

IMPLEMENTATION OF PUBLIC FINANCIAL MANAGEMENT SYSTEM (PFMS)

[Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their 54th Report (17th Lok Sabha)]

**PUBLIC ACCOUNTS COMMITTEE
(2023-24)**

EIGHTY - EIGHTH REPORT

SEVENTEENTH LOK SABHA



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

EIGHTY-EIGHTH REPORT

PUBLIC ACCOUNTS COMMITTEE **(2022-23)**

(SEVENTEENTH LOK SABHA)

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Presented to Lok Sabha on:

Laid in Rajya Sabha on:

**LOK SABHA SECRETARIAT
NEW DELHI**

February 2024/ Magha 1945 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

(2023-24)

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Shri Thalikkottai Rajuthevar Baalu
4. Shri Bhartruhari Mahtab
5. Shri Jagdambika Pal
6. Shri Pratap Chandra Sarangi
7. Shri Vishnu Dayal Ram
8. Shri Rahul Ramesh Shewale
9. Shri Gowdar Mallikarjunappa Siddeshwara
10. Dr. Satya Pal Singh
11. Shri Brijendra Singh
12. Shri Rajiv Ranjan Singh alias Lalan Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

RAJYA SABHA

16. Shri Shaktisinh Gohil
17. Dr. K Laxman
18. Shri Derek O'Brien
19. Shri Tiruchi Siva
20. Dr. M. Thambidurai
21. Shri Ghanshyam Tiwari
22. Dr. Sudhanshu Trivedi

SECRETARIAT

1. Shri Sanjeev Sharma - Joint Secretary
2. Smt. Bharti S. Tuteja - Director
3. Shri Girdhari Lal - Deputy Secretary
4. Ms. Pragya Nama - Assistant Committee Officer

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2023-23) having been authorised by the Committee, do present this Eighty-eighth Report (Seventeenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Fifty-fourth Report (Seventeenth Lok Sabha) "**Implementation of Public Financial Management System (PFMS)**" relating to the Ministry of Finance (Department of Expenditure).

2. The Fifty-fourth Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on 14th December, 2022. Replies of the Government to the Observations/Recommendations contained in the Report were received. The Committee considered and adopted the Eighty-eighth Report at their Sitting held on 17 January, 2024. Minutes of the Sitting of the Committee are given at *Appendix-I*.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Fifty-fourth Report (Seventeenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI:
17th January, 2024
27 Pausha 1945 (*Saka*)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

CHAPTER - I

REPORT

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their Fifty Fourth Report (17th Lok Sabha) on "Implementation of Public Financial Management System (PFMS)".

2. The Fifty Fourth was presented to Lok Sabha/laid in Rajya Sabha on - 14.12.2022. It contained sixteen Observations/Recommendations. The Action Taken Notes on all the Observations/Recommendations have been received from the Ministry of Finance, Department of Expenditure and are categorized as under:

- (i) Observations/Recommendations which have been accepted by the Government:

Para Nos. 1, 2, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15 and 16

Total: 14
Chapter - II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

Para No. NIL

Total: 0
Chapter - III

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Para No. 3

Total: 1
Chapter - IV

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies/no replies:

Para No. 11

Total: 1
Chapter - V

3. The detailed examination of the subject by the Committee had revealed certain shortcomings/deficiencies on the part of the Ministry of Finance, Department of Expenditure which *inter-alia* included under-utilization or non-utilization of the

allotted funds leading to escalation of cost and cost overrun; non synchronization of financial planning of the scheme with the plan prepared for the rollout of PFMS; low expenditure against budget provision on all the components resulting in savings ranging from 45 per cent to 75 per cent of the budget provision; slow progress in development of own infrastructure for the Central Project Management Unit (CPMU); non creation of infrastructure for either State Project Management Units (SPMUS); SPMUS functioning without necessary supervisory level officers and technical support personnel and the process of staffing related to DPMUs yet to commence etc. The Committee had accordingly given their observations/recommendations in their Fifty Fourth Report.

4. The Action Taken Notes furnished by the Ministry of Finance, Department of Expenditure on each of the Observations/Recommendations of the Committee contained in their Fifty Fourth Report have been reproduced in the relevant Chapters of this Report. The Committee will now deal with the action taken by the Government, on some of their Observations/Recommendations which either need reiteration or merit comments.

