Case Studies on e-Governance in India

Direct Benefit Transfer Programme -
The Case of Dilli Annashree Yojana

Abdul Muheet Chowdhary, OneWorld Foundation India
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About the Initiative

This publication is a part of the Capacity Building initiative under the National e-Governance Plan (NeGP) by NeGD with an aim to draw out learnings from various projects implemented in various States/ UTs and sharing this knowledge, in the form of case studies, with the decision makers and implementers to benefit them, by way of knowledge creation and skill building, from these experiences during planning and implementation of various projects under NeGP.

Conceptualised and overseen by the National e-Governance Division (NeGD) of Media lab Asia/DeitY these case studies are submitted by e-Governance Practitioners from Government and Industry/Research Institutions. The cases submitted by the authors are vetted by experts from outside and within the Government for learning and reference value, relevance to future project implementers, planners and to those involved in e-governance capacity Building programs before they are recommended for publication. National Institute for Smart Government (NISG), working on behalf of this NeGD provided program management support and interacted with the authors and subject matter experts in bringing out these published case studies. It is hoped that these case studies drawn from successful and failed e-Governance projects would help practitioners to understand the real-time issues involved, typical dilemmas faced by e-Governance project implementers, and possible solutions to resolve them.

Acknowledgment

NISG sincerely thanks all the authors for documenting and sharing their rich experiences in terms of challenges and lessons learned and allowing us to publish and use these case studies in various training programs of NeGD and NISG. NISG also thanks all the external and internal experts who helped review the submitted cases, providing critical observations and for helping in articulating and presenting the case studies, both for class room use as well as a reference article.

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Abstract

The ambitious Direct Benefit Transfer (DBT) system of the Government of India has been envisaged as a radical transformation in service delivery that bypasses the inefficiencies that traditional service delivery mechanisms have faced. Under the system, funds are transferred by banks directly to bank accounts of beneficiaries. These accounts are Aadhaar-enabled, in that they are linked to the beneficiary’s Aadhaar number. Beneficiaries can link their existing bank accounts or open new accounts, even no-frill ones, using their Aadhaar number. The entire process of fund disbursal to beneficiary accounts is instantaneous.

Transactions can be carried out by beneficiaries at the standard offtake points of bank branches and ATMs. However, to further ease access, the Business Correspondent (BC) model has been deployed. BCs carry out financial transactions using micro-ATMs (biometric point-of-sale devices) that authenticate identities by connecting to the UID system and thus ensure that funds are not misappropriated.

A pioneering scheme which has used the DBT mechanism for delivering entitlements is the Dilli Annashree Yojana which was launched by the Delhi government as the first direct cash transfer scheme for food security. Initiated in December 2012, the scheme is implemented by the Department of Food and Supplies, Government of Delhi in collaboration with eighteen major banks and the Unique Identification Authority of India. The scheme transfers INR 600 per month to the account of the senior-most female member of the eligible household. The eligible households are Delhi’s 2 lakh BPL population who cannot avail of ration cards owing to the Public Distribution System limit.

The deployment of DBT system to DAY has led to simplification of processes and operational efficiency as well as transparency and accountability in implementation of the scheme, inclusion and convenience for the beneficiaries, and timely payment of cash benefit into the beneficiaries’ accounts.

Key words: Aadhaar, Direct Benefit Transfer, UIDAI, Government of Delhi, Dilli Annashree Yojana, female household heads, Public Distribution System

Note to Practitioners/Instructors

Notes to Practitioners

Having a clear legal framework that legalises and guides the operations of the DBT in the department/organisation which is using it is an essential pre-requisite for its successful functioning. As the DBT involves multiple stakeholders in service delivery, clarity of roles and purposes is required to avoid overlaps and operational inefficiencies.

The case also illustrates the need for bringing all stakeholders on board before carrying out full scale implementation. The banking network in particular has a major role to play in actual service delivery and it is therefore crucial that their concerns are addressed and an
incentivised model is devised in consultation with all stakeholders so that service delivery on the field is optimised.

Data management is a critical aspect of the project. The Dilli Annashree Yojana experience has shown that the decentralised model of data updation by banks is inefficient. Efforts should be taken to carry out maximum system integration with the NPCI server so that the information flow is as smooth as possible. To secure data integrity, checksum functions and other mechanisms can be put in place. An online file processing application has eased the functioning of the Annashree Yojana and can benefit other schemes which are seeking to use the DBT as well.

Given the novelty of the DBT, it is imperative that an intensive capacity building program be deployed to familiarise all stakeholders with the usage of the system. The Dilli Annashree Yojana has shown that the role of local apprehensions, such as the belief that application for the scheme benefits would exclude other scheme benefits, can be quite powerful in restricting beneficiary access. Capacity building programs should be therefore strengthened with awareness generation campaigns.

**Notes to Instructors**

As the DBT is being deployed across a variety of sectors, the case contains valuable insights on how it can best adopted to various circumstances. It also contains insights that can be raised in academic discussions. Technical personnel can use it for discussions on database management and system integration, it can be discussed from the perspectives of banking and finance to improve financial inclusion and last mile connectivity and partnership relationship management can be used to study how to improve coordination between the numerous stakeholders who will be part of any system using the DBT. Lastly, the approach of using DBT as a service delivery mechanism can form an essential component of discussions in public administration and political science and its larger ramifications can be discussed in courses in economics, specifically public economics and public finance.

The following questions can be raised during discussions on the DBT.

1. What are the strengths and weaknesses of a system such as the DBT?
2. When using the DBT for commodities such as LPG or food, what steps can be taken to ensure that the subsidy delivered is on par with market rates?
3. A major critique of the DBT is that cash delivery can be misused by the beneficiaries. Should this be a concern for service delivery agencies? If yes, how can the DBT mechanism be enhanced to ensure that the cash delivered is used for its desired ends?
4. Financial inclusion has been greatly eased through the Aadhaar-based revised KYC norms of banks. What other strategies can be used to ease financial inclusion?
5. What are the strengths and weaknesses of biometric technology as an identity?
Project Context

The Government of India utilises three mediums for delivering goods and services to its citizens – direct cash, subsidies\(^1\) and services to individuals.

![Figure 1: Methods of providing goods and services](image)

**Sources:** OneWorld Foundation India 2013

Challenges faced in existing service delivery mechanisms

All the modes of delivery face the following problems that can be categorised into problems involving identity authentication\(^2\) and problems involved in service delivery:

**Challenges in authenticating identity**

1. **Errors of inclusion and exclusion**: This refers to the exclusion of deserving and inclusion of undeserving beneficiaries. The former are frequently excluded on the grounds that they are unable to prove their identity while the latter utilise various strategies of corruption or rent-seeking behaviour\(^3\) to avail undue entitlements.

2. **Bogus identities**: Entitlements are also unduly claimed on the basis of bogus identities. These can be subdivided into:

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\(^1\)For the purpose of this document, a subsidy is defined as a ‘good that is available at lower than market rates for a particular target group owing to governmental intervention’.


\(^3\)The term ‘rent’ was introduced by David Ricardo in economics and is defined as the payment to a factor of production in excess of what is required to keep that factor in its present use.
a. **Ghosts**: These exist in the names of deceased or non-existent persons.

b. **Duplicates**: Where one person or household, entitled to one card, manages to get more through unfair means.

3. There also **operational errors** such as spelling variations in names and change of address by the beneficiary which makes it difficult to verify whether it is the same person.

