INTERPRETATION

Table 1: Gender of the respondents

Particulars	Frequency	Percentage
Male	50	38.5
Female	80	61.5
Total	130	100.0

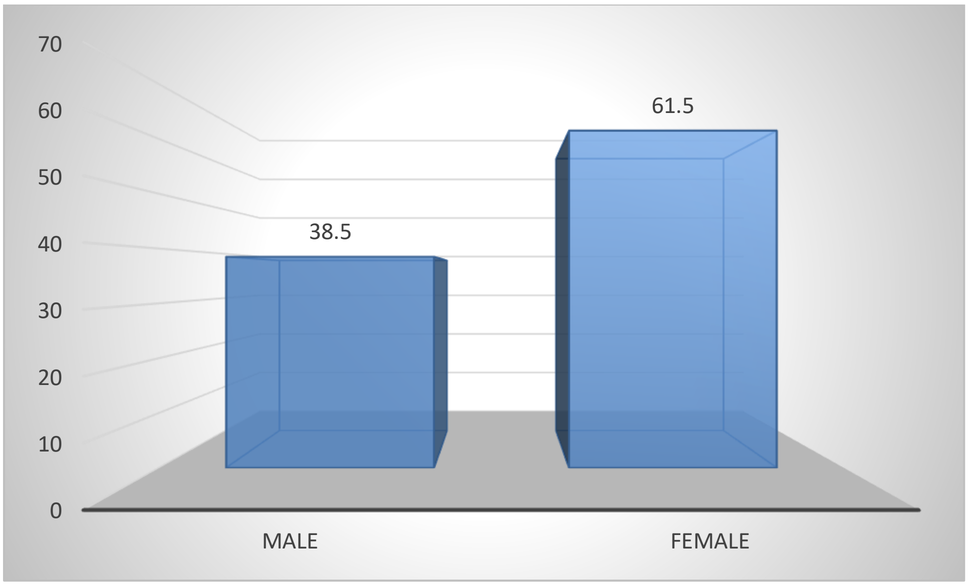

Figure 1: Gender of the respondents

Table 1 shows the breakdown of participants in the research by gender. There were 130 total respondents; 80 (or 61.5% of the total) were female, while 50 (or 38.5% of the total) were male.

Table 2: Perception of students about Direct Benefit Transfer Schemes

Statements	Strongly Agree (%)	Agree(%)	Neutral(%)	Disagree (%)	Strongly Disagree (%)	Mean	SD
DBT schemes ensure transparent and direct transfer of scholarships and educational benefits to students.	58.0	29.5	6.2	4.1	2.2	4.37	0.91
DBT schemes enable timely credit of scholarships, fellowships, or fee reimbursements to	63.4	25.9	5.4	3.6	1.7	4.45	0.87

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students' bank accounts.							
DBT schemes motivate students to actively use banking services such as savings accounts and digital payments.	52.7	34.8	6.3	4.4	1.8	4.32	0.89
Students from economically or digitally disadvantaged backgrounds may face difficulties accessing DBT benefits.	36.6	27.7	11.6	20.5	3.6	3.74	1.21
I trust the government's capacity to efficiently implement DBT schemes for student welfare without major administrative delays.	40.2	43.8	8.0	5.4	2.6	4.13	0.88

Table 2 shows that, when it comes to DBT programs in the context of universities, students generally have a good impression. The vast majority of students (Mean = 4.37, SD = 0.91) believe that DBT programs provide the direct and transparent transfer of educational advantages and subsidies. In a similar vein, students strongly agreed (Mean = 4.45, SD = 0.87) that DBT programs allow for the prompt deposit of scholarship, fellowship, and fee reimbursement funds into their bank accounts. Additionally, there found strong evidence (Mean = 4.32, SD = 0.89) that DBT programs do in fact promote the usage of banking services, such as savings accounts and digital payment systems. Students from economically or technologically challenged families exhibited more diversity in their answers (SD = 1.21) and had lower agreement (Mean = 3.74) with the statement about the challenges they encounter. Regardless, students had a lot of faith in the government's ability to run DBT programs well for their benefit (Mean = 4.13, SD = 0.88)

Table 3: Impact of DBT Schemes on Financial Inclusion and Academic Well-Being of Higher Education Students

Statements	**Strongly Agree (%)**	**Agree(%)**	**Neutral(%)**	**Disagree (%)**	**Strongly Disagree (%)**	**Mean**	**SD**
My first bank account was opened mainly to receive DBT-based scholarships or educational assistance.	45.5	30.4	9.8	11.6	2.7	4.02	1.15
Receipt of DBT scholarships has encouraged me to save money regularly in my bank account.	47.3	35.7	5.4	7.1	4.5	4.14	1.08
Information and communication	54.5	31.3	4.5	6.3	3.4	4.27	1.02

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related to DBT schemes have improved my understanding of banking and financial management.							
DBT benefits have supported my academic continuity by helping meet expenses related to fees, books, housing, or healthcare.	61.6	28.6	3.6	4.5	1.7	4.45	0.86
Access to DBT schemes has helped me become aware of and use other financial services such as education loans, insurance, or pension schemes.	48.2	40.2	3.6	4.5	3.5	4.23	1.01

Table 3 shows how Direct Benefit Transfer (DBT) programs affect college students' access to financial services and their performance in the classroom. A large number of students (Mean = 4.02, SD = 1.15), according to the results, admitted that receiving DBT-based scholarships or other forms of financial aid was the primary motivation for opening their first bank account. The high mean score (Mean = 4.14, SD = 1.08) indicates that students who received DBT scholarships were more likely to save regularly. The importance of DBT-related communication and information in improving students' knowledge of banking and financial management was also highly agreed upon (Mean = 4.27, SD = 1.02). With a mean score of 4.45 and a standard deviation of 0.86, the statement that DBT benefits helped with necessities including tuition, books, housing, and healthcare had the greatest degree of agreement. Also, students who had access to DBT programs were more likely to use other financial services, such as insurance, pension plans, and student loans (Mean = 4.23, SD = 1.01).

Table 4: One-Way ANOVA Showing Gender-Based Differences in Perception of Benefits of DBT Schemes

Source of Variation	**Sum of Squares**	**Mean Square**	**F**	**Sig.**
Between Gender Groups	52.784	52.784	4.962	0.028
Within Gender Groups	632.895	5.754		
Total	685.679			

Table 4 shows the outcomes of the one-way ANOVA that was performed to look at how people perceive the advantages of Direct Benefit Transfer (DBT) schemes differently dependent on gender. The results reveal that there was a total of 52.784 squares and a mean square for the variation between the gender groups, as well as 632.895 squares and 5.754 mean square for the variation within each gender. With a significance level of 0.028 and an F-value of 4.962, we may conclude that, at the 5% level of significance, male and female respondents view the benefits of the DBT plan differently.

V. CONCLUSION

Research shows that DBT programs have improved government benefit distribution in terms of openness, efficiency, and participation. Students have a favourable impression of DBT because the organization has ensured the prompt and direct transmission of educational support and scholarships, which has increased trust in the benefit delivery process. More students have bank accounts, save more money, are financially literate, and have access to formal financial services, all of which suggest that DBT initiatives have greatly aided financial inclusion. In addition, DBT benefits have been tremendously helpful in ensuring students can continue their study and take care of themselves by covering costs like tuition, books, housing, and medical care.

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