

Chapter 1

Overview

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1.1 Introduction

1.1.1 Direct Benefit Transfer

Direct Benefit Transfer (DBT) is a major reform initiative by the Government of India (GoI) to ensure better and timely delivery of benefits from Government to the people. This marks a paradigm shift in the process of delivering benefits like wage payments, fuel subsidies, food grain subsidies directly into the bank accounts of the beneficiaries, removing leakages and enhancing financial inclusion i.e. extension of financial services to the unbanked areas and providing universal access to banking services across the country.

As a step in technology enablement, all benefits transferred, in cash or in-kind, are captured and adequately represented as part of an aggregation web-interface. DBT Bharat portal (<https://dbtbharat.gov.in>) has been conceptualized and developed as a national aggregator for all information in the country.

1.1.2 Vision of Direct Benefit Transfer

DBT vision includes a governance regime which ensures a simple and user-friendly Government to People interface and directly delivers entitlements to eligible individuals and households in a fair, transparent, efficient and reliable manner. Besides, it was a major reform initiative by Government in various Social Welfare Beneficiary Schemes.

DBT proposes to ensure

- Accurate targeting
- De-duplication
- Reduction of Fraud and corruption
- Process Re-engineering of Schemes for flow of information and funds
- Greater accountability
- Elimination of waste in subsidy

1.1.3 Provisions of General Financial Rules, 2017

Rule 87 of General Financial Rules, 2017 stipulates that

(1) Transfer of benefits should be done directly to beneficiaries under various Government Schemes and Programmes using Information and Communication Technology (ICT). Necessary process reengineering to minimize intermediary

levels and to reduce delay in payments to intended beneficiaries with the objective of minimizing pilferage and duplication should be done for all Government Schemes and Programmes. The process for implementation of DBT as prescribed should be adopted.

(2) DBT should include transfer of in-kind benefits and cash transfers to beneficiaries as well as transfers/honorariums given to various enablers of government schemes like community workers, etc. for successful implementation of the schemes.

(3) Transfer of cash benefits from Ministries/Departments should be done:

- a) directly to beneficiaries from Ministries/Departments;
- b) through State Treasury Account; or
- c) through any Implementing Agency as appointed by Centre/State Governments.

1.1.4 Pre-requisites of DBT

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

The pre-requisites of DBT are:

- Digitization of database of beneficiaries;
- Opening of bank accounts of beneficiaries; and
- Aadhaar enrolment.

1.1.5 Identification of DBT Schemes

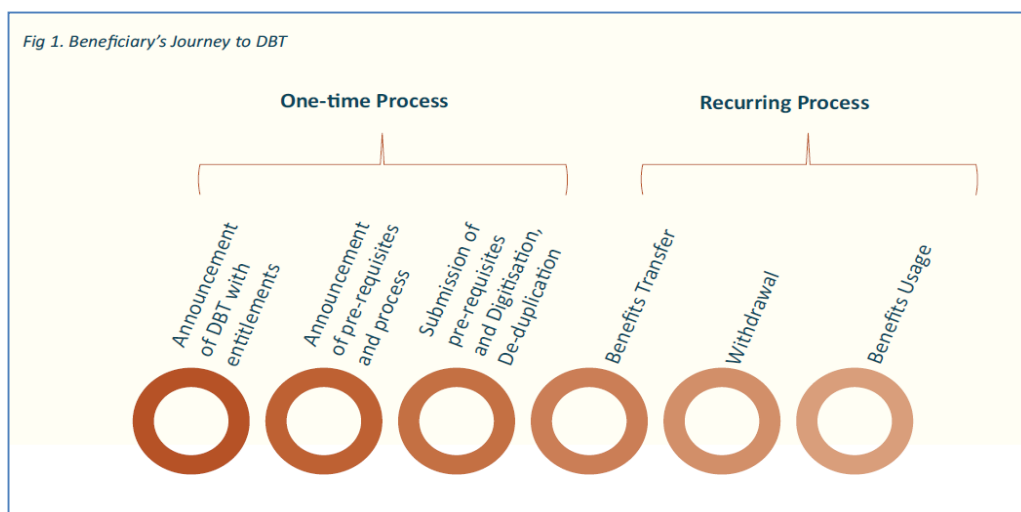
A scheme will be a DBT Scheme if:

- individuals or household can be identified as beneficiaries under the scheme;
- benefits transferred to identified beneficiaries viz. cash or in kind; and
- the scheme is funded from Consolidated Fund of India or Consolidated Fund of the State.

