Annexure I
Sanctioned of Terms of References of the study

Terms of Reference to Study the Status and Performance of Direct Benefit Transfer (DBT) Scheme in Karnataka

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Terms of Reference to Study the Status and Performance of Direct Benefit Transfer (DBT) Scheme in Karnataka

1. **Title**

"Study of the Status and Performance of Direct Benefit Transfer (DBT) Scheme in Karnataka".

2. **Department implementing the Scheme**

Direct Benefit Transfer (DBT), Finance Department, Government of Karnataka.

3. **Background and the context**

Since the initiation of planning in 1951, Social transfers have a rich tradition in India with both the Central as well as the State governments implementing a range of measures broadly comprising socio-economic security. In an attempt to fulfill some of the commitments made under the directive Principles of State Policy, the Fundamental Rights guaranteed under the Constitution of India and the commitments made to the International Community on the Millennium Development Goals, a wide range of programmes have been launched. The major benefits arising out of the Direct Benefit transfer are -Improving the targeting of benefits so that they go to the intended beneficiaries. Eliminate waste arising out of both poor targeting and leakages as a result of socio-political barriers. They can address transient problems and transient poverty such as sudden shocks (calamities, distress, economic shocks) if they are unconditional and are counter-cyclical. Many national and state level schemes implemented all over India having similarities with social concern.

India is now in an advanced stage to introduce the DBT system in the country. The Aadhaar project is moving towards the universal coverage. Universal access to Banking and Financial Inclusion are also moving around ahead rapidly. The payment systems and procedures needed for a Unified Payment Infrastructure is known and has been tried and tested. The need of the hour is to accelerate the process of designing and rolling out the cash transfer system

In this context, Direct Benefit Transfer (DBT) is an ambitious scheme, launched by the Union Government on 1st January 2013, which aims to eliminate poverty and improve the economic standard of individuals and their household through direct cash transfer into individual Aadhaar

linked bank accounts. The following schemes are linked to Aadhaaar: subsidies on LPG and Kerosene, pension payments, scholarships and employment guarantee scheme payments etc.

The main objective of Direct Benefit Transfer is to ensure that benefits go the individual's Aadhaar linked bank accounts electronically, minimizing tiers involved in fund flow, thereby reducing delays in payment, ensuring accurate targeting of the beneficiaries and curbing pilferage and duplications.

Direct Benefit Transfer (DBT) has made significant progress, number of schemes monitored under DBT were initially 27 schemes, which has been increased up to 84 schemes (Annexure -1) as on January 2017 under various Ministries. Till January 2017, Rs. 161,619 Crore has been disbursed to 32.9 Crore Beneficiaries across the nation[1]. In comparison with other schemes, major cash transfer programs that is MGNREGA and NSAP covers total beneficiaries 108965282 (with 80.76 % of beneficiaries seeded with Aadhaar) and 27528831 (with 51% of beneficiaries seeded with Aadhaar) as on 31st March 2017.

Genesis and Implementation Process:

In December 2012, Delhi Government launched Dilli Annashree Yojana using DBT mechanism for delivering cash entitlements, which transfers □ 600 per month to the account of the senior-most female beneficiary of eligible household. This was the first cash transfer scheme for food security in the country. Subsequently, the Direct Benefit Transfer (DBT) scheme was rolled out on 1st January 2013 envisioned to cover 26 social welfare programmes in 43 districts of 16 States/UT.

Under Phase-1 DBT was launched by linking with biometric-based Unique ID programme Aadhaar so as to eliminate 'duplicates' or 'ghost' beneficiaries. Further, it also envisioned the utilization of Micro-ATMs and use of Banking Correspondents (BCs) to leverage the core banking infrastructure of commercial banks for transfer of benefits. In Phase -1 of pilot, the State of Karnataka rolled out Aadhaar Enabled Payments in three districts namely Tumkur, Mysuru and Dharwad under DBT scheme for its welfare programmes and subsidies.

