



GUIDELINES FOR STATE DBT CELL



सत्यमेव जयते

DBT Mission
Cabinet Secretariat



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Vision

“A governance regime which ensures a simple and user-friendly Government to People (G2P) interface and directly delivers entitlements to eligible individuals and households in a fair, transparent, efficient and reliable manner.”

Mission

To facilitate a paradigm shift in the process of delivering entitlements to all those who are eligible through:

- *Accurate identification and targeting of the intended beneficiaries*
- *Re-engineering government processes for simpler flow of information and funds*
- *Promotion of Financial Inclusion*
- *Setting up of digital platforms that are accessible, scalable and reliable, providing user-friendly interfaces between the Government and the beneficiaries*

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Direct Benefit Transfer (DBT)

DBT is a major reform initiative to ensure better and timely delivery of benefits from Government to the people. This marks a paradigm shift in the process of delivering benefits like wage payments, fuel subsidies, food grain subsidies etc. directly into the bank accounts of the beneficiaries, removing leakages and enhancing financial inclusion. Of late, with due espousal of the Government, DBT has evolved into a transformative mechanism which ensures a smooth and efficient interface between the Government and people.

The concept and scope of DBT initiative has been evolving over the years. DBT was rolled out in the country in 2013 in 43 districts, 24 selected Central Sector (CS) and Centrally Sponsored Schemes (CSS) in a phase-wise manner. In Phase II, DBT was further expanded across the country on 12.12.2014 with 7 new scholarship schemes, and modified DBTL for LPG subsidy and National Rural Employment Guarantee Scheme (300 districts) brought under its ambit. Currently, DBT is being implemented in 66 schemes of the Central Government across the country, delivering benefits to more than 30 crore beneficiaries with more than 100 crore DBT transactions.

Apart from its extended spread, the definition of DBT has also expanded over the years. Today, DBT not only encompasses direct transfer of cash benefits, but also In-kind benefit transfers and transfers to the service providers/enablers within the Scheme design. In totality, DBT has progressed onto becoming a revolutionary delivery mechanism, enabling the country to leapfrog generations of sub-optimal service delivery and migrate directly to a cutting-edge government delivery system.

Need for State-Level Engagement for DBT Implementation

Over the past three years, DBT has shown promising results in a number of Schemes/pilots being run in across the country. These include PAHAL (modified DBTL for LPG subsidy), Public Distribution System (PDS) Puducherry, Chandigarh and Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). In 2015-16, over 30 crore beneficiaries have received more than Rs 61,000 crore through DBT, including Rs 25,000 crore in MGNREGS, and over Rs 21,000 crore in PAHAL.

The umbrella of DBT is thus expanding its spread; encompassing increasing number of schemes being implemented across Ministries/Departments, its outreach thereby increasing in terms of number of beneficiaries, volume of transactions, etc.

Now, an ambitious target of ensuring that all Central Sector & Centrally Sponsored welfare and subsidy schemes are brought within the purview of DBT by March, 2017 has been set. This requires bringing in new mechanisms, re-engineering of Government processes, and appropriate distribution of authority and responsibility as well as financial resources for delivery public benefits/services. The success of this endeavour will be particularly enhanced with cooperation and support from all the States which implement schemes and are the real interface for the beneficiaries. A coordinated effort between the Centre and State will enable faster: decision-making, eliminate duplication of efforts and smoothen out differences, if any, hence fostering an easier transition of schemes on to DBT.

It is to ensure such desired coordination between the Centre Ministries and States that the States are being asked to set up DBT Cells. These DBT Cells in the States are expected to be the one-stop point for coordinating all efforts for bringing and implementing schemes on to DBT. The advantage of efficiency and effectiveness that these DBT Cells will bring in the DBT implementation exercise, as against the present system (which only duplicates efforts) are explained diagrammatically in Figures (1) and (2) below:

Figure 1 - Present Centre- State Structure for DBT Initiatives

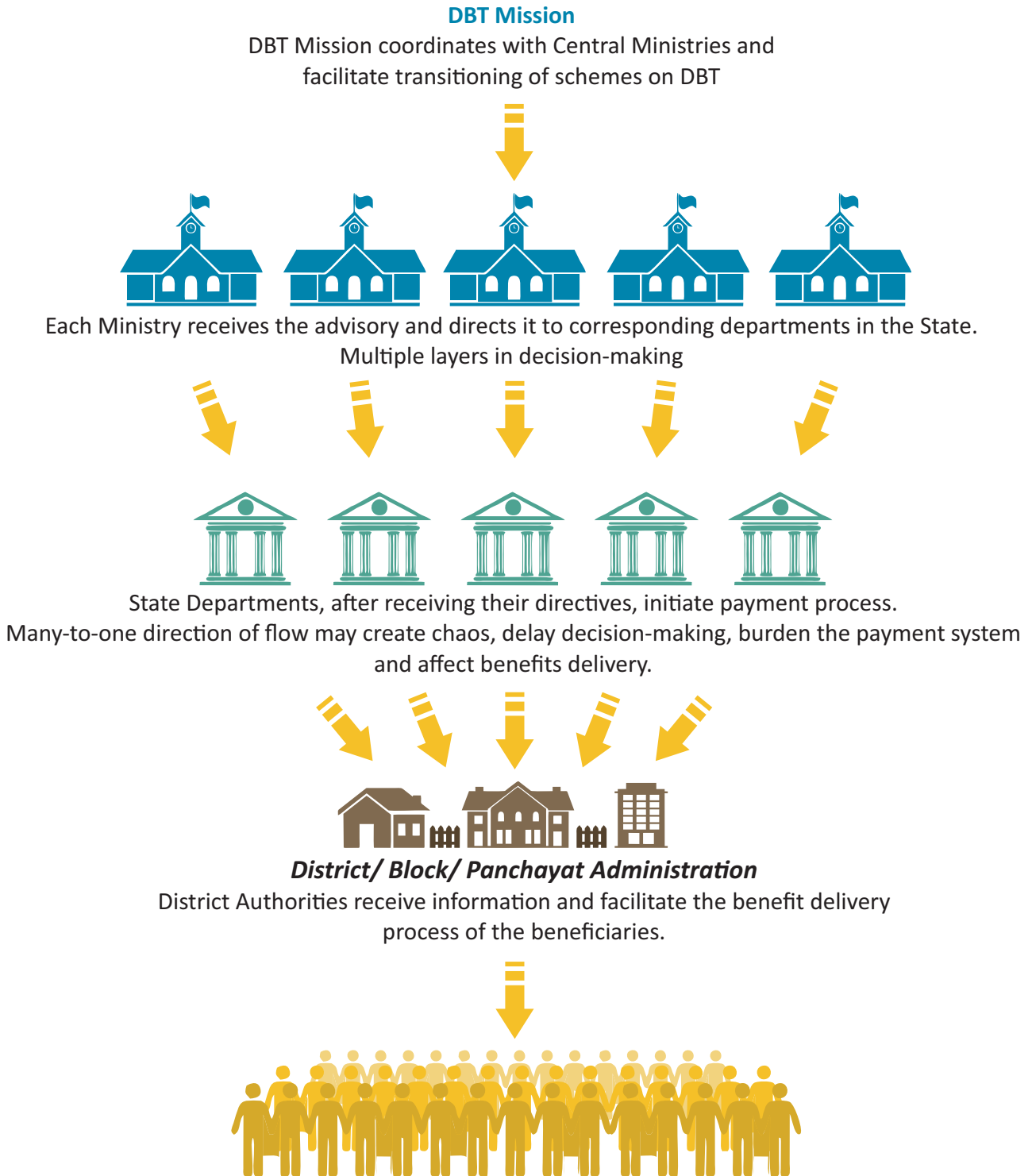
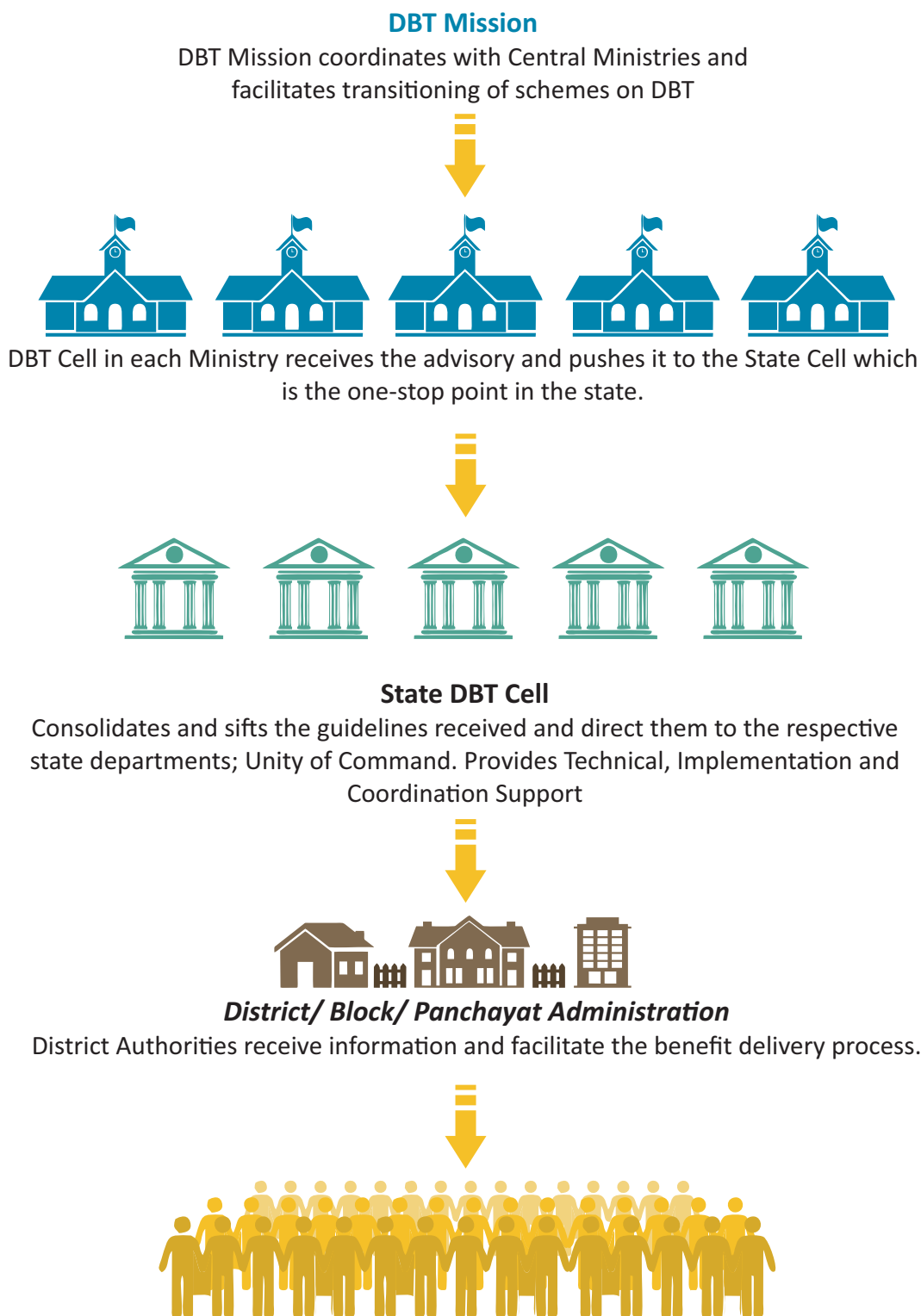