1.2 Various Process of Direct Benefit Transfer

Under DBT, various schemes in the categories of Cash and in-kind are being covered¹ according to 'Standard Operating Procedure (SOP) for DBT payments' issued by GoI. Following process is to be followed by implementing agencies through Public Financial Management System (PFMS) or other payment systems:

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



Source: DBT Flyer

1.3 Organisational setup

The Department of Social Justice and Empowerment (SJE), Haryana is entrusted with the welfare, social justice and empowerment of disadvantaged and marginalized section of the society. The responsibility of implementation of social welfare schemes in the State is vested with the Department. The implementation of the selected schemes and beneficiary approval is carried out by District Social Welfare Officers (DSWOs) in the department.

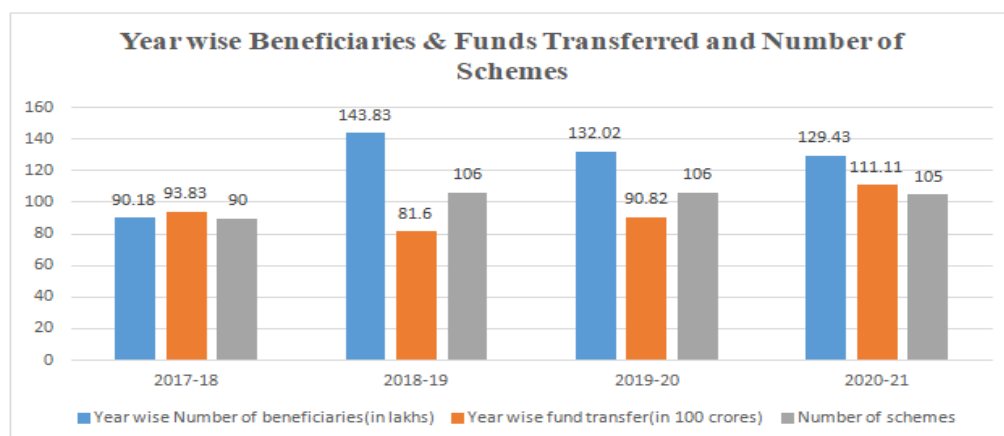
¹ E.g. **Cash**: PAHAL (Direct Benefit Transfer for LPG), Mahatma Gandhi National Rural Employment Guarantee Act, National Social Assistance Programme. **In-kind**: Public Distribution System. **Other Transfers**: ASHA workers under National Health Mission, *Aanganwadi* workers under Integrated Child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

For a coordinated effort between the Centre and State to enable: faster decision-making, eliminate duplication of efforts and smoothen out differences i.e. fostering an easier transition of schemes on to DBT, GoI asked States to set up DBT Cells. These DBT Cells in the States are expected to be a one-stop point for coordinating all efforts for bringing and implementing schemes on to DBT. Therefore, a State DBT cell was constituted on 13 June 2016 under Finance Department of Haryana as a nodal point for all the activities and matters related to DBT operations in the State. The State DBT cell is responsible for primarily working towards coordinating the implementation of DBT in various schemes which is administered by the Finance Department. The Cell acts as a nodal point for all the activities and matters related to DBT operations in the State.

1.4 Status of Direct Benefit Transfer in the State

As a Major reform initiative, Government of Haryana introduced various Social Welfare Beneficiary Schemes in the different departments in the State. At present 135 DBT applicable schemes of 25 departments are on boarded on the State DBT portal. Year-wise number of beneficiaries, schemes and amount transferred to beneficiaries' accounts² is depicted in the following chart:

Chart 1: Year wise Beneficiaries, Funds transferred and Number of schemes



The above chart shows that the total amount transferred to beneficiaries accounts during the years 2017-18 to 2020-21 was ₹ 37,736 crore. The number of beneficiaries had increased to 143.83 lakh in 2018-19 as compared to 90.18 lakh in 2017-18. The increase was mainly due to 'Livestock Health and Disease Control' scheme (16.63 lakh beneficiaries), Mid-day meal scheme (14.92 lakh beneficiaries) and Samagra Shiksha (9.44 lakh beneficiaries). Thereafter, it decreased to 129.43 lakh in 2020-21 mainly due to decrease in

² A single person enrolled in multiple schemes is a separate beneficiary under each scheme.

number of beneficiaries in eight schemes in 2019-20 and further decrease in four schemes³ in 2020-21.

