

MSC Policy brief #27

G2P **NEXT** in India: Choice, resilience, and inclusivity

Arshi Aadil, Damini Mohan



This policy note draws on trends from MSC's research on building modern G2P programs and broader research in this area from the World Bank. The design principles of modern G2P architecture emphasize reengineering systems, policies, infrastructure, and regulations to prioritize the recipients' inclusion, convenience, and empowerment. It also highlights the need for robust payment systems that can distribute benefits quickly and safely during times of crisis and otherwise.

India's remarkable G2P system hinges upon the strong linkage between Jan Dhan, Aadhaar, and Mobile (JAM). The JAM trinity has laid the foundation of modern G2P architecture by enabling swift digitized

payments, precise targeting of beneficiaries, and financial savings to the government through a reduction in inefficiencies and leakages. India's flagship G2P system includes 400-plus Direct Benefit Transfer (DBT) schemes that have delivered funds to 900 million people.

Most recently, DBT delivered COVID-19 relief to individuals to tide over the immense losses from the pandemic. As digital transfers continue to expand, the government has taken crucial steps to respond better to recipients' needs. This note discusses pathways to future G2P reforms in India with potential next steps for each proposed reform while examining the progress already achieved.





1

Choice

Choice empowers customers and helps the government respond better to beneficiaries' needs. Customer choice can be seen through interoperability. India provides beneficiaries with multiple options to cash out, including through banks and agents. A [World Bank report](#) supports customer choice through interoperability, citing India as one of the few examples of implementing interoperability at scale.

[Recent data suggests](#) that the G2P beneficiaries have more choices and greater control over funds than ever before. For instance, the "[One Nation One Ration Card](#)" program allows the 800 million beneficiaries of India's Targeted Public Distribution System to receive food grain subsidies from fair price shops anywhere in the country. This is thanks to the government's move [to introduce portability](#) to the Ration

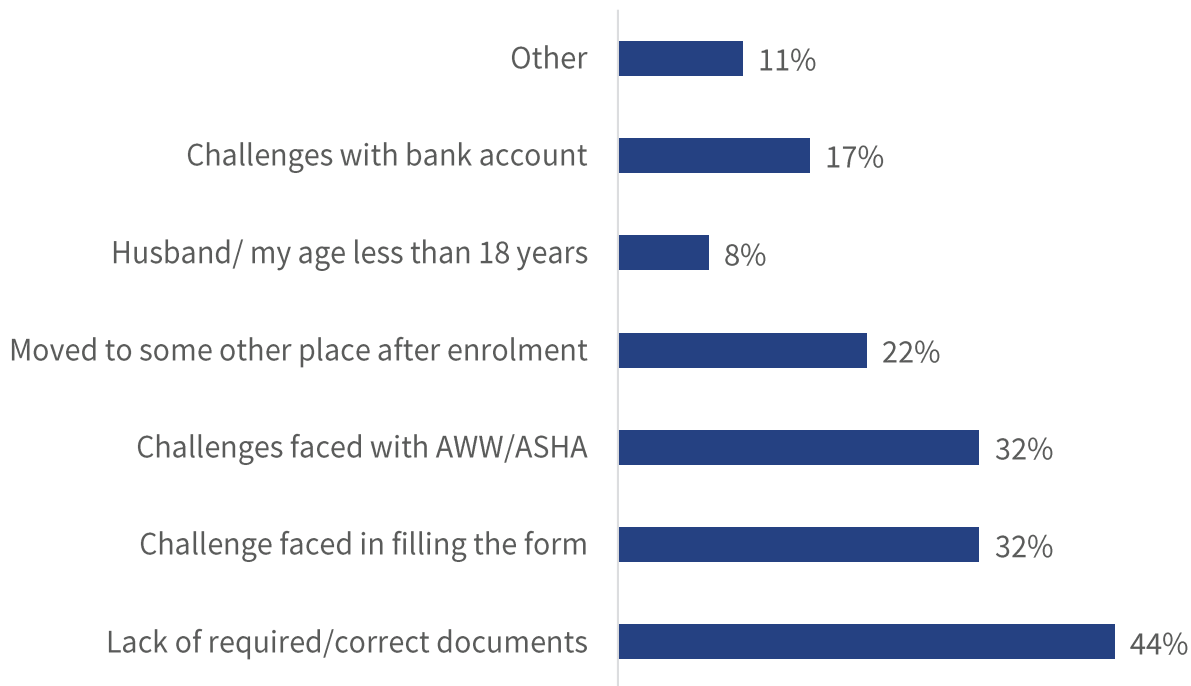
Card—the primary ID required to get these benefits. The portability of cards also allowed supply-side stakeholders, including the fair-price shop owners, to respond better to customers' needs.