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[1]https://dbtbharat.gov.in

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It is a fact however, that the levels of Aadhaar enrollment as well as number of bank accounts for beneficiaries of these programmes vary from district to district. Further, it is also likely that not all the identified schemes are being implemented in all the identified districts. The following action phases must be completed before commencing DBT's rollouts:

a. Digitization of beneficiary database. This information would need to be compiled for each scheme only once.

b. Aadhaar has to be "seeded" with beneficiary database. For this, necessary technical support will be provided by the NIC unit.

c. Wherever beneficiaries do not have Aadhaar number, they will have to be enrolled for Aadhaar by the UIDAI Registrar.

d. Wherever beneficiaries have bank accounts, it will need to be linked with Aadhaar number. Wherever beneficiaries do not have bank accounts they will have to be opened, for which Aadhaar, if available, may be used as KYC by the Bank. In case Aadhaar is not available, banks will proceed with opening new bank account and Aadhaar will be seeded whenever it becomes available.

e. An IEC campaign is to be initiated to inform the beneficiaries of the programme and to encourage enrollment in Aadhaar and opening bank account.

f. Robust but easy to access grievance redressal systems must be put in place to mitigate unforeseen hardships, system failures etc., and to ensure there is no denial of service to beneficiaries without Aadhaar or bank accounts.

Direct Benefit Transfer (DBT) framework has a multi-stakeholder architecture which capitalizes on the competencies of various departments and institutions to deliver benefits to beneficiaries in timely and effective manner. To spearhead the transitional process of schemes to DBT, the schemes/components can be classified into two broad categories based on the type of benefit given to the beneficiaries:

I) *Cash Transfer to Individual Beneficiary* – This category includes schemes or components of schemes wherein cash benefits are transferred by Government to individual

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beneficiaries, for example, PAHAL, MGNREGA, NSAP etc. This transfer of cash benefits from Ministry/Department to beneficiaries happens through different routes as given below -

a) directly to beneficiaries (from Consolidated Fund of India)

b) through State Treasury Account to beneficiaries (from State Consolidated Fund)

c) through any Implementing Agency (as appointed by Centre/State Governments) beneficiaries.

II) *In-kind Transfer to Individual Beneficiary* - This category includes schemes or components of schemes where in-kind benefits are given by the Government to individuals through an intermediate agency. Typically, the Government or its agent incurs internal expenditure to procure goods for public distribution and to provide services for targeted beneficiaries. Individual beneficiaries receive these goods or services for free or at subsidized rates.

There is a need to assess to what extent Karnataka State has progressed in implementing the DBT scheme in the State and to understand the requirements and problems involved in extending the coverage of the Scheme. The present evaluation study will be taken up focusing on providing comprehensive and comparative analysis of two major cash transfer schemes - NSAP (Pension Schemes) and MGNREGA, Aadhaar linked DBT Status and Implementation progress in Karnataka State.

National Social Assistance Programme (NSAP):

The National Social Assistance Programme (NSAP) which came into effect from 15th August,1995 represents a significant step towards the fulfillment of the Directive Principles in Article 41 of the Constitution. The programme introduced a National Policy for Social Assistance for the poor and aims at ensuring minimum national standard for social assistance in addition to the benefits that states are currently providing or might provide in future. NSAP at present, comprises of Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS), Indira Gandhi National Disability Pension Scheme (IGNDPS), National Family Benefit Scheme (NFBS) and Annapurna.

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Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) :

Mahatma Gandhi National Rural Employment Guarantee Scheme has been in operation in all the districts of Karnataka State since 2006-07 which is being implemented in a phased manner. The primary objective of the MGNREGA Act is to provide at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. The scheme is being implemented as centrally sponsored scheme on cost sharing basis between centre and State Governments in the ratio of 90:10 nearly. Further under the scheme labour material ratio at 60:40 shall be maintained. Labour portion of 60% borne fully by Government of India and material portion will be shared between central and State Governments in ratio of 75:25. MGNREGA is a powerful instrument for ensuring inclusive growth in rural India through its impact on social protection, livelihood security and democratic empowerment.

