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Critical Analysis of Public Policy on Social Welfare and Its Impact on Rural Women under the Direct Benefit Transfer Scheme in India

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ABSTRACT

Direct Benefit Transfer (DBT) has become a major component of India's social-welfare delivery architecture, seeking to move benefits and subsidies through bank accounts and to improve targeting, transparency and administrative efficiency. This paper critically examines the public-policy framework of DBT from a socio-legal perspective, focusing on rural women. It asks whether a technically direct payment necessarily produces meaningful access to welfare. The study adopts a primarily doctrinal and analytical methodology, supplemented by a review of official policy materials and existing scholarship. It examines constitutional principles concerning equality, dignity, livelihood and privacy, and considers judicial decisions including Olga Tellis v. Bombay Municipal Corporation *and* K.S. Puttaswamy v. Union of India*. The analysis finds that DBT can reduce certain intermediary risks and strengthen traceability, but its effectiveness for rural women depends on conditions beyond the payment mechanism itself. Banking access, digital and financial literacy, accurate data, authentication safeguards, information and grievance redress materially affect whether a formal entitlement becomes an actually received and usable benefit. The paper argues that DBT should therefore be evaluated through a dual lens of administrative efficiency and substantive accessibility. A rights-sensitive model should combine reliable payment infrastructure with last-mile banking access, gender-sensitive monitoring, accessible grievance mechanisms and appropriate privacy safeguards.*

Keywords: *Direct Benefit Transfer, social welfare, rural women, public policy, financial inclusion, constitutional rights, privacy, India*

I. INTRODUCTION

Social welfare in India is closely connected with the constitutional commitment to social justice, equality and the improvement of living conditions. Welfare programmes seek to translate

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constitutional values into material entitlements, including income support, pensions, maternity benefits, employment-related payments, scholarships and other forms of assistance. Rural women occupy an important position within this framework because economic dependence, unequal access to assets, limited digital literacy, geographical distance from institutions and socio-cultural constraints can affect their ability to claim public benefits. A welfare architecture may therefore be formally universal or entitlement-based while still producing unequal practical outcomes.

Direct Benefit Transfer (DBT) was introduced as a public-policy reform intended to simplify the movement of welfare payments and subsidies to beneficiaries through bank accounts. The Government describes DBT as beginning on 1 January 2013, with objectives including simpler and faster delivery, accurate targeting, de-duplication and reduction of fraud. Its first phase covered selected districts and schemes before the programme was expanded nationally.[1] The policy has subsequently developed into a large delivery architecture covering schemes administered by multiple ministries.

The central policy attraction of DBT is that it changes the route through which a benefit reaches the beneficiary. Instead of depending entirely on cash payments or multiple administrative intermediaries, a qualifying payment can be credited to an identified bank account. This can improve traceability and reduce some forms of intermediary leakage. At the same time, the digitalisation of welfare introduces new conditions for access: the beneficiary may need an operational bank account, accurate identity and account details, functional payment infrastructure, and the ability to resolve authentication or transaction problems. The effectiveness of DBT must therefore be assessed not only by the amount transferred but also by whether an eligible person can successfully obtain and use the entitlement.

For rural women, this distinction is especially important. A payment credited to an account in a woman's name may strengthen control over resources, but the existence of an account does not by itself establish financial autonomy. Conversely, a technology-based system may reduce face-to-face discretion while creating new exclusion risks for people who face difficulties with banking, connectivity, authentication or grievance redress. The relevant legal question is consequently broader than whether DBT is technologically efficient. It concerns whether the design and implementation of welfare delivery remain consistent with equality, dignity, livelihood interests and privacy.

[1] DIRECT BENEFIT TRANSFER MISSION, GOVERNMENT OF INDIA, *About Us*, https://dbtbharat.gov.in/static-page-content/spagecont?id=1 (stating that DBT began on Jan. 1, 2013, with objectives including simpler and faster flow of information and funds, accurate targeting, de-duplication and reduction of fraud, and that its first phase covered selected districts before the programme was expanded across the country on Dec. 12, 2014).