- In order to aggregate benefit transfer information and the activities for the State DBT Cell through an electronic platform, a State DBT Portal was created in September 2017 which is integrated with the DBT Bharat Portal. Main features of State DBT portal are:
 - aggregated Dashboard of DBT Schemes;
 - scheme wise or location wise Reports;
 - Progress Monitoring System for DBT applicable scheme/service; and
 - DBT Scheme Code Management.
- As per Protocol Document for DBT in states, DBT Cell coordinates with all Departments in compiling a list of schemes and programs to which DBT is applicable.
- The identification of DBT applicable State and Centrally Sponsored Schemes is done by the concerned Departments implementing the schemes. Identified schemes are uploaded on the state DBT portal by DBT Cell on the request of concerned department. The process of uploading the scheme on DBT Portal is described below:
 - The concerned Department fills up the prescribed proforma for uploading the scheme on the State DBT portal and submits to the DBT cell which is done in physical form and then incorporated through data entry.
 - The DBT cell uploads the information provided by the Department on the DBT portal to generate a unique code for the scheme (State scheme or Centrally Sponsored Scheme on sharing basis).
 - After the unique code is generated, rest of information in the proforma is uploaded on the State DBT portal by the DBT Cell.
 - The scheme is now visible to the respective Departments on the State DBT portal for further updation.
 - The Departmental user is created for each department and user id and password are assigned for accessing the scheme uploaded on the State DBT portal.

³ Two schemes of elementary education and one each for Rural Development and Women and Child Development.

- The Departmental user further creates scheme Owner (s) by creating *User id* and *Password* and assign the scheme(s) to the scheme Owner for updating the data on the State DBT portal.
- The DBT Scheme Code⁴ is generated on all India basis and is a randomly generated five digit code unique to each DBT scheme for identification of DBT transactions with a purpose of distinguishing DBT applicable component/scheme during financial transactions and for reporting of data on the DBT Bharat portal.
- DBT Cell monitors the DBT scheme code process, generates the scheme-wise/location-wise report with the objective to integrate with DBT Bharat Portal and progress made by Departments with regards to the DBT on-boarding process viz. (i) Beneficiary database digitization, (ii) Seeding of beneficiary database with validated Aadhaar number, (iii) Transfer of benefit – for cash: using electronic means, and for in-kind: upon beneficiary authentication from Aadhaar Central Identities Data Repository (CIDR).

1.5 Selection of Schemes

The total transfer made by the State through DBT during the year 2019-20 was ₹ 9,081.69 crore. Out of this, an amount of ₹ 6,455.07 crore (71 *per cent*) was transferred by SJE. Of the 14 schemes through which funds have been transferred by SJE, maximum benefit (94 *per cent*) was transferred through three schemes viz. (i) Old Age Pension Scheme (OAP), (ii) The Haryana Pension to Widows and Destitute Women Scheme and (iii) The Haryana Disabled Persons Pension Schemes. Accordingly, these three schemes were selected for audit.

The three schemes as detailed below are aimed at providing Social Security to the respective class of persons who are unable to sustain themselves with their own resources and are in need of financial assistance:

- (i) The Haryana Government implemented the OAP scheme with effect from 01 November 1966. The State Government further enhanced the scheme and introduced “Old Age Pension Scheme-1991”, now renamed as “Old Age Samman Allowance Scheme”. The scheme was implemented from 01 July 1991.

⁴ The codification structure is - Scheme Code starting with (A) – Central Sector Schemes - Scheme Code starting with (B) – Centrally Sponsored Schemes - Scheme Code starting with (C) – State / UT Schemes - Scheme Code starting with (D) – District Schemes - Scheme Code starting with (E) – State / UT CSS. The balance four characters of scheme code will have values between 0-9 and A to Z.

- (ii) The Haryana Pension to Widows and Destitute Women Scheme was introduced in the year 1980-81.
- (iii) The Haryana Disabled (Divyang) Persons Pension Schemes was introduced in the year 1981-82. The aim of the scheme is to provide social security to Disabled persons.