Figure 2 - Desired Map of Centre- State Coordination with DBT Cell in States



The DBT Cells shall work in tandem with the Centre and make the process of delivering benefits on the DBT platform more reliable, user-friendly and time-bound. Rather than following a blanket approach, these Cells shall have a free hand to customise the implementation process, methodology and approach according to their ground level peculiarities. The two-way feedback loop between Centre and States shall facilitate cross-learning, induce novel experiments and pilot studies and also promote healthy competition among the States. This sort of proximity between the States and Central Government can be mutually beneficial, particularly in developing more

beneficiary-centric policies. As found in reforms of health, nutrition and education systems, some States may take the lead in innovating which can act as an exemplar for the Centre and other States.

Hence, in the spirit of **MAXIMUM GOVERNANCE MINIMUM GOVERNMENT**, State DBT cells are envisioned to facilitate seamless coordination for DBT implementation of Central Sector and Centrally Sponsored Schemes and also provide an opportunity to the States to adopt the DBT framework in the State-run Schemes as well.

Objectives of DBT Cells

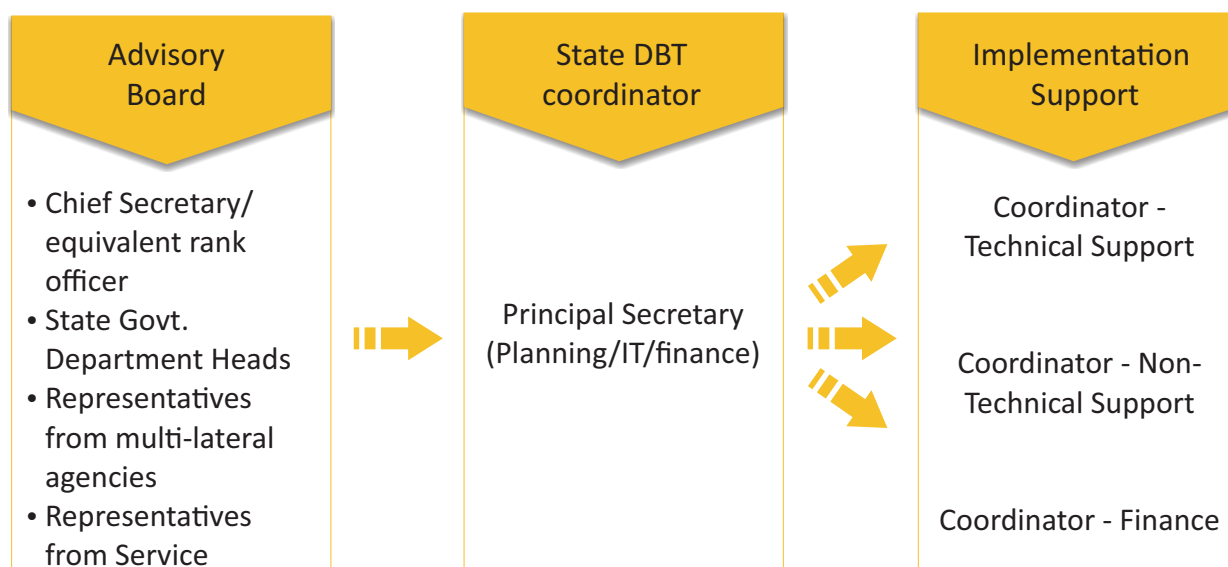
The State DBT cells shall primarily work towards coordinating the implementation of DBT in various schemes. The Cells shall act as a nodal point for all the activities and matters related to DBT operations in the State. As DBT operates in an environment that involves multiple stakeholders, the Cells shall be responsible for liaising with all such stakeholders for the seamless transitioning of schemes to DBT. These State Level Cells, as a part of the decentralised DBT architecture, will contribute towards achieving effective delivery of government benefits in the country by:

