GKU Journal of Multidisciplinary Research (GKUJMR)

Blockchain Technology for Transparent Welfare Distribution in India: Opportunities, Challenges, and Future Directions

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Accepted: 26.11.2025 Published: 26.12.2025 DOI: 10.5281/zenodo.18113685

Abstract – Corruption, inefficiency, and a lack of transparency continue to be major concerns in India's welfare distribution, which includes programs such as food subsidies and cash transfers. The decentralized, tamper-proof ledger system of blockchain technology enables transparency and efficiency in systems. This paper investigates how, in the Indian setting blockchain technology can bring transparency, efficiency and safety. Central to these, it also considers questions of scale, infrastructure, and policy constraints suggesting paths forward. It is an endeavor of this paper to present a thorough knowledge on the potential and limitations of blockchain technology for better streamlined benefit distribution across India.

Keywords – Mesomorph, Somatotypes, Biomechanics, Fast-twitch muscle fibres, Body composition, Sports performance

I. INTRODUCTION

Welfare (Bhandari, 2007): Welfare distribution is an essential element of social policy in India which manifests through the PDS (Public Distribution System), DBT (Direct Benefit Transfer) and subsidies for essentials of life such as food, kerosene, fuel slabs and fertiliser. Despite their best intentions, such programmes are riddled with corruption, inefficiency and non-disclosure that may result in significant leaks [1]. The challenges could potentially be addressed with blockchain, which was originally developed for cryptocurrency such as Bitcoin and operates in a decentralized, tamper-proof manner [2].

Blockchain is a distributed ledger that keeps transactions open and safe across various nodes [3]. It is a material for welfare distribution, as it extends to the various fields other than finance including supply chain management and public administration. This paper examines blockchain implications on transparency while exploring how blockchain applies to welfare in India, identifies the current roadblocks on implementing it in an Indian scenario and outlines future directions on its adoption.

II. OPPORTUNITIES

The blockchain technology can revolutionize India's welfare distribution system by making it more transparent, reducing the leakages through non-tampered ledgers and automating payments via smart contracts. It minimizes corruption by supporting direct payment of benefits, verifying eligibility through decentralized digital identity and ensuring secure, same-day tracking. This scalable approach to enable efficiency, accountability, and trust in public processes within rural communities.

2.1 Transparency

If blockchain technology could ultimately bring transparency to systems like India's Public Distribution System (PDS) that feeds more than 800 million people by tracking food grains safely from procurement to delivery, then this would be a good strategy. An example for that (or similar use-cases) are: Blockchains prevent the data manipulation by maintaining a transaction history in an unchangeable and decentralized ledger. This reduces diversion and corruption. Stakeholders, including government agencies, suppliers, and beneficiaries, can receive real-time updates, ensuring accountability throughout the process. Smart contracts might automate compliance with preset criteria, highlighting discrepancies immediately. Beneficiaries can check entitlements through interfaces on their mobile, thus minimizing the dependence on intermediates and removing any doubts. This traceability minimizes fraud, maximizes supply chains whilst ensuring fair resource delivery (re)revolutionizing welfare governance through auditable transparency and democratic oversight, ultimately leading to: better safety nets.

2.2 Efficiency

Schemes such as India's Public Distribution System (PDS) and Direct Benefit Transfer (DBT) can automate transfer of funds, easing delays due to intermediary controls. As an example, for DBT payments can be disbursed swiftly after blockchain-checked eligibility, free from the human intervention and errors [6].

'Through reducing intermediary loss, ' we can move from bureaucratic overhead to beneficiary, making the allocation process more efficient [7]. It automates real-time accountability and shrinks leakage while accelerating service. Smart contracts also make provision for auditability, where all stakeholders can trace every transaction and claimants gain direct access to entitlements through digital interfaces. Better integration also enhances governance, trust and timely distribution of benefits.

2.3 Security

Data immutability The cryptographic security of the blockchain makes it impossible to manipulate recorded transactions, and thus to commit fraud such as adding phantom beneficiaries [8]. Linking with bio-metric systems like Aadhaar increases the authentication to see that only valid beneficiary get benefited [9]. This tamper-proof design prevents past manipulation in benefit systems such as PDS and DBT, where leaking monies previously hampered efficiency. By combining blockchain's immutable record with biometric IDs, eligibility checks become seamless, minimizing identity fraud. Smart contracts automate verification, reducing delays and human error. Together, these qualities improve accountability, reallocate resources to genuine beneficiaries, and restore faith in governance, transforming opaque bureaucratic systems into transparent, secure, and equitable welfare mechanisms.

