

Chapter 2
Framework of DBT
Implementation in the State

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2.1 Background

In Jharkhand State, DBT schemes were initially started in September 2013 as a pilot project in seven districts⁴. A DBT Cell had been constituted (July 2016) in the Planning cum Finance Department for working as a nodal point for all the activities and matters relating to DBT operations in the State. It is also coordinating the implementation of DBT in various schemes. Government of Jharkhand (GoJ) constituted (August 2016) a State Project Management Unit under the Finance cum Planning Department for DBT and PFMS related works. In November 2017, “The Jharkhand *Aadhaar* (Targeted delivery of financial and other subsidies benefits and services) Act 2017” was enacted through which linking of beneficiaries’ bank accounts with *Aadhaar* was made mandatory.

2.2 Coverage of schemes under DBT

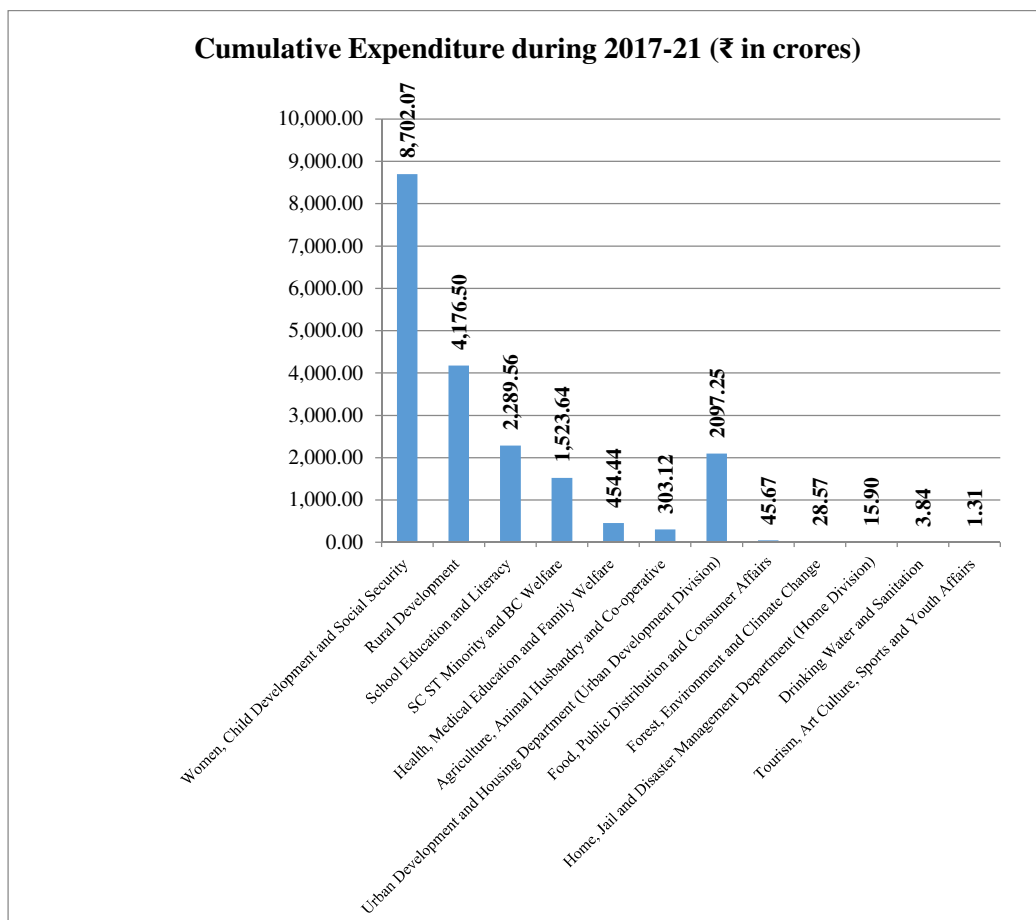
As per information furnished by the State DBT Cell, 137 (cash and kind) Central and State sponsored schemes (**Appendix-2.1**) were being implemented by 13 departments⁵ under DBT mode. These schemes are broadly related to Central and State sponsored old age/widow/disability/*Aadim Janjati*/ family benefit pension schemes, payment of salaries, compensation, scholarships to SC/ST/BC/Minority students, stipend, transport allowance, escort allowance, health schemes, distribution of Bicycle, School kit, Uniform, Agricultural schemes *etc.* During 2017-21, ₹ 19, 641.88 crore was disbursed through DBT (in 110 cash only schemes) by 12 departments⁶ of the State Government as shown in **Chart 2.1** below

⁴ Bokaro, Hazaribag, Khunti, Lohardagga, Ranchi, Ramgarh and Saraikela-Kharsawan.

