

Minutes of the Meeting of the Executive Committee on Direct Cash Transfers
held in PMO on 21.1.2013

The list of the participants is annexed.

Agenda 1: Review of Rollout &

Agenda 2: Preparedness for Rollout in the remaining districts

2. In his opening remarks, Principal Secretary mentioned that the rollout of Direct Benefits Transfer (DBT) had begun on 1.1.2013 in selected districts and will continue till 1.3.2013 by which time all 43 districts would have Direct Benefits Transfer for all the 26 schemes. The purpose of this meeting was to take stock of the rollout, identify any hurdles and ensure that the rollout happens at a steady pace.

3. Secretary, Planning Commission explained the progress so far based on data collected by Planning Commission directly from districts. A copy of the presentation made by Planning Commission is enclosed (*Annexure 2*). It was noticed that the data did not fully match the data available with departments. There was also the case that for some schemes, the data covered districts which are not in the first list of 20 districts and some schemes which were not identified for rollout in January. Overall, over 60,000 individuals have got money directly through DBT since 1.1.2013.

4. Secretary, Planning Commission pointed out some of the issues that came to their notice in discussions and video-conferences:

- i. There seems to be a lack of clarity on the **availability of digitised databases** at different levels, particularly in GoI.
- ii. There certainly seem to be **difficulties in seeding** of Aadhaar numbers, either in databases or in bank accounts.
- iii. Aadhaar numbers, wherever they are there, are **not fully mapped to bank accounts** and therefore, NEFT is still in use in many places instead of the Aadhaar Payment Bridge.
- iv. An important observation was that over the last twenty days, Planning Commission has been noticing a gradual but quick reduction in the number of beneficiaries with neither a bank account nor an Aadhaar number.

5. Cabinet Secretary pointed out some inconsistencies in the data and emphasized that departments must now own the DBT mechanism for their schemes and monitor data on these lines themselves.

6. In the discussion with Secretaries, some of the issues that came up were:

- i. There is a need to **speed up enrolment in Aadhaar** as in the absence of adequate enrolment of beneficiaries in Aadhaar, DBT through APB will not function.
- ii. There are difficulties in obtaining information from the APB/ NEFT that transfers have actually taken place and funds deposited in beneficiary accounts. The **feedback loop** is not complete.
- iii. There are **time lags** in obtaining information from the NPCI system and the integration of CPSMS with NPCI is needed.

- iv. If Departments are to transfer funds directly to beneficiaries, the issue of **certification of beneficiary details** needs to be resolved as this was being currently done at the state level along with the transfer of funds to beneficiaries.
7. Principal Secretary drew attention to the following issues:
- i. **Digitised databases do not seem to be available with departments** in GoI in most cases. This needs to be rectified and departments must ensure that they have digitised databases available with them.
 - ii. There seem to be large discrepancies in data. Planning Commission cannot be expected to collect data directly from districts as this would become an impossible task as more schemes and districts get included in DBT. **Departments should collect data** for their own schemes and should have the data available in Delhi.
 - iii. All departments must focus on **complete digitisation of databases**. This is the first step before any progress can be made. Digitisation need not wait for inclusion of any district in DBT but could happen in advance as DBT would finally encompass the entire country.
 - iv. Each Ministry also needs to plan the flow of funds to the beneficiary by working out the details of the architecture on information flow, beneficiary verification, funds transfer and feedback for accounting and audit **for each scheme separately**. They need to get down to this task immediately so that systems are in place for the next phase of rollout.
 - v. There is a need for clarity on the goal of Direct Benefits Transfer which is to ensure direct transfer of funds to the beneficiary through an electronic process with the least number of layers. **The goal should be to transfer the Central share for any scheme with 100% central contribution directly to beneficiaries from the Central government**. This may require examining the funds flow design of each scheme and **seeking Cabinet approval** if the funds flow mechanism was part of the original Cabinet approval.
 - vi. On the issue of certification of beneficiary details before transfer of funds directly to them, the **existing certification systems would still continue** to function. The only change that will be made is that once departments have certified lists/ databases, they will transfer funds directly to beneficiaries through DBT.
 - vii. The **CPSMS needs to be linked with NPCI** so that the information in one system feeds into the other.

Agenda 3: Next phase of the rollout in the rest of the country

8. There was a discussion on the need to plan for the next phase of the rollout of DBT by expanding it to more districts. As the coverage of the banking system is not the constraint, Principal Secretary wanted the **next 50 districts to be identified on the basis of Aadhaar coverage** of population and of beneficiaries. This 50 would include the 8 districts left out earlier. UIDAI should finalise this list within the next week.

9. At the same time, even without the next set of 50 districts being identified, all **departments must go ahead and digitise databases across the country without further delay** as the DBT system would be rolled out across the country in due course. Digitisation of databases was found to be one key constraint without which subsequent steps cannot be taken, and hence, digitisation should begin in earnest as an advance action.

Agenda 4: Rollout of Direct Benefits Transfer for LPG Subsidy

10. While there was no discussion on the rollout of DBT for LPG Subsidy which is taking place on a parallel track, it was agreed that **the circulars and protocols being issued by Planning Commission and other departments for DBT rollout for government schemes will not be applicable to the rollout of DBT for LPG subsidy** because of the distinct features of the LPG subsidy transfer process. MoPNG will work out the details separately.

Agenda 5: Re-engineering the Funds Transfer Processes

11. Finance Secretary suggested instead of individual schemes seeking separate approvals for a change in funds flow to a DBT system, it would be better for **Planning Commission to come to Cabinet with a consolidated note seeking approval** for all schemes needing such a change. Principal Secretary agreed with this.

