

**CHAPTER VI**  
**GENERAL SECTOR**



## CHAPTER VI GENERAL SECTOR

### 6.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2020 deals with the observations on audit of the State Government units under General Sector.

The names of the State Government departments and the total budget allocation and expenditure of the State Government under General Sector during the year 2019-20 are given in the table below:

**Table 6.1: Details of budget allocation and expenditure**

Sl. No.	Name of the Department	Total Budget Allocation	Expenditure
1.	Department of Personnel	19.79	22.58
2.	Election Department	25.82	24.33
3.	Finance Department	2302.22	1949.38
4.	Governor	10.93	10.26
5.	Home Department	81.15	77.42
6.	Information and Public Relation Department	12.12	11.78
7.	Information Technology Department	4.97	4.23
8.	Judiciary	55.99	44.95
9.	Land Revenue and Disaster Management Department	260.08	180.63
10.	Law Department	2.89	2.85
11.	Parliamentary Affairs Department	14.04	13.40
12.	Planning & Development Department	60.78	37.41
13.	Printing and Stationery Department	15.13	14.60
14.	Science and Technology Department	5.88	5.26
15.	Sikkim Legislature Assembly	26.21	26.08
16.	Sikkim Police	527.24	474.56
17.	Sikkim Public Service Commission	6.19	5.87
18.	Skill Development Department	40.45	13.25
19.	State Excise(Abkari) Department	13.18	11.80
20.	Vigilance Department	9.63	9.60
<b>Total</b>		<b>3507.57</b>	<b>2994.08</b>

Source: Appropriation Accounts 2019-20

Besides the above, the Central Government had transferred a sizeable amount of funds directly to the State's implementing agencies under the General Sector. The State's implementing agencies received total fund of ₹ 15.51 crore during 2019-20 for implementation of flagship programmes of the Central Government, the major transfers are detailed below:

**Table 6.2: Details of funds directly transferred to the implementing agencies**

				(₹ in lakh)
Sl. No.	Name of the Department	Name of the Scheme/Programme	Implementing Agency	Funds transferred during the year
1	High Court of Sikkim	e-Court Phase - II	Registrar General, High Court of Sikkim	161.17
2	Land Revenue and Disaster Management Department	MPs Local Area Development Schemes (MPLADS)	District Collector, East	750
3	Science and Technology Department	Bio Technology Research and Development	Sikkim Manipal Institute of Medical Sciences – (SMIMS)	54.74
			Sikkim University	93.00
			State TB Cell Kazi Road	78.70
		Science and Technology Institutional and Human Capacity Building	Sikkim Manipal Institute of Technology	5.00
			Sikkim State Council of Science and Technology	120.46
			Sikkim University	288.34
<b>Total</b>				<b>1551.41</b>

Source: Finance Accounts 2019-20

## 6.2 Planning and conduct of audit

Audit process starts with the assessment of risks faced by various departments of the Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls, etc.

After completion of audit of each unit on a test-check basis, Inspection Reports (IRs) containing audit observations are issued to the heads of the departments. The departments are required to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled based on reply/action taken or the audited entities requires to take further action for compliance. Some of the important audit observations arising out of these IRs are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India. These Audit Reports are submitted to the Governor of the State under Article 151 of the Constitution of India for laying on the table of the Legislature for taking further appropriate action.

Test audits were conducted involving expenditure of ₹ 909.91 crore (including expenditure of ₹ 391.27 crore of previous years) of the State Government under General Sector. The details of year-wise break-up is given in Appendix 6.1.

This Chapter contains one Performance Audit on “Direct Benefit Transfer” and one Compliance Audit Paragraph as follows:

## PERFORMANCE AUDIT

Directorate of Economics, Statistics, Monitoring & Evaluation, Rural Development Department and Social Justice & Welfare Department

## 6.3 Direct Benefit Transfer (covering cash transfer only)

## Implementation of Direct Benefit Transfer

Direct Benefit Transfer (DBT) is a major reform initiative of the Government of India (GoI) to ensure better and timely delivery of benefits from the Governments to the people. A Performance Audit on DBT w.r.t (i) Indira Gandhi National Old Age Pension Scheme (IGNOAPS), (ii) Indira Gandhi National Widow Pension Scheme (IGNWPS), (iii) Indira Gandhi National Disability Pension Scheme (IGNDPS), Unmarried Women Pension Schemes (UWPS) and (v) Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA), revealed the following significant findings:

**Highlights**

- *Porting of legacy data and digitization of database of beneficiaries was one of the pre-requisites and condition of DBT to ensure direct processing and credit of payments to the legitimate beneficiary in right account and in right time. However, the SJWD neither utilized Central Ministry's DBT Scheme Management Software i.e. NSAP-PPS nor it developed its own Information and Communication Technology for DBT. The database relating to payments to the beneficiaries under these schemes were maintained in MS Excel and were processed manually. Due to non-adoption of DBT Scheme Management Software i.e. NSAP-PPS or non-development of its own IT Software for DBT by the Department, the payment of pensions under these schemes suffered on account of delays, non-payment of due benefits, giving rise to existence of intermediaries like sponsoring banks that caused delays on one hand and on the other the SJWD deprived itself of an effective Management Information System (MIS) to monitor the actual payments to the beneficiaries.*

**(Paragraph 6.3.8.3(A)(i))**

- *Direct Benefit Transfer (DBT) enables the departments and institutions to deliver cash benefits on-line directly to beneficiaries account in a timely and effective manner by eliminating the intermediaries and obstacle layer. However due to involvement of multiple intermediaries, the payments of pension took conservable time in NSAP and SIS.*

**(Paragraph 6.3.8.3(A)(iii))**

- *As per DBT guideline issued by the GoI, the Department was required to collect the Aadhaar details of beneficiaries and seed them in the beneficiary database, the seeding of Aadhaar would enhance efficiency in the sanction, payment and disbursement process. However, the Department has not seeded Aadhaar number in entirety of total beneficiaries/workers both in NSAP, SIS and MGNREGA that*

*led to inclusion of ineligible beneficiaries, duplication of beneficiaries, etc. that consequently resulted in irregular payments.*

**(Paragraph 6.3.8.3(A)(ii) & 6.3.8.3(B)(i))**

- *NSAP targets the destitute with the objective of providing a basic level of financial support. Analysis of beneficiaries' data viz name, account number and drawal of IGNOAP with State Government Pension drawal data revealed that there were ineligible beneficiaries who were drawing regular retired pension from State Government as well as drawing the IGNOAP, besides there were cases wherein more than one beneficiary of same household was drawing pension under IGNOAPS, IGNWPS and UWPS.*

**(Paragraph 6.3.8.1(C)(ii))**

- *The guidelines on NSAP stipulate that payment of pension be done on monthly basis. However, it was noticed that pensions were disbursed on quarterly basis upto March 2020, even the quarterly payments were delayed due to existence of various intermediaries. The delay in crediting the pension to beneficiaries' accounts ranged from two to 174 days. Similarly, as per MGNREGA guideline, final FTO have to be uploaded within 15 days and thereafter two days provided for payment of wages through Ne-FMS system. However, it was noticed that against the total 11,31,905 transactions involving ₹ 236.12 crore made during 2017-18 to 2020-21, 1,86,280 transactions involving ₹ 37.35 crore were delayed i.e. the payments were made after 15 days that constituted 16 per cent of total transactions.*

**(Paragraph 6.3.8.3(A)(iv) & 6.3.8.3(B)(iii))**

- *As per DBT guideline issued by the GoI, in case of failed transactions, the Department after carrying out the required modification/rectification was required to send the rectified files for payment again. However, an amount of ₹ 2.17 crore pertaining to the period 2017-18 to 2019-20 did not reach 3,929 beneficiaries of these four selected schemes as the Department had failed to re-initiate these failed transactions. Further, SBS being sponsoring bank in 2020-21, there was failed transaction of 752 transactions involving ₹ 19.90 lakh. Similarly in MGNREGA, it was noticed that out of total 15,364 failed transactions involving ₹ 3.10 crore, 14,237 transactions amounting to ₹ 2.86 crore were re-initiated successfully, leaving a balance of 1,127 transactions amounting to ₹ 24.29 lakh which were yet to be rectified and remained pending payment as of February 2021.*

**(Paragraph 6.3.8.3(A)(v) & 6.3.8.3(B)(iv))**

- *As per DBT guideline, each State should have a State DBT (SDBT) Cell to identify DBT schemes or DBT components of schemes and classify them in i) Cash Transfer ii) Transfer In-kind iii) Other Transfers/Processes. The SDBT Cell was required to study the existing process flow and fund flow under each scheme and reengineer the same wherever necessary. The SDBT cell would develop an IT*

*based System Utility/MIS for its schemes that would provide a coherent centralised workflow engine for field functionaries, officials and beneficiaries and enable report generation, dynamic update of data and daily tracking of progress. The SDBT Cell was also required to constitute a dedicated body to deal with complaints and grievances of beneficiaries in a fair and timely manner. However, it was noticed that State DBT Cell, State Advisory Board and DBT Committee were not constituted and also no dedicated body to deal with complaints and grievances of beneficiaries/workers formed. This led to delays in payment/ non-payment of wages/ benefits to the workers/ beneficiaries in respect of MGNREGA and NSAP.*

**(Paragraph 6.3.8.4(A), 6.3.8.4(B) and 6.3.8.4(C))**

### **6.3.1 Introduction**

Direct Benefit Transfer (DBT) is a major reform initiative of the Government of India (GoI) to ensure better and timely delivery of benefits from the Governments to the people. This marks a paradigm-shift in the process of delivering benefits like wage payments, pensions, fuel subsidies, food grain subsidies, etc. directly into the bank accounts of the beneficiaries, removing leakages and enhancing financial inclusion.

According to DBT, GoI website<sup>70</sup> Sikkim recorded (December 2019) score of 50.5 *per cent* (Rank 24) for implementation of DBT while Haryana recorded the highest score of 88.80 *per cent* (Rank 1) and West Bengal recorded the lowest score of 13.20 *per cent* (Rank 36). In the State of Sikkim, 59 Schemes/Programmes were being implemented by ten Departments wherein payments were being made through DBT mode. The State Government Departments are using combination of multiple platforms for DBT transfer viz five Schemes/Programmes were transferred through PFMS platform, while 54 Schemes/Programmes through sponsoring banks/post office respectively (shown at **Appendix 6.2**).

In order to implement DBT, States have been asked to set up a State DBT Cell to act as a one-stop point to coordinate all efforts for bringing the implementation of schemes on to DBT. The State DBT Cell is to consolidate guidelines received from Central Ministries and disseminate them to the respective departments. It has to act as a unity of command and provide technical support in implementation and coordination.

The Chief Secretary to the GoS, vide Notification No. 18 Home 2013 dated 7 February 2013 notified Directorate of Economics, Statistics & Monitoring & Evaluation (DESME) as Nodal Department to facilitate the implementation of DBT of various welfare schemes in the State. It was seen that no State DBT Cell had constituted in the Sikkim State, the Ministries concerned of GoI directly liaised with the concerned departments of State Government. The DESME being the Nodal Department stated (January 2021) that they forward the directives received from GoI to the respective Departments.

<sup>70</sup> <https://dbtbharat.gov.in/state/state-ranking>

The Departments implementing DBT schemes, directly received funds from Ministries and implemented the schemes as per instructions received from their Ministries. There was no intermediation by the State DBT Cell in the process of implementation of DBT schemes in Sikkim. Therefore, the State DBT Cell could not function as the nodal point for DBT operations and one-stop point for implementation of DBT in the State. Further, the Advisory Board as required under DBT guideline was yet to be constituted in the State and DBT Committee was also yet to be constituted within each Department to ensure that DBT framework is adopted in implementation of schemes.