Thus, **authentic identification** is a significant problem that is faced by the government when it comes to the provision of goods and services. However, identifying the right beneficiaries is only the first step.

**Challenges in the supply chain**

1. For direct cash transfer schemes such as pensions and fellowships, payments are manually processed and result in significant delays and errors.

2. Last mile deliverance to the beneficiary is done through different methods such as cash or through demand drafts. These can often result in high processing costs.

3. **Leakages** are a major issue for cash and subsidised goods. The former is easy to appropriate and the latter provides an incentive for diversion to the market. Even in the case of service provision, absenteeism is rampant.

4. Verification mechanisms to confirm delivery of entitlements to beneficiaries are also frequently tampered with.

**Challenges in monitoring**

For targeted schemes, it is necessary that the entitlements go to the intended beneficiary, and this requires a verification mechanism. There also exists a class of programs that require the verification of the beneficiary from time to time. **Pensions** are an example of a program which ceases to function upon the beneficiary’s death, making it necessary to periodically verify whether the beneficiary is alive or not. Another example is the **Janani Suraksha Yojana** which uses conditional cash transfers contingent upon institutional delivery and service based programs such as the **Sarva Shiksha Abhiyan**. In the case of the former, it is necessary to verify that the beneficiaries are at the health site and in the latter the attendance and verification of the recipient of service forms the basis for payments to the vendor providing the service. Currently, in a majority of schemes such verification mechanisms either do not exist or are done manually and, thus, replete with errors.

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4 Defined as a phenomenon where ‘the intended entitlement does not go to the intended beneficiary’.

Solutions for challenges faced in existing service delivery mechanisms

**Aadhaar: Providing a unique identity to every Indian citizen**

To address the issues faced with authentication of identity, the concept of a unique identity for Indian citizens has been pursued since 1993. Photo IDs issued by the Election Commission formed a precursor in this attempt, followed by efforts towards issuing a Multipurpose Identity Card. However the drive towards a unique identity for Indian residents received a drastic fillip with the establishment of the Unique Identification Authority of India (UIDAI) by the Planning Commission of India in January 2009. It devised ‘Aadhaar’, a 12 digit number that is intended to be a ‘unique’ identity of Indian citizens that is *nationally accepted* as a proof of identity, although not of citizenship. When applying for an Aadhaar number, applicants are required to provide basic bio-data and their biometrics in the form of their iris scans, fingerprints and photographs. This biometric information is mapped on to the Aadhaar number and is what makes the identity unique.

The uniqueness of biometric data is the main strength of Aadhaar and is the solution for the problems related to authenticating identity. Through the utilization of Aadhaar for service delivery:

1. Formerly excluded beneficiaries will now be able to prove their identity and access their entitlements.
2. Bogus identities can be eliminated as a regularly-updated Aadhaar database can remove ghosts and duplicates.
3. For verifying the presence of beneficiaries as previously detailed, biometrics can be recorded on-site.

**Deploying Direct Transfers of Benefits**

In order to deal with supply chain leakages the Government of India has rolled out a *Direct Benefit Transfer (DBT)* scheme. This scheme aims to bypass existing leakages and standardise delivery procedures by delivering cash directly to the bank accounts of beneficiaries. The scheme operates using the Aadhaar payments platform which consists of the Aadhaar Enabled Payment System and the Aadhaar Payment Bridge. It has begun with transfers of cash-based entitlements such as pensions and scholarships. Over time it seeks to replace transfer of subsidised goods such as LPGs, kerosene and foodgrains with cash. However as the replacement of subsidised goods with cash is a more complex issue, the pilot for the scheme has dealt exclusively with cash-based entitlements.

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6 More details on Aadhaar and Aadhaar authentication can be found on the UIDAI’s website at [http://uidai.gov.in/auth.html](http://uidai.gov.in/auth.html).
Dilli Annashree Yojana – A pioneering initiative using the DBT

One of the major welfare schemes utilizing the DBT mechanism is the Dilli Annashree Yojana (DAY). The primary reasons for selecting DAY for understanding DBT are as under:

i. This is the first cash transfer scheme for food security in the country.

ii. The DAY has been implemented in testing conditions as beneficiaries are female and BPL population with poor financial access. Therefore, it provides a good case for assessing the efficacy of DBT.

The first round of DBT has been rolled out in 43 districts across 16 states covering a sum total of 26 social welfare schemes. One of these schemes is the Delhi-based Dilli Annashree Yojana. It will be used as a case study to evaluate the functioning of the DBT mechanism.

The scheme utilises the Aadhaar-enabled DBT mechanism to provide cash to the city’s residents who are Below Poverty Line (BPL) but do not qualify for a ration card. New Delhi has a population cap of 4.09 lakh households that are eligible to get rations under the Public Distribution System (PDS) under the BPL and Antyodaya Anna Yojana (AAY) categories.

However, there are still a large number of Delhi residents who are de facto BPL or are very close to the BPL line but owing to the population cap in the PDS are unable to obtain a ration card. Therefore, in order to provide aid to these residents, the government of Delhi through the Department of Food and Supplies has brought out the scheme which directly transfers INR 600 into the account of the senior-most female member of the household of the 2 lakh beneficiaries of the scheme.

The Dilli Annashree Yojana was initially conceptualised as using Aadhaar only as a unique identification mechanism with payments to be carried out through non-Aadhaar banks. This was so as when the scheme was initiated not many banks were Aadhaar compliant. However over the course of implementation many banks became Aadhaar-enabled and this prompted the implementing agencies to opt for migration to the DBT mechanism.

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7 The term ‘resident’ is used instead of citizen as having an Aadhaar number does not guarantee citizenship. Therefore, the person applying for an Aadhaar number need not necessarily be a citizen.


9 The rationale for selecting INR 600 was that it was the amount of subsidy paid on each household that was obtaining commodities through the PDS. It was arrived at by calculating the difference between the market values of rice, wheat and sugar and the subsidy paid on these commodities by the Department of Food and Supplies.
Project Overview

Project Description

The Dilli Annashree Yojana was launched with the objective of providing assistance to 2 lakh BPL families who are currently excluded from the PDS. INR 600 is transferred monthly to the bank accounts of the senior-most female member of eligible households. As of this writing the Government of Delhi has tied up with 18 banks to reach out to the beneficiaries. It has also tied up with Business Correspondents (BC) to further the process of financial inclusion.

The unique feature of the Dilli Annashree Yojana is that it uses the DBT mechanism. Therefore, beneficiaries can carry out transactions not only from bank branches and ATMs but also from BCs through micro-ATM technology. The technology biometrically authenticates the beneficiary and through the Aadhaar Enabled Payment System and the Aadhaar Payment Bridge funds are transferred. At the BC level, beneficiaries can credit or debit money from their account, carry out balance enquiry and Aadhaar to Aadhaar transfers.

The DBT system is still in a pilot phase and the Dilli Annashree Yojana scheme is part of its initial testing. However, from the perspective of design and processing, the system is radically different from existing procedures where files are pushed and then cash or cheques disbursed by banks. The entire process is digital and funds are transferred instantaneously to the bank accounts of beneficiaries. Each stage of the process of cash transfer can be tracked, right up to the Point of Sale (PoS) level. Transactions carried out through micro-ATMs can be biometrically authenticated to ensure that it has been withdrawn by the beneficiaries themselves. It, thus, has transparency built in by design.

