

## **Standard Operating Procedure for DBT Payments**

This Standard Operating Procedure (SOP) is being circulated to bring clarity on timelines and steps involved in processing of DBT payments. *This document is modelled on the premise that DBT payments are being processed by a Ministry/ Department through PFMS, however, it is expected that DBT payments being processed by other implementing agencies through PFMS or other payment systems will also adhere to the timelines and processes mentioned in this SOP.*

2. The DBT payment process is broken into following four parts:

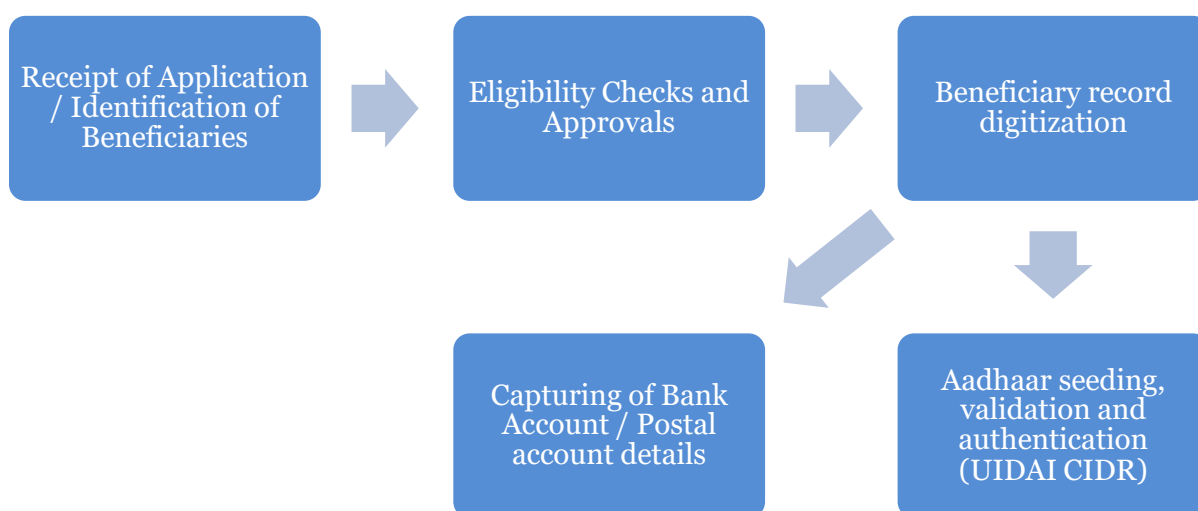
<b>I</b>	Beneficiary Identification & Enrollment in Ministry's DBT Scheme Management Software
<b>II</b>	Beneficiary validation / registration on PFMS (or any other system)
<b>III</b>	Generation of Payment file instructions
<b>IV</b>	Processing of Payment file & Payment to Beneficiary

### **DETAILED PROCEDURE:**

#### **I. Beneficiary Identification & Enrollment in Ministry's DBT Scheme Management Software**

3. The steps involved in beneficiary identification and enrollment, are to be carried out in respective DBT Scheme software. The mandated timelines in this regard may differ across schemes and Ministries. However, it is important that all scheme softwares adhere to basic functionalities mentioned on DBT Bharat portal ([www.dbtbharat.gov.in](http://www.dbtbharat.gov.in)).

