

Chapter 5 - Monitoring

Monitoring is an integral part of any scheme. Monitoring ensures that the scheme progresses in the direction determined at the time of its formulation/ planning. Monitoring includes collection and analysis of information about a scheme, undertaken while the scheme is ongoing. Effective monitoring mechanism would ensure that NPS subscribers' interest is protected, ensuring timely credit to individual PRANs, essential in achieving the overall broad objectives of the scheme and ultimately ensuring expected⁴⁹ replacement rates envisaged in the NPS.

Evaluation is the periodic, retrospective assessment of scheme that might be conducted internally or by external independent evaluators to review the progress of the scheme and to identify weak areas in planning and implementation, so as to provide a mid-course correction in scheme.

Monitoring and evaluation help to assess the efficacy of the implementation of the scheme and identify steps required for mid-course correction and thereby provide vital inputs for government policy in this regard.

5.1 Monitoring

The key pillars in the monitoring mechanism are as under:

- Authority responsible for overseeing implementation of NPS
In the meeting held (30 May 2008) on the "Issues in Pension Reforms", it was decided that a Committee under the chairmanship of Secretary (Expenditure) would be constituted by the DoE to oversee the implementation of the systems and procedures for all accounting formations under the NPS.
- Authority responsible for monitoring:
As per DoE O.M. dated 03 February 2009, Ministries/ Departments (of Central Government) were required to constitute a Committee comprising Joint Secretary (Admn) and Principal CCA⁵⁰/ CCA and subsequently (July 2011) Financial Advisers (FAs) were also included in the composition of the committee in each Ministry/ Department for NPS monitoring.
- Key indicators and frequency of collection of data
In the Review Meeting (06 July 2011), it was decided that implementation of NPS in each Central Ministry/ Department would be a key performance area of the FAs. The FAs would upload the Quarterly Performance Reports (QPRs) with regard to implementation and monitoring of NPS in their respective Ministries/ Departments on

⁴⁹ As indicated in the Government decision (August 2003)

⁵⁰ Chief Controller of Accounts

the following parameters: (i) IRA compliance status (ii) SCF uploading status (iii) SCF pendency status (iv) SCF regularity status (v) Grievance status.

Despite the envisaged set up mechanism, Audit noticed following shortcomings in the monitoring of NPS, which adversely affected the interest of subscribers of NPS. Some of the issues have been addressed now after significant delay while some are still persisting.

5.1.1 Non-formation of committees for overseeing and monitoring NPS

In May 2008, it was decided that a committee under the chairmanship of Secretary (Expenditure) would be constituted by DoE to oversee the implementation of the systems and procedures for all accounting formations under the NPS.

In February 2009, it was decided that Ministries/ Departments (of Central Government) would constitute a committee comprising Joint Secretary (Admn) and Principal CCA/ CCA to monitor the operationalisation of the NPS in their respective Ministries/ Departments. It was subsequently decided (July 2011) that the composition of these committees should be broad based to include the FAs of the Ministries/ Departments.

Audit observed that out of 66-68 Ministries/ Departments between 2012-13 and 2018-19, not all Ministries/ Departments had constituted the committees and some had constituted committees after delays.

In May 2015, PFRDA also requested all Central Government Ministries and Departments to constitute a committee each to monitor operationalisation of NPS and to hold regular meetings of such committee. However, nothing was on record to indicate the efforts made by DoE to assess the constitution of committees and their functionality in all the Ministries/ Departments of Central Government.

DoE intimated (January 2019) to audit, that there was no indication of constitution of any such committee under the Chairmanship of Secretary (Expenditure) and that monitoring of the proper implementation of NPS was duly taken care of by Committee set up in each Ministry with FA as a Member.

DFS in its reply (December 2019) stated that DoE informed about receipt of a synopsis on performance of various Ministries/ Departments with respect to QPR for the year 2011-12 from NSDL and that it was sent (June 2012) to concerned FAs for taking corrective action.