12. The D/o Expenditure explained the progress made in the meetings held by them on the issue of funds flow, feedback loop and Utilisation Certificates (UCs). As far as UCs are concerned, the department has come to the understanding that a transfer to the beneficiary through DBT is itself the UC and there is no need for a separate UC. This will need some changes in rules. For funds transfer to beneficiaries, the ECS through the NEFT system will continue till APB is used. The information system however needs to be created for certification processes for eligibility and producing exception statements. If this is in place, the funds transfer route can be direct to beneficiaries. However, this has to be done separately for each scheme as these are processes intrinsic to the design of each scheme. **D/o Expenditure will hold another round of meetings on this subject and also issue necessary circulars.**

Decisions Taken

13. After discussions, the following decisions were taken:
- i. All the 8 Ministries/ departments who are involved in the rollout **will give confirmed information to the Planning Commission by 22.1.2013** on:
 - a. The **scheme-wise, district-wise details of beneficiaries**, either confirming the figures given by Planning Commission at the meeting or correcting these their own information.
 - b. **Availability of digitised databases at GoI level.**
 - c. Any **payments made/ due** in the period January to March 2013 for each of the schemes in these districts.
 - d. Whether **Cabinet approval is needed** for changing the funds flow to Direct Benefits Transfer.
 - ii. Departments will **ensure that digitised databases are available with them at GoI level** for all phases of rollout.

- iii. Departments should own the DBT system for their schemes and **collect data for their own schemes** rather than Planning Commission having to collect it from districts.
- iv. Each Department needs to plan the flow of funds to the beneficiary by **working out the details of the architecture** on information flow, beneficiary verification, funds transfer and feedback for accounting and audit **for each scheme separately, taking into account state and district specificities**. This is a complete re-engineering of information and funds flow processes. They need to get down to this task immediately so that **systems are in place by 1.3.2013** for the next phase of rollout.
- v. The goal of Direct Benefits Transfer is to ensure direct transfer of funds to the beneficiary through an electronic process with the least number of layers. **The goal should be to transfer the Central share for any scheme with 100% central contribution directly to beneficiaries from the Central government.**
- vi. This **may require seeking Cabinet approval** if the funds flow mechanism was part of the original Cabinet approval. **Planning Commission will come to the Cabinet with a consolidated note** seeking approval for all schemes needing such a change.
- vii. **Finance Secretary** will hold meetings of his group including the departments of Planning, Financial Services, IT and UIDAI and any others needed **to resolve outstanding issues** relating to funds flow and transfer. This would include resolving the issue of UCs, feedback loop to Departments, verification systems for continuing eligibility, certification procedures, auditing systems and financial accountability. This will be done before 1.3.2013.
- viii. **D/o Expenditure will issue necessary circulars modifying rules on UCs** and other matters arising out of the above meetings.
- ix. D/o Financial Services will look into the problems in seeding Aadhaar numbers in bank accounts and **speed up the seeding process**. DoFS will also work on linking the CPSMS with NPCI.
- x. **UIDAI will finalise the list of next 50 districts** to be covered under DBT based on Aadhaar coverage of population and of beneficiaries. This 50 would include the 8 districts left out in the first phase of rollout. UIDAI will submit the list to Planning Commission **by 31.1.2013**.
- xi. 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 and this is an essential preparatory step for any rollout at a subsequent date.

- xii. The **circulares and protocols being issued by Planning Commission** and other departments for DBT rollout for government schemes **will not be applicable to the rollout of DBT for LPG subsidy** because of the distinct features of the LPG subsidy transfer process.

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

List of participants in the meeting of Direct Benefit Transfer at 4.00 p.m. on 21.1.2013

1. Shri Ajit Seth, Cabinet Secretary
2. Shri R.S. Gujaral, Secretary, Department of Expenditure
3. Smt. Sindhushree Khullar, Secretary, Planning Commission
4. Mrs. Loreta M. Vas, Secretary, Panchayati Raj (I/C Tribal Affairs)
5. Shri Prem Narain, Secretary, Ministry of Women & Child Development
6. Dr. M. Sarangi, Secretary, Ministry of Labour & Employment
7. Shri D.K. Mittal, Secretary, Department of Financial Services
8. Shri Sutanu Behuria, Secretary, M/o Minority Affairs
9. Shri Ashok Thakur, Secretary, Department of Higher Education
10. Shri R. Bhattacharya, Secretary, D/o School Education & Literacy
11. Shri Rajiv Takru, OSD, D/o Financial Services
12. Shri R.S. Sharma, Director General, UIDAI
13. Dr. Y.K. Sharma, DG, NIC
14. Shri Arup Kumar Srivastava, AS, M/o Social Justice & Empowerment
15. Smt. P. Gopinath, Member, D/o Posts
16. Mrs. Anjuly Chib Duggal, AS, D/o Expenditure
17. Shri N.K. Sinha, AS, D/o Higher Education
18. Smt. Anuradha Gupta, AS, D/o H&FW
19. Shri Rajiv Gauba, AS, D/o IT
20. Shri Umesh Kumar, JS, D/o Financial Services
21. Shri Rajesh Bhushan, JS, M/o Rural Development
22. Dr. Saurabh Garg, JS, D/o Expenditure
23. Smt. Nidhi Khare, Advisor, Planning Commission
24. Shri Neeraj Mittal, JS, Ministry of Petroleum & Natural Gas
25. Shri Apurva Chandra, JS, D/o Secondary Education & Literacy
26. Dr. Y. P. Rai, DDG, D/o Posts
27. Shri R.S. Bansal, ADG, UIDAI

From PMO

1. Shri Pulok Chatterji, Principal Secretary to PM

2. Shri B.V.R. Subrahmanyam, JS to PM
3. Smt. Anu Garg, JS to PM
4. Shri Sanjay Lohiya, Director