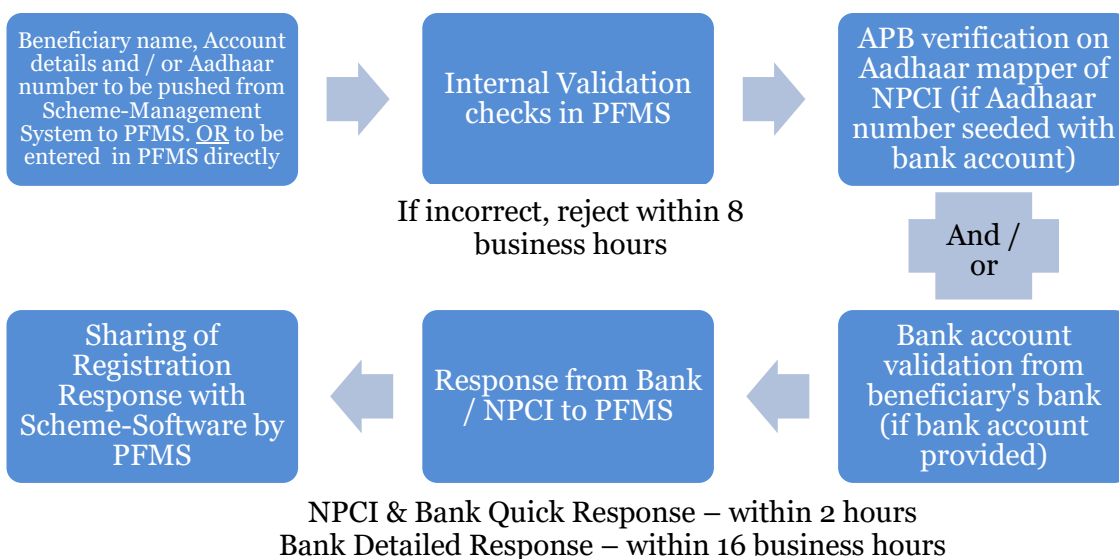
4. The key sub-steps are described below:



5. The following guidelines are important to note:
  - a. The fields for beneficiary records to be captured in the scheme management system as per the scheme requirements may vary across schemes. UIDAI's instructions/ clarifications should be followed regarding recording and storing Aadhaar number/ virtual id of beneficiaries.
  - b. Aadhaar authentication to be performed with UIDAI's Central Identities Data Repository (CIDR) based on demographic or OTP or biometric details of the beneficiary. This may involve use of Aadhaar exception handling mechanism circulated by UIDAI and DBT Mission. Ministries/ State governments may leverage NIC as an Authentication User Agency (AUA) for using Aadhaar authentication services by becoming Sub-AUA.
  - c. Bank account details should ideally be captured at the time of beneficiary enrollment.
  - d. Ministries to evolve their own process to ensure outreach and communication for timely updation of beneficiary records including financial address (bank account / Aadhaar).

## II. Beneficiary validation / registration on PFMS<sup>1</sup>

6. The registration of beneficiary in PFMS is to be done after successful validation of at least one of the following:
  - a. Bank account / Postal account (wherever applicable this has been used interchangeably) validation
  - b. Validation of Aadhaar number on NPCI<sup>2</sup> Aadhaar mapper
7. The detailed flowchart of PFMS registration process is shown at **Annexure A**. The key sub-steps are described below:



<sup>1</sup> Any other system may also follow the same process / steps

<sup>2</sup> National Payments Corporation of India

8. This is a one-time process, except for cases involving registration failures or updation of beneficiary records in scheme software, and is a pre-requisite step before generation of payment file. Similar procedure may be followed in the other payment systems too.

9. PFMS / other payment systems may clearly document and provide details of checks used for internal validation (including bank master with unique ID) to all DBT implementing Ministries so that the same may be incorporated in the scheme management software and rejections for this reason can be minimized.

10. The quick response of bank account validation is expected on the same day from banks. **The registration process should be completed (including the submission of detailed response) within 16 business hours<sup>3</sup>.**

11. The following guidelines are important to note:

a. PFMS verifies beneficiary's financial address before registering the beneficiary. If beneficiary's Aadhaar number, mapped to a bank account on NPCI mapper is provided, all DBT payments will be routed on the APB<sup>4</sup> (this is prioritised in PFMS). If only bank account number is provided, then the bank account is validated before registration. If both are provided, then both are checked, and beneficiary is registered based on successful validation of either. For subsequent payments, the financial address found successful at the time of registration will be used for payments.

b. PFMS may ensure that detailed status of account validation (including status of bank account) is provided to concerned Ministry / Department.

c. Banks to ensure that that the Aadhaar database in Core Banking Solution (CBS) of the bank is in sync with NPCI mapper and there is no delay in seeding or de-seeding of Aadhaar numbers from NPCI mapper, as applicable.

### **III. Generation of Payment file instructions**

12. After satisfactory completion of payment conditionalities i.e. eligibility conditions for beneficiaries under the scheme guidelines, the Ministry will generate payment file instructions, either in DBT Scheme management system or in PFMS directly, and push the payment file on PFMS (in case of former) and authorize the same for payment processing. The timelines would vary depending on the scheme conditionalities and processes.