2.4 Interoperability

A single blockchain platform could bring together India's fragmented social services—all currently operating in silos—for better governance and reduced duplication. Another benefit of the integration of schemes including PDS, MGNREGA and DBT can be coordinated allocation of resources leading to minimizing overlaps in administrative costs [21]. Internationally, the World Food Programme's Building Blocks programme using blockchain in Jordan helped to effectively deliver food assistance to more than 100,000 refugees at a reduced cost per transaction—something that India too could consider doing for its own targeted welfare [10]. Likewise, Andhra Pradesh's land registration blockchain pilot reduced fraud and bottlenecks while showcasing the potential of public services [11]. Cross-program data sharing on such platforms would improve verification, maximize budget use, and build scalable frameworks for equitable delivery.

III. CHALLENGES

Despite its potential, blockchain implementation in India's welfare systems confronts challenges: insufficient technical infrastructure limits decentralized networks [21], intermediaries relying on opaque processes [10], and fragmented governance impedes cross-agency cooperation [11]. Scalability limits and poor beneficiary tech literacy complicate deployment, necessitating staged pilots, legislative reforms, and stakeholder capacity building to ensure equitable implementation. The Challenges in details are as the following:

3.1 Scalability

Current blockchain networks suffer with scalability, handling only a few transactions per second compared to the millions required by systems like DBT [12]. While innovations such as Ethereum 2.0 and Hyperledger Fabric provide solutions, their relevance to India's magnitude is unknown [13]. Additional problems include insufficient technological infrastructure for decentralized networks [21], resistance from intermediaries who profit from opaque systems [10], fragmented governance that impedes cross-agency collaboration [11], and low beneficiary tech literacy. Addressing them involves phased trials to test scalability, legislative reforms to standardize protocols, and investments in digital literacy initiatives to enable inclusive adoption while balancing innovation and equitable access.

3.2 Technological Infrastructure

Blockchain's dependency on reliable internet, electricity, and digital devices emphasizes India's infrastructural gaps, particularly in rural areas [14]. Without these upgrades — expanded connectivity, cheap devices and reliable power — the dent in adoption threatens to lock out overlooked populations and worsen inequality. Such a gap will need to be addressed through localized solutions (e.g., offline-enabled interfaces) and inclusive policies, in order to ensure equitable access to blockchain-based welfare systems.

3.3 Digital Literacy

The voluntary use of blockchain in the welfare sector faces a major obstacle: A widespread lack of digital skills among recipients and administrators, who are often unable to cope with interfaces or audit accounts [15]. Launching tailor-made training programs (comprising digital literacy courses with blockchain-related modules) would be otherwise costly, introducing a barrier to entry in rural areas and a heavy financial burden by means of constant updates and infrastructure maintenance. And it only gets more complicated keeping these programs going given the speed with which technology advances.

3.4 Regulatory Frameworks

Especially with regard to disputes of data privacy and the questionable validity of smart contracts under traditional contract laws, there's no specific regulatory framework in place within India for blockchain [16]. The immutability of blockchain goes against new laws such as the Personal Data Protection Bill, which demands data minimization and the "right to erasure," making compliance cumbersome.

Legal adjustments need to cut through the Gordian knot between blockchain transparency and privacy rights, not least in offering universal governance mechanisms, as vagueness about who is accountable over coding errors or disputes kills creativity.

3.5 Cost

Welfare use case requires significant up-front investments in software (custom smart contracts and audit tools), infrastructure (decen- tralized nodes and servers) as well as

intensive training of employees and beneficiaries [17]. The up-front costs, which could initially cost millions of dollars could strain a public's resources in the short-term when considering other priorities such as health care and education although longer-term savings from reduced leakage, automated verification assurance and less administrative overhead are expected to be realized. To mitigate financial risk and encourage scalable, widespread adoption these costs need to be weighed in consideration of public-private-partnership-models and staged trials.