The details of the expenditure by the SJE department and the three selected schemes are given in Table 1.1:

Table 1.1: Details of expenditure incurred by the Department

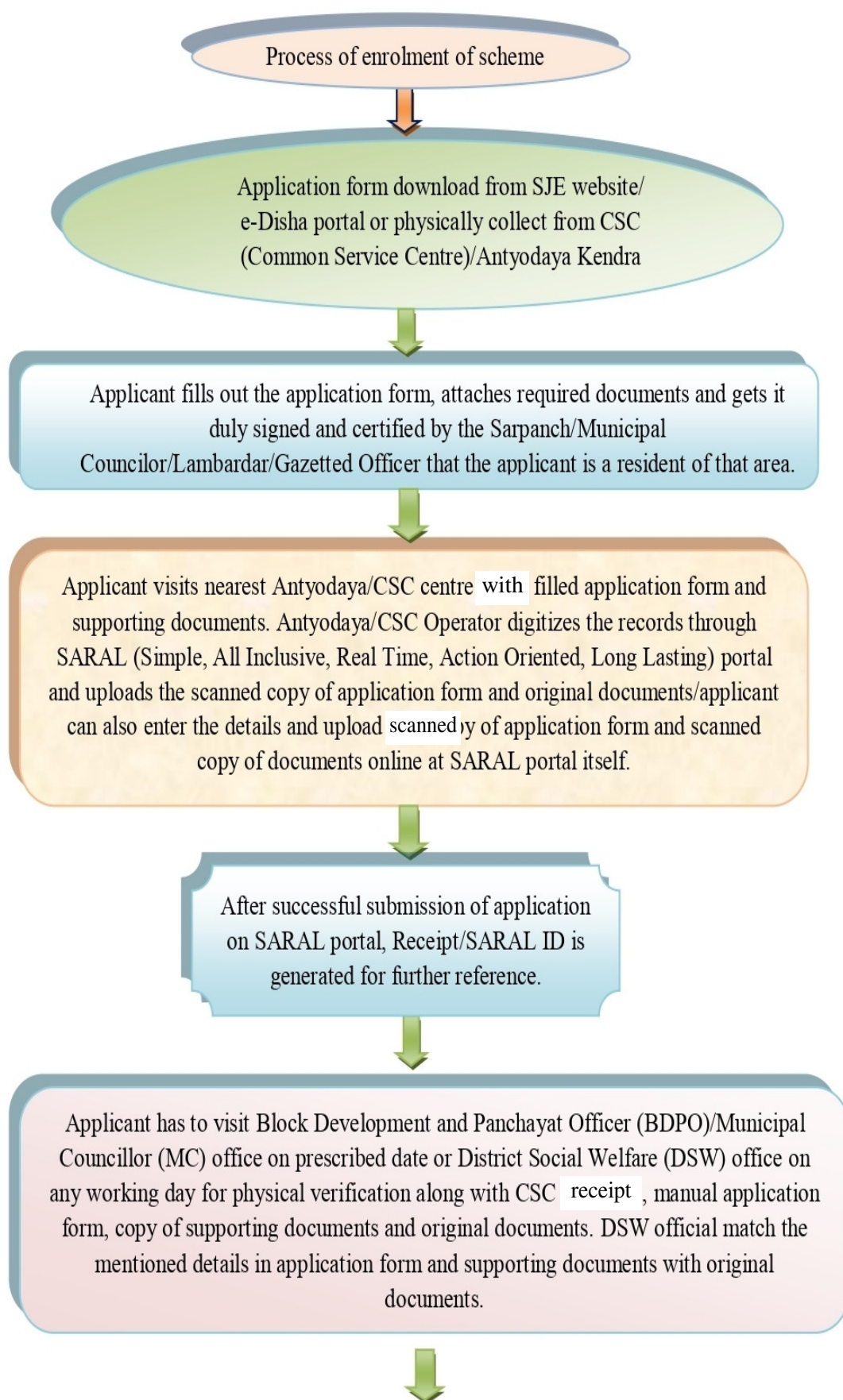
Name of Scheme	No. of Beneficiaries	Amount (₹ in crore)	Percentage of selected scheme's expenditure over the total expenditure incurred by department	No. of Beneficiaries	Amount (₹ in crore)	Percentage of selected scheme's expenditure over the total expenditure incurred by department	No. of Beneficiaries	Amount (₹ in crore)	Percentage of selected scheme's expenditure over the total expenditure incurred by department
	2018-19			2019-20			2020-21		
Total expenditure incurred by department on all the schemes(₹ in crore)	5,714.31			6,455.07			7,701.49		
Expenditure incurred under selected schemes ⁵									
Old Age Samman Allowance	16,83,942	3,490.19	94%	17,67,874	4,001.95	93.41%	17,85,815	4,616.93	93.26%
Pension to Widow and Destitute Women	7,19,523	1,525.93		7,39,399	1,624.41		7,60,328	2,098.46	
The Haryana Divyang Person Pension Scheme	1,67,238	351.50		1,75,129	403.40		1,76,865	467.07	
Total	25,70,703	5,367.62		26,82,402	6,029.76		27,23,008	7,182.46	

