

Chapter 4 - Implementation

4.1 Coverage and Registration of Nodal Offices and eligible employees

4.1.1 Coverage and Registration of Nodal Offices

4.1.1.1 Ministries/ Departments of GOI

PFRDA informed (15 February 2008) the Ministry of Finance that CRA was to commence operations with effect from 01 June 2008. It was of critical importance that all Nodal Offices such as Pr. AOs, PAOs, DDOs and individual subscribers were registered into the new CRA system by 01 June 2008, so as to enable individual, subscriber-wise contributions to be accepted for the investment purposes. NSDL started functioning as the CRA from June 2008²⁶.

PFRDA also informed that any delay in this process would have adverse consequences on the pension savings of NPS subscribers, adding that their assessment indicated that one day's delay in transfer of funds would erode the terminal pension wealth of an employee by ₹40,000.

- Test check of a sample of 62 DDOs of Central Ministries/ Departments showed that there were delays ranging between 37 to 884 days in all the DDOs, in registration under NPS (**Annexure IV**) since 01 June 2008 (i.e. date when NSDL started functioning or from the date of DDO started functioning, whichever is later).

DFS replied (December 2019) that as per CGA all the PAOs/ DDOs, who submitted legacy data to NSDL were to be registered with NSDL. However, Audit noted that the reasons for delays (in respect of cases cited in **Annexure IV**) and the mechanism in place to monitor the follow up of directions of CGA were not furnished by DFS/ CGA.

Regarding timeline for registration of a Nodal office under NPS, subsequent to 01 June 2008, DFS referred to OM dated 02 September 2008 which stated that registration was of emergent nature and hence "immediate action" was prescribed in the OM instead of laying down timelines in term of days, as there was no scope for delay.

However, considering the delay noticed in registration of nodal offices despite issuance of above OM, Audit is of the view that the instructions were not strictly followed and it also highlighted absence of effective mechanism to monitor follow up of instructions.

²⁶ As per information provided by PFRDA, 15660 DDOs, 2932 PAOs & 131 Pr. AOs were registered in NPS between April 2008 and October 2018. 9643 out of 15660 DDOs, 1849 out of 2932 PAOs, and 119 out of 131 Pr. AOs were registered in 2008-09 itself.

- As regards the number of eligible Nodal offices which were not registered under NPS, PFRDA replied (March and December 2019) that O.M. issued (July 2011) by DoE fixed the ultimate responsibility of NPS implementation on the Financial Advisors in respect of their Ministries and that concerned accounting formations would be in a better position to provide information as to whether there were eligible Nodal offices which were not registered under the NPS.

4.1.1.2 Central Autonomous Bodies (CABs)

As per DoE O.M. dated 13 November 2003, all new recruits joining any autonomous body under the administrative control of various Ministries/ Departments, on or after 01 January 2004 would also be governed by NPS. Minutes of the meeting held on 30 May 2008 also indicated that DoE would ensure that NPS was adopted and implemented by all autonomous bodies. However, in its subsequent OM (November 2008), DoE asked the Ministries/ Departments to advise autonomous bodies to contact PFRDA for shifting to the NPS architecture and stated that this exercise was to be completed by 31 January 2009 by all autonomous bodies.

Audit observed that as against the stipulated date of 31 January 2009 for shifting of all CABs to NPS architecture, PFRDA was the first CAB, brought under the NPS architecture in February 2009. As per information provided by PFRDA, 3,999 DDOs, 1,874 PAOs and 573 Pr. AOs were registered in NPS between April 2008 and October 2018. Nil out of 3,999 DDOs, one out of 1,874 PAOs, and one out of 573 Pr. AOs were registered in 2008-09 itself.

In a meeting held in June 2013, it was decided that Secretary (Expenditure) be requested to provide the list of CABs (as grants were captured in budget documents), to PFRDA to enable it to bring all CABs under the fold of NPS, immediately. However, such list was not made available to PFRDA. DoE requested (December 2015) all Ministries/ Departments that despite instructions issued by PFRDA from time to time, a large number of CABs had not yet joined NPS and that the Ministries/ Departments of the Central Government may review the matter and ensure that the exercise of joining NPS by all the autonomous bodies under their administrative control was completed immediately.

Audit observed that a co-ordinated approach between DoE, PFRDA and the respective Ministries/ Departments was essential for ensuring registration of all CABs. As against this, the responsibility for registration of CABs has been shifting between DoE (May 2008), PFRDA (June 2013) and respective Ministries/ Departments (December 2015).

PFRDA was not aware of the complete list of CABs, which were out of the ambit of NPS and replied (March 2019) that the actual position of CABs could be confirmed by the respective Ministries/ Departments.

DoE has only one autonomous body (National Institute of Financial Management)²⁷ under its administrative control, which was not registered under NPS (February 2019).

Test check of sample of 12 DDOs of CABs showed that there were delays of 121 to 1,003 days in registration under NPS (**Annexure V**) from 1 June 2008 (i.e. date when NSDL started functioning or from the date of DDO started functioning, whichever is later).

4.1.1.3 State Governments and State Autonomous Bodies (SABs)

- i.** Total number of DDOs registered in States were 2,20,217 (as of 30 April 2018). In response to Audit query seeking clarification on status of registration of Nodal offices in State Governments (in terms of total eligible nodal offices to be registered and those remaining unregistered), PFRDA replied (March 2019) that NPS had been notified and adopted by State Governments on different dates based on their decision. PFRDA also replied that the notifications were forwarded to concerned Nodal offices and/ or Finance Department and that it was the responsibility of concerned State Governments to ensure registration of Nodal offices into NPS.

Further, in response to Audit query seeking clarification about the status of enrolment of SABs (in terms of total eligible nodal offices to be registered and those remaining unregistered) under NPS, DFS replied (March and December 2019) that, there was no mechanism to assess the number of eligible SABs to be covered under NPS and that the concerned State Government would be in a position to confirm the same.

- ii.** As regards assurance of 100 *per cent* coverage of all Nodal Offices in selected State Governments and UTs (including their SABs), Audit scrutiny revealed the following:
 - In Andhra Pradesh, 244 out of 22,073 DDOs were unregistered as of February 2019.
 - In Himachal Pradesh, Uttarakhand and Jharkhand, not all nodal offices (SABs) were registered under NPS.
 - In Rajasthan, as per State Insurance and Provident Fund (SIPF) Department, Jaipur, which acts as Nodal Office, 27,538 DDOs were registered under NPS. However, as per data available with Audit the number of DDOs in the State is 35,595.
 - In Karnataka, salary is prepared by DDOs through Human Resource Management System (HRMS), wherein control has been introduced so that generation of salary bills was not allowed

²⁷ Renamed as Arun Jaitley National Institute of Financial Management (February 2020).

in respect of employees with date of entry into service on or after 01 April 2006, if deduction towards NPS was not done. This system ensured registration of all eligible DDOs in the state. However, there is no centralised database of SABs in the state.

- In the remaining selected States/ UTs²⁸ also, Audit could not gain assurance about complete coverage of Nodal Offices.
- iii. Audit scrutiny of 168 selected DDOs of State Government and SABs showed that, keeping in view the date of agreement with NSDL or functioning of the DDO after the date of agreement (whichever is later), the time taken for registration of State Government DDOs ranged from 62 days to 1,687 days (**Annexure VI**), and the time taken for registration of SAB DDOs ranged from 552 days to 3,385 days (**Annexure VII**). The details are tabulated below:

Table: 4.1

State	Number of selected DDOs of State Government	Number of selected DDOs of SABs	Date of agreement of State Government with NSDL	Time taken for registration of State Govt. DDOs (days)	Time taken for registration of SAB DDOs (days)
Andhra Pradesh	20	05	21.11.2008	228-1215	1630-3385
Himachal Pradesh	20	05	24.12.2009	110-131	832-1693
Jharkhand	20	02	25.10.2008	162	830-3341
Karnataka	20	05	20.01.2010	62-182	1997-2599
Maharashtra	20	01	10.10.2014	97-601	1006*
Rajasthan	20	05	09.11.2010	192-1687	552-2512
Uttarakhand	20	05	11.09.2009	75	1027-2594
Total	140	28	-	-	-

*Government of Maharashtra extended the date of registration of Zilla Parishad upto 31 March 2018. Zilla Parishad, Nanded was registered on 8 December 2017, therefore, no delay in registration.

NSDL-CRA informed (October 2014) PFRDA that the registration of SABs was undertaken as soon as all registration related documents were received at CRA in the prescribed format. Reason for pending registration of SABs included required documents being incomplete and/ or not submitted, non-receipt of documents for registration etc.

Thus, there was no assurance that all Nodal Offices (under Central Government, State Government, CABs and SABs) had been registered under NPS.