- ▲ Coordinating with Centre/Ministries and disseminating the directives to the respective departments in States
- ▲ Developing scheme/department-specific ICT applications to capture data pertaining to DBT more effectively.
- ▲ Closely monitoring and evaluating the progress of various departments on DBT related indicators vis-a-vis expected outcomes.
- ▲ Incorporating best practices and international experiences to enhance the effectiveness of benefits delivery.
- ▲ Partnering with multi-lateral agencies and consulting firms to piggyback on their technological and industry knowledge.

Proposed Architecture of State DBT Cell

In light of the expanded scope and renewed importance of DBT in the country, the state level DBT cells shall have significant responsibilities to fulfil. In order to fulfil such responsibilities, a well-defined architecture for the DBT Cell is required.

A State DBT Cell can be headed by Principal Secretary (Planning/IT/Finance) as deemed appropriate by the States. The graphical representation of this architecture is presented below:



For ease of enunciation, the DBT cell can be broken down into three components as below:

- An **Advisory Board** may be constituted as a parallel body to the state-level DBT Cell. It shall comprise representatives from various enablers and stakeholders of DBT like all the government departments who run schemes which fall under the purview of DBT, UIDAI, State Level Bankers' Committee (SLBC), IT Team, NIC, NPCI, Telecom Service Providers (TSPs), etc. This Board may also include representation from multi-lateral agencies like World Bank, ADB etc. for bringing in their technical competence to the Cell's operations. The chief role of this body will be to provide the Cell's executive body, holistic, well-rounded advisory and consulting inputs. Since this unit witnesses the representation from all stakeholders, its advisory shall ensure that the Cell's operations are not exclusionary and are in sync with the interests of DBT's various enablers. This body may meet once in a quarter or in any other regular interval, as deemed fit.
- **State DBT Coordinator:** Principal Secretary (Planning/IT/Finance) or equivalent level officer can be nominated as the State DBT Coordinator who shall act as the nodal officer for DBT related matters of the State. The DBT Coordinator will be primarily involved in coordination and liaisoning with the heads of various departments. Accordingly, the heads of various departments shall work in tandem with the State DBT Coordinator w.r.t setting up goals and deadlines, receiving directives from the Centre, strategising Cell's operations, etc. The DBT Coordinator, supported by the Advisory Board and on the basis of the mandates received from the Centre/Ministries, shall push different departments to work towards DBT implementation across Schemes.
- **Implementation Support Layer:** This layer constitutes the operational part of the Cell. This layer may consist of three coordinators who will be responsible for technical, non-technical and finance & admin support to the Cell's operations. These coordinators will be directly reporting to the DBT Coordinator. They may be Director or Officers on Special Duty (OSD) rank personnel who will be eliciting cooperation and participation from the grass root levels for the Cell's operations.

Responsibility Matrix for Stakeholders

Level	Role	Responsibility	Resource Persons
Advisory Support	Thought Leadership	<ul style="list-style-type: none"> Thought Leadership, introducing novel ideas which can be which can help in delivering benefits in a more effective way. Partnership support by providing more long term, wider and strategic inputs. 	Advisory Board
Coordination Layer	Coordination & Liaisoning	<ul style="list-style-type: none"> Pushing Directives to the different Department Heads (PS Level) Information Dissemination to the Departments on upcoming mandates. 	PS level Officer
Implementation Support	Technical Support	<ul style="list-style-type: none"> Facilitating all kinds of IT support for implementing DBT in the different schemes. To function as a research unit in developing scheme/department-specific ICT applications which can capture data related to DBT in a more effective way. 	Coordinator-Technical Support