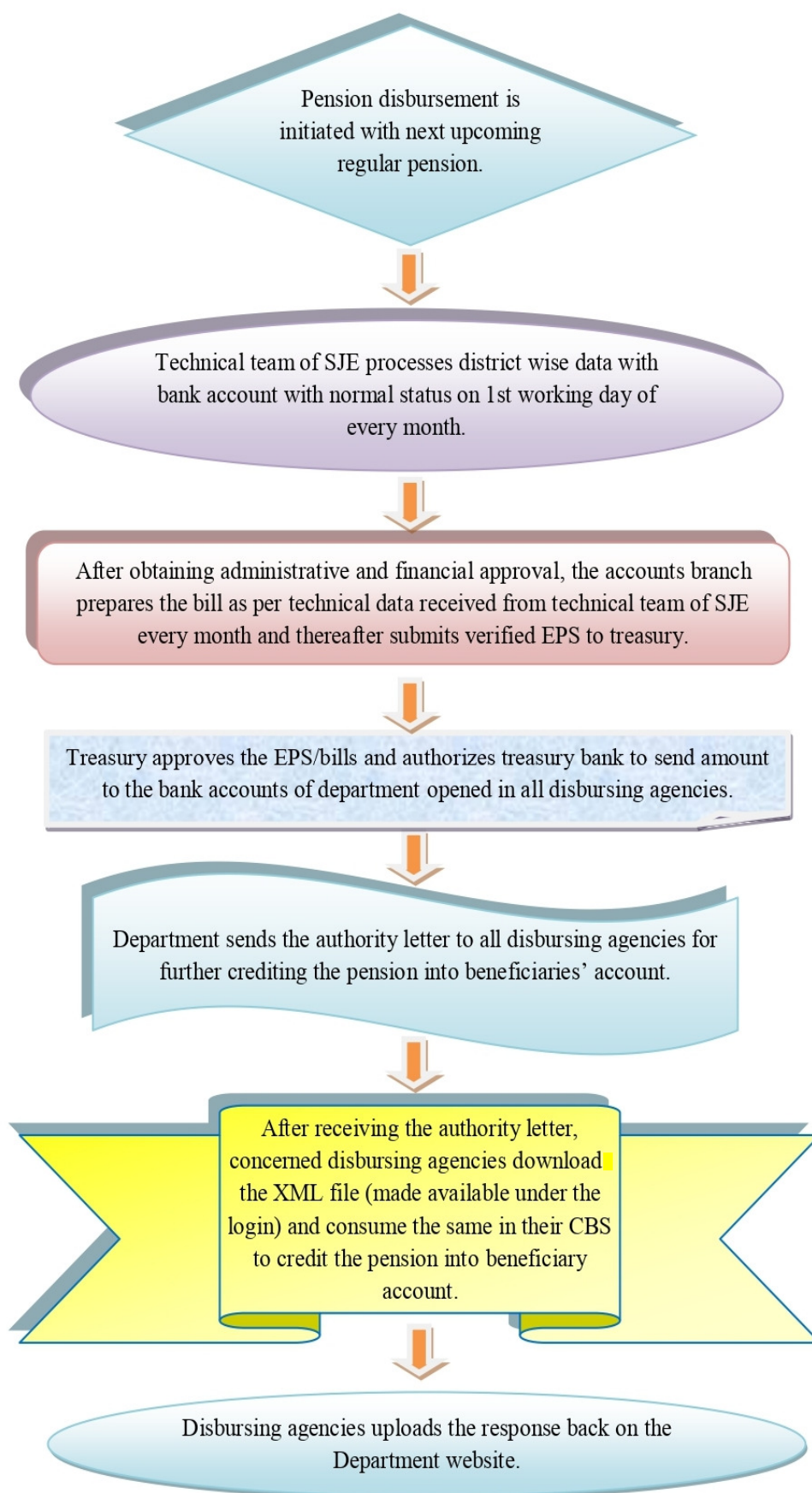
However, as per budget document, the expenditure under selected schemes are ₹ 5,372.39 crore, ₹ 6,128.29 crore and ₹ 7,156.57 crore during 2018-19, 2019-20 and 2020-21 respectively. The reasons for this difference in expenditure as per budget document and DBT portal is awaited from the department.