Salient Features of DBT-enabled Dilli Annashree Yojana

- Instantaneous cash transfer to beneficiary bank accounts.
- Biometric authentication for micro-ATM transactions.
- Eases financial inclusion as Aadhaar is a sufficient KYC for beneficiaries to open an account.
- Provides funds to the senior-most female head of the household.
- Does not replace the PDS but complements it.
Project Objectives

The Dilli Annashree Yojana uses the Aadhaar-enabled DBT mechanism to transfer INR 600 per month to the Aadhaar-linked account of the senior-most female member of a BPL household in Delhi. The use of DBT is aimed at making this transfer hassle-free, prompt and bereft of corrupt practices.

Key Stakeholders

<table>
<thead>
<tr>
<th>Department of Food and Supplies, Government of Delhi</th>
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<tbody>
<tr>
<td>• Nodal agency in charge of implementing the Dilli Annashree Yojana. Identifies beneficiaries, facilitates and verifies applications, sanctions funds and carries out monitoring and evaluation.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Banks</th>
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<tr>
<td>• Provide accounts to beneficiaries and carry out fund transfers.</td>
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</table>

<table>
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<tr>
<th>National Payments Corporation of India (NPCI)</th>
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<tr>
<td>• Provides national infrastructure for online payments.</td>
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<table>
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<tr>
<th>UIDAI</th>
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<tbody>
<tr>
<td>• Provides the Aadhaar numbers to citizens, verifies their identities and facilitates payments through the Aadhaar Enabled Payment System and the Aadhaar Payment Bridge.</td>
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</table>

<table>
<thead>
<tr>
<th>Business Correspondents</th>
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<tbody>
<tr>
<td>• Agents of banks appointed to promote financial inclusion. They form the front end for the beneficiaries and help them with opening bank accounts and carry out transactions on behalf of the bank.</td>
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<table>
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<tr>
<th>Beneficiaries</th>
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<tr>
<td>• Senior-most female heads of 2 lakh BPL families in Delhi.</td>
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</table>

Figure 2: Key stakeholders in the DBT for DAY

Source: OneWorld Foundation India, 2013
Program Components

I. Aadhaar Enabled Bank Account (Aeba)
Bank account linked to Aadhaar number of resident through which disbursement of entitlements is carried out.

II. Micro ATM
Biometric authentication enabled devices used by BCs through which beneficiaries can deposit and withdraw cash, carry out balance enquiry and Aadhaar to Aadhaar fund transfers.

III. Aadhaar Enabled Payment System (AEPS)
Interoperable system that uses Aadhaar online authentication. Enables AEBAs to be operated in anytime, anywhere banking mode through micro ATMs.

IV. Aadhaar Payments Bridge (APB)
1. Repository of Aadhaar numbers and primary bank account numbers used for availing entitlements.
2. Blocks bogus identities and transfers welfare scheme payments to the beneficiary’s Aeba using the Aadhaar number as the primary key.
3. Provides end-to-end transparency.

Note: AEPS and APB are payment systems have been designed by the UIDAI in partnership with the RBI, NPCI and the Indian Banks Association (IBA) to facilitate payments.

Figure 3: Program components of DBT system; Source: OneWorld Foundation India 2013

Figure 4: Micro-ATMs used for authenticating transactions
Process Flow

The beneficiaries are identified and reached out to by the Department of Food and Supplies through Vigilance Committees. Beneficiary applications are entered online and verified against the ration card database by FSOs. Once approved, funds are sanctioned. Beneficiaries enrol for Aadhaar and upon obtaining the number can opt to either link existing accounts to Aadhaar or open a new Aadhaar-enabled account. Funds are transferred automatically to the beneficiaries’ bank accounts. They can obtain it from bank branches, ATMs and BCs through micro-ATMs.

**Figure 5: Application process for beneficiaries for receiving funds under DAY**

*Source: OneWorld Foundation India 2013*

The entire process is carried out through the Department of Food and Supplies’ workforce of approximately 1,000 personnel comprising of Food Supply Officers (FSOs), food inspectors, supporting staff such as head clerks, upper divisional clerks and data entry operators. The Vigilance Committees operate at the circle level, are headed by area MLAs and have FSOs as member secretaries. They function in all 70 circles in Delhi and are the organisation through which beneficiaries enrol onto the scheme.

A robust online application (mission.delhi.gov.in) has been developed for end-to-end processing of the Dilli Annashree Yojana. Figure 6 shows a sample of the application interface.
Enrolments were initially done by Mission Convergence. Its GRCs would help the beneficiaries with all the steps, right from identification to opening bank accounts. Illiterate beneficiaries would be assisted in filling out forms at the times of enrolment. However, Aadhaar is not used during the enrolment process itself but only subsequently to transfer funds to beneficiary accounts. There are 120 GRCs in Delhi which have setup ‘Suvidha Kendras’ (Convenience Centres) where beneficiaries could earlier enrol for Aadhaar as well as open bank accounts. When this happens, the bank accounts are linked to the Aadhaar numbers, bringing the beneficiaries onboard the APB. These facilities are provided by GRC co-ordinators in collaboration with UIDAI. However, enrolment is now done solely by the Vigilance Committees.
**Backend processes**

Payments take place through the APB and the AEPS and are made to the AEBA. The APB functions as follows:

- **Originator/Department of Food and Supplies**
  - Service delivery agency which makes payments to beneficiary. Provides its bank (sponsor bank) an APB file which contains details of the Aadhaar number, welfare scheme reference number and the amount to be paid.

- **Sponsor bank**
  - Adds Bank ID Number (BIN) to the APB file. BIN identifies the bank to which the beneficiary is associated and is provided by NPCI to participant banks. File uploaded onto NPCI server.

- **NPCI (Central infrastructure file based mechanism)**
  - Processes the uploaded files, prepares beneficiary bank files and generates settlement files. This file is posted to bank accounts with the RBI. After the settlement has been processed, destination banks can download the files for credit processing.

![Fund disbursal architecture through APB](http://uidai.gov.in/index.php?option=com_content&view=article&id=195&Itemid=238#ms)

**Figure 7:** Fund disbursal architecture through APB

*Source: OneWorld Foundation India 2013*

*Note: Data obtained from Unique Identification Authority of India, Planning Commission, Government of India. ‘Aadhaar enabled payments’. Web. 11th March. 2013.*
Front end processes

On the front end, transactions involve the following process. The fictional beneficiary ‘Radha’ has been used for illustration.

Figure 8: Beneficiary transactions at micro-ATM process flow
<http://uidai.gov.in/images/FrontPageUpdates/discussionpaperonaadhaarbasedfinancialinclusion15oct.pdf/>
Technology Architecture Deployed

**Figure 9**: System architecture for both inter and intra bank transactions  

Intra-bank transactions are carried out through a system architecture that connects micro-ATMs to bank switches which are also connected to customer accounts through the core banking system and the UIDAI’s Central ID Data Repository (CIDR). The CIDR is the central database where all the details of Aadhaar numbers are stored.

Inter-bank transactions are carried out by adding a multilateral switch that connects the transacting banks and is also connected to the CIDR. ‘BIN’ mentioned in figure 9 is the same as the IIN. The standards for a micro-ATM device are given in detail in Annexure 1.

**Awareness Generation**

The Government of Delhi identified the problems faced by beneficiaries in accessing previous welfare schemes as:

1. Lack of awareness of the scheme
2. Inability to process documentation

Keeping these problems in mind, the Government of Delhi through the Department of Food and Supplies and Mission Convergence used a ‘push’ model where they proactively reached out to the beneficiaries. They already possessed a database of beneficiaries which also
contained their addresses. Awareness was generated by reaching out to them individually through Community Mobilisers\textsuperscript{10} who were under the GRCs.