Table 1: DBT Implementation Status - NSAP and MGNREGA:

Name of Department / Ministry	Name of Schemes	Total number of Beneficiaries under the Scheme	Total number of Beneficiaries data seeded with Aadhaar	Percentage of Beneficiaries seeded with Aadhaar (%)
Department of Rural Development	Indira Gandhi National Disability Pension Scheme (IGNDPS)	7,04,991	3,82,980	54.32%
Department of Rural Development	Indira Gandhi National Old Age Pension Scheme (IGNOAPS)	2,10,43,423	1,03,90,542	49.38%
Department of Rural Development	Indira Gandhi National Widow Pension Scheme (IGNWPS)	57,91,521	33,48,161	57.81%
Department of Rural Development	MGNREGA	10,89,65,282	8,80,00,000	80.76%

(Source: : DBT Report for January 2017)

DBT Status in Karnataka:

Both NSAP and MGNREGA have been implemented in all 30 districts in Karnataka under different implementation phases. The Aadhaar seeding for individual beneficiaries and Aadhaar based payments are not complete in - progress under both schemes. Further, though MGNREGA

from its inception has direct cash transfer, not completely phased out with Aadhaar linked direct benefit transfer.

Table 2: Progress of Aadhaar linked bank & post office account for pension schemes

Name of Department/ Ministry	Name of Schemes	Total Universe	Bank a/c with Aadhaar	Post Office a/c with Aadhaar	Total (linkage)
Department of Rural Development	Indira Gandhi National Widow Pension Scheme (IGNWPS)	1285785	33870	11958	45828
Department of Rural Development	Indira Gandhi National Disability Pension Scheme (IGNDPS)	704151	5131	1023	6154
Department of Rural Development	Indira Gandhi National Old Age Pension Scheme (IGNOAPS)	23224909	65270	66714	131984

(Source: NSAP dashboard as on 8th March 2017)

Aadhar linkage in MGNREGA

In Karnataka State, there are 6297070 active MGNREGA workers; out of which 5390450 (86%) Aadhaar number has been seeded in MGNREGA soft and conversion to Aadhaar based payment has been done 2049918 (38%) bank accounts only[2]. The Aadhaar linked DBT implementation is still under its inception state in Karnataka, which is presently working on readiness of DBT roll out and programme implementation under various schemes.

4. **Evaluation scope, purpose and objectives**

As Direct Benefit Transfer (DBT) is inception stage in Karnataka, the present study will take up a comparative analysis of progress of Aadhaar linked direct benefit transfer for two schemes i.e., MGNREGA and Pension Schemes -NSAP. The data will capture district wise, scheme wise, gender wise beneficiaries' coverage with or without Aadhaar seeded individual bank account or post office account on sample basis.

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[2] Ministry of Rural Development, Focus areas under MGNREGA- Performance Analysis up to October 2016.

The study proposes to provide insights of training, IEC campaign, action plan for DBT rollout and grievance redressal systems followed under MGNREGA and NSAP.

Objectives of the evaluation:

1. To examine the need for and the progresss of DBT in India and Karnataka in the context of the global experience. (Provide an adequate review of literature).

2. To understand the status of Direct Benefit Transfer (DBT) rolls out in Karnataka.

3. To examine the level of awareness and issues under benefit payments with or without Aadhaar linked direct benefits transfers among scheme beneficiaries.