Yet, many more government programs could benefit from extending choice further to beneficiaries. For instance, the maternity support program, [Pradhan Mantri Matru Vandana Yojana](#), which offers INR 5,000 (USD 65) as partial wage compensation for first-time mothers, still faces program delivery-related challenges due partly to the lack of portability. Many beneficiaries [enroll in the program in their marital home but deliver the baby in their natal home, which may be in another state altogether](#). The lack of flexibility leads to the exclusion of potential beneficiaries.



22% of PMMVY beneficiaries who struggled to enroll cited it was due to lack of portability

Challenges faced while enrolling for PMMVY



PMMVY beneficiaries may require up to nine IDs and fill six application forms to prove eligibility, making enrollment difficult



Additionally, many women enroll in the *Aanganwadi* center near their marital home but deliver their baby in their natal home (which may be in another district or state), which makes it difficult for them to withdraw DBT funds due to lack of portability

Sources: [The Hindu](#), [DBT diagnostic study](#)

MSC developed a user-centric framework that details recommendations to enable choice for beneficiaries in G2P programs. These include offering flexibility in the amount

and frequency of G2P funds, portability, and mechanisms to allow beneficiaries to easily modify or update their personal details, such as name and address.



2

Resilience

2 a.



Shock resilience

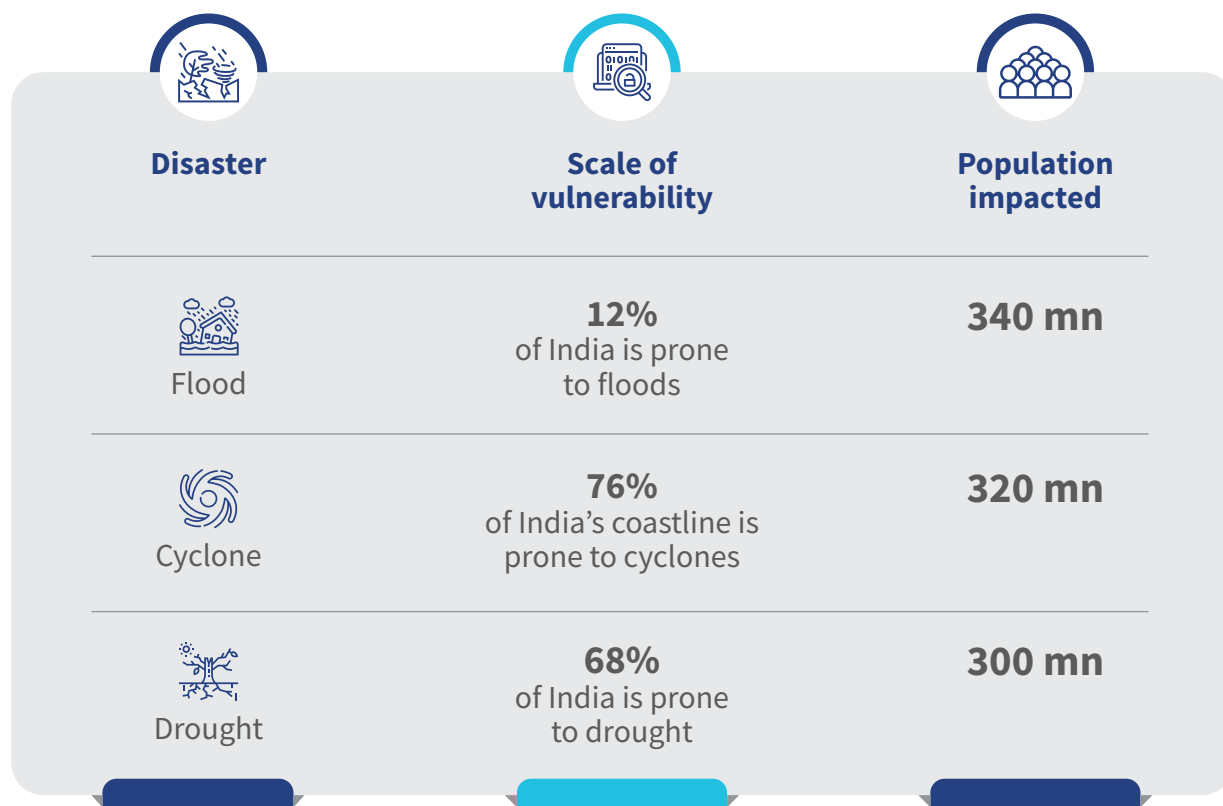
India faced devastation to life and livelihoods during the COVID-19 crisis. The WHO estimates that more than 500,000 died as a result. Additionally, the pandemic created tremendous socioeconomic stress that added 75 million people to the country's poor. India accounted for up 60% of the total increase in global poverty during the pandemic.