The Government of Delhi also used the mass media, including newspaper advertisements, hoardings, pamphlets, auto rickshaw mounted loudspeakers and radio broadcasts to reach out to beneficiaries.

**Training and Capacity Building**

**Table 1: Training details for Annashree Yojana**

*Source: Mohan, Vishwa. Additional Director, Mission Convergence, Government of NCT of Delhi. Personal interview. 8\textsuperscript{th} April 2013. OneWorld Foundation India 2013.*

<table>
<thead>
<tr>
<th>Manpower trained by Department of Food and Supplies</th>
<th>50 data entry operators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total manpower trained by Mission Convergence</td>
<td>7 personnel/GRC * 120 GRCs = 840 personnel</td>
</tr>
</tbody>
</table>

| Location                     | Department of Food and Supplies, New Delhi  
|                             | Vikas Bhawan – II, New Delhi |

| Content samples              | 1. Scheme eligibility  
|                             | 2. Form filling  
|                             | 3. Appropriate response in case of:  
|                             | a. Change in address of beneficiary  
|                             | b. Beneficiary death  
|                             | c. No female member in family |

Apart from on-site training, personnel were also kept informed about ongoing developments via circulars, e-mails and updates on the Mission Convergence website. Meetings were regularly held with Project Co-ordinators and they were extensively trained. They in turn trained the Community Mobilisers.

\textsuperscript{10}Community mobilisers are the main front-end functionaries under GRCs whose role is to reach out to and empower beneficiaries by enhancing access to their entitlements.
The methodology of the training programmes was evolutionary in character based on feedback from the field. Several assumptions had to be revisited and the training design revised accordingly. One such example was the assumption that beneficiaries did not have a ration card. This was a valid assumption to make as the scheme was targeted at beneficiaries who did not have access to the PDS. This assumption was revisited when it was discovered that about 20% of the beneficiaries already had an Above Poverty Line (APL) ration card. As a result, they were deemed ineligible for the scheme and implementing agencies are currently working out strategies to meet the initial enrolment target.

UIDAI provides detailed training to all stakeholders involved in the financial inclusion process. The module provides training to the following stakeholders:

i) Enrolment staff
ii) PRIs/ULBs
iii) Verifiers
iv) District Level Officers


**Monitoring and Evaluation**

The project follows stringent monitoring and evaluation mechanisms to ensure only genuine beneficiaries are provided the benefits. Accountability and transparency is focused upon and regular reporting is built into the system.

The Department of Food and Supplies verifies the applications it receives before giving fund sanctions. These are carried out by FSOs. All data related to scheme performance such as number of forms received by the FSO, pending forms with him/her and bank accounts mapped to NPCI can be viewed online. Figure 10 shows some sample screenshots of the monitoring functionality of the application.

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This data identifies supply bottlenecks and where action is required. Weekly meetings are held every Wednesday among the Department of Food and Supplies, partner banks, NPCI, Mission Convergence, the Bank of India and the UIDAI. Here operational issues such as difficulties in opening bank accounts, non-issuance of Aadhaar numbers and supply bottlenecks in delivering Annashree benefits are discussed.

Field-level verification of beneficiaries is carried out by Community Mobilisers at the time of enrolment to ensure genuine beneficiaries. Verification is done at their address three times with an interval of 15 days between each visit. If they are still not found at the given site, their name is removed from the list.

The data on the forms filled by beneficiaries is entered online by the GRCs. This gives senior officials real-time access to work progress. Various parameters can be accessed such as:

- Number of forms per GRC and total number of forms filled out of these
- Out of forms filled, number of eligible and ineligible forms

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Figure 10: Sample screenshots of online management and monitoring application for DAY. a) Circle wise sanctioned summary report b) Pending EID/UID/Bank A/C report
Source: Department of Food and Supplies, Government of Delhi

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13 One of the main partner banks in the scheme.
• Number of verifications carried out

Various reports on performa can also be generated online. Performa of GRCs can be compiled at the level of Mother NGOs, nodal officers of Mission Convergence or at the level of the Mission Convergence itself.

The grievance redressal mechanism used by the Dilli Annashree Yojana consists of a professional call centre. Stakeholders can call the toll-free number 1800-110-841 on which grievances can be lodged and queries can be made.

Outcomes and Benefits Realised

Process simplification and operational efficiency

For both demand and supply sides, the process has become much simpler. Beneficiaries only need to enrol for an Aadhaar number and link it to a bank account. As the Aadhaar number is a sufficient Know Your Customer (KYC) document, it eases the process of financial inclusion. Beneficiaries of the Dilli Annashree Yojana have the added advantage of being given the status of ‘priority processing’ for getting their Aadhaar numbers issued. This has been enabled through a tie-up between the Department of Food and Supplies and the UIDAI.

1. For government departments, the payment system has become simpler owing to the APB and AEPS.

2. It has also removed the need from their end for having separate resident accounts for different schemes. Also there is now no need to maintain different accounts for the same beneficiary. They can use a single Aadhaar-linked account for all welfare payments. This streamlines and simplifies the administrative processes involved.

Improved outreach for banks

Under the project, bank reliance on BCs has also reduced. The role of BCs themselves has undergone simplification.
Table 2: Simplification of BC roles
Source: Bansal, Rajesh. Assistant Director General, Financial Inclusion Wing, UIDAI. Personal interview. 7 March. 2013.

<table>
<thead>
<tr>
<th>Pre-implementation BC functionalities</th>
<th>Post implementation BC functionalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Capture of biometrics</td>
<td>1. Cash management</td>
</tr>
<tr>
<td>2. Issuance of smart cards</td>
<td>2. Personnel deployment</td>
</tr>
<tr>
<td>3. Cash management</td>
<td></td>
</tr>
<tr>
<td>4. Personnel deployment</td>
<td></td>
</tr>
</tbody>
</table>

Figure 11: Comparative transaction cost per medium of delivery
Source: OneWorld Foundation India 2013


As is evident from Figure 11, micro-ATMs are second only to online transactions in terms of cost effectiveness. If one takes into account the cumulative cost, including electricity, property, security and maintenance for maintaining an average ATM, it works out to an average of INR 50,000.\(^{14}\) In addition an ATM costs between INR 7 – 10 lakhs to setup.\(^{15}\) The transaction cost is even higher for tellers. Micro-ATM technologies work out cheaper than

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the aforementioned technologies, with the device costing between INR 10,000 – 20,000. In addition as they are mobile devices, they do not require much infrastructure and maintenance is much cheaper.

**Reduction in customer acquisition costs**

1. Aadhaar is now an accepted KYC document. Therefore banks only require the Aadhaar letter and authentication is done online by the UIDAI. This removes the need for physical documentation and at the same time ensures stringent verification, driving down costs.

2. The RBI has also facilitated the creation of no-frills accounts and banks are not required to provide non-essentials such as cheque books and passbooks, further driving down costs.

3. While enrolling for Aadhaar, registrars also give residents the option of opening a bank account and linking it to Aadhaar. Registrars are given an incentive for enrolling residents for bank accounts. This accelerates the process and involves no cost and effort for the bank in opening the account.

4. Banks can also ride on the UIDAI enrolment bandwagon and take advantage of the geographical scale of enrolment and tap into the latent demand that might exist.

