

F.No.17-3/2016-FPD
Government of India
Ministry of Environment, Forests & Climate Change
(Forest Protection Division)

5th Floor, Agni Wing
Indira Paryavaran Bhawan
New Delhi-110003

Date: 18th July, 2016

10th August, 2016

To
Principal Chief Conservator of Forests(HoFF)
All States and UTs

Subject: Expanding the scope of Direct Benefit Transfer (DBT) and its time bound Implementation-Reg

Sir,

I am directed to forward herewith an O.M. No.8/21/2016-17/DBT/Cell/SD dated 22/06/2016 regarding the subject mentioned above along with the guidelines of DBT. In this regard, you are requested to implement DBT under Intensification of Forest Management Scheme (IFMS) also for the wage component, to the extent possible.

Incl. as above

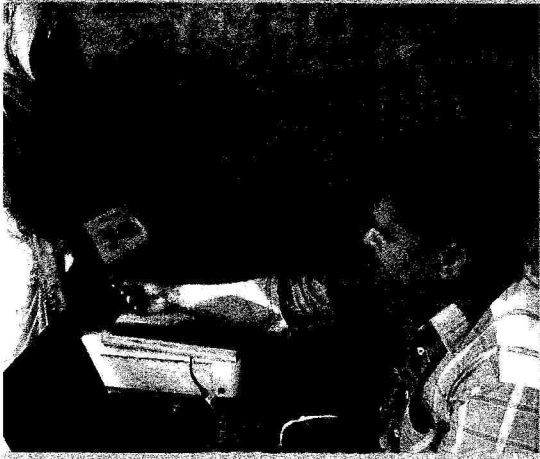
Yours sincerely,


(E. Vikram) 10/8/16

Assistant Inspector General of Forests
(Forest Protection Division)

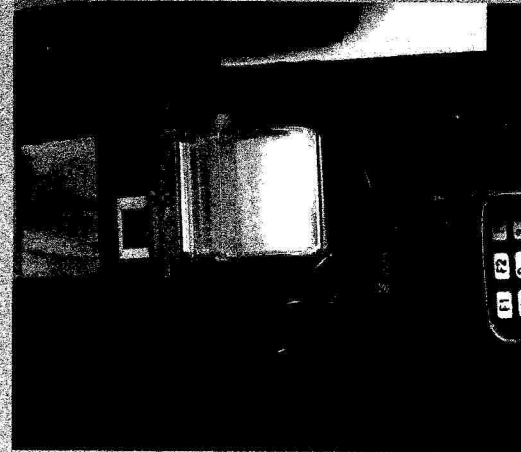
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Direct Benefit Transfer



सत्यमेव जयते

Direct Benefit
Transfer





सत्यमेव जयते

**DBT Mission
Cabinet Secretariat**

**4th Floor,
Shivaji Stadium Annexe, Rajiv Chowk,
New Delhi - 110001**

**Website:
<http://cabsec.nic.in/dbt/origin.html>**

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*



सत्यमेव जयते



"The schemes should not be made to look like half-dead in the files. It should reach out to the last person in the country. The schemes are made for the poorest of the poor; we need to cut subsidy leakages, not subsidies themselves"

"It gives me immense pleasure to announce that the Direct Benefit Transfer Scheme has recently found a place in the Guinness Book of World Records as the largest direct benefit transfer scheme"

"With the help of Jan Dhan Yojana and Aadhaar card, through the largest direct benefit transfer scheme, the subsidies are directly getting deposited in the bank accounts of the beneficiaries."

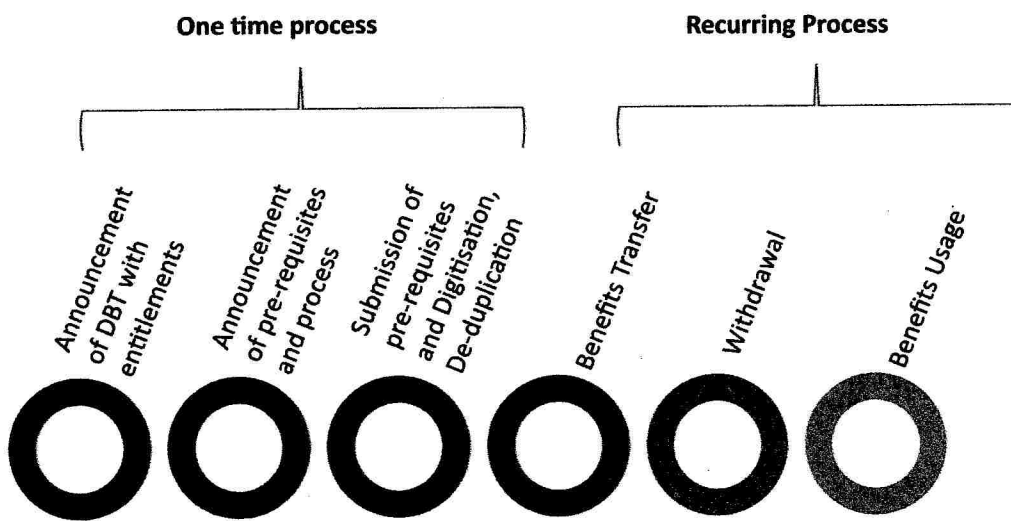
What is Direct Benefit Transfer (DBT)?

