Chapter I
Introduction

Chapter 1

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1.1 Direct Benefit Transfer

Direct Benefit Transfer (DBT) is a major reform initiative to re-engineer the existing delivery processes of Government benefits using modern Information and Communication Technology (ICT). This program aims to transfer benefits directly into the Aadhaar seeded bank accounts of accurately targeted beneficiaries.

The State Government[1] accorded (November 2016) in principle sanction to introduce DBT as the disbursal mechanism across departments and to establish a DBT Cell. It stipulated that Aadhaar card identification would be mandatory for all Central and State Government subsidies and benefits which require funding from the Central/State exchequer. The transfer of benefits will take place through an Aadhaar linked bank account of the beneficiary. Subsequently, the State Government prescribed (December 2017) the detailed procedure/protocol to be followed by all the Heads of department concerned and scheme administrators wherever DBT is used for transfer of benefits.
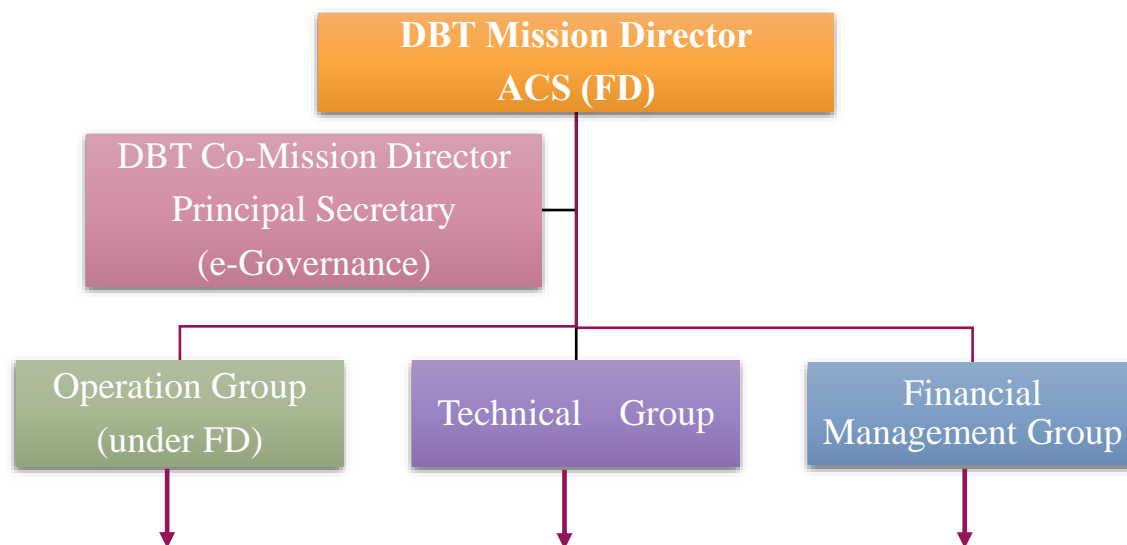
1.1.1 Organisation structure for implementation of DBT

The Finance Department is the Nodal Department for DBT in the State. The State DBT Cell established is responsible for implementing and monitoring DBT. It shall consist of an Advisory Council and a Steering Committee and coordinate all efforts related to DBT for bringing onboard and implementing schemes.

The Advisory Council under the Chairmanship of the Chief Secretary would be a high-powered guiding body of DBT Cell to provide intellectual leadership, introducing novel ideas for implementing DBT in a very efficient and effective way and giving strategic inputs. It consists of Additional Chief Secretary (ACS) and Development Commissioner, ACS (Finance Department (FD)), Principal Secretary (Revenue Department), Principal Secretary (Planning Department) and Principal Secretary (e-Governance) as its permanent members and ACS/Principal Secretary/Secretary of departments who implement benefit Schemes that fall under the purview of DBT as invitees.

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[1] GoK order No. FD 06 CAM 2013 Dated 23.11.2016

The Steering Committee of the DBT Cell headed by the DBT Mission Director consists of three groups as shown below:

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                    │   DBT Mission Director    │
                    │        ACS (FD)           │
                    └──────────────────────────┘
  ┌──────────────────────────┐
  │  DBT Co-Mission Director  │
  │   Principal Secretary     │
  │     (e-Governance)        │
  └──────────────────────────┘
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	Operation Group (under FD)	Technical Group	Financial Management Group
Group composition	• Director (AS(FR)) • Joint Director/Joint Controller/Deputy Secretary • Deputy Director/Audit Officer/Under Secretary • Section Officer • Senior/Junior Assistant	• CeG - Karnataka Resident Data Hub (KRDH)) • National Informatics Centre (NIC) • Unique Identification Authority of India (UIDAI)	• Treasury and Khajane 2 representatives • State Level Bankers Committee (SLBC) • Lead Bank representatives • Reserve Bank of India (RBI) • Telecom Provider
Responsibilities of Groups	• Identify departments/Schemes which fall under purview of DBT. • Collect data from departments. • Set goals and deadlines for onboarding Schemes. • Implement customised ICT applications. • Monitor the progress of each department. • Focus on last mile delivery benefits. • Organise training and capacity building. • Conduct benchmark studies and • Coordinate with technical and financial management group	• Facilitate IT support for implementing DBT. • Develop scheme specific ICT applications. • Interacting and liaisoning with all IT related stakeholders like NIC, telecom service provider *etc*. • Enable onboarding of all Schemes in the live MIS portal. • Capture mobile numbers in database as a part of JAM initiative.	• Manage funds flow and transaction flow of DBT transactions across Schemes. • Provide required MIS to all stakeholders. • Provide required NPCI check for routing DBT transactions.

