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GETTING THE CASH TRANSFER ARCHITECTURE RIGHT

A CASE FOR ENHANCING TRUST AND USER EXPERIENCES OF
DIRECT BENEFIT TRANSFERS IN THE AGRICULTURAL SECTOR.

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Executive Summary

With the proliferation of welfare delivery through direct cash transfers, the digitization of claim making and the transfer of many public services online, it is vital to ensure that these new systems do not exacerbate existing inequalities, hamper access of marginalized groups and escape accountability as a result of being online.

This brief is based on research on cash transfers in a primarily agricultural Panchayat in Kerala, which we use to draw out essentials for designing a cash transfer architecture that works for the people. Through this, we seek to demonstrate how governments can build systems that foster the trust of citizens by being structured around visibility of processes amongst actors, continuous engagement of civil society, accountability and accessibility.

Description of Research Site and Methodology

Research Site and Key Institutional Actors

The site of the study is Ezhikkara Panchayat of the Paravur block in Ernakulam district of Kerala. This Panchayat is famous for a variety of rice that grows in saline soil, and is the primary crop grown here. In addition to this, as a result of a well-functioning cooperative society bank and SHG groupings, the community is also involved in vegetable and plantain cultivation.

The Bank

The bank, whose operations date back to the pre-independence period, plunged into supporting agricultural activities close to two decades ago. The bank now has 27 SHGs of farmers grouped on the basis of crop and area, and as the Secretary of the bank stated,

it “has almost all the farmers in the three wards under its purview as members now”. Small farmers, pensioners, women, landowners are all members of the society.

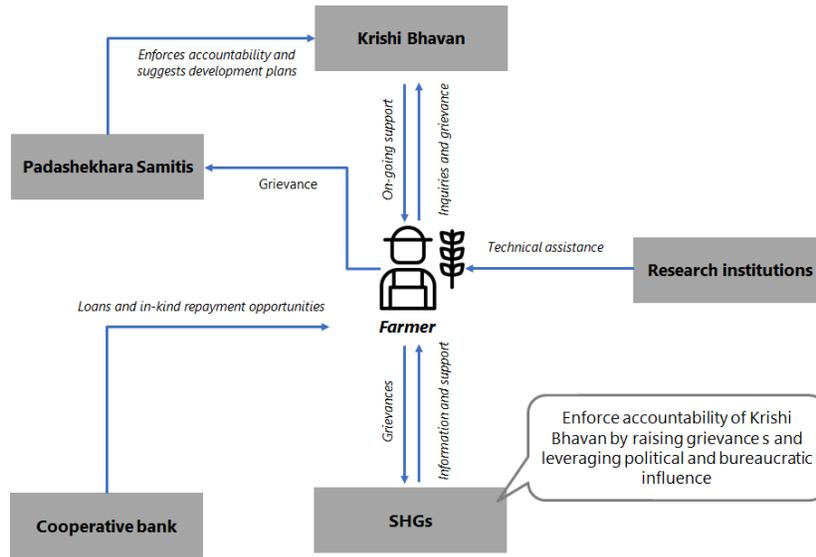
With its regular monthly meetings, the SHGs play a significant role in networking between farmers, who rely on it for farming-related support, information and grievance redressal. Thus the bank often plays a mediating role between the state frontline, local Panchayat and the farmers. It also collaborates with the other cooperative bank in the same Panchayat under whose purview the other wards lie. Its system of procurement and marketing has made it worthwhile for most farmers in the region to be members, and has made their livelihoods economically viable.

Krishi Bhavan

The Krishi Bhavan is the Panchayat level agriculture office which is the implementing body at the frontlines of the Agriculture and Farmers’ Welfare Department of the Government of Kerala. Stretches of paddy lands or a collection of different sized paddy fields called ‘padashekarams’ are managed by a registered organization, called Padashekhara Samiti, which is statutorily recognized. There are five such *padashekharams* in Ezhikkara Panchayat.