Direct Benefit Transfer is a major reform initiative launched by Government of India on 1st 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.

In a nutshell, DBT intends to achieve:

1. Electronic transfer of benefits, minimising levels involved in benefit flow
2. Reduced delay in payments
3. Accurate targeting of the beneficiary
4. Curbing pilferage and duplication

Fig 1. Beneficiary's Journey to DBT



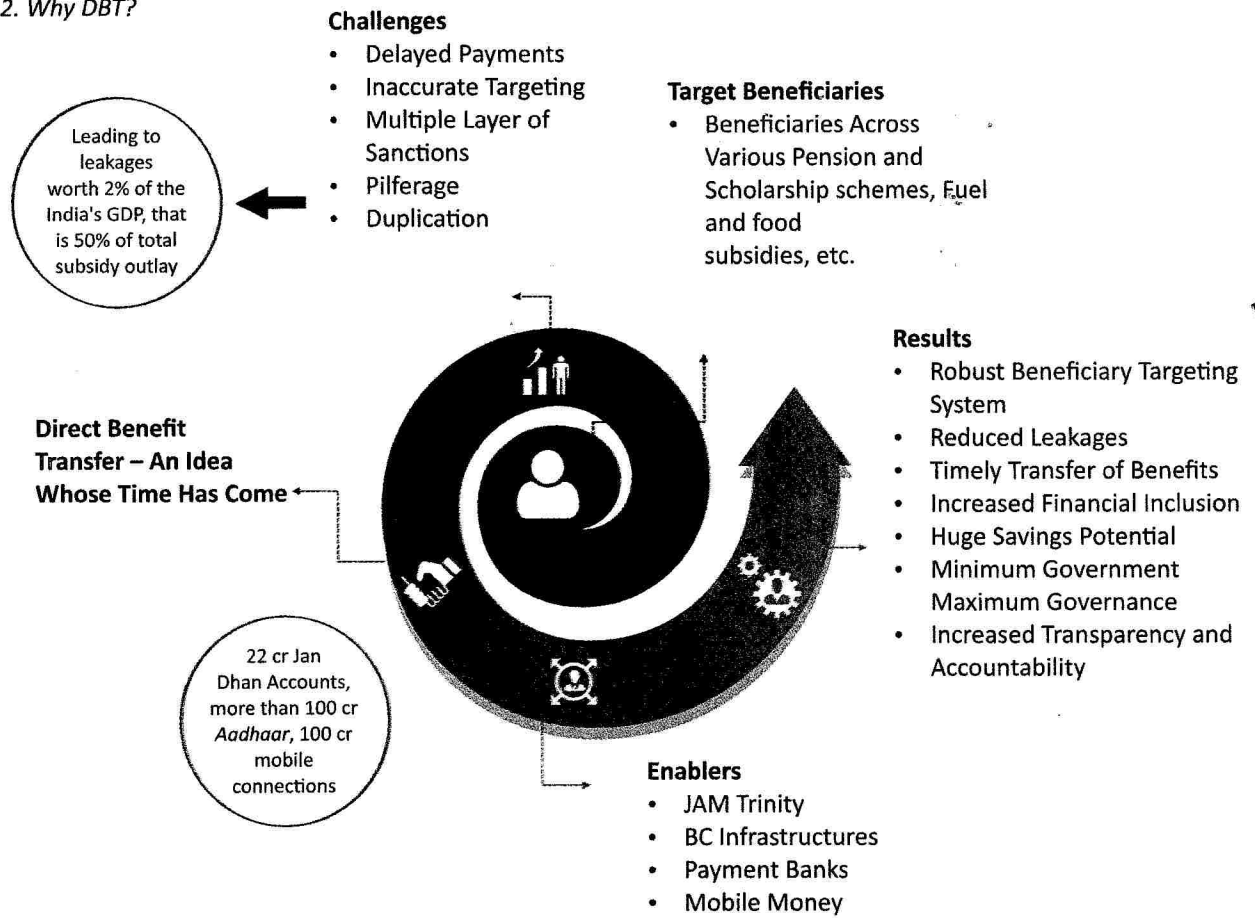
DBT is an attempt to ensure a better and more timely delivery of benefits to the people. This marks a paradigm shift in the process of delivering government benefits like wage payments, fuel subsidies, food grain subsidies, etc. directly into the hands of the beneficiaries, speeding up payments, removing leakages, and enhancing financial inclusion. As depicted in the figure above, the DBT system, through its customer-friendly processes ensures the last mile connectivity, allowing actual disbursements to take place at the doorstep of the beneficiaries through a network of bank branches and Business Correspondents (BCs) with micro ATM machines.