5. The Committee desire the Ministry of Finance, Department of Expenditure to furnish Action Taken Notes in respect of Observations/Recommendations contained in Chapter I of the Report, positively within six months of the presentation of the Report to the Parliament.

Human resources capabilities.

6. *The Committee note that Project Implementation Committee(PIC), the apex level body for providing policy advice, strategic guidance and taking all key decisions, was mainly involved in deciding on relatively less important issues pertaining to human resource deployment such as engagement and continuation of consultants and outsourced technical team. Notably, no Human Resource Policy defining roles/responsibilities as recommended in the DPR or guidelines for benchmarking of performance of functionaries and performance appraisal mechanism for continuation in assigned role(s)/responsibilities were framed. Regarding HR policy and steps taken to attract field/domain experts from external agencies the Ministry has only indicated that PFMS has been merged into CGA organization and is a part of the regular activities of the office of Controller General of Accounts. The Committee feel that given the scale and expansion of PFMS, a technically qualified workforce is required to not only address the various challenges being faced in the implementation of the system and integration of various schemes*

into the system but also to fix accountability. Further, in wake of rising cases of cyber attacks on banking and financial systems, the Committee are concerned that in the absence of a dedicated workforce, a key strategic system like PFMS can possibly encounter new threats every now and then owing to advancements in technology. The Committee, therefore, recommend that the Ministry may not rely solely on the CGA organization but take concrete initiatives to attract field/domain technical experts for strengthening the PFMS.

7. The Ministry of Finance, Department of Expenditure in their Action Taken Notes have stated as under:-

“1. The ICAS officers and other officials of CGA Organization are posted in PFMS in the capacity as domain experts on accounting and fund flow mechanism. To cater to technical requirement of PFMS, 65 posts of NIC officers have been created in PFMS at various levels (DDG to Programmer level) out of which 26 NIC Officers/Officials are currently in position and 25 resources outsourced from M/s TCS (contracted by NIC) are deployed. To further augment technical HR strength of PFMS, an additional 638 technical resources have been deployed in PFMS **for the development of IT platform, APIs, External Integration, testing, hosting/deployment, maintenance and regular upgradation of PFMS platform, support to stakeholders etc.** These technical resources have been deployed through outsourcing from various reputed firms at an annual cost of Rs 68.47 crores as follows -

- a. **120 IT Professionals** from M/s Corporate Infotech Private Limited (CIPL) w.e.f. 18.02.2019.
- b. **158 IT Professionals** from M/s Tata Consultancy Services Pvt Ltd. w.e.f. 01.10.2020 and additional **24 IT Professionals** have also been hired.
- c. **332 technical resources** hired from M/s Nelito Systems Limited were hired w.e.f. 01.01.2019 for deployment in the State Directorates and line Ministries for providing technical support to PFMS stakeholders at State Level. Ministries and Departments.
- d. On the advice of DG NIC, **04 Security Auditors are hired through MeITY empanelled firm M/s Essential Infosec Private Limited** for a period of 03 years. These resources do continuous audit of applications developed and ensure security compliance. This would be done on a continuous basis for all changes and additions to ensure that subsequent changes comply with security requirements.
- e. Approval for hiring of **15 retired officers** as consultants has been accorded by the Finance Secretary & Secretary (Expenditure) this year.

2. PFMS architecture was envisaged in 2008. To upgrade the PFMS architecture in line with the latest technology, a proposal for **hiring of Strategic & Technical consultant to review the existing PFMS architecture** is under consideration. These consultants are expected to study the existing PFMS design and architecture and propose solution for improving performance and security along with technological up gradations required.

3. To provide technical expert advice to strengthen the processes, enhance security protocols and improve user experience in PFMS, a **Technology Advisory Committee (TAC)** has been constituted vide OM dated 20/02/23 & 24/03/23 under the chairmanship of **Professor M.J.Shankar, CEO Pravartak, IIT Chennai, Ms Tulika Pandey, Scientist G, MeITY, Sh. Satyapal Singh, Senior Manager IT Operations, DSCI, Sh. Arul Kumar, Expert, Enterprise Application Architecture, NPCI, Sh Noorul Ameen, Scientist E, CERTF in along with NIC and domain officers (Annexure C)**. Thus, experts from academia and Industry are also being on boarded for broad basing the technical advisory base.