India's social protection systems must be bolstered to address the higher frequency of natural and manmade disasters due to disease and climate change. India's enormous and diverse topography and high population density make it vulnerable to natural

disasters. A 2019 UN report ranked India third globally in terms of the number of natural disasters each year.

After China, India is the second-most prone to floods, with more than 17 occurrences yearly. States such as Assam, Bihar, and Odisha routinely face natural disasters. While India has charted out its climate strategy through the National Action Plan on Climate Change (NAPCC), more needs to be done to secure vulnerable populations. India needs a shock-responsive G2P system that can identify the most vulnerable and address the frequency of natural and manmade disasters.

India faced 320 natural disasters between 2000-2019; climate change-related disasters are becoming more frequent



Source: [United Nations Office for Disaster Risk Reduction](#)

2 b.



Strengthening insurance and pension

India's constitution enshrines social protection through its [Directive Principles](#), which enable policies that protect vulnerable populations. Many of India's programs have been reasonably successful at reducing poverty rates. The government has made significant progress in health insurance through programs—the [Pradhan Mantri Jan Arogya Yojana \(PMJAY\)](#), for instance, has emerged as the largest health insurance scheme in the world. It covers 500 million people who make up the poorest 40% of the country.

However, few Indians know of the coverage and services they can avail of under PMJAY. A [study](#) showed that 74% of households did not know how to claim insurance under PMJAY, and nearly 60% did not know what diseases the insurance scheme covered. For India's vulnerable to be secure for the future, its social protection programs must address gaps and expand social insurance and pensions to all target beneficiaries.

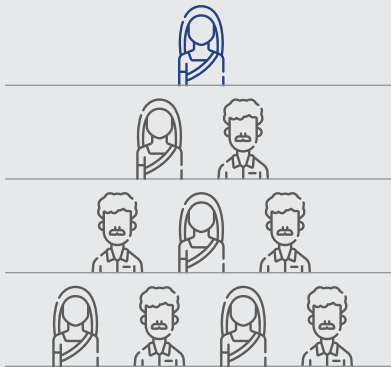
India's pension initiative National Social Assistance Program (NSAP), does not completely cover its target population (the elderly, the differently abled, and widows). Only 12% of Indians are enrolled in a formal pension scheme. Additionally, the current amount provided under NSAP (between USD 2.67 to USD 6.67 per month) is alarmingly low and unlikely to cover the potential health and economic expenses of India's elderly. Finally, although pension amounts were most recently

increased in 2012, the increases do not counter the growing inflation rates.

Other programs, such as the Pradhan Mantri Jan Dhan Yojna (PMJDY), which opened more than 450 million bank accounts for the poorest in the country, also offer an accidental insurance cover of INR 100,000 (USD 1,226) and a life insurance cover of INR 30,000 (USD 367). However, awareness of these benefits remains negligible among beneficiaries.

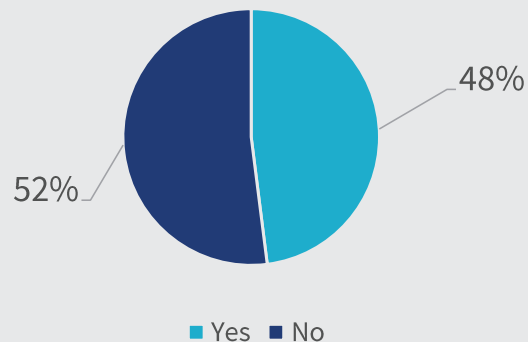
Despite some progress, pension and insurance coverage remains low

Roughly **One in 10** Indians are covered by formal pension



Only **48%** of all beneficiaries knew about the insurance cover offered with PMJDY

Do you know about the insurance feature in PMJDY?