Why DBT?

The Central and the State government transfers and subsidies in India today stand at about 4% of India's Gross Domestic Product (GDP). Currently, these transfers happen through multiple channels. In the process, the payment gets delayed and its intangible value to the beneficiary reduces before it reaches him or her. Schemes introduced in the past, have often struggled to achieve their goals due to ill-targeting, leakages and ineffective service delivery. These kind of delays and other hurdles leave a huge leakage gap of 2% of GDP every year. Apart from this, the several levels of sanctions within the federal structure lead to further delays thereby creating space for various inefficiencies and duplication of effort. Thus, subsidies and benefits which are needed for different sections of the society require a well-targeted system of delivery which ensures timely transfer of benefits to the citizens of the country. DBT will bring efficiency, effectiveness, transparency and accountability in the Government system and infuse confidence of citizen in the governance. Thus, DBT entails leveraging modern technology and IT tools to realize the dream of MAXIMUM GOVERNANCE and MINIMUM GOVERNMENT.

Additionally, DBT, through its direct and time-bound transfer system, enables the governments to transfer benefits using just an individual's bank account number preferably linked through *Aadhaar*. This *Aadhaar* number or the biometric input being unique in nature removes 'duplicates' and 'ghosts' from the government databases. With the help of a vast network of business correspondents and postal networks, DBT will bring banking to the doorsteps of the rural poor who earlier did not have access to modern financial services. The ease of access shall also enable beneficiaries to withdraw benefits from anywhere irrespective of their status of migration. Thus, DBT will hugely empower the unbanked and accelerate financial inclusion, thereby ensuring end-to-end transparency of subsidy and transfer of benefits from the government to the beneficiaries.

Fig 2. Why DBT?



Role of DBT Mission

DBT Mission was initially created in the Planning Commission to act as the nodal agency for implementation of DBT in government schemes. The Mission was transferred from Planning Commission to the Department of Expenditure, Ministry of Finance in July 2013. To give further fillip to the DBT process, DBT Mission and matters thereto have been placed in the Cabinet Secretariat under the administrative control of Secretary (Coordination & PG) with effect from 14.9.2015.

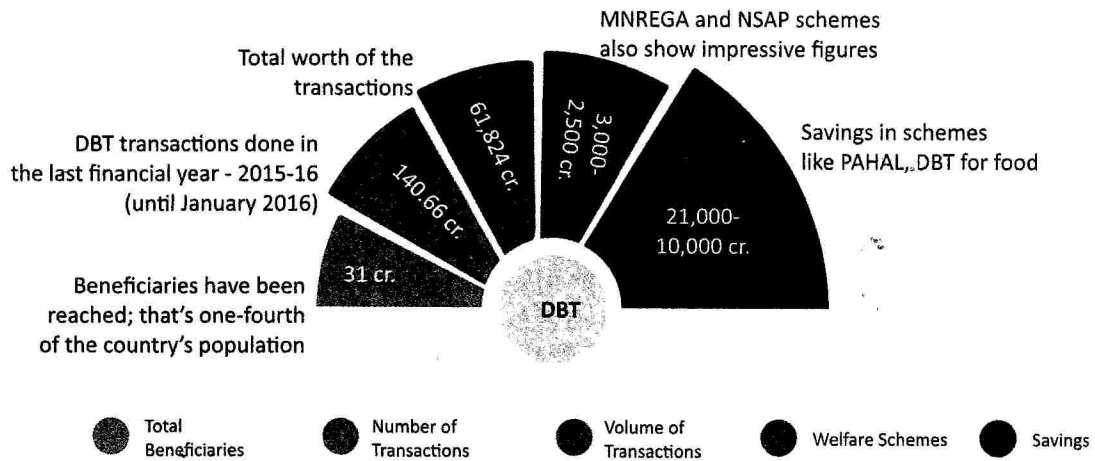
DBT Mission has been entrusted with the responsibility of implementing DBT in all government subsidy/welfare programmes throughout the country. The work of DBT Mission entails the studying existing delivery process in welfare schemes and subsidies and reengineering the same to simplify process and fund flow, providing policy interventions, coordinating with various Ministries/Departments, monitoring of DBT Programme, both at Central and State level, compilation of data/information and preparing progress reports on the status of DBT implementation. In a nutshell, DBT Mission is a repository of experiences gained through various DBT initiatives and is presently facilitating innovations to usher in delivery process reforms.

