

Role of JAM

(**J**andhan, **A**aadhar, **M**obile)

in Direct Subsidy Transfer and its benefits

The JAM Trinity



- **J**an Dhan Bank Account
- **A**adhar enrolment for citizens
- **M**obile connection availability

Jan Dhan Account



- A large part of population had no access to banking services in India. This meant, they had neither any avenues for Savings, nor any opportunity to get institutional credit.
- Pradhan Mantri Jan Dhan Yojana launched on 28th August 2014.
- By January 2017, over 270 million bank accounts (108 million rural population) have been opened.

Aadhar



- Aadhaar, a Unique Identity number, is a 12 digit random number issued to the residents of India whose **uniqueness** is achieved through the process of demographic and biometric de-duplication.
- 1.11 billion citizens have been issued Aadhar till date.
- Coverage of Adults is more than 93%.

Mobile Penetration



- India's mobile user base was 1.08 billion as on October 2016.
- Urban population with mobile 621.8 million (57.7%)
- Rural population with mobile 456.7 million (42.3%)
- Mobile sector is going to witness aggressive retention/ acquisitions of customers from all players.

PAHAL – DBTL Scheme



- Direct Benefit Transfer of LPG Subsidy (DBTL) was first started in June 2013 eventually covering 291 Districts
- The scheme was temporarily stopped in March 2014.
- Modified DBTL was started in 54 districts in November 2014.
- The scheme was rolled out in Rest of India on 1st Jan 2015.
- Both Aadhar based subsidy transfer and Bank account based were allowed in the modified DBTL.
- Aadhar has been made mandatory for all customers except in exempted states.

PAHAL – DBTL Scheme

- Acknowledged in Guinness Book of World Records as the Largest Cash Benefit Program in number of households.



PAHAL – DBTL Scheme



- The seeding %ge at the start of DBTL in Nov 2015 was apporx 40%.
- OMCs (Oil Marketing Companies IOCL, BPCL and HPCL) were advised to do additional seeding of 600 million Aadhar/ Bank Accounts in LPG database within next 3 months so as to achieve 80% seeding.
- This translates to a seeding rate of 67 lac customer masters per day.
- This could be achieved only because of the drive from GoI to enroll Aadhar and Bank accounts for citizens.
- OMCs had also facilitated Aadhar enrolment camps at LPG distributor premises to hasten the process.

Benefits of the Scheme

Govt. of India

- Reduce subsidy burden due to:
 - A system based audit trail and transparency in fund transfer through direct transfer of Subsidy into the LPG consumers' bank account
- Improvement in public service delivery

LPG Customers

- Empowerment of LPG Customers since would get subsidy in cash directly in their bank account.
- Improved availability of new LPG connections in the market.
- Reduction in back-log due to reduced diversion

OMCs

- Reduction in multiple connections by way of Aadhaar based / Demographic De-duplication.
- Reduction in administrative overheads and Focus on consumer relationship management
- Single pricing of LPG cylinder category created disincentive for diversion by Distributors
- Reduction in product shortage and better management of imports.

DBTL - Statistics

Seeding of Aadhar and Mobile number in LPG customer database

Total number of Customers	193.6 Million
Aadhar Enabled Customers (Aadhar seeded in both OMC and Bank)	129.1 Million (67%)
Bank Account Enabled Customers	46.4 Million (23%)
Customers Given up subsidy/ Not eligible	18.1 Million (10%)
Aadhar seeded with OMC but not in bank	33 million
Customer having mobile seeded	90%
Number of SMS sent on subsidy transfer	2.2 Billion

DBTL - Statistics

Transfer of Subsidy to Individual Customer account

Total number of records sent to Banks	2317 million
Successfully credited to Customer A/c	2313 million
%ge of Successful records	99.86%
Amount transferred in INR	41900 crore
Amount transferred in US\$	6.29 billion
Savings in subsidy disbursement INR	21000 crore
Savings in subsidy disbursement US\$	3.2 billion

PAHAL – DBTL Scheme

Objectives of the scheme

- Ensure saving precious public money by eliminating diversion.
- Protect entitlement and ensure subsidy to the consumer.
- Improve the availability / delivery of LPG cylinders for genuine users
- Weed out fake / duplicate connections
- Allow Self Selection in subsidy

