

F.NO 6/41/2012-FI
Government of India
Ministry of Finance
Department of Financial Services

Jeevan Deep Building,
Parliament Street
New Delhi
Dated the 16th November, 2012

To,

1. CEOs of all PSBs
2. Chairmen of all RRBs (through sponsor banks)

Subject: Direct Cash Transfer in 51 districts - regarding

Sir(s) / Madam(s) ,

I am directed to inform that Government of India has decided to introduce Direct Cash Transfers into the Bank account of the beneficiary under various programmes. In the first instance, Direct Cash Transfer is being taken up w.e.f. 1.1.2013 in 51 districts (list enclosed) for various welfare schemes being implemented such as MGNREGA, Fertilizer Subsidy, Scholarship, LPG subsidy, etc.

2. Banks will have an important role to play in the direct cash transfer. While the concerned Departments/Agencies would provide details of the beneficiaries along with amounts to be credited, the banks need to be ready with the following:

- (a) Opening of bank account of the beneficiaries under various schemes. Detailed instructions have already been issued vide this Department's letter dated 15th May,2012, 24th July, 2012 and 3rd August, 2012 for opening "one bank account per family".
- (b) Since, Aadhaar numbers would form the basis for transfer of benefits, the banks need to ensure that their CBS can capture the Aadhaar numbers.

Detailed instructions had been issued vide this Department's letter of even number dated 28.06.2012 for the seeding of Aadhaar number into the bank account details in the 19 priority districts. This may be followed in respect of all the 51 districts.

- (c) Providing adequate number of different access point (Branch, ATM/CD, BCAs, etc.) to enable the beneficiary to withdraw the money as per his ease and convenience.

3. Banks have reported having launched campaign to open at least one Bank account per family. PSBs and RRBs already have various Fund Transfer facilities like NEFT, ECS, etc. Banks are already opening branches as per their Branch Expansion Plan as per guidelines of DFS and RBI, have started roll out of ATMs/CDs under the recently finalized common RFP, have engaged BC agents in all villages with population of 2000 and above and are in the process of engaging BC agents in villages with population 1600-2000 (1000-2000 in hilly and NE region States).

4. It is, however, important for all Banks to now intensify the above efforts in these 51 districts, so that the Direct Cash Transfer can be smoothly rolled out in the 51 districts w.e.f 01.01.2013. It is, therefore, requested that all PSBs and their sponsored RRBs may take following action on priority:

- (i) Ensure that all families in their service area in rural area and in the wards assigned to them in urban areas have at least 'one bank account' as per the instructions already communicated.
- (ii) Wherever the account holder has an Aadhaar number, the same should be seeded into the bank's CBS so that the bank account can be accessed using Aadhaar number. Banks must ensure that necessary changes are made in the CBS, as is required, for seeding of the Aadhaar number in the CBS.

(iii) Instructions have already been issued by the Department and RBI to plan for coverage of all villages under financial inclusion. Banks need to quickly assess the position in these 51 districts on priority and decide on the additional bank branches to be opened and BCA to be appointed for complete coverage of the district. This must be operationalised before 31.12.2012.

(iv) Banks have recently finalised area based deployment of BCAs in many States. In order to ensure complete roll out of BCAs in these 51 districts by 31.12.2012, banks need to ensure that BCAs are operationlised in these districts either under the earlier arrangements or new arrangement, as per advise issued vide this Department's letter dated 29.10.2012.

(v) Once cash benefits are credited into the accounts of the beneficiaries, it would be important that adequate facilities for cash withdrawal are available. Banks need to ensure that all BCAs in these districts are functional and the supervision by the officer of the base branch is close and result oriented. Banks must also give priority to installation of ATMs in these districts.

5. One senior Officer of the bank must be designated to look after the entire work related with the preparation and implementation of Direct cash Transfer for each of the 51 districts. To the extent possible, concerned Regional Manager in-charge of the district or other locally available officer may be given this responsibility so that the work can be closely supervised on a more frequent basis.

6. The above identified officer should immediately visit the District concerned and make an assessment of the work remaining to be done for ensuring Direct Cash Transfer and ensure that all preparatory steps are completed well before 31.12.2012. The Officer must frequently visit and supervise the work. Facility of video conference could also be used to review the progress up to branch level.

7. It is further requested that CMDs of Banks may personally monitor the progress in respect of all above activities on a regular basis.

This has the approval of Secretary (FS)

Yours faithfully,

(Jitendar Kumar Mehan)
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Copy to all SLBC Conveners