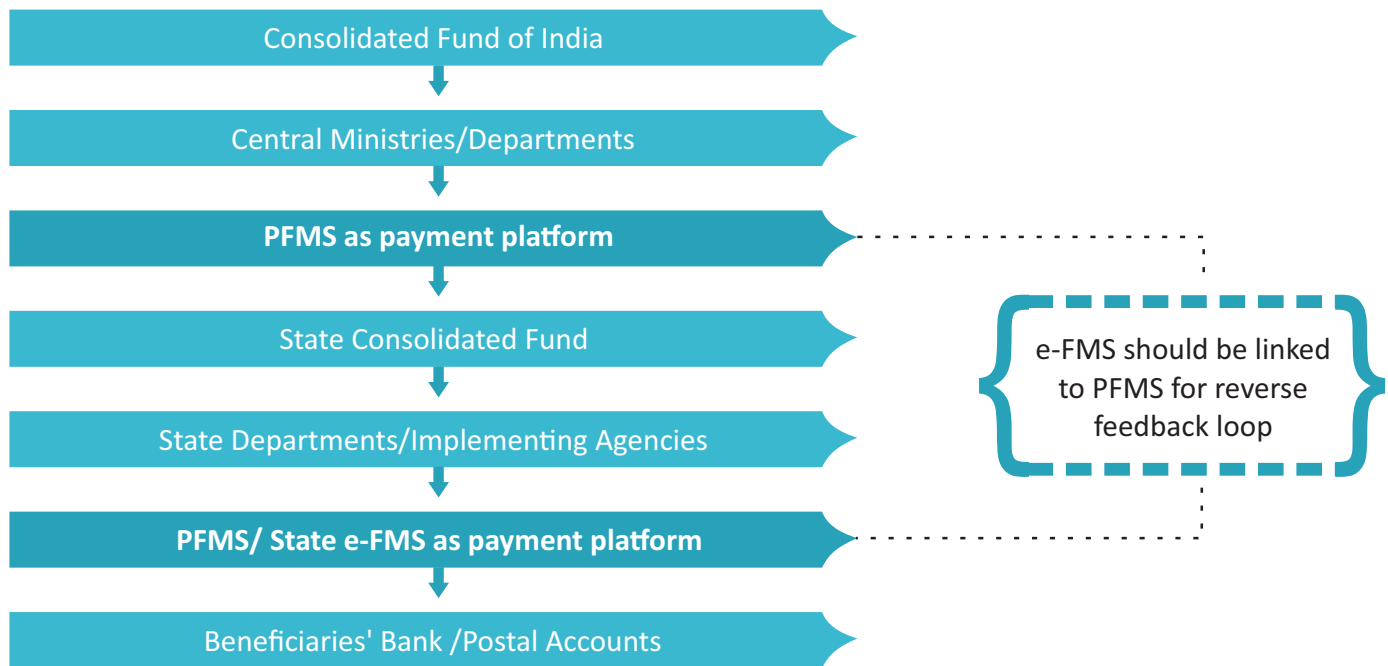
		<ul style="list-style-type: none"> • Driving growth and achievement on all the IT related indicators for successful implementation of DBT, like digitisation of data, streamlining beneficiary databases, running de-duplication exercises, etc. • Interacting & liaising with all IT related stakeholders like NIC, third-party consultants, telecom service providers, etc. • Enabling on-boarding of all the schemes on the live MIS portal for capturing the information pertaining to DBT. 	
<p>Implementation Support</p>	<p>Non-Technical Support</p>	<ul style="list-style-type: none"> • Implementing customised ICT applications, as developed by the technical support team. • Based on the directives from above, setting up goals and deadlines for boarding schemes on DBT. • Collecting data from various departments and technical support team on factors like <i>Aadhaar</i> enrolment, number of beneficiaries, no. of active bank accounts, rate of <i>Aadhaar</i> seeding etc. • Collating & analysing data points and churning progress reports for the state, each department and scheme. • Monitoring Progress of each department against targets. • Training & Capacity Building of State Officials on Ps & Qs of DBT. • Running innovations in the state through pilots/experiments. • Organising exposure visits for the state/ district officials in DBT progressive states for familiarising them with model practices. • Conducting benchmarking studies on Best Practices and developing roadmap to incorporate those practices in the state operations • Incentivising DBT efforts in the state. 	<p>PS level Officer</p>
<p>Implementation Support</p>	<p>Finance & Admin</p>	<ul style="list-style-type: none"> • Linking of all financial transactions under different schemes on to PFMS platform. • Budgets & funds flow • F & A and other administrative tasks 	<p>Coordinator-Finance & Admin</p>

Process Flow of Delivering Benefits in the State (Both Cash & Kind) *

a) Process of Delivering Cash Benefits

For schemes that involve cash benefits to beneficiaries, funds are transferred from the Consolidated Fund of India to the respective Central Ministries/ Departments based on budget allocations. Thereafter, these funds are transferred to the State Consolidated Fund of respective States or implementing agencies as per scheme specific requirements.