Option 1 – Aadhaar based

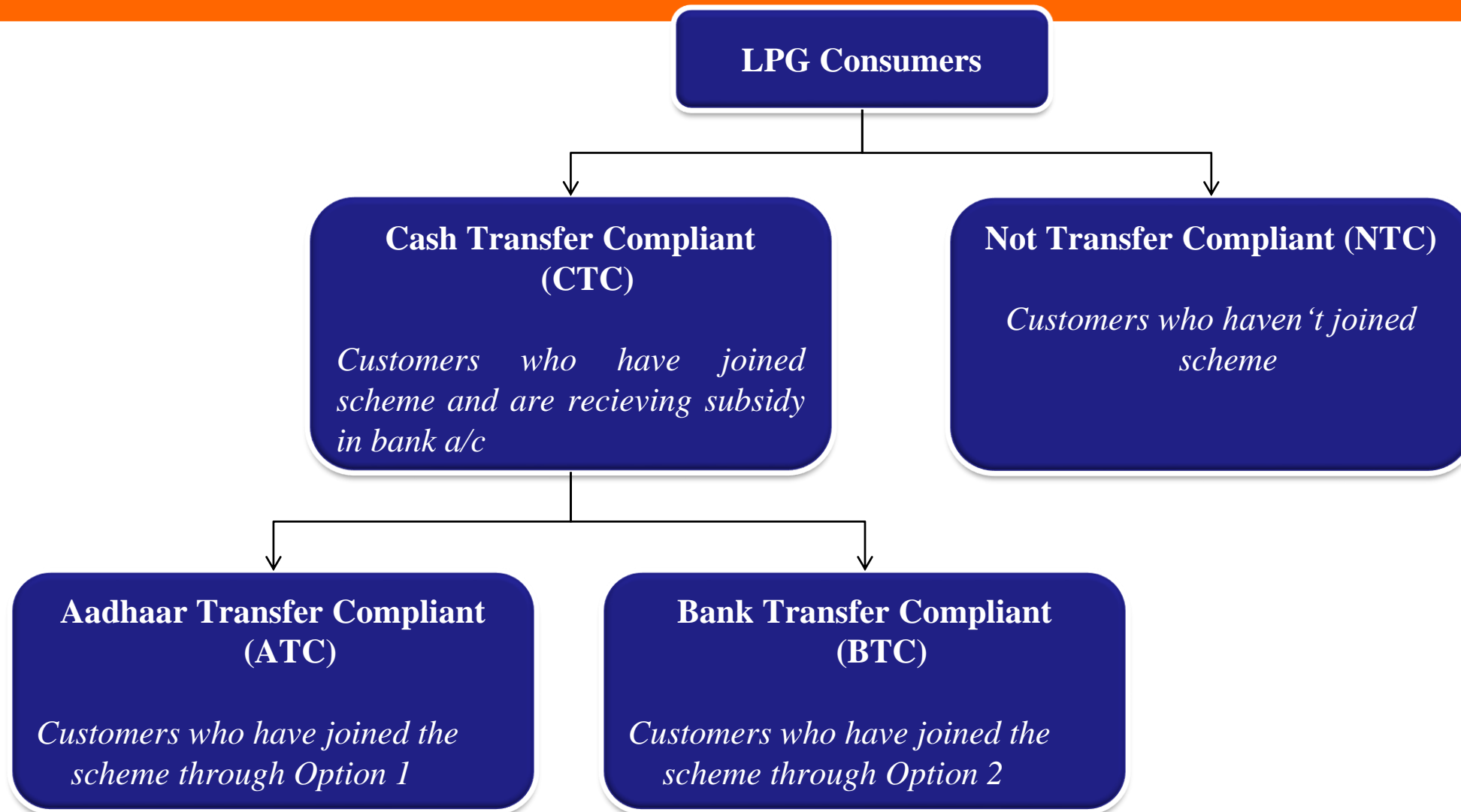
- LPG consumer to link his/her Aadhaar number in
 - LPG database
 - Bank account database

Option 2 – Non-Aadhaar based

- **This option is allowed in exempted cases & customer needs to submit other PoI**
- LPG consumer to link his/her preferred bank account number with the 17 digit LPG ID.
- Customer to provide declaration to this effect.