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The literature reflects competing approaches to digital welfare delivery. One strand of policy analysis emphasises the administrative gains associated with electronic payments, identification and de-duplication. The official DBT framework similarly presents direct transfer as a means of improving targeting and reducing fraud. Another strand of scholarship is more cautious about Aadhaar-linked welfare, drawing attention to exclusion, authentication failures and the possibility that reductions in expenditure may sometimes reflect loss of access rather than only removal of duplicate beneficiaries.[2]

Reetika Khera's work is particularly relevant to the present study because it separates the concepts of DBT, Aadhaar and biometric authentication and examines how technological requirements can affect welfare access. This distinction is important for legal analysis: a direct electronic payment is a delivery method, whereas identity authentication is a separate administrative requirement. Conflating the two can obscure the precise source of an access barrier.[3]

The existing literature also suggests that women's access to welfare cannot be measured only through aggregate payment statistics. Government programme material concerning women beneficiaries illustrates the continuing importance of bank-account penetration and financial awareness.[4]

This paper critically examines DBT as a public-policy mechanism from a socio-legal perspective, with particular attention to rural women. It combines doctrinal analysis of constitutional principles and judicial decisions with a review of policy materials and existing scholarship. The paper does not treat DBT as inherently beneficial or harmful. Instead, it examines the conditions under which direct transfers can improve welfare delivery and the circumstances in which the same architecture can generate barriers to access.

II. Public Policy Framework of Direct Benefit Transfer

The Government's DBT Mission states that DBT was started on 1 January 2013 with the objective of re-engineering welfare delivery for simpler and faster flow of information and funds, accurate targeting, de-duplication and reduction of fraud. The programme initially

[2] Reetika Khera, *Impact of Aadhaar on Welfare Programmes*, 52 Econ. & Pol. Wkly., no. 50, Dec. 16, 2017, https://www.epw.in/journal/2017/50/special-articles/impact-aadhaar-welfare-programmes.html.

[3] Reetika Khera, *Impact of Aadhaar in Welfare Programmes* (Sept. 29, 2017) (unpublished manuscript), https://ssrn.com/abstract=3045235.

[4] Government of Bihar, *State Health Society, Bihar Implements Automated Payment Engine to Disburse Health Incentives*, Direct Benefit Transfer Mission, Government of India (Sept. 24, 2017), https://dbtbharat.gov.in/success-story/view?id=MTA%3D (reporting that a 2013 baseline study found that nearly 90% of women beneficiaries of health programmes in Bihar had no bank account, and describing a state-wide financial awareness programme).

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covered selected districts and welfare schemes before wider expansion.[5] This institutional history shows that DBT is not a single welfare scheme but a delivery architecture applied across different programmes and beneficiary groups.

The policy model has several linked components. First, the beneficiary must be identified under the relevant scheme. Second, the beneficiary's payment details must be correctly recorded. Third, the payment must move through the banking and public-finance infrastructure. Fourth, the beneficiary must be able to access the credited amount. Finally, an effective grievance mechanism must exist when the expected payment does not arrive or is incorrectly processed. The legal significance of this chain is that an entitlement can be defeated by an administrative failure even when the underlying eligibility is undisputed.

The scale of the architecture is substantial. The current DBT Mission portal reports hundreds of schemes and ministries participating in the system and separately publishes estimated gains attributed to DBT and related governance reforms.[6] These figures demonstrate the administrative reach of the programme, but they should be interpreted carefully. Reported savings can indicate removal of duplicates or ineligible records, yet savings alone cannot show whether eligible persons were excluded or whether the quality of access improved for every beneficiary. A rights-based evaluation therefore requires a second layer of inquiry into inclusion and grievance outcomes.

III. DBT, FINANCIAL INCLUSION AND RURAL WOMEN

One potential benefit of direct transfer is the strengthening of the beneficiary's financial interface with the State. When a payment is made into an account held or controlled by a woman, the transaction can reduce the need to receive money through an intermediary. The DBT ecosystem itself identifies women and children as a beneficiary category and lists several women-oriented schemes among the programmes that can use the architecture.[7] Government case material also illustrates efforts to expand bank-account access and financial awareness among women beneficiaries.[8]

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[5] DIRECT BENEFIT TRANSFER MISSION, *About Us*, *supra* note 1.