4. To examine process and coverage of Aadhaar enabled benefit payments under MGNREGA and NSAP beneficiaries.

5. To study the methods and approach for Aadhaar seeding for individual beneficiaries account under selected schemes.

6. To study the issues and challenges among multi stakeholders in Aadhaar seeding process for the beneficiary database.

7. To carry out cost -benefit analysis of Aadhaar linked DBT rollout under MGNREGA and NSAP.

8. To carry out a disaggregated analysis of challenges and hurdles in DBT rollout in the two schemes.

5. Evaluation questions (Inclusive but not exhaustive):

1. Is direct benefit transfer especially for NSAP and MGNREGA is 'real' game changer? What are the strengths and weaknesses of Direct Benefit Transfer (DBT) system? What is the support available from experience in other countries?

2. What is the level of awareness and issues under benefit payments with or without Aadhaar linked direct benefits transfers among scheme beneficiaries. To what extent the process is beneficiary friendly.

3. What is the existing status of Direct Benefit Transfer (DBT) rolls out in Karnataka.

4. What are limiting factors contributing towards implementation of Aadhaar linked DBT rollout in Karnataka?

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5. What is perception of various stakeholders towards Aadhaar linked DBT rollout for MGNREGA and NSAP in Karnataka? Are there any variations across regins and categories.

6. To what extent Aadhaar linked direct cash payments have reduced delays, leakages and duplication under MGNREGA and NSAP?

7. What are key issues and challenges towards Aadhaar 'seeding' for individual beneficiaries database? And why Aadhaar enabled benefits payments are low even after Aadhaar linked DBT enrollment in MGNREGA and NSAP? Map any regional variations in it.

8. Whether the progress in implementation is varying across the two schemes? As observed why the progress of Aadhaar seeding for individual beneficiaries is low under NSAP as compared to MGNREGA in Karnataka?

9. Does technology based cash transfers to individual beneficiaries are secured? What are the measures adopted while technology failures by implementing department?

10. To what extent Organic or Inorganic seeding of Aadhaar process followed under MGNREGA and NSAP beneficiaries' data base? And what is progress of seeding of Aadhaar number using the Central Plan Scheme Monitoring System (CPSMS), operated by the Controller General of Accounts?

11. What are the processes adopted by implementing departments in reducing the errors of inclusion and exclusions of beneficiaries database? And what is time line in Aadhaar verification and Aadhaar seeding process for individual beneficiaries?

12. What is the level of awareness about Aadhaar linked direct benefit transfer among MGNREGA and Pension schemes beneficiaries in Karnataka? And what are the issues and difficulties faced by beneficiaries in Aadhaar linked DBT enrollment?

13. Whether gender has any effect on DBT enrollment especially in rural Karnataka? What are the challenges and issues faced by female beneficiaries for DBT enrollment under both the schemes?

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14. What is the extent of financial literacy across the beneficiaries? Whether the change is gender friendly?

15. How does grievance redressal system operates under Aadhaar linked DBT system? Is there any district or state official intervention in resorting issues of beneficiaries?

16. Any suggestion from stakeholders to improve the design, delivery and modification on operations of the DBT programme?

6. Evaluation methodology

The study will be explorative cum descriptive in nature. Mixed method approach should be adopted to collect the requisite data from different stakeholders. The universe of the study will be all the beneficiaries enrolled under Pension schemes- NSAP and MGNREGA programme in Karnataka. The sampling frame can be enumerated from digitalized list (which can be collected from DSSP and MGNREGA department), which provides the total number of existing beneficiaries under NSAP and MGNREGA schemes from 30 districts in Karnataka.

For capturing relevant inputs on Aadhaar linked DBT system and its operational approach in Karnataka state, data can be captured through Key Informant Interviews or In-depth Interviews to be organized with concerned officials at State, District, Taluk and Panchayat level for both selected schemes. Preliminary data required for the present study should be collected from schemes beneficiaries separately.

Sampling Design

Multistage stratified random sample design is used for the study. The scheme is implemented all over the State and to have representation of all the revenue divisions of the State, 2 districts in each revenue; i.e., 1 district with high enrollment and 1 district with low enrollment has to be selected. Probability proportional to size (PPS) sampling technique is to be adopted in selection of samples from different social groups and age strata for the selected districts for all the scheme separately, at the beneficiaries level random selection of samples need to be done. 1% of the total sample size should be taken as control with similar socio-demographic characteristics of the beneficiaries under each group. District wise beneficiaries are given in **Annexure 2**. Secondary data from department level (State and District) can be adopted for selected indicators relevant for the evaluation of the scheme implementation.