Present Status of DBT

Over the past three years, DBT has shown promising results in pilot schemes being run in different parts of the country. These include Scholarships, PAHAL (modified DBTL for LPG subsidy), Public Distribution System (PDS) in Puducherry, Chandigarh and Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) payments in Jharkhand, Bihar, etc. The programme has already been universalised since February 2015 and more than 31 crore beneficiaries are withdrawing their benefits every month using *Aadhaar* biometric authentication. At present, DBT Mission is monitoring data from 17 Ministries/Departments on 74 government schemes operational in the country. The number of DBT transactions in the financial year 2015-16 (upto January 2016) has crossed 100 crore. More than Rs 61,000 crore have been transferred to about one fourth of the total population of the country.

In the current scheme of things, the potential savings in programmes like PAHAL and DBT for Food are pegged at around Rs 21,000 and Rs 10,000 crore per annum, respectively. In welfare programmes like MGNREGA and NSAP scheme, the savings amount to around Rs 3,000 and Rs 2,500 crore per annum, respectively. This huge amount, if saved, can be utilised by the government in other ways like increasing the universe of beneficiaries or in development of infrastructure and also to improve citizen's confidence in governance.

Fig 3. Present Status of DBT



Classification of Government Schemes/Components

- i) **Cash Transfer to Individual Beneficiary** - This category includes schemes or components of schemes wherein cash benefits are transferred by the Government to individual beneficiaries. Example: PAHAL, MGNREGA, NSAP etc. This transfer of cash benefits from Ministry/ Department to beneficiaries happens through different routes, as given below.
- directly to beneficiaries bank/postal accounts
 - through State Treasury Account to beneficiaries
 - through any Implementing Agency as appointed by Centre/State Governments to beneficiaries

ii) **In-kind Transfer to Individual Beneficiary** - This category includes schemes or components of schemes where in-kind benefits are given by the Government to individuals through an intermediate agency. Typically, Government or its agent incurs expenditure internally to procure goods for public distribution and make services available for targeted beneficiaries. Individual beneficiaries receive these goods or services for free or at subsidised rates.

To cite an example, in Public Distribution System (PDS), Food Corporation of India (FCI) is the Government agent responsible for procurement, movement, storage and distribution of food grains to Fair Price Shops. FCI issues the food grains at subsidised rates, as fixed by the Government. The rates so fixed do not cover the full economic cost incurred by the Corporation. The difference represents the consumer subsidy for the PDS, and is paid to the Corporation by the Government of India. Similarly, Government incurs internal expenditures for provision of subsidies in kind on other products like kerosene, fertilisers, books, medicines, vaccines, etc.

Type of Benefit	Individual Beneficiary
Cash	MGNREGA, PAHAL, NSAP, Scholarships
Kind	SSA, Mid Day Meals, PDS, Assistance to State for Control of Animal Disease

Other Transfers

Apart from these two categories of schemes, there is another category of transfers from the government to different non-government functionaries who help in facilitation of various government schemes till the last mile. This category includes transfers made to the various enablers of government schemes like community workers, NGOs, in the form of honorarium, incentives, etc. for successful implementation of the 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 wages, training, and incentives for their service to the beneficiaries/community. Therefore, apart from the schemes classified above, different government departments should focus on automating these kind of transfers as well.