However, it was noted that receipt of such synopsis on performance of various Ministries/ Departments with respect to QPR did not indicate the existence of committees' in the respective Ministries/ Departments and only indicated involvement of FAs in the process of QPRs. Besides, the reply was silent on subsequent efforts (from 20 June 2012 to 01 July 2019) made by DoE with

regard to ensuring constitution and functioning of such Committees in remaining Ministries/ Departments and pursuing corrective action taken by concerned FAs. It was DoE's responsibility to ensure that all such committees were formed and were functioning as envisaged, which was not ensured by DoE. Government has to ensure that committees are made in all Ministries/ Departments for effective monitoring of NPS.

Audit further noticed that DoE, vide its OM dated 02 July 2019 had reiterated its instructions to constitute a committee in each Ministry (as done earlier vide OM dated 03 February 2009). It has also additionally assigned the responsibility of receiving half-yearly status report about the monitoring mechanism, from FA of each Ministry/ Department, to DoPPW.

5.1.2 Non-utilisation of dashboard by FAs

In the Review Meeting (06 July 2011), it was also decided that the implementation of NPS in each Central Ministry/ Department would be a key performance area of the FAs and they would submit a detailed quarterly report to DoE with regard to implementation and monitoring of NPS in their Ministries/ Departments. Accordingly, FAs from Ministries/ Departments of the GOI were provided with access to a dashboard on the website of CRA, where they could upload QPRs with regard to implementation and monitoring of NPS in their respective Ministries/ Departments.

Scrutiny of quarter-wise information pertaining to FAs, which was provided by DoE, revealed that not all FAs were accessing the dashboard and providing any remarks even on yearly basis, as shown in table 5.1.

Audit further noticed that FAs of 16 Ministries/ Departments had never accessed the dashboard. The number of instances of dashboard access by FAs of 15 Ministries/ Departments ranged between 1-5, by FAs of 20 Ministries/ Departments ranged between 6-10, and by FAs of remaining 17 Ministries/ Departments ranged between 14-28, as detailed in **Annexure XVIII**.

The number of instances when the dashboard was accessed and remarks were provided by all FAs *vis-à-vis* total number of instances of dashboard access that was envisaged (on a quarterly access basis), is tabulated below:

Table: 5.1

Year	No. of Ministries/ Departments	Total no. of FAs who accessed the dashboard at least once a year	Total number of FAs who provided remarks at least once a year	Total no. of dashboard accesses to be done/ remarks to be provided*	Total no. of dashboard access done	Total no. of occasions when remarks were provided
2011-12 (From Oct' 2011)	66	31	14	132	48	14
2012-13	66	50	35	264	177	112
2013-14	67	38	26	268	105	75
2014-15	67	17	16	268	67	65
2015-16	68	18	17	272	61	60
2016-17	68	13	13	272	51	49
2017-18	68	14	13	272	47	43
2018-19 (upto Sep'18)	68	11	11	136	22	22

*No. of Ministries x No. of Quarters

Regarding mechanism to check compliance by FAs, DoE stated (January 2019) that NPS was an employee-centric and Department-centric system and concerned administrative authority and FA were in the best position to monitor the implementation of NPS. DoE also stated that while it might impress upon the concerned authorities to do the needful, there was no need for any institutionalised mechanism in DoE to check the same. DoE further replied that at this stage NPS was 14 years old and had fairly stabilised.

The reply of DoE is not tenable because as per data provided by PFRDA, there were still issues in implementation of NPS.

To illustrate, Ministry of Home Affairs had over 80 *per cent* of total Central Government civil subscribers as on 30 April 2018. During 2008-09 to 2016-17, there were 29,597 instances of delay in credit of more than one year (DDO-wise and month-wise credits). This indicates that there is a continuing need for FAs to monitor the implementation of NPS through Dashboard. The reiteration of instructions regarding need for constitution of committee in each Ministry vide DoE's O.M. of 02 July 2019 substantiates audit conclusion.

