EXECUTIVE SUMMARY

About the Report

Direct Benefit Transfer (DBT) is an initiative of the Government of India (GoI) for transferring cash benefits directly to the beneficiaries of the schemes. The initiative aims at addressing various bottlenecks like multiple layers of authorisation, inaccurate targeting of beneficiaries, leakages/ pilferages and duplication of beneficiaries, *etc*., by carrying out required process re-engineering. Also, preparation of database of beneficiaries with Aadhaar number and opening of their bank accounts with Aadhaar linkage are other pre-requisites for direct transfer of cash benefits from Ministries/ Departments to beneficiaries.

Why did we take up this Report?

GoI had implemented DBT in 310 schemes of 54 Ministries, as of March 2021. At the same time, Government of Odisha had implemented 22 schemes pertaining to seven departments. The schemes included the Post Matric scholarship scheme for ST/SC/OBC/EBC students, implemented by Scheduled Tribes and Scheduled Castes Development, Minorities and Backward Classes Welfare (SSD) Department and the Medhabruti scheme, implemented by Higher Education Department, which were selected for the Performance Audit. Through this Performance Audit, an attempt was made to evaluate:

- the extent of achievement of the above mentioned objectives of DBT, in payment of Post Matric Scholarships (PMS) to eligible SC/ST/OBC students and to meritorious students under the Medhabruti scheme of the Government of Odisha;

- achievement of the scheme objectives, for which the scholarship payments were made; and

- coverage of the potential beneficiaries.

Major Audit Findings

The institutional framework for implementation of DBT was deficient, as the State Advisory Committee (SAC) did not have representation from the National Payments Corporation of India (NPCI). As such, the SAC remained deprived of valuable inputs from NPCI in rolling out DBT successfully. The State DBT Cell (SDC) had decided (April 2018) to make available NPCI's 'VLookup web service and Status of bank accounts' in the State DBT portal, to identify the latest seeded bank accounts and ascertain the status of bank accounts (inactive/ dormant). For this purpose, NPCI was requested to extend their cooperation, by providing the facility through web service, for integration with the State DBT portal. Despite nod of the NPCI to use their 'VLookup web service and Status of bank account' service in the State DBT portal to identify the latest seeded bank accounts and status of bank accounts (inactive/ dormant), the same were not used. Out of 3,12,823 accounts of PMS beneficiaries, 2,41,870 bank accounts (77 *per cent*) were not Aadhaar seeded. Thus, both the PMS and Medhabruti were beset with issues, related to failed

bank transactions, due to dormant/ inactive bank accounts and credits into incorrect bank accounts.

No efforts were made towards integration of scheme software payment data with the State DBT Portal, resulting in gaps between the number of beneficiaries and the amount disbursed, as per the report of the departments and the DBT portal.

The GoI guidelines for DBT in the States envisaged setting up of a State DBT Cell (SDC), under the guidance of a State level DBT Advisory Committee to act as a nodal point for all activities and issues related to DBT operations in the State. However, DBT nodal cells had not been formed in both SSD and Higher Education Departments. In the absence of such facilitating mechanisms at the departmental level, measures like modifications in the operational software in line with DBT requirements, Aadhaar seeding, timely processing of scholarships, *etc*., could not be taken up satisfactorily. As a result, the implementation of both PMS and Medhabruti were prone to issues related to delays in processing of applications, payments to dormant/ inactive/ wrong accounts, delays in payments, fraudulent drawals, *etc*.

During 2017-21, the SDC organised (July 2018) only one training programme on strengthening the DBT ecosystem in Odisha, at the State level. In the absence of adequate capacity building measures, issues relating to coverage of beneficiaries, deficient scrutiny of applications, delay in processing, *etc*., persisted, besides continued leakages in disbursement of benefits.

Neither the DBT Cell nor the SSD Department, had used the data generated in the Socio Economic and Caste Census, 2011, identification of the eligible beneficiaries. Besides, data available in Student Academic Management System (SAMS) was not used to trace the students, who did not apply for the PMS. Data submitted through applications by the students was the only source of collection of data of beneficiaries. Thus, efforts to trace and bring the left out eligible students under PMS, were missing, which is evident from the fact that the total number of students covered under PMS, decreased by 19 *per cent,* from 5.51 lakh in 2017-18 to 4.47 lakh in 2020-21.

The SSD Department had not issued well-defined procedure for identification of bonafide institutions in terms of actual existence of institutions, affiliation status, availability of required physical infrastructure and human resources, corresponding to the enrolment strength. In the absence of such procedure, User IDs and Passwords were issued to non-existing/ ineligible institutes and thereby, bogus students, from those institutes, were able to avail the PMS. Joint Physical Inspection (JPI) of 16 registered institutes of Mayurbhanj and Balasore districts, revealed that eight registered institutes were actually not in existence, and PMS amount of ₹ 15.57 crore, had been availed in the names of bogus students. Besides, 30 institutes, in six sampled districts, had been granted affiliation by ineligible agencies, for running Diploma courses. Thus, the students enrolled therein, were not eligible for PMS. However, 5,185 students of 15 such institutes, were paid PMS amounting to ₹ 15.79 crore, for the years 2016-17 to 2019-20.

The process of application and approval of PMS and Medhabruti scholarships, continued to have involvement of various intermediary levels, before final

disbursal of the scholarship amount. The Government neither attempted to reduce intermediary levels, by carrying out necessary process re-engineering to rationalise layers of intermediaries to eliminate the delays in the process and release of scholarships.