Pre-requisites for DBT

- i) Identification of beneficiaries and digitisation of beneficiary database
- ii) Opening of bank accounts
- iii) Aadhaar enrolment
- iv) Seeding of Aadhaar in beneficiary database and bank accounts
- v) Last mile connectivity/service delivery

Fig 4. Pre-Requisites for DBT

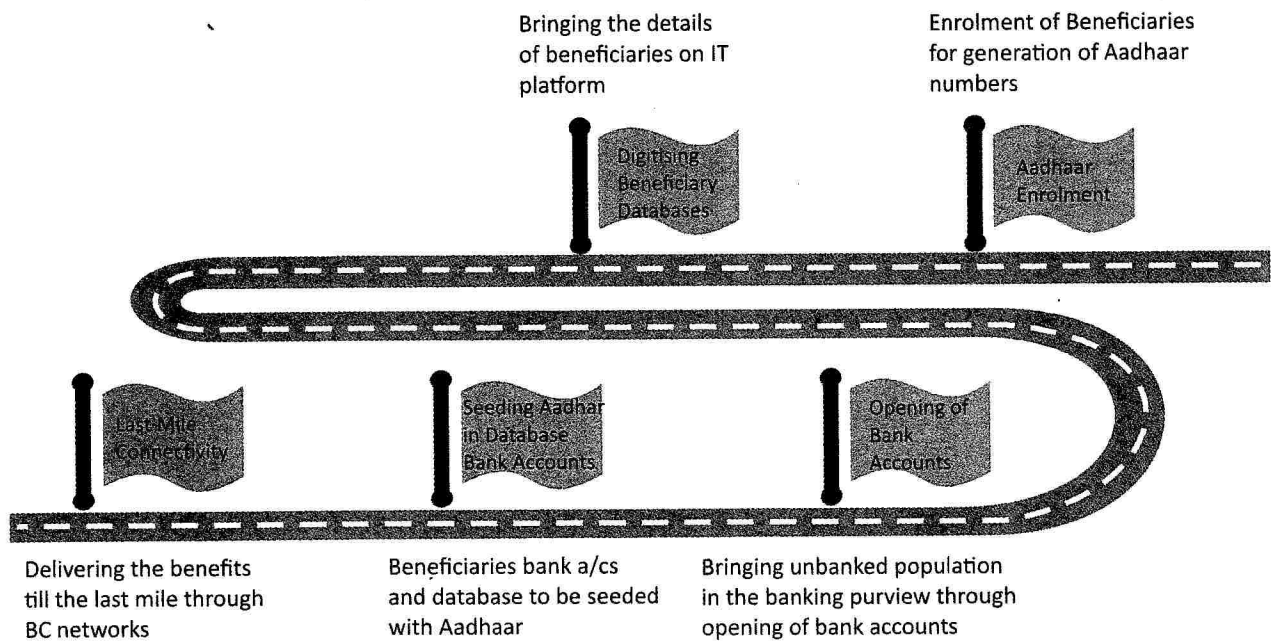
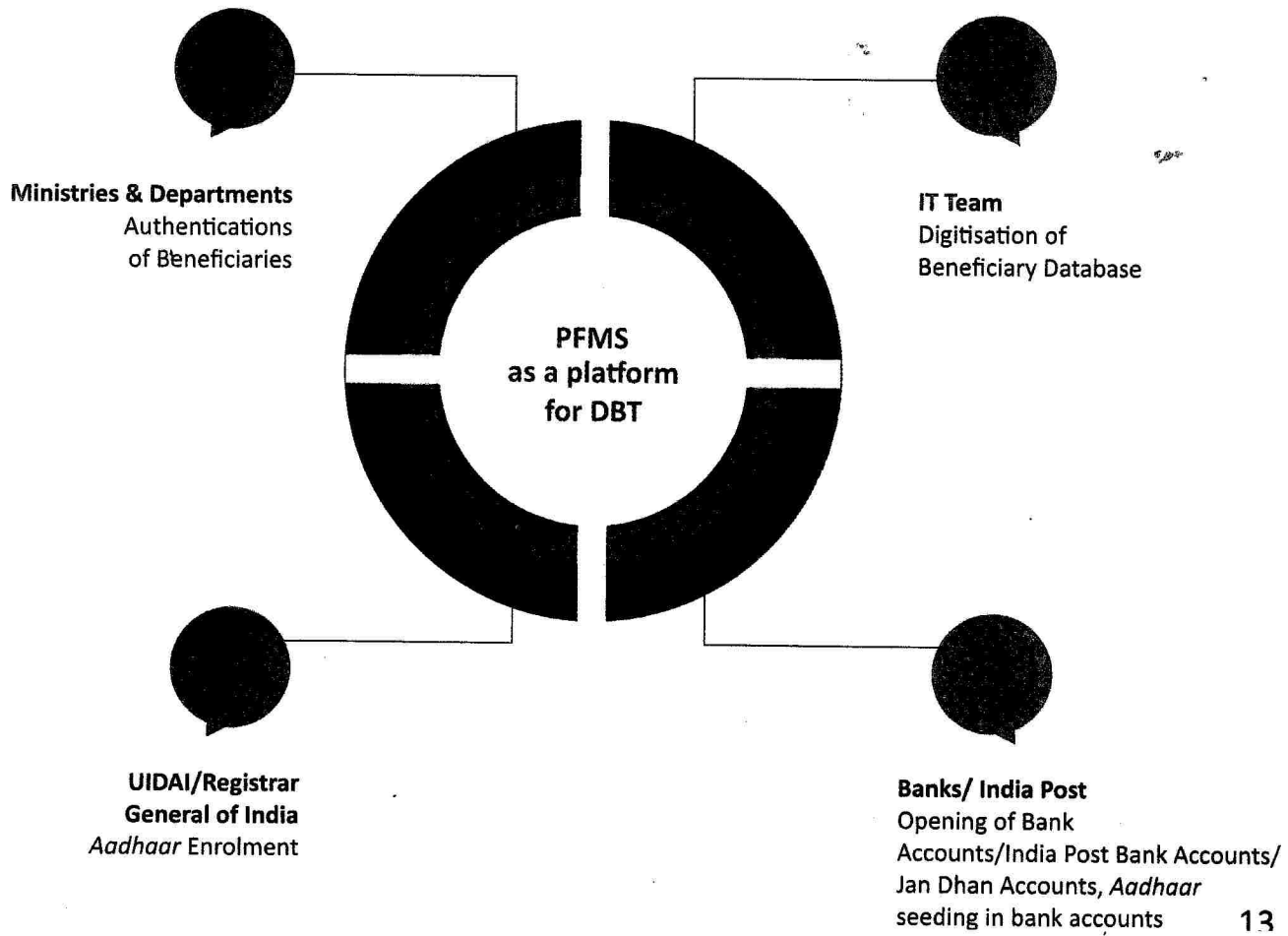