The SHG collectives and the cooperative society bank, the Padashekhara Samitis and responsive officers at the Krishi Bhavan together form a support system that gives farmers technical support, interfaces with the Kerala Agriculture University and the Rice Research Station for new seed varieties and field expertise, helps them understand and navigate governmental processes and claims for welfare delivery, and are also fora for grievance redressal, information and best practices exchange.

Figure 1: Overview of farmer-centric institutions



Farmer welfare and agriculture support schemes in the research site

Since the Panchayat is primarily a rice (*pokkali*) growing region, the State and Central government schemes particular to this crop and general farmer welfare schemes were studied.

Table 1: Farmer welfare schemes in Kerala

Scheme Name	Description	Fund Allocating Body	Disbursing Authority
Production Bonus	Incentive to sustain paddy cultivation and to retain farmers in the rice sector @ Rs.1000 / hectare per season	Panchayat	Assistant Director, Agriculture (Block level)
Seed Subsidy	Covers part of the expense incurred in seed purchase		
Wage expenses	This variety of paddy farming is labour intensive and workers demand high		

	wages. This fund covers wage costs.		
Promotion of specialty rice	This is a fund for the promotion of this rice variety @ Rs.10,000 / hectare farmed.	Agriculture Development Department, Government of Kerala	
Crop Insurance		Centrally Sponsored Scheme	Assistant Director, Agriculture (Block level)
PM-KISAN	Income support to small and marginal farmers - Rs. 2000 in three tranches per year.	Central Government	Central Government

Further details on the methodology and ethics of the research are annexed in the Research Appendix.

New DBT system preferred across interview groups

The direct cash transfer system has been in place since 2012. Earlier, for each sanctioned claim the ADA office would hand over cheques to the Krishi Bhavan. This would have to be distributed to each recipient farmer individually. In the absence of phones / messaging systems (which were not mandatory) prior to direct cash transfers, the Krishi Bhavan officers would call up farmers to inform them that their claim has been reimbursed, or word would spread from person to person.

Krishi Bhavan: a drastic reduction in time and effort overhead

Distribution of cheques for schemes with large number of beneficiaries used to be a particularly long-drawn process. Some

farmers who are either office bearers of the farmer groupings (SHGs or Padashekhara Samitis) or active members of the farming community would often have to lend their services to ease the workload of the Krishi Bhavan officers. They would station themselves at the Krishi Bhavan till the last cheque was handed over, “sometimes for weeks and months together, because we have to wait till the last beneficiary comes and collects the cheque”, as one farmer recalls. Receipts for all cheques and office copies had to be maintained, making the entire process heavy on documentation. The officers say that the new DBT system frees up more time for field work and makes the audit process much easier.

Farmers: an overall positive outlook towards direct transfers

For their part, farmers are relieved at the relatively less tedious process that is in place now. “We receive the money directly into our account, don’t have to wait in long queues at the Krishi Bhavan or until we get word from them that the cheques / kind transfers are ready for disbursement”. Though they admit to having had trouble understanding the new DBT system, particularly in the first couple of months, they are quick to add caveats like “it takes time to adapt to any change, it is always good to learn how to use new technology”. Women were particularly emphatic about their positive experience, stating that they “now have our own bank accounts and use them”.

The notification to beneficiaries via text messages when accounts are credited with cash helps streamline the new DBT process. Out of the interviewees, two women tenant farmers mentioned reliance on younger family members to keep track of message notifications. Once knowledge of receipt reaches at least one beneficiary, word quickly spreads through their everyday conversations, and the others are alert. If there is an inordinate delay they are quick to go to the Krishi Bhavan and demand the status of their transfer.

Increased credibility of the banking system

All the farmer respondents had a similar response when asked which system they preferred and why, “the direct transfer to bank accounts is itself the better system - in this way the money comes directly to our accounts, and we get messages on our phones. If there is any delay, we can go to the Krishi Bhavan where they check our passbooks.”