IV. Future Directions

Share with colleagues and adopmate appropriate strategies to maximize the potential of Blockchain! Hybrid blockchains or consortium networks could alleviate transaction limits by finding a compromise for scalability Vs. privacy12. To address gaps in connectivity, the rural infrastructure (internet and device access) could be funded by public–private partnerships (PPPs) [14]. Regulatory sandboxes would enable for incremental reform initiatives to be used as mechanisms of institutional change through, say, the testing of smart contracts on their adherence to data rules [16]. With the help of CBOs, modular training packages have th e potential to enhance digital literacy in a cost effective way [15]. Pilots similar to the Land Register in Andhra Pradesh [11] would verify scalability before it is launched nationwide. Blockchain combines with Aadhaar's biometric verification assuring secure identity validation [9], and open-source platforms minimise the software expenses [17]. Dissension can be decreased when the main actors come together and this is a feature of collaborative governance models [10] [21].

4.1 Technical Innovations

Pilot implementations for supply-chain have demonstrated that permissioned blockchains, where only consenting nodes are allowed to participate in the network, can improve scalability and efficiency by reducing network traffic [23]. Which means distributing the cost of computation and having edge computing or IOT (real time tracking) to reduce latency, and enable local verification. This hybrid approach is a tradeoff between performance and security, which is still necessary for India's large welfare systems.

4.2 Infrastructure Development

Blockchain adoption relies on leveraging India's "Digital India" campaign to offer affordable device access, and rural Internet connectivity [24]. Tech gaps can also be bridged by subsidizing cellphones or community digital hubs (like Common Service Centers) through which the underserved could claim their identity on blockchain systems, or confirm their entitlements. In doing so, one avoids being marginalized from such technology-mediated improvements in governance.

4.3 Capacity Building

Beneficiaries and their managers may receive training on how to work with a blocked-chain, reading ledgers, resolving disputes etc in comprehensive literacy program supported by NGOs or local institutions [15]. Various literacy levels would be catered to with gamified learning material, interactive workshops and vernacular training content. Pairing them with intuitive user interfaces (voice commands, visual iconography, SMS-based systems) would simplify communication and ensure that populations in need are able to use blockchain-enabled welfare services securely without relying on intermediaries.

4. 4 Policy Recommendations

Working with global benchmarks like the EU's GDPR or Singapore's Payments Services Act [25], a dedicated task force including lawyers, tech and policy experts could establish India's blockchain regulatory backbone, managing privacy (balancing immutability against data deletion rights), security standards, and legal recognition of smart contracts. Prior to a national scale-up, phased further trials in well-endowed areas (eg Andhra Pradesh's land registry [20]) could test scalability, refine procedures and gain-user input, enure that governance is inclusive and responsive at the frontline.

4.5 Long-Term Vision

The delivery of welfare could be streamlined by the use of a combination of blockchain, and AI (for demand-driven resource allocation or predictive fraud) and IoT (real-time supply chain monitoring or biometric devices). [19] and open-source blockchain systems (such as Hyperledger) reduce license fees Public-private partnerships (representing a type of PPP) They mobilize resources and expertise both deploy solutions, cost reduces as scale grows. These synergies result in adaptive, data-driven governance for India's complex welfare ecosystem through enhanced system responsiveness, reduced operational expenditure, accelerated time-to-deploy.

V. Conclusion

Blockchain provides a landmark opportunity to enhance India's welfare system in respect of security, efficiency and transparency. Corruption can be eliminated, ghost beneficiaries can be struck off and the entitleds can get their dues if a no-alteration ledger is maintained for resources from procurement to delivery to beneficiary. Strategic solutions are required for such concerns as there being no legal framework for smart contracts and data privacy, inequitable digital infrastructure in rural regions, and issues with managing millions of transactions on a daily basis. Technology will need to improve in terms of hybrid blockchains, artificial intelligence for fraud detection and legislation to be adjusted with this new method that

blockchain is bringing on the table, laws like the Personal Data Protection Bill needs to phase decentralization of ledger that blockchain brings decentralised data privacy management like Coinfflien addresses. Phased trials, digital literacy projects and investments in rural connectivity are among factors that can support infrastructure needs and build stakeholder capacity. Costs can be saved and time to deployment shortened through public-private partnerships and linking arms with NGOs. By rolling out these policies, India can lead by example for blockchain in public service, worldwide. With the pace of technology, they might even make possible for an accountable and tech-centric government to enable a responsive welfare ecosystem that provides millions a better life in every part of this country.

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