Fig 5. Stakeholders Involved in DBT Framework



Key Enablers For DBT

The success of an ambitious and a highly desirable initiative like DBT depends on a set of a few critical factors. For a heterogeneous and a large country like India, it becomes imperative that these critical success factors are ensured to achieve smooth roll-out of a programme like DBT. The key success factors or enablers for an efficacious implementation of DBT would include:

I. JAM Trinity

With over 22 crore Jan-Dhan bank accounts, 100 crore mobile connections and 100 crore *Aadhaar* numbers, there is a compelling belief that JAM is the way ahead in delivering financial inclusion. It holds the key to one of the biggest reforms ever attempted in India. In fact, it is seen as a new-age solution using technology as the common man's friend and an economic enabler for financial inclusion. It is here that DBT by leveraging the JAM (Jan Dhan, *Aadhaar* and Mobiles) trinity and the technological prowess, offers to drastically improve this benefit delivery system. The JAM Trinity will enable this novel system to transfer benefits in a leakage-proof, well-targeted, cashless and timely manner.

II. Business Correspondents (BC) Infrastructure

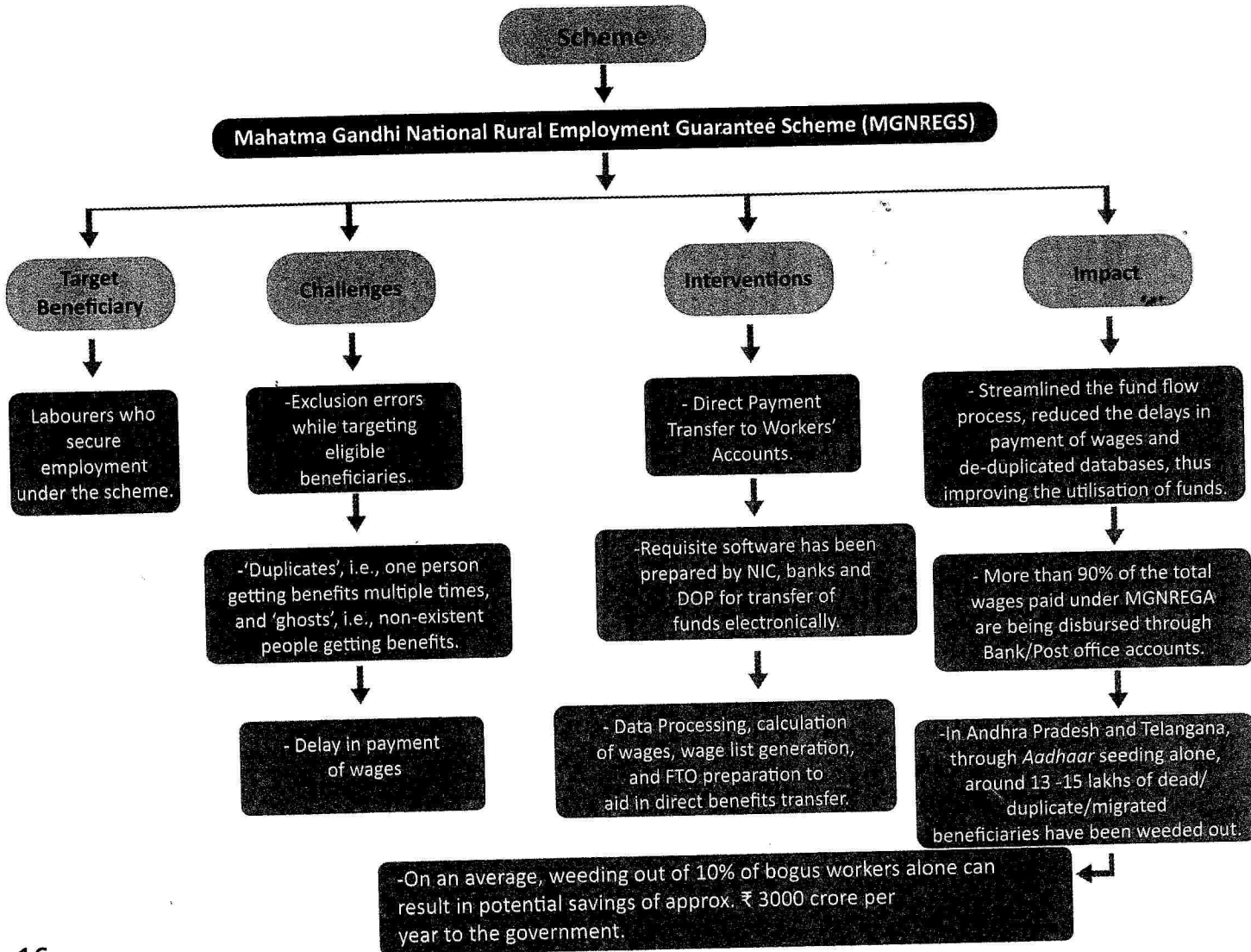
Reserve Bank of India introduced Business Correspondents / Banking Correspondents (BC) as an alternative to brick and mortar banks for infrastructure. BC is a representative authorised to offer services such as cash transactions where the bank does not have a branch. As per census 2011, there are 23,333 villages with population above 5,000 and 1,19,761 villages above 2000 population. However, there are only 11,224 villages in the country with population above 5,000 which have a bank branch. Business Correspondents will have a vital role in operationalising the programme and ensuring the last mile connectivity. The strong presence of BCs will ensure that payments are disbursed to the beneficiaries on time, at their doorstep and of full value. BC Network needs to be further strengthened. Facilities like Common Service Centers, Fair Price Shops may be brought under BC.