Source: World Bank, DBT diagnostic study





3

Inclusivity

3 a.



Dynamic data and social registry

The government manages vast volumes of data from individual beneficiaries due to the proliferation of G2P programs in recent years. Government departments mostly work in silos and process data and information independently. Every department maintains its respective program database, which is currently neither dynamic nor in a format for use by another department.

The government thus uses several databases to identify and verify the eligibility of the individual recipients but lacks ways to link individual identities to their households.

When beneficiaries enroll in programs, they must submit the same information for each scheme separately—their *Aadhaar* number, ration card details, bank account details, income, and demographic information. Most of this information is collected manually, which introduces a high chance of error and exclusion.

Many states have started creating state-level dynamic databases to address this problem. The databases include socioeconomic details in digital form along with demographic data. Some of these databases are *Aadhaar*-enabled, and some are independent of *Aadhaar* details.

But all of them have similar objectives—to ensure better targeting, effective service delivery, greater accountability, and more efficient monitoring of schemes. Makkal in Tamil Nadu, Smart Pulse Survey in Andhra Pradesh, and Samagra Vedika in Telangana are examples. These digital databases will increase the efficiency of governance.

Furthermore, at the national level, the government is developing a Social Registry in 2022, which will serve as a “one-stop” database to determine people’s eligibility for

government schemes. The social registry will be populated by merging state databases with other databases, including PAN, university, caste, income, disability, land records, and government employee databases, among others. The registry will link Aadhaar to the addresses of beneficiaries to deliver government benefits. This will enable easier identification of vulnerable populations and reduce exclusion. Moreover, it will streamline enrollment processes through easier eligibility verification and data sharing across relevant government agencies.

3 b.



Gender-responsive G2P programming

Welfare delivery payments have great potential to promote gender equality. A 2022 MSC study evaluated the impact of seven key DBT schemes on women. We found that more than 80% of all female beneficiaries surveyed reported that DBTs had an overwhelmingly positive effect on their lives.

At the household level, DBT funds ensured that children stayed in school and studied instead of dropping out to support the family. These funds also helped with household food supply and improved families’ physical health. For women, receiving DBT increased their disposable income, financial decision-making, and family’s respect for them.

These payments can facilitate better access to resources for women and promote them as decision-makers within the household when they are nominated as a program’s primary

recipients. An MSC study found that G2P payments directed toward women can enhance their access to financial services (savings, credit, and insurance), financial literacy, digital capability, employment opportunities, household bargaining ability, and decision-making power. Many welfare delivery programs have started to target women as the primary recipients—with encouraging results. For instance, MGNREGA has mandated a 33% reservation for female laborers, but in practice, the participation of women has been well over 50%, which has lent a major boost to rural female employment.

In some cases, even though a program may not have intentionally targeted women recipients, many of the beneficiaries ended up being women. This can be seen in UP’s recent education-related scholarship scheme, which transforms what was an in-kind subsidy into

a cash transfer program. MSC evaluated the scheme and found that more mothers than fathers signed up to receive the funds on their children's behalf. Qualitative interviews from the study also showed that many men felt that women were in charge of household expenses, including children's education, and so ought to

control the funds. This is an encouraging insight into how G2P can increase financial decision-making among women.

As we look toward the future, we recommend undertaking the following steps to prepare India's G2P systems

I. The government can expand choice for beneficiaries by directing funds to mobile wallets to deepen G2P's digitization

We have already discussed the power of interoperability in India. The government could move away from a single channel to deliver benefits and expand the already digitized G2P payments to mobile wallets. Currently, 350 million Indians conduct online transactions through mobile wallets. As more Indians, especially those in rural areas, access the internet every year, enabling the option for them to receive G2P payments through mobile wallets seems the logical next step. Its primary benefit is that it is convenient and reduces the time currently needed to withdraw funds. Payments through mobile wallets can also circumvent two challenges women face while accessing money—lack of privacy and restricted mobility.

