

PRIME MINISTER'S OFFICE

Out today/At onceSouth Block,
New Delhi - 110 011

Please find enclosed, for further necessary action, a copy of the Summary Record of Discussions of the 3rd meeting of the National Committee on Direct Benefit Transfers, chaired by the Prime Minister at 5.00 pm on 5.4.2013 at 7, RCR.


(Sanjay Lohiya)
Director

Tel. No. 2301 8876

1. Finance Secretary (Secretary, D/o Expenditure)
2. Secretary, D/o Financial Services
3. Secretary, D/o Posts
4. Secretary, D/o Electronics & IT
5. Secretary, D/o Rural Development
6. Secretary, D/o School Education & Literacy
7. Secretary, D/o Higher Education
8. Secretary, M/o Social Justice & Empowerment
9. Secretary, M/o Tribal Affairs
10. Secretary, M/o Minority Affairs
11. Secretary, D/o Health & Family Welfare
12. Secretary, M/o Labour & Employment
13. Secretary, D/o Women and Child Development
14. Secretary, M/o Petroleum & Natural Gas
15. Secretary, D/o Fertilizers
16. Secretary, D/o Food & Public Distribution
17. Director General, UIDAI
18. Secretary, Planning Commission

PMO ID No. 360/31/C/34/2012-ES.2 (Vol-8)

Dated 15.4.2013

✓ Copy to : Smt. Nidhi Khare, Advisor, Planning Commission

Summary Record of Discussions of the 3rd meeting of
The National Committee on DBT
held at 7, RCR at 5.00 p.m. on 5.4.2013

List of members present is at *Annexure-1*. An Agenda Note prepared for the meeting is at *Annexure-2*.

2. The **Prime Minister** opened the proceedings by asking the Principal Secretary to PM to present the items listed for discussion in the Agenda.

3. **Principal Secretary** to PM introduced the six items listed in the Agenda. The six Agenda items covered were:

- Agenda 1: Review of the progress in the Rollout of DBT in 43 districts
- Agenda 2: Strategy for DBT Rollout in NPR states
- Agenda 3: Rollout of the next phase of DBT in additional districts & schemes
- Agenda 4: Strategy for including Schemes operating through Post Office a/cs in DBT
- Agenda 5: Rollout of LPG Subsidy through DBT
- Agenda 6: Administrative arrangements for DBT

A copy of the presentation made by the Principal Secretary is at *Annexure-3*. Principal secretary mentioned that these decisions had been taken at the Executive level. He requested the National Committee to consider these items, broadly endorse the approach being adopted and give its guidance on individual elements.

4. **Shri Nandan Nilekani**, Chairman, UIDAI highlighted the progress made in Aadhaar enrolment since the decision was taken to rollout DBT on 1.1.2013. He mentioned that UIDAI had moved from general purpose enrolment to a more targeted enrolment, focusing on beneficiaries in the 43 districts. He mentioned that the decision to use the Aadhaar Payment Bridge (APB) and the National Electronic Fund Transfer (NEFT) system sequentially was a good decision which enabled Aadhaar enrolment to catch up without being a bottleneck for DBT rollout. He focused on the need to accelerate seeding and the necessity of having enough Micro-ATMs in place.

5. Ministers with departments implementing DBT in their schemes broadly supported the rollout plan and their preparedness for rollout. The **Health Minister** mentioned that the Janani Suraksha Yojana database was already digitised and there were 1.1 crore beneficiaries across the country. The need of the hour is to focus on

Aadhaar enrolment and opening bank accounts. The **Labour Minister** mentioned that his department had 5 schemes and they were ready for the next phase of rollout. **Minister of Social Justice & Empowerment**, while emphasising their readiness, drew attention to the need to release funds at one go which had been cleared by M/o Finance. The **Petroleum Minister** mentioned that they were ready and keen to implement DBT of LPG Subsidy and wanted a camp mode to be organised for speeding up Aadhaar enrolment and bank account opening. **Minister of Communications and IT** said that the D/o Posts was an enabling department and would speed up the introduction of IT systems and Core Banking in Post Offices. The **HRD Minister** clarified that all the 5 schemes in the two departments in HRD were ready for Phase-II. The **Minister of Minority Affairs** and the **Minister of Women & Child Development** also expressed their departments' readiness for Phase-II. The **Minister of Fertilizers** wanted NPR states to be taken up faster as otherwise, large areas would be left out. The **Minister of Food** mentioned that a DBT pilot was being rolled out in 5 Union territories and this will help control siphoning off of PDS items.

6. The **Home Secretary** assured the Committee about the readiness of Registrar General of India (RGI) in collecting biometrics in the districts identified in NPR states for Phase-II. He clarified that RGI would be ready in 33 districts by 1.7.2013. There could be more districts also by then. he wanted the distinction between NPR and Aadhaar states to be removed for future phases of the rollout.

7. The **Finance Minister** sounded a note of caution while recognising the enthusiasm for the DBT program as a whole. He said that the first Phase had revealed many bottlenecks and gaps which need to be filled and ironed out as the program expands. He mentioned that it is better to **keep fertilizers and food on the back burner for the time being** as they had complex issues that needed resolution before they could be brought under DBT. The FM went into different aspects needed for successful implementation of DBT. On digitisation of databases, he felt that departments were perhaps at or near 100% in this regard in the 43 districts. However, this needed confirmation. Further, the lists are dynamic and systems need to be in place to update lists dynamically. On bank accounts, the FM mentioned that as per his information, of the 15.14 lakh beneficiaries, details of 12.55 lakhs were available and 97% of these had bank accounts as on date. However, over 2.5 lakh beneficiary details have not been provided to banks. This needs to be examined. As far as seeding is concerned, the seeding rate in bank accounts was 31% and the low rate needs further examination. The five reasons given for poor seeding were - list not being in

prescribed format, the same account being listed for two beneficiaries, the account number being wrong, the names not matching and the wrong Aadhaar number.

8. **Summing up** the discussion at the request of the Prime Minister, the Finance Minister highlighted the following issues which need to be attended to:

- i. There is a need to **get the gaps reduced** and eliminated.
- ii. Procurement of Micro-ATMs will take time and they will gradually fall in place.
- iii. **Both APB and NEFT need to be allowed to operate sequentially** for some more time.
- iv. **The expansion to include 78 more districts is welcomed** by all and will maintain the tempo of DBT.
- v. **Transfer of LPG Subsidy through DBT is eminently doable and must be accelerated.** The numbers and volume of money to be transacted are large and DBT will end up touching 12 crore households with large savings through eliminating diversion and ghost accounts. He would work with the Minister PNG to ensure rollout as planned from 15.5.2013 in 20 districts.
- vi. **The positioning of a full time Mission Director is absolutely essential** as the program expands. There is a lot of process re-engineering to be done and Ministries need day-to-day handholding. Further, large scale monitoring would also be essential.
- vii. **Digitisation of databases for all covered schemes should be taken up across the country** on priority so that when DBT is rolled out in phases, this is not a bottleneck.

9. **The Prime Minister agreed with the summing up by the Finance Minister.** He concluded by **broadly endorsing the approach being adopted.** In his concluding remarks (copy at *Annexure-4*), the Prime Minister mentioned that DBT has the potential of transforming the way in which government benefits are delivered to our people. He said that he was encouraged by the progress so far and was hopeful about the future. He urged everyone to renew their efforts for the successful implementation of the programme. He drew particular attention to the unsatisfactory nature of the tracking and monitoring systems in various departments and emphasised the need to have a robust monitoring system in place. With this expansion in coverage in Phase-II by including 78 more districts, DBT would cover over 120 districts which is roughly one-fifth of the country. He mentioned that the Planning Commission and the Finance Ministry have a special responsibility of working together for the achievement of the objectives that we have set for ourselves. On the financial inclusion side, the banking

system needs to integrate the post office system which is widespread. It also needs to ensure that the front end infrastructure is in place, so that people have no trouble opening bank accounts and have easy access to their cash. There should be a system in place where people can get a simple bank account on demand if they have an Aadhaar card. It must also be ensured that the coverage of Aadhaar is adequate and no one is left out. Aadhaar should be available on demand. He concluded by saying that this program tests the implementation capacity of the government and the government cannot afford to fail. It needs to show that we can deliver results and benefits.

