

## **Chapter-III**

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



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#### 3.1 Financial management

##### 3.1.1 Budget and expenditure

The details of budget and expenditure in respect of three selected social security schemes viz. Old Age Pension (OAP); Financial Assistance to Widows and Destitute Women (FAWDW); and Financial Assistance to Dependent Children (FADC) during the period 2017-2021 (up to July 2020) are given in **Table 3.1**.

**Table 3.1: Details of budget and expenditure under three selected schemes during the period 2017-2021 (up to July 2020)**

(₹ in crore)

Name of Scheme	Year	Budget	Expenditure	Savings	Percentage Savings
OAP	2017-18	1,230.45	687.34	543.11	44.14
	2018-19	1,185.70	1,179.04	6.66	0.56
	2019-20	1,402.30	1,399.26	3.04	0.22
	2020-21 (up to July 2020)	1,558.11	629.93	--	--
<b>Total</b>		<b>5,376.56</b>	<b>3,895.57</b>	<b>--</b>	<b>--</b>
FAWDW	2017-18	221.22	197.95	23.27	10.52
	2018-19	338.84	336.02	2.82	0.83
	2019-20	389.70	388.58	1.12	0.29
	2020-21 (up to July 2020)	428.06	172.65	--	--
<b>Total</b>		<b>1,377.82</b>	<b>1,095.20</b>	<b>--</b>	<b>--</b>
FADC	2017-18	78.11	68.66	9.45	12.10
	2018-19	117.00	114.51	2.49	2.13
	2019-20	132.70	132.13	0.57	0.43
	2020-21 (up to July 2020)	145.71	58.07	--	--
<b>Total</b>		<b>473.52</b>	<b>373.37</b>	<b>--</b>	<b>--</b>
<b>Grand Total</b>		<b>7,227.90</b>	<b>5,364.14</b>	<b>--</b>	<b>--</b>

Source: Departmental data

**Table 3.1** shows that against the release of ₹ 1,529.78 crore, expenditure of ₹ 953.95 crore was incurred by DSSWCD during 2017-18, thereby resulting into savings of ₹ 575.83 crore, ranging between 11 per cent and 44 per cent under three selected social security schemes. Audit, however, noticed that during the period April 2017 to July 2020, adequate funds were provided by the State Government for providing financial assistance to the beneficiaries under the social security schemes.

During exit conference, the Director, DSSWCD attributed (July 2021) the reasons for less utilisation of funds during 2017-18 to verification process initiated by the State Government to identify ineligible beneficiaries. The reply of the Department was not acceptable as Audit noticed that despite availability of funds during 2017-18, no payment was made to the beneficiaries found eligible during the verification process for the period May 2017 to November 2017, except for the beneficiaries residing in Municipal Corporation (MC) area of ten districts<sup>1</sup>, as discussed in paragraph 3.9. The Department further stated (July 2021) that the Finance Department had been approached to release ₹ 726.19 crore for making payments to the beneficiaries found eligible during verification process.

### **3.1.2 Non-reconciliation of payment of financial assistance with banks**

Rule 12.3(3) of the Punjab Budget Manual provides that in respect of the withdrawal from the treasury/bank during a month, a certificate in prescribed form is required to be prepared by the department for Treasury Officer's (bank) signature so as to reach him by 2<sup>nd</sup> of the following month. On receipt of certificate referred to above, the Treasury Officer (bank) will verify the entries with the register of expenditure maintained in the office and the same duly verified will be returned to the head of the office concerned by 5<sup>th</sup> of the following month.

Examination of records in six test-checked districts revealed that in four districts, reconciliation was not made with the respective banks in respect of financial assistance amounting to ₹ 758.40 crore<sup>2</sup> disbursed by the concerned DSSOs under three selected social security schemes, to the beneficiaries during the period from April 2017 to July 2020, in contravention of the rules *ibid*. In the absence thereof, the actual expenditure incurred by these four districts for the purpose could not be verified in audit.

During exit conference, the Director, DSSWCD stated (July 2021) that necessary instructions had been issued to DSSOs for compliance. It was added that the financial assistance was being made through PFMS Portal in two districts (Sangrur and Rupnagar) as a pilot project. Thereafter, PFMS would be implemented in all the districts of Punjab by December 2022 and the issue regarding reconciliation would be resolved. Thus, the fact remains that the codal provisions *ibid* were not being complied with by the Department.

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<sup>1</sup> (i) Gurdaspur (payment made for the months of July and August 2017); (ii) Amritsar; (iii) Bathinda; (iv) Hoshiarpur; (v) Jalandhar; (vi) Ludhiana; (vii) Moga; (viii) Pathankot; (ix) Phagwara; and (x) SAS Nagar (payment made for the months of May to September 2017).

<sup>2</sup> (i) Patiala (₹ 398.96 crore); (ii) Rupnagar (₹ 131.78 crore); (iii) SAS Nagar (₹ 90.83 crore); and (iv) SBS Nagar (₹ 136.83 crore).

## 3.2 Direct Benefit Transfer framework

### 3.2.1 Reduction in intermediary levels

The aim of Direct Benefit Transfer (DBT) is to transfer the benefits and subsidies of various social welfare schemes directly in the bank/postal account of the beneficiary on time by bringing efficiency, effectiveness, transparency; and also to eliminate the existing intervening layers and there shall be no intermediary accounts/layers.

According to Rule 87 of the GoI's General Financial Rules, 2017, "transfer of benefits should be done directly to beneficiaries under various Government Schemes and Programmes using Information and Communication Technology (ICT). Necessary process re-engineering to minimise intermediary levels and to reduce delay in payments to intended beneficiaries with the objective of minimising pilferage and duplication should be done".

The Government of Punjab (GoP) decided (March 2017) that all subsidies, pensions and other pro-poor schemes such as Aashirwad, Atta Dal, etc. would be targeted towards genuine beneficiaries through DBT. The concerned departments would make necessary amendments in the schemes and ensure their immediate implementation.

The process for cash transfer of benefits under social security schemes through DBT as per Standard Operating Procedure (SOP) Modules for DBT *vis-à-vis* process being adopted by the State Government before and after issue of notification in June 2017 is detailed as under:

As per SOP Modules of DBT	Before GoP's notification (June 2017)	After GoP's notification (June 2017)
Finance Department (Budget allocation to DSSWCD)	Finance Department (Budget allocation to DSSWCD)	
DSSWCD (Budget allocation to District Social Security Officers (DSSOs))	DSSWCD (Budget allocation to DSSOs)	
Generation of payment file instruction in Public Financial Management System (PFMS)/other payment system adopted by State Government and payment to beneficiary's bank account directly (DSSOs)	DSSOs (Submission of monthly bills to treasury)	
-	District Treasury Officer (Pass the Bill and credit the funds in the designated bank account of DSSO through Electronic Clearing System)	
-	DSSO (Funds transferred in the bank account of Gram Panchayat for beneficiaries in rural areas; and for the beneficiaries in urban areas, benefit transferred from the bank account of DSSO)	DSSO (Benefit transferred to the bank account of beneficiaries)
-	Gram Panchayat (Amount disbursed to beneficiaries through GP/Panchayat Secretary in rural areas)	-

After notification (June 2017), the steps involved in beneficiary identification, enrolment and funds transfer under the selected schemes of the Department of Social Security and Women and Child Development (DSSWCD), Punjab are as under:

- The applicant submits his/her request for sanctioning of pension/financial assistance either to the Sewa Kendra (SK) or directly to Child Development Project Officer (CDPO) by providing required details along with the supporting documents. The data is entered in the e-District Portal by the SK operator. The operator hands over the acknowledgement receipt number generated by the e-District Portal under his/her signature to the applicant after registration.
- Thereafter, CDPO processes all the applications received via e-District Portal as well as directly from the applicants for verification through e-District Portal and offline (manual applications) respectively for further submission to DSSO.
- The DSSO after re-verifying the details of applicants processed through e-District Portal and offline mode (forwarded by CDPO), sanctions the pension. For the applications processed via e-District Portal, an SMS alert is sent to the applicant and the offline applications received from the CDPO are entered in PBMS at this stage. Subsequently, the data verified through e-District Portal is pushed to the PBMS.
- On the basis of eligible beneficiaries derived from the database maintained in PBMS, DSSO after ensuring necessary budget provision from Directorate level, submits a bill for a consolidated amount to District Treasury through 'Integrated Financial Management System' (IFMS) and after passing of the respective bills, the funds are credited into the bank account of the DSSO.
- The DSSO then submits the list of beneficiaries along with the assistance amount to the designated banks in an Excel file generated by PBMS via email/CD. Subsequently, the bank disburses the pension/financial assistance to the beneficiaries directly into their bank accounts and shares the data related to the failed transactions in an Excel file through email with the respective DSSOs, along with the reasons for the failure.