### **6.3.2 Process Flow and Fund Flow under DBT**

#### **6.3.2.1 Process Flow and Fund Flow under DBT as per SOP**

As per the Standard Operating Procedure (SOP) for DBT, DBT Framework has a multi-stakeholder architecture which capitalises on the competencies of various departments and institutions to deliver benefits to beneficiaries in a timely and effective manner. The diagram below explains how different stakeholders work together to facilitate a holistic environment for successful implementation of DBT system.

**Chart 6.3.1: DBT Process (SOP)**



The status in respect of the sampled schemes were as below:

#### **(i) National Social Assistance Programme and State Innovative Scheme**

The GoI introduced (August 1995) the National Social Assistance Programme (NSAP) as a fully funded Centrally Sponsored Scheme. The programme aimed to provide a basic level of financial support to persons having little or no regular means of subsistence from his/ her own source of income or through financial support from family members or other sources. Ministry of Rural Development (MoRD), GoI is the Nodal Ministry for implementation of NSAP. From 2002-03, NSAP was transferred to the State Plan and funds were released as Additional Central Assistance (ACA) to the State. The components of NSAP were (i) Indira Gandhi National Old Age Pension Scheme (IGNOAPS), (ii) Indira Gandhi National Widow Pension Scheme (IGNWPS), (iii) Indira Gandhi National Disability Pension Scheme (IGNDPS), (iv) National Family Benefit Scheme (NFBS) and (v) Annapurna Scheme.



In addition, the Sikkim Government introduced its own State Innovative Scheme (SIS) covering two pension schemes viz Unmarried Women Pension Schemes (UWPS) and Subsistence Allowance for Disabled Persons from its own resources to render assistance to left out beneficiaries falling under Below Poverty Line (BPL) but not fulfilling eligibility criteria for NSAP of GoI.

The eligibility criteria for availing benefits under IGNOAPS, IGNWPS, IGNDPS and UWPS is given below.

- **IGNOAPS:** Persons above the age of 60 and belonging to a BPL category with no regular source of income.
- **IGNWPS:** Differently abled persons in the age group of 18 to 64 years, belonging to a BPL category with severe or multiple disability.
- **IGNDPS:** Widow in the age group of 40 to 64 years belonging to a BPL category.
- **UWPS:** Any poor and needy woman who is unmarried and who has attained the age of 45 and can produce unmarried certificate

The monthly rate of pension under various schemes of NSAP and monthly rate of pension under UWPS per beneficiary during the period covered by audit is given below:

**Table-6.3.1: Rate of Monthly Benefits**

(Amount in ₹)

SI No	Name of Scheme	Age	Rate upto 30.06.2017			Rate from 1.07.2017			Rate from 1.04.2020		
			GoI	State	Total	GoI	State	Total	GoI	State	Total
1	IGNOAPS	60-69	200	400	600	200	800	1000	200	1300	1500
		70-79	200	800	1000	200	1300	1500	200	1800	2000
		80+	500	500	1000	500	1500	2000	500	2000	2500
2	IGNDPS	18+	300	400	700	300	1200	1500	300	1700	2000
3	IGNWPS	40+	300	400	700	300	1200	1500	300	1700	2000
4	UWPS	45+	NA	500	500	NA	2000	2000	NA	2000	2000

(Source: Departmental notifications)

The share of State Government in monthly benefits in all three NSAP schemes was substantially more than the share of GoI, which ranged between 5.67 times (₹ 1700 GoS and ₹ 300 GoI) to nine times (₹ 1800 GoS and ₹ 200 GoI) of share of GoI. The State Government had also raised its shares twice during the period covered by audit.

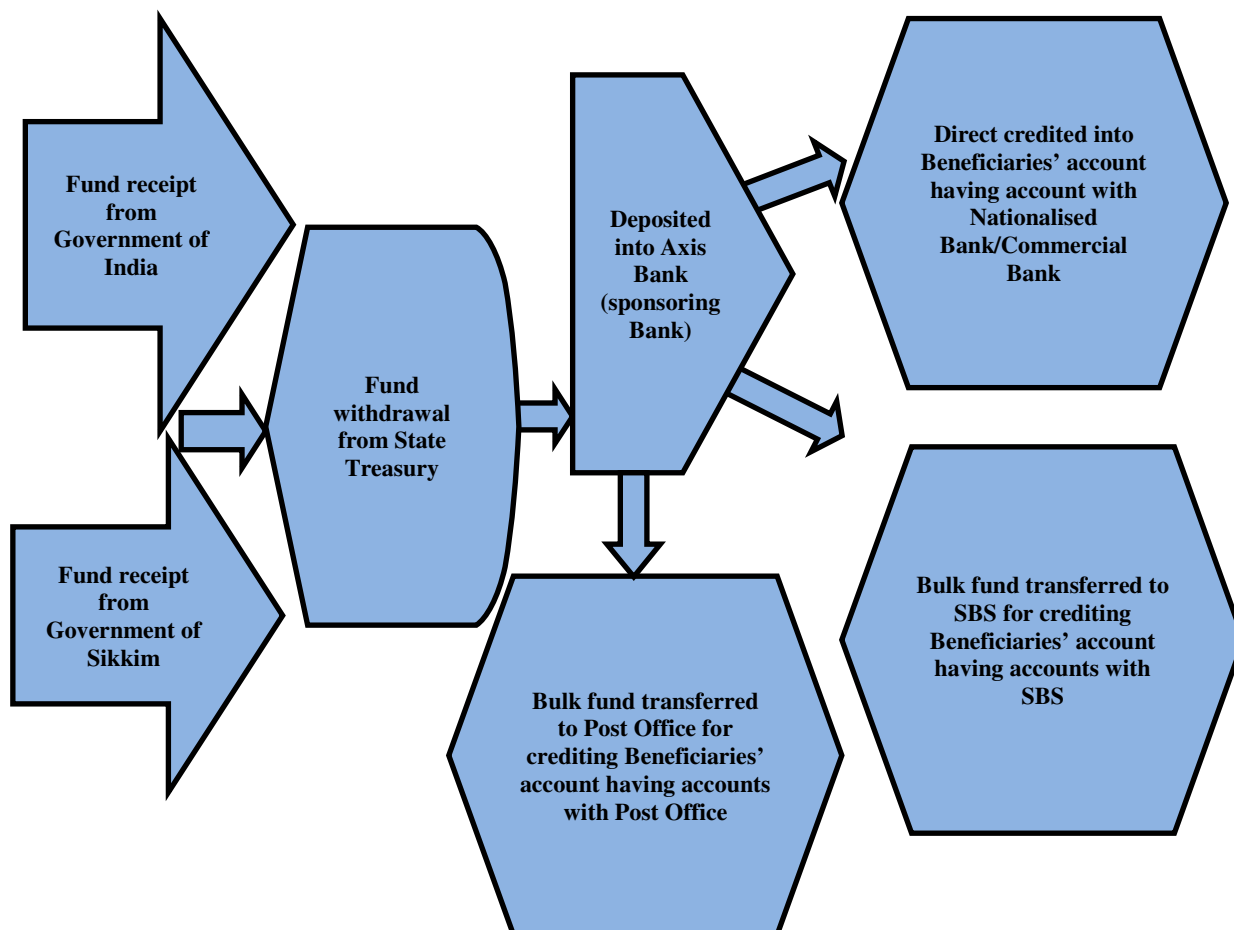
## (ii) Mahatma Gandhi National Rural Employment Guarantee Scheme

In Sikkim, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) had been implemented in 32 blocks. DBT of wages under MGNREGA was implemented with one block in 2014-15 and by 2018-19 all the 32 blocks were covered under DBT. MGNREGS' server viz., NREGASoft of the Ministry of Rural Development was used for implementation of DBT and PFMS was used for processing of the payments. NREGASoft, used for implementing MGNREGS was on boarded to PFMS and linked with National Payments Corporation of India (NPCI).

### 6.3.2.2 Procedure followed in Sikkim for Selected DBT Schemes

#### (i) NSAP and SIS

The process of transfer of pension(s) under NSAP and SIS through DBT to the beneficiaries under the four<sup>71</sup> Schemes is shown in the flow charts below:



Thus, NSAP and SIS was not implemented through a full-fledged DBT mechanism as the scheme was not yet on boarded onto the PFMS platform as detailed at **Paragraph No.6.3.8.3(A)(i)**.

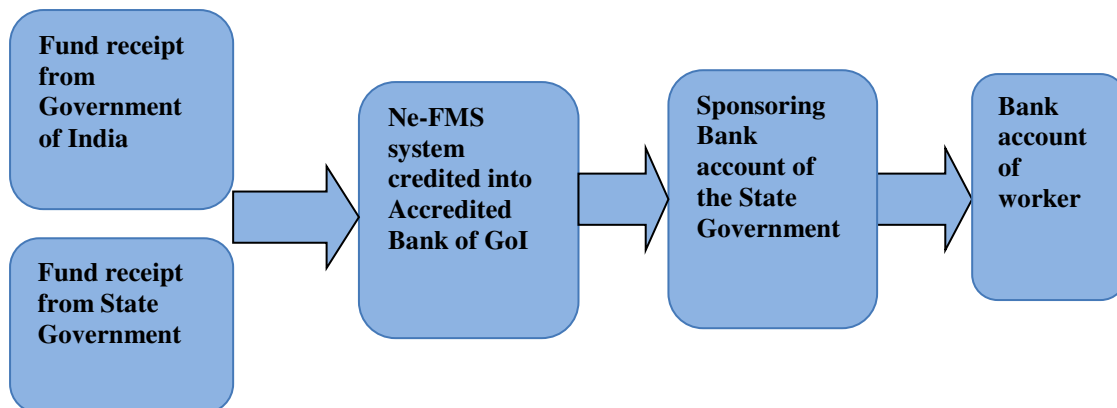
#### (ii) MGNREGA

Under MGNREGA, as per the National e-FMS (Ne-FMS) for direct release of wages, an electronic Fund Management System (e-FMS) has been introduced in MGNREGA. Under this system, funds are held in one account at the State level (e-FMS Debit account) which is electronically linked to all implementing levels. The implementing agency (Gram Panchayat/ Block), after due verification of the work and the muster rolls, generated electronic Fund Transfer Orders (FTOs) to transfer the

<sup>71</sup> (i) Indira Gandhi National Old Age Pension Scheme (IGNOAPS), (ii) Indira Gandhi National Widow Pension Scheme (IGNWPS), (iii) Indira Gandhi National Disability Pension Scheme (IGNDPS) and (iv) Unmarried Women Pension Scheme (UWPS) under State Innovative Scheme (SIS)

wages to the beneficiary accounts duly debiting the State level account through the PFMS platform.

The process of transfer of wages under DBT to the workers under MGNREGA is shown in the flow charts below:



### 6.3.3 Organisational structure

#### NSAP and SIS

The Social Welfare Division under Social Justice & Welfare Department (SJWD) is responsible for implementation of NSAP and SIS in the State of Sikkim. The SJWD is headed by the Secretary who is assisted by Director (Social Welfare Division), Deputy Director and Assistant Director (IT) at Secretariat and Welfare Officer and Welfare Inspector at district level.

#### MGNREGA

In Sikkim, the Principal Secretary, Rural Development Department (RDD) who is assisted by Project Director, is responsible for implementation of MGNREGA, through MGNREGA Cell. At field level, the Additional District Collector/Block Development Officer at District/Block level respectively implement MGNREGA.