**Enhanced inter-operability**

1. The UIDAI platform enables beneficiaries to carry out transactions from any micro-ATM. The logic is the same of the ATM system, where customers of one bank can withdraw funds from any bank ATM. Thus, only a few banks are required to work on the field and enrol residents. Once financially included, the beneficiaries can access their payments from the inter-operable financial ecosystem.

2. As the DBT mechanism is online and inter-operable, any other service can ride on it if the bank wants it done. The technology can, therefore, be used for a host of other functions, such as bill payments.

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17 Accounts that do not require a minimum balance.

18 A registrar is defined by the UIDAI as ‘The Agency of the Central or State Government or Local Government comprising the elected rural and urban local bodies Constitutional/ statutory Village Councils or a recognized Non-Governmental Organization with whom UIDAI has entered into a Memorandum of Understanding for covering issues related to the implementation of the UID Project. Organizations such as LIC and Public Sector Banks can also be Registrars.’

3. There is an inter-change commission of at least 1 percent for the provider of last-mile connectivity, thereby incentivising banks and BCs to participate in the system.

4. Trials for efficacy of the inter-operable micro-ATM system are currently going on in 25 locations. Some of these locations are at the GRCs while some are at bank branches. The Government of Delhi has provided banks amenities to host their BCs at GRCs. Officials are yet to receive standardised feedback on its efficacy.

**Improved transparency and accountability**

1. Online real time transactions bring transparency to the system and allow implementing agencies to monitor the flow of funds.

2. The UIDAI authentication system using Aadhaar numbers makes monitoring easier. It also ensures that the funds reach the intended beneficiaries. Offtake can also be monitored at the PoS as all three modes of delivery – branches, ATMs and micro-ATMs have online tracking functions.

3. De-duplication is a potential benefit of using Aadhaar. However, the Dilli Annashree Yojana is a new scheme and the beneficiary database it uses has been recently developed from 2008-10. A small number of de-duplications have taken place, although the number would have been larger had it been done for a scheme that had been in existence for a much longer time.²⁰

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Beneficiary inclusion and convenience

<table>
<thead>
<tr>
<th>Beneficiaries who already had accounts</th>
<th>Beneficiaries who opened their first bank account</th>
<th>Beneficiary applications rejected by Department of Food and Supplies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000</td>
<td>59000</td>
<td>2500</td>
</tr>
</tbody>
</table>

Figure 12: Financial inclusion under Dilli Annashree Yojana from December 15, 2012 to April 2013

Source: Kumar, Brajnandan. Principal Consultant (IT), Mission Convergence, Government of NCT of Delhi. Personal interview. 8th April 2013.

1. As of October 2013, 1 lakh households are receiving benefits under the Dilli Annashree Yojana through the DBT mechanism.

2. At the inauguration of the Annashree Yojana, payment was made to 6,500 Aadhaar based beneficiaries, making it the largest amount transferred at a single go in the whole country using the DBT mechanism. The volume was so high that the NPCI server could not process such a large amount immediately.

3. On the 27th of February 2013, the government of Delhi transferred funds amounting to INR 8.5 crore to 13,640 beneficiaries, making it the largest amount transferred so far under the scheme.

4. A total of INR 95 crore has been released to banks under the scheme from the scheme’s inception in December 2012 till October 2013.21 INR 6 crore per month is disbursed under the scheme and the government of Delhi has made a budget provision of INR 100 crore per annum for the scheme.

5. As of January 2013, the amount of funds disbursed thus far through the DBT has been the highest for the Dilli Annashree Yojana.

21Dadhich, Ravi. Additional Commissioner cum Additional Secretary, Department of Food and Supplies, Government of NCT of Delhi. Personal interview. 30th October 2013.
6. The transfer of funds to beneficiary accounts is instantaneous, with the entire process being completed in an hour. Thus beneficiaries receive funds on the same day they are sanctioned. This marks a big difference from previous manual systems.

7. Beneficiaries have received an authentic identity by enrolling for the Aadhaar number. This has larger benefits given that Aadhaar is envisaged as a focal point for accessing welfare schemes in the future and makes it easier for implementing agencies to link the beneficiary to other schemes.

8. Banks can use the BC model to expand the number of access points for beneficiaries.

9. The BC model is also attractive as beneficiaries, who are by default the poor and financially excluded, are much more comfortable accessing it from a nearby kirana store (or whatever form the BC might take) than from a bank branch, which is frequently intimidating for them. However it must be kept in mind that as of now the BC model has not been extensively deployed in the Dilli Annashree Yojana and it is too early for an evaluation of its functioning.

10. As of this writing, transactions are taking place not just in Delhi but in 43 districts all over the country.

11. A widely discussed criticism of biometric technology is that manual workers would have their fingerprints smoothed from labour and persons suffering from diseases such as cataracts or glaucoma would not be able to record their irises. However field experience not just in New Delhi but in Jharkhand has belied this fear thus far and such cases have been a miniscule percentage. ²²

**Empowerment of women**

The scheme is specifically targeted at providing funds to the senior most female members of households. While this does not automatically translate into women empowerment, it is a step in the direction.

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²²Bansal, Rajesh. Assistant Director General, Financial Inclusion Wing, UIDAI. Personal interview. 7th March. 2013.
Challenges in Implementation

The Department of Food and Supplies is the main implementing agency in this scheme and faces a co-ordination challenge. It has to manage within itself a network of 120 GRCs with a large human resource of approximately 840 personnel. In addition, it has to interact with other stakeholders which are the banks, the NPCI, the UIDAI and the Department of Food and Supplies. It is also a pioneering system which is being implemented and all the stakeholders are to some extent or the other new to the process.

Beneficiaries were initially reached out to through Mission Convergence, an agency set up by the Government of Delhi to implement projects in a convergence manner. Their objective was to identify the 2 lakh beneficiaries of the scheme. Mission Convergence carried out identification through its GRCs, NGO-run centres where beneficiaries could apply for the scheme. However out of their surveys conducted an initial low enrolment rate of 70,000 beneficiaries were selected. To address this shortfall the Department of Food and Supplies took over the role of identification as well and established Vigilance Committees to carry out identification and enrolment of beneficiaries. Following this an additional 35,000 beneficiaries were added. The Government of Delhi also extended the scheme to widows who were obtaining pensions and thus another 15,000 beneficiaries under the ‘widowed’ category were included in the Dilli Annashree Yojana.

Banks play a major role in implementation as they are in charge of providing bank accounts to citizens, managing the BC network and transferring funds. Their full involvement is a must for the success of the project and problems in securing complete cooperation of banks have proven difficult for successful implementation of the project.

A decentralised model of data updation proves inefficient. The current model of creating Aadhaar enabled accounts involves decentralised bank branches seeding accounts and then sending a batch file to the main office for uploading to the NPCI server. There are inefficiencies as there is no standardised file processing. The process of mapping accounts onto Aadhaar and their uploading onto the NPCI server is, therefore, delayed and, as a result, beneficiary access to scheme benefits is delayed. Some banks such as Axis Bank and ICICI followed a model where upon opening a bank account it is automatically seeded and mapped onto the NPCI. A centralised banking model can be seen as a more efficient mode of file processing as it bypasses the problems of poor information flows and lack of standardisation.