Typically low income groups have low trust in banking institutions and prefer to save their money in their homes. However, in this site, citizens appear to have seamlessly transferred the trust that is generally espoused towards government processes and officials to the banking system. This could be attributed to both the high levels of trust that the agriculture officers themselves show in the banking system as well as the idea of banking and trust that the cooperative society bank has managed to foster.

However, farmers experience issues with delays, invisibility, group claims.

Delays

Several farmers stated that their only issues with the system were the occasional delays in transfer despite the process having been digitized. One senior farmer stated that there would always be 5-6 farmers who got their money only several weeks after the others, in the worst case, the delay being as long as a month. They enquire about this at the Krishi Bhavan and are told that the delays are as a result of the process being held up at the block office. The block office acknowledged these delays and link the problem to the availability of only one staff to manage the data entry coming from all the six Panchayats in its purview. The problem is especially pronounced when claims for schemes with large numbers of eligible beneficiaries are to be processed.

The DBT funds are transferred post-expenditure, and farmers arrange to make purchases through loans from the

cooperative bank, which are then repaid in kind (as the crop equivalent of the loan amount). This system buffers the impact of the delays, without which it would lead to a strain on a farmer's already limited resources.

Invisibility of PM-KISAN

All the farmers interviewed as part of this study were small or marginal farmers and thus eligible for the central government's Prime Minister's Kisan Samman Nidhi (PM-KISAN) scheme. This involved a direct transfer of funds from the central government, unlike the other schemes that are either from the Agriculture Development and Farmers' Welfare Department of the Government of Kerala or Centrally Sponsored Schemes that are routed through the same department.

For schemes routed through the state agriculture department it is the block office that disburses the fund, accessible to the farmers both in terms of physical proximity and ability to discern the process. Thus any delay or non-receipt can be tracked, and officers run the risk of "having to face angry farmers" if they are unresponsive. On the other hand, with PM-KISAN, there appears to be a lack visibility of process and helplessness both to the farmer and the local state machinery. Some of the claimants have received both their tranches while many others have not received even the first. The distribution appears arbitrary, with the farmers uncertain about the causes of delay. "The first set of people who submitted their forms have not received it", or "the people who applied on the second day seem to have been missed out", or "no one knows why our money has not come" were common responses

from farmers when asked about their experience with the scheme.

The officers can check the status of the PM-KISAN scheme (whether cash is transferred or not) on the Public Financial Management System portal, but there is no discernible procedure in place to address non-receipt of transfers or non-transfer to a particular claimant. Officers at the block office said, "we can only check the report which shows if money has been transferred or not, and nothing else". Neither the Panchayat level office nor the block office know the exact point of transfer (exchange of the claim for cash), and are hence unable to address the issue.

Tenancy records and group claims

With digitization, there is a tension between individual and group claimants. Prior to the new DBT system, group claims could be made. However, the online system requires that claims be made individually. This poses problems for some tenant farmers who do not possess records of their tenancy (*sammadha patram*). Local landowners sometimes hesitate to give this document to individual tenants out of fear of losing their lands to the tenants. There is less hesitation to offer the *sammadha patram* to a group, because of which local women farmers (who take up farming activities as part of the employment guarantee scheme) stated that they had taken to group farming. But making online claims as a group is not possible, and has to be made in the name of one member of the group.

Officers spend time dealing with technical snags

Software processes do not reflect on-ground processes and hierarchies

The Bill Information & Management System (BiMS) is the e-portal for settlement of claims sent by the Krishi Bhavan. However, the data input for this portal is different from the format in which it is filed by the Krishi Bhavan. The data entry personnel at the block office has to manually parse out required fields and copy required data fields from one format to the other. This is time consuming with a bearing on the time required to process the claims and disburse the funds.