Audit observed that despite the decision (March 2017) and notification (June 2017):

- The procedure implemented by the Department was not in consonance with the spirit of the DBT framework whereby transfer of benefits should be done directly to the beneficiaries. The procedure can be termed as benefit transfer, but not as "direct" benefit transfer. In Audit's opinion, once the

up-to-date list of eligible beneficiaries is maintained and managed in PBMS (with all necessary validations/ verifications), the bill (or at the very least, the detailed statement for the bill) should be automatically generated from PBMS, and the payment into the bank accounts of the beneficiaries should go directly from IFMS, and not through the bank accounts of the DSSO, using MS Excel spreadsheets which are open to error or manipulation, besides time lag/delay in payment of financial assistance to the beneficiaries, as discussed in Paragraph 3.10(ii). Some States have gone further and implemented the system of a single DDO for making payment of old age pensions, whereby the entire generation of pension bills for the State is done centrally and presented centrally to one Treasury; this further minimises manual intervention.

- The Department could reduce only one intermediary level (payment through Gram Panchayat's Bank Account) in disbursing the financial assistance under the social security schemes through DBT.

During exit conference, the Director, DSSWCD stated (July 2021) that all the intermediary levels would be eliminated after the adoption of PFMS in all the districts of Punjab by the end of December 2022 and the financial assistance would be disbursed as per DBT framework. The adoption of PFMS for direct payments will be reviewed in future audits.

### 3.2.2 Aadhaar seeding with beneficiaries' bank accounts

Aadhaar based DBT is a significant governance reform to ensure greater transparency and accountability in public service delivery through effective use of technology. The Protocol Document for DBT in States also provides for beneficiaries digitisation *viz.* validated Aadhaar seeding of beneficiary database so that benefit could be transferred directly into beneficiaries' bank account, preferably Aadhaar linked bank account.

Examination of the data in respect of three selected schemes *viz.* OAP, FAWDW and FADC in six test-checked districts revealed that as against the digitisation of details of 5.87 lakh beneficiaries, Aadhaar numbers of 5.41 lakh (92.16 *per cent*) beneficiaries had been captured as of July 2020, as detailed in **Table 3.2**. However, the DSSOs of six test-checked districts did not have any mechanism/information regarding Aadhaar seeding with beneficiaries' bank accounts for ensuring transfer of financial assistance directly to the Aadhaar linked bank accounts of the beneficiaries.

**Table 3.2: Details of beneficiaries digitised vis-à-vis Aadhaar numbers captured in the selected schemes in six test-checked districts**

(Numbers in lakh)

Sr. No.	Name of district	OAP		FAWDW		FADC		Total		
		Beneficiaries digitised	Aadhaar captured	Beneficiaries digitised	Aadhaar captured	Beneficiaries digitised	Aadhaar captured	Beneficiaries digitised	Aadhaar captured	Percentage
1.	Fatehgarh Sahib	0.36	0.35	0.11	0.11	0.02	0.02	0.49	0.48	97.96
2.	Ludhiana	1.50	1.41	0.50	0.44	0.08	0.08	2.08	1.93	92.79
3.	Patiala	1.29	1.13	0.34	0.29	0.07	0.06	1.70	1.48	87.06
4.	Rupnagar	0.41	0.38	0.13	0.12	0.03	0.03	0.57	0.53	92.98
5.	SAS Nagar	0.31	0.29	0.11	0.10	0.03	0.03	0.45	0.42	93.33
6.	SBS Nagar	0.41	0.40	0.14	0.14	0.03	0.03	0.58	0.57	98.28
<b>Total</b>		<b>4.28</b>	<b>3.96</b>	<b>1.33</b>	<b>1.20</b>	<b>0.26</b>	<b>0.25</b>	<b>5.87</b>	<b>5.41</b>	<b>92.16</b>

Source: Departmental data

Thus, due to non-adoption of system of direct transfer of benefit in the Aadhaar linked bank account of the beneficiary by generation of payment files instructions in PFMS/through State treasury account, the payment of financial assistance under DBT Schemes to the *bona fide* beneficiaries could not be ensured, besides possibility of leakage of financial assistance to ineligible beneficiaries.

During exit conference, the Director, DSSWCD stated (July 2021) that strenuous efforts were being made to capture the Aadhaar numbers of remaining beneficiaries enrolled under social security schemes. It was further stated (September 2021) that Aadhaar number was not mandatory to avail the benefits under the social security schemes. However, after adopting PFMS in all the districts and capturing 100 *per cent* Aadhaar numbers, payment through Aadhaar linked bank accounts would be considered.

### 3.3 Migration of legacy data

The Pension Beneficiary Management System<sup>3</sup> (PBMS) became operational in the year 2015 and the whole legacy data of the beneficiaries of social security schemes in respect of the entire State was ported to PBMS up to the year 2018 by the Department of Governance Reforms and Public Grievances (DGRPG). It was, however, observed that neither any review to check the completeness, authenticity and correctness of the legacy data (e.g. migration of all eligible beneficiaries to PBMS, ineligibility due to death, remarriage, etc.) was conducted nor were any instructions passed on to DSSWCD to get the data verified at their level. Further, periodical review/updating of beneficiaries' data was also not being done, as discussed in Paragraph 3.14.1. It was noticed in six selected districts that payments to beneficiaries were being made by DSSOs on the basis of the details captured in the master database being

<sup>3</sup> A web-based application/software developed to capture the details of beneficiaries in respect of social security schemes being implemented in the State of Punjab.



maintained in PBMS, which was not cent *per cent* accurate. Thus, payment of due financial assistance to the eligible beneficiaries could not be authenticated in audit, as discussed in the Report.

During exit conference, the Director, DGRPG stated (July 2021) that DSSOs were informed about the completion of import process and to validate the same at their level. The Director, DSSWCD stated (January 2022) that the exercise to check the completeness, authenticity and correctness of the legacy data would be conducted in consultation with DGRPG.

### 3.4 Input and validation controls

Input controls are the application controls which seek to minimise the risk of incorrect data entry by making validation checks, duplicate checks and other related controls. The accuracy of data input to a system can be controlled by imposing a number of computerised validity checks on the data presented to the system. These provide the earliest opportunity to detect and correct possible mistakes.

The DSSWCD operationalised PBMS in the year 2015, which was developed in-house by the State DBT Cell. Analysis of data in respect of three selected social security schemes *viz.* OAP, FAWDW and FADC, supplied by DSSWCD and being maintained by the State DBT Cell (DGRPG) in PBMS revealed the following inconsistencies in application controls i.e. input and validation controls:

#### 3.4.1 Old Age Pension Scheme

The Punjab Old Age Pension Rules, 1996 *inter alia* provide for financial assistance of ₹ 500/- per month (up to June 2017) and ₹ 750/- per month (from July 2017 onwards) to male beneficiaries aged 65 years or above and female beneficiaries aged 58 years or above.

Audit analysis of master data (16,63,646 cases as of July 2020) in respect of active beneficiaries under OAP Scheme being maintained in PBMS showed that:

- A unique Pension Ledger Account (PLA) number was to be assigned to each beneficiary. However, in 19,798 cases (including 4,736 cases<sup>4</sup> in six test-checked districts), duplicate PLA numbers were found.
- In 1,09,204 cases (male beneficiaries: 50,053 and female beneficiaries: 59,151) including 6,498 cases<sup>5</sup> in six selected districts, the age (date of birth) was found lower than the prescribed age. In 76,848 (out of 1,09,204) cases, the date of birth field was blank.