An MSC study showed that family members chaperone more than 30% of women when they step out to withdraw the G2P funds, and 20% of all women surveyed reported fear for their safety as they traveled to the withdrawal points. If these women can receive money in their mobile wallets, it can mitigate some of these risks.

India's neighbor Bangladesh has implemented a G2P transfer initiative—

the Primary Education Stipends Program (PESP), which goes directly into mobile wallets of mothers to support their children's education. A recently concluded study by MSC on PESP's impact shows that nearly 80% of women opened a digital account for the first time to receive these payments. These women strongly preferred the digital mode over cash due to increased convenience and privacy over how they used the money.

India has had great success opening bank accounts for its people—450 million bank accounts are currently active under India's Pradhan Mantri Jan Dhan Yojana Scheme (PMJDY). During the COVID-19 pandemic, the government used these accounts to deliver funds from the Pradhan Mantri Garib Kalyan Yojana (PMGKY) initiative worth INR 170 billion (more than USD 20 million) to India's poorest.

Adding mobile wallets to the Government of India's arsenal will help increase the flexibility and convenience for beneficiaries. Moreover, using mobile wallets can have spillover effects on internet usage, such as fund transfers, savings, and mobile topups for women, which can close the gender digital divide.

II. Consolidating a national disaster database, creating an emergency response strategy, and widening social safety nets is needed to build resilience to climate change-related disasters

One way to build resilient G2P programs would be to create a robust national disaster database that tracks floods, cyclones, and other disasters across states and provides early warnings. Currently, the [National Database for Emergency Management](#) hosts various maps that provide details of disasters. Yet, the website is outdated, not user-friendly, and does not show data trends, including the scale of death, loss of livelihoods, and destruction of goods and property.

Providing data can help develop disaster profiles of populations, map the frequency and specificities of disasters, and evaluate people's emergency needs based on geography. For instance, a state like Bihar that faces floods regularly may require shelter for displaced people, which a drought-prone state like Maharashtra is less likely to need.

The recently concluded COP27 conference agreed upon creating a [breakthrough “Loss and Damage fund.”](#) This fund would compensate countries vulnerable to climate change-related disasters. While this is global, India can certainly take lessons from this development and create a national “loss and damage” fund to address local crises. It can use its extensive social protection system—[DBT, which delivers funds from 400+ schemes to beneficiaries](#)

to “shock-proof” vulnerable Indians against climate change-related disasters.

PMGKY's delivery during the COVID-19 waves already set a strong positive precedent for India's capability to deliver funds at scale. The government had attempted to overcome process-related challenges that beneficiaries may have faced by implementing exception management mechanisms, such as waiving the need for *Aadhaar*-linked biometric identification to enroll in schemes. The creation of a strategy for times of emergency where telecom and banking systems may be out of service is a crucial step needed to build resilience.

Additionally, appointing a coordinator who liaises between relevant ministries to deliver G2P payments during emergencies would vastly improve India's response to climate change-related natural disasters.

Finally, policymakers should prioritize increasing insurance and pension coverage to safeguard people's futures. Concerted efforts are needed to drive awareness and education around enrolling in pension and insurance schemes, including [climate risk insurance](#) that protects people's food, health, and livelihoods.

III. Bridge the last-mile gap in social protection by securing *Aadhaar* for India's most vulnerable groups

The [2019 State of *Aadhaar* report](#) found that 27% of all transgender people in India lack an *Aadhaar* card. This is a worrying number for a country that has been extraordinarily successful in expanding *Aadhaar*—around 99.9% of residents have [an *Aadhaar* card](#). A reason for this gap is the delay in processing transgender identity cards that may be required as proof of identification to secure an *Aadhaar* card. Only [16% of all transgender IDs have been processed](#) since its rollout in 2020. This broken chain has exacerbated the exclusion of India's most marginalized communities.

Transgender people face several bottlenecks and systemic delays related to access to social benefits and are also ostracized and often harassed by society. The government should consider running a large-scale communications program to increase awareness and sensitize officers and other stakeholders. For instance, they could appoint transgender representatives within UIDAI's ([Aadhaar's governing body](#)) [ecosystem](#), including enrolling officers to increase awareness and address the stigma the community faces. The [Rajasthan High Court](#) recently directed the state to increase transgender employees across all government agencies in the state to increase inclusion.