### 6.3.4 Scope of Audit

In Sikkim, DBT mode for transferring benefits was being used in 59 Schemes/Programmes being implemented by ten departments of the State Government. For the PA on DBT, five schemes<sup>72</sup> namely, (i) IGNOAPS, (ii) IGNWPS, (iii) IGNDPS (NSAP), UWPS (SIS) and (v) MGNREGA, being implemented by two<sup>73</sup> Departments in the State for the period April 2017 to July 2020 were selected based on the volume of expenditure and the frequency of payments (shown at *Appendix 6.3*).

For implementation of NSAP and SIS, the Department had neither used NSAP-PPS nor developed its own ICT software application, the process and sanction of pension

<sup>72</sup> MGNREGA, three schemes under NSAP and one from State Innovative Scheme (SIS).

<sup>73</sup> Rural Development Department: MGNREGA and Social Justice & Welfare Department: IGNOAPS, IGNWPS, IGNDPS and UWPS.

was done offline (through files) and the payment done manually (MS Excel) through sponsoring bank. For MGNREGA, the Department was using centralised NREGASoft developed by NIC wherein the payment is in PFMS platform controlled by MoRD, GoI. All the updation and maintenance was done by NIC in consultation with the MoRD and the State has no role in updation and maintenance of NREGASoft.

### **NSAP and SIS**

The GoI introduced (August 1995) the National Social Assistance Programme (NSAP) as a fully funded Centrally Sponsored Scheme. The programme aimed to provide a basic level of financial support to persons having little or no regular means of subsistence from his/ her own source of income or through financial support from family members or other sources. Ministry of Rural Development (MoRD), GoI is the Nodal Ministry for implementation of NSAP. From 2002-03, NSAP was transferred to the State Plan and funds were released as Additional Central Assistance (ACA) to the State. The components of NSAP were (i) Indira Gandhi National Old Age Pension Scheme (IGNOAPS), (ii) Indira Gandhi National Widow Pension Scheme (IGNWPS), (iii) Indira Gandhi National Disability Pension Scheme (IGNDPS), (iv) National Family Benefit Scheme (NFBS) and (v) Annapurna Scheme.

In addition, the Sikkim Government introduced its own State Innovative Scheme (SIS) covering two pension schemes *viz* Unmarried Women Pension Schemes (UWPS) and Subsistence Allowance for Disabled Persons from its own resources to render assistance to left out beneficiaries falling under Below Poverty Line (BPL) but not fulfilling eligibility criteria for NSAP of GoI.

### **Mahatma Gandhi National Rural Employment Guarantee Scheme**

The MGNREGS Act notified on September 7, 2005, the mandates the provision of at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. Thus, MGNREGA is a powerful instrument for ensuring inclusive growth in rural India through its impact on social protection, livelihood security and democratic empowerment.

This Performance Audit involved scrutiny of records of SJWD, RDD, DESME, SBS, Post Office and Axis Bank.

#### **6.3.5 Audit objective**

The Performance Audit (PA) of Direct Benefit Transfer covering the period from 2017-18 to 2020-21 (upto July 2020) was undertaken to ascertain whether:

- Necessary process reengineering was done for implementation of DBT so as to minimize (i) intermediary level (ii) delay in payments to intended beneficiaries and (iii) pilferage and duplication; and
- The infrastructure, organization and management of DBT was adequate and effective.

### 6.3.6 Audit criteria

The audit criteria were derived mainly from the following documents:

- GoI's DBT Standard Operating Procedure, DBT Flyer, DBT in States Protocol Document, Guidelines for State DBT Cell and General Financial Rules;
- Scheme guidelines on NSAP, SIS & MGNREGA; and
- Circulars, orders, notification issued by DBT Mission, various Ministries of Government of India and State Government.

### 6.3.7 Audit methodology

The PA on DBT of the five schemes namely IGNOAPS, (ii) IGNWPS, (iii) IGNDPS, (iv) UWPS and (v) MGNREGA, being implemented by two<sup>74</sup> Departments covering the period from 2017-18 to 2020-21 (upto July 2020) commenced with an Entry Conference on 22 December 2020 with the Rural Development Department and Social Justice & Welfare Department (Implementing Departments), wherein audit objectives, audit criteria, scope of audit and audit methodology were explained and discussed. The PA of the DBT was conducted during December 2020 to July 2021 through test check of records in Implementing Departments (IDs), Directorate of Economics, Statistics, Monitoring and Evaluation (DESME), State Finance Department, Axis Bank, State Bank of Sikkim and Post Office.

Audit checked the adequacy of systems put in place for DBT by the IDs to ensure the correctness of database of beneficiaries, seeding of Aadhaar, de-duplication, removal of ineligible beneficiaries, re-initiation of failed payments, removal of intermediaries and timely disbursement of benefits as per GoI's DBT Standard Operating Procedure and guidelines of respective schemes. In addition, Audit also examined the formation of State DBT Cell, DBT Committee, etc. as per guidelines for DBT in States Protocol Document. The audit findings were discussed in an exit conference on 14 September 2021 with the Heads of the IDs and DESME and the replies of the IDs and DESME have been incorporated in the report.

### Acknowledgement

The office of the Principal Accountant General appreciates and acknowledges the support and co-operation of the Principal Secretary, Rural Development Department, Government of Sikkim, Secretary, Social Justice & Welfare Department, Government of Sikkim, Director General, DESME, Government of Sikkim, State Finance Department, State Bank of Sikkim (Hqr) Gangtok, Axis Bank Gangtok and Head Post Office Gangtok in providing necessary records and information for the PA.

<sup>74</sup> Rural Development Department and Social Justice & Welfare Department.

### 6.3.8 Audit findings

#### 6.3.8.1 Planning

##### DBT Schemes

DBT Schemes had been identified by the respective Ministries of the Government of India (GoI). In Sikkim, the DBT schemes identified by the Ministries and for which funds had been transferred were implemented by the State Departments. 59 schemes had been implemented by ten departments in the state of Sikkim.

##### Identification of beneficiaries

**NSAP and SIS:** The NSAP guidelines<sup>75</sup> stipulate Gram Panchayats/ Municipalities to be the beneficiary identifying institutions. On identification of the beneficiaries, their applications are certified by the Gram Panchayats/ Municipalities, Area MLA and Block Development Officer. The States are required to designate a Verification Officer or Verification Team to verify the applications. The States are also required to constitute Special Verification Teams for the purpose of annual verification for confirmation or deletion.

The number of beneficiaries under NSAP & SIS covered during the period 2017-18 to 2019-20 are as shown in the following table.

**Table-6.3.2: Beneficiaries**

Name of the Scheme	Number of beneficiaries, as on		
	March 2019	March 2020	February 2021
<b>IGNOAPS</b>	22825	23496	23216
<b>IGNWPS</b>	2143	2398	2461
<b>IGNDPS</b>	795	845	859
<b>UWPS</b>	620	706	711

(Source: Departmental information/record)

It was noticed that the Department had neither constituted Verification Team to verify the applications nor the Special Verification Teams to verify for confirmation or deletion. Applications were accepted based on the recommendation of Panchayats/ Municipalities, Area MLA and BDO without being verified by the Verification Team. In absence of Verification Team and Special Verification Teams, the selection/ verification of beneficiaries was not done in tune with the Scheme guidelines that resulted in payments of benefits to ineligible beneficiaries as discussed below.

a) The National Social Assistance Programme (NSAP) targets the destitute. Destitute are defined as any person who has little or no regular means of subsistence from his / her own source of income or through financial support from family members or other sources.

Thus, the retired Government servants were ineligible to draw pension under IGNOAP. There were 23,216 IGNOAP beneficiaries in the State as of February 2021. Audit compared data of beneficiaries (viz. name, bank account number) of IGNOAP

<sup>75</sup> Paragraph No. 3.1.4 of NSAP Guidelines.

with Government Pension payment data and found that 12 government pensioners were also drawing the benefits of the IGNOAP. Out of these, 11 pensioners belonged to State Government and one was Central Government pensioner. The ineligible beneficiaries had drawn benefits amounting to ₹ 6.32 lakh during the period covered by audit from April 2017 to July 2020. The details are shown at **Appendix 6.4**.

Audit would like to mention that the above findings are exclusively based on analysis of bank accounts of beneficiaries. The actual number of ineligible beneficiaries could be higher as the pension database of State Government and data base of pension admissible under the scheme did not have common unique field, therefore, the actual number could not be assessed.

The SJWD admitted (October 2021) the fact on existence of ineligible beneficiaries on being pointed out by Audit and stated that the issue was raised in the high level meeting chaired by the Chief Minister and subsequently as many as 422 cases were detected who were drawing normal State Government pension as well as the NSAP benefits and the Department had immediately stopped releasing the payments of NSAP to these beneficiaries. The SJWD further added that it would periodically carry out the clearing process of ineligible beneficiaries.

The SJWD should also initiate action to recover the payments made to the ineligible beneficiaries under the terms of ‘undertaking’ (included in application form furnished by the beneficiary) which stated that in case of suppression of facts, the beneficiary will refund the pension of NSAP immediately.

b) According to Rule 6 of Sikkim Social Assistance Pension Scheme 2014 regulating the NSAP, in case both the husband and wife are old-aged persons and are eligible for IGNOAP Scheme, only one member of the family shall be awarded the pension.

Analysis of IGNOAP beneficiaries’ data viz name, husband’s/father’s name, bank account number etc. revealed that pensions of more than one beneficiary were being credited into 48 bank accounts. It was seen that in 41 bank accounts, two members from each household viz the husband and wife, in three bank accounts, father and son were drawing pension and in four accounts, double pension was being credited. The details are given in **Appendix 6.5**.

The SJWD while accepting the fact stated (October 2021) that it had initiated action to examine the cases and once final verification report is received, it would take appropriate action.

c) Similarly, analysis of IGWPS and UWPS beneficiaries’ data viz. name, account number and drawal also revealed that pensions of two individuals from two families each were being credited into same account number as detailed at **Appendix 6.6**.

As per guideline of the scheme, Special Verification Team was to be in place for yearly verification of beneficiaries for confirmation and deletion. No such team had been formed by the department to verify and confirm the genuineness of beneficiaries

resulting in ineligible beneficiaries drawing the benefits and irregular drawals of benefits of the scheme.

Above irregularities indicate that the SJWD had not verified the information of the beneficiaries. It could have easily verified such cases from Excel data base, as was done by the Audit.

The SJWD while accepting the fact stated (October 2021) that it had immediately stopped the payment and added that the verification of detailed payment released to these beneficiaries is under process. The Department assured to take necessary steps to recover the excess amount drawn by them if reported. The SJWD also stated that it would certainly devise a system to review the database of NSAP pensioners to detect ineligible beneficiaries.

***Recommendations:***

- ***The Department may create a proper database of the eligible beneficiaries and the information furnished by the beneficiaries may be verified by the verification team periodically with special emphasis on cases related to old age pension.***
- ***A system of obtaining NOC from the Pension, Group Insurance and Provident Fund (PGIPF) Division of Finance Department GoS should be made mandatory for availing benefit under NSAP.***
- ***The Department may fix responsibility of the authorities concerned in a time bound manner and should stop such payments of pension to ineligible beneficiaries.***
- ***The Departments should take necessary action to recover the payments made to the ineligible beneficiaries as per the terms of ‘undertaking’ included in application form submitted by the beneficiaries.***

**MGNREGA**

As per the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA), 2005, every adult member of a household in areas shall be entitled to not less than hundred days of work.