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Table 2: Sample Size determination for evaluation

Scheme	Total beneficiaries	Sample size	Control (5%)
OAP	767706	396	20
SSY	1867276	962	48
DWP	1306536	673	34
PHP	714557	369	19
	4656075	2400	121
Total sample size: 2400; Control:			

Sample size is derived at 95 % confidence level with margin of error at 2%

The sample is distributed PPS across the schemes

Propionate sampling need to be adopted in selecting the samples from the different strata caste/gender etc.

Under PHP-Propionate sampling need to be adopted in selecting the samples from all the categories of disability.

Table 3: Sample selection process:

State	Division	Districts	Number of enrollment	Number of samples to be collected[@]
Karnataka	Bangalore	Bangalore Rural	97626	174
		Tumkur	259794	461
	Belgaum	Utter Kannada*	83822	149
		Belgaum**	328753	583
	Gulbarga	Yadgir*	75239	133
		Bellary**	186488	331
	Mysore	Kodagu*	36335	065
		Mandya**	283644	504
			1351701	2400
Sample size 2400 @95% confidence level with margin of error2%				

*- low enrollment, **- high enrollment @-Derived by using PPS sampling technique
. Note: Equal number of samples to be taken from both the age strata

The sample should be derived for different pension schemes based on PPS sampling techniques.

It should be distributed proportionately distributed across the categories- caste, Gender etc.

From each district two talukas to be chosen based on the same criteria.

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Table-4 Sampling Under MGNREGA

Department of Rural Development	MGNREGA	10,89,65,282	8,80,00,000	80.76%

(Source: : DBT Report for January 2017

Sample size 2401 PPS @ 95 % confidence level with margin of error= 2%. Distribution of sample as followed in pension scheme. Same procedure to be applied for selection of Districts and Talukas.

Qualitative Data

Total of 125 In Depth Interviews need to be done 40 FGDs	Covering Stakeholders State, district, taluk and Gram Panchyath levels 8x5x3 =120 + 5 (for 5 components) at the State level @ 5 per district

Data Analysis

Data on socio economic parameters to be analysed to understand the impact of the scheme on the beneficiaries. The issues related to awareness, access and other problems to be analysed at aggregate level, across the categories and regions. The data collected should be analyzed using appropriate software, quantitative (Microsoft Excel and SPSS) and qualitative techniques of data analysis. Required statistical tools and techniques have to be applied to draw inference on set objectives.

7. **Deliverables and time schedule**

The whole study is to be completed in 6 months from date of signing the MOU with KEA. The evaluating agency is expected to adhere to the following timelines and deliverables.

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Time line for the Study

1	Work plan /Inception Report submission	Within One month of signing the agreement.
2	Field Data Collection	Two-three months from date of work plan approval
3	Draft report Submission	Within one month after field data collection
4	Final Report Submission	Within One month from draft report submission
5	Total duration	6 months

Qualities expected from the Report:

The following are the points, only inclusive and not exhaustive, which need to be mandatorily followed in the preparation of evaluation report:

a. By the very look of the evaluation report it should be evident that the study is that of DBT, MGNREGA, NSAP and Karnataka Evaluation Authority (KEA) which has been done by the Consultant Evaluation Organization. It should not intend to convey that the study was the initiative and work of the Consultant Evaluation Organization, merely financed by the DBT, MGNREGA, NSAP and Karnataka Evaluation Authority (KEA).

b. The evaluation report should generally confirm to the United Nations Evaluation Guidelines (UNEG) *"Standards for Evaluation in the UN System"* and *"Ethical Standards of Evaluations"*. The report should be complete and logically organized in a clear but simple language. Besides conforming to the qualities covered in the Terms of Reference, report should be arranged in the following order:

1. Title and Opening Page

2. Index

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3. List of acronyms and abbreviations

4. Executive Summary- A stand alone section that describes the program, purpose and scope of evaluation, research design and methodology, key findings, constraints and recommendations.