There is a lack of consensus regarding the BC model’s deployment in urban areas and many banks have not fully accepted the need for partnering with BCs. As of October 2013 the BC model’s deployment in Delhi is still nascent and is not functioning in a full-fledged manner. Different stakeholders have different perspectives on its need.
Although banks have largely realized the benefits in partnering with BCs for expanding their network into rural areas, there are still hesitations about having a BC network in urban areas. This opinion is shared by the Department of Food and Supplies which argues that the conventional banking network has sufficient penetration rendering the BC model unnecessary. During the initial stages of the scheme certain banks insisted upon biometric-based releases to beneficiaries. However owing to the weakness of the BC network this resulted in delays of payments to beneficiaries. The Department of Food and Supplies then pressed for provision of legal entitlements such as cheque books and debit cards to the financially included before application of innovative service delivery methods such as micro-ATMs. This resulted in a clearance of the bottleneck and complaints relating to offtake have not been recorded hence.

However, the UIDAI argues otherwise, stating that the difficulty this position faces is that bank branches might not be able to cope with the huge demand. The Dilli Annashree Yojana itself has approximately two lakh beneficiaries and the number is only likely to expand as the number of welfare schemes that utilise the DBT mechanism increase. In addition, as previously seen in Figure 11, the cost of transactions is higher in banks as compared to micro-ATMs which are used by BCs. Therefore, UIDAI argues that bank branches would be both over-burdened and carrying out expensive transactions. Lastly, it has been generally understood that most poor and marginalised residents of urban areas are intimidated by bank branches. In keeping with this, it has been argued by the UIDAI that using the BC network as the PoS is more convenient.

However, this scenario is changing now. An increasing number of banks are coming on board the Aadhaar payment platform that are motivated and see a value proposition in the DBT mechanism. As a result, the process of financial inclusion has become simpler for beneficiaries. The steps taken to secure cooperation of the banks include the following:

(i) In order to incentivise the banks, the Government of Delhi has taken the initiative to pay 1.5 percent commission for online inter-operable micro-ATM transactions

(ii) The UIDAI is reaching out to banks trying to convince them of the value in this direction. It is also negotiating with the government of Delhi to focus on a strategy that draws on the USPs of banks rather than forces all banks to comply. The emphasis as outlined by the UIDAI is to partner with banks that focus on the DBT business and speak to willing banks. In any case the inter-operable nature of the UIDAI platform would ensure that a variety of banks can benefit from the financial

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23 Dadhich, Ravi. Additional Commissioner cum Additional Secretary, Department of Food and Supplies, Government of NCT of Delhi. Personal interview. 30th October 2013.
ecosystem. In the case of the Dilli Annashree Yojana itself there are at least 4 banks that are willing to participate despite the upper limit being two lakh beneficiaries.

(iii) There are also insurance companies that are keen to collect their micro-insurance on the micro-ATM, opening further business avenues.

Even when the banks are cooperative, *unfamiliarity with the new processes involved in DBT* has acted as an impediment to effective service delivery. There was a confusion involving the status of Aadhaar as a KYC, the documents required from beneficiaries, usage of DBT and other such operational details. This scenario was overcome gradually as banks became familiar with the procedure through experience.

Apart from the above mentioned critical challenges, there are certain *other impediments to the project* that need to be addressed. These include (i) reluctance on part of banks to allow Aadhaar as a KYC as it was not seen as good enough, (ii) operational challenges like ensuring that every branch manager was aware of their duties and about the DBT mechanism, (iii) reaching the target of 2 lakh beneficiaries has been setback as about 1.17 lakh beneficiaries were discovered to have APL ration cards.\(^{24}\) Mission Convergence has to now identify more beneficiaries for the scheme, and (iv) some beneficiaries do not possess any documents that would make them eligible for Aadhaar and are, therefore, having difficulty enrolling. While a provision does exist for such a scenario, the problem is nevertheless being faced.

**Key Lessons**

The issue of co-ordination may not arise in projects where a single department is in charge of implementation but assumes importance in scenarios where there is more than one stakeholder involved in managing the project. Also given that banks, the NPCI and the UIDAI would be part of any scheme involving DBT, this question assumes utmost importance. *A legal framework that clarifies the roles and responsibilities of the various stakeholders involved in the DBT mechanism can emerge from the Annashree Yojana to streamline and improve the project itself as well as serve as a model to other states that are implementing various schemes involving the mechanism.* Also, *at the central level a legal framework can be enacted* that deals with the above-mentioned issue keeping it centre-specific for central schemes such as NREGA and NRHM that plan to utilise the DBT mechanism.

To improve the process of Aadhaar enrolment, the *Aadhaar portal can have searchable content* where users can access whatever information has been generated so far. The portal can also have the additional functionality of providing an *e-Aadhaar* in case the number has

been generated already. This will bypass the existing delays of the Aadhaar letter being delivered and can hasten the process of enrolment.

For other schemes that aim to use the DBT mechanism, a **checksum function**\(^{25}\) can be applied to avoid error and ensure the validity of the data being entered such as eligibility criteria and Aadhaar number. The function can be modified depending from scheme to scheme.

An **online application for file processing** has greatly eased the implementation of the Annashree Yojana and can simplify other schemes as well which seek to use the DBT mechanism. It has provided a central database for planning, monitoring and evaluation.

**Comprehensive planning, legalising changes and bringing stakeholders on board through negotiations are must before field implementation.** The process itself was systematically designed. Different governmental agencies such as banks, the Ministry of Finance, the UIDAI and other agencies collaborated and discussed strategies and differences in creating the DBT system. Once the mechanism was designed, the changes were first legalised. The RBI’s authorisation of Aadhaar as a KYC is an example. This was followed by continuous negotiations with stakeholders such as banks and BCs to ensure that they felt an incentive to be part of the system, a process that is on-going.

The move to focus on specific banks that work in the DBT sector rather than trying to generally force all banks to participate is a welcome one. **Playing to the strengths of organisations** ensures efficiency and effectiveness in operations.

**Common back-end platform for payment disbursal has greatly eased the process.** The AEPS and APB have made processing payments instantaneous, showing that a centralised platform with decentralised access points is an efficient mode of organisation.

**The Way Forward**

A task force headed by Nandan Nilekani, Chairman of the UIDAI recommended a commission of 3.14 percent to be paid for all DBTs handled by banks and business correspondents. This is currently being examined by a government committee.

The disbursal system itself has the potential to be automated, as the logic of the model can be entered into the server. At the start of every month, funds can be automatically disbursed, with the human intervention required there eliminated.

\(^{25}\)According to Webopedia.com, a checksum function is defined as ‘A simple error-detectionscheme in which each transmitted message is accompanied by a numerical value based on the number of set bits in the message. The receiving station then applies the same formula to the message and checks to make sure the accompanying numerical value is the same. If not, the receiver can assume that the message has been garbled.’
Currently, beneficiaries are enrolled for the Dilli Annashree Yojana by identification through Vigilance Committees. In the future, beneficiaries will be able to apply for the scheme themselves. Selection will be based on three criteria: i) 3 year residence proof in Delhi ii) Income certificate of less than 1 lakh annual income iii) Non-possession of ration card.

**Research Methodology**

The Direct Benefit Transfer system has used a radical new method of disbursing funds. The use of biometric technology for authentication, a common platform for processing intra and interbank payments and end-to-end computerisation in the process that allow for complete transparency make it a radical innovation that deserves to be documented.