<sup>4</sup> (i) Fatehgarh Sahib (593 cases); (ii) Ludhiana (670 cases); (iii) Patiala (2,892 cases); (iv) Rupnagar (248 cases); (v) SBS Nagar (241 cases); and (vi) SAS Nagar (92 cases).

<sup>5</sup> (i) Fatehgarh Sahib (male: 491 and female: 112); (ii) Ludhiana (male: 2,080 and female: 212); (iii) Patiala (male: 975 and female: 99); (iv) Rupnagar (male: 470 and female: 154); (v) SBS Nagar (male: 208 and female: 97); and (vi) SAS Nagar (male: 909 and female: 691).

### **3.4.2 Financial Assistance to Widows and Destitute Women**

The Financial Assistance to Widows and Destitute Women in Punjab Rules, 1996 *inter alia* provide for financial assistance of ₹ 500/- per month (up to June 2017) and ₹ 750/- per month (from July 2017 onwards) to widows and destitute women of less than 58 years of age or unmarried destitute women above 30 years of age.

Audit analysis of master data (4,30,138 cases as of July 2020) in respect of active beneficiaries under FAWDW Scheme being maintained in PBMS showed that:

- In 11,913 cases (including 1,264 cases<sup>6</sup> in six test-checked districts), duplicate PLA numbers were found.
- In 12,047 cases (including 5,205 cases<sup>7</sup> in six test-checked districts), 'Gender' field was depicting as Male, whereas FAWDW scheme is meant for female beneficiaries only.
- In 23,754 cases (including 661 cases<sup>8</sup> in five test-checked districts), the age was found less than 18 years, thus, were not eligible<sup>9</sup> for financial assistance under this scheme. In 21,253 cases (out of 23,754) including 251 cases<sup>10</sup> in four test-checked districts, the date of birth field was blank.

### **3.4.3 Financial Assistance to Dependent Children**

The Financial Assistance to Dependent Children in Punjab Rules, 1996 *inter alia* provide for financial assistance of ₹ 500/- per month (up to June 2017) and ₹ 750/- per month (from July 2017 onwards) to maximum two children having age less than 21 years whose parents have died/are disabled/unable to earn their livelihood.

Audit analysis of master data (99,459 cases as of July 2020) in respect of active beneficiaries under FADC Scheme being maintained in PBMS showed that:

- In 737 cases<sup>11</sup> (including 204 cases<sup>12</sup> in six test-checked districts), duplicate PLA numbers were found.

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<sup>6</sup> (i) Fatehgarh Sahib (20 cases); (ii) Ludhiana (122 cases); (iii) Patiala (912 cases); (iv) Rupnagar (44 cases); (v) SBS Nagar (94 cases); and (vi) SAS Nagar (72 cases).

<sup>7</sup> (i) Fatehgarh Sahib (620 cases); (ii) Ludhiana (3,113 cases); (iii) Patiala (255 cases); (iv) Rupnagar (714 cases); (v) SBS Nagar (87 cases); and (vi) SAS Nagar (416 cases).

<sup>8</sup> (i) Ludhiana (247 cases); (ii) Patiala (01 case); (iii) Rupnagar (49 cases); (iv) SBS Nagar (06 cases); and (v) SAS Nagar (358 cases). No such cases were noticed in district Fatehgarh Sahib.

<sup>9</sup> Taking into account minimum age of 18 years for marriage of a woman.

<sup>10</sup> (i) Ludhiana (55); (ii) Rupnagar (03); (iii) SBS Nagar (03); and (iv) SAS Nagar (190). No such cases were noticed in districts Fatehgarh Sahib and Patiala.

<sup>11</sup> No case of duplicate PLA was found in two districts viz. (i) Gurdaspur; and (ii) Pathankot.

<sup>12</sup> (i) Fatehgarh Sahib (12 cases); (ii) Ludhiana (12 cases); (iii) Patiala (144 cases); (iv) Rupnagar (14 cases); (v) SBS Nagar (12 cases); and (vi) SAS Nagar (10 cases).

- In 10,269 cases (including 3,124 cases<sup>13</sup> in six test-checked districts), date of birth and/or names of first child and/or second child were not present. In the absence of such data, veracity of transactions could not be ascertained.
- In 13,223 cases in 21 districts barring Fatehgarh Sahib (including 1,803 cases<sup>14</sup> in five districts), age of guardian/parents was depicted less than 18 years.

Audit conducted a sample check of 438 application forms in respect of three selected schemes (OAP: 55; FAWDW: 273; and FADC: 110) made available in four test-checked districts<sup>15</sup> to verify the beneficiary details available online with the available physical application forms. It was noticed that as per application forms, though the beneficiaries were eligible for financial assistance under the respective Schemes, data thereof was not fed correctly in the PBMS.

This indicated that system was not having adequate input and validation controls, which could lead to irregular payment of financial assistance to ineligible beneficiaries under the social security schemes, as discussed in the Paragraphs 3.5 to 3.13.

On this being pointed out in audit, the Director, DSSWCD attributed (July 2021) the discrepancies to the deficiency in system software and stated that matter would be taken up with DGRPG for further necessary action. It was added that instructions to all the DSSOs would be issued to make necessary corrections, after checking the credentials of the beneficiaries. The Director, DGRPG also assured to look into the matter and to make necessary amendments in the software as required.

### **3.5 Inadmissible payment of financial assistance due to duplicate records in database**

(i) Examination of master data being maintained in PBMS, as provided by DSSWCD, containing the list of beneficiaries in respect of three selected schemes, revealed that records of 46,146 beneficiaries<sup>16</sup> being duplicate were weeded out by DSSWCD, between the period January 2018<sup>17</sup> and July 2020. However, action taken, if any, for recovery of excess payment made to these beneficiaries by DSSWCD, was awaited (June 2021).

<sup>13</sup> (i) Fatehgarh Sahib (54 cases); (ii) Ludhiana (12 cases); (iii) Patiala (995 cases); (iv) Rupnagar (435 cases); (v) SBS Nagar (475 cases); and (vi) SAS Nagar (1,153 cases).

<sup>14</sup> (i) Ludhiana (1,253 cases); (ii) Patiala (01 case); (iii) Rupnagar (16 cases); (iv) SBS Nagar (08 cases); and (v) SAS Nagar (525 cases). No such cases were noticed in district Fatehgarh Sahib.

<sup>15</sup> No physical forms were available in Rupnagar and SBS Nagar districts as the applications were being received through online mode only.

<sup>16</sup> OAP (35,647 records); FAWDW (7,931 records); and FADC (2,568 records).

<sup>17</sup> Excluding 68,307 beneficiaries flagged inactive prior to January 2018 under three selected social security schemes by the Department, for which action to recover the excess financial assistance had already been initiated, as discussed in paragraph 3.8.

Out of the above 46,146 beneficiaries, in six test-checked districts, the position of duplicate records flagged inactive between the period January 2018 and July 2020, in respect of three selected schemes, is detailed in **Table 3.3**.

**Table 3.3: Details of duplicate records flagged inactive from January 2018 to July 2020 in respect of selected schemes in test-checked districts**

(₹ in crore)

Sr. No.	Name of district	OAP		FAWDW		FADC		Total	
		No. of beneficiaries flagged inactive	Amount*	No. of beneficiaries flagged inactive	Amount*	No. of beneficiaries flagged inactive	Amount*	No. of beneficiaries flagged inactive	Amount*
1.	Fatehgarh Sahib	170	0.09	51	0.05	27	0.07	248	0.21
2.	Ludhiana	567	0.24	224	0.13	92	0.11	883	0.48
3.	Patiala	1,387	2.61	207	0.39	73	0.14	1,667	3.14
4.	Rupnagar	2,887	3.28	858	1.06	236	0.44	3,981	4.78
5.	SBS Nagar	188	0.18	103	0.08	28	0.04	319	0.30
6.	SAS Nagar	1,064	0.86	43	0.05	51	0.07	1,158	0.98
<b>Total</b>		<b>6,263</b>	<b>7.26</b>	<b>1,486</b>	<b>1.76</b>	<b>507</b>	<b>0.87</b>	<b>8,256</b>	<b>9.89</b>

Source: Departmental data

\* Amount calculated for the period from April 2017 to July 2020.