²⁸ Andaman & Nicobar Islands, Delhi and Maharashtra

Recommendation: A foolproof system needs to be put in place to ensure that all nodal offices are registered under NPS.

4.1.2 Compensation for non-remittance/ delayed remittance

As per Section 2(g) of the PFRDA Act, 2013 “intermediary” includes pension fund, central record keeping agency, NPS Trust, pension fund adviser, retirement adviser, point of presence and such other person or entity connected with collection, management, record keeping and distribution of accumulations. Further, provision 41²⁹ of PFRDA (Point of Presence) Regulations, 2018 provided that in the event of failure on the part of point of presence to adhere to the Service level Standards or any guidelines issued by the Authority resulting in loss or inconvenience to the subscriber, the subscriber shall be compensated as per the guidelines issued by the Authority or the compensation limits mentioned in the service level standards. As per Section 14B of the Employees’ Provident Funds and Miscellaneous Provisions Act 1952, where an employer makes default in the payment of any contribution to the fund or in the transfer of accumulations required to be transferred by him, the commissioner or such other officer may recover from the employer by way of penalty such damages, not exceeding the amount of arrears, as may be specified in the scheme.

4.1.2.1 PFRDA informed (June 2016) DFS that Government nodal offices were not registered as intermediaries under NPS architecture. Clarifying on the present status of Government nodal offices, PFRDA replied (November 2018) that there were no specific regulations, which provided for registration of nodal offices under Section 27³⁰ of the PFRDA Act. However, these offices were at present regulated through various OMs issued by the Government(s).

The reply of PFRDA needs to be viewed in light of the fact that Section 2(t) of the PFRDA Act 2013, defines subscriber as a person who subscribes to a scheme of a pension fund and does not differentiate between government subscribers and private subscribers to NPS.

4.1.2.2 Audit observed that interest of NPS subscribers under PoPs (non-government) registered with PFRDA was protected by way of compensation for non-remittance/ delayed remittance compared to subscribers under Government Nodal Offices who were not similarly protected, indicating absence of parity among subscribers under NPS. Further, none of the OMs applicable to Nodal Offices (Central Government) contained provisions to

²⁹ Previously, provision 40 of the PFRDA (Point of Presence) Regulations 2015 compensated the subscriber to the tune of bank rate plus two *per cent* for the period of such delay or violation, in the event of non-upload of contributions as per the prescribed timelines.

³⁰ Section 27 specifies that no intermediary, including a pension fund or a point of presence to the extent regulated under this Act, shall commence any activity relating to a pension fund except under and in accordance with the conditions of a certificate of registration granted by the Authority in accordance with the provisions of this Act and the regulations.

compensate the NPS subscriber who faced non-remittance/ delayed remittance of contributions. The PFRDA Act also provided for penalty for failure by an intermediary or any other person to comply with its provisions, rules, regulations and directions. However, as Government nodal offices were not registered as intermediaries, imposition of penalties by PFRDA for non-compliance and recovery of losses in lieu of delays was not possible.

Audit observed that rules have not been framed by GOI to fix accountability of the concerned officials causing non-remittance/ delayed remittance of subscriber's contribution. Besides, rules have not been framed by GOI to decide the source from where such compensation would be paid. Further, taking into consideration the issue of non-deposit/ delayed deposit of contribution during 2004-2012, GOI has notified (31 January 2019) that Government subscribers would be compensated for non-deposit or delayed deposit of contributions during 2004-12 at GPF rates. Framing of such regulations would ensure better discipline among Government nodal offices and act as a deterrent against erring offices, towards bringing about timely remittance of contributions.

To implement the decision (31 January 2019), CGA, issued guidelines (07 January 2020) that prescribed that interest would be calculated by the present DDO of the employee on the basis of data provided by CRA (NSDL) in confirmation with service records of the employee. Confirmation of correctness of data/ records may also be obtained from the employee concerned.

However, Audit noted that, neither the GOI notification nor the guidelines issued by CGA cover non-deposit or delayed deposit of contributions from 2012-13 onwards.

DFS replied (December 2019) that for delays post 2012, the recommendation of Committee of Secretaries, suggesting measures for streamlining NPS, were under active consideration for implementation. Further, pursuant to the budget announcement 2019 on separation of NPS Trust from PFRDA, requisite amendments to PFRDA Act also were under examination inter-alia including incorporating provisions for compensation and penal provisions for delay in Government Departments. DoPPW has also incorporated penal provisions in the draft CCS (NPS) Rules.

4.1.3 Coverage and Registration of eligible employees

4.1.3.1 Ministries/ Departments of GOI and CABs

During a meeting in December 2012, PFRDA observed that the coverage gap could be between five *per cent* to 10 *per cent* and about one lakh potential subscribers of the Central Government and autonomous bodies were not covered. Accordingly, PFRDA was advised to take immediate action to enroll all the remaining employees of the Central Government under NPS. Subsequently, during another meeting in June 2013, PFRDA brought out that, there were 11.65 lakh subscribers enrolled in the system (June 2013), but in the

absence of recruitment data, it was not possible to determine whether 100 *per cent* coverage had been achieved. It was decided in the meeting that ‘the incremental additions to Government employees based on the budget documents may be taken as the benchmark and PFRDA should achieve 100 *per cent* enrolment for all employees from 01 January 2004 till a particular date say March of last year on a rolling basis’.

PFRDA was mandated as per notification dated 01 February 2014 to implement NPS across the country and also monitor and oversee the enrolment of all Central Government employees who had entered the service on or after 01 January 2004. It however stated (January 2015) that it was not very certain whether 100 *per cent* coverage of the employees in terms of enrolment and subscriptions and their remittances into the system under the Scheme had been achieved and, therefore, requested DoE to issue necessary instructions to enable them to ensure 100 *per cent* coverage. PFRDA stated (January 2015) that in order to arrive at any reasonable assessment regarding the coverage of the Scheme across the entire Central Government sector, they required database of recruitment in Central Government sector or the actual number of employees who had joined on or after 01 January 2004. PFRDA had previously (June 2013 and August 2013) raised similar request with DoE.

While providing clarification on 100 *per cent* coverage of employees, PFRDA replied (November 2018) that the database with respect to total number of employees who had joined Central Government sector on after 01 January 2004 was not available with them and they could not confirm whether 100 *per cent* coverage of employees under the Scheme had been achieved. PFRDA also replied that they had no mechanism to check whether 100 *per cent* coverage of employees in terms of enrolment and subscriptions and their remittances into the system under NPS was there.

DFS replied (May and December 2019) that PFRDA had no mechanism to check whether there was 100 *per cent* coverage of employees and nodal offices into the system under NPS, adding that only the concerned nodal offices were in a position to confirm the same because PFRDA/ NSDL-CRA did not have any data about joining of new employees in Government service before receipt of application for creation of PRAN.

In eight out of 13 Ministries/ Departments³¹ of the Central Government, no database of eligible employees *vis-à-vis* employees covered under NPS was maintained to assure 100 *per cent* coverage of eligible employees under NPS as given in table 4.2.

³¹ Out of sample of 16 Ministries, 3 Ministries viz. Ministry of Agriculture & Farmers Welfare, Ministry of Health and Family Welfare and Ministry of Human Resource and Development included only ABs DDOs.

Table: 4.2

Total No. of selected Ministries <i>(Total No. of selected DDOs in selected Ministries/ Departments)</i>	No. of Ministries which have not assured 100% coverage of eligible employees under NPS <i>(No. of selected DDOs falling under the above Ministries)</i>	No. of Ministries which have assured 100% coverage of all eligible employees under NPS <i>(No. of DDOs falling under the above Ministries)</i>
13(62)	08 ³² (35)	05 ³³ (27)

However, in 12 DDOs of selected 11 CABs all eligible employees working under the DDOs were registered into the NPS.

4.1.3.2 State Governments and SABs

PFRDA (17 November 2015) requested State Governments³⁴ that to ensure 100 per cent coverage of eligible employees under NPS, the precise number of employees eligible for NPS along with the number of employees registered be furnished. Such information, however was not available with PFRDA.

Audit scrutiny of 183 DDOs in selected States and UTs revealed that 75 DDOs had cases of non-issue of PRAN to the eligible employees in six³⁵ States and one³⁶ UT.

DDOs stated that application forms could not be processed and forwarded timely to DTO for allotment of PRAN due to non-submission of application forms by the employees, delayed submission of CSRF (Common Subscriber Registration Form) by the subscribers, errors in the CSRF as pointed out by DTO/ NSDL, etc. The reply however, may be seen in the light of the fact that DDOs were to ensure submission of application with correct particulars by the employees immediately after their joining. Further, due to non-issue of PRAN, these employees were not covered under NPS and consequently they would not be eligible for any benefit under the scheme.