List of participants

1. Shri P. Chidambaram, Finance Minister
2. Shri Ghulam Nabi Azad, Minister of Health & Family Welfare
3. Shri M. Veerappa Moily, Minister of Petroleum & Natural Gas
4. Shri Mallikarjun Kharge, Minister of Labour & Employment
5. Shri Kapil Sibal, Minister of Communications & IT
6. Kum. Selja, Minister of Social Justice & Empowerment
7. Shri Pallam Raji, Minister of Human Resource Development
8. Shri K. Rehman Khan, Minister of Minority Affairs
9. Shri M.S. Ahluwalia, Deputy Chairman, Planning Commission
10. Smt. Krishna Tirath, Minister of Women & Child Development
11. Shri Nandan Nilakeni, Chairman, UIDAI
12. Prof. KV Thomas, Minister of Food & Public Distribution
13. Shri Shrikant Jena, MoS for Chemical & Fertilizers
14. Shri Ajit Seth, Cabinet Secretary
15. Shri R.K. Singh, Home Secretary
16. Shri S. Vijaykumar, Secretary, M/o Rural Development
17. Shri Mrutyunjya Sarangi, Secretary, M/o Labour & Employment
18. Smt. Sindhushree Kullar, Secretary, Planning Commission
19. Shri Ashok Thakur, Secretary, D/o Higher Education
20. Shri K.N. Desiraju, Secretary, M/o Health & Family Welfare
21. Shri Vivek Rae, Secretary, M/o Petroleum & Natural Gas
22. Shri J. Satyanarayan, Secretary, D/o Electronics & IT
23. Shri Anil Goswami, Secretary, M/o Social Justice & Empowerment
24. Shri Prem Narain, Secretary, M/o Women & Child Development
25. Shri Sudhir Kumar, Secretary, D/o Food & Public Distribution
26. Shri Rajiv Takru, Secretary, D/o Financial Services
27. Smt. P. Gopinath, Secretary, D/o Posts
28. Smt. Anjuly Chip Duggal, Addl. Secretary, D/o Expenditure
29. Smt. Vrinda Sarup, Addl. Secretary, D/o School Education & Literacy
30. Shri Vijay Madan, Director General, UIDAI
31. Dr. C. Chandramouli, RGI
32. Smt. Dimple Verma, Joint Secretary, M/o Minority Affairs
33. Smt. Nidhi Khare, Advisor, Planning Commission

From PMO

1. Shri Pulok Chatterjee, Principal Secretary to PM
2. Shri Pankaj Pachauri, Communication Advisor

3. Shri Shatrughna Singh, JS to PM
4. Shri B.V.R. Subrahmanyam, JS to PM
5. Smt. Anu Gag, JS to PM
6. Smt. Pallavi Jain, Director
7. Shri Sanjay Lohiya, Director

3rd Meeting of National Committee on Direct Benefit Transfers

[3.4.2013]

AGENDA

The National Committee on DBT is being informed of the progress in the rollout of the Direct Benefits Transfer (DBT) system so far and the approaches and strategies being adopted for expansion into new districts and schemes. These are listed at Agenda items 1 to 6.

- Agenda 1: Review of the progress in the Rollout of DBT in 43 districts
- Agenda 2: Strategy for DBT Rollout in NPR states
- Agenda 3: Rollout of the next phase of DBT in additional districts & schemes
- Agenda 4: Strategy for including Schemes operating through Post Office a/cs in DBT
- Agenda 5: Rollout of LPG Subsidy through DBT
- Agenda 6: Administrative arrangements for DBT

These decisions were taken at the Executive level. The National Committee is requested to broadly endorse the approach being adopted and give its guidance on individual elements.

Agenda 1: Review of the progress in the Rollout of DBT in 43 districts

- 1.1 The Direct Benefits Transfer system was rolled out from 1.1.2013 in a phased manner in 43 districts. The Direct Benefits Transfer (DBT) system is falling into place. While there were teething troubles initially, Ministries have become familiar with the concept and the processes involved. There is a large process re-engineering exercise that is needed.
- 1.2 The rollout was reviewed at length in February over 6 meetings. The minutes of these meetings is enclosed at Annex 1. The main conclusions from these meetings is:
- a. Digitisation of databases: Availability of digitised databases at GOI level is mixed. While digitisation of databases is largely complete at the district level, only a few departments have these databases in Delhi. The latest figures of the **total number of beneficiaries** under these schemes in the 43 districts is **16,22,716 by February**.
 - b. Opening of Bank accounts: The total number of beneficiaries with bank accounts is 12,57,897 now. The coverage with bank accounts has risen to **77%** by February. Opening of bank accounts is progressing at a fast pace and seems to be on track.
 - c. Beneficiaries with both Bank Accounts and Aadhaar numbers: The total number of beneficiaries who have both bank accounts and Aadhaar numbers is 5,09,748 which is **31%** of the total beneficiary base. There is a need to improve this further although Aadhaar enrolment has picked up in the last two months.
 - d. Bank accounts seeded with Aadhaar numbers: This figure, as reported is just 40,191 or **2.5%** of the beneficiary pool. Actually, the data on this quite incomplete with departments

relying largely on secondary information to guess the extent of seeding. This is possibly because most digitised databases are at district level and Ministries have no way of knowing the extent of seeding from banks. From the reports of Ministries during the meetings, it turns that seeding could be anywhere between 3% to one-third. There is no clarity on the data on seeding of Aadhaar numbers in bank accounts or in databases.

1.3 Many decisions relating to implementation were taken in these meetings. Some of the important decisions are:

Digitisation of Databases:

- i. Departments will ensure that they have information at the central level on digitisation available with them on a real-time basis.
- ii. Departments will start the process of digitisation in all districts, irrespective of the rollout of DBT as this is a critical activity which need not wait and can be done in parallel.

Opening of bank accounts:

- iii. DFS will ensure coverage of all beneficiaries with bank accounts
- iv. DFS will also ensure that all Micro-ATMs that are procured will have specifications such that they are inter-operable and are Aadhaar enabled.
- v. DFS will also coordinate with D/o Posts to ensure inter-operability of any micro-ATMs.

Aadhaar enrolment:

- vi. UIDAI will continue to coordinate with Ministries and District authorities to improve enrolment of beneficiaries.

Bank Account Seeding and funds transfer through Aadhaar Payment Bridge (APB):

- vii. DFS would resolve all issues relating to opening of bank accounts and seeding.

Funds Flow:

- viii. Ministries would quickly complete their process re-engineering exercise by 31.3.2013 to eliminate redundant layers, to ensure flow of authenticated lists, to make electronic payments through APB and to utilise the feedback loop to obtain proof of transfer for record keeping. DIT will facilitate the efforts. DoE will continue to monitor the exercise.

Next Steps

- xx. The rollout of this phase is not yet fully complete and will be extended by three months till 30.6.2013.
- xxi. Planning Commission will move a consolidated Note to the Cabinet in March 2013 seeking approval for direct transfer of funds from Gol to beneficiary accounts for all those schemes which require Cabinet approval for such a change.
- xxii. UIDAI has submitted a list of 50 additional districts which could be taken up for the next phase of the rollout. This rollout could begin from 1.7.2013. Planning Commission will communicate this to all Ministries for doing preparatory work.

