

**Chapter-III**  
**Coverage and Financial**  
**Management**



## Chapter-III Coverage and Financial Management

For NSAP schemes in Himachal Pradesh, an estimated / ceiling number<sup>1</sup> of beneficiaries was conveyed by GoI (Ministry of Rural Development) in November 2012. Annual targets for coverage of beneficiaries under six Social Security Pension schemes are decided each year by the Department based on number of applicants in waiting list at close of previous financial year. As per NSAP guidelines, allocation of funds is made by GoI according to the ceiling number of beneficiaries approved by GoI and expenditure on additional number of beneficiaries over and above the same is borne by the State Government. GoI releases funds to the State Government as a single allocation for NSAP with flexibility to the State Government to allocate funds to various schemes under NSAP as per requirement.

As per NSAP guidelines, States may provide additional amount to the beneficiaries under central schemes (over and above the amount fixed by GoI) so that they can get a reasonable level of assistance. In Himachal Pradesh, pension to different categories under NSAP schemes is being provided by way of supplementing the central assistance from State budget to bring the overall assistance at par with that of State schemes. Thus, although the pension rates for the same category of schemes under NSAP are lower than those for State schemes, the beneficiaries under both NSAP and State schemes get equal pension amounts. Scale of assistance of GoI and State Government under various social security pension schemes is detailed in **Appendix-1**.

### 3.1 Database of eligible persons

Para 5.2.2 of the revised NSAP guidelines, 2014 emphasizes upon maintenance of database of eligible beneficiaries and uploading of the same in the public domain. The beneficiary data should include details of the beneficiaries eligible for pension schemes under NSAP. The following observations were made during Audit:

- The Department had conducted various Information, Education and Communication (IEC) activities for all welfare schemes alongwith social security pension schemes by way of *prachar* through GPs, print and electronic media, awareness camps, etc. Against budget provision of ₹ 1.62 crore for IEC activities<sup>2</sup>, an expenditure of ₹ 0.88 crore had been incurred during 2017-21.
- The Department had not maintained category-wise or age-wise database of eligible beneficiaries / population through mechanisms such as proactive periodic surveys or obtaining statistics from field level offices.
- The data of beneficiaries was entered in e-Kalyan Software from the application forms received from the applicants. However, this data was not actively updated as change in eligibility status of beneficiary was to be reported by GP/Post Offices and departmental functionaries had to verify the same within prescribed time. These cases were verified/ confirmed after delay, as indicated in Para 5.5.1.

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<sup>1</sup> Calculated on the basis of Census 2001 figures of Registrar General of India and Poverty Ratio estimates 2004-05 of Planning Commission (whichever was less)

<sup>2</sup> Budget: ₹ 1.62 crore and expenditure: ₹ 0.88 crore during 2017-21 under head advertisement and publicity

- In the absence of database, submission of pension applications was entirely dependent on the initiative of beneficiaries or gram panchayat representatives.

In this regard, Audit test-checked record of 826 BPL households<sup>3</sup> of 11 test-checked GPs of three selected TWOs (Arki, Mandi-Sadar and Shimla Rural). It was noticed that due to non-preparation of database of eligible beneficiaries as detailed above, 29 BPL persons (six<sup>4</sup> GPs) of these families were not covered under any scheme although their age was above 60 years as per record of GPs. This was contrary to NSAP guidelines and Himachal Pradesh Social Security Pension Rules which emphasize coverage of BPL persons and stipulates that BPLs should be given priority in sanction of pension.

With regard to beneficiaries not covered under any scheme, the concerned TWOs stated that pension could not be sanctioned in the absence of any application from these persons; however, to cover eligible beneficiaries, regular coordination was being made with the GPs concerned.

In the exit conference, the Department stated that panchayats/ urban local bodies will be asked to identify prospective persons likely to be eligible under the scheme so that the Department is ready with list of people who will be eligible in future or turning 60 years of age.

### **3.2 Target and coverage of beneficiaries**

Every year, based on number of pending applications, the State Government accords approval for revision/ enhancement of targets of beneficiaries to be covered under each scheme, and budgetary provision is made accordingly. District-wise and scheme-wise number of beneficiaries targeted for the year 2020-21 is given in **Appendix-4**. The social security pensions are disbursed on quarterly / half yearly basis.