Further, Audit observed instances (cited below) in respect of coverage of all eligible employees, in the selected States, which highlights the uncertainty regarding completeness of information/ data on the number of employees eligible for coverage under NPS. Due to this uncertainty, the coverage gap (i.e. difference between number of employees eligible and the number registered) remained unidentified at PFRDA.

³² DEA, DFS, Department of Revenue, Ministry of Home Affairs, Ministry of Information and Broadcasting, Ministry of Law and Justice, Ministry of Mines, Ministry of Statistics and Programme Implementation.

³³ Ministry of Housing and Urban Affairs, Ministry of Road Transport and Highways, Department of Science and Technology, Ministry of Water Resources, Department of Atomic Energy.

³⁴ Assam, Uttar Pradesh, Odisha, Madhya Pradesh, Kerala, Bihar, Maharashtra etc.

³⁵ Maharashtra, Uttarakhand, Himachal Pradesh, Rajasthan, Andhra Pradesh, Jharkhand

³⁶ NCT of Delhi

- Karnataka: had 100 *per cent* coverage of employees except SABs. DDOs have to necessarily prepare salary bills through HRMS, wherein control has been introduced to disallow generation of salary bills in respect of employees whose date of entry into service is on or after 01 April 2006, if deduction towards NPS is not done;
- Andhra Pradesh, Delhi and Andaman and Nicobar Islands: there was no mechanism for confirming 100 *per cent* coverage of all employees;
- Maharashtra: 21,206 out of 2,77,216 employees were not registered (as of 31 March 2018). Employees of some SABs³⁷ were not covered under NPS;
- Uttarakhand: 8,253 out of 84,159 employees remained out of NPS (as of 30 November 2018);
- Himachal Pradesh: 908 employees remained out of NPS (as of 13 February 2019); and
- Jharkhand: 62 employees remained out of NPS as of December 2018.

PFRDA replied (March and December 2019) that it was the responsibility of concerned nodal office to assess the number of eligible employees to be covered under NPS, reiterating that it had no mechanism to check whether 100 *per cent* coverage of employees under the NPS was there.

Thus, during formulation of the scheme, essential controls to ensure 100 *per cent* coverage of eligible employees were not envisioned. Further, despite 15 years of implementing NPS, assurance on 100 *per cent* coverage of eligible employees is still lacking.

Recommendation: Foolproof system needs to be put in place to ensure that all NPS eligible employees are registered. Internal Audit mechanism should see that every employee is brought into the system. To ensure this, delays need to be penalised and compensation effected to avoid loss to the subscriber.

4.1.4 Incomplete registration of subscribers

As per DoE letter dated 29 April 2009 to PFRDA/ NSDL and various accounting formations, all subscribers who were registered through the legacy data were to fill up the application for registration, which were to be forwarded to NSDL by the PAO concerned, with the exercise to be completed by 31 July 2009. Further, DoE reiterated that all new entrants who joined service on or after 01 April 2009 might be registered directly with NSDL through the form prescribed by NSDL, with their SCF upload commencing thereafter.

³⁷ Recognised and aided educational institutions, agricultural/non-agricultural universities and affiliated non-Government colleges, Corporations under Water Resources Department and teachers under Zilla Parishad (ZP).

DoE noted (17 August 2009) that the individual application forms for registration to the NPS, had not been filled up and sent to NSDL in respect of a large number of cases pertaining to post 01 January 2004 entrants into Government service. It accordingly advised that all such employees fill up the form which may then be forwarded by DDO/ PAO to NSDL immediately (latest by 31 August 2009).

In this regard, PFRDA replied (November 2018) that the exercise of submission of physical PRAN applications in respect of Non-IRA³⁸ subscribers who were registered through minimum data (legacy data/ zero contribution) was still continuing, as physical forms of certain number of PRANs were yet to be received from some of the Central Government Ministries/ Departments and State Governments. PFRDA also stated in its reply that in Central Government, 4,383 PRANs (excluding 33,948 Non-IRA PRANs, which had been deactivated on 31 October 2018 based on PFRDA advisory) were still non-IRA, adding that the non-IRA PRANs which had been de-activated would only be re-activated upon submission of physical CSRF form.

Thus, the registration of subscribers who entered the CRA system on the basis of legacy data, is still incomplete due to non-submission of physical forms. Resultantly, processing of terminal benefits may be delayed.

DFS replied (December 2019) that CGA had suggested that PFRDA may raise issue of registration of NPS subscribers before the committees of Financial Advisors formed for the purpose and also share data with DDO/ Head of Office as documents are updated in the Service Book.

4.2 Delay in issue of Permanent Pension Account Number

The Permanent Pension Account Number (PPAN) is a unique 16-digit permanent pension account number, which was issued by the PAO in Ministries/ Departments of the GOI, till commencement of functioning of regular CRA and issue of PRAN by NSDL-CRA. In five³⁹ out of the sample of seven State Governments selected, PPAN was being issued in a similar manner, except in case of Maharashtra, where PPAN continues to be issued by the nodal authority of the State Government, irrespective of issue of PRAN.

4.2.1 Ministries/ Departments of the Central Government and CAB

As per OM (January 2004) read with OM (February 2004) issued by the CGA, the DDO concerned was responsible for obtaining complete information from the newly joined Government servant and forward the same to PAO by 7th of the month following the month in which the employee had joined Government

³⁸ The subscribers in respect of whom complete KYC details (address, photograph, signature, nominee details etc.) are not available in CRA system are non-IRA (Individual Retirement Account) compliant subscribers.

³⁹ Andhra Pradesh, Rajasthan, Jharkhand, Himachal Pradesh, Maharashtra.

service and PAO was required to issue PPAN to the employee by 10th of that month.

Audit noticed that:

- In four out of 15 selected Pr. AOs of the Central Government, in nine out of 62 selected DDOs, for 13 subscribers out of 79 selected subscribers (who were entitled for issuance of PPAN), delay in issue of PPAN ranged from 01-2009 days, as mentioned in **Annexure VIII(A)**; and
- In two out of 11 selected autonomous bodies of the Central Government, in two out of 12 selected DDOs, for four subscribers out of 18 selected subscribers, delay in issue of PPAN ranged from 44-375 days, as mentioned in **Annexure VIII(A)**. The details are tabulated below.

Table: 4.3

Central Government/ CAB	Total selected DDOs	Selected DDOs where delay noticed	Total subscribers in selected DDOs	Delay noticed in number of subscribers	Average delay in days
Central Government	62	09	79	13	373.77 [@]
CAB	12	02	18	04	183.75

@ Most of the instances of delay are between the range of one and 200 days and only two instances of delay were between 1,900 to 2,009 days.

4.2.2 State Governments and SABs

As discussed in Para 3.10, the option of joining the new system would also be available to the State Governments and as and when they decided, the new system would be capable of accommodating the new participants. The seven selected State Governments had issued notifications between January 2004 and August 2006, for adopting NPS.

Audit scrutiny showed that:

- In three out of nine States/ UTs, delay in issue of PPAN was noticed in 71 employees (in 23 DDOs) out of 250 employees (of 40 DDOs who had employees with PPAN, out of total 150 selected DDOs of State Governments/ UTs). Delay ranged from 18-2,038 days, as mentioned in **Annexure VIII(B)**; and
- In one out of eight⁴⁰ States/ UTs, delay in issue of PPAN was noticed in 13 employees (in one DDO of a SAB) out of 15 employees (of one DDO which had employees with PPAN, out of total 33 selected DDOs). Delay ranged from 453-2,607 days, as mentioned in **Annexure VIII(B)**.

⁴⁰ Out of the sample of nine states and UTs, in one UT Andaman & Nicobar Island no Autonomous Body was in the selection.

Table: 4.4

State Govt./ SAB (In State/ UT)	Total selected DDOs	No. of DDOs with PPAN employees	Selected DDOs where delay was noticed	Total subscribers in selected DDOs	Number of selected employees with PPAN	No. of subscribers where delay was noticed	Average delay in days
State Government	150	40	23	2210	250	71	583.29 [@]
SAB	33	1	1	539	15	13	1448 [#]

[@] Most instances of delay were in the range of one to 1,200 days and in five instances delay of more than 1500 days was noticed.

[#] Most instances of delay were in the range of 400 to 1,700 days and in two instances delay was of more than 2,300 days.

Thus, in cases where due to delay in issuance of PPAN, commencement of first deduction of contribution did not occur in the month subsequent to the month of joining, the subscriber suffered a loss of interest (wherever no such compensation have been made to the subscriber) on contributions between months of actual deduction and the months in which deduction was due.

DFS in its reply (December 2019) expressed its view that penal provisions need to be introduced for delinquent officials to prevent occurrence of delay in future. The audit observations are based on the samples examined. Government may run suitable checks on the entire NPS universe to identify delays and initiate remedial action.