5.2 Redressal of Subscribers' Grievances

PFRDA (Redressal of Subscriber Grievance) Regulations, 2015 provided subscribers with a clear process of grievance redressal including timelines for resolution and an escalation mechanism in the event of a failure of resolution with penalty implications. The subscriber may escalate the grievance to NPS trust for its resolution, in case if the grievance is not resolved or the resolution provided is not satisfactory. Further, as per the procedure laid down in the regulations, NPS Trust takes up the matter with the concerned office to provide the resolution and in case if the grievance still remains unresolved, such escalated grievances are reported to PFRDA. Subsequently, PFRDA takes up the matter with the oversight offices⁵¹ to provide resolution within the stipulated period.

Major categories of grievances in Central Government/ CAB/ State Government/ SAB are as mentioned below:

- Contribution amount not reflected in the account
- Delays in uploading of contribution amounts
- Grievance of Trustee Bank against the Nodal office
- Incorrect contribution amount reflected
- Not processed/ delay in processing subscriber changes request
- PRAN Card related-other
- Transaction statement related
- Tier II related
- Withdrawal related

As discussed in Para 4.1.2, on the issue of imposition of penalties on erring nodal offices, PFRDA replied that the provision of imposition of penalty on the erring Nodal offices was not provided in the PFRDA regulations as, at present regulations specifically for Government Nodal Offices had not been framed by PFRDA. However, section 28 of PFRDA Act, 2013 covered penalties and adjudication for failure by an intermediary or any other person to comply with provisions of the Act, rules, regulations and directions.

The reply of PFRDA indicates that as Government nodal offices were not registered as intermediaries, imposition of penalties for non-compliance or lack of timely compliance to grievance redressal timelines was not applicable on them. Thus, due to non-registration of Government nodal offices as intermediaries and no imposition of penalty on these offices, timely compliance

⁵¹ Pr. AOs in Central Government, and designated authorities in State Government

of major categories of grievances as mentioned above with grievance redressal timelines could not be ensured.

Table: 5.2

No. of grievances outstanding for one year or more '(A)' out of total no. of outstanding grievances '(B)' as of 1 April												
Year	2013		2014		2015		2016		2017		2018	
Sector	A	B	A	B	A	B	A	B	A	B	A	B
Central Government	5,924	6,561	6,366	6,786	1,401	2,092	646	1,018	365	773	192	596
Central Autonomous Bodies	438	623	616	806	562	562	176	377	138	282	50	199
State Government	1,100	1,701	1,579	2,155	705	2,011	220	638	77	385	1	320
State Autonomous Bodies	18	33	33	94	32	192	104	365	315	493	74	275

DFS in its reply (December 2019) stated that PFRDA had informed that in the absence of any provisions for penalty/ regulations for the Government sector the matter is being pursued constantly by PFRDA with Government Nodal offices for providing early resolution of grievances to protect the interest of the subscriber.

5.3 Issues affecting finalisation of cases for grant of additional relief

The DoPPW provided (vide its O.M. dated 05 May 2009) for additional relief, on provisional basis, like invalidation pension/ family pension to the central government NPS subscribers who were retired due to invalidation/ disablement and family members of deceased central government employees covered under NPS, on optional basis. This was done to mitigate the hardship faced by employees appointed on or after 01 January 2004 who were discharged on invalidation/ disablement and by the families of such employees who had died during service since 01 January 2004. Under the option, the subscribers/ family members could either choose to opt for benefits of the earlier pension scheme or choose to take benefits as provided under NPS.

As per PFRDA (Exit and Withdrawal under NPS) Regulations, 2015, if the subscriber or the family member of the deceased subscriber, upon his death, availed the option of additional relief on death or disability provided by the Government or employer, the Government shall have the right to adjust or seek transfer of the entire accumulated pension wealth of the subscriber to itself.

In this regard, the nodal office is required to submit request to NSDL-CRA. On receipt of request from the nodal office, if all the documents are correct,

'Invalidation/ Family pension' withdrawal request is executed in the CRA system and funds are transferred to the Nodal Office. However, if the Nodal Office did not submit the request for 'Invalidation/ Family pension' and processed exit/ death withdrawal request, then as per the stipulated procedure, the funds are transferred to the claimant's bank account as provided by the Nodal Office.