[6] DIRECT BENEFIT TRANSFER MISSION, GOVERNMENT OF INDIA, *DBT Schemes*, https://dbtbharat.gov.in/central-scheme/list (last visited Nov. 8, 2026) (listing 320 schemes from 56 ministries); DIRECT BENEFIT TRANSFER MISSION, GOVERNMENT OF INDIA, *Estimated Gains*, https://dbtbharat.gov.in/static-page-content/spagecont?id=18 (reporting estimated gains through March 2025).

[7] DIRECT BENEFIT TRANSFER MISSION, GOVERNMENT OF INDIA, *Apply Online: Beneficiary Categories*, https://dbtbharat.gov.in/beneficiary-category (listing "Women and Children" as a beneficiary category); DIRECT BENEFIT TRANSFER MISSION, *DBT Schemes*, *supra* note 6 (listing, among others, the Pradhan Mantri Matru Vandana Yojana and the Janani Suraksha Yojana).

[8] GOVERNMENT OF BIHAR, *supra* note 4.

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The relationship between a bank account and empowerment, however, is not automatic. Financial inclusion has at least three dimensions: ownership or access to an account, the ability to operate the account, and effective control over the funds deposited into it. Rural women may face constraints at each stage. A woman may depend on another person to travel to a banking point, may lack confidence in digital interfaces, or may not receive timely information about the transaction. Consequently, policy evaluation should distinguish formal inclusion from meaningful financial agency.

DBT may also have an indirect empowerment effect by making the receipt of benefits more visible and traceable. If a beneficiary can verify the amount credited, she may be better placed to understand the value of the entitlement and identify discrepancies. Yet transparency is useful only when the information is understandable and accessible. A digital transaction record that cannot be interpreted or challenged by the beneficiary does not, by itself, create effective accountability.

The appropriate policy objective is therefore not merely 'cash to account' but 'entitlement to usable benefit'. For rural women, this requires local banking access, accessible information, assisted but non-coercive service channels, reliable transaction confirmation, and simple grievance mechanisms.

IV. CONSTITUTIONAL AND JUDICIAL DIMENSIONS

The Constitution provides the normative framework within which welfare administration operates. Article 14 requires equality before the law and equal protection of the laws. Article 21 protects life and personal liberty, and judicial interpretation has connected that guarantee with dignity and livelihood. Article 41, among the Directive Principles, directs the State to make effective provision for public assistance in specified circumstances, subject to its economic capacity. These provisions do not convert every welfare policy into an identical constitutional entitlement, but they provide important standards for evaluating the design and administration of public assistance.

In *Olga Tellis v. Bombay Municipal Corporation*, the Supreme Court recognised the close relationship between the right to life and the means of livelihood. The decision is relevant to welfare administration because administrative systems that affect access to subsistence-related support should be understood against the constitutional value of meaningful livelihood. The case does not concern DBT, but its reasoning provides a broader constitutional context for assessing policies that affect economically vulnerable persons.[9]

[9] *Olga Tellis v. Bombay Municipal Corp.*, (1985) 3 SCC 545.

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Privacy adds another dimension to digital welfare delivery. In *K.S. Puttaswamy v. Union of India*, a nine-judge Bench recognised privacy as a constitutionally protected right linked to dignity, autonomy and liberty.[10] Digital welfare systems can involve the collection, authentication and processing of personal information. Consequently, administrative efficiency cannot be treated as the only policy value. Data practices must also operate within the applicable legal framework and constitutional safeguards. The Aadhaar judgment further illustrates the need to distinguish between the objectives of identification and the conditions imposed on welfare access. In the 2018 decision concerning the Aadhaar framework, the Supreme Court considered, among other issues, the use of Aadhaar for establishing identity for receipt of subsidies, benefits or services. The broader lesson for DBT policy is that identity technology and benefit delivery are related but conceptually distinct. A direct transfer system should not be designed in a manner that makes technical authentication failure equivalent to loss of the underlying social-welfare entitlement without adequate safeguards and alternatives.[11]

Judicial review is therefore relevant at two levels. First, courts can examine whether welfare policies and administrative actions comply with constitutional guarantees. Second, judicial principles can guide the interpretation of procedural safeguards when technology becomes part of the delivery mechanism. The constitutional perspective encourages an understanding of welfare administration as an exercise of public power rather than merely a technical payment process.