The probable excess financial assistance paid (April 2017-July 2020) to 8,256 duplicate beneficiaries flagged inactive (January 2018-July 2020) in respect of three selected social security schemes in six test-checked districts worked out to ₹ 9.89 crore.

(ii) During analysis of PBMS data containing the list of active beneficiaries in respect of three selected schemes, Audit noticed (apart from the duplicate records weeded out by DSSWCD itself, as detailed in preceding paragraph), 7,420 number of duplicate records<sup>18</sup> of beneficiaries residing in same village, block and district and were having same name, father's name, Aadhaar number and/or bank account number (last 4 digits).

On being enquired whether these 7,420 duplicate records were having same Aadhaar numbers and/or bank account numbers, DGRPG confirmed that in 4,902 cases, the Aadhaar numbers and bank account numbers were same. In remaining 2,518 cases, since Aadhaar/bank account numbers were not available/ matched<sup>19</sup> with the database, the duplication could not be verified. However, reply in this regard was awaited from DSSWCD. Thus, the possibility of fraud due to payment of financial assistance against duplicate entries could not be ruled out in audit.

In six test-checked districts, Audit found 581 duplicate records (out of the above 7,420 cases) of beneficiaries having same name, father's name, Aadhaar number and/or bank account number (last 4 digits), as detailed in **Table 3.4**. Out of these 581 cases, 383 duplicate records were confirmed by DGRPG.

<sup>18</sup> OAP (2,421 records); FAWDW (4,267 records); and FADC (732 records).

<sup>19</sup> Observation regarding modification in database has been discussed in paragraph 3.11.

**Table 3.4: Details of duplicate records noticed by Audit in respect of selected schemes in test-checked districts***(₹ in crore)*

Sr. No.	Name of district	OAP		FAWDW		FADC		Total	
		No. of duplicate beneficiaries	Amount*	No. of duplicate beneficiaries	Amount*	No. of duplicate beneficiaries	Amount*	No. of duplicate beneficiaries	Amount*
1.	Fatehgarh Sahib	26	0.05	4	0.01	-	0.00	30	0.06
2.	Ludhiana	49	0.10	9	0.02	-	0.00	58	0.12
3.	Patiala	114	0.23	123	0.22	29	0.07	266	0.52
4.	Rupnagar	62	0.04	41	0.05	5	0.01	108	0.10
5.	SBS Nagar	29	0.06	62	0.04	-	0.00	91	0.10
6.	SAS Nagar	6	0.01	22	0.03	-	0.00	28	0.04
<b>Total</b>		<b>286</b>	<b>0.49</b>	<b>261</b>	<b>0.37</b>	<b>34</b>	<b>0.08</b>	<b>581</b>	<b>0.94</b>

*Source: Departmental data**\* Amount calculated for the period from April 2017 to July 2020.*

The probable excess financial assistance paid (April 2017-July 2020) to 581 duplicate beneficiaries in respect of three selected social security schemes in six test-checked districts worked out to ₹ 0.94 crore<sup>20</sup>. The DSSO, Fatehgarh Sahib admitted to have made double payment to 13 beneficiaries in OAP Scheme and to 03 beneficiaries in FAWDW Scheme and stated (April 2021) that duplicate entries had now been deleted and recovery would be initiated from these beneficiaries. In remaining cases, system was showing duplicate records due to some technical problem. However, no supporting documents in this regard was provided to Audit. The DSSOs of remaining test-checked districts stated (November 2020-March 2021) that requisite action would be taken after verifying the records under intimation to Audit.

During exit conference, the Director, DSSWCD stated (July 2021) that duplicate records in the master database was a serious issue and all the DSSOs had been instructed to check duplicity of beneficiaries in master database to avoid excess payment. The Director, DSSWCD also assured to issue recovery notices to the beneficiaries to whom excess payment had been made. The DSSWCD further attributing the reasons for discrepancies in the data to deficiency in system software, stated that the matter would be taken up with DGRPG for further necessary action.

<sup>20</sup> In the absence of payment records/files with the Department, actual amount of financial assistance paid to these beneficiaries could not be ascertained in audit.

### 3.6 Non-exclusion of ineligible beneficiaries

Audit analysis of master data being maintained in PBMS in respect of three selected social security schemes revealed as under:

(i) The DSSWCD stopped (May 2016-July 2020) the financial assistance to 4,762 beneficiaries (OAP: 4,330 and FAWDW: 432), including 360 beneficiaries (OAP: 302 and FAWDW: 58) in six test-checked districts on the ground of death and other reasons viz. verification failed, found ineligible, etc. Audit, however, noticed that these beneficiaries continued to avail the financial assistance, as there were duplicate entries of the same beneficiaries which remained flagged as active as of July 2020. The financial assistance against both the entries was sanctioned, before the date of deletion against one entry. As a result, these ineligible beneficiaries continued to draw financial assistance against the second entry. The probable financial assistance paid to 302 ineligible beneficiaries under OAP Scheme and 58 ineligible beneficiaries under FAWDW Scheme in six test-checked districts during the period from April 2017 to July 2020, worked out to ₹ 73.99 lakh and ₹ 13.54 lakh, as detailed in **Table 3.5(a)** and **Table 3.5(b)** respectively.

**Table 3.5(a): Details of ineligible beneficiaries to whom financial assistance was paid against duplicate entry under OAP Scheme from April 2017 to July 2020**

Sr. No.	Name of district	No. of duplicate beneficiaries			Amount (₹ in lakh)	Period when FA stopped
		Death cases	Others	Total		
1.	Fatehgarh Sahib	7	13	20	4.78	May 2016 – May 2020
2.	Ludhiana	36	120	156	40.50	August 2016 - August 2019
3.	Patiala	14	0	14	1.65	April 2017 – May 2020
4.	Rupnagar	1	28	29	7.10	March 2017 - April 2020
5.	SBS Nagar	10	32	42	10.16	December 2017 - July 2019
6.	SAS Nagar	0	41	41	9.80	October 2017 – February 2020
<b>Total</b>		<b>68</b>	<b>234</b>	<b>302</b>	<b>73.99</b>	

Source: Departmental data

**Table 3.5(b): Details of ineligible beneficiaries to whom financial assistance was paid against duplicate entry under FAWDW Scheme from April 2017 to July 2020**

Sr. No.	Name of district	No. of duplicate beneficiaries			Amount (₹ in lakh)	Period when FA stopped
		Death cases	Others	Total		
1.	Fatehgarh Sahib	3	1	4	0.98	October 2016 – December 2018
2.	Ludhiana	3	29	32	8.10	August 2016 – August 2019
3.	Patiala	4	0	4	0.24	September 2019 – May 2020

Sr. No.	Name of district	No. of duplicate beneficiaries			Amount (₹ in lakh)	Period when FA stopped
		Death cases	Others	Total		
4.	Rupnagar	1	7	8	1.96	March 2017 – November 2017
5.	SBS Nagar	0	5	5	1.23	December 2017 – January 2018
6.	SAS Nagar	0	5	5	1.03	October 2017 – July 2020
<b>Total</b>		<b>11</b>	<b>47</b>	<b>58</b>	<b>13.54</b>	

Source: Departmental data

The DSSO, Fatehgarh Sahib stated (April 2021) that the above cases were inadvertently shown as death cases on the portal. However, no documents in support of the reply were furnished to Audit, besides not furnishing the reply in respect of other duplicate cases. The DSSOs of remaining test-checked districts stated (November 2020-March 2021) that requisite reply/action/recovery would be effected after verifying the facts.

(ii) The Financial Assistance to Dependent Children in Punjab Rules, 1996 *inter alia* provide for financial assistance of ₹ 500/- per month (up to June 2017) and ₹ 750/- per month (from July 2017 onwards) to maximum two children having age less than 21 years whose parents have died/are disabled/ unable to earn their livelihood.