The MoRD (MGNREGA Division) GoI directed (November 2015) all the States and UTs to implement DBT by December 2016. The State Government was using the NREGASoFT, software developed by the NIC for management of MGNREGS, and the payment of wages to the workers was being done in DBT mode facilitated by this software.

As on February 2021, against the total number of 1,39,705 registered workers, the account of 1,13,902 number of registered workers were Aadhar seeded and against the total number of 97,396 of active workers, the account of 92,633 number of active workers were Aadhaar seeded.

It was noticed that as against the total 1,39,705 registered workers, 25,803 registered workers’ (18.47 per cent) accounts were without Aadhaar seeding. Similarly, out of



97,396 active workers, 4763 active workers (5 per cent) accounts were without Aadhaar seeding.

The detail analysis and shortcomings on Aadhaar seeding are detailed at Paragraph No. 6.3.8.3(B)(i).

### 6.3.8.2 Financial Management

#### 6.3.8.2(A) NSAP and SIS

The total number of beneficiaries, fund receipt and disbursement on IGNOAPS, IGNWPS, IGNDPS and UWPS during 2017-18 to 2019-20 are given below:

**Table-6.3.3: Budget allocation and utilization under NSAP and UWPS**

(₹ in crore)

Scheme	Budget allocation and utilization	2017-18		2018-19		2019-20	
		GoI	GoS	GoI	GoS	GoI	GoS
IGNOAPS	Allotment	4.19	25.83	4.48	31.20	6.50	27.00
	Expenditure	4.19	25.83	4.82	31.20	6.35	27.00
	Saving (-) Excess (+)	0.00	0.00	+ 0.34	0.00	-0.15	0.00
IGNWPS	Allotment	0.41	2.06	0.36	2.75	0.40	2.50
	Expenditure	0.41	2.06	0.36	2.75	0.38	2.50
	Saving (-) Excess (+)	0.00	0.00	0.00	0.00	-0.02	0.00
IGNDPS	Allotment	0.25	0.87	0.25	1.08	0.25	1.00
	Expenditure	0.25	0.87	0.25	1.08	0.15	1.00
	Saving (-) Excess (+)	0.00	0.00	0.00	0.00	0.10	0.00
UWPS	Allotment	NA	0.58	NA	1.12	NA	0.50
	Expenditure	NA	0.58	NA	1.12	NA	0.50
	Saving (-) Excess (+)	NA	0.00	NA	0.00	NA	0.00

(ON: Expenditure is inclusive of other allied expenditure to the scheme like printing of forms, advertisement, hiring charge of vehicles etc.)

(Source: Detailed Appropriation Account and Departmental information/record)

Further, audit analysis revealed that the increase in expenditure during 2018-19 was due to payment of arrears of 2017-18. Further, decrease in expenditure during 2019-20 was due to short release of pension in 2019-20. The arrears pertaining to the year 2019-20 including the pension for first quarter were released in April 2020.

#### 6.3.8.2(B) MGNREGA

Fund receipt and expenditure under MGNREGA during 2017-18 to 2020-21 are given below:

**Table-6.3.4: Receipt and expenditure**

(₹ in crore)

Year	OB	Receipt		Interest from bank	Total receipt	Expenditure	CB
		GoI	State				
2017-18	2.48	105.71	10.00	0.85	119.04	115.49	3.55
2018-19	3.55	95.80	9.00	0.42	108.77	102.39	6.38
2019-20	6.38	84.13	6.21	0.13	96.85	90.80	6.05
2020-21	6.05	111.48	6.00	0.13	123.66	113.26	10.40

(Source: Annual Accounts)

### **6.3.8.3 Implementation of DBT Schemes**

#### **6.3.8.3(A) NSAP and SIS**

Audit findings related to the operation of DBT mechanism under various pension schemes are discussed in the following paragraphs.

##### **6.3.8.3(A)(i) Non-adoption/ development of IT system for DBT**

The NSAP guideline (Para 5.1.1) highlights the requirement for efficient service delivery which would entail time bound sanction, release and disbursement of pensions within a specified and published time frame. The Ministry developed a portal (NSAP-PPS) through NIC, which is transaction/ work-flow based system. The portal acts as a single platform for MoRD, other Administrative authorities involved in implementation of NSAP in the selection of beneficiaries, disbursement of benefits to the eligible beneficiaries through Public Sector Banks, Post Offices etc., monitoring of the implementation status at various stages in different States across the Country.

The SJWD neither utilised the MoRD's portal i.e. NSAP-PPS nor developed its own Information and Communication Technology tool for disbursement of benefits of the schemes through DBT mode.

It was noticed that the approval of beneficiaries as well as the sanctions of payment were obtained offline. After approval and sanction, the government cheques were deposited with Axis bank (sponsoring bank) for credit into Departmental scheme account. Thereafter the Axis bank released payment direct into beneficiaries account (beneficiaries holding account with nationalized/commercial banks), in respect of beneficiaries holding account with State Bank of Sikkim (SBS) and Post Office, the Axis bank transferred the fund to SBS and Post Office for further payment to these beneficiaries. The database relating to details of beneficiaries, payments under these schemes were maintained in MS Excel and were processed manually. Thus, the processing, storing and sharing of data in MS Excel was prone to various vulnerabilities viz unauthorized editing, viewing etc. In addition, manual transfer of funds through multiple intermediaries caused considerable delay in payment reaching the beneficiaries. The SJWD did not have any system to weed out the duplicate and ineligible beneficiaries. Had the Department adopted NSAP-PPS, all these system and controls could have been with the Department on real time basis.

Due to non-adoption of NSAP-PPS and non-development of its own IT software for DBT by the Department, the SJWD deprived itself of an effective Management Information System (MIS) to monitor the actual payments to the beneficiaries. This led to existence of intermediaries (**Paragraph No 6.3.8.3(A)(iii)**), ineligible beneficiaries (**Paragraph No 6.3.8.1 (C)**), delays in payment of pensions (**Paragraph No 6.3.8.3(A)(iv)**) and non-re-initiation of failed transactions (**Paragraph No 6.3.8.3 (A)(v)**).

The SJWD stated (October 2021) that the observation of Audit on adoption of NSAP-PPS of the GoI or other system for smooth implementation of the DBT schemes had been noted and accordingly it had initiated its action plans for developing a software

application from its own resources with the help of the Information Technology Department, GoS. The preliminary phase in terms of design had been completed. As per the mandate and guidelines of GoI the software application will have an end to end digitization and hosted through the State portal. The department had also informed the Lead bank to take necessary action for the same.

**Recommendation:** *The Department should ensure its application software is compatible/ in sync with porting of information / data onto NSAP-PPS through a bridge-software.*

### 6.3.8.3(A)(ii) Aadhaar number not seeded to beneficiary accounts

Direct Benefit Transfer (DBT) enables the departments and institutions to deliver cash benefits on-line to beneficiaries' account in a timely and effective manner. As per DBT guideline issued by the GoI, the SJWD was required to collect the Aadhaar details of beneficiaries and seed them in the beneficiary database. Integrity of data captured and veracity of bank accounts/ IFSC codes, Aadhaar etc. were required to be ensured by the Department. Further, the guideline on NSAP (Para 5.2.12) also emphasised on Aadhaar based platform for pension disbursement which would enhance efficiency in the sanction, payment and disbursement process.

The total number of beneficiaries and the beneficiaries whose accounts were not seeded with Aadhaar as on February 2021 are shown in the following table:

**Table-6.3.5: Seeding of Aadhaar number in Beneficiaries accounts**

Name of the District	Name of the Scheme							
	IGNOAPS <sup>76</sup>		IGNWPS <sup>77</sup>		IGNDPS <sup>78</sup>		UWPS <sup>79</sup>	
	Total beneficiaries	Accounts not seeded with Aadhaar	Total beneficiaries	Accounts not seeded with Aadhaar	Total beneficiaries	Accounts not seeded with Aadhaar	Total beneficiaries	Accounts not seeded with Aadhaar
East	8,625	515	1,048	147	281	51	303	23
North	1,494	158	181	29	53	9	50	3
South	6,131	153	515	9	269	19	156	3
West	6,966	187	717	14	256	26	202	2
Total	<b>23,216</b>	<b>1,013</b>	<b>2,461</b>	<b>199</b>	<b>859</b>	<b>105</b>	<b>711</b>	<b>31</b>

(Source: Departmental information)

It was noticed that the total number of beneficiaries under IGNOAPS, IGNWPS, IGNDPS and UWPS was 27,247 against which accounts of 1,348 beneficiaries constituting five *per cent* of total beneficiaries were not Aadhaar seeded. Analysis revealed that maximum number of beneficiaries' accounts (1,013) under IGNOAPS were not Aadhaar seeded. Analysis also revealed that the East District, despite being the capital district, lagged in Aadhaar seeding in comparison to other districts.

Non-seeding of Aadhaar was not only against standing guidelines but also led to inclusion of ineligible and duplicate beneficiaries.

<sup>76</sup> Indira Gandhi National Old Age Pension Scheme

<sup>77</sup> Indira Gandhi National Widow Pension Scheme

<sup>78</sup> Indira Gandhi National Disability Pension

<sup>79</sup> Unmarried Women Pension Scheme

The Secretary/SJWD during Exit Conference (14 September 2021) stated that one of the major reasons for not achieving the Aadhaar seeding in full, was also due to the beneficiaries being above the age of 80 years, disabled beneficiaries, sick beneficiaries not being able to attend Aadhar Centre. He added that a meeting was conducted with Finance Department wherein it was decided to form a team that would enable Aadhaar seeding at doorsteps of such beneficiaries.

***Recommendations:***

- ***The Government/ Department may take necessary steps so as to Aadhaar seeding of beneficiaries may be completed without any further delay.***
- ***Aadhaar seeding of beneficiaries above the age of 80 years, disabled beneficiaries, sick beneficiaries may be conducted at their doorstep.***

**6.3.8.3(A)(iii) Existence of intermediaries**

The NSAP guideline (Para 5.1.1) specifies the requirement for efficient service delivery which would entail time bound sanction, release and disbursement of pensions within a specified and published time frame. In order to enhance efficiency in implementing NSAP both for sanction and disbursement of pensions and to eliminate multilayered fund flow management that leads to delays, parking of unutilized funds and prevents timely accounting and recovery of unutilized funds, use of IT has been encouraged.

Audit observed that the pension bills for all the four schemes (IGNOAPS, IGNWPS, IGNDPS and UWPS) on being sanctioned by the department and being passed by the treasury, the Government cheques were forwarded to Axis Bank (sponsoring bank) upto March 2020. The sponsoring bank then sent this Government cheque for collection and subsequently, credited in relevant scheme accounts maintained by the sponsoring bank. Thereafter, in respect of beneficiaries having accounts with nationalized/ private banks, the Axis Bank directly credited the pension into the beneficiaries' bank accounts through NEFT mode. However, for beneficiaries having account with State Bank of Sikkim (SBS) and Post Office, the Axis Bank transferred the bulk amount to SBS, Head Office, Gangtok and Head Post Office, Gangtok. The SBS, Head Office, Gangtok transferred the funds to their respective branches for payment of pension till 27 June 2018 and after this date SBS, Head Office, Gangtok directly credited the amount to beneficiary accounts. The Head Post Office, Gangtok first credited the pension of all above schemes into one single Government account (Finacle) from where the pensions pertaining to all the above schemes were credited into beneficiary accounts by the branch post offices (CBS branches), but for non-CBS branches, the pension fund were transferred by Head Post Office, Gangtok. The pension bills/ Government cheques were drawn and paid quarterly till March 2020.

