

# **Executive Summary**



## Executive Summary

The Report contains significant results of the performance audit of Direct Benefit Transfer (Cash Transfer) in the Department of Social Security and Women and Child Development, and Department of Governance Reforms and Public Grievances, Government of Punjab, covering the period from April 2017 to July 2020.

### Introduction

Direct Benefit Transfer (DBT) is a major reform initiative launched by Government of India on 1 January 2013 to re-engineer the existing cumbersome delivery processes using modern Information and Communication Technology (ICT) applications. The scope of DBT has expanded since inception to now include benefits under (i) Cash Transfers; (ii) In-kind Transfers; and (iii) Other Transfers. DBT aims to transform the manner in which social welfare schemes and programmes are implemented across the nation by using Aadhaar as a unique identifier as well as an individual beneficiaries' financial address. This marks a paradigm-shift in the process of delivering benefits like wage payments, fuel subsidies, foodgrain subsidies, etc. directly into the bank accounts of the beneficiaries, removing leakages and enhancing financial inclusion.

After implementation (March 2017) of DBT in the State of Punjab, coverage in number of schemes (cash transfer) under DBT increased from 51 schemes in 2017-18 to 94 schemes in 2020-21 (up to July 2020).

### Audit framework

Considering the criticality of achieving its intended outcomes, escalating financial outlays and relative impact of social security schemes, which aim to provide monthly financial support to alleviate economic deprivation, three schemes *viz.* Old Age Pension (OAP), Financial Assistance to Widows and Destitute Women (FAWDW) and Financial Assistance to Dependent Children (FADC) being implemented by the Department of Social Security and Women and Child Development (DSSWCD) were selected taking into account highest expenditure incurred thereunder for conducting the performance audit of DBT (cash transfer) covering the period April 2017 to July 2020. Besides, records/data being maintained by the Department of Governance Reforms and Public Grievances (DGRPG) on State DBT Portal and Pension Beneficiary Management System (PBMS) were also test-checked.

The audit objectives for carrying out the performance audit of selected social security schemes under DBT (cash transfer) were to ascertain: (i) Whether necessary process re-engineering was done for implementation of DBT so as to minimise intermediary levels, delay in payments to intended beneficiaries and pilferage and duplication; and (ii) Whether the infrastructure, organisation and management of DBT were adequate and effective.

The audit findings, conclusions and recommendations relating to each of the two audit objectives have been reported in two distinct chapters *viz.* Chapters III and IV to facilitate easy comprehension and follow up.

### **Process re-engineering for implementation of Direct Benefit Transfer**

The procedure implemented by the Department was not in consonance with the spirit of the DBT framework whereby transfer of benefits should be done directly to the beneficiaries. The procedure can be termed as benefit transfer, but not as “direct” benefit transfer. Despite lapse of more than three years from the decision (March 2017) of the State Government to bring all the social security schemes under DBT, the DSSWCD could reduce only one intermediary level (payment through Gram Panchayat’s Bank Account) in disbursing the financial assistance under the social security schemes.

#### **[Paragraph 3.2.1]**

Though Aadhaar numbers of 92 *per cent* of the digitised beneficiaries had been captured in six test-checked districts, system of transfer of financial assistance directly to the Aadhaar linked bank accounts of the beneficiaries by generation of payment files instructions in Public Financial Management System (PFMS)/through State treasury account was not ensured.

#### **[Paragraph 3.2.2]**

After porting the beneficiaries’ data in PBMS, neither any review to check the completeness, authenticity and correctness of the legacy data was conducted nor were any instructions passed on to DSSWCD to get the data verified at their level, as Audit noticed duplicate Pension Ledger Account numbers in 204-4,736 cases; beneficiaries’ age less/more than the prescribed limit in 661-6,498 cases; and acceptance of gender as male for the scheme meant for female beneficiaries (FAWDW) in 5,205 cases, under three selected schemes in six test-checked districts.