4.3 Delay/ time taken in issuance of Permanent Retirement Account Number, deduction of NPS contribution etc.

CGA had prescribed (September 2008) that NPS contributions should be credited to the Trustee Bank on the last working day of each month. Test check of the selected sample revealed that there were delays at each stage from the issuance of Permanent Retirement Account Number (PRAN), deduction of contribution, submission of bills to PAO, uploading of Subscriber Contribution File (SCF) containing details of pension contribution, PRAN, DDO, amount etc. which would ultimately lead to delayed remittance of contribution to Trustee Bank.

4.3.1 Delay/ time taken to issue PRAN

4.3.1.1 Ministries/ Departments of the Central Government and CABs

As per the OM (September 2008) of CGA, NPS bills were to be preferred so as to reach the PAO by 20th of every month.

Audit observed that in order to provide support to the State Governments in framing timelines for NPS related activities, PFRDA had finalised maximum permitted timelines for all the activities under NPS. PFRDA also requested State Governments to frame their own timelines covering all such activities ensuring that such timelines framed by State Governments do not exceed the timelines specified by PFRDA. However, no such instructions were issued by PFRDA to

competent authority at Central level for framing timelines for submission of form by subscriber to DDO, submission of form by DDO to PAO and submission of form by PAO to NSDL.

It is evident from the above that timelines were not prescribed for submission of form by subscriber to DDO, submission of form by DDO to PAO and submission of form by PAO to NSDL. Hence, as the timeline for pay bills (containing NPS deduction) of a new employee to reach PAO was 20th of the subsequent month, audit has tabulated the delay in generation of PRAN at Central Government Ministries/ Departments from the 21st of the month subsequent to the month of joining service.

Audit noticed that:

- In 15 selected Pr. AOs of the Central Ministries/ Departments, in 58 out of 62 selected DDOs, for 683 out of 901 selected subscribers, there was delay ranging from one day to 1,986 days in issue of PRANs, as mentioned in **Annexure IX**; and
- In 11 selected ABs of Central Government, in 12 selected DDOs of the CABs, for 168 subscribers out of 172 selected subscribers, there was delay in issue of PRANs, ranging from 20 days to 2,435 days, as mentioned in **Annexure IX**. In one CAB, in respect of nine out of 13 employees, there was no deduction of employee's contribution amounting to ₹3.49 lakh upto registration under NPS. The details are tabulated below:

Table: 4.5

Central Govt./ CAB	No. of selected DDOs	No. of selected DDOs where delay was noticed	Total subscribers in selected DDOs	No. of subscribers where delay was noticed	Average delay in days
Central Govt.	62	58	901	683	138.20 [@]
CAB	12	12	172	168	348.34 [#]

[@] Most of the instances of delay fall between the range of one to 200 days.

[#] Most of the instances of delay fall between the range of one to 400 days and in 11 instances delay was of more than 2000 days.

4.3.1.2 State Government/ UTs and SABs

Among the seven selected States, in Andhra Pradesh, Himachal Pradesh and Karnataka timelines had been prescribed for submission and forwarding of the application form to CRA.

Audit noticed delays^{41/} undue time taken in issue of PRANs:

- In six out of nine selected States/ UTs, in 77 out of 150 DDOs, in 999 out of 2,210 selected employees, delay/ time taken in issue of PRANs ranged from 26 to 1,886 days, as mentioned in **Annexure X(A)**; and
- In 20 out of 33 selected SAB DDOs, for 266 out of 539 selected employees, time taken in issue of PRANs ranged from 15 to 4015 days, as mentioned in **Annexure X(B)**.

Table: 4.6

State Govt./ SAB (In State/ UT)	Total selected DDOs	Selected DDOs where issue of undue time taken noticed	Total subscribers in selected DDOs	No. of subscribers where issue of undue time taken noticed	Average time taken (in days)
State Govt.	150	77	2210	999	169.4 [@]
SAB	33	20	539	266	419.04 [#]

[@] Most instances of undue time taken were in the range of one to 200 days and in four instances undue time taken was more than 1600 days.

[#] Most instances of undue time taken were in the range of one to 200 days and in two instances undue time taken was more than 2,500 days.

Further audit examination revealed following instances of delay/ non-issuance in respect of issue of PRANs of all eligible employees and its consequences in some selected States:

- Uttarakhand:
 - i. in respect of employees who joined service from August 2010 onwards, there was delay of two months to 36 months in issue of 37,798 PRANs from date of joining.
 - ii. in five selected DTOs, 10,321 subscribers were issued PRANs with delay of two months to 36 months.
- Himachal Pradesh:
 - i. during August 2016 and March 2018, 11,566 out of 12,578 PRANs were issued with delay ranging from 61 to 757 days;
 - ii. in 12 out of 20 selected DDOs, 282 employees joined service between September 2010 and September 2017 and were not issued (as on 31 March 2018) PRANs even after six to 87 months. Resultantly, NPS subscription amounting to ₹1.92 crore was not recovered from their pay and equal matching contribution of ₹1.92 crore was also not accounted for in their NPS accounts due to non-issue of PRANs;

⁴¹ Delays/time taken has been calculated from date of joining or date of DDO registration in NPS, whichever is later.

- iii. arrears subscription of ₹32.23 lakh were not recovered from 155 selected employees for the period between October 2004 and September 2018; and
- iv. arrears subscription of ₹26.06 lakh⁴² for the period between November 2008 and February 2015 were not recovered from 30 selected employees.

Audit noted that the reasons for delayed issue of PRAN were late receipt of duly filled application forms from subscribers or forms received with incorrect/missing details and delay in procedural approvals. The delay in issue of PRAN resulted in delayed remittance to the Trustee Bank.

DFS replied (December 2019) that PFRDA intimated that the referred delays primarily appeared to be at the end of concerned Nodal offices, accordingly the reasons for such delays may be provided by the respective Nodal Offices.

Delay in issuance of PRAN would lead to loss of NPS corpus to the extent of contribution of subscriber and its employer and return thereon (wherever such contribution and return was not provided subsequently to the subscriber of NPS account), thereby affecting its terminal wealth.

The Audit observations are based on samples examined. Government may run suitable checks on the entire NPS universe to identify delays and initiate remedial action.

Good Practices

The state of Karnataka specified roles and duties of DDOs and Treasury officers along with timelines to be followed at different stages in the process of filling and submission of forms required for obtaining PRAN. Audit noted that this is a good practice for reference by others.

4.3.2 Delay in first deduction of NPS contribution

4.3.2.1 Ministries/ Departments of the Central Government and CABs

As per OM (January 2004) read with OM (February 2004) issued by the CGA, recoveries towards NPS contribution were to start from the salary of the month following the month in which the Government servant had joined service and recoveries were not to be effected for the month in which the subscriber joined Government service. As per DoE OM (November 2003), all new recruits joining any autonomous body under the administrative control of various Ministries/ Departments, on or after 01 January 2004 would be governed by NPS {Annexure XI(A)}.

⁴² ZP, Mandi ₹14.39 lakh and ZP, Kangra ₹11.67 lakh

Audit noticed that:

- In six out of 15 selected Pr. AOs of the Central Government, in 14 out of 62 selected DDOs, for 63 subscribers out of 901 selected subscribers, the delay in first deduction of NPS contribution ranged from one to 13 months, and;
- In four out of 11 selected CABs, in five out of 12 selected DDOs of CABs, for 45 subscribers out of 172 selected subscribers, the delay in first deduction of NPS contribution ranged from one to 79 months.

Table: 4.7

Central Govt./ CAB	Total selected DDOs	No. of selected DDOs where delay was noticed	Total subscribers in selected DDOs	No. of subscribers where delay was noticed	Average delay in months
Central Govt.	62	14	901	63	3.36
CAB	12	05	172	45	9.06 [#]

Most instances of delay were in the range of one to 24 months and in only one instance the delay was of 79 months.

The delay in first deduction of NPS contribution, implied delay in credit of the contribution to the subscriber's individual PRAN, which would have led to loss of NPS corpus to the extent of contribution of subscriber and its employer and return thereon for that period thereby affecting its terminal wealth (wherever such contribution and return was not provided subsequently to the subscriber NPS account).

DFS in its reply (December 2019) informed that CGA intimated that the movement of documents for getting PRAN is in physical form, which may be dispensed with. NSDL/ CRA should provide an online platform for generation of PRAN number. Registration form should be filled up by subscriber online. Timely allotment of PRAN to NPS subscriber may sort out the issue of delay in first deduction of NPS contribution. It was further stated that there was a need for instructions for various NPS activities performed by DDOs/ PAOs etc. including provisions for appropriate penalty on delinquent officials.