1.6 Process adopted in Social Justice and Empowerment Department for disbursement of benefits

The steps involved in beneficiary identification, enrolment and payment to beneficiaries in SJE is as follows:

⁵ Including benefit of ₹ 841.09 crore during 2018-19, ₹ 1,011.02 crore during 2019-20 and ₹ 1,120.21 crore during 2020-21 for Below Poverty Line (BPL) beneficiaries under National Social Assistance Program Scheme.





The department adopted PFMS system for payment to beneficiaries in October,

2020. After that digitally signed (Extensible Markup Language) XML files are being placed in the SFTP (Secure File Transfer Protocol) area on PFMS server. PFMS system picks the file and sends the acknowledgment status to National Payments Corporation of India (NPCI) for further crediting the pension amount into the beneficiaries' account. After crediting, response files are again placed in SFTP area.

1.7 Audit objectives

The Performance Audit has been undertaken to ascertain:

- (i) Whether necessary process re-engineering was done for implementation of DBT so as to minimize:
 - a) intermediary levels;
 - b) delay in payments to intended beneficiaries; and
 - c) pilferage and duplication.
- (ii) Whether the infrastructure, organization and management of DBT was adequate and effective.

1.8 Audit Scope

The scope of this performance audit is limited to the three social security pension schemes namely, (i) Old Age Samman Allowance (ii) Pension to Widow and Destitute Women and (iii) The Haryana Divyang Person Pension Scheme. Total expenditure incurred was taken as a size measure for the purpose of sampling.

Audit examined the efficacy of the system through data analysis and records of DBT Cell and Social Justice and Empowerment Department. The results of data analysis were validated in selected six districts viz. Ambala, Kaithal, Karnal, Kurukshetra, Panchkula and Yamunanagar.

In absence of system design documentation, the existence of IT controls could not be validated.

1.9 Audit Criteria

The audit criteria for the performance audit were derived from:

- Documents, circulars, orders, instructions and notification issued by DBT Mission, Ministry of Finance, Ministry of Rural Development and State Government.
- Standard Operating Procedures, Handbook on DBT and Guidelines for State DBT Cell issued by DBT Mission.

- Guidelines of Schemes on process of identification and authentication of beneficiaries and payments.
- Instructions regarding maintenance of database, generation of various reports and IT controls.

1.10 Audit methodology

An entry conference was held in December 2020 with the officers of the DBT Cell and Social Justice and Empowerment Department wherein audit objectives, audit criteria, scope of audit were discussed.

The Performance audit focused on examining the implementation of DBT for selected schemes through data analysis and examination of records of DBT Cell and Social Justice and Empowerment Department. The audit observations were validated in field offices of selected districts.

The draft Performance audit report covered the period April 2017 to July 2020 and forwarded to the Government on 28 September 2021. An exit conference was held on 03 December 2021 with the Additional Chief Secretary (Finance), Principal Secretary, Social Justice and Empowerment; Director, Social Justice and Empowerment; Secretary Finance, Deputy Director and other officers. The views of the Department/Government have been incorporated in the Performance Audit report and replies thereon of the DBT Cell and Social Justice and Empowerment during exit conference have also been incorporated in the Performance Audit report.

1.11 Audit Findings

The audit findings are contained in Chapters 2 and 3 of this Report. Audit findings, conclusions and recommendations relating to each of the two audit objectives have been reported in two distinct chapters to facilitate easy comprehension and follow up. The findings are based on the data and records furnished by the DBT Cell and Social Justice and Empowerment Department.

1.12 Acknowledgement

Audit acknowledges the co-operation and assistance extended by the officials of the DBT Cell, Social Justice and Empowerment Department and its field offices at various stages during conduct of the performance audit.