PFRDA noted (July 2014) that some state governments, state/ central autonomous bodies etc were also offering such relief to their employees who were covered under NPS, however there was no communication from them in this regard. Consequently, it indicated the possibility that the subscriber/ family members could avail both the benefits, either knowingly or unknowingly. To address this concern, it started seeking (March 2014) a No Objection Certificate from the nodal office (PAO/ DDO) stating that no application for providing family/ invalidation pension has been received from the deceased subscriber's family members/ subscriber and that they have no objection to release the NPS benefits. PFRDA also sought details regarding the applications received for payment of family pension/ invalidation pension or any other benefit from all Government Departments and ABs.

PFRDA intimated audit (December 2018) that CRA received information from 102 Nodal Offices (Pr. AO/ DTA) that family pension/ invalidation pension was paid/ payable to 2,822 subscribers. Of these, Audit noticed that 552 subscribers were from Central Government Civil Ministries/ Departments and remaining 2,270 subscribers were from Central Government Railways, Defence and Postal Departments including CABs and State Governments Departments including SABs.

Audit also sought (October 2018) further details of such cases from CPAO, which deals with pension matters of Civil Ministries/ Departments (except Railway/ Post/ Defence). In response, CPAO intimated (November 2018) that 4,767 cases of NPS subscribers/ families of Civil Ministries/ Departments (including Delhi Administration and UT of Andaman and Nicobar Islands) had received/ were eligible to receive the benefits of invalidation/ family pension in terms of DoPPW's OM dated 05 May 2009.

It was noted that whereas PFRDA had details in respect of 2,822 cases in all of which only 552 pertained to Central Government Civil Ministries/ Departments, the CPAO had intimated about 4,767 cases. Thus, the lack of co-ordination or existence of a mechanism for sharing of information between nodal office, CPAO and CRA/ PFRDA was evident from the above.

To correlate and analyse the data further, the data received from CPAO was forwarded to PFRDA seeking the status/ details of the same. In response, CRA/ PFRDA provided the status/ details in respect of 4,361 cases. However, while furnishing the status/ details CRA/ PFRDA did not intimate the year to which

each case pertained and type of pension viz. extra ordinary pension or old pension etc.

From the scrutiny of data (4,361 cases) provided by CPAO and its status/ details provided by CRA/ PFRDA, Audit observed the following:

- Government's interest was secured in 149 deceased cases, wherein ₹6.94 crore had been transferred to the Nodal Office between May 2016 and December 2018. PFRDA replied that the Nodal Offices had intimated CRA about Family Pension and submitted request for withdrawal and accordingly, the funds were transferred to the respective Nodal Office.
- In 82 cases, as discussed below, funds were released to the subscribers/ family members even though they were in receipt of invalidation pension/ family pension benefits:

- In 76 cases, an amount of ₹2.11 crore was transferred to the subscriber/ family members instead of Government account. Of these 76 cases, 39 cases pertained to the period 2004-05 to 2013-14 (₹57.11 lakh) and 37 cases (₹1.54 crore) pertained to the period 2014-15 to 2017-18. Audit noted that there was no clarity either to CPAO or PFRDA as to whether or not the funds released in these cases were being recovered from the amount of Invalidation/ family pension.

PFRDA stated (April 2019) that funds were transferred to claimants as death withdrawal request was submitted by the Nodal Office without mentioning about payment of family pension. It further stated that, respective Nodal Offices would be in a position to provide details of recovery/ adjustment of the amount from pension payments. CPAO stated (May 2019) that it only made payment of family/ disability pension cases under NPS forwarded by PAOs and as such no information as to whether the subscriber was getting benefit of family pension as well as NPS withdrawal was available with it.

- In 06 cases an amount of ₹6.98 lakh had been transferred to the subscribers/ family members due to incorrect withdrawal request (as 'Exit on Death' or 'Premature Exit' instead of 'Family Pension') by the nodal office.