Customer will pay market price for cylinder and subsidy will be transferred into his bank account

Categories of LPG consumers under the scheme



Integration points with Aadhar

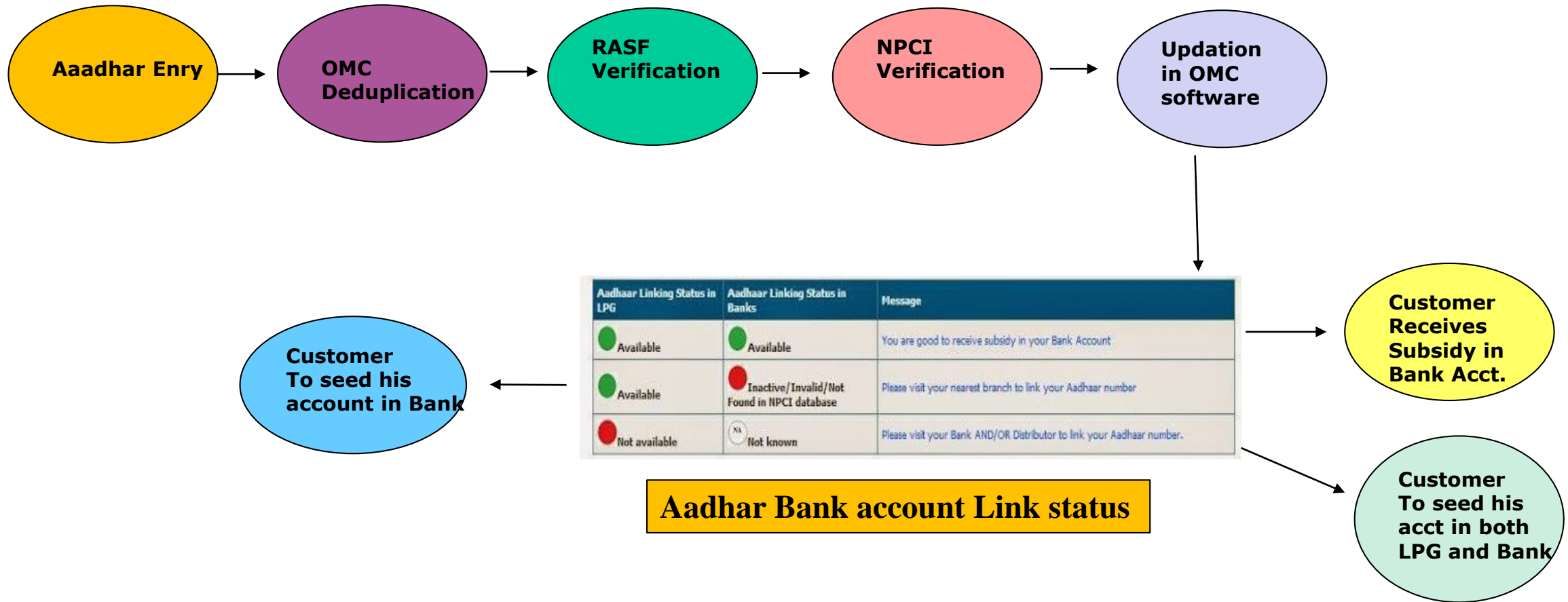


- Aadhar number is entered in LPG software with validation through UIDAI recommended Verhoeff algorithm.
- Aadhar number is then verified by the LPG distributor with the UIDAI for matching the customer's details through RASF (Remote Aadhar Seeding Framework)
- Once verified by the distributor, aadhar is sent for verification in NPCI (National Payment Corporation of India) to check whether aadhar number is linked to consumer's bank account or not. This is an automated daily process.
- Any new LPG connection request is subjected to Aadhar / demographic de-duplication among OMCs through NIC managed process.
- Recently launched PMUY scheme for providing LPG connection to BPL women has also been based on Aadhar.

