

# **Chapter 1**

## **Introduction**



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### 1.1 Background

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

DBT vision is a governance regime which ensures a simple and user-friendly Government to people interface and directly delivers entitlements to eligible individuals and households in a fair, transparent, efficient and reliable manner. 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.

### 1.2 Vision of Direct Benefit Transfer

Rule 87 of General Financial Rules, 2017 regarding Direct Benefit Transfer stipulates that:

- Transfer of benefits should be done directly to beneficiaries under various Government Schemes and Programmes using Information and Communication Technology (ICT). Necessary process reengineering to minimize intermediary levels and to reduce delay in payments to intended beneficiaries with the objective of minimizing pilferage and duplication should be done for all Government Schemes and Programmes. The process for implementation of DBT as prescribed should be adopted.
- DBT should include in-kind and cash transfers to beneficiaries as well as transfers/honorariums given to various enablers of government schemes like community workers, *etc.* for successful implementation of the schemes.
- Transfer of cash benefits from Ministries/Departments should be done (a) directly to beneficiaries; (b) through State Treasury Account; or (c) through any implementing agency as appointed by Centre/State Governments.

### 1.3 Pre-requisites of DBT

The principal objective of DBT is to facilitate direct processing and credit of payments to the legitimate beneficiary in right account and in right time *i.e.* without undue delay.

The pre-requisites of DBT are:

- Digitization of database of beneficiaries
- Opening of bank accounts of beneficiaries and
- Enrolment of beneficiaries for generation of *Aadhaar* number.

#### **1.4 Various Processes of Direct Benefit Transfer**

Under DBT, various schemes in the categories of Cash and in-kind are being covered<sup>1</sup> according to 'Standard Operating Procedure for DBT payments', following process is to be followed by implementing agencies through Public Financial Management System (PFMS) or other payment systems:

- I. Beneficiary identification and enrolment in Ministry's DBT scheme Management Software;
- II. Beneficiary validation/registration on PFMS (or any other system), including first time validation of bank account details;
- III. Generation of payment file instructions;
- IV. Processing of payment file and payment to beneficiary.

#### **1.5 Audit Objectives**

The Performance Audit, covering the period from 2017-18 to 2020-21 has been undertaken to ascertain whether:

- Proper planning and process were in place to capture data of the beneficiaries;
- Necessary process reengineering was done for implementation of DBT so as to minimize the intermediary levels, delay in payments to intended beneficiaries and pilferage and duplication; and
- The infrastructure, organization and management of DBT were adequate and effective.

#### **1.6 Audit Criteria**

The following documents issued by Government of India and State Government are taken up as audit criteria:

- Documents, circulars, orders, instructions and notification issued by DBT Mission;
- Standard Operating Procedures. Handbook on DBT and Guidelines issued for State DBT Cell;
- Guidelines of Schemes on process of identification and authentication of beneficiaries; and
- Instructions regarding maintenance of database, generation of various reports and IT controls.

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<sup>1</sup> **Cash:** PAHAL (Direct Benefit Transfer for LPG), Mahatma Gandhi National Rural Employment Guarantee Act, National Social Assistance Programme. **In-kind:** Public Distribution System. **Other Transfers:** ASHA workers under National Health Mission, *Aanganwadi* workers under Integrated Child Development Services, teachers in Aided School, Sanitation staff in Urban Local Bodies.

### 1.7 Audit Scope and Methodology

The performance audit covered the period of four years from 2017-18 to 2020-21. Audit involved scrutiny of records in the State level units (Departments and Directorates), selected districts, Blocks, Institutes/Schools and surveys of selected beneficiaries.

The audit had three broad areas of enquiry:

➤ Granular IT data on beneficiaries' eligibility, payment calculation and authorisation, etc. from the scheme management software *i.e.*, **e-Kalyan portal** for the period 2017-21 has been collected from the Department of ST, SC, Minority and BC Welfare Department, Government of Jharkhand and was analysed by audit and outliers were identified for detail audit in the test checked districts.

Under National Social Assistance Programme (NSAP), Data dump of NSAP was obtained from the Social Security Department, Government of Jharkhand. In Analysis of Data dump of NSAP outliers were identified by audit. Audit however could not examine the specific pension applications with reference to audit leads in test-checked Blocks as most of the applications of pension schemes prior to 2019-20 were either not/partially available at the Blocks<sup>2</sup> or were kept in improper order rendering it difficult to sort it out for scrutiny. Therefore, pension applications (Central as well as State) were selected randomly from available pension applications at selected Blocks to verify the eligibility of beneficiary, sanction procedures and timely disbursement of pensions.

➤ Transfer of grant to the beneficiaries and whether and to what extent beneficiaries have actually received the benefits during the period 2017-21 was examined during field verification.

➤ System Audit of IT platform *viz.* **e-Kalyan**, a scheme-specific IT software and IT platform being used for DBT transfer to the eligible beneficiaries of "Pre and Post Matric scholarship schemes for SC, ST and BC category students" implemented by the ST, SC, Minority and Backward Class Welfare Department has also been conducted for verifying adequacy and effectiveness of controls to ensure reliability and integrity of data generated by the application.