13. It is important that (a) all payment files carrying beneficiary payments should mandatorarily use **DBT Scheme Codes** for DBT payments, (b) DBT scheme management software should be integrated with PFMS (or other payment system) for

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<sup>3</sup> Beneficiary registration in Cooperative banks or non-CBS Postal Banks may take up to 48 business hours, and Ministries working with Cooperative banks or non-CBS Postal Banks should factor this in their SLA/ other process documents.

<sup>4</sup> Aadhaar Payment Bridge

seamless payment processing and flow of return response, and (c) Process of payment file generation should adhere to maker-checker protocol.

#### **IV. Processing of Payment file & Payment to Beneficiary**

14. Once the payment instruction is generated, the same is pushed to sponsor bank after structural validation for making the payment to beneficiary. Here too, PFMS / payment system should clearly document and provide the details of checks used for structural validation to all DBT implementing Ministries so that the same may be incorporated in the scheme management software and rejections on this ground can be minimized.

15. The process flow along with broad timelines (**T<sub>0</sub> to T<sub>4</sub>**)<sup>5</sup> is listed in the table below, where **T<sub>0</sub>** represents the day in which payment file is received with authorization to process for payments by PFMS and **T<sub>4</sub>** represents the maximum permissible time for submission of response file to the Ministry after processing of payment (success or failure):

16. The steps for processing DBT Payments, with timelines is described below:

<b>Process Step ID (Timeline in brackets)</b>	<b>Process Step Description</b>	<b>Acknowledgement, to whom</b>
<b>1 (T<sub>0</sub> or T<sub>1</sub>)</b>	<b>Structural validation of payment file in PFMS/payment system &amp; pushing to sponsor bank</b>	To DBT Scheme management system:
1.1	– If incorrect, reject the payment file	– Negative Acknowledgement (NACK)
1.2	– If correct, push to sponsor bank	– Acknowledgement (ACK)
<b>2 (T<sub>0</sub> or T<sub>1</sub> or T<sub>2</sub>)</b>	<b>Sponsor Bank to initiate debit-credit transactions<sup>6</sup></b>	ACK & NACK on receiving file to PFMS
2.1	– If fund in agency/ government account insufficient, reject the payment file	– Rejection status along with reason
2.2	– If fund sufficient, debit the account of Agency and present the instructions to the next applicable NPCI window <sup>7</sup>	– Debit response – Credit Initiated response

<sup>5</sup>T<sub>1</sub> signifies the next working day after an authorized payment file is received in the payment system for processing

<sup>6</sup> In certain cases, this may involve an additional step where PFMS shall direct the Accredited bank to make equivalent amount transferred “notionally” to sponsor bank to initiate payments. It is assumed that authorization of debit transactions is instant and does not involve any delay. As far as use of PPA is concerned, Banks are advised to provide alternative such as authorization through net-banking or through mobile app (using OTP) to reduce the time delay in authorization of a debit transaction.

<sup>7</sup> According to Department of Expenditure OM No, 32(07)/PF-II/2011(Vol. II) dated 26<sup>th</sup> May 2017, all DBT and PAHAL (including kerosene) transactions to be routed through NPCI.

	If Aadhaar was successfully validated during registration of beneficiary, payment through Aadhaar Payment Bridge (APB) System; otherwise through bank account based settlement (NACH <sup>8</sup> )	
3 (T <sub>0</sub> or T <sub>1</sub> or T <sub>2</sub> )	<b>NPCI to push instruction to Destination Bank</b> Auto generation of inward files and pushing to Destination banks	To Sponsor bank
4 (T <sub>0</sub> or T <sub>1</sub> or T <sub>2</sub> or T <sub>3</sub> )	<b>Credit of payments to beneficiary account by Destination Bank</b>	Daily updates to NPCI <sup>9</sup> (thereafter to sponsor bank, payment system and Ministry) Extension flag to NPCI in case payment is not processed on the same day.
4.1	– For successful cases, credit to beneficiary accounts	Detailed response file on credit / debit status to sponsor bank; Destination bank to inform beneficiary through SMS
4.2	– For returned transactions <sup>10</sup> , return of funds to sponsor bank	Detailed response file on credit / debit status to sponsor bank along with failure codes and Issuer Identification Number (IIN) in case of APB <sup>11</sup> ; Destination bank to inform beneficiary through SMS
5 (T <sub>0</sub> to T <sub>4</sub> )	<b>Response of credit / debit status of all transactions</b>	-
5.1	– Sponsor Bank to submit response files on credit / debit status to PFMS	
5.2	– PFMS to submit response file on credit / debit status to DBT Scheme management system	
6 (T <sub>0</sub> to T <sub>4</sub> )	SMS to beneficiary by DBT implementing Ministry (both successful / unsuccessful)	