5. Background- A section that briefly covers the history or genesis of the sector under which the programme/scheme being evaluated covered. It should give recent fact sheets taken from reliable and published sources.

6. Objectives and performance of the program being evaluated- This section will include the stated objectives of the programs and the physical and financial achievements of the selected program in the period of evaluation. It should cover the description of the target group, aim of the program and method of selection of beneficiaries.

7. Review of literature/past evaluation reports.

8. Evaluation Methodology - This should include research design, sample design and size, questionnaire design and pilot test, data collection and quality assurance plan.

9. Findings of the evaluation study.

10. Limitations/constraints in the evaluation study.

11. Recommendations that flow from the evaluation.

Annexure-

a. Sanctioned Terms of Reference of the study.

b. Survey tools and questionnaires

c. List of persons with addresses personally interviewed.

d. Place, date and number of persons covered by Focus Group Discussion (if applicable).

e. Compilation of case studies/best practices.

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f. Table showing details of major deviations, non-conformities, digressions of the program.

9. Administrative arrangements:

The core team should comprise of the following technical members (list is inclusive but not exhaustive) should possess requisite qualification and experience as stated below:

i. Principal Investigator	Ph.D in Rural Development/ Development Studies/Commerce/MBA with minimum 5 years experiences in the related field.
ii. 1st Core team member	Master in Social Work/ Economics with 2 years of experience in public policy, fund management, program monitoring and evaluation
iii. 2nd Core team member	Statistician, Qualitative and Quantitative Data Analyst

And such numbers that the evaluation is completed within the scheduled time prescribed by the ToR.

Consultant Evaluation Organizations who do not meet these criteria will not be considered for doing the evaluation.

10. Cost and Schedule of Budget release:

Output based budget release will be as follows-

1. The **first installment** of Consultation fee amounting to 30% of the total fee shall be payable as advance to the Consultant after the approval of the inception report, but only on execution of a bank guarantee of a scheduled nationalized bank, valid for a period of at least 12 months from the date of issuance of advance.

2. The **second installment** of Consultation fee amounting to 50% of the total fee shall be payable to the Consultant after the approval of the Draft report.

3. The **third and final installment** of Consultation fee amounting to 20% of the total fee shall be payable to the Consultant after the receipt of the hard and soft copies of the final report in such format and number as prescribed in the agreement, along with all

original documents containing primary and secondary data, processed data outputs, study report and soft copies of all literature used in the final report.

Taxes will be deducted from each payment, as per rates in force. In addition, the evaluating agency/consultant is expected to pay service tax at their end.

11. Selection of Consultant Agency for Evaluation:

The selection of evaluation agency should be finalized as per provisions of KTPP Act and rules without compromising on the quality.

12. Contact person for further details:

1. Finance Department, M S Building, Government of Karnataka.

2. MGNREGA, Commissionerate of Rural Development, RDPR Dept. M S Building, Bangalore. Phone number : 080 -22340387

3. Directorate of Social Security and Pensions, Department of Revenue, 5th Floor Revenue House, KG Road, Bangalore -560009. Phone number: 080-22232040/22232012.

4 Nodal Officer KEA Shri M Ranganna e mail: conpkea@karnataka.gov.in Mobile: 9901174915

The entire process of evaluation shall be subject to and conform to the letter and spirit of the contents of the government of Karnataka order no. PD/8/EVN(2)/2011 dated 11th July 2011 and orders made there under.

Chief Evaluation Officer

Karnataka Evaluation authority

Prepared inhouse by

(Dr. Chaya Degaokar)
Consultant (Evl.) KEA

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