



Be cautious in shifting to DBT, RBI tells States

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Acknowledging that problems have been experienced by three Union Territories (UTs) in the implementation of direct benefit transfer (DBT) for food subsidy, the Reserve Bank of India (RBI) has advised States that are planning to shift to cash transfer to be cautious while effecting the migration.

Problems outlined

- In its report on State finances, released a few days ago, the Bank referred to problems such as inadequacy of transfers to maintain pre-DBT consumption levels, insufficiency of last-mile delivery mechanisms and a weak grievance redressal system.
- In view of complaints of the poor finding it difficult to get rice under the DBT, the Puducherry government, early this year, approached the Centre to permit it to revert to the old system of supplying rice.

Why DBT?

- RBI has stated that the cash transfer mode reduced the need for large physical movement of food grains.
- Further, given the wide inter-State and intra-State variations in food consumption habits, the DBT provides “greater autonomy” to beneficiaries to choose their consumption basket, apart from enhancing dietary diversity.
- Another reason for promoting the concept of DBT is to reduce the leakage in the PDS, as the Central government has to absorb a huge food subsidy bill under the existing system of distribution of food grains in fulfilment of provisions of the National Food Security Act (NFSA)
- During 2017-18, the Centre provided the Food Corporation of India and States about ₹ 1.42 lakh crore towards the distribution of subsidised food grains.

What needs to be done?

- As for the processes to be followed by States prior to DBT execution, the RBI has referred to certain pre-conditions mentioned in the Central government’s 2015 food subsidy rules.
- The pre-conditions include complete digitisation and de-duplication of the beneficiary database, and seeding of bank account details and Aadhaar numbers in the digitised database.

DBT is an efficient and effective tool to address the needs of the poor. It must be made sure that it is inclusive for greater access to the already disadvantaged.

Source: [The Hindu](#)



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