Agenda 2: Strategy for DBT Rollout in NPR states

2.1 A meeting was held on 18.3.2013 to finalise the strategy for rolling out DBT in NPR states. It is necessary to rollout DBT in the other states which have been allocated initially to Registrar General of India (RGI) for collecting biometric data under NPR. These are states with large numbers of poor and hence, beneficiaries. They include Odisha, West Bengal, UP, Uttarakhand, Bihar and Chhattisgarh. In the meeting, it was agreed that MHA/ Registrar General of India (RGI) will work towards accelerating biometric collection in selected districts in NPR states so that a coverage of 70-80% is achieved by June 2013 and DBT could be rolled out from 1.7.2013.

2.2. Based on the decisions in the meeting, RGI has sent a list of districts where DBT could be rolled out from 1.7.2013. These are mentioned in the list of districts to be discussed in Agenda 3.

Agenda 3: Rollout of the next phase of DBT in additional districts & schemes

3.1 Additional districts: The next phase of the rollout can begin from 1 July 2013. A total of 81 districts have been identified for this phase based on the lists given by UIDAI and CGI. This list includes 3 districts in Karnataka where elections are in progress which would be announced after the election process there is complete. Only a list of 78 districts will be announced now for Phase-II. The list is at Annex 2.

3.2 Additional schemes: The three pension schemes managed by MoRD are operated largely through bank accounts. DBT would be introduced in these three pension schemes also. MoRD would take steps to digitize databases and seed them with Aadhaar numbers within May 2013 in the Phase-I districts and also the additional districts to be taken up in Phase-II. DBT for pension schemes would be introduced from 1.7.2013 along with the rollout of Phase-II.

Agenda 4: Strategy for including Schemes operating through Post Office accounts in DBT

4.1 For many important schemes, particularly of the M/o Rural Development, the accounts are maintained in Post Offices. D/o Posts is rolling out there Core Banking System to enable electronic transfer of funds to Aadhaar linked Postal Saving Accounts of beneficiaries. The CBS roll out is expected to be completed in 51 DBT districts within September 2013, i.e., by 30.9.2013.

4.2 Some of the important decisions are:

- i. D/o Posts would ensure that their program is rolled out in time and all preparations are completed for rolling out DBT in Post Offices in these 51 districts by September.
- ii. MoRD would work out the modalities to begin DBT in these 51 districts from 1.10.2013.
- iii. D/o Posts would obtain Aadhaar details from MoRD and ensure that Post Office accounts are seeded with Aadhaar numbers by 1.10.2013.

- iv. For the new districts to be taken up in Phase-II of DBT, D/o Posts will align its CBS rollout by giving priority to these districts.

Agenda 5: Rollout of LPG Subsidy through DBT

5.1 MoPNG is working on rolling out DBT of LPG subsidy in a phased manner. Keeping in view the need to ramp up Aadhaar enrolments which is critical to this DBT, MoPNG will work on a phased rollout as follows:

- i. Rollout would begin in one district on 15.4.2013 in Mysore (now to be done on 15.5.2013, after election process is complete)
- ii. Rollout would begin in 20 districts on 15.5.2013.
- iii. Rollout in remaining districts would be based on hitting a certain threshold in Aadhaar enrolment.

5.2 MoPNG has circulated a draft Cabinet Note seeking approvals on some proposals before rolling out the scheme. MoPNG is yet to move the final Note to Cabinet for approval.

Agenda 6: Administrative arrangements for DBT

6.1 As the DBT program expands beyond the first phase into more schemes and districts, there is a need to have an institutionalized administrative arrangement to enable smooth rollout, early identification of bottlenecks, resolution of bottlenecks and handholding of Ministries/ departments wherever necessary. There is also an extensive process re-engineering exercise that is needed for each scheme so that DBT is truly a direct transfer to the beneficiary passing through the least number of layers. There are many anomalies in the current systems in place and steps have been taken to smoothen out processes. But much more needs to be done.

6.2 To facilitate a nationwide rollout of DBT, the Prime Minister has approved the creation of a post of Mission Director for DBT. Planning Commission is moving a note to create an additional post of a Joint Secretary and a Director to form a Mission Directorate. Secretary, Planning Commission has been given charge of Mission Director for the time being. In due course, a full-fledged DBT Mission Directorate will be in operation.

Summary Record of Discussions of the Meetings on Direct Benefits Transfer
held in PMO in February 2013

Principal Secretary to PM held a series of meetings in February 2013 to review the progress in the rollout of the Direct Benefits Transfer (DBT) system which began on 1.1.2013. The meetings were held on the following dates:

- 1st Meeting on 15 February 2013 - Overview meeting on systemic issues with the D/o Expenditure, Financial Services, IT & Planning Commission & UIDAI.
- 2nd Meeting on 20 February 2013 - with the D/o Minority Affairs & Tribal Affairs
- 3rd Meeting on 21 February 2013 - with the D/o Social Justice & Empowerment
- 4th Meeting on 22 February 2013 - with the D/o Higher Education, School Education, Labour
- 5th Meeting on 26 February 2013 - with the D/o WCD and Health & FW
- 6th Meeting on 27 February 2013 - with the M/o PNG

(In the 2nd to 6th meetings, the D/o Expenditure, Financial Services & IT, Planning Commission & UIDAI were also present. list of the participants is annexed.)

OVERALL STATUS

2. The discussion centered on the monthly progress report compiled by Planning Commission and the background note circulated for the meeting. The monthly report of the Planning Commission broadly brings out the following (status as on 28.2.2013 is Annexed):

- a. Digitisation of databases: Availability of digitised databases at GOI level is mixed. While digitisation of databases is complete at the district level (except for the M/o Tribal Affairs which is not sure about the extent of digitisation), only a few departments have these databases in Delhi. The latest figures of the total number of beneficiaries under these schemes in the 43 districts is 10,79,601 by 31.1.2013 and 16,22,716 by 28.2.2013.
- b. Opening of Bank accounts: The total number of beneficiaries with bank accounts is 12,57,897 now. The coverage with bank accounts has risen from 52% on 31.1.2013 to 77% on 28.2.2013. Opening of bank accounts is progressing at a fast pace and seems to be on track.
- c. Beneficiaries with both Bank Accounts and Aadhaar numbers: The total number of beneficiaries who have both bank accounts and Aadhaar numbers is 5,09,748 which is

31% of the total beneficiary base. There is a need to improve this further although Aadhaar enrolment has picked up in the last two months.

- d. Bank accounts seeded with Aadhaar numbers: This figure, as reported is just 40,191 or 2.5% of the beneficiary pool. Actually, the data on this is quite incomplete with departments relying largely on secondary information to guess the extent of seeding. This is possibly because most digitised databases are at district level and Ministries have no way of knowing the extent of seeding from banks. From the reports of Ministries during the meetings, it turns that seeding could be anywhere between 3% to one-third. There is no clarity on the data on seeding of Aadhaar numbers in bank accounts or in databases.