4. To strengthen the cyber security of PFMS against new and emerging security threats and to provide a structured guidance in this regard, a **committee under the chairmanship of Additional CGA PFMS has been constituted for examining and drafting IT & Cyber Security Policy for PFMS** vide OM No. V-12022/1/2022-PFMS/IT&CS/CN-9558/2206-2215 dated 02.08.2022& 17.02.2023 (**Annexure D**). The external experts in the committee are **Ms. Tulika Pandey, Scientist G, MeITY, Ms.Varsha Uswal, CM, RBI(DIT), Sh Jatinder Grover, ACM, SBI (ISD), Sh Noorul Ameen, Scientist E, CERT-Fin, Sh Shyam Sundar, DDG,NIC, Ho DNDC, Shastri Park along with members from PFMS and NIC**. The IT and cyber security policy for PFMS is in advance stage of formulation.

5. To ensure that PFMS protocols meet the NIST and other international standards, the process of **acquiring the ISO 27001** certification for PFMS was initiated w.e.f. 01.01.2022 which is in advance stage. As part of this certification, standardization of around **18 ISMS policies** for PFMS as per the **international best practices** have been adopted.

6. Comprehensive Security Audit for PFMS to look at not only application security but also the peripheral security is being done since the last two years through MEITY empanelled agencies. The current security certificate is valid upto November 2023.

Thus, all efforts are being made to broaden the technical advisory group of PFMS, enhance the technical expertise and onboard latest technological developments."

8. While observing the rising cases of cyber attacks on banking and financial systems, the Committee were concerned that in the absence of a dedicated technical workforce, a key strategic system like PFMS can possibly encounter new threats every now and then owing to advancements in technology and had recommended that the Ministry may not rely solely on the CGA organization but take concrete initiatives to attract field/domain technical experts for strengthening the PFMS.

The Ministry in their action take note has *inter alia* highlighted that the ICAS officers and other officials of CGA Organization are posted in PFMS in the capacity as domain experts on accounting and fund flow mechanism. To cater to technical requirement of PFMS, 65 posts of NIC officers have been created in PFMS at various levels (DDG to Programmer level) out of which 26 NIC Officers/Officials are currently in position and 25 resources outsourced from M/s TCS (contracted by NIC) are deployed. To further augment technical HR strength of PFMS, an additional 638 technical resources have been deployed in PFMS for the development of IT platform, APIs, External Integration, testing, hosting/deployment, maintenance and regular upgradation of PFMS platform, support to stakeholders etc. These technical resources have been deployed through outsourcing from various reputed firms at an annual cost of Rs 68.47 crores. Besides, a committee under the chairmanship of Additional CGA PFMS has been constituted for examining and drafting IT & Cyber Security Policy for PFMS. The Ministry also stated that in addition to initiating the process of acquiring the ISO 27001 certification for PFMS, a proposal for hiring of Strategic & Technical consultant to review the existing PFMS architecture to upgrade the PFMS architecture in line with the latest technology is being considered.

The Committee appreciate the initiatives taken by the Ministry to broaden the technical advisory group of PFMS, enhance the technical expertise and onboard latest technological developments. The Committee however, note from the Annexure F to the Action Taken Reply of the Ministry, showing the details of Sanctioned *viz-a-viz* Working Strength as on 30.04.2023, that the post of Additional CGA is vacant and only 04 Dy. CGAs are posted against sanctioned strength of 12 Officers. Similarly, there is shortage in posting against the sanctioned strength at all the levels except Group B Gazetted (PS), with total working strength being as low as 182 against total sanctioned strength of 389 (approx 47%). The Committee also note with concern that the technical staff, forming the backbone of PFMS rollout, has been largely hired from various private agencies. In the opinion of the Committee, for a strategically important system like PFMS where lacunae in appointment of personnel at any level may prove disastrous, the fact that not only the post of Additional CGA is vacant but technical staff has been largely hired from private agencies paints an alarming picture. To alleviate these concerns, the Committee desire that they may be apprised of the steps being taken by the Ministry to ensure the security of a core system such as PFMS being manned by less than 50% of its sanctioned strength and mostly out-sourced staff. Further, while emphasising the need for regular meetings of the Technology Advisory Committee (TAC) constituted by the Ministry to provide technical expert advice for PFMS, the Committee desire that the measures being taken to expedite the process of acquiring the ISO 27001 certification for PFMS and finalisation of the IT and cyber security policy formulated for PFMS should also be shared with them.