Upon approval of application by the DWO concerned, the applicant is added to the waiting list and though eligible to be get the benefits under the schemes, are covered only upon availability of vacancy / slot under relevant scheme. As of 31 March 2021, there were 31,396 eligible beneficiaries in the waiting list. Every quarter / half-year, ineligible beneficiaries are removed (suppression) from the active pensioners list and are replaced (substitution) by prospective beneficiaries from the waiting list. Post Offices (POs) and Gram Panchayats (GPs) are required to report about pensioners becoming ineligible to the department as per MoU and rules. On the basis of such report from the above sources, the department temporarily suppresses the pensioner and has to confirm such report within one month. Upon confirmation (TWOs send the confirmation report to DWOs and supporting documents are maintained in the office of TWOs) either the pensioner is suppressed permanently, or suppression is revoked. DWOs have access to list of temporarily / permanent suppressed pensioners on e-Kalyan. In the data dump there were 2.24 lakh temporarily suppressed cases due to death, employment, remarriage, etc. Details regarding these cases is given in Para 5.5. Suppression and substitution of beneficiaries is a continuous exercise every quarter / half year.

Target of beneficiaries during 2017-21 under selected schemes and overall coverage of beneficiaries thereagainst during concerned quarters is given in following tables:

<sup>3</sup> Arki: Hatkot - 35; Kothi - 104; Kunihar - 123; and Palog: 76; Mandi Sadar: Bari Gumanu - 35; Nasloh - 138; Sadyana - 52; and Takoli - 43; Shimla Rural: Anandpur - 78; Jalel - 83 and Thari - 59

<sup>4</sup> Arki: Kothi - 03; Kunihar - 07; and Palog: 02; Mandi Sadar: Nasloh-13; and Takoli - 03; and Shimla Rural: Thari - 01

**Table-3.1: Year-wise target of beneficiaries in the State under selected schemes**

Pension scheme	2017-18	2018-19	2019-20	2020-21
IGNOAPS	94120	98145	99204	100722
IGNWPS	22020	23210	23551	24008
IGNDPS	929	1039	1114	1118
Old Age	165865	240083	257359	290194
Widow	80688	89449	92267	96903
DRA	48743	57578	59451	63027
<b>Total:</b>	<b>412365</b>	<b>509504</b>	<b>532946</b>	<b>575972</b>

Source: Data supplied by the Department.

**Table-3.2: Detail of active pensioners in selected social security pension schemes**

Year	Target	No. of active pensioners				Shortfall (2-6)
		1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	
1.	2.	3.	4.	5.	6.	7.
2017-18	<b>412365</b>	404600	404600	404600	406853	5512
2018-19	<b>509504</b>	436535	428348	480415	501915	7589
2019-20	<b>532946</b>	502349	524000	526132	528584	4362
2020-21	<b>575972</b>	568081	568250	568979	567453	8519

Source: Data supplied by the Department.

From the above tables it can be seen that:

- There was continuous increase in targeted pensioners in the last four years.
- Increase in number of beneficiaries under old age pension (State scheme) during 2017-18 and 2020-21 was 75 per cent. This was due to lowering the age for old age pension with no income criteria from 80 years to 70 years by the State Government in January 2018.
- Targets were not achieved fully during 2017-21 and there was shortfall in coverage of beneficiaries against targets at the end of each financial year ranging between 4362 and 8519. This was inspite of funds remaining unspent at the end of respective financial years (Para 3.5) and applicants remaining pending in the waiting list (Para 3.3). This was attributable to delay in verification of temporary suppressed pensioners, thereby not creating vacancy in the active pensioner list by removing ineligible pensioners (Para 5.5.1).

### 3.3 Pendency of cases

Upon approval of the application by the DWO concerned, the applicant is added to the waiting list and on availability of vacancy / slot under relevant scheme, the applicant is added in the active list for disbursement of benefits.

Pension is being sanctioned to the persons in the waiting list after suppression (i.e. stoppage - pension is stopped temporarily on reporting of ineligibility of the beneficiary and stopped / revoked permanently on physical verification by the departmental authorities) of ineligible beneficiaries or after enhancement of targets.