From April 2020 onwards, the SJWD designated SBS as sponsoring bank, in place of Axis Bank and the Government cheques drawn for pension were credited into account of SBS, Head Office, Gangtok and Head Post Office, Gangtok. The SBS Head Office,

Gangtok credited the pension through NEFT into beneficiaries' account. However, Post Office, Gangtok continued the same process for payment of pension.

The payments of pension were delayed through these multiple intermediaries (Axis Bank, SBS and Post Office) as detailed in **Paragraph No 6.3.8.3 (A)(iv)**.

The Secretary/SJWD while accepting the audit observations in the Exit Conference (September 2021) stated that consequent on SBS being made sponsoring bank (April 2020), the level of intermediaries had reduced to certain extent but however added that the practice of fund transfer still remained in case of post office.

#### **6.3.8.3(A)(iv) Delayed payment of pension**

Timely payment of pension was one of the essential aspects of all the four schemes that provide financial support to the destitute who have little or no regular means of subsistence from their own source of income. The guidelines on NSAP stipulate that payment of pension be done on monthly basis and should not be delayed by more than seven days.

Despite standing instructions to disburse the pension on monthly basis, it was noticed that pensions were disbursed on quarterly basis upto March 2020. Further, the quarterly payments were delayed due to existence of various intermediaries and manual processing of fund transfer, as detailed below:

##### ➤ **Pensions paid to beneficiaries by Axis Bank**

Since the SJWD did not have a proper IT system for pension disbursement, consequently it led to delays as shown at table below.

**Table No-6.3.6: Delay in credit of pension into beneficiaries account**

SI. No.	Name of Scheme	Delay in credit of fund by Department to sponsoring bank	Delay in credit of fund by sponsoring bank into beneficiaries account
a	IGNOAPS	2 to 37	2 to 164
b	IGNWPS	2 to 37	2 to 164
c	IGNDPS	2 to 25	2 to 162
d	UWPS	3 to 22	2 to 179

(in days)

**Source: Bank statement of Axis Bank and Contingent Audit Register**

The details of disbursement of pension amounting to ₹108.16 crore on all the above four schemes from the year 2017-18 to 2019-20 is shown below (**Appendix 6.7**).

##### ➤ **Pensions paid to beneficiaries by SBS, Post Office and others**

Apart from the pension disbursed through Axis Bank, funds were also transferred by Axis Bank to SBS, Post Office and others for disbursement to the beneficiaries. The details of fund transferred during 2017-18 to 2019-20 is shown below:

Table -6.3.7: Funds transferred by Axis Bank to SBS, Post Office and Others

(Amount in ₹)

Name of the Scheme	Year	State Bank of Sikkim	Post Office	State Bank of India	Sachiva, South and West District
IGNOAPS	2017-18	66,49,400	41,61,800	22,69,200	0
	2018-19	1,63,72,600	1,18,96,000	0	0
	2019-20	1,68,09,500	57,17,500	0	0
IGNWPS	2017-18	3,95,400	99,000	0	0
	2018-19	10,80,000	5,56,500	0	0
	2019-20	10,21,500	2,83,500	3,33,000	0
IGNDPS	2017-18	2,60,600	1,45,200	0	0
	2018-19	7,30,500	5,23,500	0	0
	2019-20	7,47,000	3,52,500	0	0
UWPS	2017-18	1,41,500	35,500	0	5,02,293
	2018-19	5,52,000	2,51,800	0	0
	2019-20	2,52,000	22,000	0	0
<b>Total</b>		<b>4,50,12,000</b>	<b>2,40,44,800</b>	<b>26,02,200</b>	<b>5,02,293</b>

(Source: Bank statement)

Above table shows that a fund of ₹ 4.50 crore was transferred to SBS, ₹ 2.40 crore to Post Office, ₹ 26.02 lakh to SBI, and ₹ 5.02 lakh to Sachiva<sup>80</sup>, Zilla Panchayat South and West District, in respect all these schemes during 2017-18 to 2019-20.

**a) Disbursements made by SBS** – Fund pertaining to all the above schemes were first credited into one current account of SBS:112010200003278 operated with Axis Bank, thereafter the fund were transferred to branches and beneficiaries by contra credit and debit through various SBS General Ledger Account<sup>81</sup> pulling the fund from current account of SBS<sup>82</sup>.

It was noticed that the SBS had not maintained the scheme-wise account, instead funds of all the schemes were held in the single SBS current account, therefore, it was not possible to analyse the scheme-wise inflow and outflows. The SBS had transferred the bulk amount to its branches for disbursement of pensions till 27 June 2018 and thereafter SBS, Head Office, Gangtok directly credited the amount to beneficiary account.

Audit test checked the payments of pensions made by five<sup>83</sup> branches of SBS revealed that the SBS Hqr took two to eight days to transfer funds to its branches and branches also took one day to 14 days to credit the pension into the beneficiaries' account. Thus, the beneficiaries received the pension after three to 18 days from the date it was released from sponsoring bank (Axis Bank) as shown at **Appendix 6.8**.

Analysis also revealed that amongst these five branches, beneficiaries from Ranipool branch persistently received pension belatedly ranging from 13 to 17 days as

<sup>80</sup> for disbursement of UWPS in cash

<sup>81</sup> Account Number: 2811100172400000, 2811100133600000, 2811100141700000, 2811100410000000 (Govt Suspense Account) and 2811100130200000 (Suspense Account)

<sup>82</sup> Account Number: 112010200003278.

<sup>83</sup> Ranipool, Rangpo, Pakyong, Sang and Deorali branch

compared to other branches. The beneficiaries from Pakyong branch belatedly received pension of April and May 2018 with delay of 18 days.

**b) Disbursements made by the Post Office**—The Head Post Office, Gangtok credited the pension of all above schemes into one single Government account (Finacle) thus the scheme-wise inflow, out flow and balance lying in this account could not be ascertained. The pensions pertaining to all the above schemes were credited into beneficiary account in case of CBS branches, but for non-CBS branches, the pensions were transferred by Head Post Office, Gangtok to its branch Post Offices.

Analysis of pension payments released to its branches during 2019-20 and 2020-21 (upto July 2020) revealed that Head Post Office, Gangtok took six to 79 days from receipt of cheque to encashment of cheque as shown below:

**Table-6.3.8: Release of funds by Head Post Office to its branches**

Period of pension	Pension amount (₹ in lakh)	Dates of:			Delay (in days)
		Receipt cheque	of Encashment cheque	of Disbursement to branches	
4/2019 to 9/2019	14.37	1.10.2019	10.10.2019	21.10.2019	20
10/2019 to 2/2020	59.90	23.3.2020	31.3.2020	11.5.2020	50
4/2020 to 5/2020	52.11	4.6.2020	10.6.2020	23.9.2020	111
6/2020	17.11	16.7.2020	26.8.2020	17.10.2020	93
7/2020	17.12	17.8.2020	4.11.2020	2.12.2020	107

(Source: Post Office statement)

Further, audit analysis of disbursement of IGNOAP and IGNWP pension in three Post Offices<sup>84</sup> during 2019-20 and 2020-21 revealed the following.

- Gangtok Post Office – The Gangtok Post Office had disbursed the pension of 25 beneficiaries (IGNOAP) and four beneficiaries (IGNWP) only once in four months period during 2019-20 to the beneficiaries.
- Tadong Post Office: - Tadong Post Office had disbursed the pension of 18 beneficiaries (total IGNOAP) only once in four months period during 2019-20 and 2020-21 to the beneficiaries.

No records on disbursement through its branches for the period 2017-18 to 2018-19 were maintained or produced to Audit by Head Post Offices, Gangtok and Sang. Further, the records of disbursement made through from Sachiva, Zilla Panchayat South and West District were not furnished to Audit as well. Thus, the possibility that there were further delays in disbursement of pensions by the branches to the beneficiaries, cannot be ruled out based on the audit observations above.

**c) Quarterly Disbursement**—The scheme guidelines envisage payment of pension on monthly basis. However, it was noticed that pensions were disbursed on quarterly basis upto March 2020. Moreover, there were further delays in payment of benefits due to involvement of multiple intermediaries. Secondly, the SJWD had not

<sup>84</sup> Gangtok, Tadong and Sang.

established any mechanism for monitoring the disbursement of pensions to the beneficiaries by various agencies. Delay in pension payment defeated the objective of providing timely pension to the destitute beneficiaries for their daily sustenance.

The Secretary, SJWD in exit conference accepted (September 2021) the delay in payment of pension and stated that from April 2020 onwards, the pension was paid monthly and the Department was in touch with SBS for timely disbursement of pension. He also added that the proposal has been moved to Government for releasing the resource of NSAP and SIS on monthly basis like that of salary to ensure timely disbursement of benefits.

**Recommendation: The Department should set up a monitoring system to ensure the timely payment of pensions to the bona-fide beneficiaries.**

### 6.3.8.3(A)(v) Failed transactions not reinitiated for payment

As per DBT guideline issued by the GoI, in case of failed transactions, the Department after carrying out the required modification/rectification was required to send the rectified files for payment again.

#### a) Failed transaction of Axis Bank (sponsoring bank):

It was noticed that despite standing instruction as per DBT guideline to re-initiate the failed transactions promptly, an amount of ₹ 1.86 crore pertaining to the period 2017-18 to 2019-20 did not reach 3,524 beneficiaries of these four selected schemes as the department had failed to re initiate these failed transactions.

As on February 2021, against the total disbursement of ₹ 107.74 crore during 2017-18 to 2019-20, 3,929<sup>85</sup> transactions involving ₹ 2.17<sup>86</sup> crore (2 per cent) failed as shown below.

Table-6.3.9: Failed Transactions

(Amount in ₹)

Name of the Scheme	Year	Total cases/number of failed transaction	Amount involved in failed transaction	Total pension disbursed
IGNOAPS	2017-18	692	24,33,400	25,23,52,300
	2018-19	870	34,74,800	35,63,92,000
	2019-20	1456	1,02,68,900	31,54,19,000
	<b>TOTAL</b>	<b>3,018</b>	<b>161,77,100</b>	<b>92,41,63,300</b>
IGNWPS	2017-18	39	88,200	1,90,67,700
	2018-19	76	2,88,000	3,18,13,600
	2019-20	153	7,96,500	3,75,24,000
	<b>TOTAL</b>	<b>268</b>	<b>11,72,700</b>	<b>8,84,05,300</b>
IGNDPS	2017-18	7	18,800	88,92,200
	2018-19	20	2,18,300	1,43,55,700
	2019-20	52	3,39,000	1,61,48,400
	<b>TOTAL</b>	<b>79</b>	<b>5,76,100</b>	<b>3,93,96,300</b>
UWPS	2017-18	17	75500	5823300
	2018-19	83	321000	12812500
	2019-20	59	334000	6799000
	<b>TOTAL</b>	<b>159</b>	<b>7,30,500</b>	<b>2,54,34,800</b>
	<b>Grand Total</b>	<b>3524</b>	<b>1,86,56,400</b>	<b>107,73,99,700</b>

(Source: Bank statement of Axis Bank)

<sup>85</sup> 3524 + 405 (failed transaction of 2019-20 reverted back in 2020-21) = 3929 transactions

<sup>86</sup> ₹ 1,86,56,400 + ₹ 30,47,500 (failed transaction of 2019-20 reverted back in 2020-21) = ₹ 2,17,03,900



Analysis revealed that the trend of failed payment persistently increased each year barring UWPS in 2019-20. The Department had not maintained data/information on rectifications carried out and re-payment made, reconciliation done with the bank. The persistent increase in the closing balance<sup>87</sup> of IGNOAPS year after year was also indicative of the fact that failed transactions had not been re-initiated. Thus, non-reinitiation of 3,929 failed transactions involving ₹ 2.17 crore indicated that this amount was not paid to the destitute beneficiaries and they were deprived of their legitimate pensions.