V. IMPLEMENTATION CHALLENGES AFFECTING RURAL WOMEN

The first challenge is digital and financial literacy. The existence of mobile banking, payment interfaces or online status systems does not guarantee that all rural beneficiaries can use them independently. Digital literacy programmes therefore need to be treated as part of welfare infrastructure rather than as an optional add-on.

The second challenge is physical banking access. Rural areas may have fewer banking outlets or correspondents, and the time and cost required to access a service can be significant for women with household or care responsibilities. Government experience in women-focused payment programmes has itself recognised the importance of bank-account penetration and financial awareness.[12]

[10] *K.S. Puttaswamy v. Union of India*, (2017) 10 SCC 1.
[11] *K.S. Puttaswamy (Aadhaar) v. Union of India*, (2019) 1 SCC 1.
[12] GOVERNMENT OF BIHAR, *supra* note 4.

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The third challenge is authentication and data accuracy. A mismatch in identity or account information, a technical failure or an incorrectly recorded detail can interrupt a payment. Independent scholarship has documented concerns about Aadhaar-related barriers in welfare programmes and has questioned whether administrative 'savings' should always be equated with successful targeting. These arguments should be considered alongside official claims of reduced duplication and leakage rather than replaced by them.[13]

The fourth challenge is awareness and grievance redress. A beneficiary who does not know the amount due, the expected payment date or the appropriate authority to contact may not be able to challenge a missing payment. A rights-based welfare system must therefore provide clear information and accessible complaint channels, including offline options.

The fifth challenge is intra-household control. Even where a payment reaches a woman's account, the money may be subject to household bargaining and social pressures. The State cannot solve every form of household inequality through payment architecture alone. Nevertheless, programme design can improve the possibility of individual control by ensuring that beneficiaries understand the entitlement, receive transaction information directly, and can access the account without unnecessary dependence on intermediaries.

Finally, privacy and data governance are important because welfare systems can involve sensitive personal information. The use of digital identity and financial records should be limited to legitimate purposes, accompanied by appropriate safeguards, and administered transparently. Privacy protection is particularly important for vulnerable beneficiaries who may have limited ability to understand or contest data practices.

VI. CRITICAL ANALYSIS

DBT represents a significant change in the administrative route of welfare delivery, but it should not be confused with a complete transformation of welfare policy. Direct transfer can reduce certain forms of intermediary discretion and create an auditable payment trail. The official DBT portal reports substantial estimated gains from de-duplication and related governance reforms.[14] Such administrative gains are relevant because public resources should reach intended beneficiaries efficiently.

However, efficiency is only one dimension of welfare justice. A programme may reduce duplicate records while still creating exclusion for some genuine beneficiaries. The two outcomes can coexist. The policy challenge is therefore to design systems in which fraud

[13] Khera, *supra* note 2; *see also K.S. Puttaswamy (Aadhaar)*, (2019) 1 SCC 1.
[14] DIRECT BENEFIT TRANSFER MISSION, *Estimated Gains*, *supra* note 6.

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prevention does not become a barrier to legitimate access. This is particularly important for rural women because barriers can be cumulative: limited banking access may interact with limited digital literacy, which may interact with dependence on others for information or travel.

The study also questions the assumption that technological directness automatically produces social empowerment. Direct payment changes the channel of delivery; it does not by itself change the social relations surrounding the use of the benefit. Empowerment is more likely where women possess information, account access, decision-making capacity and effective remedies. Thus, DBT should be understood as one component of a broader welfare ecosystem rather than as a self-sufficient empowerment intervention.

A socio-legal assessment also requires attention to accountability. When a traditional intermediary system fails, a beneficiary may know the local official or institution responsible. In a digital system, responsibility can become dispersed across departments, banks, payment platforms, identity systems and scheme administrators. The presence of a transaction trail is valuable only if the beneficiary can use that trail to obtain a remedy. Accountability should therefore include clear allocation of responsibility, time-bound grievance resolution and accessible escalation mechanisms.