⁵ (1) ST, SC, Minority and BC Welfare: **22 schemes**; (2). Agriculture, Cooperation and Farmers Welfare, Fisheries, Dairy and Animal Husbandry: **27 schemes**; (3). Drinking Water and Sanitation: **01 schemes**; (4). Health, Medical Education and Family Welfare: **10 schemes**; (5). Home, jail and Disaster Management (Home Division): **04 schemes**; (6). Rural Development (Development Division): **04 schemes**; (7). School Education and Literacy (Primary and Adult Education Division): **24 schemes**; (8). Tourism, Art, Culture, Sports and Youth Affairs: **07 schemes**; (9). Forest, Environment and Climate Change: **05 schemes**; (10). Urban Development and Housing: **03 schemes**; (11). Labour, Employment, Training & skill Development: **03 schemes**; (12). Women, Child Development and Social Welfare (Social Security): **25 schemes**; (13). Food, Public Distribution and Consumer Affairs: **02 schemes**.

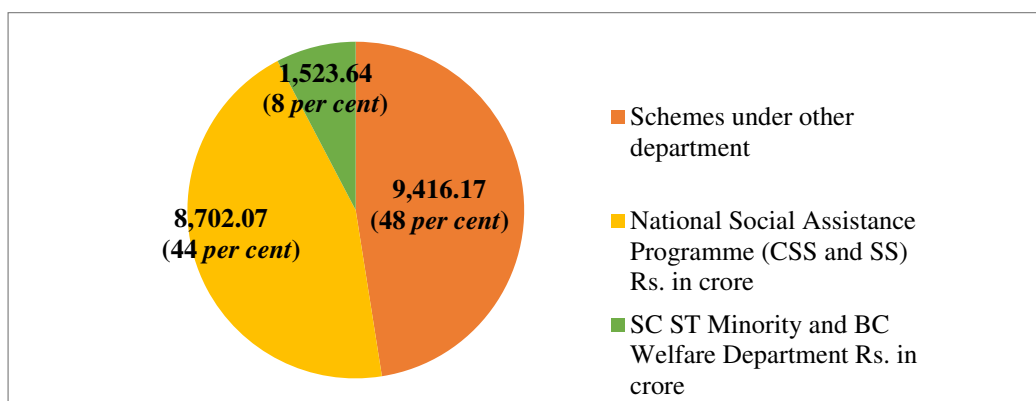
⁶ As per State DBT Portal 2020-21, Department of Labour, Employment, Training & Skill Development which is implementing **03 schemes** but no physical & financial status was shown in the State DBT Portal against these schemes.

Chart 2.1: Disbursement through DBT (in cash only) by 12 departments during 2017-21



2.3 Ratio of DBT Payments in selected departments

Ratio of DBT Payments in two selected departments viz. ST, SC, Minority and Backward Class Welfare Department (8 per cent) and the Women, Child Development and Social Security Department (44 per cent) during 2017-21 against overall DBT payment (₹ 19641.88 crore) in State during 2017-21 is as shown in **Chart 2.2** below:



2.4 State DBT Cell

As per Guidelines of GoI for State DBT cells, the DBT Cell shall work in tandem with the Centre and make the process of delivering benefits on the DBT platform more reliable, user-friendly and time-bound. Rather than following a blanket approach, State DBT Cells shall have a free hand to customise the implementation process, methodology and approach according to their State specific ground level peculiarities. The DBT cell has three components *viz.* State Advisory Board (SAB), State DBT Coordinator⁷ and Implementation Support Layer which constitutes the operational part of the Cell. It operates in an environment that involves multiple stakeholders and the Cell shall be responsible for liasoning with all such stakeholders for the seamless transitioning of schemes to DBT. These State Level Cells, as a part of the decentralized DBT architecture, will contribute towards achieving effective delivery of government benefits.

