

F.No. 1/9/2013-FI
Government of India
Ministry of Finance
Department of Financial Services

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3rd Floor, Jeevan Deep Building,
Sansad Marg, New Delhi
Dated the 16th April, 2013

To,

CEOs of all Public Sector Banks

Subject: Development of secured automated system for Direct Benefit Transfer

Sir(s) / Madam (s)

I am directed to inform that Department of Expenditure, Ministry of Finance, Government of India, has observed that while processing input files received from Government User Departments, Banks should have robust systems which ensure that there is no possibility of altering the original transaction list/file of beneficiaries submitted by User Departments. In addition, unsuccessful transactions need to be reported back to User Department without any manual intervention and the amount debited from User account needs to be credited back on the same day with narration of related transaction ID available from original transaction details.

2. It is, therefore, important that all banks need to therefore develop (if not already available) end to end, fully automated systems, for processing of the secured digitally signed single payment file received from User Department/CPSMS and reporting back the success/failure status of each record to the CPSMS/User Department. Destination Banks need to ensure that they have the necessary software utility to process the files received, credit accounts of the beneficiaries and furnish report of all records to NPCI / sponsor bank on the settlement date so that User account can be credited back in respect of the un-credited items by the Sponsor Bank on the same day. The chain of processes should maintain appropriate payment data security and integrity from user department and back to user department at each stage of processing and data communication.

Government account related unsuccessful transactions will be settled as per standard procedure prescribed by CGA.

3. While most banks are already having automated systems for file processing and also have secure server to server connectivity with CPSMS server, such a secure server to server connectivity between banks and NPCI does not exist. NPCI has informed that it is conducting pilot run with 5 banks for establishing such a connectivity using SFTP process. The pilot is scheduled to be completed in April, 2013.

4. All banks therefore need to have robust automated systems to ensure that there is no possibility of altering the original list of beneficiaries generated by the user department. Banks also need to ensure that a server to server connectivity is operationalised with NPCI which will allow automatic download and execution of payment advise file, generate the return file indicating status of transaction (success/failure) to NPCI and also to credit the account of user department to the extent of failed transactions on the settlement day itself. Based on the work done by NPCI in the pilot, as mentioned at para 3 above, all banks must operationalise this by May, 2013.

5. Sponsor banks must ensure a similar solution for their sponsored RRBs.

Yours faithfully,

(Jitendar Kumar Mehan)
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Copy to

1. Controller General of Accounts, New Delhi
2. CEO, NPCI
3. CEO, IBA, to issue similar advise to private and foreign banks.
4. SO (FI), with request to upload on DFS website under DBT Circular section.