A second instance is the filing of claims under the PM-KISAN scheme. The claims were to be filed at the block level and thus the data entry system had one set of login credentials for each block. Filing

claims for farmers from six Panchayats at one (block) office within the given time-frame being a near impossible task, data entry was done at the Panchayat level itself with all the six Krishi Bhavans using a single login session. Any error in one location would result in all six sessions in the block being logged out and unnecessary delays in an already arduous process.

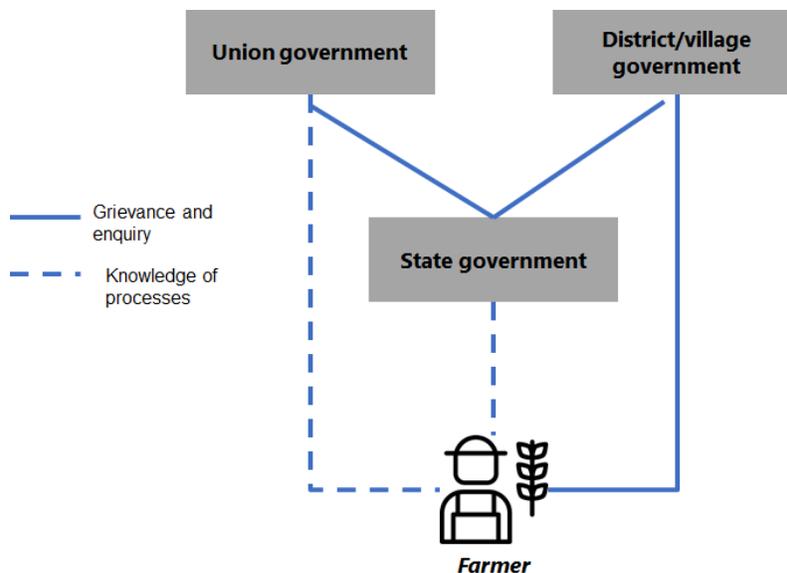
Resolution

We use some of the issues highlighted above to draw out a broad-based long-term resolution framework, followed by a list of practical immediate-term steps both of which can be implemented alongside any direct cash transfer based welfare scheme.

Robust linkages between actors

The visibility of processes between and within levels is crucial.

Figure 2: Farmer government linkages



- Between government at different levels: People hold govt frontline workers accountable, and come to them with all manner of queries. Thus a vertical chain of accountability is likely to be established. But this has to be enabled via the flow of information. For instance, for Kerala government transfers, , there is a status report that is generated which shows the status of the transfer. The Krishi Bhavan officers check this report when a farmer comes to them with a complaint / enquiry. The block office is just a phone call away. In some cases, farmers even make visits to the Block. Both the farmers and the officers are unable to do this in case of direct transfers from the central government.
- Between farmers / citizens and government: Citizens need to have visibility of the source of funds and must know which benefits are coming from where. This can help enforce political accountability, i.e., there is no ambiguity about which level of government is to be held responsible. In the places we visited, the farmers, even the smaller tenant farmers, and those who aren't part of the SHGs, knew which benefit is coming from where. The central scheme transfers being held up were rightly attributed to the 'Kendra Sarkar' and the ruling party there, and likewise for the Kerala Government schemes. This is effected by the Krishi Bhavan being conversational and informative when farmers make enquiries there, explaining processes to them.

What can civil society do?

- Functional collectives make for vital support infrastructure. The success and inclusiveness of a digital intervention can be enhanced by groupings that are invested in farmers welfare and livelihoods, as well as in the growth of the local economy. For instance, in this research site every SHG religiously meets once every month. All manner of issues are raised at these meetings. If there are issues related to claims / transfer of cash, issues to be addressed by the Krishi Bhavan, these are taken stock of and raised in the monthly meeting that the SHG office bearers have with the agriculture officers.
- The collectives and their office bearers must wield bureaucratic as well as political leverage. The office bearers of the cooperative society bank in this study leveraged political power with the state government for schemes that are required for agricultural growth in that region. Farmers are thus able to use their votes with the state government to their betterment and is an important as a channel through which ground feedback is shared with government.
- Local power brokers can be co-opted by giving them the first understanding of how the online process works. This could particularly be useful in places where there may not be pre-existing strong and informed communities. It is also in the interest of self-made local leaders and power brokers to be in the know of things and to be able to

have information on the how-where-why of the process.