The main functions of DBT Cell are:

- Collection of data from various departments and technical support team on factors like *Aadhaar* enrolment, number of beneficiaries, number of active bank accounts, rate of *Aadhaar* seeding *etc.* besides monitoring progress of each department against targets.
- Training and Capacity Building of state Officials.
- Organising exposure visits for the state/ district officials in DBT progressive states for familiarising them with model practices.
- Ascertain Budgets and funds flow *etc.*
- Conduct benchmark studies on best practices.

The DBT Cell in the Planning cum Finance Department has been formed (July 2016) with an objective of overall monitoring of schemes under which DBT was to be implemented by working as focal point⁸.

Audit noticed that:

- DBT Cell has not collected the desired information from concerned departments periodically. It remained dependent on the data uploaded on DBT portal by the various department which was itself not updated regularly as discussed in **paragraph 2.5.2**. As such, the Cell was not in a position to deliver up-to-date status of the DBT of a particular scheme on a particular point of time for better monitoring;

⁷ Principal Secretary (Planning/IT/Finance) or equivalent level officer can be nominated as the State DBT Coordinator who shall act as the nodal officer for DBT related matters of the State.

⁸ Notification no. 1994/14-07-2016.

- Neither training was organized nor any calendar of training for State officials was prepared by Cell. Thus, the Cell was unaware about status of required capacity building.
- No exposure visits were organised as desired under norms to DBT progressive States for familiarising the officials with the model practices being adopted in those States. No benchmark studies were conducted on Best practices for developing roadmap to incorporate those practices in State operations. When pointed out, Additional Secretary, Finance Department accepted the fact but no reasons were provided.
- DBT Cell captures financial data from DBT portal. As such it remains unaware about actual budgetary provisions and fund flow under DBT related schemes.

Thus, function of DBT Cell was lagging behind the provisions of DBT Cell Guidelines.

The Special Secretary, Finance Department, GoJ accepted the audit observation and stated (December 2022) that it would consider to organise training and capability building for State government employees/Officers and exposure visit in DBT progressive States.

2.4.1 State Advisory Board

A State Advisory Board (SAB) under the Chief Secretary or equivalent officer was to be constituted as a parallel body to the state-level DBT Cell. The key role of this body is to provide a holistic advice and consulting inputs to the Executive body. Since this unit witnesses the representation from all stakeholders, its advisory shall ensure that the Cell's operations are not exclusionary and are in sync with the interests of DBT's various enablers. This body may meet once in a quarter or at any other regular interval, as deemed fit.

Audit however, noticed that though SAB was constituted in August 2016 under the Chief Secretary but no meeting was held upto March 2021. It was stated by DBT Cell that proposals for meetings were moved but remained undisposed off. As such, SAB was deemed to be non-functional in the State and unable to deliver its duty. Audit noticed various discrepancies in execution of scholarship & NSAP schemes which have been illustrated under chapter 3, 4 and 5 of this report, which could have been minimised/checked through holistic monitoring/guidance of apex body.

The Special Secretary, Finance Department accepted the audit observation and stated (December 2022) that the first meeting of SAB had been as conducted on 8 December 2022.