OVERVIEW MEETING ON SYSTEMIC, HORIZONTAL ISSUES

3. The main issues discussed and the decisions agreed to were:
- a. Progress in digitisation: While there has been progress in digitisation, there is no clarity on the modalities for digitisation. Currently, most of the data is in Excel sheets. These need to be converted to standardised formats to enable easy verification with digital signatures and for making payments. It had been decided in the last Executive Committee that *"All departments must focus on complete digitisation of databases. They will go ahead and digitise databases for these 26 schemes across the country without further delay as the DBT system would be rolled out across the country in due course."* Coordination of NIC staff at district, state and central among themselves needs to improve. It was agreed that:
- i. DIT will develop applications quickly to enable easy conversion of Excel sheets into standardised formats which can then be transmitted with verification and for making payments.
 - ii. Departments will ensure that they have information at the central level on digitisation available with them on a real-time basis. Currently, they base their assessment on reports from districts rather than access to data at the central level.
 - iii. Departments will start the process of digitisation in all districts, irrespective of the rollout of DBT as this is a critical activity which need not wait and can be done in parallel.
- b. Opening of bank accounts: This is no longer a major constraint in most places. However, there are difficult pockets where this needs to be tackled. DFS informed that Lead Bank Managers have been instructed to collect lists of beneficiaries from

- Collectors and ensure opening of bank accounts. It is expected that by 31.3.2013, all beneficiaries will have bank accounts. It was agreed that:
- i. DFS will ensure coverage of all beneficiaries with bank accounts
 - ii. DFS will also ensure that all Micro-ATMs that are procured will have specifications such that they are inter-operable and are Aadhaar enabled.
 - iii. DFS will also coordinate with D/o Posts to ensure inter-operability of any micro-ATMs that D/o Posts may be procuring.
- c. **Aadhaar enrolment:** This has improved considerably. However, it is still a constraint. It was agreed that:
- i. UIDAI will continue to coordinate with Ministries and District authorities to improve enrolment of beneficiaries.
- d. **Bank Account Seeding and funds transfer through Aadhaar Payment Bridge (APB):** National Electronic Funds Transfer (NEFT) is still the predominant mode of transfer with limited use of Aadhaar Payment Bridge (APB). Banks also do not have clear instructions on seeding of bank accounts and routing transfers through APB. DFS has taken some steps to improve matters. Lead Bank Managers have been instructed to seed Aadhaar numbers, if available, and to do it later, when available. These instructions have been given not just for the 43 districts, but for the entire country. On APB, an important change has been brought in. National Payments Corporation of India (NPCI) has changed the processing of payment advices to a sequential one. Advices would be first sent to the APB and if it does not go through, it is then sent to NEFT. This is being done automatically and should ensure that APB gets used more effectively. It was agreed that:
- i. DFS would hold a meeting of the Financial Inclusion Committee to resolve all issues relating to opening of bank accounts and seeding.
 - ii. DFS would send a copy of the instructions issued to banks on opening of bank accounts and seeding.
- e. **Funds Flow:** DBT involves a huge one-time effort in process re-engineering, changing information and funds flows and better data collection and management. DoE has been holding meetings regularly to resolve matters relating to funds flow, re-engineering processes, Utilisation Certificates and other matters. The issue of UCs has been resolved and the payment advice and confirmation by the bank would be the UC. The process re-engineering exercise is still underway and Ministries are still grappling with the rollout. Ministries had complaints on the increase in workload but they have been told that the increase would be a one-time activity till the switch to the new system takes place. For receiving authenticated lists and processing payments electronically in future, all Nodal

Officers in Ministries and every Program Officer involved in authenticating lists would need to have digital signatures. This is not yet in place, particularly at the field level and databases are being exchanged by email. This would leave scope for misuse and manipulation of data. It was agreed that:

- i. Ministries will ensure that all Nodal Officers in Ministries and every Program Officer involved in authenticating lists have digital signatures before the next round of payments are made.
- ii. Ministries would quickly complete their process re-engineering exercise by 31.3.2013 to eliminate redundant layers, to ensure flow of authenticated lists, to make electronic payments through APB and to utilise the feedback loop to obtain proof of transfer for record keeping.
- iii. DIT will facilitate the efforts of individual departments in process re-engineering.
- iv. DoE will continue to monitor the process re-engineering exercise.

M/O MINORITY AFFAIRS

4. The M/o Minority Affairs has 3 schemes under the DBT system. The schemes and the position on the key issues for each of these is as follows:

S. No	Scheme	Digitisation of databases	Seeding	Funds Flow	Cabinet approval
1	Post-Matric Scholarship Scheme	Available in all districts	Roughly 1/3 rd .	Beneficiaries identified by states. Certification is done by states. Funds could be released from GOI directly.	Needed
2	Merit-cum-Means Scholarship	Available in all districts	Roughly 1/3 rd .	Beneficiaries identified by states. Certification is done by states. Funds could be released from GOI directly.	Needed
3	Maulana Azad National Fellowship.	Available		Implemented through UGC. Funds could be released directly.	Not needed

5. Some of the issues relating to MoMA identified in the meeting were:
- All nodal officers need to have digital signatures at central (GOI and UGC); state and district levels. MoMA is to send list to DIT to get digital signatures.
 - DIT is to work on the final platform for data and funds release orders and also on the application for migrating data to this platform.
 - Instructions have already been issued that all payments will be Aadhaar enabled and that new beneficiaries will need to be enrolled in Aadhaar.

M/O TRIBAL AFFAIRS

6. The M/o Tribal Affairs has 3 schemes under the DBT system. The schemes and the position on the key issues for each of these is as follows:

S. No	Scheme	Digitisation of databases	Seeding	Funds Flow	Cabinet approval
1	Post-Matric Scholarship Scheme for STs	Presumed to be available in districts	No data	Beneficiaries identified by states. Certification is done by states. Funds could be released from GOI directly.	Needed
2	Top Class Education Scheme for STs	Presumed to be available in districts	No data		Needed
3	Rajiv Gandhi National Fellowship			Implemented through UGC. Funds could be released directly.	Not needed

7. Some of the issues relating to M/o Tribal Affairs identified in the meeting were:

- The Post-matric scholarship is paid by GOI during the duration of a Plan period. At the end of the Plan, the existing students become the state's committed liability. **GOI's obligation is for fresh students in the new Plan.** It is not clear from the data that the scheme shows any decline in GOI commitment at the end of a Plan period, which should be the case. Further, the committed liability is not tracked by student names or numbers, but rather in terms of aggregate payments made by states under the scheme. **DoTA needs to revert back with a clear position on what the scheme design is and how the state's committed liability is calculated and tracked (as envisaged in the Cabinet approval).**
- DIT is to help MoTA is compiling data and ensuring it is available at the Central level.
- All new applicants in the RG National Fellowship and Top Class Education Scheme are now required to have an Aadhaar number and bank account.

M/O SOCIAL JUSTICE & EMPOWERMENT

8. The M/o SJE has 7 schemes under the DBT system. The schemes and the position on the key issues for each of these is as follows:

S. No	Scheme	Digitisation of databases	Seeding	Funds Flow	Cabinet approval
1	Post-Matric Scholarship Scheme for SCs	Available in all districts (3.4 lakhs)	< 50%	Beneficiaries identified by states. Certification is done by states. Funds could be released from GOI directly. Will shift fully to DBT from 1.4.2013.	Needed
2	Post-Matric Scholarship Scheme for OBCs	Available in all districts (5.94 lakhs)	< 50%		Needed
3	Pre-Matric Scholarship Scheme for SCs	Available in all districts (2.5 lakhs)	< 50%	Only APB from now on.	Needed
4	Pre-Matric Scholarship for children of those in unclean occupations	Available in all districts (~4,000)	< 50%	Only APB from now on.	Needed
5	Upgradation of Merit of SCs	Available in all districts (~74)	< 50%	Only APB from now on.	Needed
6	Top Class Education Scheme for SCs	Available in all districts (~235)	< 50%	Only APB from now on.	Needed
7	National Overseas Scholarship for SCs	--	--	(Needs to be taken out of DBT)	---

9. Some of the issues relating to MoSJE identified in the meeting were:

- The National Overseas Scholarship Scheme for SCs cannot be implemented through the DBT system as the students are located outside India. It was agreed that this scheme would be excluded from the DBT list of schemes.
- MoSJE would consult state governments on DBT from the central level in order to resolve the issue of states' committed liability
- Most beneficiaries have bank accounts. Aadhaar coverage is roughly 50%. The position on seeding is much poorer (lower than 50%).
- To transfer funds directly, there is a need to get DoE approval to release at one go. DoE agreed to this for scholarships.
- There is an issue relating to making payments using verified lists. The current system rejects the entire lot even if there is one error in the list. This needs to be

redesigned to allow all other payments to go through and only an exception list sent back to Department.