Examination of data in respect of FADC Scheme in six test-checked districts revealed that in 651 cases shown active in four test-checked districts, financial assistance amounting to ₹ 72.12 lakh<sup>21</sup> had been disbursed (April 2017 to July 2020) even after attaining the age of 21 years, in contravention of the rules *ibid*. The concerned DSSOs stated (November 2020-March 2021) that requisite reply/action/recovery would be effected after verifying the facts.

During exit conference, the Director, DSSWCD stated (July 2021) that all DSSOs had been instructed to check duplicate records in master database of beneficiaries to avoid excess payment and correct the discrepancies immediately. It was added that after the implementation of PFMS Portal, cases of duplicate/ghost beneficiaries would be eliminated.

### 3.7 Disbursement of financial assistance to female beneficiaries under both OAP and FAWDW Schemes

The guidelines formulated by the State envisage that an applicant would be entitled to receive only one type of social security pension and the applicants need to opt for the scheme they are applying for.

Examination of master data being maintained in PBMS revealed that 2,226 female beneficiaries residing in same village, block and district having

<sup>21</sup> (i) Patiala: ₹ 44.06 lakh (295 cases); (ii) Rupnagar: ₹ 5.97 lakh (144 cases); (iii) SAS Nagar: ₹ 0.98 lakh (04 cases); and (iv) SBS Nagar: ₹ 21.11 lakh (208 cases). No such cases were noticed in two districts *viz.* Fatehgarh Sahib and Ludhiana.



same name, father's name, Aadhaar numbers and/or bank account numbers (last four digits only) were taking the benefit of financial assistance in both OAP and FAWDW schemes, in contravention of provisions *ibid*. The financial assistance in these cases was sanctioned between January 1996 and June 2020. This shows that requisite validation controls in the application were lacking to restrict financial assistance to same beneficiary in another social security scheme.

In six test-checked districts, the probable disbursement of financial assistance to 213 female beneficiaries under both OAP and FAWDW schemes for the period ranging between 01 and 38 months worked out to ₹ 37.32 lakh during the period from April 2017 to July 2020, as detailed in **Table 3.6**.

**Table 3.6: Details of female beneficiaries who were provided financial assistance in both OAP and FAWDW schemes in six test-checked districts during the period from April 2017 to July 2020**

Sr. No.	Name of district	No. of beneficiaries	Period (In months)	Amount (₹ in lakh)
1.	Fatehgarh Sahib	20	4-33	4.37
2.	Ludhiana	37	4-38	6.49
3.	Patiala	124	1-33	19.42
4.	Rupnagar	11	7-33	2.33
5.	SBS Nagar	14	4-33	3.18
6.	SAS Nagar	7	10-33	1.53
<b>Total</b>		<b>213</b>	<b>1-38</b>	<b>37.32</b>

*Source: Departmental data*

The DSSO, Fatehgarh Sahib while confirming the facts in respect of 13 cases stated (April 2021) that requisite action in this regard was being taken. It was added that 07 cases were being shown as duplicate due to technical error, but these actually belonged to different persons. However, no supporting documents in this regard were produced to Audit. The DSSOs of the remaining test-checked districts stated (November 2020-March 2021) that reply would be given after verifying the facts.

During exit conference, the Director, DSSWCD stated (July 2021) that all DSSOs had been instructed to check duplicate records in master database of beneficiaries to avoid excess payment and correct the discrepancies immediately. It was added that after the implementation of PFMS Portal, cases of duplicate/ghost beneficiaries would be eliminated.

**The DSSWCD may ensure incorporating requisite validation controls in the application to restrict financial assistance to same beneficiary in another social security scheme.**



### 3.8 Non-recovery of inadmissible payment of financial assistance

Government of Punjab (GoP) instructed (June 2017) all the Deputy Commissioners of the State to review eligibility of all beneficiaries covered under revised guidelines/eligibility conditions of social security schemes viz. OAP, FAWDW, FADC and FADP<sup>22</sup>. Further, notification issued (June 2017) by DSSWCD *inter alia* provided that if the credentials of beneficiaries were found to be incorrect, then recovery would be effected from the beneficiaries under the Land Revenue Act, besides, taking appropriate action against the concerned officers/officials and the ineligible beneficiaries.

Audit observed that after conducting review of the beneficiaries in accordance with GoP's instructions (June 2017), the DSSWCD found 70,137 beneficiaries ineligible<sup>23</sup> under four social security schemes pointing out recovery of ₹ 162.35 crore. Of these, 68,307 ineligible beneficiaries with recoverable amount of ₹ 157.17 crore pertained to three selected schemes. As of July 2021, out of the inadmissible amount of financial assistance of ₹ 157.17 crore recoverable from 68,307 ineligible beneficiaries, only 0.52 per cent (i.e. ₹ 0.81 crore) had been recovered, leaving ₹ 156.36 crore still to be recovered. However, action taken, if any, against the concerned officers/officials and ineligible beneficiaries, as per notification (June 2017), was not intimated by the Department (July 2021).

In six test-checked districts, as of July 2021, out of the inadmissible amount of financial assistance of ₹ 27.20 crore recoverable from 10,327 ineligible beneficiaries, only 1.21 per cent of the amount (i.e. ₹ 0.33 crore) had been recovered, leaving ₹ 26.87 crore still to be recovered under three selected social security schemes, as discussed in **Table 3.7**.

**Table 3.7: Amount of inadmissible financial assistance in respect of three selected social security schemes recoverable from ineligible beneficiaries in six test-checked districts**

(₹ in crore)					
Sr. No.	Name of district	No. of ineligible beneficiaries	Amount recoverable	Amount recovered (per cent)	Amount outstanding
1.	Fatehgarh Sahib	469	0.93	0.12 (12.90)	0.81
2.	Ludhiana	1,871	4.25	0.08 (1.88)	4.17
3.	Patiala	6,456	19.40	0.01 (0.05)	19.39
4.	Rupnagar	629	1.66	0.05 (3.01)	1.61
5.	SBS Nagar	204	0.65	0.05 (7.69)	0.60
6.	SAS Nagar	698	0.31	0.02 (6.45)	0.29
<b>Total</b>		<b>10,327</b>	<b>27.20</b>	<b>0.33 (1.21)</b>	<b>26.87</b>

Source: Departmental data

<sup>22</sup> Financial Assistance to Disabled Persons.

<sup>23</sup> Age less than the age prescribed under rules (36,617 cases); income more than the income prescribed under rules (7,852 cases); and possession of land more than the land prescribed under rules (25,668 cases).

During exit conference, the Director, DSSWCD stated (July 2021) that instructions had been issued to DSSOs for speedy recovery of dues and the compliance in this regard was being monitored.

### **3.9 Denial of financial assistance to eligible beneficiaries**

As per the prevalent rules<sup>24</sup> for three selected social security schemes viz. OAP, FAWDW and FADC being implemented in DSSWCD, financial assistance of ₹ 500/- per month (up to June 2017) and ₹ 750/- per month (from July 2017 onwards) was to be provided to the eligible beneficiaries.

(i) Audit observed that as a result of verification of beneficiaries in accordance with the GoP's instructions (June 2017), as mentioned in the preceding paragraph, none of the eligible beneficiaries was provided financial assistance under any of the social security schemes in the State, except for Municipal Corporation (MC) area of ten districts<sup>25</sup>, during the period from May to November 2017.

Examination of master data being maintained in PBMS of three selected schemes revealed that none of the eligible beneficiaries were provided financial assistance in six test-checked districts (except for MC area of two districts viz. Ludhiana and SAS Nagar, where payment was made for the months from May to September 2017) during the verification period from May to November 2017, which worked out to ₹ 204.03 crore, as detailed in **Table 3.8**.