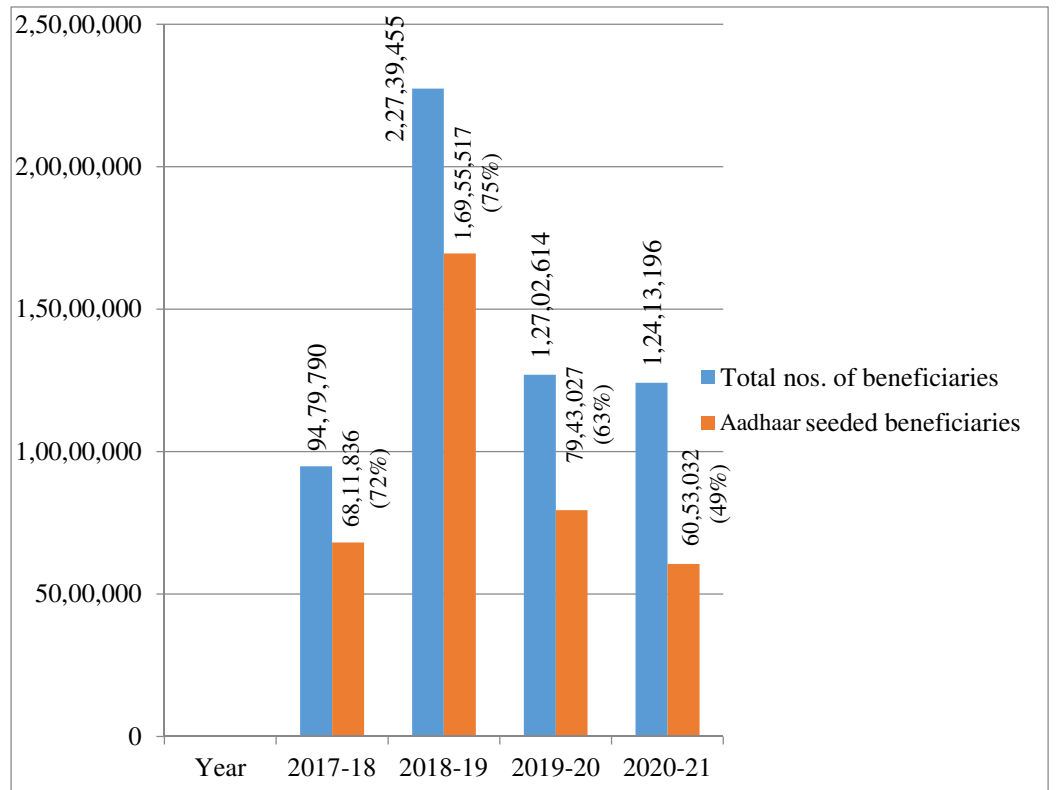
2.5 Identification of DBT Schemes and Aadhaar Mapping

In accordance with the GoI instructions (June 2016), the Department of Planning & Finance GoJ issued directives (August 2016) to all the departments

that DBT was to be implemented in all government schemes by 31 December 2016. It was also directed to identify the DBT related schemes within the department and onboard them on State DBT portal by mapping of beneficiaries and bank accounts *etc.*, with *Aadhaar* within the prescribed time frame. Status of onboarding of schemes on DBT portal is illustrated in *paragraph 2.5.2*.

Audit noticed that overall status of *Aadhaar* seeding of existing beneficiaries under all schemes being implemented by State Government ranged between 49 and 75 per cent as shown in **Chart 2.3** below:

Chart 2.3: Status of *Aadhaar* seeding of beneficiaries during 2017-21



2.5.1 *Aadhaar Mapping of Beneficiaries in NSAP and Scholarship scheme*

Status of *Aadhaar* mapping of beneficiaries under NSAP scheme is given in **Table 2.1** below:

Table 2.1: *Aadhaar* mapping of beneficiaries under various pension schemes in the State as of March 2021:

Component of NSAP	No. of Beneficiaries	<i>Aadhaar</i> mapped Beneficiaries	Shortage in mapping (percentage)
Centrally sponsored schemes (CSS)			
IGNOAPS	10,16,590	8,43,789	1,72,801 (17)
IGNWPS	2,68,537	2,37,358	31,179 (12)
IGNDPS	26,482	20,503	5,979 (23)
State sponsored schemes (SSS)			
MMSOAPY	4,70,229	3,26,170	1,44,059 (31)

Component of NSAP	No. of Beneficiaries	Aadhaar mapped Beneficiaries	Shortage in mapping (percentage)
MMRVSPY	1,80,723	1,33,826	46,897 (26)
SVNSPY	1,56,049	54,551	1,01,498 (65)
MMRAJJPY	56,022	41,553	14,469 (26)