It is, however, noted that, no penal provision exists for delay in performing any of the NPS related activities for Government Nodal Office (concerned officers/ officials). The Committee constituted to suggest measures for streamlining the implementation of NPS also recommended (vide its report submitted in February 2018) that responsibility and the amount of liability on the part of delinquent official would be determined in the same manner as in the case of delayed deduction/ remittance of TDS under Income tax Rules. DFS intimated (May 2020) that PFRDA Act is being amended by incorporating the enabling provision for imposition of penalty on government nodal office for delay in deducting and crediting NPS contributions.

DFS further replied (May 2020) that similar measures (as notified for the Central Government employees vide notification dated 31 January 2019) may be adopted by the autonomous bodies/ PSUs to compensate for the financial loss occurred. DFS requested DoE to issue appropriate clarification in the matter to all such bodies as the applicability of NPS to these bodies were decided by DoE.

4.3.2.2 State Governments and SABs

As per orders/ circulars, issued by State Governments of Andhra Pradesh, Himachal Pradesh⁴³, Karnataka, Maharashtra and NCT Delhi, recoveries (towards NPS contribution) from salary were to start from the month following the month in which the Government servant had joined service and recoveries were not to be effected for the month of joining Government service. However, in case of Andhra Pradesh and Karnataka, in case the employee joined on the 1st of a particular month, the first NPS deduction would be effected in the month of joining service itself.

Audit noticed that:

- In four out of nine selected States/ UTs, in 46 out of 150 selected DDOs of States, for 294 subscribers out of 2,210 selected subscribers, the delay in first deduction of NPS contribution ranged from one to 65 months, as mentioned in {Annexure XI(B)}; and
- In three out of eight selected States/ UTs, in seven out of 33 selected DDOs of SABs, for 90 subscribers out of 539 selected subscribers, the delay in first deduction of NPS contribution ranged from one month to 28 months, as mentioned in {Annexure XI(B)}.

Table: 4.8

State Govt./ SAB (in State/UT)	Total selected DDOs	No. of selected DDOs where delay was noticed	Total subscribers in selected DDOs	No. of subscribers where delay was noticed	Average delay in months
State Govt.	150	46	2210	294	8.74 [@]
SAB	33	7	539	90	4.6 [#]

[@] Most instances of delay were in the range of one month to four months and in nine instances delay was of more than 46 months.

[#] Most instances of delay were in the range of one month to three months and in 11 instances delay was of more than 15 months.

The Audit observations are based on samples examined. Government may run suitable checks on the entire NPS universe to identify delays and initiate remedial action.

⁴³ Criteria prescribed by Himachal Road Transport Corporation only and not by State Government.

4.4 Delay in bills reaching PAO

4.4.1 Central Government Ministries/ Departments and CABs

CGA had prescribed (September 2008) that NPS bills should be preferred so as to reach the PAO by the 20th of every month.

Audit noticed that:

- In six out of 15 selected Pr. AOs of the Central Government, in 18 out of 62 selected DDOs, in respect of 229 out of 901 selected subscribers, the delay ranged between one and 189 days, {(Annexure XII(A)}; and
- In two out of 11 selected ABs of Central Government, in three out of 12 selected DDOs, in respect of 31 out of 172 selected subscribers, the delay ranged between one and 54 days, {Annexure XII(A)}.

Table: 4.9

Central Govt./ CAB	No. of selected DDOs	No of DDOs where delay was noticed	Total no. of subscribers in selected DDOs	No. of subscribers where delay was noticed	Average delay in days
Central Govt.	62	18	901	229	5.75 [@]
CAB	12	03	172	31	10.60 [#]

[@]Most instances of delay were in the range of one day to 10 days.

[#]Most instances of delay were in the range of one day to 20 days.

Reasons for delay as mentioned by DDOs were non-familiarity and inadequate knowledge of software, rotational transfer of staff and other technical issues.

The late submission of NPS pay bills to the PAO/ DTO adversely affected the timeline for upload of the SCF to NPSCAN.

DFS replied (December 2019) that since delay in bills reaching PAO may cause delay in deduction and onward crediting in subscriber's NPS account, action needs to be taken by the nodal offices for compensation in line with DFS notification dated 31 January 2019. As also mentioned earlier, imposing penal provisions in such cases is being considered by the Government.

DFS further replied (May 2020) that similar measures (as notified for the Central Government employees vide notification dated 31 January 2019) may be adopted by the autonomous bodies/ PSUs to compensate for the financial loss occurred. DFS has requested DoE to issue appropriate clarification in the matter to all such bodies as the applicability of NPS to these bodies were decided by DoE. It also intimated that PFRDA Act is being amended by incorporating the enabling provision for imposition of penalty on government nodal office for delay in deducting and crediting NPS contributions.

4.4.2 State Governments and SABs

Audit noticed that:

- In one out of nine selected States/ UTs, in 20 out of 150 selected DDOs of States, for 285 subscribers out of 2,210 selected subscribers, the delay in bill reaching the DTO/ DTA, reckoned from the last day of the salary month, ranged from one to 838 days {Annexure XII(B)}; and
- In one out of eight selected States/ UTs, in two out of 33 selected DDOs of SABs, for 29 subscribers out of 539 selected subscribers, the delay in bill reaching the DTO/DTA, reckoned from the last day of the salary month, ranged from two to 815 days, {Annexure XII(B)}.

Table: 4.10

State Govt./ SAB (In State/UT)	No. of selected DDOs	No of DDOs where delay was noticed	Total no. of subscribers in selected DDOs	No. of subscribers where delay was noticed	Average delay in days
State Govt.	150	20	2210	285	37.25 [@]
SAB	33	2	539	29	31.38 [#]

[@] Most instances of delay were in the range of one to 400 days and in one instance delay was of more than 700 days.

[#] Most instances of delay were in the range of one to 400 days and in one instance delay was of more than 500 days.

The Audit observations are based on samples examined. Government may run suitable checks on the entire NPS universe to identify delays and initiate remedial action.

4.5 Delay in uploading SCF/ obtaining Transaction ID

CGA had prescribed (September 2008) that the PAO should upload the subscriber contribution details on NPSCAN and obtain the Transaction ID by the 25th of each month.

4.5.1 Central Government Ministries/ Departments and CABs.

Audit noticed that:

- In 15 selected Pr. AOs of the Central Government, in 61 out of 62 selected DDOs, in respect of 817 out of 901 selected subscribers, the delay in uploading subscriber contribution details on NPSCAN and obtaining the Transaction ID ranged between one and 3,175 days {Annexure XIII(A)}; and
- In 12 selected DDOs (11 selected CABs), in respect of 163 out of 172 selected subscribers, the delay in uploading subscriber contribution details on NPSCAN and obtaining the Transaction ID ranged between one and 404 days {Annexure XIII(A)}.

Table: 4.11

Central Govt./ CAB	No. of selected DDOs	No. of DDOs where delay was noticed	Total no. of subscribers in selected DDOs	No. of subscribers where delay was noticed	Average delay in days
Central Govt.	62	61	901	817	18.05 [@]
CAB	12	12	172	163	11.74 [#]

[@] Instances of delay were in the range of one day to 20 days except in one case where delay was of 3,175 days.

[#] Instances of delay were in the range of one day to 20 days except in one case where delay was of 404 days.

Delay in uploading SCF results in delayed remittance of the contribution to the Trustee Bank, which in turn affects timely credit of contributions to the subscriber's PRAN account.

4.5.2 State Governments and State Autonomous Bodies

Audit noticed that:

- In one out of nine selected States/ UTs, in 19 out of 150 selected DDOs, in 285 out of 2,210 subscribers, the delay in uploading subscriber contribution details on NPSCAN and obtaining the Transaction ID, ranged from two days to 1582 days {Annexure XIII(B)};
- In two out of eight selected States/ UTs, in nine out of 33 selected DDOs of SABs, in 117 out of 539 subscribers, the delay in uploading the subscriber contribution details on NPSCAN and obtaining the Transaction ID, ranged from one to 1403 days, {Annexure XIII(B)}.

Table: 4.12

State Govt./ SAB (In State/UT)	No. of selected DDOs	No of DDOs where delay was noticed	Total no. of subscribers in selected DDOs	No. of subscribers where delay was noticed	Average delay in days
State Govt.	150	19	2210	285	216.33 [@]
SAB	33	9	539	117	86.74 [#]

[@] Most instances of delay were in the range of one day to 100 days and in 15 instances delay was of more than 1500 days.

[#] Most instances of delay were in the range of one day to 300 days and in six instances delay was of more than 800 days.

Reasons for delay in uploading of SCF were attributed to late receipt of bills from DDO, shortage of staff, absence of timelines for remittance, delay in receipt of data from various field units/ DTOs and PAOs, delay in approval/ permission from DTA for SCF, delay in compilation of monthly accounts and lack of awareness etc.