1.1.2   Stakeholders of DBT

Implementation of DBT involves the following stakeholders:

- ❑ Native User Departments **-** Identify the beneficiaries, prepare the Payment Annexure Files for DBT and push to Core DBT Portal for validations and carry out the rectifications as per the payment response files.
- ❑ Unique Identification Authority of India (UIDAI) **-** Core DBT Portal carries out the identity validation of the beneficaries using UIDAI data.
- ❑ National Payments Corporation of India (NPCI) **-** NPCI mapper is used for Financial Address Validations and making Direct Benefit Transfers to the Aadhaar linked Bank Account of the beneficaries.
- ❑ Khajane 2 (K2) **-** State DBT has adopted two modes of payments -K2 and Bank Mode. Under K2 payment, Core DBT Portal pushes the payment files to K2 portal which facilitate the DBT payments and furnish the payment response files to Core DBT Portal.
- ❑ Sponsored banks and Destination banks **-** Sponsored banks facilitates the payments to the destination banks for credit to beneficiaries' accounts.
- ❑ National Informatics Centre (NIC) **-** the technological partner of Core DBT Portal and the applications of the user departments.

1.1.3   Types of DBT

There are three broad types of DBT:

a) Cash Transfer to individual beneficiary - This category includes schemes or components of schemes wherein cash benefits are transferred by the Government to individual beneficiaries.

b) In-kind transfer to individual beneficiary - This category includes schemes or components of schemes where in-kind benefits are given by the Government to individuals through an intermediate agency.

c) Other transfers - This category includes transfers made in the form of wages, honoraria, incentives, *etc.*, to community workers and non-government organisations, *etc.*, who are the enablers for successful implementation of Government schemes.

1.2   Audit framework

1.2.1   Audit objectives

The Performance Audit (PA) sought to ascertain whether

- ❑ necessary process re-engineering[2] was carried out for implementation of DBT so as to minimise - the intermediary levels, delay in payments to intended beneficiaries, pilferage and duplication; and

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[2]   Bringing IT solutions in DBT processes and connecting DBT platforms with other stakeholders' platforms to validate the identity and financial address, to de-duplicate the payment files and to make DBT payments in timely manner.

❑ the infrastructure, organisation and management of DBT was adequate and effective.

1.2.2   Audit criteria

The main criteria for the PA were drawn from the following:

❑ Standard Operating Procedures, Handbook on DBT and Guidelines for State DBT Cell issued by DBT Mission;

❑ Scheme guidelines on process of identification and authentication of beneficiaries and payments;

❑ Instructions regarding maintenance of database, generation of various reports and IT controls; and

❑ Documents, circulars, orders, instructions and notification issued by DBT Mission, Central Ministry and State Government.

1.2.3   Audit scope and methodology

The PA covering the period 2018-19 and 2019-20 initially involved analysis of data (as on 20 October 2020) of Core DBT Portal[3] and Milk Incentive scheme of the Department of Animal Husbandry and Veterinary Sciences (AH&VS) which was selected based on the highest benefit transfer through State DBT. An entry conference was held on 14 September 2020 with the ACS to Government, e-Governance to discuss the audit objectives, scope and criteria. Based on the request of the ACS, the scope of the PA was widened to cover the data analysis of National Food Security Mission (NFSM), Raithasiri and Pradhan Mantri Kisan Samman Nidhi (PMKSN) schemes of the Agriculture Department. The data analysis of PMKSN was restricted to disbursement of benefits by the State Government. The audit scope also involved conducting IT Audit of Core DBT and Ksheerasiri (native portal for milk incentive scheme) applications.

The findings of the PA were discussed with the ACS in the exit conference held on 28 December 2021. This report takes into consideration the replies furnished (13 December 2021 and 3 January 2022) by the State Government.

1.2.4   Acknowledgement

Audit acknowledges the cooperation extended by the different departments of the State Government, DBT Cell and K2 in conducting the Performance Audit.

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[3]   Core CBT Portal is the centralised portal which carries out the validations and de-duplication for all transactions. All the user departments are to process the transactions through it.