It can be seen from the **Table 2.1**, that overall shortage in *Aadhaar* mapping of beneficiaries ranged between 12 and 65 *per cent* as of March 2021 under NSAP. The shortages in *Aadhaar* mapping of beneficiaries in central pension schemes were ranged between 12 and 23 *per cent* whereas in case of state pension schemes it was 26 to 65 *per cent*. Instructions were issued (2017-21) by the Principal Secretary/Director, Women Child Development and Social Security Department to all Assistant Director of Social Security (ADSSs) regarding mapping of all the beneficiaries and their bank accounts with *Aadhaar* to enable all payments through DBT. Audit noticed that mapping for all beneficiaries were not completed due to non-availability of *Aadhaar* number of beneficiary, non-mapping of bank account through KYC⁹, inactive *Aadhaar*, non-biometric updation through fingers of beneficiary. Thus, the objective of the implementation of *Aadhaar* based payments under end to end digitisation for DBT remained under achieved since pensions were still being provided through NEFT alongwith DBT.

Information of *Aadhaar* mapping under scholarship scheme during 2017-21 were not provided though called for (between August 2020 and July 2022) by the ST, SC, Minority and BC Welfare Department as such actual status of mapping of beneficiaries could not be ascertained.

While accepting the fact, the Department stated (February 2023) that *Aadhaar* mapping is a continuous process for which beneficiary has to be physically present at the respective bank's branch for biometric authentication. In this regard, notices were being regularly published in the newspapers, placed on the notice boards of panchayat bhavans/block offices and, as of January 2023, 92 *per cent* of beneficiaries had been mapped.

2.5.2 State DBT Portal

The State DBT Portal was launched in 2017 in the lines of GoI online portal i.e. DBT Bharat portal. Audit observed that:

- DBT related 29 (centrally sponsored) and 33 (state) schemes pertaining to 12 departments have not been on boarded on state DBT portal due to pendency in generation of E-code of schemes for onboarding on DBT portal and deletion/ listing of some schemes by GoI from central ministry and under central sector respectively.

⁹ Know Your Customer.

➤ Scrutiny of the physical and financial status of on boarded DBT schemes on the state DBT portal during 2020-21 revealed that information regarding total numbers of beneficiaries, *Aadhaar* seeded beneficiaries, fund transferred, fund transferred through electronic mode etc. were not reflected against 94 out of 137 Centrally/State sponsored schemes. This reflects that portal is not being updated by the respective departments and the DBT portal was also not integrated with central DBT portal (March 2022).

The Special Secretary, Finance Department accepted the audit observation and stated (December 2022) that an action was being taken to set up a “Unified Digital Data Platform of the beneficiaries of various Central and State Schemes implemented by State Government” for capturing real time data. He further stated that 49 State schemes were identified and onboarded on State DBT Portal with deletion of inactive DBT Schemes. Further, as identified by GoI, out of 12 central schemes yet to be onboarded, one scheme had been onboarded, one had been exempted by GoI, proposal for exemption of four schemes had been sent to GoI whereas administrative departments had been directed to onboard the remaining six schemes.

2.6 Common & Unified Database of beneficiaries

DBT Mission GoI issued (February 2020) direction for end to end digitisation of beneficiaries¹⁰ for the better monitoring. Accordingly, the Planning cum Finance Department decided (December 2020) to prepare a common and unified database of beneficiaries for the purpose of improvement in implementation of DBT and for effective monitoring of beneficiaries registered under various government schemes. It was also decided (January 2021) to integrate the common database with PFMS and all the other portals operated individually by various departments into common database of beneficiaries.

Audit, however, noticed that preparation of common and unified database of beneficiaries remained incomplete as of March 2021 as such integration of portals with the common database also remained pending.

When pointed out by audit, the Additional Secretary, Finance Department GoI replied (July 2022) that an inter department committee was constituted in August 2021 for the end-to-end digitisation of beneficiaries under DBT schemes which further suggested to develop a Unified Portal/Dashboard for all DBT schemes. Consequent upon the suggestion, the Information Technology and e-Governance Department have been directed (April 2022) to prepare a separate scope of work for the development of Unified Portal/Dashboard by taking legacy data but the same was still under progress as of July 2022. Thus, due to delay in preparation of common and unified database of beneficiaries, its goal to improve the implementation of DBT and to effectively monitor the

¹⁰ Online registration of beneficiaries, computerized processing of applications and electronic payments directly into the bank accounts of beneficiaries.

beneficiaries registered under various government schemes, remained unachieved.