The Audit observations are based on samples examined. Government may run suitable checks on the entire NPS universe to identify delays and initiate remedial action.

4.6 Delay in remittance of contribution to the Trustee Bank

4.6.1 Central Government Ministries/ Departments and CABs

CGA had prescribed (September 2008) that the NPS contributions should be credited to the account of Trustee Bank on the last working day of each month. Further, the responsibility for timely remittance to the Trustee Bank is that of the PAO in respect of all subscribers under his domain.

Audit noticed that:

- In 14 out of 15 selected Pr. AOs of the Central Government, in 45 out of 62 selected DDOs, in respect of 509 out of 901 selected subscribers, an amount of ₹181.78 lakh was remitted to Trustee Bank with a delay ranging between one and 770 days {Annexure XIV(A)}; and
- In 10 out of 12 selected DDOs, (10 out of 11 selected CABs) in respect of 133 out of 172 selected subscribers of the ABs of Central Government, an amount of ₹81.25 lakh was remitted with a delay ranging between one and 404 days {Annexure XIV(A)}.

Table: 4.13

Central Govt./ CAB	No. of selected DDOs	No of DDOs where delay was noticed	Total no. of subscribers in selected DDOs	No. of subscribers where delay was noticed	Average delay in days
Central Govt.	62	45	901	509	15.53 [@]
CAB	12	10	172	133	13.26 [#]

[@] Most instances of delay were in the range of one day to 30 days and only two instances of delay were of more than 700 days.

[#] Most instances of delay were in the range of one day to 30 days and only one instance of delay was of 404 days.

Besides, ₹2.46 lakh of legacy contribution was remitted to Trustee Bank with a delay of seven months, in respect of four out of 10 selected subscribers, in two DDOs (Department of Legal Affairs and Income Tax Appellate Tribunal) out of five selected DDOs.

Delay in remittance of the contribution to Trustee Bank affects timely credit of contributions to the subscribers account. DFS accepted (December 2019) that these cases may lead to monetary loss to the subscribers. It further stated that recently, to streamline process, provisions for compensation for delay in respect of Central Government subscribers only during 2004-2012 had been notified vide notification dated 31 January 2019. Further, compensation for post 2012 cases and imposing penal provisions in such cases was being considered by the

Government based on the recommendations of the Committee constituted to suggest measures for streamlining NPS.

DFS further replied (May 2020) that similar measures (as notified for the Central Government employees vide notification dated 31 January 2019) may be adopted by the autonomous bodies/ PSUs to compensate for the financial loss occurred. DFS had requested DoE to issue appropriate clarification in the matter to all such bodies as the applicability of NPS to these bodies was decided by DoE. It also intimated that PFRDA Act is being amended by incorporating the enabling provision for imposition of penalty on government nodal office for delay in deducting and crediting NPS contributions.

4.6.2 State Governments and SABs

In Himachal Pradesh, timeline of 12 days for preparation, uploading and remittance of the NPS contribution from the salary date was fixed but no specific timeline has been given for remittance of contribution to the Trustee Bank. In Maharashtra, in respect of two salary bill cycles (1st to 18th of the month and 19th to end of the month) the respective timelines (before the last day of the month and before 15th of the next month) for remittance has been prescribed by the State Government. In remaining States, there were no specific timelines for remittance of contribution to Trustee Bank.

Audit noticed that:

- In four out of nine selected States/ UTs, in 61 out of 150 selected DDOs of States, for 769 subscribers out of 2,210 selected subscribers, delay ranged from one to 1199 days, {Annexure XIV(B)}; and
- In two out of eight selected States/ UTs, in seven out of 33 selected DDOs of SABs, for 94 subscribers out of 539 selected subscribers, the delay/ time taken in remittance ranged from one day to 242 days, {Annexure XIV(B)}.

Table: 4.14

State Govt./ SAB (In State/ UT)	No. of selected DDOs	No of DDOs where delay was noticed	Total no. of subscribers in selected DDOs	No. of subscribers where delay was noticed	Average delay in days
State Government	150	61	2210	769	14.10 [@]
SAB	33	7	539	94	53.12 [#]

[@] Most instances of delay were in the range of one day to 100 days and in two instances delay was of more than 900 days.

[#] Most instances of delay were in the range of one day to 300 days and in 100 instances delay was of more than 240 days.

Further audit examination revealed following instances of delay in remittance of contribution to the Trustee Bank of all eligible employees:

- **Himachal Pradesh:**

i. An amount of ₹900.21 crore was remitted to the Trustee Bank, between January 2011 and July 2016⁴⁴, by DTA Shimla after a period ranging from 16 to 35 days from salary date. Further, in the same DTA, ₹227.86 crore was remitted to the Trustee Bank between September 2016 to November 2017, with delay ranging from one to eight days after 12 days of salary date.

ii. In Himachal Road Transport Corporation (HRTC), an amount of ₹8.62 crore was remitted to the Trustee Bank, between January 2015 to July 2016, after a period ranging between 21 and 75 days after the payment of salary. Further, an amount of ₹6.10 crore was remitted to the Trustee Bank between October 2016 to March 2018 with delay, ranging between 10 to 15 days, after the prescribed date of remittance fixed by the State Government.

Further, DTA had not fixed any date for transfer of the data, resultantly there was delay of five years and four months in transferring of ₹5.97 crore lying in the accounts of 681 subscribers to NSDL/ Trustee Bank by HRTC. The amount was transferred during July 2018 to October 2018, though the scheme was adopted by the HRTC during March 2013. The subscription amount of ₹3.24 crore of remaining 91 subscribers was still to be transferred by the HRTC as of November 2018.

iii. In Himachal Pradesh State Electricity Board Limited (HPSEBL), during February 2013 to July 2016, NPS contribution of ₹36.30 crore was remitted to Trustee Bank with delay ranging between four and 50 days. Further, an amount of ₹6.08 crore was remitted to the Trustee Bank between October 2016 to March 2018 with delay, ranging between two and 11 days, after the prescribed date of remittance fixed by the State Government.

iv. In Zilla Parishad Kangra, NPS contribution amounting to ₹49.12 lakh for the period from April 2015 to March 2018 was remitted to the Trustee Bank after a period ranging between 83 and 496 days.

v. In Zilla Parishad Mandi, NPS contribution amounting to ₹40.82 lakh for the period from November 2014 to March 2018 was remitted to the Trustee Bank after a period ranging between 26 and 241 days.

⁴⁴ Upto June 2016, no timelines were fixed by the State Government for remittance of NPS contribution. In July 2016, timeline of 12 days was fixed for preparation, uploading and remittance of the NPS contribution from the salary date.

- **Andhra Pradesh:**

- i. In ANGRAU⁴⁵, ₹17.28 crore was remitted towards legacy amount (pertaining to the period from November 2006 to March 2015) in March 2016 in respect of 501 subscribers, along with interest amount of ₹1.28 crore, with a delay ranging from one year to nine years four months.
- ii. In Tirumala Tirupati Devasthanams, ₹44.77 crore was remitted in September 2015 towards legacy amount, with a delay of more than five months.
- iii. In Rajiv Gandhi University of Knowledge Technologies, ₹1 crore was remitted in March/ April 2018 towards legacy amount with a delay of more than two years.

Reasons for delay in remittance to Trustee Bank were attributed to late submission of Pay Bills by DDO, technical errors in uploading files in the Pay package, non-availability of NPS grants, shortage of manpower, etc.

The Audit observations are based on samples examined. Government may run suitable checks on the entire NPS universe to identify delays and initiate remedial action.

4.6.3 Erosion in terminal pension wealth

PFRDA informed (February 2008) the Ministry of Finance that it was of critical importance that all Nodal Offices and individual subscribers were registered by 01 June 2008, so as to enable individual, subscriber-wise contributions to be accepted for investment purposes. PFRDA also informed that any delay in this process would have adverse consequences on the pension savings of NPS subscribers, adding that their assessment indicated that one day's delay in transfer of funds would erode the terminal pension wealth of an employee by ₹40,000. Considering loss of ₹40,000 per day, the range (minimum to maximum) of erosion in terminal pension wealth due to this delay (as highlighted in para 4.6) has been calculated as ₹40,000-₹3,08,00,000 for Central Government, ₹40,000-₹1,61,60,000 for CAB, ₹40,000-₹4,79,60,000 for State Government, ₹40,000-₹96,80,000 for SAB.