**Table 3.8: Beneficiaries deprived of financial assistance under three selected schemes in six test-checked districts during May to November 2017**

(₹ in crore)

Sr. No.	Name of district	No. of beneficiaries* (Range)	Financial assistance payable	Financial assistance paid	Outstanding amount
1.	Fatehgarh Sahib	40,110 – 41,538	19.44	0.00	19.44
2.	Ludhiana	1,64,125 – 1,69,035	79.64	16.33	63.31
3.	Patiala	1,19,162 – 1,32,271	58.59	0.00	58.59
4.	Rupnagar	48,919 – 50,743	23.78	0.00	23.78
5.	SBS Nagar	48,055 – 49,225	23.06	0.00	23.06
6.	SAS Nagar	37,095 – 37,600	16.48	0.63	15.85
<b>Total</b>		<b>37,095 – 1,69,035</b>	<b>220.99</b>	<b>16.96</b>	<b>204.03</b>

Source: Departmental data

\* Range of total beneficiaries under the three selected schemes month-wise for the period May to November 2017, subject to the audit observations on the eligibility of beneficiaries, as pointed out in paragraphs 3.5 to 3.7.

<sup>24</sup> (i) Punjab Old Age Pension Rules, 1996; (ii) Financial Assistance to Widows and Destitute Women in Punjab Rules, 1996; and (iii) Financial Assistance to Dependent Children in Punjab Rules, 1996, amended from time to time.

<sup>25</sup> (i) Gurdaspur (payment made for the months of July and August 2017); (ii) Amritsar; (iii) Bathinda; (iv) Hoshiarpur; (v) Jalandhar; (vi) Ludhiana; (vii) Moga; (viii) Pathankot; (ix) Phagwara; and (x) SAS Nagar (payment made for the months of May to September 2017).

During exit conference, the Director, DSSWCD stated (July 2021) that the Finance Department had been approached to release ₹ 726.19 crore for making payments to the beneficiaries found eligible during verification process and payment would be made to the beneficiaries within 2-3 months. Further reply/action of the Department was awaited (October 2021).

(ii) Examination of the master data maintained in PBMS containing list of active beneficiaries (after taking into account addition and deletion) and lists of beneficiaries sent to banks (in Excel format) for payment as of July 2020 in respect of three selected schemes in six test-checked districts revealed that apart from the active beneficiaries, who were not provided financial assistance during the seven months' period from May-November 2017, as discussed in preceding paragraph, an average of 1,715<sup>26</sup> beneficiaries (ranging between 06 and 37,485 beneficiaries) remained deprived of the financial assistance during the audit period from April 2017 to July 2020, which worked out to ₹ 73.93 crore, as detailed in **Table 3.9**.

**Table 3.9: Beneficiaries deprived of financial assistance under three selected schemes in six test-checked districts during April 2017 to July 2020 (excluding May to November 2017, as pointed out in Table 3.8)**

(₹ in crore)

Sr. No.	Name of district	OAP		FAWDW		FADC		Total	
		No. of beneficiaries* (Range)	FA not paid	No. of beneficiaries* (Range)	FA not paid	No. of beneficiaries* (Range)	FA not paid	No. of beneficiaries* (Range)	FA not paid
1.	Fatehgarh Sahib	172-3,685	1.30	30-1,181	0.38	10-300	0.16	10-3,685	1.84
2.	Ludhiana	7,562-25,985	30.29	529-8,660	6.01	170-1,381	0.96	170-25,985	37.26
3.	Patiala	233-37,485	10.24	141-11,598	3.73	112-2,671	2.16	112-37,485	16.13
4.	Rupnagar	27-5,271	3.70	19-1,800	1.55	26-649	0.11	19-5,271	5.36
5.	SBS Nagar	128-4,146	3.01	22-12,683	2.32	18-1,049	0.56	18-12,683	5.89
6.	SAS Nagar	106-11,758	4.26	216-5,711	2.70	6-1,091	0.49	06-11,758	7.45
<b>Total</b>			<b>52.80</b>		<b>16.69</b>		<b>4.44</b>	<b>6-37,485</b>	<b>73.93</b>

Source: Departmental data

\* Subject to the audit observations on the eligibility of beneficiaries, as pointed out in paragraphs 3.5 to 3.7.

On this being pointed out in audit, the Director, DSSWCD stated (July 2021) that the payment to the beneficiaries could not be made as there were no provision for payment of arrear for the period for which financial assistance was withheld/stopped for reasons viz. minimum balance in bank not maintained, dormant account, etc. It was added that non-provision for payment of arrear was a serious issue and assured that a Standard Operating Procedure in this regard would be formulated to streamline the payment to the eligible beneficiaries in such cases.

<sup>26</sup> OAP: 3,688 beneficiaries; FAWDW: 1,150 beneficiaries; and FADC: 307 beneficiaries on average in respect of six test-checked districts.

Thus, poor and needy people of the society for whom the social security schemes were initiated, remained deprived of the financial assistance, thereby defeating the objectives of the schemes.

**The DSSWCD may consider opening of zero balance bank accounts of the beneficiaries so as to minimise the failed transactions on account of minimum balance not being maintained.**

### **3.10 Delay in sanction/payment of financial assistance to beneficiaries**

(i) As per notification issued (June 2017) by DSSWCD, the applications for sanction of financial assistance to the beneficiaries may be processed within 30 days of their receipt under the social security schemes.

Examination of data being maintained in PBMS in respect of three selected schemes in six test-checked districts revealed that out of total 5,87,732 cases, the date of receipt of application from Child Development and Project Officer (CDPO) was filled in 37,393 cases<sup>27</sup> in respect of four districts only. Of these, in 8,371 cases<sup>28</sup>, the financial assistance was sanctioned (as of July 2020) with an average delay of 61 days (with maximum delay of 1,432 days) beyond the prescribed time period of 30 days in four test-checked districts. In the absence of payment records/files with the Department, the actual date of payment of financial assistance to beneficiaries could not be ascertained in audit.

It was further noticed that in three selected districts<sup>29</sup>, the financial assistance was sanctioned before receipt of applications from CDPO in 1,147 cases, with an average time difference of 44 days (with maximum difference of 1,097 days). The DSSO, Fatehgarh Sahib attributed (April 2021) the reason for this to clerical mistake in mentioning the date of receipt of application, but no supporting document in support of the reply was furnished to Audit. Replies in respect of remaining two test-checked districts *viz.* Ludhiana and SBS Nagar were awaited (June 2021).

(ii) The respective rules in respect of three selected social security schemes provide for payment of financial assistance to the beneficiaries every month. Further, as per Standard Operating Procedure (SOP), DBT payments being processed by other implementing agencies through PFMS or other payments systems will also adhere to the timelines and processes mentioned in this SOP.

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<sup>27</sup> Requisite data i.e. date of receipt of application from CDPO was maintained/available in PBMS in four test-checked districts *viz.* (i) Fatehgarh Sahib (2,225 out of 49,472 cases); (ii) Ludhiana (31,490 out of 2,08,115 cases); (iii) SBS Nagar (32 out of 58,042 cases); and (iv) SAS Nagar (3,646 out of 45,144 cases). Requisite data in respect of two districts- Patiala and Rupnagar, was not present in data provided.

<sup>28</sup> (i) Fatehgarh Sahib (01-1,432 days in 174 out of 2,225 cases); (ii) Ludhiana (31-585 days in 8,134 out of 31,490 cases); (iii) SBS Nagar (60-93 days in 03 out of 32 cases); and (iv) SAS Nagar (02-184 days in 60 out of 3,646 cases).

<sup>29</sup> (i) Fatehgarh Sahib (05-1,097 days in 26 cases); (ii) Ludhiana (01-425 days in 1,113 cases); and (iii) SBS Nagar (02-147 days in 08 cases). No such discrepancy was noticed in three districts *viz.* Patiala, Rupnagar and SAS Nagar.

The maximum total time for receiving payments response: success or failure (with reasons) is T+4 working days, where T is the day of transaction.

Audit observed that the system of direct transfer of benefit in the bank account of the beneficiary by generation of payment files instructions in PFMS/through State treasury account had not been developed, as per DBT framework. However, it was observed in six test-checked districts that there was a delay in sending payment files to banks by respective DSSOs with an average delay of 33 days (with maximum delay of 245 days) from the sixth day of the succeeding month in which the financial assistance was due during 2017-2021 (up to July 2020), as detailed in **Table 3.10**.