- Collaboration with other collectives: The cooperative society studied has only three and half wards of this particular Panchayat under its purview. The other two and half wards are under a neighbouring cooperative society that is not as well-developed and is relatively new to the domain of agricultural operations. This bank networks with the new society and provides expertise to bring up the SHGs' functioning in the neighbouring wards as well.
- Those who are non-conversant with communication technology such as phones and messaging systems must be able to rely on the community for timely information. The officers at the Krishi Bhavan state that the number of such farmers is small - "maybe 2-3" - and stated that such farmers are directly intimated by the officers through phone calls or get their information through others in the community. These farmers rely on the officers at the Krishi Bhavan, other SHG members or the Padashekhara Samiti convenors.

Building for a good User Experience - for everyone, everywhere

1. Co-opt existing networks and power brokers into the information exchange system
2. Retain local methods of information exchange and communication - ie,

instead of an either/or dichotomy between ICT based and traditional channels, the ways in which people communicate in a given community must be adopted to official communication as well. This simple-to-understand messaging must be used to notify citizens of new schemes as well as the process and the documents required for the process.

3. Phone numbers must be a mandatory field to be filled in and messages must be sent out with each transfer.
4. Data entry must be decentralized to the lowest level of governance to ensure less workload and more accuracy. Tracking errors also become less tedious.
5. Entries in passbooks corresponding to the schemes must be coded in such a way that beneficiaries and frontline workers are able to identify a transfer corresponding to a given transfer.
6. Frontline workers must be trained in data entry as well as in understanding the process flow and hierarchy of the scheme.

Conclusion

Direct cash transfers and digitization are a mechanism for efficiency and citizen/farmer convenience, the need for a robust offline architecture cannot be overstated. It is this offline architecture that holds the potential to build trust and enhance the user experience.

Research Appendix

Methodology

This brief is the result of embedded research and semi-structured interviews and observations of the agriculture and field extension officers at the Panchayat level Krishi Bhavan, the block level Office of the Assistant Director, Agriculture (ADA), the staff involved in data entry related to claim making, office bearers of the cooperative society bank, farmers who are, or were in the past, convenors of the SHGs and/or Padashekhara Samitis, tenant farmers, and women who farm in groups under the employment guarantee scheme. The study was spread across a month of field work.

Below are the stakeholder categories and the numbers of people interviewed from each category. The informal conversations with individuals and groups that helped frame and contextualize the study have not been included in the numbers.

Table 2: Interviewed stakeholder

Stakeholder Category	Description	Numbers
Agriculture Officers	Assistant Director, Agriculture of Block	1
	Data entry personnel at Block	1
	Assistant Agriculture Officer at Panchayat (Krishi Bhavan)	1
	Field Extension Officer at Panchayat (Krishi Bhavan)	1
Farmers (5 of whom had been office bearers of either the Samitis or the SHGs or both)	Landowners	3
	Tenants	2
	Women who farm in groups	7
Office bearers of the Cooperative Society Bank	Secretary	1
	President	1
	Assistant Secretary	1

	Consultant and Board Member	1
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Ethics

Prior to undertaking the study, Aapti Institute conducted an internal review of the proposed methods, and agreed to seek informed oral consent. Accordingly, all interviewees were asked for oral consent for the interview after the purpose of the research was clearly explained. If anyone refused, the interview was not conducted. In any case, all names are changed to protect privacy. Photographs which show people have been taken with their consent.