2.7 Implementation of PFMS

The Public Financial Management System (PFMS) is a web-based online software application developed and implemented by the Controller General of Accounts (CGA), Department of Expenditure, Ministry of Finance, GoI. PFMS was taken up (2009) with the objective of tracking funds released under all Plan schemes of GoI, and real time reporting of expenditure at all levels of Programme implementation. Subsequently, the scope was enlarged to cover direct payment to beneficiaries under all Schemes. PFMS is also the channel for payment, accounting and reporting under Direct Benefit Transfer.

Further, the Department of Expenditure, GoI mandated (April 2017) that all the Central and State departments should initiate DBT transactions with relevant scheme codes which was to be passed on the Public Financial Management system (PFMS). Planning cum Finance Department, GoJ issued instructions (August 2016, February 2018 and December 2020) for implementation of PFMS in all the schemes under central assistance to State plan/Central sector schemes. However, integration of all the schemes with the PFMS was partially completed as of March 2021.

Audit observed that 37 *per cent* of total payment (₹ 5884.48 crore) was made through electronic mode under various government schemes in 2017-18 whereas in 2020-21 it was 98 *per cent* of total payment (₹ 11290.47 crore). The electronic mode was inclusive of NEFT/RTGS/APB/AEPS but segregated figures with respect of each electronic payment mode were not furnished to audit as such, the actual volume of payment through PFMS could not be ascertained.

The Additional Secretary, Finance Department, GoJ replied (July 2022) that a revised procedure¹¹ of implementation of PFMS effective from July 2021 is under progress.

Further, in accordance with the direction of GoI, Department of Planning cum Finance GoJ decided (July 2020) to constitute PFMS offices at District level for better implementation of PFMS. Initially, 12 districts have been selected for the purpose. However, no progress was noticed as of March 2021.

On being pointed out the Planning cum Finance Department GoJ replied (July 2022) that Department of Expenditure, Ministry of Finance, GoI instructed

¹¹ Under revised procedure (GoI letter issued on 23.03.2021) of PFMS every state government will designate a Single Nodal Agency(SNA) for implementing each Central Sponsored Scheme (CSS) who will in turn open a single nodal account for each CSS at the state level in a commercial bank which will be utilized by each implementing agencies (IAs). The Ministry/departments will release the central share for each CSS to the State Government Account for further release to SNA account. SNAs and IAs will mandatorily use PFMS or integrate their system with PFMS.

(June 2021) that district PFMS offices are to be set up by State Government from their own resources. However, no decision regarding setting up of district PFMS offices was taken up by State Government as of July 2022.

2.8 Savings of fund after implementation of DBT

DBT is to ensure better and timely delivery of benefits from Government to directly into the bank accounts of the beneficiaries, removing leakages and enhancing financial inclusion.

Scrutiny of data furnished by DBT Cell revealed that 6.17 lakh duplicate/ghost/ineligible beneficiaries were identified under four schemes (NSAP, Kerosene distribution, Mahatma Gandhi National Rural Employment Guarantee Scheme *i.e* MGNREGS and PDS Ration distribution) by respective departments which resulted in saving of ₹ 508.20 crore¹² due to digitisation of beneficiaries and introduction of DBT as of March 2021. Information regarding other schemes in respect of duplicate/ghost/ ineligible beneficiaries and savings was not furnished.

During audit of scholarship and NSAP schemes, cases of duplicate/ghost/ineligible beneficiaries were found (illustrated under Chapter-3 and 4) which showed that the exercises conducted by State government departments were still deficient.

¹² NSAP & state pension schemes (₹ 99.52 crore), MGNREGA (₹ 203.4 crore), DBT Kerosene (₹ 5.27 crore), PDS Ration (₹ 200 crore).