**Table 3.10: Delay in payment of financial assistance to beneficiaries during 2017-2021 (up to July 2020)**

Sr. No.	Name of district	No. of months in which		Delay in days	Amount disbursed (₹ in crore)		
		Payment made	Payment delayed		Total	with delay	Percentage
1.	Fatehgarh Sahib	33*	31	1 to 237	114.77	106.50	92.79
2.	Ludhiana	38	36	3 to 225	473.23	441.58	93.31
3.	Patiala	33*	30	1 to 245	398.96	357.55	89.62
4.	Rupnagar	33*	31	1 to 223	131.78	122.71	93.12
5.	SBS Nagar	33*	31	2 to 229	136.83	126.98	92.80
6.	SAS Nagar	38	35	3 to 224	90.83	78.72	86.67
<b>Total</b>					<b>1,346.40</b>	<b>1,234.04</b>	<b>91.65</b>

Source: Departmental data

\* Payment for the period May to September 2017 was made in MC Area of Ludhiana and SAS Nagar districts only.

During exit conference, the Director, DSSWCD stated (July 2021) that instructions had been issued to all the DSSOs to sanction the pension in timely manner and the Deputy Commissioners had also been asked to monitor the compliance in their districts. It was added that a 'Review Performa' had also been prepared to check the time taken by DSSOs to sanction the financial assistance and to release the same to the beneficiaries for the first time.

### 3.11 Modification in master database

Pension Beneficiary Management System (PBMS) is a web-based software developed by DSSWCD to capture the beneficiary details in respect of social security schemes being implemented in the State of Punjab.

During test-check of records (i.e. master data maintained in PBMS and list of files submitted to respective banks in MS-Excel format during April 2017 to July 2020) in six test-checked districts, it was observed that bank account numbers of beneficiaries in the master database were changed at the level of DSSOs without any authority or request of the applicant found on record<sup>30</sup>.

<sup>30</sup> Audit substantiated the discrepancy from 84 application forms (OAP-16; FAWDW-37; and FADC-31) in the test-checked districts.

Moreover, the data in respect of changed records (bank account numbers) was not being maintained/retained. Thus, the possibility of fraud and embezzlement of Government money could not be ruled out.

During exit conference, the Director, DSSCWD stated (July 2021) that instructions had been issued to DSSOs to keep the record of changes made in the database. The Director, DGRPG admitted that the software overwrote the older values with the new values in the master database. It was added that after implementation of PFMS in the State, all the necessary modifications would be stored in the portal/system. The replies were not acceptable as due to non-retention/non-availability of the changed records (i.e. old bank account numbers), genuineness of payments made during the period 2017-2021 (up to July 2020) to the beneficiaries whose record had been updated/changed, could not be verified in audit.

### **3.12 Non-verification of eligibility criteria for disbursement of financial assistance**

The provisions of Punjab OAP Rules, 1996 and FAWDW in Punjab Rules, 1996 and subsequent amendments thereto *inter alia* provide that the beneficiaries are eligible for financial assistance<sup>31</sup> under the respective schemes if they are residing in the State of Punjab for the last three years. The rules further provide that to continue to draw pension/financial assistance, the beneficiary should have a good character otherwise sanctioning authority has right to stop or suspend the pension/financial assistance.

Test-check of records in six test-checked districts revealed that:

- Self-declaration/confirmation regarding stay of beneficiaries in the State of Punjab for the last three years was neither obtained from the beneficiaries nor any verification report from district/block was found attached with the application form.
- No mechanism existed to verify the character of the beneficiaries receiving pension/financial assistance.

Thus, non-verification of the eligibility criteria under the rules *ibid* by the authorities concerned could lead to payment of financial assistance to ineligible beneficiaries.

During exit conference, the Director, DSSWCD stated (July 2021) that necessary columns would be added in the pension application form as per rules.

### **3.13 Identification of deceased beneficiaries**

The DBT Mission, GoI recommended that database of beneficiaries being maintained by the respective departments under DBT schemes needs to be

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<sup>31</sup> ₹ 500/- per month up to June 2017 and ₹ 750/- per month from July 2017 onwards.



dynamic and linked to death registrations. The SOP Modules for DBT also envisaged DBT framework as a multi-stakeholder architecture which capitalises on the competencies of various departments including Registrar General of India to deliver benefits to beneficiaries in a timely and effective manner for successful implementation of DBT system.

Audit observed in six test-checked districts that no mechanism to identify deceased beneficiaries from the death registrations, Local Bodies, Hospitals, etc. was in place to ensure discontinuance of financial assistance to the deceased. The Department depended only on the information provided by Aanganwadi workers, Sarpanches of Gram Panchayats, banks in which financial assistance of beneficiaries was being transferred, etc.

During exit conference, the Director, DSSWCD stated (July 2021) that the integration of social security portal with Birth and Death Registrar was under process in consultation with DGRPG.

### **3.14 Other points**

#### **3.14.1 Review/updation of beneficiaries' data**

Standard Operating Procedure for DBT payments provides that steps involved in beneficiary's identification and enrolment are to be carried out in respective DBT Scheme software. It further provides for the Ministry/Department to evolve their own process to ensure outreach and communication for timely updating of beneficiary records including financial address (bank account/Aadhaar). Further, respective rules of three selected schemes provide that all the cases in which the beneficiaries remained out of State for more than one year would not be eligible to draw financial assistance.

The DSSWCD asked (September 2017) all the Deputy Commissioners of the State to form a three-member Committee comprising Aanganwadi worker (from CDPO office), ASHA worker (in coordination with Civil Surgeon) and Patwari (in coordination with District Revenue Officer) which would identify the eligible beneficiaries to whom pension was not being sanctioned and ineligible beneficiaries who were irregularly drawing financial assistance so that the financial assistance could be provided to only needy and authentic beneficiaries. The Committee would prepare a quarterly report of identified eligible beneficiaries and weed out ineligible beneficiaries and send it to the DSSO of the district through BDPO of the concerned block. The list of beneficiaries would be updated every quarter by deleting ineligible beneficiaries and updating eligible beneficiaries.

Examination of records revealed that no quarterly report of identified eligible/ineligible beneficiaries including beneficiaries who remained out of State for more than one year was being maintained/available with the respective

DSSOs of the six test-checked districts. Regarding formation of requisite Committee in test-checked districts, the DSSOs Ludhiana, Rupnagar and SBS Nagar stated (January-March 2021) that no such Committee for the purpose had been formed at block level. The DSSOs, SAS Nagar and Patiala stated (November 2020 and February 2021) that records would be verified and intimated to Audit. The DSSO, Fatehgarh Sahib stated (April 2021) that the respective CDPOs were requested to form the requisite Committee.

During exit conference, the Director, DSSWCD stated (July 2021) that all DSSOs had been instructed to constitute the Committee. It was further stated that action would be taken to stop the financial assistance to the beneficiaries who were out of station for more than one year.

Thus, the fact remains that requisite action required under the provisions *ibid* had not been taken by DSSWCD for review/updation of beneficiaries' data under the social security schemes. Periodic review/updation assumes greater importance in light of the fact that ineligible beneficiaries had been identified during the verification process initiated during June 2017 (as discussed in Paragraph 3.8). Further, Audit also noticed various discrepancies in the beneficiaries' data, to whom payment of undue financial assistance could not be ruled out, as discussed in this Report.

#### **3.14.2 SMS alerts to beneficiaries**

As per Standard Operating Procedures for DBT, establishment of feedback loop has to be an integral part of the IT platform. Apart from the feedback given to the beneficiaries through SMS (Short Message Service) alerts regarding transaction by corresponding bank, scheme-wise payment details will be intimated to the beneficiaries by PFMS/Programme Division through SMS.