Integration points with Aadhar



Process flow of Aadhar Linking

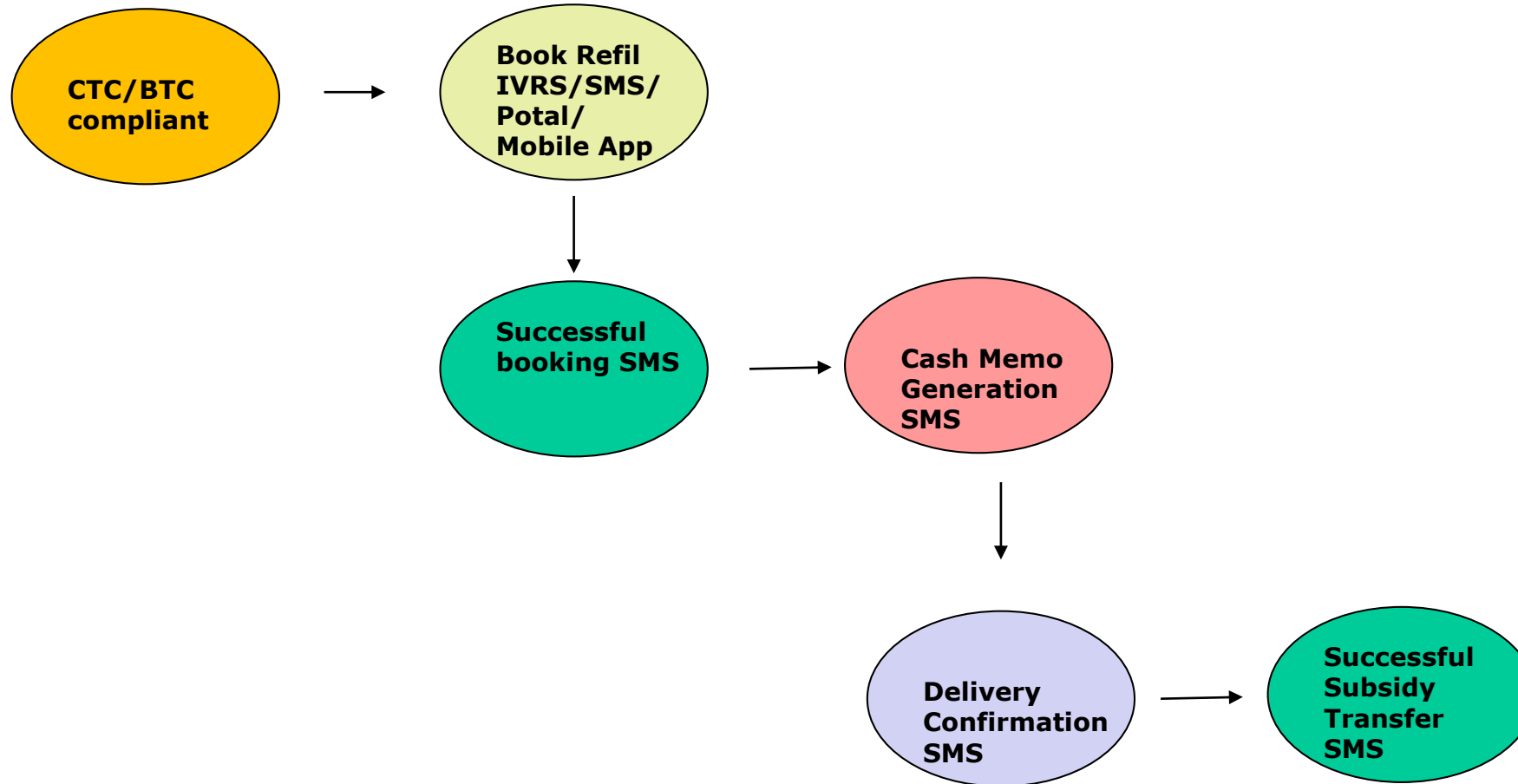


Integration with Mobile

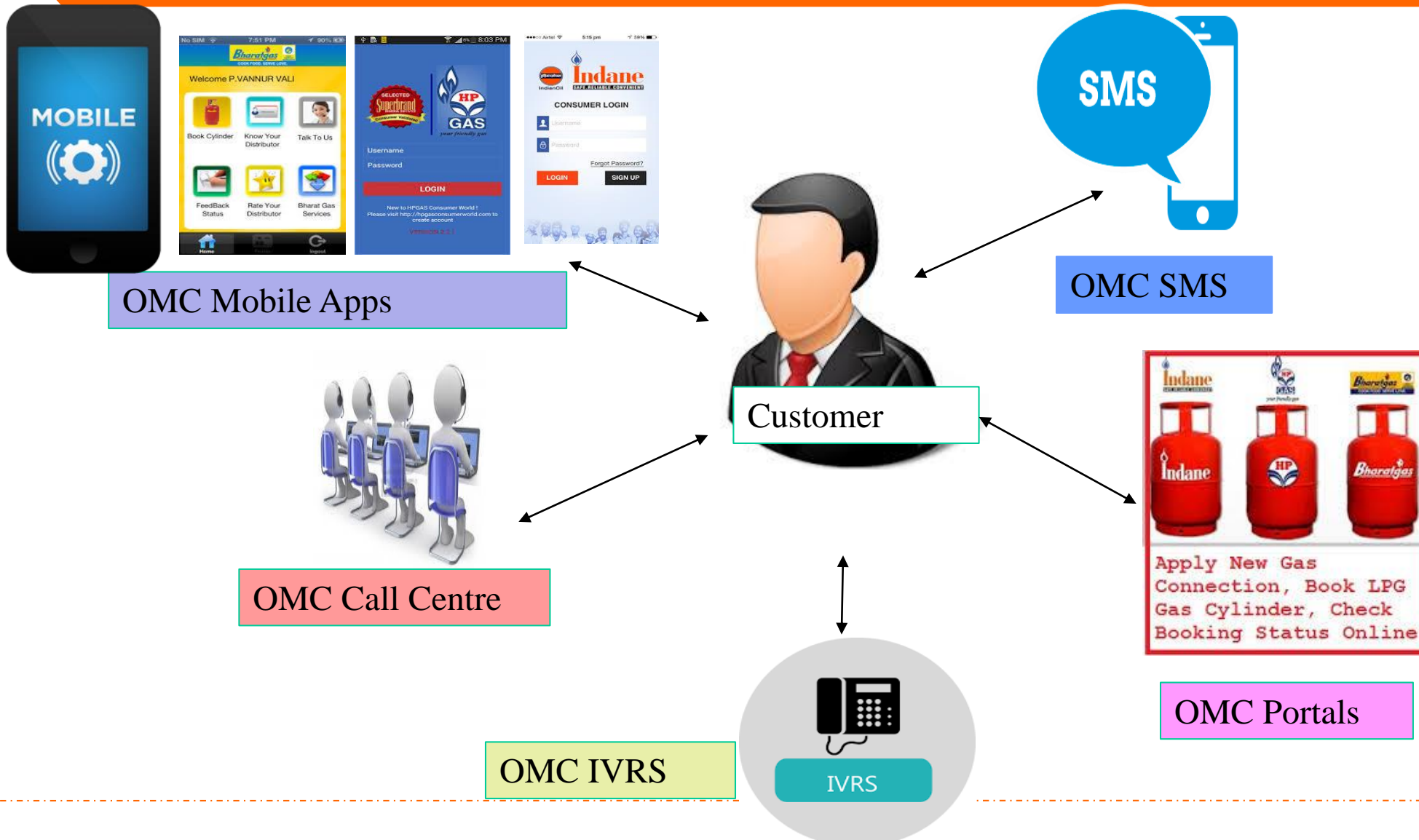


- LPG customer can connect with OMCs through Mobile app, SMS, Portal, Call centre and IVRS.
- About 70% of refill bookings are received on IVRS thru registered mobile number or SMS.
- SMS is sent to customers at various stages of refill delivery as well as subsidy payment process.

Process flow of Refil booking & delivery through Mobile integration



Integration with Mobile



Process flow for de-duplication

KYC entry by the distributor in Client / Online KYC from Indane.co.in



Inter-company aadhaar bank a/c deduplication across OMCs at center on real time basis. Cleared cases will move to NIC for dedupe , and suspect cases will be rejected



Generation of waitlist of customer for cleared cases. Suspect cases will become eligible for release after revalidation by distributors



Deduplication based on name & address across OMCs customer master in NIC

Subsidy payment process



- Subsidy payment files are exchanged with all banks through NPCI on a daily basis through an automated process for crediting the customers accounts whenever they take delivery of cylinder subject to their entitlement.
- SMS's are sent to customer on failure/ Success of subsidy transfer.
- Subsidy transfer status is also updated on the transparency portal of OMCs.

Further Benefits Envisaged

- DBTL subsidy payment process is the only scheme which the Government has entrusted OMCs to run on their own.
- The success of this scheme would pave way for similar initiatives in subsidy disbursement to specific target groups in the society, thereby preventing leakages and bringing transparency.
- Improved quality of consumer database with OMC's can be leveraged for better analysis of consumer needs and thus improved services in LPG.
- The database of customers is also being used by OMC's for cross selling/ up selling.



Thank you