17. PFMS to update the Ministry on a daily basis regarding following events (through a report available in PFMS and / or web-services):

- a. Receipt of Payment file in PFMS & status of structural validation
- b. Push of payment file from PFMS to sponsor bank

<sup>8</sup> National Automated Clearing House

<sup>9</sup> The response files may be submitted in batches as and when response is received from destination bank

<sup>10</sup> Banks to ensure that instructions of Department of Financial Services' letter no. 1/21/2014-FI(C-69551) dated 1<sup>st</sup> June 2018 and Department of Revenue's amendment to PMLA notification no. 3/2017 dated 21<sup>st</sup> August 2017 are adhered.

<sup>11</sup> Banks to ensure that correct and relevant failure codes are being used as response codes. The matter of standardization of failure codes is being examined separately by Department Financial Services.

- c. Debit response and Initiation of payment by sponsor bank
- d. Status of credit of payment in beneficiary bank
- e. Dispatch of debit/credit status from sponsor bank to PFMS

18. The detailed response files to be submitted to Ministry to include the following *parameters*<sup>12</sup>:

- a. DBT Scheme code (if initially provided by the Ministry in payment file)
- b. Payment File number
- c. Beneficiary Bank & IFSC
- d. Beneficiary account number
- e. Beneficiary name as per bank records
- f. Fund transfer amount
- g. In case of returned transactions, failure codes along with IIN for APB cases

19. **TIMELINES FOR DBT PAYMENTS: The maximum total time for receiving payment response: success/ failure (with reasons) is T+4 working days, where T is the day of the Transaction.** Figures in brackets indicate the maximum permissible days for the activity, and *not the time that it should* take. A payment transaction can be settled in minutes. The following timelines are prescribed for processing of DBT payment.

Transaction (Max Time in days) →	T <sub>0</sub> / T <sub>1</sub> (1)	T <sub>1</sub> / T <sub>2</sub> (1)	T <sub>2</sub> / T <sub>3</sub> (1)	T <sub>3</sub> / T <sub>4</sub> (1)
Description	<ul style="list-style-type: none"> <li>• Structural validation of payment file by PFMS</li> <li>• Pushing of payment file to sponsor bank</li> </ul>	<ul style="list-style-type: none"> <li>• Sponsor bank to process payment file using NPCI platforms</li> <li>• NPCI to push payments instruction to Destination Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Destination bank to process payment &amp; submit response to NPCI</li> </ul>	<ul style="list-style-type: none"> <li>• Response (success/ failure) from NPCI to Sponsor Bank to PFMS to Scheme-software</li> </ul>
System/ Dependencies	PFMS, Sponsor Bank	Sponsor bank, NPCI, Destination Bank	Destination Bank, NPCI	NPCI, Sponsor bank, PFMS, Scheme-software
Maximum Permissible time	8 business hours	Within 2 hours of receiving file in the applicable NPCI batch window	Maximum 1 working day	<ul style="list-style-type: none"> <li>• NPCI to sponsor bank: 2 business hours</li> <li>• Sponsor Bank to PFMS: 2 business hours</li> <li>• PFMS to scheme-software: 8 business hours</li> </ul>

<sup>12</sup>Some of the stakeholders may not have systems ready to provide for this information. It is requested that such systems should be made available at the earliest.