#### **[Paragraphs 3.3 and 3.4]**

In six test-checked districts, the DSSWCD weeded out (January 2018-July 2020) 8,256 records of duplicate beneficiaries under three selected social security schemes. However, no action had been taken for recovery of probable excess financial assistance of ₹ 9.89 crore paid (April 2017-July 2020) to these duplicate beneficiaries. Further, Audit noticed 941 duplicate/ineligible records of beneficiaries under three selected schemes in six test-checked districts. The probable excess financial assistance paid (April 2017-July 2020) to these beneficiaries worked out to ₹ 1.82 crore. Besides, financial assistance of ₹ 0.72 crore was also paid to 651 children beyond the prescribed age of 21 years, in contravention of the FADC Scheme guidelines.

#### **[Paragraphs 3.5 and 3.6]**

In 213 cases, the financial assistance was provided to same beneficiaries under two different social security schemes viz. OAP and FAWDW in six test-checked districts, in contravention of the guidelines of the State Government to provide financial assistance only in one type of social security scheme. The excess financial assistance in these cases worked out to ₹ 0.37 crore.

**[Paragraph 3.7]**

Excess financial assistance amounting to ₹ 26.87 crore (out of ₹ 27.20 crore) was recoverable (as of July 2021) in respect of 10,327 duplicate/ineligible beneficiaries weeded out by DSSWCD during the verification process conducted between May 2017 and November 2017 under three selected schemes in six test-checked districts.

**[Paragraph 3.8]**

In six test-checked districts, active beneficiaries were denied financial assistance of ₹ 277.96 crore in three selected schemes during the period from April 2017 to July 2020. Besides, in 8,371 cases, the financial assistance was sanctioned with a delay up to 1,432 days beyond the prescribed time period of 30 days in four test-checked districts. Whereas, the delay in sending payment files to banks ranged up to 245 days from the sixth day of the succeeding month in which the financial assistance was due in six test-checked districts.

**[Paragraphs 3.9 and 3.10]**

Modification in master database *i.e.* change in bank account numbers of beneficiaries, etc. was being done by DSSOs without any authority or request of applicant on record. Dissemination of information through SMS about payment of financial assistance to beneficiaries and regulation of failed transactions received from the respective banks was also lacking.

**[Paragraphs 3.11, 3.14.2 and 3.14.3]**

No mechanism existed in DSSWCD for identification of deceased beneficiaries through the Registrar General of India to ensure discontinuance of financial assistance to the deceased. Requisite Committees as initiated by the Department for periodical review/identification of eligible/ineligible beneficiaries had not been formed at block levels, in spite of detecting substantial number of ineligible beneficiaries during a review conducted by the State Government in June 2017.

**[Paragraphs 3.13 and 3.14.1]**

## **Recommendations**

In the light of the audit findings, the State Government may consider:

- *taking appropriate steps to eliminate the existing intervening layers as per Standard Operating Procedure of DBT Manual, besides adopting*

*the system of transfer of financial assistance directly to Aadhaar linked bank accounts of beneficiaries by generation of payment files instructions in PFMS/through State treasury account for making the flow of funds faster, secure and curbing pilferage/duplication in payments;*

- *carrying out a comprehensive review of the beneficiaries' data including the legacy data already ported in PBMS to ensure its completeness, authenticity and correctness;*
- *putting in place adequate input and validation controls in PBMS application so as to curb duplicate, unauthentic and invalid data, thereby capturing data in respect of eligible beneficiaries as per provisions of the respective rules of the social security schemes under DBT;*
- *putting in place mechanism for modification in beneficiaries' database on the basis of authentic records; dissemination of information through SMS about payment of financial assistance to beneficiaries; and regulation of failed transactions received from respective banks;*
- *integration of beneficiaries' data with the death data available with the Registrar General of India for identification of deceased beneficiaries to ensure discontinuance of financial assistance to the deceased, besides, adoption of mechanism at block levels for periodical review/identification of eligible/ineligible beneficiaries so as to ensure payment of financial assistance to bona fide beneficiaries; and*
- *making strenuous efforts for effecting recovery of inadmissible/excess payment of financial assistance from the ineligible beneficiaries, besides fixing responsibility for inaction by the authorities concerned.*

## **Infrastructure, organisation and management of Direct Benefit Transfer**

The State Advisory Board (SAB) had been constituted (November 2017) in the State of Punjab. However, no meeting of SAB to provide the Cell's executive body, a holistic and well-rounded advisory and consulting inputs, was held during the audit period.