SPMUs

9. The Committee note that State Project Management Unit (SPMU) was visualised with the responsibility of customisation of implementation plan to synergise it with regional variations in requirements of system design, training, monitoring and evaluation needs. As per audit observation, in the absence of dedicated infrastructure and decision making officers to coordinate and synergise PFMS with regional variations, effective functioning of SPMUs could not be ensured. Further, no duty list of functionaries of SPMUs had been prepared nor was there any oversight mechanism to monitor the activities of SPMUs. On the issue of shortage of manpower at all levels, leading to delays in approval for technology solution framework for PFMS, the Ministry furnished details of status of deployment of officers/ Staff in PFMS State Directorate as 1 Jt. CGA (SAG) against the sanctioned strength of 19 and 6 Dy. CGA (JAG) against a sanctioned strength of 36. They further stated that additional charges have been given to Jt. CGA, and Dy. CGA to ensure that all SPMUs are fully functional. From the Ministry's response it is evident that the SPMUs are yet to achieve their sanctioned strength. Ministry's response regarding restructuring of manpower also remains unsatisfactory as they have only assigned additional charge to some officers over their regular duties. The Committee feel that in the absence of dedicated services, infrastructural issues are not being highlighted sufficiently owing to which, many SPMUs are housed in temporary spaces and the progress in regard to hiring of office space is moving at snail's pace. The Committee recommend that issues plaguing the SPMUs as regards infrastructure and Manpower must be dealt with promptly so as to ensure effective functioning of SPMUs. The Committee may be apprised of the concrete steps taken in this direction.

10. The Ministry of Finance, Department of Expenditure in their Action Taken Notes have stated as under:-

"The management of State Directorates (erstwhile SPMUs) is governed by Department of Expenditure's Order dated 05.04.2021 (Annexure A) which created dedicated PFMS Regional Directorates within the PFMS Division to oversee the functioning of State Directorates in each State. Steps taken to resolve Infrastructure and manpower issues of State Directorates are submitted for consideration -

1. Infrastructure

i. All 36 PFMS State Directorates/UTs are operational from adequate office premises provided either by the Centre (in 11 State Directorates/UTs through CPWD) or by the State government (in 22 State Directorates/UTs). In remaining States/UTs office premises have been hired from PSU, private parties etc. Renovation works wherever required has also been undertaken. Computers, furniture. Internet connectivity and other equipment have been provided for all State Directorates.

ii. The procedure of hiring is done in accordance to the policy set up by DoE vide order F.No.C-13015(827)/MFCGA/ PFMS/2017-18/6629 dated

07.08.2018. A detailed Infrastructure Report pertaining to PFMS State Directorates as on 21.04.2023 is placed as Annexure E.

2. Manpower in State Directorates

The States directorates (earlier SPMUs) are manned by Domain experts and outsourced technical manpower.

i. 02 Senior Accounts Officers and 02 Assistant Accounts Officers posts have been created in each Directorate to handle the administrative issues of the state directorate and provide handholding and support to the state government officials. Altogether 148 domain officers including 74 Sr AOs and 74 AAOs are posted by O/o CGA in various State directorates. The current staffing in State Directorate is at Annexure F.

ii. In addition, 332 technical resources have been hired to provide technical support to various State directorates. The list of deployment of these technical resources in various states is at Annexure G.

iii. The roles and responsibilities of staff posted in State Directorates have been delineated along with the performance evaluation mechanism vide office OM No. AD-11001/13/2022-PFMS/C.No. 10952/ Rollout Vertical/3152 dated 20.09.2022.

iv. The performance of State PFMS units is assessed based on the completion of the assigned tasks and responsibilities. Further, State PFMS units send a fortnightly status and progress report to HQ that are reviewed along with resolution of constraints faced, if any. Periodic review meetings are taken by the Joint CGA responsible for the State Directorates.

v. Trainings and Capacity building meetings are held with the State Directorate staff on all latest developments so that they can in turn handhold user state departments.