- All nodal officers need to have digital signatures at central, state and district levels. MoSJE is to send list of nodal officers to DIT to get digital signatures.

D/O HIGHER EDUCATION

10. The D/o Higher Education has 3 schemes under the DBT system. The schemes and the position on the key issues for each of these is as follows:

S. No	Scheme	Digitisation of databases	Seeding	Funds Flow	Cabinet approval
1	Scholarship to University/ College Students	Fully digitised (~12,000)	< 5%. No data	Next release will only be through APB to bank accounts.	Not needed
2	UGC Fellowships	No data	No data	Run by UGC. Will be asked to transfer directly.	Not needed
3	AICTE Fellowships	Fully digitised	No data	Next installment (in 2012-13) to be DBT only.	Not needed

11. Some of the issues relating to D/o Higher Education identified in the meeting were:

- UGC Fellowships are implemented directly by UGC. They will be advised to follow DBT as in the case of AICTE Fellowships.

D/O SCHOOL EDUCATION

12. The D/o School Education has 2 schemes under the DBT system. The schemes and the position on the key issues for each of these is as follows:

S. No	Scheme	Digitisation of databases	Seeding	Funds Flow	Cabinet approval
1	National Means-cum-Merit Scholarship	Fully digitised (~12,500)	25% - 36%	Funds are being released directly. Next payment in March by DBT. Forms have Aadhaar column.	Not needed
2	Incentive for Girl Child in Sec. Edu.	Fully digitised (~68,000)	32%	This is a fixed deposit scheme. Will be Aadhaar based in future.	Not needed

13. Some of the issues relating to D/o School Education identified in the meeting were:

- All nodal officers have digital signatures.

M/O LABOUR & EMPLOYMENT

14. The M/o L&E has 5 schemes under the DBT system. The schemes and the position on the key issues for each of these is as follows:

S. No	Scheme	Digitisation of databases	Seeding	Funds Flow	Cabinet approval
1	Scholarship to Beedi Workers' children	Fully digitised (~11,000)	17%	Will be DBT from next installment (June/July).	Not needed
2	Housing subsidy to Beedi workers	Fully digitised (~26)	100%	Will be DBT.	Not needed
3	Child Labour Project - stipend to children	Available in all districts (~14,000)	<15%	Will shift fully to DBT from July 2013.	Not needed
4	Stipend to SC/ST Trainees for Vocational Training	Fully digitised (~650)	30%	Already on DBT.	Not needed
5	Stipend to Trainees in LWE districts	Fully digitised (~112)	No data	Already on DBT.	Not needed

15. Some of the issues relating to MoLE identified in the meeting were:

- In the Housing Subsidy Scheme for Beedi Workers and in the Stipend Scheme (Child Labour Project), orders making Aadhaar mandatory need to be issued.

M/O WOMEN & CHILD DEVELOPMENT

16. The M/o WCD has 2 schemes under the DBT system. The schemes and the position on the key issues for each of these is as follows:

S. No	Scheme	Digitisation of databases	Seeding	Funds Flow	Cabinet approval
1	Indira Gandhi Matritva Sahyog Yojana (IGMSY)	Fully digitised (~1,50,000)	Aadhaar ~ 60%. Seeding -No data	Currently DBT at CDPO level. Will be DBT from GOI from 1.4.13 in 5 districts.	Needed
2	Dhanalakshmi Scheme	Fully digitised (~8,000)	Aadhaar ~ 85%. Seeding -No data	Currently DBT at CDPO level. Will be DBT from GOI from 1.4.13.	Needed

17. Some of the issues relating to MoWCD identified in the meeting were:
- For IGMSY to fully shift to DBT from GOI, the Aadhaar enrolment and seeding needs to improve.

M/O HEALTH & FAMILY WELFARE

18. The MoHFW has 1 scheme under the DBT system. The position on the key issues for the scheme is as follows:

S. No	Scheme	Digitisation of databases	Seeding	Funds Flow	Cabinet approval
1	Janani Suraksha Yojana	Fully digitised in all districts (~1,60,000)	Aadhaar ~ 11% Seeding - 3%	Payments currently through account payee cheques. Funds will be DBT from district level in all districts from 1.4.2013.	Needed

19. Some of the issues relating to MoHFW identified in the meeting were:
- There seems to be poor coverage even in terms of bank accounts. MoHFW will share beneficiary lists with Lead Bank Managers.
 - Funds transfer under JSY will be DBT but from district level for the time being.

M/O PETROLEUM & NATURAL GAS - LPG SUBSIDY

20. MoPNG is working on rolling out DBT of LPG subsidy in a phased manner. As per the earlier agreed schedule, the rollout was to be as follows:

- i. Rollout would begin with one district on 15.2.2013, possibly Mysore.
- ii. Rollout would begin in 20 more districts on 1.3.2013.
- iii. Rollout would begin in all the remaining of the 51 selected districts (30) by 1.4.2013.

Keeping in view the need to ramp up Aadhaar enrolments which is critical to this DBT, MoPNG has suggested a revised schedule:

- i. Rollout would begin in one district on 15.4.2013 in Mysore.
- ii. Rollout would begin in 20 districts on 15.5.2013.
- iii. Rollout in remaining districts would be based on hitting a certain threshold in Aadhaar enrolment.

21. The Aadhaar enrolment of beneficiaries as on 26.2.2013 is 68% in Mysore, 33.8% in 20 districts and 18.8% in all 51 districts. This compares with 4%, 0.3% and 0.12% respectively in December 2012. The rise in enrolment is remarkable and in these 51 districts, the total enrolment of beneficiaries is 31.1 lakhs.

22. MoPNG has circulated a Cabinet Note seeking approvals on some proposals before rolling out the scheme. While the Note would be considered as per laid down procedure, the following were agreed to:

- i. The level of Aadhaar penetration at which LPG subsidy through DBT will be rolled out would not be part of the Cabinet Note. It could be an indicative figure at best. MoPNG would decide on the rollout based on an assessment on a case by case basis.
- ii. On the release of subsidy by DoE, DoE was agreeable to releasing one cylinders' subsidy in advance. However, as for further releases, they would be made by Oil Marketing Companies (OMCs) and DoE would release subsidy to the OMCs each quarter, subject to the overall subsidy adjustment parameters for the PNG sector.

MoPNG would move the final Note to Cabinet for approval by 25.3.2013.

SUMMARY OF DECISIONS AND CONCLUSIONS

23. The Direct Benefits Transfer (DBT) system has rolled out and is falling into place. While there were teething troubles initially, Ministries have become familiar with the concept and the processes involved. There is a large process re-engineering exercise that is needed. Some of the important decisions taken in these meetings are repeated for clarity once again:

Digitisation of Databases:

- i. DIT will develop applications quickly to enable easy conversion of Excel sheets into standardised formats which can then be transmitted with verification and for making payments.
- ii. Departments will ensure that they have information at the central level on digitisation available with them on a real-time basis. Currently, they base their assessment on reports from districts rather than access to data at the central level.
- iii. Departments will start the process of digitisation in all districts, irrespective of the rollout of DBT as this is a critical activity which need not wait and can be done in parallel.