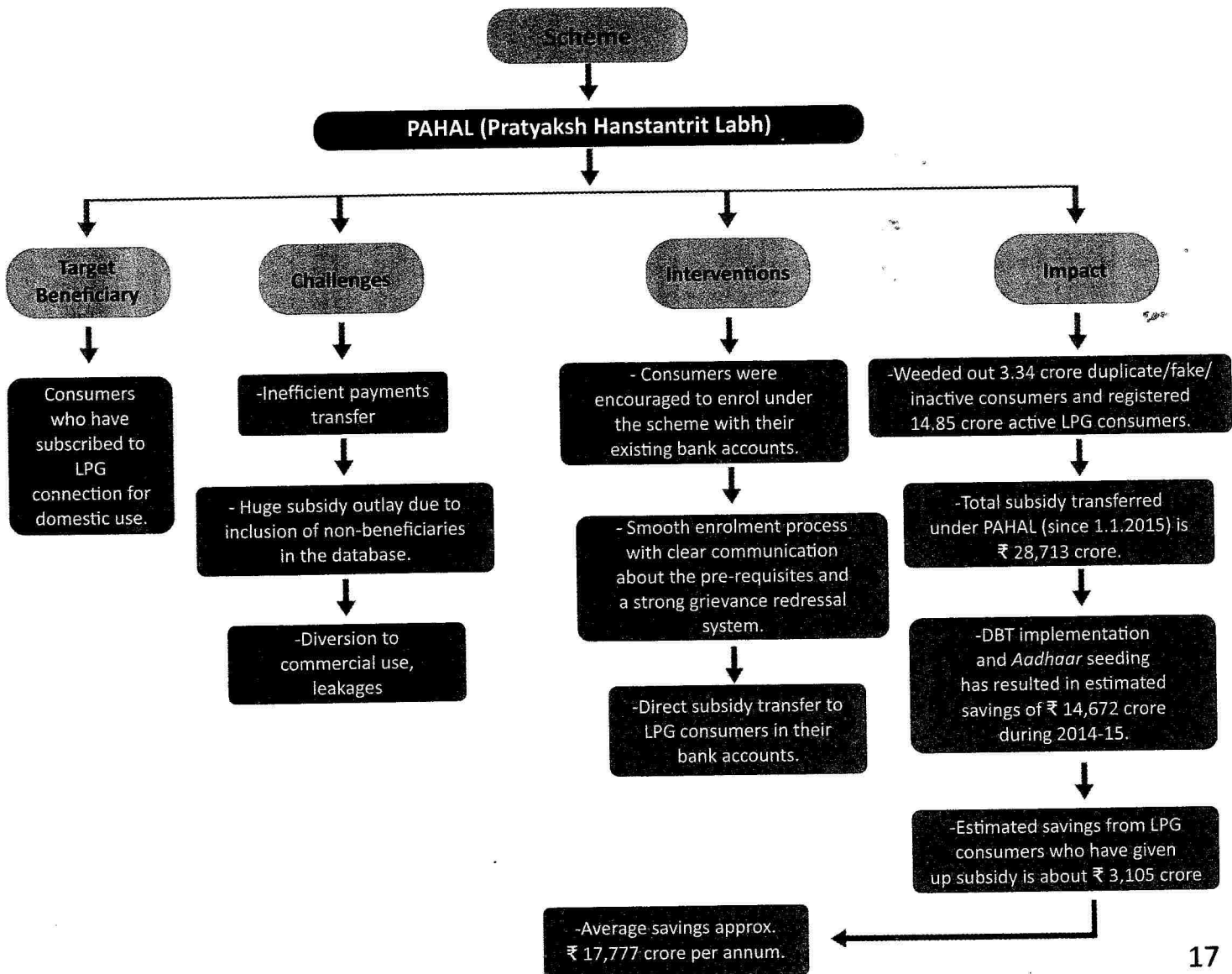
III. Payments Bank

A payments bank is like any other bank, but operating on a smaller scale, without involving any credit risk. It can carry out most banking operations and enable transfers and remittances through a mobile phone but cannot advance loans or issue credit cards. The main objective of payments bank is to widen the spread of payment and financial services to small business, low-income households, migrant labour workforce, etc. in secured technology-driven environment across the country. On 19 August 2015, the Reserve Bank of India gave in-principle licences to eleven entities to launch payments banks. With payments banks, RBI seeks to increase the penetration level of financial services in the remote areas of the country. India Post Payment Bank (IPPB) with possibly the widest coverage is soon going to launch its services.

IV. Mobile Money

Mobile money is a fast moving way of payment in the country and could be helpful in providing a solution to last mile issue for better accessibility of DBT. There is a need to develop a comprehensive eco-system for carrying out cashless transactions over mobile platform using *Aadhaar* as identifiers. This will revolutionise the drive for financial inclusion.





Frequently Asked Questions

Q1: What is Direct Benefit Transfer (DBT)?

A: 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.

Q2: Is DBT applicable only to schemes that involve cash transfer?

A: 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.

Q3: Is *Aadhaar* mandatory for DBT?

A: 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 of bank accounts in the beneficiary database will help in de-duplication and curbing leakages. *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). 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.

Q4: What is National Payments Corporation of India (NPCI)?

A: 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.

Q 5: What is Financial Inclusion and Last Mile Service Delivery?

A: 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.