In order to document the innovation, the OneWorld research team conducted both primary and secondary research. The secondary sources comprised of reports and presentations published by the UIDAI, papers on cash transfer schemes and media articles. Since this is a new and not largely documented initiative so far, the team had to treat media articles as reference points. However, all attempts have been made to verify information received from media articles the stakeholders. After identifying gaps in the information, a set of salient features, benefits and challenges was identified. These were validated and expanded upon by the team by conducting interviews with the following personnel:

1. Assistant Director General of the Financial Inclusion wing of the UIDAI.
2. Additional Director, Mission Convergence, Government of NCT of Delhi
3. Additional Secretary cum Additional Commissioner, Department of Food and Supplies, Government of NCT of Delhi
4. Principal Consultant (IT), Mission Convergence, Government of NCT of Delhi
Conclusion

The DBT system is an experiment in delivering services to citizens. It provides the guarantee that the funds are reaching the accounts of the beneficiaries as the money flow can be tracked digitally. It also ensures that funds are being withdrawn by the beneficiaries themselves through the biometric authentication system. Further, the biometric data collected by the UIDAI through its enrolment drive is available to banks through Aadhaar enabled accounts, saving both them and the beneficiaries the need and cost of verification documents and procedures.

However, thus far the DBT has been studied only in its functioning in the Dilli Annashree Yojana, which is a simple, non-dynamical system. The amount provided per month is fixed. In situations where the amount is dynamic such as in proposed direct subsidy transfers, it as yet remains to be seen whether the mechanism would deliver the desired results.
References


National Payments Corporation of India. ‘Overview on Adhere Payments Bridge System’. 


http://www.idrbt.ac.in/PDFs/Foundation%20Day%20Lecture.pdf


http://www.atmindia.com/atm_facts.asp


Bansal, Rajesh. Assistant Director General, Financial Inclusion Wing, UIDAI. Personal interview. 7th March. 2013.


Kumar, Brajnandan. Principal Consultant (IT), Mission Convergence, Government of NCT of Delhi. Personal interview. 8th April 2013.

Dadhich, Ravi. Additional Commissioner cum Additional Secretary, Department of Food and Supplies, Government of NCT of Delhi. Personal interview. 8th April and 30th October 2013.
Case Fact Sheet

Table 4: Demographic profile of Delhi and its comparison with national level data

Sources: Provisional Population Totals, Census of India 2011. The Hindu. ‘Poverty lines and BPL population’.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Delhi</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population</td>
<td>16,753,235</td>
<td>1,210,193,422</td>
</tr>
<tr>
<td>Rural</td>
<td>419,319</td>
<td>623,724,248</td>
</tr>
<tr>
<td>Urban</td>
<td>16,333,916</td>
<td>586,469,174</td>
</tr>
<tr>
<td>Sex ratio</td>
<td>866</td>
<td>940</td>
</tr>
<tr>
<td>Density of population</td>
<td>11,297</td>
<td>382</td>
</tr>
<tr>
<td>Literacy rate</td>
<td>86.34</td>
<td>74.04</td>
</tr>
<tr>
<td>Male</td>
<td>91.03</td>
<td>82.14</td>
</tr>
<tr>
<td>Female</td>
<td>80.93</td>
<td>65.46</td>
</tr>
<tr>
<td>Population living below poverty line (%)</td>
<td>14.2</td>
<td>26.10</td>
</tr>
<tr>
<td>Total number of FSOs in Delhi</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Total number of GRCs in Delhi</td>
<td>120</td>
<td></td>
</tr>
</tbody>
</table>

I. **Sector/field to which the project belongs:** Food and civil supplies

II. **Stakeholders and beneficiaries:**

1. **Stakeholders** –
   a. Department of Food and Supplies, Government of Delhi
   b. Mission Convergence, Government of Delhi
   c. UIDAI
   d. Banks
   e. Business Correspondents
f. NPCI

2. **Beneficiaries** –
   
   a. BPL families who do not currently avail of BPL or AAY ration cards

III. **Calendar of major events:**

<table>
<thead>
<tr>
<th>Event</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launch of Dilli Annashree Yojana</td>
<td>December 15 2012</td>
</tr>
<tr>
<td>Operationalisation of DBT in 43 districts</td>
<td>January 1 2013</td>
</tr>
<tr>
<td>First mass transfer of funds to beneficiaries</td>
<td>February 27 2013</td>
</tr>
</tbody>
</table>
Annexure I: Micro-atm specifications

<table>
<thead>
<tr>
<th>Component</th>
<th>Minimum Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biometric scanner</td>
<td>As per specifications in section 4.2.</td>
</tr>
<tr>
<td>Connectivity&lt;sup&gt;1&lt;/sup&gt;</td>
<td>The device must provide for two channels (of service provider’s choice) of network connectivity.</td>
</tr>
<tr>
<td>Security</td>
<td>2048-bit PKI, 256-bit AES, Base64, SHA-256 for full compliance with Aadhaar Authentication API specifications (9).</td>
</tr>
<tr>
<td>Non-volatile storage</td>
<td>Must be capable of storing audit trails of at least 1000 transactions.</td>
</tr>
<tr>
<td>Display</td>
<td>Must be capable of displaying last 10 transactions without scrolling horizontally. Each transaction must display at least the date, type, and amount.</td>
</tr>
<tr>
<td>Printer</td>
<td>Must be able to print out transaction status and a mini-statement of at least the last 10 transactions. Receipts and other printed items must be legible for at least two months from the date of printing.&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td>Battery</td>
<td>Replaceable battery, with minimum 4 hours battery life.</td>
</tr>
<tr>
<td>Power Adaptor</td>
<td>AC/DC Adaptor with surge protection.</td>
</tr>
<tr>
<td>Environment</td>
<td>Operating temp: 0°C to 50°C. Storage not including battery: 0°C to 55°C.</td>
</tr>
<tr>
<td>Magstripe reader and PIN pad</td>
<td>As per specifications in Section 4.3 (2) (3).</td>
</tr>
<tr>
<td>Speaker</td>
<td>A facility should be provided for voice confirmation of the transaction.</td>
</tr>
<tr>
<td>GPS&lt;sup&gt;3&lt;/sup&gt;</td>
<td>Industry standard 16 channel NMEA compliant GPS support.</td>
</tr>
<tr>
<td>QR code reader&lt;sup&gt;3&lt;/sup&gt;</td>
<td>Ability to read QR code from the Aadhaar letter, of size 21mm x 21mm, 600 DPI, and Error Correction Code Level M (Medium).</td>
</tr>
<tr>
<td>EMV capability (Optional)</td>
<td>EMV Level 1 and Level 2 certification as per Section 4.4.</td>
</tr>
<tr>
<td>NFC reader (Optional)</td>
<td>Contactless smart card readers compliant to ISO 14443 A and B cards (for all four types of NFC tags) and ISO/IEC 18092.</td>
</tr>
</tbody>
</table>

<sup>1</sup> Currently optional. Two channels of connectivity are mandatory for devices put into service from Apr 1, 2013 onwards (e.g. Dual SIM capability, GPRS + CDMA, GPRS + broadband, GPRS + PSTN, etc.)

<sup>2</sup> In the case that a thermal printer is used, the paper should be of sufficient quality for this requirement to be met.