Opening of bank accounts:

- iv. DFS will ensure coverage of all beneficiaries with bank accounts
- v. DFS will also ensure that all Micro-ATMs that are procured will have specifications such that they are inter-operable and are Aadhaar enabled.

- vi. DFS will also coordinate with D/o Posts to ensure inter-operability of any micro-ATMs that D/o Posts may be procuring.

Aadhaar enrolment:

- vii. UIDAI will continue to coordinate with Ministries and District authorities to improve enrolment of beneficiaries.

Bank Account Seeding and funds transfer through Aadhaar Payment Bridge (APB):

- viii. DFS would hold a meeting of the Financial Inclusion Committee to resolve all issues relating to opening of bank accounts and seeding.
- ix. DFS would send a copy of the instructions issued to banks on opening of bank accounts and seeding.

Funds Flow:

- x. Ministries will ensure that all Nodal Officers in Ministries and every Program Officer involved in authenticating lists have digital signatures before the next round of payments are made.
- xi. Ministries would quickly complete their process re-engineering exercise by 31.3.2013 to eliminate redundant layers, to ensure flow of authenticated lists, to make electronic payments through APB and to utilise the feedback loop to obtain proof of transfer for record keeping.
- xii. DIT will facilitate the efforts of individual departments in process re-engineering.
- xiii. DoE will continue to monitor the process re-engineering exercise.

Scheme Related Matters

- xiv. DIT is to work on the final platform for data and funds release orders and also on the application for migrating data to this platform.
- xv. The National Overseas Scholarship Scheme for SCs cannot be implemented through the DBT system as the students are located outside India. This scheme would be excluded from the DBT list of schemes.
- xvi. To transfer funds directly, there is a need to get DoE approval to release scholarships at one go. DoE agreed to this for scholarships.
- xvii. There is an issue relating to making payments using verified lists. The current system rejects the entire lot even if there is one error in the list. This needs to be redesigned to allow all other payments to go through and only an exception list sent back to Department.
- xviii. UGC Fellowships are implemented directly by UGC. They will be advised to follow DBT as in the case of AICTE Fellowships.

LPG Subsidy

- xix. MoPNG will follow a changed schedule for rollout of LPG subsidy:
 - a. Rollout would begin in one district on 15.4.2013 in Mysore.
 - b. Rollout would begin in 20 districts on 15.5.2013.
 - c. Rollout in remaining districts would be based on hitting a certain threshold in Aadhaar enrolment.

- xx. MoPNG will modify its Cabinet Note on the following lines:
 - a. The level of Aadhaar penetration at which LPG subsidy through DBT will be rolled out would not be part of the Cabinet Note. It could be an indicative figure at best. MoPNG would decide on the rollout based on an assessment on a case by case basis.
 - b. On the release of subsidy by DoE, DoE was agreeable to releasing one cylinders' subsidy in advance. However, as for further releases, they would be made by OMCs and DoE would release subsidy to the OMCs each quarter, subject to the overall subsidy adjustment parameters for the PNG sector.
 - c. MoPNG would move the final Note to Cabinet for approval by 25.3.2013.

Next Steps

- xxi. The rollout of this phase is not yet fully complete and will be extended by three months till 30.6.2013.
- xxii. Planning Commission will move a consolidated Note to the Cabinet in March 2013 seeking approval for direct transfer of funds from GoI to beneficiary accounts for all those schemes which require Cabinet approval for such a change.
- xxiii. UIDAI has submitted a list of 50 additional districts (list annexed) which could be taken up for the next phase of the rollout. This rollout could begin from 1.7.2013. Planning Commission will communicate this to all Ministries for doing preparatory work.

The meeting ended with a Vote of Thanks to the chair.

S.No.	Name of State/UT	43 districts included in first phase		To be included in II phase		Recommended by
1	Karnataka	1	Tumkur			
		2	Mysore			
		3	Dharwad			
2	Kerala	4	Pathanamthitta	1	Palakkad	RGI&UIDAI
		5	Wayanad	2	Kottayam	RGI&UIDAI
				3	Ernakulam	UIDAI
				4	Alappuzha	UIDAI
				5	Idukki	RGI&UIDAI
				6	Thiruvananthapuram	UIDAI
				7	Kozhikode	UIDAI
				8	Thrissur	UIDAI
				9	Kannur	RGI
3	Puducherry	6	Puducherry	10	Yanam	RGI
4	Chandigarh	7	Chandigarh			
5	Harayana	8	Ambala			
		9	Soniput			
6	Punjab	10	SBSNagar/Nawanshahar	11	Jalandhar	UIDAI
		11	Fatehgarh Sahib	12	Barnala	UIDAI
		12	Gurdaspur			UIDAI
7	Delhi	13	North East Delhi	13	Central Delhi	UIDAI
		14	North West Delhi	14	East Delhi	UIDAI
				15	North Delhi	UIDAI
				16	South West Delhi	UIDAI
				17	West Delhi	UIDAI
8	Madhya Pradesh			18	South Delhi	UIDAI
		15	Hoshangabad	19	Burhanpur	UIDAI
		16	East Nimar (Khandwa)	20	Bhopal	UIDAI
		17	Harda	21	Jabalpur	UIDAI
9	Rajasthan	18	Ajmer	22	Jhunjhunu	UIDAI
		19	Udaipur	23	Pali	UIDAI
		20	Alwar	24	Kota	UIDAI
10	Sikkim	21	West	25	South	UIDAI
		22	East	26	North	UIDAI
11	Tripura	23	Khowai			
		24	Dhalai			
		25	North			
		26	West			
12	Andhra Pradesh	27	Hyderabad	27	Srikakulam	RGI&UIDAI
		28	Anantpur	28	Krishna	UIDAI
		29	Chittoor	29	Guntur	UIDAI
		30	East Godavari	30	Adilabad	UIDAI
		31	Ranga Reddy	31	Cuddapah (YSR Kadapa)	UIDAI
				32	Vizianagram	RGI
				33	Kurnool	RGI
				34	Nalgonda	RGI

13	Daman & Diu	32	Diu			
		33	Daman			
14	Goa	34	North Goa	35	South Goa	UIDAI
15	Maharashtra	35	Wardha	36	Aurangabad (MH)	UIDAI
		36	Mumbai + Suburban	37	Gondiya	UIDAI
		37	Amravati	38	Jalgaon	UIDAI
		38	Pune	39	Jalna	UIDAI
		39	Namdurbar	40	Latur	UIDAI
				41	Ratnagiri	UIDAI
16	Jharkhand	40	Saraikela-Kharsawan	42	Khunti	UIDAI
		41	Ranchi	43	Lohardaga	UIDAI
		42	Ramgarh	44	Bokaro	UIDAI
		43	Hazaribag			UIDAI
17	Himachal Pradesh			45	Hamirpur	UIDAI
				46	Una	UIDAI
				47	Bilaspur	UIDAI
				48	Mandi	UIDAI
				49	Kullu	UIDAI
				50	Solan	UIDAI
18	Gujarat			51	Mehsana	UIDAI
				52	Valsad	UIDAI
				53	Bhavnagar	UIDAI
				54	Anand	UIDAI
19	Tamil Nadu			55	Ariyalur	RGI
				56	Pudukottai	RGI
				57	Tirucherrappalli	RGI
20	West Bengal			58	Coochbehar	RGI
				59	Howrah	RGI
21	Odisha			60	Bolangir	RGI
				61	Puri	RGI
				62	Cuttack	RGI
				63	Sonapur	RGI
22	Lakshadweep			64	Lakshadweep	RGI
23	Uttar Pradesh			65	Etawah	RGI
				66	Chitrakoot	RGI
				67	Sant Kabir Nagar	RGI
				68	Shrawasti	RGI
				69	Rae Bareilly	RGI
				70	Amethi	RGI
24	Uttarakhand			71	Bageshwar	RGI
				72	Champawat	RGI
				73	Tehri Garhwal	RGI
25	Chhattisgarh			74	Dhamtari	RGI
				75	Koriya	RGI
26	Bihar			76	Arwal	RGI
				77	Sheohar	RGI
				78	Sheikhpura	RGI