**b) Failed transactions of SBS**

Analysis of five<sup>88</sup> branches of SBS on payment of pensions revealed that there were no failed transaction. With regard to DBT to beneficiaries done by SBS, Head Office, Gangtok from 27 June 2018 to March 2020, no scheme-wise account was maintained. Thus, Audit could not analyse the failed transactions. Further, no records of reconciliation done between the branches and Head Office were produced to Audit.

**c) Failed transactions during 2020-21**

Further from the year 2020-21, the SJWD made SBS the Sponsoring Bank in place of Axis Bank and opened a new separate saving account (2811100148000005) on 27 April 2020 (SBS account) from where funds were transferred to dedicated scheme accounts maintained by the SBS and directly credited to beneficiaries accounts.

Scrutiny of records of SBS from 2020-21 (July 2020) in respect of four schemes revealed there was 636<sup>89</sup> number of failed transactions in IGNOAPS, 62<sup>90</sup> number in IGNWPS, 21<sup>91</sup> number in IGNDPS and 33<sup>92</sup> number in UWPS, totaling to ₹ 19.90 lakh.

**d) Failed transaction from Post Office**

As stated earlier, the Head Post Office, Gangtok had not maintained the records of disbursement of pension through its branches for the period 2017-18 to 2018-19. However, Audit analysed details of disbursement of IGNOAP and IGNWP made by three Post Offices<sup>93</sup>. It revealed that eight number of IGNOAP and one IGNWP beneficiary transactions failed in Gangtok Post Office, similarly, for eight beneficiaries of IGNOAP the transactions failed in Tadong Post Office and for one beneficiary of IGNOAP, the transaction failed in Sang Post Office. The reason for these failed transactions was attributed to beneficiary holding old account number which was not in system. Neither the Post Office nor the SJWD had rectified the error and reinitiated the payment.

<sup>87</sup> IGNOAPS –C/B as on 31 March 2018: ₹ 7.25 crore, as on 31 March 2020: ₹ 13.09 crore as per Axis Bank account.

<sup>88</sup> Ranipool, Rangpo, Pakyong, Sang and Deorali branch

<sup>89</sup> ₹ 1139500

<sup>90</sup> ₹ 333000

<sup>91</sup> ₹ 71000

<sup>92</sup> ₹ 446000

<sup>93</sup> Gangtok, Tadong and Sang

Although the SBS (sponsoring bank) had intimated the SJWD through mail time to time on the failed transactions, but the SJWD had not initiated action to rectify errors. Further examination of the bank statement disclosed that the failed transaction had not been re-initiated as no debits were made for re-payments. The SJWD could not produce the records relating to status/data on disbursement (successful transaction, failed transaction, etc.) sought from the disbursing agencies nor there was any standing order which directed the disbursing agencies to report status of disbursement to the department.

The SJWD did not have a system for monitoring the payment of pensions to the beneficiaries as a result it failed to ensure that the beneficiaries were getting their due benefits. The Department had not reconciled the status of payments to beneficiaries and the fund position lying with the Post Office.

Non-payment of pension was against objective of NSAP which envisaged basic level of financial support to the destitute.

The Secretary/SJWD stated(14 September 2021) in Exit Conference that the main reason for failed transaction was due to amalgamation of various banks and the change of IFSC code and even account numbers in some cases were not known to beneficiaries. Further, he added that lot of beneficiaries have No Frill Account which stipulates maximum credit of ₹ 50,000 thereby at times credit of pension is denied on crossing the limit.

The Secretary/SJWD later on stated (October 2021) that the department has appointed guardian officer for each GPU to ascertain the status of failed transactions and added that the department would reinitiate all the failed transactions once the details are framed.

***Recommendation:***

- *The Department should set up system to obtain the data/ information of failed transactions from the respective agencies at predetermined intervals and take immediate steps to re-initiate the payments so that the beneficiaries are not deprived of their legitimate dues.*
- *The Government may specify time frame for rectification/ ratification for the cases relates to failed transactions.*

**6.3.8.3(A)(vi) Balances lying with Axis Bank**

An amount of ₹ 13.38crore pertaining to the four schemes was lying with the Axis Bank (erstwhile sponsoring bank)as on 31 March 2020when the SBS was made Sponsoring Bank in place of Axis Bank. The SJWD had withdrawn an amount of ₹ 9.66 crore (upto July 2020) out of ₹ 13.38crore. The balance lying with Axis Bank including interest and NEFT reversals, was ₹ 4.07 crore<sup>94</sup> as on 31 July 2020 as shown below.

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<sup>94</sup> It includes failed transactions involving ₹ 2.17 crore as mentioned in Paragraph No. 6.3.8.3(A)(v).

Table-6.3.10: Balance with Axis Bank as on 30 July 2020

(₹ in lakh)

SI No	Scheme	O/B as on 1 April 2020	Interest added	NEFT Reversal	Withdrawn	C/B as on 31 July 2020
1	IGNOAPS	1309.27	3.45	31.02	966.10	377.64
2	IGNWPS	7.04	0.10	0	0	7.14
3	IGNDPS	15.10	0.12	0	0	15.22
4	UWPS	6.73	0.05	0	0	6.78
<b>Total</b>		<b>1338.14</b>	<b>3.72</b>	<b>31.02</b>	<b>966.1</b>	<b>406.78</b>

(Source: Bank statement)

This balance of ₹ 4.07 crore which was primarily meant for the pension disbursements to destitutes, indicated that the beneficiaries of these schemes were denied their legitimate dues. The reasons for not withdrawing as well as non-disbursement of this amount were not intimated to audit.

The SJWD stated (October 2021) that the department would be disbursing this balance fund lying with Axis bank towards all the old failed transactions on receipt of details from the guardian officer from each GPU.

**Recommendation: The Department should withdraw the balance amount lying with Axis Bank and disburse the pending failed transaction amount.**

### 6.3.8.3(B) Mahatma Gandhi National Rural Employment Guarantee Act

The MGNREGS Act notified on September 7, 2005, mandates the provision of at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. Thus, MGNREGA is a powerful instrument for ensuring inclusive growth in rural India through its impact on social protection, livelihood security and democratic empowerment.

#### 6.3.8.3(B)(i) Non-seeding of Aadhaar

The guidelines on the DBT envisage that the scheme implementing departments should ensure that all the accounts are Aadhaar seeded. The RDD was required to collect the Aadhaar details of beneficiaries and seed them in the database. The data of registered and active workers vis-à-vis such workers whose accounts were seeded with Aadhaar as on February 2021 is shown in the following table:

Table-6.3.11: Number of workers as on February 2021:

No of workers		Aadhaar seeded workers	
Registered	Active	Out of registered	Out of active
1,39,705	97,396	1,13,902	92,633

(Source :NREGASoFT)

It was noticed that 25,803 registered workers' accounts, 18 per cent of the total, were without Aadhaar seeding. This was high and similarly as against the 97,396 active registered workers, 4,763 active registered workers' accounts i.e. five per cent, were not Aadhaar seeded. Aadhaar seeding of accounts of these workers in the beneficiary database needs to be done to eliminate duplication and curb leakages.

The district-wise status of registered workers and workers whose accounts were seeded with Aadhaar (February 2021) is shown in the following table:

**Table-6.3.12: Status of seeding of Aadhaar**

Districts	Registered Workers			Active Workers		
	Total Number	Accounts with Aadhaar	Accounts with Aadhaar (Per cent)	Total Number	Accounts with Aadhaar	Accounts with Aadhaar (Per cent)
East	34395	28022	81.47	23317	22349	95.85
North	12263	9679	78.93	8432	7897	93.66
South	43639	30499	69.89	26724	24409	91.34
West	49408	45702	92.5	38923	37978	97.57
<b>Total</b>	<b>139705</b>	<b>113902</b>	<b>81.53</b>	<b>97396</b>	<b>92633</b>	<b>95.11</b>

(Source :NREGASoFT)

It could be seen from above table that West District had highest number of workers and at the same time was leader in seeding of Aadhaar. The South District was lagging in seeding the accounts with Aadhaar of both registered and active workers.

The RDD (MGNREGA) stated (September 2021) that the Department was striving to complete the seeding of remaining accounts by 30 November 2021 for which the field functionaries were on job to collect the Aadhaar numbers of the remaining workers and would be uploaded in the MIS.

**Recommendation: Accounts of all the workers under MGNREGA may be seeded with Aadhaar on priority and accounts may also be validated before initiation of transaction.**

### 6.3.8.3(B)(ii) Delay in processing of Fund Transfer Order (FTO) by Signatory I and alsodelay in approval by Signatory II

Timely payment of wages has emerged as one of the main challenges of MGNREGA over the last few years. Primary condition to ensure payment of wages within 14 days after start of work was one of the essences of MGNREGA. The disbursement of wages to beneficiaries through DBT aimed to reduce the delays in payments. Scrutiny of data for the year 2017-18 to 2020-21 (upto January 2021) on processing and approval of Fund Transfer Orders (FTO) for the payment of wages revealed that there were delays in processing of FTOs as well as approval of FTOs for payment as below:

**Table-6.3.13: Delay in processing of FTOs**

(Amount in ₹)

Year	Districts	FTOs delayed by Signatory I		FTOs Not signed by Signatory II & Delayed by			
		More than 21 Days		15-21 Days		More than 21 Days	
		FTO	Amount	FTO	Amount	FTO	Amount
2019-20	EAST	1	201433	0	0	0	0
	NORTH	1	8640	0	0	0	0
	SOUTH	2	6000	0	0	11	72000
	WEST	0	0	0	0	2	209281
2020-21	EAST	0	0	2	383848	8	1420729
	NORTH	0	0	1	2780	38	1098152
	SOUTH	11	62100	0	0	21	9556008
	WEST	1	476105	2	246053	5	783638
<b>Total</b>		<b>16</b>	<b>754278</b>	<b>5</b>	<b>632681</b>	<b>85</b>	<b>13139808</b>

(Source :NREGASoFT)

The RDD (MGNREGA) stated (September 2021) that the delay in signing the FTOs was primarily because after transfer of signing authority (BDO) it took time for procurement of DSC dongle for new officer from Kolkatta. However, the Department added that from 2020-21 dongles are being procured from a local vendor. The Department further added that the head office is monitoring the status of signing the FTOs on a weekly basis and alerts were being issued to the program officer whenever there was delay in signing.

### 6.3.8.3(B)(iii) Delayed payment of wages

As per MGNREGA guideline, final FTOs have to be uploaded within 15 days and thereafter two days provided for payment of wages through Ne-FMS system. The account relating to wage component is handled by the MoRD, GoI and operated through Ne-FMS system which sends release order of wage payment to Accredited Bank of GoI. The Accredited Bank in turn credits the amount to Sponsoring Bank of the State Government. Thereafter, Sponsoring Bank credits the wages into bank accounts of workers through NPCI and NPCI sends response files to PFMS. PFMS shares response files with NREGASoft.