For all DBT in cash schemes, Central Ministries/ Departments and the State Treasury will be registered on the centralized Public Fund Management System (PFMS) portal. Thereafter, the allocated funds flow to the respective State Departments/ Implementing Agencies of the schemes and consequently into the Bank/ Postal accounts of the individual beneficiaries. State Departments/ Implementing agencies may be registered either on PFMS or State's own electronic Fund Management System (e-FMS). In case there is a State e-FMS, it should be compatible with PFMS to ensure establishment of a reverse feedback loop.

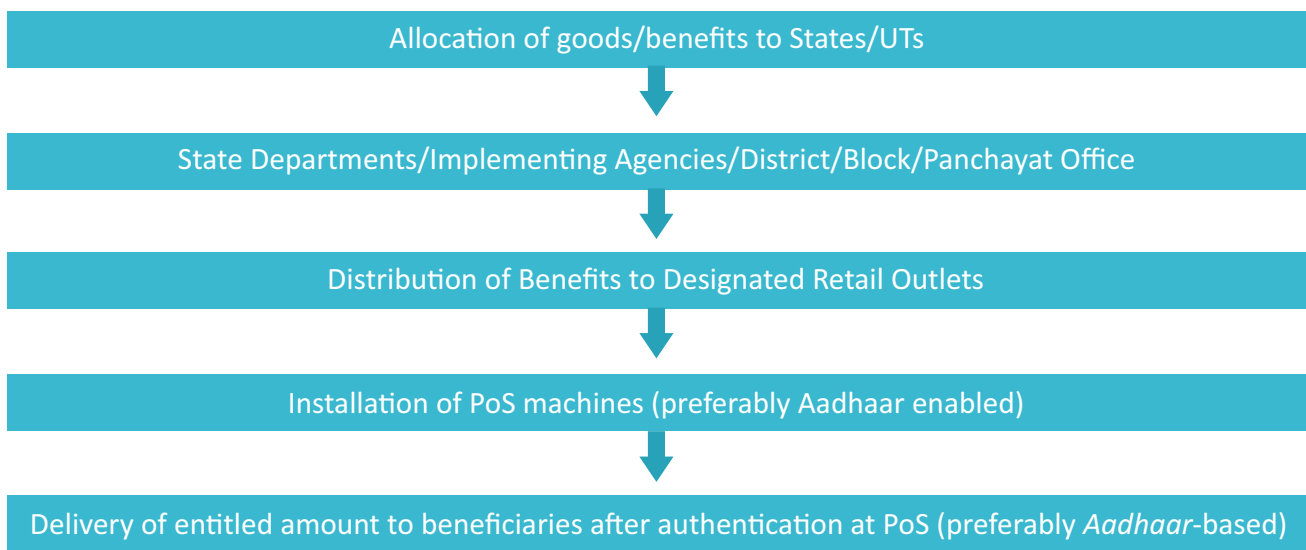


* For Central and Centrally Sponsored Schemes (CSS)

b) Process of Delivering Benefits in Kind

In schemes that involve transfer of In-kind benefits, Central Ministries/Departments allocate the goods for distribution to beneficiaries to the respective States/UTs as per budgetary requirements/pre-defined scheme criteria.

For all DBT In-kind schemes, State/UTs will send the allocated quantity to the respective State Departments/Implementing Agencies/District/Block/Panchayat Office responsible for disbursement of these benefits. The respective body will then distribute these benefits to designated outlets/ institutions meant for public distribution. All these public distribution outlets will have PoS machines installed (preferably *Aadhaar* enabled). From these outlets, entitled benefits will be disbursed to the individual beneficiaries after authentication at PoS.



Frequently Asked Questions

1. What is Direct Benefit Transfer (DBT)?

Answer: Direct Benefit Transfer or DBT is a major reform initiative launched by Government of India on 1 January 2013 to re-engineer the existing cumbersome delivery processes using modern Information and Communication Technology (ICT). This programme aims to transfer benefits directly into the bank/postal accounts, preferably *Aadhaar* seeded, of accurately targeted beneficiaries.

2. What is the background of Direct Benefit Transfer?

Answer: A decision was taken in the meeting of the National Committee on Direct Cash Transfers held by the Prime Minister that Direct Benefit Transfers will be rolled out from 1st January, 2013 in 43 districts, 24 selected Central Sector and Centrally Sponsored Schemes in a phase-wise manner beginning with 20 districts on 1.1.2013, 11 districts from 1.2.2013 and the remaining 12 districts from 1.3.2013.