20. **Other Notes:**

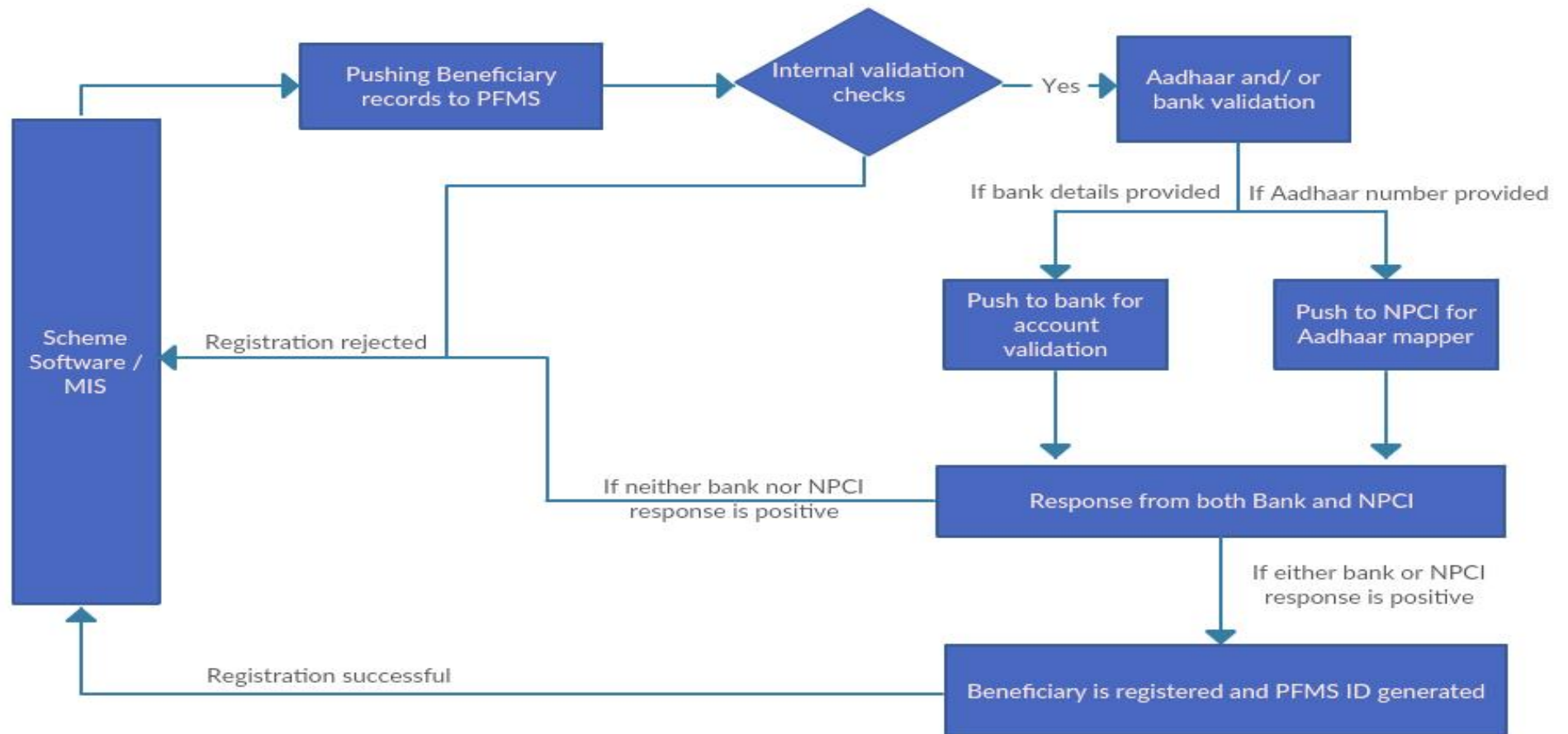
a. Ministries / Departments are requested to devise additional protocols in their Service Level Agreements (SLAs) to deal with cases of non-adherence of SOP, Eg. Holding of payment files by sponsor banks, reconciliation in case of single account at State level, missing file reconciliation, cases of deemed success, and may propose penalties on banks for non-adherence of timelines prescribed in the SOP, which should form a part of the SLA.

b. Ministries and PFMS may create mechanisms to record preference of the beneficiary with respect to prioritizing the payment channel (APB or NACH).

c. In case the payment fails through the prioritized channel, the system should allow for seamless routing of payments through alternate channel if validated details exist in the payment system.

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**Annexure A:** Flowchart for PFMS registration / validation process



**Note:** 1) PFMS to submit detailed response file to Ministry/Department in both registration rejected / successful cases and store the responses for payment file processing.  
 2) PFMS awaits response from both Bank and NPCI before registration of beneficiary. In case, there is delay in response from bank (>7 days), the validation is rejected by PFMS (separate tag for these cases) and Ministry/Department is requested to reprocess the same.