4.6.4 Notional loss of compensation

The Ombudsman⁴⁶ referred the Guidelines for operational activities by PoP-Service providers dated 18 June 2015 issued by PFRDA and directed to pay ₹20 for each day of delay in remittance to Trustee Bank. Keeping in view the aforesaid award of ₹20 per day, the range (min-max) of notional loss of compensation for this delay has been calculated as ₹20-₹15,400 for Central

⁴⁵ Acharya N G Ranga Agricultural University

⁴⁶ Ombudsman is a person appointed by PFRDA to receive, consider and facilitate resolution of complaints or grievances which fall within the ambit of PFRDA (Redressal of Subscriber Grievance) Regulations, 2015

Government, ₹20-₹8,080 for CAB, ₹20-₹23,980 for State Government, ₹20-₹4,840 for SAB.

However, amount of actual loss to the subscriber due to this delay lies somewhere between the figures of loss shown in above two scenarios i.e. between ₹20 and ₹40,000 per day.

4.7 Discrepancies in deduction of employee's contribution from salary

4.7.1 Non-deduction of NPS contribution

As per orders/ circulars issued by Governments of Andhra Pradesh, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Rajasthan and Uttarakhand and Union Territories, every Nodal office would deduct 10 *per cent* of the Basic Pay plus DA plus Dearness Pay (if any), from an NPS employee's salary bill every month, with the State Government making an equal matching contribution

Audit noticed that:

- In four out of nine selected States/ UTs, in 48 out of 150 selected DDOs of States, for 457 subscribers out of 2,210 selected subscribers, an amount of ₹1.55 crore was not deducted (as on 31 March 2018), {Annexure XV(A)}; and
- In four out of eight selected States/ UTs, in seven out of 33 selected DDOs of SABs, for 76 subscribers out of 539 selected subscribers, an amount of ₹8.21 lakh was not deducted⁴⁷ (as on 31 March 2018), {Annexure XV(B)}.

Table: 4.15

State Govt./ SAB	Total selected DDOs	Selected DDOs where issue was noticed	Total subscribers in selected DDOs	No. of subscribers where issue was noticed	Average of amount not deducted (in ₹)
State Govt.	150	48	2,210	457	1,512.17 [@]
SAB	33	7	539	76	3,246.03 [#]

[@] Most instances were in the range of ₹1,200 to ₹1,900 and in two instances amount was more than ₹2,700.

[#] Most instances were in the range of ₹1 to ₹2,000 and in five instances amount was more than ₹25,000.

The Audit observations are based on samples examined. Government may run suitable checks on the entire NPS universe to identify delays and initiate remedial action.

⁴⁷ Apart from this, Audit noticed that in HRTC (Himachal Pradesh), ₹3.01 lakh was not deducted from five non-selected subscribers.

Good Practices

Audit observed some good practices adopted by some of the selected states as mentioned below:

- Andhra Pradesh and Himachal Pradesh: reasons for non-recovery from a particular employee in any month were to be furnished by the DDO concerned in the recovery schedule without fail.
- Maharashtra: the DDO has been specifically assigned the duty to ensure that the contribution of the employee and the employer are compulsorily made on a monthly basis.

4.7.2 Less deduction of NPS contribution

4.7.2.1 Ministries/ Departments of the Central Government and CABs

As per MoF notification (December 2003), the monthly contribution would be 10 *per cent* of the salary and DA to be paid by the employee and matched by the Central Government. As per CGA OM (September 2008), the responsibility of the correct and timely deduction of the contribution for each subscriber as mandated under the scheme rests with the respective DDOs.

Audit noticed that:

- In 12 out of 15 selected Pr. AOs of the Central Government, in 29 out of 62 selected DDOs in respect of 149 out of 901 selected subscribers, the less contribution deducted cumulatively amounted to ₹2.95 lakh, {Annexure XVI(A)}. This has resulted in payment of less co-contribution by the Government to the same extent.
- In seven out of 11 selected ABs of Central Government, in seven out of 12 selected DDOs, in respect of 42 out of 172 selected subscribers, the less contribution deducted amounted to ₹0.26 lakh, {Annexure XVI(B)}. This has resulted in payment of less co-contribution by the AB to the same extent.

Table: 4.16

Central Govt./ CAB	Total selected DDOs	Selected DDOs where issue noticed	Total subscribers in selected DDOs	No. of subscribers in which issue was noticed	Average amount less deducted (in ₹)
Central Govt.	62	29	901	149	791.51 [@]
CAB	12	7	172	42	168.36

@ Most of the instances of amount were falling between the range of ₹1 to 100.

DFS in its reply (December 2019) expressed its view that for cases where less deductions were made, action needs to be taken in line with DFS' notification dated 31 January 2019.

4.7.2.2 State Governments and SABs

As per orders/ circulars issued by the Governments of Andhra Pradesh, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Rajasthan, Uttarakhand, NCT Delhi and Andaman and Nicobar Islands, the monthly contribution of 10 *per cent* of Basic pay plus DA plus Dearness Pay (if applicable) would be deducted and an equal contribution would be provided by respective State Governments.

Audit noticed that:

- In six out of nine selected States/ UTs, in 35 out of 150 selected DDOs and one DTO of States, for 172 subscribers out of 2,210 selected subscribers an amount of ₹92,797 was less deducted, {Annexure XVII(A)}; and
- In five out of eight selected States/ UTs, in seven out of 33 selected DDOs of SABs, for 37 subscribers out of 539 selected subscribers an amount of ₹19,955 was less deducted, {Annexure XVII(B)}.

Table: 4.17

State Govt./ SAB (In State/ UT)	Total Selected DDOs	Selected DDOs where issue was noticed	Total subscribers in selected DDOs	No. of subscribers in which issue was noticed	Average amount less deducted (in ₹)
State Government	150	35 DDO + 1 DTO	2,210	172	270.21 [@]
SAB	33	07	539	37	169.70 [#]

[@] Most instances were in the range of ₹1 to 300 and in one instance amount was more than ₹9,000.

[#] Most instances were in the range of ₹1 to 200 and in two instances amount was more than ₹1,100.

Reasons cited for less deduction were problems with system/ software in states and incorrect calculation. The less deduction affects the amount credited to the individual PRAN in those selected months, and thereby, the accumulated corpus in respect of those subscribers.

The Audit observations are based on samples examined. Government may run suitable checks on the entire NPS universe to identify delays and initiate remedial action.

4.8 Non-remittance of contribution to the Trustee Bank

Upon successful upload of SCF, CRA system generates a unique Transaction ID. Subsequently, Nodal offices are required to transfer funds equivalent to SCF to the Trustee Bank.

4.8.1 Central Government Ministries/ Departments and CABs

Audit noticed some instances of non-remittance of contribution of ₹5.20 crore to the Trustee Bank in four selected Ministries/ Departments, as tabulated below:

Table: 4.18

Ministry/ Department	Audit Observation (as of 31 March 2018)
Ministry of Health and Family Welfare	₹4.47 crore (pertaining to 449 subscribers) was not remitted to Trustee Bank, by two DDOs of AIIMS
Ministry of Law and Justice	₹42.52 lakh (contribution from 2009-10 to 2017-18) lying with one DDO (Supreme Court), out of five selected DDOs, was not remitted to Trustee Bank
Department of Science and Technology (DST)	₹29.59 lakh was not remitted to Trustee Bank, from one DDO (PAO, DST) out of seven selected DDOs
Ministry of Mines	₹6,430 was not remitted to Trustee Bank, in respect of two selected employees under one DDO (Geological Survey of India, Kolkata) out of five DDOs selected
Total	₹5.20 crore

4.8.2 State Governments and SABs

Audit noticed some instances of non-remittance of contribution of ₹793.04 crore to the Trustee Bank in six selected States and one UT, as tabulated below:

Table: 4.19

State/ UT	State Govt./ SAB	Audit Observation
Andhra Pradesh	State Govt.	₹200.22 crore was not remitted to Trustee Bank, as of March 2018.
	SAB	<ul style="list-style-type: none"> Out of ₹22.55 crore (contributions from 2014-15 to 2017-18), ₹5.08 crore was not remitted to Trustee Bank by ANGRAU. Out of arrear subscriptions of ₹13.78 lakh of 18 subscribers, ₹1.85 lakh was not remitted by Area Hospital Parvathipuram (Vijayawada), as the amount was not recovered as of December 2018. ₹19.72 lakh pertaining to 2011-18 was not remitted to Trustee Bank by Board of Intermediate Education.
	State Govt.	₹325.06 ⁴⁸ crore was not remitted to Trustee Bank, as of November 2018.

⁴⁸ Includes ₹49.30 crore pertaining to legacy amount.