MEETING OF THE
NATIONAL COMMITTEE
ON

**DIRECT BENEFIT
TRANSFER
PROGRAMME**

- ▣ Digitization of Beneficiary Databases
 - ▣ Opening of Bank Accounts
 - ▣ Aadhar Enrolment
 - ▣ Seeding of Aadhar Numbers

AGENDA ITEM 1

Review of Rollout of
DBT in 43 Districts

- ▣ 16,22,716 Beneficiaries
- ▣ 77.5% Bank Account Coverage
- ▣ 32.2% Aadhar & Bank Account Coverage
 - ▣ 4.1% Aadhar Seeding

- ▣ 25 Schemes
- ▣ 8 Departments
- ▣ 43/51 Districts
- ▣ 16 States/UTs

▣ National Electronic Fund
Transfer (NEFT) Bridge and
Aadhaar Payment Bridge (APB)
may have to run in parallel upto
at least 30 June 2013 in 43
Districts of Phase I

- ☐ Fund Flow Route
- ☐ Direct Payment instead of multiple intermediate steps/layers
- ☐ Information Feedback Loop
- ☐ Utilization Certificate
- ☐ Authentication of Beneficiaries

From 1st July 2013	through APR (available)	through April	Total
No. of Transactions	>50,097	Not known	>2,50,097
Total Amount Transferred (Rs. Cr)	34.83	>57.08	>91.91

Micro-ATMs and Banking Correspondents

AGENDA ITEM 2 Strategy for DBT Rollout in NPR States

Three Pension Schemes of MoRD can be added from 1st July 2013 bringing the total number of schemes under the DBT Programme to 28.

DBT to be rolled out in 38 new NPR Districts with 70-80% coverage from 1 July 2013.

AGENDA ITEM 3

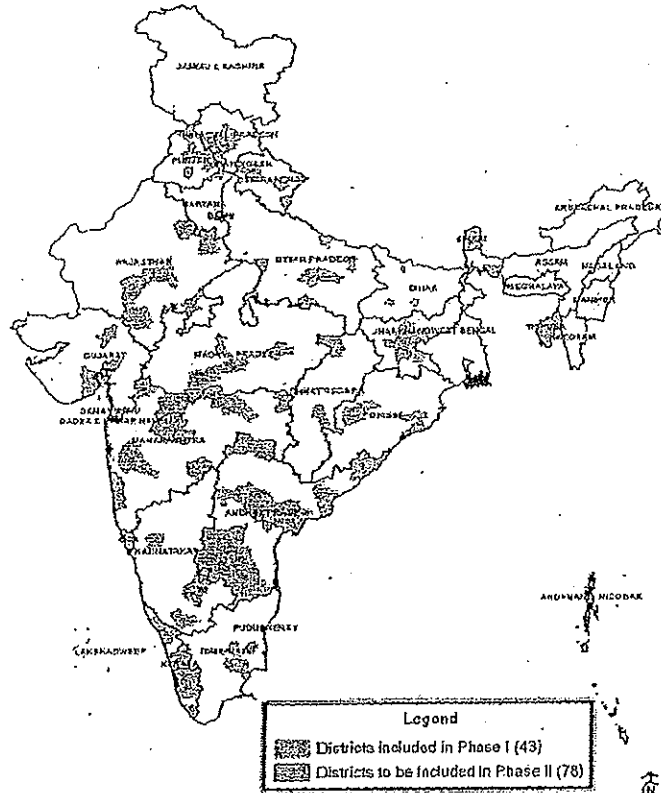
Next Phase of DBT
in
Additional Districts

13

- ▣ 50 New Districts from UIDAI States
- ▣ 38 new Districts from NPR States
- ▣ Rollout in a total of 78 new Districts from 1 July in Phase II

14

INDIA – Districts identified for DBT Scheme



AGENDA ITEM 4

Strategy for including
Post Office Account holders
in DBT

16

- ❑ 14 crore subscribers
- ❑ Digitized beneficiary database
- ❑ Availability of Bank Accounts

19

- ❑ Rollout of Core Banking System and ICT in 16,000 Post Offices in 51 selected Districts of Phase I by 30 September, 2013.
- ❑ Digitization of Beneficiary Databases and Aadhar enrolment/seeding by 30 September, 2013.
- ❑ Rollout of DBT for Post Office Account holders in 51 selected Districts of Phase I from 1st October, 2013.

17

- ❑ Rollout of DBT to commence in 20 Districts from 15 May, 2013.
- ❑ Rollout in remaining 31 of 51 Districts of Phase I as and when Aadhar enrolment crosses a threshold.
- ❑ One month's advance subsidy.

20

AGENDA ITEM 5

Rollout of LPG subsidy
through
DBT

18

AGENDA ITEM 6

Administrative Arrangement for DBT

21

- ▣ National Committee, Executive Committee, Financial Inclusion Committee and Technical Support Committee set up and functioning.
- ▣ Post of Mission Director created.
- ▣ Planning Commission Note for Mission Directorate and supporting staff.

22

THANK YOU

3rd Meeting of National Committee on Direct Benefit Transfers

[5.4.2013]

Prime Minister' Remarks

We have had a productive meeting on an initiative which has the potential of transforming the way in which government benefits are delivered to our people.

We have come some distance since Direct Benefits Transfer programme was rolled out in January. In this period, we have resolved a number of operational issues. I am encouraged by this progress and hopeful about the future. But we have also run into difficulties that we had not anticipated when we began the programme. We must therefore renew our efforts for successful implementation of the programme.

Conceptually, Direct Benefits Transfers involves a few simple steps- digitising data, enrolling in Aadhaar, opening bank accounts and seeding these accounts. However, Direct Benefits Transfers also require process re-engineering. We need to change the way we transact business, the way we release funds, the way we track funds and the information we have on beneficiaries. I hope due attention will be paid to these aspects as we move forward in implementing the programme.

I have been told that the exercise of implementing Direct Benefits Transfers has revealed the unsatisfactory nature of tracking and monitoring systems we have in various departments. If we need to ensure that the money we spend delivers outcomes, it is necessary that we have a robust monitoring system in place. That is one of the things that Direct Benefits Transfers will achieve, in addition to making the process of getting benefits simpler for the beneficiaries and eliminating corruption and wastage.

I am happy that we are expanding the program to 78 more districts. With this, we will cover over 120 districts which is roughly one-fifth of the country. I am also happy that we will be including the three pension schemes of Rural Development under the programme.

I would urge all Departments to apply themselves with commitment to this major initiative. The Planning Commission and the Finance Ministry have a special responsibility of working together for the achievement of the objectives that we have set for ourselves. On the financial inclusion side, the banking system needs to integrate the post office system which is widespread. It also needs to ensure that the front end infrastructure is in place, so that people have no trouble opening bank accounts and have easy access to their cash. There should be a system in place where people can get a simple bank account on demand if they have an Aadhaar card. Such a spread of financial inclusion will have many other benefits, far beyond cash transfers alone. For bankers, this is an investment in their bank's own future growth.

It must also be ensured that the coverage of Aadhaar is adequate and no one is left out. Aadhaar should be available on demand.

This is a program in which the implementation capacity of our government will be tested. We cannot afford to fail. We need to show that we can deliver results and benefits. I wish you all success in your endeavours to implement this ambitious programme.