The State Government had not fixed any time schedule for sanction of pension after receipt of applications. Scrutiny of record revealed considerable number of cases in the waiting list and abnormal time taken for sanction of pension after receipt of applications. Details regarding number of applications pending in waiting list, at the end of each

financial year under selected pension schemes as of March 2021 in the State is given below:

**Table-3.3: Number of applications pending under selected schemes at the end of each financial year during 2017-21**

Scheme	2017-18		2018-19		2019-20		2020-21	
	Target	Waiting (in number) (per cent in brackets)	Target	Waiting (in number) (per cent in brackets)	Target	Waiting (in number) (per cent in brackets)	Target	Waiting (in number) (per cent in brackets)
IGNOAPS	94120	2204 (2)	98145	1059 (1)	99204	1518 (2)	100722	1087 (1)
IGNWPS	22020	407 (2)	23210	341 (1)	23551	457 (2)	24008	390 (2)
IGNDPS	929	72 (8)	1039	75 (7)	1114	04 (0)	1118	10 (1)
Old Age	165865	21312 (13)	240083	17276 (7)	257359	32835 (13)	290194	23990 (8)
Widow	80688	4313 (5)	89449	2818 (3)	92267	4636 (5)	96903	4042 (4)
DRA	48743	4500 (9)	57578	1873 (3)	59451	3576 (6)	63027	1877 (3)
<b>Total:</b>	<b>412365</b>	<b>32808 (8)</b>	<b>509504</b>	<b>23442 (5)</b>	<b>532946</b>	<b>43026 (8)</b>	<b>575972</b>	<b>31396 (5)</b>

Source: Data supplied by the Department. Note: Figure in parenthesis denote percentage to targets.

It could be seen from the tables above that:

- Number of prospective beneficiaries in the waiting list was between five and eight *per cent* of the overall target during 2017-21 in the State.
- Pendency of cases under old age pension scheme was highest during 2017-21 in the State ranging between seven to 13 *per cent* of the target.
- There were 31,396 beneficiaries in the waiting list as of March 2021 in the State under selected schemes.
- Feedback mechanism in respect of approval or rejection of application, to the applicants was not in place.

Non-fixation of time schedule for sanction of pension had resulted in huge number of cases in the waiting list and inordinate delay in sanction of pension inspite of availability of funds leading to delay in coverage and receipt of timely benefits under social security pension schemes.

Analysis of data dump in 12 districts revealed that:

- 8717 applications<sup>5</sup> (out of 4.42 lakh in waiting list) of six social security pension remained in the waiting list before final sanction of pension for more than one year. Age-wise analysis of waiting period in these cases is given below:

Number of applications	Waiting period			
	More than 1 year	2 to 3 years	3 to 4 years	more than 4 years
8717	8280	390	43	04

- Of these cases, 329 applicants<sup>6</sup> in eight districts passed away while in the waiting list, of which 29 beneficiaries expired after more than one year from the date of addition in the waiting list.

<sup>5</sup> Bilaspur: 581; Chamba: 1062; Hamirpur: 276; Kangra: 2695; Kinnaur: 102; Kullu: 1141; L&S: 10; Mandi: 888; Shimla: 1240; Sirmaur: 435; and Solan: 287

<sup>6</sup> Bilaspur: 18; Chamba: 01; Hamirpur: 08; Kangra: 23; Kullu: 18; Mandi: 229; Shimla: 07; and Sirmaur: 03 and Una: 22

The Department should have ensured timely verification of temporarily suppressed beneficiaries for removal of ineligible beneficiaries and on boarding of eligible applicants in the waiting list.

*DWO (HQs) also confirmed that specific time schedule for grant of social security pension after receipt of applications had not been fixed by the State Government.*

### 3.4 Budget allocation and expenditure

Year-wise detail of financial outlay allocated by the State Government and expenditure incurred there against during 2017-18 and 2020-21 is shown in **Table-3.4** below:

**Table-3.4: Funds allocated and expenditure there against for selected pension schemes**

(₹ in crore)

Pension scheme	2017-18		2018-19		2019-20		2020-21		Grand Total	
	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure
IGNOAPS	43.41	42.17	47.36	46.94	50.01	48.81	63.93	63.45	204.71	201.37
IGNWPS	10.55	10.28	11.43	11.33	12.12	11.84	14.56	14.52	48.66	47.97
IGNDPS	0.72	0.65	1.35	1.22	1.42	1.09	1.37	1.34	4.86	4.30
Old Age	217.39	214.61	346.00	345.61	437.48	435.71	546.92	546.63	1547.79	1542.56
Widow	123.41	121.46	125.57	125.42	141.60	141.08	144.25	144.18	534.83	532.14
DRA	45.93	45.36	48.88	48.83	71.87	71.68	88.47	88.40	255.15	254.27
<b>Total:</b>	<b>441.41</b>	<b>434.53</b>	<b>580.59</b>	<b>579.35</b>	<b>714.50</b>	<b>710.21</b>	<b>859.50</b>	<b>858.52</b>	<b>2596.00</b>	<b>2582.61</b>

Source: Data supplied by the Department.