The constitutional perspective reinforces this conclusion. Equality requires attention to differential barriers; dignity requires meaningful access rather than nominal inclusion; livelihood-related principles emphasise the material importance of welfare for vulnerable persons; and privacy constrains unnecessary or disproportionate data practices. These values do not prescribe one technological model, but they provide standards against which any model of welfare delivery can be assessed.

VII. Policy recommendations

First, DBT implementation should adopt a ‘last-mile access’ test. A scheme should be evaluated not only by successful transfers recorded in administrative systems but also by whether eligible beneficiaries can access, understand and use the payment.

Second, digital and financial literacy should be integrated into welfare delivery. Training should be locally accessible, multilingual where necessary, and designed around actual transactions such as checking balances, identifying credited amounts and reporting failed payments.

Third, banking access should be strengthened in rural areas. Banking correspondents and other assisted channels can reduce geographical barriers, but safeguards should ensure that assistance does not become control over the beneficiary’s funds. Transaction receipts and

confirmation messages should be made accessible directly to the beneficiary wherever practicable.

Fourth, grievance redress must be treated as a core part of DBT rather than an afterthought. Beneficiaries should have a clear offline and online route for reporting non-payment, account errors and authentication problems. Complaints should receive acknowledgements, tracking numbers and time-bound responses.

Fifth, welfare systems should maintain reasonable alternative mechanisms for genuine cases of technical or authentication failure, consistent with the governing law and scheme rules. The objective should be to prevent a temporary technology failure from automatically becoming a permanent denial of a lawful entitlement.

Sixth, gender-sensitive evaluation should be incorporated into DBT monitoring. Data should, where legally permissible and methodologically appropriate, be examined to identify whether women in remote or disadvantaged communities experience different rates of payment failure, grievance resolution or account access.

Seventh, privacy-by-design principles should inform digital welfare architecture. Data collection should be connected to legitimate purposes, access should be controlled, and beneficiaries should receive understandable information about relevant data practices. The constitutional status of privacy makes this a rights issue, not merely a technical compliance issue.

Finally, independent evaluation should complement administrative reporting. Official savings and transaction statistics are valuable but should be read alongside field studies, grievance data and beneficiary experiences. A robust public-policy framework should measure both efficiency and inclusion.

VIII. Conclusion

Direct Benefit Transfer represents an important institutional reform in the delivery of social welfare in India. Its stated objectives of simplifying delivery, improving targeting and reducing duplication respond to genuine administrative problems. The programme's scale and the Government's reported gains show that digital transfer mechanisms have become an established part of welfare administration.[15]

[15] Direct Benefit Transfer Mission, *About Us*, *supra* note 1; Direct Benefit Transfer Mission, *Estimated Gains*, *supra* note 6.

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For rural women, however, the success of DBT cannot be determined solely by whether a payment has been initiated or credited. The meaningful measure is whether an eligible woman can obtain, understand and control the benefit to which she is entitled. Financial inclusion can contribute to autonomy, but account ownership alone does not guarantee empowerment. Similarly, technology can increase transparency while also producing new barriers when connectivity, authentication, documentation or digital literacy are inadequate.

The constitutional framework provides a useful basis for balancing these considerations. Equality, dignity, livelihood-related concerns and privacy all require public authorities to consider the practical consequences of welfare design. Judicial decisions such as *Olga Tellis* and *Puttaswamy* illustrate the broader constitutional principles that should inform the exercise of public power, even though they do not themselves create a single model for DBT. The Aadhaar jurisprudence further demonstrates the need to consider safeguards when identity technology intersects with access to benefits.

The central conclusion of this study is therefore that DBT should be evaluated as a delivery mechanism whose effectiveness depends on the surrounding institutional conditions. Direct transfer may improve efficiency and reduce some forms of leakage, but it does not automatically resolve structural inequalities affecting rural women. A rights-sensitive DBT framework must combine efficient payment infrastructure with accessible banking, digital literacy, clear information, meaningful grievance redress and appropriate privacy safeguards. Such an approach can better reconcile technological administration with the constitutional and social objectives of welfare policy.

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