3. How will DBT be implemented in Centrally Sponsored Schemes where both Centre and State share of funds are involved?

Answer: Centrally Sponsored Schemes are funded by both the Central and State Government as per the defined shares under respective schemes. After receipt of Central share in the State Consolidated Fund, the State Government will add its share and then disburse the total fund amount to the beneficiaries. The State has to ensure that these funds are disbursed directly to the bank/postal accounts of the beneficiaries. It is preferable that the State uses PFMS platform to track the transfer of funds to the beneficiaries' bank/postal accounts. The State may also develop its own e-FMS platform for fund disbursement. However, the State e-FMS should be linked to PFMS so that reverse feedback loop can be established.

4. Is DBT applicable only to schemes that involve cash transfer?

Answer: Initially, DBT covered schemes that involve cash transfer to beneficiaries. As a part of reforms in Public Distribution System (PDS), Department of Food and Public Distribution started DBT In-kind i.e. distribution of food grains to the beneficiaries after biometric authentication at Fair Price Shops through *Aadhaar*-enabled Point of Sale (PoS) devices. Cash or in-kind benefits may be given to individual beneficiaries or communities.

5. What schemes can come under the current DBT framework?

Answer: Under the purview of redefined DBT framework, all schemes can be broadly classified into three categories:

i) Cash Transfer from Government to Individual Beneficiary

Example: PAHAL, MGNREGA, NSAP etc.

ii) In-kind Transfer from Government to Individual Beneficiary

Example: Food grains and kerosene through PDS, Medicines, Books, Vaccines, etc.

iii) Payments from Government to service providers for running its schemes

Example: ASHA workers under NHM, Aanganwadi workers under ICDS, teachers in aided schools, sanitation staff in ULBs, etc. are not beneficiaries themselves but they are given salary, training, incentives for their service to the beneficiaries/community.

6. How many schemes are presently reported to be on DBT?

Answer: As on 31.04.2016, 66 schemes of 15 Ministries/Departments are reported to be on DBT.

7. Is *Aadhaar* mandatory for DBT?

Answer: At present, *Aadhaar* is not mandatory for availing DBT in any of the welfare schemes of the Government. DBT can be undertaken by digitisation of beneficiary database and making payments directly to the bank account through electronic transfer. However, *Aadhaar* seeding in beneficiary database and bank accounts is desirable to achieve DBT objectives in its true sense.

8. What is *Aadhaar* Seeding?

Answer: *Aadhaar* seeding is done by updating *Aadhaar* number in the beneficiary database and linking the *Aadhaar* number with the bank account of the beneficiary in the Core Banking System (CBS).

9. Why is *Aadhaar* seeding desirable?

Answer: *Aadhaar* seeding of bank accounts in the beneficiary database will help in de-duplication and curbing leakages. Use of *Aadhaar* is beneficial to citizens as he or she will not have to carry multiple identity proofs and will provide a faster channel for receiving all welfare payments without any middle-men. Thus, *Aadhaar* seeding in beneficiary database and bank accounts is desirable to achieve DBT objectives in its true sense.

10. What is National Payments Corporation of India (NPCI)?

Answer: National Payments Corporation of India (NPCI) is an umbrella organisation for all retail payments system in India. It was set up with the guidance and support of the Reserve Bank of India (RBI) and Indian Banks' Association (IBA). NPCI offers a range of services like National Financial Switch (NFS), *Aadhaar* Payment Bridge System (APBS), Cheque Clearing, Immediate Payments Service (IMPS), National Automated Clearing House (NACH), Electronic Benefit Transfer, RuPay cards, etc. As per government order released by Department of Expenditure, Ministry of Finance, all DBT transactions are to be routed through NPCI. While *Aadhaar* linked DBT transactions will be routed through APBS, non-*Aadhaar* transactions will be routed through NACH.

11. Does the beneficiary need to have a bank account for availing benefits & subsidies through APBS?

Answer: Yes, the beneficiary needs to have a bank account for availing the benefits & subsidies through APBS.

12. What is NPCI mapper?

Answer: NPCI mapper is a repository of *Aadhaar* numbers maintained by the APB System and used for the purpose of routing the APB transactions to the destination banks. The NPCI mapper contains *Aadhaar* number along with Institution Identification Number (IIN) of the bank to which the beneficiary has seeded his/her *Aadhaar* number.

13. Does NPCI maintain bank account details of the beneficiaries in NPCI mapper?

Answer: No. NPCI does not maintain bank account details of the beneficiaries like account number, IFS code and branch address etc. of the beneficiary in NPCI mapper.

14. What happens when a beneficiary seeds his/her Aadhaar number in multiple bank accounts?

Answer: In case a beneficiary seeds his/her Aadhaar number in multiple bank accounts, the previous mapping if any in the NPCI mapper, gets overwritten by the fresh seeding of the Aadhaar number.