The same [State of *Aadhaar* report](#) also found that 30% of India's homeless—another particularly vulnerable group—lack an ID. The primary roadblock is the absence of a permanent address, which is mandatory to enroll for *Aadhaar*. UIDAI

is yet to innovate a protocol to enable enrollment for this group, which requires all [homeless people to be linked with the local Homeless Resource Centre](#) if they lack a permanent address. However, a lack of awareness among the homeless persists around this process. For instance, [an article reported](#) that between 7,000 and 9,000 homeless people in New Delhi had an *Aadhaar* card out of the estimated 150,000 homeless population.

Without an *Aadhaar* card, vulnerable people cannot access G2P funds under India's flagship DBT programs, as most schemes [require an *Aadhaar* card and an *Aadhaar*-linked bank account to enroll](#). The government should take immediate steps to close gaps in information through carefully targeted and customized awareness campaigns to bring marginalized groups into India's social protection systems.

Finally, as India continues to urbanize, millions of people will migrate from rural areas to cities in search of economic opportunities or due to climate change-related displacements. The government should consider bolstering the interoperability of all its G2P programs to support its migrant population, as with [ONORC](#). It may also consider rolling out a national Urban Livelihoods Guarantee Program (akin to [MGNREGA](#)) to secure employment for migrants. A program of this kind is already [underway in Rajasthan](#), which merits study to understand how to scale it across the country.

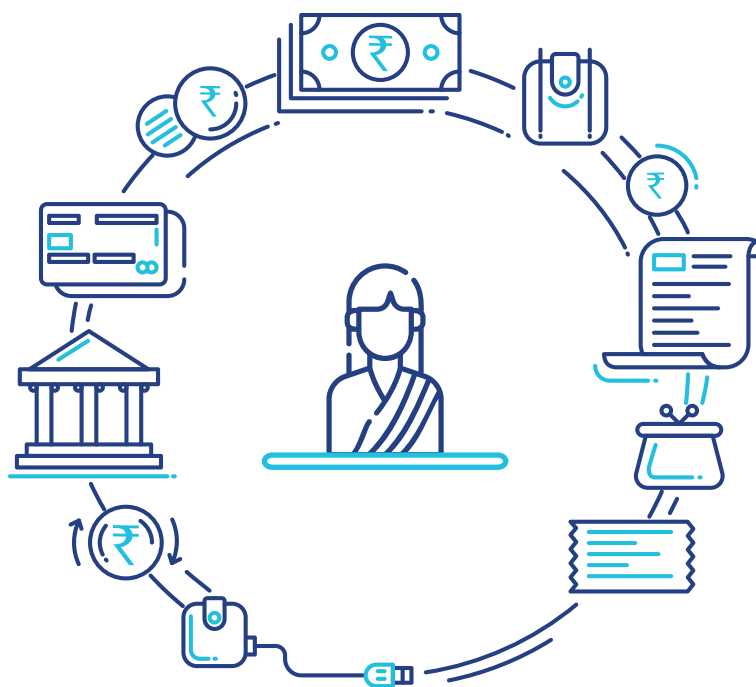
IV. Mainstream gender-disaggregated data (GDD) to help close gender gaps in G2P payments

Through secondary research and MSC's work, we know that female beneficiaries' experiences are unique and influenced by gender norms. Unfortunately, sufficient gender data is unavailable to support this idea, not just in India but worldwide. UN Women reports that it will take more than two decades to close the SDG gender data gaps. Given these grim facts, the Indian government must collect gender-disaggregated data (GDD) to understand the impact of G2P programming on women better and strengthen its delivery.