SR(5)
24
Office of Secretary (PC)
कम्प्यूटर इकाई का IFTS Computer By. No. 13263 (Pmo)
दिनांक Date: 09/04/2013



सत्यमेव जयते

ANNEXURE II

Pulok Chatterji

Principal Secretary

Do No. 360/31/C/34/2012-E32 (V01-8)

April 8, 2013

Sub : Rollout of the Next Phase of DBT

Dear

I am writing to you in the context of some important decisions taken at the last meeting of the National Committee on DBT held on 5th April 2013. I am attaching a copy of the Prime Minister's closing remarks for your information.

2. In the meeting, it was decided that **the next phase of the DBT will be rolled out from 1 July 2013**. In this phase, 78 more districts will be covered in addition to the 43 districts already under DBT. These districts cover both UIDAI and NPR States. Further, the three pension schemes managed by MoRD would also be brought under DBT in all the Phase I & II districts (121 districts in all) from 1.7.2013. It was also decided that DBT of LPG subsidy would also be rolled out in 20 districts from 15 May 2013. In addition, it was agreed that the process of digitization of databases should begin in all districts, irrespective of the rollout of DBT as this is a critical activity which need not await the rollout.

3. There is adequate time to prepare for the next phase of rollout. Every Department implementing DBT is expected to begin work without any delay so that rollout takes place as decided. Particular attention may also be paid to the following activities which are on the critical path for the rollout:

(i) **Digitisation of beneficiary databases** : This has been an important challenge in the first phase. Absence of digitized databases hampers other steps in DBT. You may like to initiate work on preparation of digitized databases **across all districts**, not just those covered in Phase II, so that the rollout happens on time.

(ii) **Instructions on Rollout of Phase-II**. Your Department may issue clear, unambiguous instructions about the next phase of rollout in these 78 districts on 1.7.2013.

Adv (DBT)

10/4/13

Dir (DBT)
(DBT) (MS)

(iii) **Completing the Process Re-engineering for DBT Funds Flow** : Process re-engineering is essential to ensure direct transfer of funds to beneficiary accounts and real time monitoring. The Prime Minister emphasized this aspect by stating that *"DBT requires process re-engineering at the government level. We need to change the way we transact business, the way we release funds, the way we track funds and the information we have on beneficiaries."* It is important that process re-engineering is completed in time for Phase-II.

(iv) **Monitoring the rollout:** It is necessary to monitor the rollout closely. The Prime Minister has said that *"DBT has revealed the poor nature of tracking and monitoring systems we have in departments. If we need to ensure that the money we spend delivers outcomes, it is necessary that we have a robust monitoring system in place."* Each Department must therefore put in place a robust monitoring system that can monitor coverage of beneficiaries and the transfers that are taking place, both in volume and value.

4. It has been announced that the DBT programme will be rolled out in phases across the country. By now, all of you are familiar with the basic essentials for implementing DBT. You are urged to pay attention to the issues raised above and implement DBT as envisaged.

Yours sincerely,
Sd/-
(Pulok Chatterji)

Shri R. Bhattacharya,
Secretary,
Department of School Education & Literacy,
Shastri Bhawan,
New Delhi.

Shri Ashok Thakur,
Secretary,
Department of Higher Education,
Shastri Bhawan,
New Delhi.

Shri Anil Goswami,
Secretary,
Ministry of Social Justice & Empowerment
Shastri Bhawan,
New Delhi.

Ms. Vibha Puri Das,
Secretary,
Ministry of Tribal Affairs,
Shastri Bhawan,
New Delhi.

Shri Ravi Mathur,
Secretary,
Ministry of Minority Affairs,
Paryavaran Bhawan,
CGO Complex,
New Delhi.

Shri K.N. Desiraju,
Secretary,
Department of Health & Family Welfare,
Nirman Bhawan,
New Delhi.


Shri Mrutyunjay Sarangi,
Secretary,
Ministry of Labour & Employment,
Shram Shakti Bhawan,
New Delhi.

Shri Prem Narain,
Secretary,
Ministry of Women & Child Development,
Shastri Bhawan,
New Delhi.

Shri S. Vijay Kumar,
Secretary,
Ministry of Rural Development,
Krishi Bhawan,
New Delhi.

Copy to :

- (i) Shri Ajit Seth, Cabinet Secretary
- (ii) Shri R.S. Gujral, Finance Secretary (Secretary, D/o Expenditure)
- (iii) Shri Rajeev Takru, Secretary, D/o Financial Services
- (iv) Ms. P. Gopinath, Secretary, D/o Posts
- (v) Shri J. Sathyanarayana, Secretary, D/o Electronics & IT
- (vi) Shri V.S. Madan, Director, UIDAI
- (vii) Smt Sindhushree Khullar, Secretary, Planning Commission


(Pulok Chatterji)

Prime Minister' Remarks at the
3rd Meeting of National Committee on Direct Benefit Transfers on 5.4.2013

We have had a productive meeting on an initiative which has the potential of transforming the way in which government benefits are delivered to our people.

We have come some distance since Direct Benefits Transfer programme was rolled out in January. In this period, we have resolved a number of operational issues. I am **encouraged by this progress and hopeful about the future**. But we have also run into difficulties that we had not anticipated when we began the programme. We must therefore renew our efforts for successful implementation of the programme.

Conceptually, Direct Benefits Transfers involves a few simple steps- digitising data, enrolling in Aadhaar, opening bank accounts and seeding these accounts. However, Direct Benefits Transfers also require process re-engineering. We need to change the way we transact business, the way we release funds, the way we track funds and the information we have on beneficiaries. I hope due attention will be paid to these aspects as we move forward in implementing the programme.

I have been told that the exercise of implementing **Direct Benefits Transfers has revealed the unsatisfactory nature of tracking and monitoring systems we have in various departments**. If we need to ensure that the money we spend delivers outcomes, it is necessary that we have a robust monitoring system in place. That is one of the things that Direct Benefits Transfers will achieve, in addition to making the process of getting benefits simpler for the beneficiaries and eliminating corruption and wastage.

I am happy that we are expanding the program to 78 more districts. With this, we will cover over 120 districts which is roughly one-fifth of the country. I am also happy that we will be including the three pension schemes of Rural Development under the programme.

I would urge all Departments to apply themselves with commitment to this major initiative. The **Planning Commission and the Finance Ministry have a special responsibility of working together for the achievement of the objectives that we have set for ourselves**. On the financial inclusion side, the banking system needs to integrate the post office system which is widespread. It also needs to ensure that the front end infrastructure is in place, so that people have no trouble opening bank accounts and have easy access to their cash. **There should be a system in place where people can get a simple bank account on demand if they have an Aadhaar card**. Such a spread of financial inclusion will have many other benefits, far beyond cash transfers alone. For bankers, this is an investment in their bank's own future growth.

It must also be ensured that the coverage of Aadhaar is adequate and no one is left out. Aadhaar should be available on demand.

This is a program in which the implementation capacity of our government will be tested. We cannot afford to fail. We need to show that we can deliver results and benefits. I wish you all success in your endeavours to implement this ambitious programme.

LIST OF 20 DISTRICTS FOR DBT ROLL OUT OF LPG SUBSIDY

Sl. No	States/UTs	Districts
1	Andhra Pradesh	Anantpur
2		Chittoor
3		East Godavari
4		Hyderabad*
5		Ranga Reddy*
6	Daman & Diu	Diu
7	Goa	North Goa
8	Himachal Pradesh	Bilaspur
9		Hamirpur
10		Mandi
11		Una
12	Karnataka	Mysore
13		Tumkur
14	Kerala	Pathanamthitta
15		Wayanad
16	Maharashtra	Wardha
17	Puducherry	Puducherry
18	Punjab	SBS Nagar / Nawanshahar
19	Madhya Pradesh	East Nimar (Khandwa)
20		Harda**