However, it was noticed that the MoRD, GoI had not ensured the above stipulation as it took considerable time to release the payment of wages as shown under:

**Table-6.3.14: Delayed payment of wages**

(₹ in lakh)

Time taken for payments		2017-18	2018-19	2019-20	2020-21	Total
Payments between 0-15 days	TT	221382	232214	235682	256347	945625
	Amount	4507.70	4608.77	4911.44	5849.37	19877.28
Payment between 16-30 days	TT	35566	35790	24003	2445	97804
	Amount	732.54	690.55	504.96	53.15	1981.20
Payment between 31-60 days	TT	25744	19395	6971	546	52656
	Amount	510.50	369.58	149.67	15.82	1045.57
Payment between 61-90 days	TT	9028	8517	2484	16	20045
	Amount	190.01	172.35	54.48	0.39	417.23
Delayed Payment more than 90 Days	TT	9839	5002	916	18	15775
	Amount	188.55	83.77	18.20	0.38	290.90
Total delayed payment	TT	80177	68704	34374	3025	186280
	Amount	1621.62	1316.25	727.30	69.74	3734.91
Total payment for Financial Year	TT	301559	300918	270056	259372	1131905
	Amount	6129.32	5925.02	5638.74	5919.11	23612.19

(Source :NREGASoFT)

TT: Total Transactions

Analysis revealed that though there was downward trend in the delay of payment from ₹ 16.22 crore in 2017-18 to ₹ 0.70 crore in 2020-21, however it was noticed that the major portion of delay was occurring in East District, even in 2020-21, against the total delayed wages amounting of ₹ 69.74 lakh, the East District's share alone stood at ₹ 41.88 lakh forming 60 per cent of total delay wages of 2020-21 as shown in the following Table:

**Table-6.3.15: Delayed payment of wages**

(₹ in lakh)

Year	Payments made beyond 15 days									
	EAST		NORTH		SOUTH		WEST		Total Delayed Payment	
	TT	Amt	TT	Amt	TT	Amt	TT	Amt	TT	Amt
2017-18	18887	402.38	16711	389.05	10960	216.09	33619	614.10	80177	1621.62
2018-19	21301	421.83	9460	203.91	17700	314.03	20243	376.48	68704	1316.25
2019-20	15096	325.89	7714	171.46	4876	94.36	6688	135.59	34374	727.30
2020-21	1748	41.88	746	16.04	259	5.98	272	5.84	3025	69.74
Total	<b>57032</b>	<b>1191.98</b>	<b>34631</b>	<b>780.46</b>	<b>33795</b>	<b>630.46</b>	<b>60822</b>	<b>1132.01</b>	<b>186280</b>	<b>3734.91</b>

(Source: NREGASoFT)

Though there was decreasing trend in delays in making payment of wages but the reasons for major portion of delayed payment occurring from East district could not be stated to audit.

The RDD (MGNREGA) stated (September 2021) that the department was continuously coordinating with MoRD, GoI to resolve these issues on time.

Keeping in view, the large number of transactions not processed within due time the Department may address and resolve this issue timely.

#### **6.3.8.3(B)(iv) Failed transactions not re-initiated for payment on entirety**

It was the responsibility of the implementing department to ensure that the payments of wages are made in timely manner. In case of failed transactions, the department after carrying out the required modifications/rectifications was required to send the rectified files to PFMS again. Several rounds of data pushing may be required till data is 100per cent correct.

It was seen that during 2017-18 to 2020-21 there were in all 15,364 failed transactions involving ₹ 3.10 crore as shown below:

**Table-6.3.16: Failed Transactions**

(₹ Amount in)

Year	Total rejected transactions	Amount of rejected transactions	Rejected transactions reinitiated successfully	Amount of successful re-initiated transactions	Total no. of pending transactions	Amount of pending transactions
2017-18	8538	164,58,349	8152	156,79,156	386	779,193
2018-19	3322	66,96,894	3111	62,69,439	211	427,455
2019-20	2192	48,02,541	2032	44,36,205	160	366,336
2020-21	1312	30,83,593	942	22,27,708	370	855,885
Total	<b>15364</b>	<b>310,41,377</b>	<b>14237</b>	<b>286,12,508</b>	<b>1127</b>	<b>24,28,869</b>

(Source: NREGAsoft)

The reasons for failed transactions were attributed to invalid Aadhaar (non-matching of Aadhaar), dormant account, error in data entry of account number. The RDD claimed that the failed transactions were reconciled and payment re-initiated within three days, but it was noticed that out of total 15,364 failed transactions involving ₹ 3.10 crore, 14,237 transactions amounting to ₹ 2.86 crore had been re-initiated successfully, leaving a balance of 1,127 transactions from 2017-18 onwards involving

an amount of ₹ 24.29 lakh were yet to be rectified and hence remained pending for payment as of February 2021.

The Joint Secretary (MGNREGA), RDD stated (September 2021) that the process for regeneration of rejected transaction had already been initiated and as of 10 September 2021, total number of pending cases had come down to 35, with ₹ 0.78 lakh. The department also stated that the delay in regeneration of FTOs were due to death of beneficiaries, dormant account, bank merger and non-CBS account etc. The department further added that timelines had been framed to complete all the generation of pending rejected transactions by 31 October 2021 for which the head office was monitoring progress along with analysis report to watch the regeneration.

***Recommendation: The RDD should re-initiate all pending transactions on urgent basis so that the pending wages are paid to the concerned workers without further delay. Secondly, the RDD should review the pending wages periodically and disbursement made within prescribed timeframe.***

#### **6.3.8.3(B)(v) Non conduct of Social Audit of Schemes under NSAP and MGNREGA**

As per Scheme guidelines, Social Audit is essential in implementation and monitoring of the schemes under NSAP/MGNREGA. Social Audit not only leads to the refinement of the schemes but also enhances transparency and accountability and helps redress grievances in the public. Social Audit can be conducted by the Gram Sabha/ Ward Committee/NGOs. Social Audit under NSAP should be held at least once in every six months. The State nodal department should obtain reports of Social Audit conducted and report the same to the Ministry of Rural Development, GoI.

Similarly, an innovative feature of the MGNREGA is that it has institutionalized 'Social Audit' as a means of continuous public vigilance (Mahatma Gandhi NREGA, Section 17). Social Audit has the following dimensions: i) As a continuous and ongoing process, involving public vigilance and verification of quantity and quality of works at different stages of implementation; and ii) A process is to be conducted in every Gram Panchayat (GP) at least once in six months, involving a mandatory review of all aspects.

No records of Social Audit conducted in respect of NSAP and SIS schemes during the period covered by audit i.e. 2017-18 to 2020-21 (upto July 2020) could be produced to Audit. However, Social Audit in respect of MGNREGA was conducted annually and follow up action also taken up.

The Secretary/SJWD stated (14 September 2021) in Exit Conference that funding was an issue, if proper funds were provided to cover the expense of Social Audit, then Social Audit would be initiated.

The Pr. Secretary/RDD subscribed to the views of Secretary/SJWD and stated that Social Audit of MGNREGA is conducted once a year which costs one *per cent* of Office Expenses, whereas the guidelines stipulate Social Audit twice a year at the cost

of 0.5 per cent of Office Expenses. Thus, it was not possible to conduct twice a year and opined that some appropriate funding is a must for conduct of Social Audit as per guidelines.

### 6.3.8.3(C) Impact Analysis (Beneficiary Survey)

**Beneficiary survey in terms of timelines, ease of access to the banks/post office and door stop delivery rendered to the beneficiaries.**

Personal interaction with the beneficiaries and structured questionnaire was designed for the beneficiaries from six sampled block offices to elicit information on the timelines, ease of access to the banks/post office and door stop delivery rendered to the beneficiaries. Sample selection was done as under:

**Table-6.3.17: Sample of Beneficiary Survey**

Total districts	District selected (50 per cent)	Total Blocks	Blocks sampled (33 per cent)
Four	Two (East & South)	East: 10, South: 08	East: 03 South: 03

**Table-6.3.18: Number of Beneficiary surveyed**

District	Block sampled	Number beneficiaries in Block	Number of Beneficiaries surveyed
East	Ranka	754	54
	Martam	687	59
	Khamdong	783	55
South	Namthang	1105	131
	Nandu Gaon	501	54
	Namchi	1144	53

The structured questionnaire was used to gather evidence. Out of total 406 beneficiaries surveyed, only seven<sup>95</sup> beneficiaries had accounts with Post Office while remaining had accounts with the Banks. The responses were analysed to determine the extent of satisfaction of beneficiaries.

Beneficiary survey revealed the following:

a. The beneficiaries whose pensions were directly being credited into their bank accounts, stated that the present system of disbursing the pension directly into their bank account was better as compared to previous one (cash basis) as they were getting the pension without delay wherein involvement of Block office and Panchayat were eliminated. They also stated that they were able to save the expense of vehicle fare for visiting the Block/ Panchayat offices and also a sense of saving habit was developed and also added that checking of credit of their pension in their account was possible.

b. On ease of access to the bank/post office, the beneficiaries responded that the Bank/ Post Office were within their reach or in their own locality and as such there was no problem in accessing the bank/post office.

<sup>95</sup> Nandugaon, South District



- c. As regards communication with the bank, the beneficiaries stated that they had ATM cards and routinely receive SMS.
- d. With regard to Post Office account holders, they stated that the Post Office delivers pension at the doorstep for sick, old and disabled beneficiaries.

#### **6.3.8.4 Monitoring and internal control mechanism**

##### **6.3.8.4(A) State DBT Cell**

As per DBT guideline issued by the GoI, each State should have a State DBT (SDBT) Cell headed by an officer not below the rank of Joint Secretary and comprise of officials handling the identified schemes, officials from Finance Department and IT experts (NIC). The SDBT Cell would identify DBT schemes or DBT components of schemes and classify them in the following categories: i) Cash transfer from Government to Individual Beneficiary ii) Transfer In-kind from Government to Individual Beneficiary iii) Other Transfers/Processes. The SDBT Cell was required to study the existing process flow and fund flow under each scheme and reengineer the same wherever necessary. The SDBT cell would develop an IT based System Utility/MIS for its schemes that would provide a coherent centralised workflow engine for field functionaries, officials and beneficiaries and enable report generation, dynamic update of data and daily tracking of progress. The SDBT Cell was required to train all stakeholders including officials of States on usage of MIS and prepare a user manual/guide and organise workshops/seminars.

The SDBT Cell was also required to constitute a dedicated body to deal with complaints and grievances of beneficiaries in a fair and timely manner.

The Chief Secretary to the GoS, vide Notification No 18 Home 2013 dated 7 February 2013 notified Directorate of Economics, Statistics & Monitoring & Evaluation (DESME) as Nodal Department to facilitate the implementation of DBT of various welfare schemes in the State. It was seen that no State DBT Cell had been constituted in Sikkim, and the Ministries concerned of GoI directly liaised with the concerned departments of State Government.

The perusal of web portal of State DBT Portal revealed that the portal had the list of the schemes and implementing departments. It did not contain any further information, so the facility of aggregation and assessing of information in entirety from State DBT Portal as a one stop point for State was not there and integration of State DBT Portal with DBT Bharat Portal was also out of question.

The DESME being the Nodal Department stated (January 2021) that they forward the directives received from GoI to the respective Departments.

The integrated system/MIS for SDBT was yet to be developed, classification of DBT into cash, kind and others was also not done. No technical support/ IT support and training was rendered by DESME to stake holder Departments.

It was noticed that the NREGAssoft on MGNREGA data automatically integrated and ported with DBT Bharat Portal on real time, but data on NSAP did not integrate and

port with DBT Bharat Portal as the software for NSAP was neither developed nor NSAP-PPS was adopted.

No dedicated body to deal with complaints and grievances of beneficiaries had been formed and also no grievance redressal system was put in place to record complaints received, action taken and outcome thereof. This led to delays in payment/non-payment of wages/benefits to the workers/beneficiaries in respect of MGNREGA and NSAP.

DESME was notified as Nodal Department to facilitate the implementation of DBT of various welfare schemes in the State of Sikkim. However, no such initiative as Nodal Department towards SDBT was undertaken by DESME.