Audit observed that there was no mechanism to disseminate the information about payment of financial assistance under DBT to the beneficiaries through SMS, apart from the SMS alerts regarding sanction of pension/financial assistance under DBT at initial stage only. It was further noticed that even the initial SMS alert was being sent to only those beneficiaries, whose applications were received through online mode, and this facility was not being provided to the beneficiaries submitting their applications through offline mode. Audit noticed that out of 1,83,591 beneficiaries who were sanctioned financial assistance in six test-checked districts with respect to the three selected schemes under DBT during 2017-2021 (up to July 2020), 1,58,568 beneficiaries (86.37 per cent) in four selected districts<sup>32</sup> had submitted their applications through offline mode, to whom SMS alert regarding sanction of financial assistance under DBT schemes was not sent. The applications in Rupnagar and SBS Nagar were being received through online mode. Thus, due to inadequate

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<sup>32</sup> (i) Fatehgarh Sahib (13,261); (ii) Ludhiana (85,367); (iii) Patiala (50,607); and (iv) SAS Nagar (9,333).



provision of SMS alerts, the beneficiaries would be unable to receive a confirmation of the payment of monthly assistance under the selected schemes. As such, in case of transfer of financial assistance to unauthorised persons, the beneficiaries may not confirm/enquire about the sanction/payment of financial assistance from the department, and the transfer may go undetected.

During exit conference, the Director, DSSWCD stated (July 2021) that respective banks of the beneficiaries might have sent the SMS alert regarding credit of financial assistance in their bank accounts. The reply of the Department was not in line with the provisions *ibid*. The Director further stated that as and when payment through PFMS was made functional, SMS alerts with respect to sanction of payment would be sent to the beneficiaries.

### 3.14.3 Management of failed transactions

As per Standard Operating Procedures Modules for DBT (Section 7), payment for failed transactions would be re-initiated by the department after carrying out the required modification/rectification.

Audit observed in six test-checked districts that though the information/list of failed transactions was being sent by the respective banks to DSSOs, there existed no system in four test-checked districts *viz.* Patiala, Rupnagar, SBS Nagar and SAS Nagar to re-initiate the failed transactions. During the period 2017-2021 (upto July 2020), an amount of ₹ 20.68 crore on account of failed transactions in respect of four test-checked districts was deposited into treasury, as detailed in **Table 3.11**.

**Table 3.11: Amount on account of failed transactions deposited in treasury during 2017-2021 (upto July 2020)**

(₹ in crore)					
Name of district	2017-18	2018-19	2019-20	2020-21 (upto July 2020)	Total
Patiala	3.75	3.04	1.63	0.50	8.92
Rupnagar	0.48	1.95	3.50	0.86	6.79
SBS Nagar	0.24	0.22	0.05	0.08	0.59
SAS Nagar	0.01	3.68	0.55	0.14	4.38
<b>Total</b>	<b>4.48</b>	<b>8.89</b>	<b>5.73</b>	<b>1.58</b>	<b>20.68</b>

Source: Departmental data

On this being pointed out in audit, the Director, DSSWCD stated (July 2021) that instructions had been issued to all the DSSOs to regulate the failed transactions so that financial assistance could be provided to the beneficiaries at the earliest. It was added that after implementation of PFMS Portal in the State, the failed transactions would be re-initiated in a timely manner. The fact remains that non-regulation of failed transactions could lead to deprivation of financial assistance to the needy and poor people under the social security schemes.

### **3.15 Scheme design**

As per notification issued (June 2017) by DSSWCD, the financial assistance under the social security schemes would be approved by the concerned DSSO within one month from the date of receipt of application and the financial assistance/pension would be sanctioned/started quarterly. Prior to this, the financial assistance was being sanctioned/started in the same month if the beneficiary applied for the same by 20<sup>th</sup> of the month, otherwise it was provided from the next month.

With regard to the three selected social security schemes in six test-checked districts, it was noticed that the financial assistance to beneficiaries were sanctioned in the first or second month of each quarter during the period April 2017 to June 2020. However, payment to these beneficiaries was made from the first month of the succeeding quarter from the month in which financial assistance was approved by the DSSOs. Thus, the beneficiaries received the financial benefits after a delay of 1-2 months from the date of sanction.

During exit conference, the Director, DSSWCD stated (July 2021) that beneficiaries were provided financial assistance as per the rules as of now. It was added that the State Government had launched 'Covid Orphan Pension Scheme', in which the assistance was being provided to all the beneficiaries in the succeeding month from the month in which beneficiaries had applied. Same methodology for payment of financial assistance to the beneficiaries under social security schemes would also be implemented after taking decision at State Government level, being a policy matter.

### **3.16 Conclusions**

The process re-engineering for implementation of DBT in the State was deficient as is evident from the following inconsistencies noticed during the performance audit:

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

- Though Aadhaar numbers of 92 *per cent* of the digitised beneficiaries had been captured in six test-checked districts, system of transfer of financial assistance directly to the Aadhaar linked bank accounts of the beneficiaries by generation of payment files instructions in PFMS/through State treasury account was not ensured.
- After porting the beneficiaries' data in PBMS, neither any review to check the completeness, authenticity and correctness of the legacy data was conducted nor were any instructions passed on to DSSWCD to get the data verified at their level, as Audit noticed cases of duplicate PLA numbers, beneficiaries' age less/more than the prescribed limit, acceptance of gender as 'Male' for the scheme meant for female beneficiaries (FAWDW). Besides, cases of duplicate records of beneficiaries, non-exclusion of ineligible beneficiaries and grant of financial assistance to same beneficiaries in more than one scheme, etc. were also noticed.
- The DSSWCD weeded out 18,583 ineligible beneficiaries under the social security schemes in six test-checked districts. However, out of ₹ 37.09 crore, only ₹ 0.33 crore had been recovered as of July 2021 from them. On the other hand, financial assistance of ₹ 277.96 crore was not provided to the eligible beneficiaries of three selected schemes in six test-checked districts during April 2017 to July 2020. Besides, cases of delayed/advance sanction/payment of financial assistance were also noticed.
- Modification in master database *i.e.* change in bank account numbers of beneficiaries, etc. was being done by DSSOs without any authority or request of applicant on record. Dissemination of information through SMS about payment of financial assistance to beneficiaries and regulation of failed transactions received from the respective banks was also lacking.
- No mechanism existed in DSSWCD for identification of deceased beneficiaries through the Registrar General of India to ensure discontinuance of financial assistance to the deceased. Requisite Committees as initiated by the Department for periodical review/identification of eligible/ineligible beneficiaries had not been formed at block levels, in spite of detecting substantial number of ineligible beneficiaries during a review conducted by the State Government in June 2017.
- The scheme design deficiencies with regard to change in commencement of financial assistance to beneficiaries from the month of sanction to first month of the succeeding quarter, led to delay of 1-2 months in receipt of financial assistance from the date of sanction.

### **3.17 Recommendations**

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

- (i) *taking appropriate steps to eliminate the existing intervening layers as per Standard Operating Procedure of DBT Manual, besides adopting the system of transfer of financial assistance directly to the Aadhaar linked bank accounts of the beneficiaries by generation of payment files instructions in PFMS/through State treasury account for making the flow of funds faster, secure and curbing pilferage/duplication in payments;*
- (ii) *carrying out a comprehensive review of the beneficiaries' data including the legacy data already ported in PBMS to ensure its completeness, authenticity and correctness;*
- (iii) *putting in place adequate input and validation controls in PBMS application so as to curb duplicate, unauthentic and invalid data, thereby capturing data in respect of eligible beneficiaries as per provisions of the respective rules of the social security schemes under DBT;*
- (iv) *putting in place mechanism for modification in beneficiaries' database on the basis of authentic records; dissemination of information through SMS about payment of financial assistance to beneficiaries; and regulation of failed transactions received from respective banks;*
- (v) *integration of beneficiaries' data with the death data available with the Registrar General of India for identification of deceased beneficiaries to ensure discontinuance of financial assistance to the deceased, besides, adoption of mechanism at block levels for periodical review/identification of eligible/ineligible beneficiaries so as to ensure payment of financial assistance to bona fide beneficiaries; and*
- (vi) *making strenuous efforts for effecting recovery of inadmissible/excess payment of financial assistance from the ineligible beneficiaries, besides fixing responsibility for inaction by the authorities concerned.*