### 1.8 Sample and Sampling Methodology

The performance audit of DBT covered two Departments *viz.* ST, SC, Minority and Backward Class Welfare Department has been selected for the audit of Pre-Matric and Post-Matric Scholarship Schemes for SC, ST, BC and

<sup>2</sup> **Non-availability of pension records prior to 2019-20:** Kanke, Medininagar and Chainpur blocks; **Partial availability of pension records prior to 2019-20:** Bero, Poraiyahat, Godda Sadar, Golmuri-cum-Jugsalai, Potka, Hunterganj, Chatra Sadar, Ichak and Hazaribag Sadar Blocks.

Minorities whereas the Women, Child Development and Social Security Department has been selected for the audit of National Social Assistance Programme<sup>3</sup> (NSAP). Scheme-wise details of sampling of units and methodology are as under:

**Scholarship:** Six Districts (Chatra, Hazaribag, East Singhbhum, Godda, Palamu and Ranchi) have been selected on consideration of expenditure, beneficiaries, outliers identified through data dump analysis of *e-Kalyan* and geographical representation.

**Methodologies adopted for selection of districts were as under:**

- High risk districts were identified by Outliers noticed through data analysis of *e-Kalyan* and given weightage of 40 *per cent* for sampling purposes;
- Data pertaining to numbers of beneficiaries and money value of scholarship amount of SC & ST (Pre & Post Matric) and beneficiaries have been clubbed district-wise and given weightage of 60 *per cent*;
- Districts were arranged Commissionerates wise in descending order of money value of scholarship amount and beneficiaries; and
- One district with highest money value and beneficiaries has been selected from each of five Commissionerates and sixth district with lowest money value and beneficiaries was selected from largest Commissionerates to give proper representation to highest and lowest order.

Besides that, 20 Schools/Institutes/*Madarsas* (including government/private /minority schools) in each sampled district were selected on the basis of output of data analysis of *e-Kalyan and NSP*.

**NSAP:** Six Districts *viz.* Chatra, Hazaribag, East Singhbhum, Godda, Palamu and Ranchi as selected for Scholarship Schemes, have been retained for the NSAP also. Besides that, two Blocks (One Urban and One Rural) from each selected districts have been selected using SRSWoR method and two Gram *Panchayats* (GPs) selected randomly from each selected Blocks. Further, 200 applications in each sampled block (100 applications in each sampled GP) were selected randomly from available records.

***As the audit findings have emerged out of test-check of records, it calls for a further thorough investigation by the Government to ascertain the gamut of all irregular occurrences and initiate appropriate recovery procedures.***

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<sup>3</sup> **Centrally Sponsored DBT Schemes(CSS)** *viz.* Indira Gandhi National Old Age Pension scheme(IGNOAPS), Indira Gandhi National Widow Pension scheme(IGNWPS), Indira Gandhi National Disability Pension scheme(IGNDPS) and National Family Benefit Scheme(NFBS) and **State Sponsored Schemes (SSS)** *i.e.* *Mukhya Mantri* State Old Age Pension Scheme(MMSOAPS), *Mukhya Mantri Adim Jan Jati Pension Scheme*(MMAJJPS), *Mukhya Mantri Rajya Vidhwa Samman Pension Yojana*(MMRVSPY), Swami Vivekananda Nishakta Swavlamban Protsahan Yojana(SVNSPY).

### **1.9 Entry and Exit Conference**

Entry Conference with the Principal Secretary, Women, Child Development and Social Security Department and the Secretary, ST, SC, Minority and BC Welfare Department was conducted on 18 February 2022 and 21 March 2022 respectively. Exit Conference was held on 8 December 2022 with Secretary, ST, SC, Minority and BC Welfare Department and on 19 December 2022 with Secretary, Women Child Development and Social Security Department. Replies of the Finance Department, Government of Jharkhand, responsible for monitoring of implementation of DBT framework in the State, have been suitably incorporated in the Report.

### **1.10 Structure of the report**

This report has been structured on the basis of audit findings on schemes covered in audit. The audit findings under the themes have been reported in five themes as follows:

- Chapter 2: DBT framework;
- Chapter 3: Pre & Post Matric Scholarship Schemes for SC, ST and BC;
- Chapter 4: Pre and Post Matric Scholarship Schemes for Minority;
- Chapter 5: National Social Assistance Programme;
- Chapter 6: IT audit of ‘*e-Kalyan*’ Portal.

The conclusions and recommendations have been reported in each of the Chapters 3 to 6 to facilitate easy comprehension and follow up.

### **1.11 Acknowledgement**

Performance Audit was conducted between November 2021 and May 2022. Audit acknowledges the cooperation and assistance extended by the ST, SC, Minority and BC Welfare Department, Women, Child Development and Social Security Department, State DBT Cell and all the test-checked District Welfare Officers, Assistant Directors of Social Security and Block level officers in conducting the performance audit.