**[Paragraph 4.1.1]**

Implementation Support Layer consisting of three coordinators of the rank of Director or Officer on Special Duty (OSD), responsible for technical, non-technical, and finance and administration support to Cell's operations for eliciting cooperation and participation from the grass-root levels had not been constituted in line with the Guidelines for State DBT Cell. Neither any training calendar was prepared nor was any training on DBT provided to State officials by the State DBT Cell. No exposure visits for State/district officials

in DBT progressive States were arranged by the State DBT Cell for familiarising the officials with model practices being adopted by those States. Neither any benchmark studies were conducted on Best Practices for developing roadmap to incorporate those practices in State operations nor was any innovation in the State through pilots/experiments carried out by the State DBT Cell.

**[Paragraph 4.1.2]**

Robust governance framework was lacking at State level to continuously monitor the readiness of schemes and programmes. No workshop, seminar, etc. to operationalise DBT was conducted either by the State DBT Cell or DSSWCD. Besides, the departmental DBT Cell/Committee to ensure adoption of DBT framework in implementation of schemes, as per Protocol Document on DBT in States, was not constituted in DSSWCD.

**[Paragraphs 4.1.3 and 4.1.4]**

The State DBT Portal was integrated with DBT Bharat Portal (<https://dbtbharat.gov.in>) and information related to all identified schemes in the State was displayed on the Portal. However, Website Quality Certification was not obtained from Standardisation Testing Quality Certification; Web Information Manager and Technical Manager were not appointed in line with the Guidelines for Indian Government Websites (GIGW) to ensure proper flow and quality of content to the site; Content Contribution, Moderation and Approval Policy to ensure authenticity of data and responsibility, authorisation and workflow details with regard to content publishing on State DBT Portal was not framed; provision for regional language content on State DBT Portal was not made; and various important information with regard to Portal functionalities like About Us, Scheme, Multimedia, Documents, Success Story, Download, etc. were not made available on State DBT Portal.

**[Paragraph 4.2]**

There was a variation ranging between ₹ 34.00 crore and ₹ 4,555.58 crore in respect of the amount of cash transferred to the beneficiaries in three selected schemes viz. OAP, FAWDW and FADC under DBT during the period 2017-2021 (up to July 2020), uploaded on the DBT Portal and that supplied by DSSWCD.

**[Paragraph 4.4]**

The DSSWCD and DGRPG did not have any Disaster Recovery and Business Continuity Plan for State DBT Portal and Password Policy both for State DBT Portal and PBMS application.

**[Paragraphs 4.5 and 4.6]**

## **Recommendations**

In the light of the audit findings, the State Government may consider:

- *conducting periodical meetings of SAB for providing DBT Cell, a holistic and well-rounded advisory and consulting inputs;*
- *strengthening governance framework including constitution of internal DBT Cell/Committee in each department, in line with the Guidelines for State DBT Cell to ensure adoption of DBT framework in implementation of schemes;*
- *hosting of State DBT Portal in accordance with the Guidelines for Indian Government Websites and Standard Operating Procedure and User Manual on State DBT Portal, besides, depicting authentic data on State DBT Portal with regard to benefits transferred to the beneficiaries in respective schemes under DBT; and*
- *putting in place Disaster Recovery and Business Continuity Plan and Password Policy to ensure safety and smooth functioning of State DBT Portal and PBMS application.*