<sup>3</sup> Currently optional. Mandatory for devices put into service from Apr 1, 2013 onwards.
<table>
<thead>
<tr>
<th>Parameters</th>
<th>Specification</th>
</tr>
</thead>
</table>
| Minimum Platen Area  | **Optical/multispectral/capacitance technology**  
1. If platen area is 15.24 mm x 20.32 mm or more:  
1.1 Provisional certificate would be issued without any field testing;  
1.2 Final certification would be subject to sensor-extractor meeting <2% FRR in Aadhaar authentication system (at FAR of 0.01%) for which detailed guidelines will be published by STQC.  
2. If platen area is 12.8 mm x 16.5 mm or more but less than 15.24 mm x 20.32 mm, certification would be subject to sensor-extractor meeting <2% FRR in Aadhaar authentication system (at FAR of 0.01%) for which detailed guidelines will be published by STQC.  
**Any other Technologies**  
3. <2% FRR in Aadhaar authentication set up (at FAR of 0.01%) would need to be demonstrated. Detailed guidelines and other requirements specific to the technology will be published separately by STQC. |
| Image quality        | **Must be listed on “IAFIS Certified Product List” posted on**  
Lab Test conformance report showing compliance to ISO 19794-4 Annexure A OR  
any other equivalent conformance report (to be approved for equivalence by |
<table>
<thead>
<tr>
<th>Extractor Quality</th>
<th>expert committee appointed by Competent Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>MINEX compliance</td>
<td>Number of Minutiae generated by extractor to be in conformance to ISO Specification. Tested for at least 12 Minutiae points generated under test conditions.</td>
</tr>
<tr>
<td>NFIQ Quality Software</td>
<td>Inbuilt NFIQ quality software either at device level or extractor level.</td>
</tr>
<tr>
<td>Resolution</td>
<td>Minimum 500 DPI with 5% margin on the lower side</td>
</tr>
<tr>
<td>Grey scale/ Image type</td>
<td>8 bit, 256 levels</td>
</tr>
<tr>
<td>Extractor &amp; Image Template Standard</td>
<td>ISO 19794-2 for fingerprint minutiae template and ISO 19794-4 for Fingerprint Image Template</td>
</tr>
<tr>
<td>Latent detection</td>
<td>Preferable</td>
</tr>
<tr>
<td>Platen</td>
<td>Rugged, minimum IP 54 rating preferable Prefer scratch resistant features</td>
</tr>
<tr>
<td>Preferred Operating Temperature</td>
<td>0 to 45 degree Centigrade</td>
</tr>
<tr>
<td>Preferred Storage Temperature</td>
<td>0 to 50 degree Centigrade</td>
</tr>
<tr>
<td>Preferred Humidity</td>
<td>10 to 90%</td>
</tr>
<tr>
<td>ESD</td>
<td>( \geq 8 \text{ Kv} )</td>
</tr>
<tr>
<td>Environment, health and safety</td>
<td>ROHS certification</td>
</tr>
<tr>
<td>Safety</td>
<td>UL or IEC60950 compliance</td>
</tr>
<tr>
<td>EMC compliance</td>
<td>FCC class A or equivalent</td>
</tr>
<tr>
<td>Operating system environment</td>
<td>Vendor needs to declare the compatible operating system</td>
</tr>
</tbody>
</table>
| Connectivity | Standard USB connectivity for PC based application.
Annexure II: Interview Questionnaire

Mr. Rajesh Bansal, Additional Director General, Financial Inclusion, UIDAI

Process Flow

1. According to our research, the stakeholders involved in this project are the UIDAI, the government of Delhi, banks who have been partnered with, NPCI and beneficiaries. Are there any others?

2. Was there any process re-engineering involved for Annashree?
   a. If yes, can you provide details?

3. Can you clarify what an Aadhaar-enabled account is?
   a. What information is transferred to the banks?

4. Have micro-ATMs been employed for the Annashree Yojana?
   a. How has their functioning been thus far?

5. What is the incentive model for BCs in Annashree?

6. How long does the process take?

Awareness Generation

7. What steps were taken to promote the initiative among the beneficiaries?

8. What fears were expected both among the beneficiaries and implementing agencies and how were they tackled?

9. What steps were taken for training and capacity building for the implementing agencies?

10. Can you provide following details on the training: resource persons, content of training, methodology, duration, follow up mechanisms.

Monitoring and Evaluation

11. What is the overall monitoring and evaluation mechanism for the Dilli Annashree Yojana?

12. What is the grievance redressal mechanism?
Challenges

13. What have been the challenges faced at the following stages by all stakeholders (demand and supply sides) involved:

14. At the enrolment stage, are difficulties recording biometrics, given that it has been argued that iris scans change frequently and manual labourers have skimmed fingerprints?

15. Any other challenges at the enrolment stage?

16. When it comes to opening of accounts?

17. When it comes to cash transfer and withdrawal?

18. What challenges have been faced with Business Correspondents?

19. What challenges have been faced during last mile connectivity?

20. What other challenges have been faced?

Benefits Realised

21. How has the UID altered the identification of beneficiaries?

22. How has it affected errors of inclusion and exclusion?

23. How exactly has UID reduced customer acquisition costs for banks?

24. What are the other advantages of having an Aadhaar enabled account?

25. What has been the impact on bogus cards?

26. How many middlemen have been eliminated in this scheme?

27. Has delivery time been shortened? If yes, by how much?

28. Can you provide any other data on the impact that has been had per se?

Future Additions

29. Are there any additions planned to the software?
### Annexure III: list of participating banks in the dilli annashree yojana

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<thead>
<tr>
<th>Name of Bank</th>
<th>Name of Bank's officers</th>
<th>Designation</th>
<th>Email ID</th>
<th>Contact no.</th>
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<tbody>
<tr>
<td>ALLAHABAD BANK</td>
<td>G. K. Bhargava</td>
<td>Senior Manager</td>
<td><a href="mailto:zo.del_mktg@allahabadvadbank.in">zo.del_mktg@allahabadvadbank.in</a></td>
<td>9810487888</td>
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<td></td>
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<tr>
<td>AXIS BANK</td>
<td>Rajesh Kumar</td>
<td>Head, Agri Business Centre- New Delhi</td>
<td><a href="mailto:Rajeshkumar@axisbank.com">Rajeshkumar@axisbank.com</a></td>
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<tr>
<td></td>
<td>Rajiv Taneja</td>
<td>Asst. V.P.</td>
<td><a href="mailto:rajiv.taneja@axisbank.com">rajiv.taneja@axisbank.com</a>,</td>
<td>9582202500</td>
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<tr>
<td></td>
<td>Har Chandra Yadav</td>
<td>Asst. V.P.</td>
<td><a href="mailto:shahdara.branchhead@axisbank.com">shahdara.branchhead@axisbank.com</a></td>
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<td>Vishap Mahajan</td>
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<tr>
<td></td>
<td>Raghavan</td>
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<td></td>
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<td>Regional Dist. Mgr. North</td>
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<tr>
<td></td>
<td>D.Ganguli</td>
<td>Sr Manager</td>
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<tr>
<td>BANK OF INDIA</td>
<td>Mr. AMARJIT SINGH</td>
<td>(OFFICER)</td>
<td><a href="mailto:NewDelhi.CIC@bankofindia.in">NewDelhi.CIC@bankofindia.in</a></td>
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<td>BANK OF MAHARASHTRA</td>
<td>Nirmal Kumar</td>
<td>Senior Manager</td>
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<td>CORPORATION BANK</td>
<td>Sri G C Vishwanath</td>
<td>Chief Manager</td>
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<td>Saira Ziauddin</td>
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<td>ORIENTAL BANK OF COMMERCE</td>
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### Annexure IV: Sample report of payment details generated through Annashree Yojana MIS

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<th>BANK NAME</th>
<th>BRANCH NAME</th>
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