PRERANA and eMedhabruti management software, were neither interlinked with each other, nor were they linked with scholarship portals of other departments (*e.g.,* Banishree of the Social Security and Empowerment of Persons with Disabilities Department), due to which, applications of the same students, for different scholarships, at the same time, could not be detected. As a result, 11,880 students had been granted both PMS amounting to ₹ 6.91 crore, and Medhabruti, amounting to ₹ 6.80 crore, during 2017-21. Similarly, during 2018-21, although 56 nursing students of sampled districts (Jharsuguda, Kalahandi and Mayurbhanj), got scholarship under the National Health Mission, amounting to ₹ 32.97 lakh, they were also paid PMS of ₹ 35.18 lakh, for the same period. Besides, multiple applications from the same 973 students were registered in the PRERANA software, showing them as students of different courses from different institutes, and were paid PMS amounting to ₹ 2.43 crore for each of the courses, leading to double payment of PMS. In four sampled districts, 1,668 students, who pursued different courses later, but of the same stage (*e.g*., Intermediate of Arts after Intermediate of Science), had been granted PMS, amounting to ₹ 3.71 crore, during 2017-20.

Furthermore, in six sampled districts, 2,996 students of 22 test-checked institutes, had left their courses midway, during 2017-21. However, these students had been paid PMS, amounting to ₹ 7.36 crore, even after their discontinuance of the courses. One institute *viz*., SSIT, Mayurbhanj, applied for scholarship in the name of 280 students who had discontinued studies and a sum of ₹ 2.36 crore was credited to the accounts of such students. On the strength of mandate form, signed by the students, the PMS amount was transferred to the bank account of SSIT. Also, 69 alleged students, in three sampled districts were paid ₹ 14.17 lakh, but their names could not be traced in the admission registers.

As per Medhabruti guidelines, the Principal of the institution is responsible for verifying, validating and approving the data submitted by applicants, for onward transmission, for approval of scholarships within a stipulated time frame. Audit observed that, in 1,466 out of 97,810 cases, all the requisite information, *i.e.,* income certificate, resident certificate, mark sheet, bank details and Aadhaar numbers, had been uploaded, but the Principals had not verified and approved the data in time.

What do we recommend?

It is recommended that:

1. *The SAC should include officials from all Departments, implementing DBT as well as representatives of NPCI. Services of NPCI should be availed to check and identify Aadhaar seeded bank accounts to ensure that DBT operations are not exclusionary and are synchronised with the interests of all enablers and stakeholders.*

2. *The SDC should ensure that nodal DBT Cells are set up in all implementing Departments, for more focussed and coordinated execution of DBT schemes in the State and to ensure that lacunae pointed out by the SDC in scheme implementation, are resolved in a timely manner.*

3. *There should be regular monitoring, by way of regular meetings to take note of hindrances as well as absence of facilitating measures for smooth implementation of DBT. The officials at different levels, associated with implementation of DBT, should be trained adequately for effective execution of the DBT schemes, at the ground level.*

4. *SDC/ SAC should take action to synchronize the scheme software payment data with the State DBT Portal, accurately and on a real time basis.*

5. *The SSD Department may build appropriate mechanism to assess the number of potential beneficiaries and compare the same with the applications received for identifying the students, not applying for PMS. Efforts should be made to reach out the left-out students to assist them in availing PMS.*

6. *The Odisha State Scholarship Portal, developed for smooth management of scholarship schemes, should be used optimally by rationalising existing multiple administrative layers for faster process of applications and timely payment of scholarships.*

7. *The SSD Department may issue a detailed checklist, to the district level functionaries, outlining the process of verification to be followed before issue of user IDs and passwords to institutes, to filter out fraudulent and ineligible beneficiaries.*

8. *The SSD Department should ensure that scholarship amounts are credited directly and timely to the bank accounts of the eligible students, eliminating the intermediaries, by carrying out required process reengineering.*

9. *Higher Education Department should ensure timely publication of advertisements seeking applications for Medhabruti, and OCAC as well as the treasuries, should process the applications and generate tokens for payments, respectively, without delays.*

10. *The Higher Education Department may take concrete steps to ensure that applications are processed by Principals in a time bound manner to ensure that no eligible applicants are deprived of the benefits of the scheme. Also, the Principals concerned should be made accountable for delay as well as for non-processing of applications.*

11. *OSSP computer application as well other such applications developed by other departments for managing scholarships, should be interlinked with each other, to arrest the incidence of payment of multiple scholarships to the same students.*

12. *The scheme implementation Rules should be properly mapped and validation controls strengthened, in the OSSP system, to restrict*

sanctions to ineligible applicants and prevent excess payments to the beneficiaries.

13. *The SSD Department should ensure Aadhaar seeding of the bank accounts of the beneficiaries, being a primary requirement for DBT. Necessary assistance in this regard, may be extended to the students, so that no one is deprived of the scholarship, for want of Aadhaar seeding of the bank accounts.*

14. *The implementing Departments should make efforts in coordination with State DBT Cell, to ensure use of the Vlookup web service and status of bank account services of NPCI, in order to ensure payment of funds to the intended beneficiaries.*

15. *Flaws in the OSSP computer application system, in not detecting duplicate beneficiaries, incorrect capturing of vital data like dates of applications and Aadhaar numbers as well as absence of Master tables, should be remedied in order to make the system more efficient, in processing the scholarship applications.*

16. *Reasons for suspected fraud in the payment of PMS may be investigated, responsibility may be fixed on the defaulting officials and suitable action may be taken for recovery of PMS.*

17. *The SSD Department may frame detailed guidelines for inspection of institutes, prior to their registration on the scheme portal of OSSP and the quantum of inspections to be conducted by district level officials, as well as the records to be verified in private institutions, should be specified.*

18. *Institutes may be asked to forward the list of students who are continuing their courses in subsequent years, along with their applications, to the concerned DWOs, for verification of continuance, before issue of sanctions.*