15. What is Public Financial Management System (PFMS)?

Answer: Public Financial Management System (PFMS) is a web-based online software application. PFMS is being delivered and implemented by the Project cell in the office of CGA. The primary objective of PFMS is to facilitate sound Public Financial Management System for Government of India (GoI) by establishing an efficient fund flow system as well as a payment cum accounting network.

16. What is the importance of PFMS for DBT?

Answer: PFMS is the payment platform for disbursement of funds for the schemes covered under DBT. PFMS is crucial for success of DBT initiative as it provides various stakeholders with a real time, reliable and meaningful management information system and an effective decision support system. It helps in tracking utilization of funds from the Central government upto the beneficiary.

17. Is PFMS platform mandatory for DBT implementation?

Answer: Yes, PFMS has been made mandatory for payment accounting and reporting under DBT w.e.f. April 1, 2015.

18. What is Pratyaksh Hanstantrit Labh (PAHAL)?

Answer: PAHAL/DBTL (Direct Benefit Transfer for LPG Subsidy) is a scheme which provides the LPG subsidy amount applicable on the domestic LPG cylinder directly into the consumer's bank account. At the time of LPG cylinder delivery, consumer will have to pay the full price of the LPG cylinder.

19. What is National Scholarship Portal (NSP)?

Answer: Launched by Hon'ble Prime Minister on 1st July, 2015 under 'Digital India', NSP is a one stop IT enabled platform for disbursement of scholarships under different Ministries/Departments.

20. What is Financial Inclusion and Last Mile Service Delivery?

Answer: Traditionally, financial inclusion has been understood to mean extension of financial services to the unbanked areas and providing universal access to banking services across the country. However, financial inclusion is much more than just opening bank accounts and it will be meaningful only when there is last mile service delivery. Last mile connectivity/service delivery means translating financial access into usage and making financial services or cash out facilities available at the doorstep of the beneficiaries. It cannot be denied that there has been a quantum jump in banking access through various schemes and initiatives of the government like Jan Dhan Yojana, bringing Post Offices on Core Banking Solution (CBS) network, expansion of BC model, opening of new ATMs, etc. However, last mile service delivery continues to be a hurdle in achieving financial inclusion.

21. What are the present challenges in last mile service delivery?

Answer: Last mile delivery issues can be addressed by examining the existing village-wise infrastructure and

identifying those villages which have no points of financial presence. Village wise mapping exercise coordinated by DBT Mission in collaboration with NIC and various Departments reveals that at present, only 1,74,691 out of 6,40,947 lakh villages (27%) have been covered by either Bank Branch, Bank Mitra, ATM, Post Office or Common Service Centre (CSC). It is evident that there is a huge gap between financially covered villages and uncovered ones.

22. What can be done to strengthen the financial service infrastructure especially in the rural areas?

Answer: At present, various initiatives to strengthen payment infrastructure in the rural areas are being taken up. The Business Correspondents/Banking Correspondents (BC) Model, introduced by the RBI in 2006 allows banks to provide service at people's doorstep through the use of third-party services. Some of the Common Service Centres are presently functioning as BCs for various banks and delivering banking services. There is a gamut of other services too that can also be leveraged to help achieve last mile service delivery. The BC model may be extended to include entities such as Grameen Dak Sewaks (GDS), Fair Price Shops, Primary Agricultural Credit Societies (PACS), kirana shops, corporates and others. Transformation of GDS as BCs or operating agents of India Post Payment Banks (IPPB) by providing micro ATMs, bringing Post Offices on CBS and enabling them to become Postal banks, automation of FP shops, are already in the pipeline. Another low-cost solution can be utilisation of the mobile banking facility through phones for maximum possible government-to-person (G2P) payments. On 19 August 2015, the Reserve Bank of India gave licence to eleven entities to launch payments banks to widen the spread of payment and increase penetration of financial services in remote areas.

23. What are the DBT transaction charges and cash out incentives applicable under DBT schemes?

Answer: As per latest Government Order released by Ministry of Finance dated 26.02.2016, it has been decided that all DBT and PAHAL transactions should be routed through NPCI. To facilitate DBT, compensation is given to banks to meet their administrative cost. The commission is given in two parts, as described below:

i) Transaction charges

A transaction cost of Rs. 0.50/- would be payable for each transaction to be shared between the sponsor banks, destination entities and NPCI in accordance with the extant NPCI circular.

ii) Cash out incentives

For MGNREGA, Maternity Benefits (ICDS) and Pension Schemes, a fixed component of Rs. 5/- per transaction and a variable component of Rs. 0.50/- per Rs. 100 (transaction amount rounded up to the next hundred) subject to a maximum of Rs. 5/- would be payable. This incentive is provided to promote last mile delivery of financial services.