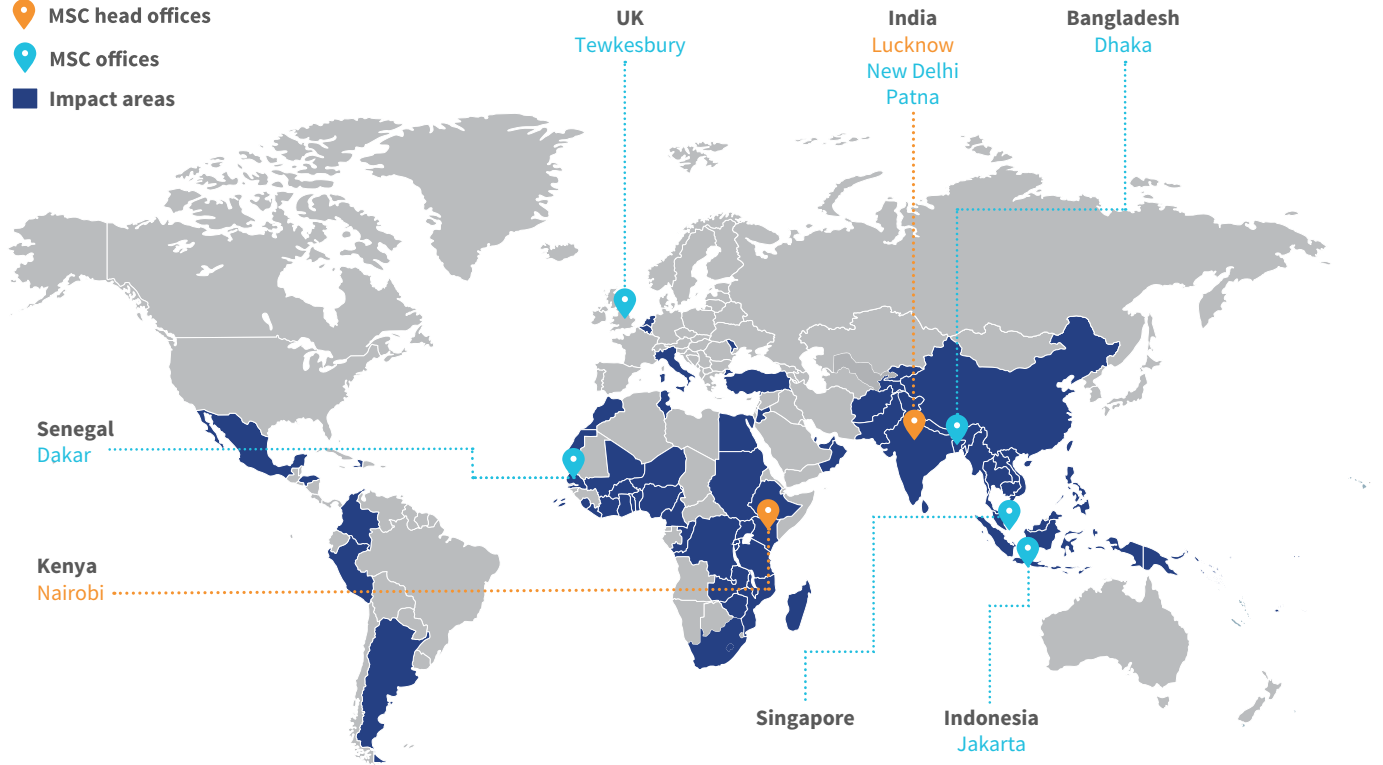
GDD can also offer insights into the needs and challenges female beneficiaries face and can help design more inclusive policies to maximize the impact of G2P funds. One way to do this would be to

create policy guidelines to collect GDD that can help understand the effect of G2P programs on gender. This, in turn, will help policymakers design and evaluate policies to increase how well women can access and control funds.

Strengthening its G2P system for the future is essential for India to meet its SDG goals by 2030, including SDG 1: ending poverty, SDG 5: gender equality, and SDG 10: reduced inequality. The country will soon helm the G20 presidency for 2023. In this context, putting in place plans to strengthen the future of some of the most extensive G2P programs worldwide is an opportunity to present a G2P system that is genuinely beneficiary-centric, resilient, and inclusive.



- 📍 MSC head offices
- 📍 MSC offices
- Impact areas



Asia head office

28/35, Ground Floor, Princeton Business Park, 16 Ashok Marg,
Lucknow, Uttar Pradesh 226001, India

Tel : +91-522-228-8783 | Fax : +91-522-406-3773

Email : manoj@microsave.net

Africa head office

Landmark Plaza, 5th Floor, Argwings Kodhek Road
P.O. Box 76436, Yaya 00508, Nairobi, Kenya

Tel : Tel: +254-20-272-4801/272-4806

Email : anup@microsave.net

www.microsave.net