PFRDA intimated (April 2019) that in three cases, 20 *per cent* of corpus was transferred to subscribers/ family members and 80 *per cent* of corpus was transferred to the respective ASP as opted by subscriber. In two cases, 20 *per cent* of corpus was transferred to Subscriber's bank account and 80 *per cent* of the corpus was lying in Subscriber's PRAN as subscribers/ family members were yet to purchase annuity from the ASP. In one case, the entire corpus was

transferred to the subscribers/ family members as it was less than ₹1 lakh.

From this reply of PFRDA, it is evident that in three cases, subscribers/ family members were in receipt of pension benefits under NPS as well as old pension system. Further, they also received 20 per cent of their corpus. This lack of co-ordination or sharing of information between CPAO and CRA/ PFRDA resulted in financial loss to Government. Neither CRA/ PFRDA nor CPAO was aware as to whether or not the recovery of excess benefits released, was being effected by nodal office.

DFS in its reply (December 2019) intimated that PFRDA had stated that the amount lying in the NPS account may be paid back to the Nodal office on receipt of request from Nodal office. Further, the recovery/ settlement of 20 per cent of the amount already paid as lump sum would be the responsibility of concerned Nodal office.

Appropriate action for protecting the interest of Government may be taken in these cases without further delay.

- In the remaining 4,130⁵² cases, an amount of ₹139.95 crore still lay in NPS account of the subscribers pending transfer to the Government as under:
 - In 3,122 cases, ₹121.21 crore was lying in PRAN accounts as the concerned nodal office had not initiated/ processed the exit/ withdrawal request. PFRDA replied (April 2019) that when documents would be received from respective Nodal Offices, the NPS corpus would be transferred to Nodal Office in lieu of family pension. CPAO replied (May 2019) that it had no role to settle these cases as it only finalised family/ disability pension cases under NPS forwarded by PAO in terms of OM dated 05 May 2019.
 - In 751 cases⁵³ where PFRDA had deactivated non-IRA PRAN accounts, an amount of ₹11.42 crore was lying with the NPS account of the subscribers. PFRDA replied (April 2019) that on receipt of request from Nodal Offices, entire NPS corpus would be transferred to the respective Nodal Office. CPAO (May 2019) had no comments to offer in this regard.
 - In 257 cases, where PRANs had been frozen by PFRDA on intimation received by Nodal Office that employee was eligible for family pension, ₹7.32 crore was lying in the PRAN accounts. PFRDA replied (April 2019) that nodal offices were yet to submit request for withdrawal/ transfer of funds to Nodal

⁵² 4,361 cases – 149 cases – 82 cases

⁵³ Includes 34 cases, where there were no contributions received in the PRAN account.

Offices. Accordingly, funds would remain invested in PRAN and would be transferred to the respective Nodal Office on receipt of request. CPAO (May 2019) had no comments to offer in this regard.

The status of the above cases, indicate lack of co-ordination among various entities involved. Subsequent to the issue of OM dated 05 May 2009, no mechanism was put in place by the Government to identify/ mark the cases where the benefits under the OM were granted and ensure that the corresponding NPS funds have been remitted to Government. PFRDA did not intimate audit regarding similar cases pending in various States, SABs and CABs since inception/ date of grant of additional relief.

The audit observations are based on the data available with CPAO and PFRDA in respect of Central Civil Ministries/ Departments (including Delhi Administration and UT of Andaman and Nicobar Islands) and Government may run suitable checks on the entire NPS universe (i.e. Post, Railways, Defence, CABs at the Centre and State Government departments and SABs at respective States) to identify all such delays and initiate corrective actions to ensure that the subscriber does not suffer a loss.

Recommendation: 1) PFRDA should mark cases of grant of additional relief in CRA system to avoid payment of any sum to Annuity Service Provider or to subscriber/family member subsequently. 2) The pension paying authority may obtain NOC from nodal office to the effect that claimant has not been granted the pension under NPS. 3) Government may take immediate steps to recover the payment already made from the NPS corpus or on account of NPS pension to the subscribers/ family members who had received benefits of additional relief.