Thus, all efforts are being made to strengthen the State directorates and make their functioning effective.”

11. Taking note of the absence of dedicated infrastructure and decision making officers in SPMUs to coordinate and synergise PFMS with regional variations the Committee in their original report had recommended that issues plaguing the SPMUs as regards infrastructure and Manpower must be dealt with promptly so as to ensure effective functioning of SPMUs. In their Action Taken Notes, the Ministry has *inter alia* submitted that all 36 PFMS State Directorates/UTs are operational from appropriate office premises provided either by the Centre (in 11 Slate Directorates/UTs through CPWD) or by the State Government (in 22 State Directorates/UTs). In remaining States/UTs office premises have been hired from PSUs, private parties etc. Renovation

work wherever required has also been undertaken. Computers, furniture. Internet connectivity and other equipment have been provided for all State Directorates. Further 02 Senior Accounts Officers and 02 Assistant Accounts Officers posts have been created in each Directorate to handle the administrative issues of the state directorate and provide handholding and support to the State Government officials. Altogether 148 domain officers including 74 Sr. AOs and 74 AAOs are posted by O/o CGA in various State directorates.

In respect of infrastructure provided to State Directorates, the Committee however note through Annexure E annexed to the Action Taken Reply of the Ministry that there is scarcity of even basic infra i.e. Desktops/ laptops required to carry out roles and responsibilities in an IT driven organisation like PFMS. It was found that in Madhya Pradesh State Directorate, there is only one laptop and nil desktop is available while for Andaman & Nicobar, 25 Computers are provided. Considering the geographical and volume of transactions the data shown in Annexure E seems odd. As regards human resources, as per the sanctioned and working strength of State Directorates as on 30.04.2023 as furnished by the Department in Annexure F, it has been noticed that 10 and 28 posts of Senior Accounts Officer and Assistants Accounts officer respectively are vacant. With a view to ensuring effective functioning of SPMUs, the Committee, while reiterating their recommendation that the issues plaguing the SPMUs as regards infrastructure and Manpower must be dealt with promptly, recommend that the Ministry should ensure that not only the infrastructural requirement of SPMUs are met but their Human resources strength matches their sanctioned strength.

Project Implementation Committee

12. The Committee note that the Project Implementation Committee (PIC) was conceived as the apex level body for providing policy advice and strategic guidance for taking all key decisions and for regular monitoring. The composition of the PIC was such that it took experts from Department of Banking, NIC, JS & FA for financial guidelines, JS (Pers.) for HRD issues, JS (PF) for overall planning, representatives from PFMS, JS (DBT) for DBT related issues etc. The PIC meetings were held under the Chairmanship of the Controller General of Accounts. The Committee have been apprised that with the PFMS becoming a part of the regular functions of CGA, the PIC ceased to function after the 19th meeting and in order to review all the issues relating to the activities of PFMS, a Senior Level Review Committee (SLRC) was constituted which included DG NIC and JS (DBT), Cabinet Secretariat as Members. Since the constitution of Senior Level Review Committee in 2019, only four meetings were held till 23.9.2020 to review all issues relating to the activities of PFMS including financial overview of the progress of PFMS. The Committee feel that since PFMS is still evolving, regular monitoring and guidance becomes essential. The Committee, therefore, recommend that in order to make regular review a part of decision making process at the apex level and for effective monitoring of implementation of PFMS, SLRC should meet not only more frequently but also at

fixed intervals. Further, owing to the changed composition of apex level body for PFMS, the Committee apprehend whether, owing to the altered composition of SLRC various issues plaguing PFMS such as coordination, HR Policy, Infrastructure etc., could be addressed. The Committee, therefore, desire to be apprised of the detailed composition of the present SLRC. The Committee would also like the Ministry to ensure that SLRC is sufficiently empowered to address issues of overall planning and representation of domain experts.