State/ UT	State Govt./ SAB	Audit Observation
Rajasthan	SAB	<ul style="list-style-type: none"> • ₹1.65 crore was not remitted to Trustee Bank by Rajasthan State Sports Council, as of November 2018. • ₹2.25 crore was not remitted to Trustee Bank by Jaipur City Transport Service Ltd. (JCTSL), as of March 2018. • In Nagar Nigam, Jaipur, NPS subscription for all 1,247 employees for the period from December 2017 to March 2018 amounting to ₹1.33 crore was deducted, but was not remitted to Trustee Bank.
Uttarakhand	State Govt.	<ul style="list-style-type: none"> • ₹150.76 crore (legacy contributions from November 2005 to April 2010) was not remitted to Trustee Bank, as of March 2018. Further, the State Government also did not provide interest of ₹25.09 crore on the legacy amount for 2016-17 and 2017-18. • ₹12.76 crore (regular contributions from 2010-11 to 2017-18) was not remitted to Trustee Bank. Resultantly, the State Government would have to bear an interest burden of ₹7.32 crore on the above amount.
Himachal Pradesh	State Govt.	<ul style="list-style-type: none"> • ₹2.42 crore was not remitted to Trustee Bank, as of March 2018.
	SAB	<ul style="list-style-type: none"> • ₹3.24 crore of 91 subscribers was not remitted to Trustee Bank by HRTC, as of November 2018. • In HRTC, the arrears of subscription ₹0.75 lakh for the period August 2004 and April 2011, in respect of 14 out of 15 selected employees, had not been deducted. Resultantly, matching Government contribution was also not credited in their account. • In case of 13 out of 15 selected employees, HPSEBL Shimla, had not deducted the arrears of subscription amounting to ₹1.64 lakh for the period between March 2008 and June 2016. • In ZP (Kangra), it was noticed that NPS monthly contribution amounting to ₹7.10 lakh was not remitted to Trustee Bank for four months (February 2016, March 2016, January 2017 and January 2018).
Maharashtra	State Govt.	₹21.75 crore was not remitted to Trustee Bank, as of March 2018.
	SAB	₹33.70 crore was not remitted to Trustee Bank by ZP (Nanded), as of October 2018.
Jharkhand	SAB	₹3.77 lakh of 31 employees was not remitted to the Trustee Bank by Rajendra Institute of Medical Sciences (Ranchi), as of March 2018.

State/ UT	State Govt./ SAB	Audit Observation
NCT of Delhi	SAB	₹6 lakh out of ₹7.69 lakh legacy amount was not remitted to Trustee Bank by MCD (North), as of January 2019.
Total		₹793.04 crore

Reasons for non-remittance of contribution to Trustee Bank were non-reconciliation of legacy amount, non-issuance of PRAN, mismatch/ errors in the records/ data, etc.

DFS replied (December 2019) that since non-remittance of contribution to Trustee Bank may cause delay in crediting of contributions to subscriber's NPS account resulting in monetary loss to the subscriber, action needs to be taken by the nodal offices for compensation in line with DFS' notification dated 31 January 2019. Further, compensation for post 2012 cases and imposing penal provisions in such cases is being considered by the Government.

DFS further replied (May 2020) that similar measures (as notified for the Central Government employees vide notification dated 31 January 2019) may be adopted by the ABs/ PSUs to compensate for the financial loss occurred. DFS has requested DoE to issue appropriate clarification in the matter to all such bodies as the applicability of NPS to these bodies were decided by DoE. It also intimated that PFRDA Act is being amended by incorporating the enabling provision for imposition of penalty on government nodal office for delay in deducting and crediting NPS contributions.

The Audit observations are based on samples examined. Government may run suitable checks on the entire NPS universe to identify delays and initiate remedial action.

Recommendation: DFS may ensure that the amendment being made to the PFRDA Act, clearly defines the responsibility, accountability and penalty for delay at each level (as they are for employees in the Employees Provident Funds and Miscellaneous Provisions Act, 1952) to ensure that NPS subscribers' contribution is remitted to the Trustee Bank and credited in subscriber's PRAN within the scheduled time.

4.9 Exit/ Withdrawal from NPS

As per the Notification (December 2003), individuals could normally exit at or after age 60 years and at exit the individual would be mandatorily required to invest 40 per cent of pension wealth to purchase an annuity (from an IRDAI-regulated life insurance company). It was also stated that in case of government employees, the annuity was to provide for pension for the lifetime of the employee and his dependent parents and his spouse at the time of retirement. The individual would receive a lump-sum of the remaining pension wealth, which he would be free to utilise in any manner and individuals would have the

flexibility to leave the pension system prior to age 60. However, in this case, the mandatory annuitisation would be 80 *per cent* of the pension wealth.

PFRDA (Exits and Withdrawals under NPS) Regulations, 2015 aim at providing an effective mechanism in the interest of subscribers, upon exit or withdrawal from the NPS, including the conditions, purpose, frequency and limits for withdrawals from individual pension account, as also the conditions, subject to which a subscriber shall exit from the NPS and purchase an annuity thereupon. Central Government has not prescribed any timelines for final settlement of exit/ withdrawal cases.

4.9.1 Central Government Ministries/ Departments

Audit noticed that in one out of five selected DDOs of Ministry of Mines, 10 cases were settled within a period of 13 to 1,412 days and two cases have not been finalised even after a lapse of 1,825 days and 2,555 days respectively. In three DDOs of Department of Science and Technology and Ministry of Water Resources, cases of 98 employees were not settled, cases of five employees were settled between 116 to 155 days and cases of 44 employees were settled within 120 to 3,795 days.

4.9.2 State Governments

Audit noticed that in:

- Himachal Pradesh: no timelines for processing of final payment cases were fixed by the State Government at the time of adoption of the NPS during June 2010. It was only in July 2016 that time lines were fixed for finalisation of final payment cases; and
- Maharashtra: State Record Keeping Agency had prescribed (February 2017) timelines for processing of exit requests, which were as per timelines prescribed by PFRDA. As per the timelines, in retirement, death and premature retirement cases, the DDO was required to forward the final payment case with all requisite documents to DTO, who in turn was required to forward these cases to CRA within seven days of entry in the CRA software. However, no timeline was fixed for the final settlement/ refund.

Delay in settlement/ pendency in exit cases was due to:

- non-receipt of proper claims' forms from the respective NPS subscribers or legal heirs (Andhra Pradesh); and
- lack of proper guidelines for settlement of NPS amount on death; family members of the deceased having not applied for settlement in some cases (Karnataka).

The reason for delay in finalisation of final payment cases were attributed by the DTOs to delay in forwarding of cases by the DDOs.

Audit also noticed delayed settlement as well as pendency in settlement of cases, as tabulated below:

Table 4.20

State Governments/ Union Territories	Cases settled/ pending
Andaman and Nicobar Islands	In five selected DDOs, <ul style="list-style-type: none"> • 14 cases settled after 180 days • 31 pending cases involving ₹93.73 lakh
Andhra Pradesh	55 pending cases as of 31 March 2018
Maharashtra	In two DTOs and four DDOs <ul style="list-style-type: none"> • 148 cases were settled within 90 days • three cases took more than 180 days • 33 pending cases as of 31 March 2018
Karnataka	In 10 out of 20 selected DDOs <ul style="list-style-type: none"> • 14 cases were settled within two to 34 months Pending cases <ul style="list-style-type: none"> • one case for less than one year • four cases for one to four years • 10 cases for more than three years
Uttarakhand	In five selected DTOs <ul style="list-style-type: none"> • 90 death cases took one month to 58 months for settlement • 33 cases pending as of October 2018
Delhi	In two selected DDOs, four out of 33 cases took 105 to 148 days for settlement
Himachal Pradesh	Out of 3,358 cases finalized (for entire State) <ul style="list-style-type: none"> • 949 cases were settled within 90 days • 648 cases within 90-180 days • 1,761 cases after 180 days and 268 cases pending (as of 31 March 2018) Out of 471 cases in 20 selected DDOs <ul style="list-style-type: none"> • 152 were forwarded by DDO to NSDL within two months • 297 cases were forwarded by DDO to NSDL in three to 75 months • 22 pending cases pertaining to official retired during the period between October 2012 and March 2018 (as of 31 October 2018)

SABs	Cases settled/ pending
Himachal Pradesh	In two SABs, out of 103 cases <ul style="list-style-type: none"> • 21 cases took less than 90 days • 24 cases took 90 to 180 days • 58 cases took more than 180 days
Municipal Corporation of Delhi (East, North, South)	Eight exit cases pending till 31 December 2018, with pendency ranging from six months to 38 months
Delhi Jal Board (I and III)	Seven cases (pendency ranging from 141 to 1,542 days)

DFS informed (December 2019) that PFRDA has submitted that aforesaid delays reflect delay in initiation of exit cases at the end of concerned Nodal offices. DFS further expressed its view that penal provisions for such cases need to be imposed to maintain discipline among the nodal offices and to ensure that subscribers do not suffer. The same is being considered actively in DFS.

The Audit observations are based on samples examined. Government may run suitable checks on the entire NPS universe to identify delays and initiate remedial action.