DESME stated (October 2021) that DESME has been declared as State DBT Cell.

***Recommendation:***

- *DESME being declared as State DBT Cell may perform all function of SDBT as laid down in GoI DBT guidelines, so that the benefits of the schemes concerned are ensured as per guidelines of DBT. DESME should also ensure that the DBT framework is adopted by all the implementing Department.*
- *State DBT Cell (DESME) should be strengthened with required manpower to operationalise its organisational structure with the assigned responsibilities to enable the DBT Cell to act as one-stop point or nodal point for smooth on-boarding of schemes on to DBT platform and to effectively monitor the progress made by each Implementing Department by setting targets and milestones for implementation of DBT in a time bound manner.*

#### **6.3.8.4(B) State Advisory Board**

As per DBT guideline issued by the GoI, State Advisory Board as a parallel body to the State-level DBT Cell was required to be constituted comprising of representatives from various enablers and stakeholders of DBT like all the government departments who run schemes which fall under the purview of DBT, UIDAI, State Level Bankers' Committee (SLBC), IT Team, NIC, NPCI, Telecom Service Providers (TSPs), etc. The chief role of this body would be to provide the Cell's executive body, holistic, well-rounded advisory and consulting inputs. This body may meet once in a quarter or in any other regular interval, as deemed fit.

However, State Advisory Board had not been constituted in Sikkim. Thus holistic, well-rounded advisory and consulting inputs as expected from Board was not provided to DBT implementing Departments. This led to non-adherence of DBT guidelines in implementation of NSAP as no specific integrated system/MIS was developed for DBT.

On being pointed out by Audit, the State Government brought out the Notification No 589/P&DD dated 28.09.2021 wherein the State DBT Advisory Board was formed and also terms of reference of State DBT Advisory Board was laid down.

The DESME stated (October 2021) that the State DBT Advisory Board has been formed and also terms of reference of State DBT Advisory Board were laid down vide Notification No. 589/P&DD dated 28 September 2021.

***Recommendation: The State DBT Advisory Board may provide advisory and consulting inputs to DBT implementing Departments.***

#### 6.3.8.4(C) DBT Committee

The DBT Committee was to be constituted within each Department to ensure that DBT framework is adopted in implementation of schemes. It was noticed that DBT committee was not constituted in RDD as well as in SJWD which were implementing departments for MGNREGA and NSAP respectively. These implementing Departments were even not aware of the fact the DBT committee was to be constituted in Stake holder Department. However, it was seen that DBT framework was adopted in implementation of MGNREGA but for NSAP, no such DBT framework was adopted in implementation of scheme. As mentioned in Paragraph no 2.2.8.3(A)(i), the DBT for the components of schemes of NSAP was not adopted in true spirit of DBT, as a result there were instances of existence of intermediaries, ineligible beneficiaries, delay in payments to the beneficiaries, non-payment of benefits due to non re-initiation of failed transactions. The SJWD had neither adopted the NSAP-PS nor developed any software for DBT in line with scheme guidelines. Due to non-formation of DBT Committee in the department, these issues remained unaddressed, consequently the beneficiaries of the scheme suffered unnecessarily.

DESME stated (October 2021) that the DBT Committees were being formed in all the Departments.

***Recommendation: DESME should ensure that the DBT framework is adopted by all the implementing Departments.***

#### 6.3.9 Conclusion

*Digitization of database of beneficiaries in respect of National Social Assistance Programme (NSAP) and State Innovative Scheme (SIS) was not done, Government of India Portal NSAP-PPS was not used and State's own ICT system also not developed. Aadhaar number in respect of NSAP and SIS upto five per cent was not seeded to bank account and similarly in respect of MGNREGA, 18 per cent of registered workers bank account were not seeded with Aadhaar. The Department had neither constituted Verification Team to verify the applications nor the Special Verification Teams to verify for confirmation or deletion. Applications were accepted based on the recommendation of Panchayats/ Municipalities, Area MLA and BDO without being verified by the Verification Team. There were cases of ineligible and duplicate beneficiaries availing pension in NSAP and SIS. There were also cases of delay in crediting amount in the bank account of beneficiaries/workers both in case of NSAP & SIS and MGNREGA. Failed transaction were not reinitiated for payments on entirety both in case of NSAP & SIS and MGNREGA. There was existence of*

*intermediary in case of NSAP & SIS and Social Audit was not conducted in NSAP. Further,*

*Since the benefits are being processed through various intermediaries, applications are being finalised without being verified by the Verification Team and Social Audit is not being conducted, these are against the tenet of DBT and the chances of diversion of fund and eligible beneficiaries getting left out cannot be ruled out.*

*There was no separate State DBT Cell to study the existing process flow and fund flow under each scheme and reengineer the same and no IT based System Utility/MIS developed for its schemes that would provide a coherent centralised workflow engine for field functionaries, officials and beneficiaries. Further, no measure was taken to identify DBT components of schemes and classify them in Cash, In-kind and Other Transfers. There was no DBT Committee to ensure adoption of DBT framework in implementation of schemes. There was also no dedicated body to deal with complaints and grievances of beneficiaries to redress delays in receiving amount in the bank account, non-re-initiation of failed payments etc. Thus, the above shortcomings were detrimental in achieving the objective of DBT in ensuring timely payments to eligible beneficiaries and workers in a fair, transparent, efficient and reliable manner.*

#### **6.3.10 Recommendations**

- *The Department may create a proper database of the eligible beneficiaries and the information furnished by the beneficiaries may be verified by the verification team periodically with special emphasis cases related to old age pension.*
- *A system of obtaining NOC from the Pension, Group Insurance and Provident Fund (PGIPF) Division of Finance Department GoS should be made mandatory for availing benefit under NSAP.*
- *The Department may fix responsibility of the authorities concerned in a time bound manner and should stop such payments of pension to ineligible beneficiaries.*
- *The Department should take necessary action to recover the payments made to the ineligible beneficiaries as per the terms of 'undertaking' included in application form submitted by the beneficiaries.*
- *The SJWD should ensure its application software is compatible/in sync with porting of information / data onto NSAP-PPS through a bridge-software so that benefits of the schemes are delivered to the beneficiaries on time.*
- *The Government/ Department may take necessary steps so as to Aadhaar seeding of beneficiaries may be completed without any further delay.*
- *Aadhaar seeding of beneficiaries above the age of 80 years, disabled beneficiaries, sick beneficiaries may be conducted at their doorstep.*
- *The SJWD should set up system to obtain the data/ information of failed transactions from the respective agencies at predetermined intervals and take immediate steps to re-initiate the payments so that the beneficiaries are not deprived of their legitimate dues.*

- *The Government may specify time frame for rectification/ ratification for the cases relates to failed transactions.*
- *The RDD should re-initiate all pending transactions on urgent basis so that the pending wages are paid to the concerned workers without further delay. Secondly, the RDD should review the pending wages periodically and disbursement made within prescribed timeframe.*
- *Accounts of all the workers under MGNREGA may be seeded with Aadhaar on priority and accounts may also be validated before initiation of transaction.*
- *DESME being declared as State DBT Cell may perform all function of SDBT as laid down in GoI DBT guidelines, so that the benefits of the schemes concerned are ensured as per guidelines of DBT. DESME should also ensure that the DBT framework is adopted by all the implementing Department.*
- *State DBT Cell (DESME) should be strengthened with required manpower to operationalise its organisational structure with the assigned responsibilities to enable the DBT Cell to act as one-stop point or nodal point for smooth on-boarding of schemes on to DBT platform and to effectively monitor the progress made by each Implementing Department by setting targets and milestones for implementation of DBT in a time bound manner.*

## COMPLIANCE AUDIT PARAGRAPH

### Finance Department

#### 6.4 Loss of Government revenue

*Finance Department invested Guarantee Redemption Fund at lower rate of interest which led to loss of Government revenue of ₹ 31.50 lakh on account of interest*

The Government of Sikkim constituted Guarantee Redemption Fund (GRF) in April 2005, for payment of obligations arising out of the guarantees issued by the Government in respect of the bonds issued and other borrowings by the Government undertakings and other bodies, in case the same are revoked. The corpus of the Fund is invested in fixed deposits based on decision of the State Government.

It was seen that the investment of corpus of GRF for the year 2018-19 made in term deposits had matured in March 2019. In order to reinvest the corpus of GRF for year 2019-20, the FD called quotations and three banks (IndusInd Bank, SISCO Bank and State Bank of Sikkim) offered their rates. The FD held negotiations with the banks (22 March 2019) and found that the interest rate of 8.55 *per cent* offered by IndusInd Bank though highest, but had a cap of minimum investment of ₹ 300 crore, second

highest rate (8.10 *per cent*) was offered by SISCO Bank<sup>96</sup> (Sikkim State Cooperative Bank Limited) and the lowest rate (7.50 *per cent*) was offered by the SBS. Despite the fact that SISCO Bank had offered interest rate of 8.10 *per cent* without any cap, the FD approved (26 March 2019) investment of entire amount of ₹ 52.35 crore in the SBS at its offered rate of 7.50 *per cent* per annum. Accordingly, entire amount of ₹ 52.35 crore was invested in different term deposits with the SBS for a period of one year at the rate of 7.50 *per cent* per annum with total maturity value of ₹ 56.29 crore with deposits maturing between 24<sup>th</sup> March and 28<sup>th</sup> March 2020.

No reasons were on record to justify as to why the amount was invested at lower rate of interest in SBS despite offer of higher rate by the SISCO Bank (Sikkim State Cooperative Bank Limited)

The loss of additional interest due to the injudicious invested at 7.50 *percent* instead of the higher 8.10 *percent* works out to ₹ 31.50 lakh as detailed below:

**Table No. 6.4: Loss of additional interest due to the injudicious invested**

<b>Particulars</b>	<b>Amount in ₹</b>
Amount invested	52,34,93,499
Matured amount with interest	56,28,63,081
Amount of interest earned at the rate of 7.50 <i>per cent</i>	3,93,69,581
Amount of interest at the rate of 8.10 <i>per cent</i> per annum ₹ 3,93,69,581 x 8.10/7.50	4,25,19,149
<b>Difference in amount of interest</b>	<b>31,49,567</b>

*Source: Departmental Figure*

Injudicious investment of the fund at lower rate of interest had resulted in loss of Government revenue in terms of interest of ₹ 31.50 lakh.

The FD in its reply (August 2020) stated that SBS was the only Treasury Bank of the State as all the receipts and payment were made from the SBS only. As the SBS was a non-profit organisation of the State Government, to promote the SBS, it was decided to invest the fund in the SBS. Further, normally, Sinking Fund and GRF were established for the purpose to repay the debt/borrowing in case of economic breakdown in the State and it was easy to make transaction within the SBS and in case of pre-mature withdrawal or immediate requirement of fund against the fund invested in other nationalized bank, it may take time to transfer the fund to the SBS in the designated bank account and credit in the Government Account.

<sup>96</sup> *SISCO Bank established in 1996 and came into operation from 1999 and is regulated by RBI and NABARD. It is a federated body and established to raise deposit and share capital for extending loans to member cooperative societies. It has paid up capital of ₹ 926.60 lakh during 2017-18 and net profit of ₹ 483.15 lakh--GoI portal*

Reply of the FD was not tenable as the SBS was not a non-profit organisation and that its justification to make investment only with SBS appears to be afterthought, as the Finance Department has been investing its funds in other nationalized and private banks in the past. Moreover, with NEFT and FTGS being in operation, the issue of delay in transfer of funds does not arise.

