

**F. No. 32(07)/PF-II/2011 (Vol. II)**  
**Government of India**  
**Ministry of Finance**  
**Department of Expenditure**  
**Public Finance (Central-I) Division**

...

**North Block, New Delhi**  
**Dated, the 26<sup>th</sup> of May, 2017**

**OFFICE MEMORANDUM**

**Subject: Payment of Transaction Charges and Cash-out Incentives on Direct Benefit Transfer (DBT) and PAHAL transactions.**

Reference is invited to the DoE O.M. of even number dated 26<sup>th</sup> February, 2016 and inputs received from various stakeholders for simplifying the process and procedure of payment of transaction charges and incentives for expeditious payment to various agencies involved.

2. The matter is considered. In this regard, in supersession of DoE's earlier O.M. of even number dated 26<sup>th</sup> February, 2016, the following are decided:

- (i) All DBT and PAHAL (including kerosene) transactions to be routed through the National Payment Corporation of India (NPCI). A transaction cost of Rs. 0.50/- would be payable for each transaction to be shared between the sponsor banks, destination entities and NPCI in the ratio of Rs.0.10, Rs.0.25 and Rs.0.15 in accordance with the extant NPCI Circular (Circular No.136 dated 23.11.2015).
- (ii) For Mahatma Gandhi NREGA, Maternity Benefits and Pension Schemes, an additional Cash-out Incentive would be payable as follows:
  - a) A fixed component of Rs. 5/- per transaction.
  - b) A variable component of Rs. 0.50/- per hundred (transaction amount rounded up to the next hundred) subject to maximum of Rs. 5/-.

For example, if Mahatma Gandhi NREGA payment of Rs. 540/- is made to a beneficiary account, the destination entity (bank/ post office/ payment bank) will get a cash-out incentive of Rs. 8/- (Rs. 5/- fixed component and Rs. 3/- variable component).

Destination entities which do not give any cash-out commission to their last mile functionary will only be eligible for the fixed component.

- (iii) The Transaction Cost and Cash-out Incentives will be paid out of the object head 'other contractual service' under the budget head of the respective scheme. Till necessary provisions are made under the prescribed object head, the existing arrangement of making payment from the scheme head will continue.
- (iv) The payment of transaction charges and the fixed and variable incentive payments shall be made along with the transaction disbursement through sponsor banks and shall be settled between the entities – sponsor bank, destination banks and NPCI along with the transaction settlement before the end of a day.
- (v) The funds for DBT payments for specified schemes to be issued by the Central / State Governments initiating the transaction will include funds for the value of the transactions, transaction charges as well as the additional cash out incentives (both fixed and variable) [additional cash out incentives in case of MGNREGA, Maternity Benefits and Pension Schemes] along with applicable taxes.
- (vi) Sponsor bank after receiving the funds as stated at (v) above will upload the transaction into NACH system.
- (vii) NPCI while doing the settlement shall debit the sponsor banks for NPCI charges and destination bank charges and incentives (both fixed and variable as applicable).
- (viii) The transaction charges and the fixed and variable incentives will be paid to the destination banks.
- (ix) Thus, on net off basis, charges and incentives will be paid to the NPCI and banks only on successful transactions by the end of day.
- (x) At the beginning of every six months, NPCI shall share with the respective Ministry / Department, a list of banks and other entities who give cash-out commission to their last mile functionaries to enable the Ministry / Departments to compute and fund the account on daily basis for variable incentive payments in case of MGNREGA, Maternity Benefits and Pension Schemes (apart from the fixed incentives payable to them on these schemes). The banks will have to certify the details of their Banking Correspondents (BCs) mechanism as per the format attached.

- (xi) The sponsor bank shall maintain separate scheme wise account number. The sponsor bank, at the end of each month, shall report to the Ministry / Department, all unutilized balances lying in the scheme account so that the same could be adjusted in subsequent releases.
- (xii) For the sake of clarity, it may be noted that for all DBT/DBTL (PAHAL) transactions except MGNREGA, Maternity Benefits and Pension Schemes routed through NPCI, only transaction charges are payable and are to be shared between sponsor bank, NPCI and destination entities.
- (xiii) As mandated earlier vide the DoE OM No. 48(06)/PF.II/2016 dated 26.04.2017, all the departments (both Central and State) should initiate DBT transactions only with relevant scheme codes. Wherever new codes are required, the concerned department may approach DBT Mission for guidance on issuance of new scheme codes. All Ministries / Departments should ensure that the relevant scheme code is passed onto the PFMS and embedded in the payment file. PFMS may also ensure that the payment issued by all the departments contain the scheme code and that the generic code "CPSMS" be stopped forthwith for all payment files pertaining to DBT transactions.
- (xiv) All other extant procedure and instructions shall continue to be applicable.
- (xv) This OM will come into effect from 1<sup>st</sup> June, 2017 onwards.

3. This issues with the approval of the Finance Minister.

  
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Chief Executive Officer (NITI Aayog) / Secretary [Financial Services / School & Literacy / Labour and Employment / Women & Child Development / Tribal Affairs / Social Justice & Empowerment / Minority Affairs / Higher Education / Health and Family Welfare / Communication & Information Technology / Rural Development / Electronics & Information Technology/ Petroleum/Department of Posts].

Director General (UIDAI) / Director General (NIC) / Controller General of Accounts / Joint Secretary (DBT) / CEO (NPCI).

Copy to: Principal Secretary to the Prime Minister for kind information.

Copy to: Cabinet Secretary, Government of India for kind information.

### Declaration

This is with reference to NPCI letter No: 156 dated March 21, 2016 with regard to variable incentive for specific DBT schemes.

With reference to the Office Memorandum No.32(07)/PF.II/2011 (Vol. II) dated 26<sup>th</sup> May, 2017 of Department of Expenditure, Ministry of Finance & NPCI communication dated 21<sup>st</sup> March 2016, we hereby confirm that:

Bank has \_\_\_\_ Business correspondents (BCs) including its RRBs and have carried out \_\_\_\_ number of transactions amounting to Rs. \_\_\_\_\_ from 01.10.2016 to 31.03.2017 through B.C Channel. Commission paid to B.C Channel is Rs \_\_\_\_\_ from 01.10.2016 to 31.03.2017.

Our Bank gives cash out commission to the last mile functionaries engaged by us and eligible for variable incentive as per terms of the OM referred to as above.