It can be seen from the table above that against available budget of ₹ 2596.00 crore under selected pension schemes during 2017-21, expenditure on these schemes was ₹ 2582.61 crore, leaving ₹ 13.39 crore as unutilized.

### 3.5 Blocking of social security pension funds

Rule 183 of Himachal Pradesh Treasury Rules, 2017 stipulates that it is not permissible to withdraw funds from the treasury unless it is required for immediate disbursement. Further, Para 10(4) of Himachal Pradesh Social Security Pension Rules, 2010 stipulates that undisbursed amount in respect of expired/ ineligible persons for a particular quarter would be adjusted in the next quarter by way of short withdrawal.

Against the annual budgetary provision made by the State Government for implementation of social security pension schemes, the Director allocates budget to the DWOs on the basis of number of beneficiaries. DWOs draw the funds from the Treasury and transfer the same to a designated savings bank account from which pension payments to the beneficiaries are disbursed.

Scrutiny of records of the four selected DWOs revealed that funds ranging between ₹ 12.34 lakh and ₹ 1436.87 lakh drawn from treasury during 2017-21 for disbursement of pension benefits were lying unspent at the end of each quarter in bank accounts of the three<sup>7</sup> selected DWOs, as detailed in **Appendix-5**.

Unspent balances at the end of each quarter were indicative of the fact that withdrawals had been made without requirement and that the unspent amounts had not been adjusted in the next quarters, in violation of Himachal Pradesh Social Security Pension Rules. The

<sup>7</sup> Mandi: ₹ 66.21 lakh to ₹ 1436.87 lakh, Shimla: ₹ 18.88 lakh to ₹ 149.77 lakh and Solan: ₹ 12.34 lakh to ₹ 124.65 lakh (cases not noticed in Kinnaur)

amount could have been utilized for sanction of pension to prospective beneficiaries in the waiting list as discussed in Para 3.3 and towards other welfare activities.

*The DWOs concerned stated that the outstanding amount was due to undisbursed pension of expired beneficiaries returned by the post office / bank; however, in future the outstanding amount would be adjusted by way of short drawal from the treasury. Replies are not acceptable as persistent balances at the end of each quarter indicates that funds were not adjusted by the DWOs through short drawal.*

#### **Summary–**

- *Though expenditure of ₹ 0.88 crore was incurred on IEC activities for welfare schemes during 2017-21, exclusion of eligible persons was noticed.*
- *Of 826 BPL households in 11 test-checked GPs (under TWOs Arki and Mandi-Sadar and Shimla rural), 29 BPLs persons of these families were not covered under any scheme although their age was above 60 years.*
- *In an adhoc survey of 10 out of aforesaid mentioned persons, it was noticed that only one person was unaware of social security pension schemes. Eight persons reported that they had not applied for pension schemes at the time of audit and have subsequently applied.*
- *Category-wise or age-wise database of eligible population through proactive periodic surveys or data from field offices was not maintained. In the absence of which, submission of pension applications was entirely dependent on the initiative of beneficiaries or gram panchayat representatives.*
- *There was shortfall in coverage of beneficiaries against targets at the end of each financial year ranging between 4362 and 8519.*
- *Funds were unspent at the end of respective financial years and applicants remained in the waiting list. In three (Mandi, Shimla and Solan) selected districts, funds ranging between ₹ 12.34 lakh and ₹ 1436.87 lakh were lying unspent at the end of each quarter in the bank accounts of concerned DWOs.*
- *Time schedule for finalization of pension cases had not been fixed. Huge number of cases ranging between 23,442 and 43,026 during 2017-21 were lying pending at the end of each financial year due to delay in verification of temporarily suppressed beneficiaries and onboarding of waitlisted applicants on active pensioners list.*

#### **Recommendations – The State Government may:**

- *Put in place robust mechanism for identification of prospective beneficiaries and to create age-wise or category-wise database of eligible population.*
- *Ensure coverage of beneficiaries as per targets and availability of funds.*
- *The targets should be reviewed periodically, sanction of pensions and verification of beneficiaries reported as ineligible should be carried out in time-bound manner.*