13. The Ministry of Finance, Department of Expenditure in their Action Taken Notes have stated as under:-

“Department of Expenditure vide Order dated 05.04.2021 (**Annexure A**) created a dedicated PFMS Division within the O/o CGA to exclusively look after the work of Design, Development and Implementation of PFMS under overall guidance and supervision of Department of Expenditure. Since the creation of the PFMS Division, regular PFMS review meetings are held by O/o CGA and DoE to review the overall progress and implementation of the new developments/ initiatives in PFMS.

To review all the issues relating to the activities of the Public Financial Management System, a **Senior Level Review Committee (SLRC)** has been constituted. So far 5 meetings of SLRC have been conducted (On 14.10.2019, 19.02.2020, 21.07.2020, 25.9.2020 and 11.05.2023) to review the progress of PFMS. The current composition of the SLRC is as follows (**Annexure H**) –

- i. Controller General of Accounts, Chairperson
- ii. Additional CGA (PFMS division) Member
- iii. Additional CGA (ARFR). Member
- iv. Director general. (NIC). Member
- v. Joint Secretary (PI S). DoE. Member
- vi. Joint Secretary (DBT Mission). Cabinet Secretariat, Member

The aforementioned composition of SLRC has been chosen to ensure representation of domain as well as technical experts. Based on the recommendations of the 5th SLRC meeting dated 11.05.2023. The SLRC is being considered for further broad-basing by including members from Department of Financial Services (DFS) and MEITY.”

14. The Committee in their original report had noted that Project Implementation Committee (PIC) which was envisaged as the apex level body for providing policy advice and strategic guidance for taking all key decisions and for regular monitoring ceased to function after PFMS became a part of the

regular functions of CGA and in order to review all the issues relating to the activities of PFMS, a Senior Level Review Committee (SLRC) had been constituted. The Committee had, therefore, *inter alia* desired that SLRC should meet not only more frequently but also at fixed intervals.

The Ministry in their action taken note have *inter alia* responded that since the creation of the PFMS Division within the O/o CGA to exclusively look after the work of Design, Development and Implementation of PFMS under overall guidance and supervision of Department of Expenditure with effect from 05.04.2021, regular PFMS review meetings are held by O/o CGA and DoE to review the overall progress and implementation of the new developments/initiatives in PFMS. To review all the issues relating to the activities of the Public Financial Management System, a Senior Level Review Committee (SLRC) has been constituted. So far 5 meetings of SLRC have been conducted (On 14.10.2019, 19.02.2020, 21.07.2020, 25.9.2020 and 11.05.2023) to review the progress of PFMS. Further, based on the recommendations of the 5th SLRC meeting dated 11.05.2023. The SLRC is being considered for further broad-basing by including members from Department of Financial Services (DFS) and MEITY.

The Committee find it disappointing to note that measures have not yet been taken to ensure meetings of the SLRC are held regularly and at specified intervals. This may impede regular monitoring and guidance, importance of which is very high, given the rapid growth of payment technologies and expansion in role of PFMS. Therefore, while appreciating the recommendation of broad-basing SLRC by including members from Department of Financial Services (DFS) and MEITY, the Committee reiterate their recommendation of ensuring that the SLRC meet not only more frequently but also at fixed intervals. The Ministry may provide details of concrete action taken in this regard.

DBT Monitoring Cell

15. *The Committee note that DBT Monitoring Cell of PFMS was to be created to handle activities such as Fund Transfer Order (FTO) reconciliation with external system and banks; response reconciliation with banks; failure reconciliation, updating Deemed Success/Failure status received from National Payment Corporation of India (NPCI), development of new protocols and functionalities like alert systems etc. The Committee have also been apprised that due to the increase in DBT disbursements under various Governments' schemes to farmers, MGNREGA workers, and workers of unorganized sectors, the day to day monitoring has become very essential. Additionally, a large number of technical issues like Digital Signature Certificates (DSC) enrollment, file sharing response, system malfunctioning, non credit of money in the beneficiaries account due to server issues, delay in credit, non-receipt of responses from bank, etc. needs to be monitored and resolved on a regular basis. Further, as per Ministry's response, after on-boarding of PAHAL and other schemes on PFMS, the load on the system and grievances of the beneficiaries will be much more. Considering these factors, the role of Ministry in effective monitoring of these schemes to ensure timely payment to beneficiaries cannot be denied. However, the Committee note that no steps have been taken to create Monitoring Cell as envisaged by Expenditure Finance Committee (EFC) in its*

proposal. Keeping in view the substantial increase in load on PFMS due to inclusion of various schemes for disbursement of funds, the Committee recommend that the Monitoring cell may be created at the earliest. Further, the Ministry may ensure that a regular feedback mechanism is developed within the Monitoring Cell to instantly bring to the notice the issues that are being encountered at the grass-root level by IAs so that they be addressed and modifications carried out, if needed, well within the prescribed time frame. The Committee also recommend that Ministry may also try to make PFMS more citizen-centric by enabling alerts providing estimated time of credit of money into the beneficiary's accounts to citizens via SMS and enabling a grievance redressal link to report delay/non-payment of the same.

16. The Ministry of Finance, Department of Expenditure in their Action Taken Notes have stated as under:-

- 1 In 2019, EFC recommended that PFMS shall create a dedicated DBT Monitoring Cell within PFMS. The approval of Hon'ble FM for the recommendations of EFC was communicated vide I.D. Note dated 06.09.2019.
- 2 The in-principle approval of DoE was conveyed vide I.D. Note dated 30th August 2019 for setting up of DBT Monitoring Cell consisting of the existing staff. Thus, a DBT Monitoring cell was made functional with the existing officers/ officials in PFMS.
- 3 Due to the increase in number of schemes involving DBT payments using PFMS to farmers, Jan Dhan Account holders and workers of unorganized sectors, etc., the monitoring of the same has become more important. Moreover, more than 80 external systems have already been integrated with PFMS and approximately 10 external systems are in the pipeline. A large number of technical issues like DSC enrolment, file sharing response, system malfunctioning, non-credit of money in the beneficiaries account, delay in credit, non-receipt of responses from bank, etc needs to be monitored on a regular basis.
- 4 After due consideration in the Department of Expenditure, approval of Finance Secretary & Secretary (Expenditure) was conveyed vide I.D. Note Dated 26.10.2021 for hiring 30 manpower for DBT Monitoring Cell through GeM. The process of setting up DBT Monitoring Cell is underway.
- 5 Under Citizen Centric Service, PFMS has started sending SMS to the beneficiaries under NSP (National Scholarship Portal) w.e.f. March-2021. PFMS has enhanced the facility of sending SMS and extended it to the beneficiaries of other DBT Schemes w.e.f. January 2022. For the year 2022-23 around 8, 97, 71,525 SMS's have already been sent.”

17. Highlighting the need for day to day monitoring of PFMS due to substantial increase the workload owing to inclusion of various schemes for disbursement of funds and inability of Ministry to address this issue due to non-creation of Monitoring Cell despite the recommendation of the recommended by Expenditure Finance Committee (EFC), the Committee had recommended that Monitoring cell be created at the earliest.

The Ministry in their Action Taken Note have *inter alia* mentioned that after due consideration in the Department of Expenditure, approval of Finance Secretary & Secretary (Expenditure) was conveyed on 26.10.2021 for hiring 30 personnel for DBT Monitoring Cell through GeM and the process of setting up DBT Monitoring Cell is underway. The Committee are surprised to note that, even after receiving the required clearance on October 26, 2021, for the appointment of personnel for the DBT Monitoring cell, the process of setting up DBT Monitoring Cell is yet to be completed. While appreciating the Ministry's Citizen Centric approach by extending SMS alerts to the beneficiaries of other DBT Schemes w.e.f. January 2022, the Committee would also like to stress that due to the increase in number of schemes involving DBT payments using PFMS to farmers, Jan Dhan Account holders and workers of unorganized sectors, the importance of monitoring has increased manifold. The Committee would, therefore, once again emphasise that DBT Monitoring Cell be created at the earliest so that effective monitoring of payments that reach people at grass root levels is ensured.

NEW DELHI:
17th January, 2024
27 Pausha 1945 (*Saka*)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee