

Fiscal Governance
Reforms at
District Level for
Improving Fund
Flow and
Utilisation in
Development
Schemes

Notes from the
Districts: 3



Unspent Funds Utilised by Expanding Beneficiary Coverage: A Case from Balasore, Odisha

January 2020

Copyright

This document is not a priced publication. Reproduction of this publication for educational and other non-commercial purposes is authorised, without prior written permission, provided the source is fully acknowledged. Copyright@2020 Centre for Budget and Governance Accountability and Tata Trusts.

Authors: Naresh Kumar Nayak, Nilachala Acharya, Mampi Bose, Vijayta Mahendru

Research and editorial inputs: Asadullah, Paresh J M, Akhil Rokade, Shruti Yerramilli, Joshua Mathias

Series editors: Poornima Dore, Subrat Das

Designed by: How India Lives (www.howindialives.com)

Cover illustration: Vikram Nayak

Disclaimer

The views expressed in this publication are those of authors; they do not necessarily represent the position of their affiliated organisations.



Why We Did It

The Centre for Budget and Governance Accountability (CBGA), in collaboration with Tata Trusts, has undertaken a multi-district, multi-sector project intended to expedite fund flow and fund utilisation in development schemes at the district level. Balasore in Odisha is one of the five districts selected under this study. While preparing the Quarterly Budget Update¹ for the financial year (FY) 2017-18, it was observed that a significant amount of funds under National Social Assistance Programme (NSAP)² were unutilized in Balasore.

On 17th November 2018, CBGA, with the support of Tata Trusts, organized a round table conference in Balasore. Performance of social sector schemes and the issues related to their effective implementation were discussed in this meeting. The District Collector and Project Director of the District Rural Development Agency (DRDA) of Balasore also shared their concerns in this meeting. The under-utilisation of funds under NSAP was communicated to the stakeholders of the district administration present at this meeting.

Following this, the concerned officials undertook a thorough analysis of the available funds under NSAP. Our finding was substantiated by the data recorded in the District Development Coordination and Monitoring (DISHA) Committee reports for FY 2018-19. Additionally, the District Social Security Officer (DSSO) confirmed that Rs. 17 crore was left unspent under NSAP as of November, 2018.

The unspent funds with the district's programme budget indicated two things. Firstly, some potential beneficiaries of this scheme had been left out and that there were significant delays in distribution of benefits to the beneficiaries duly listed under social security programmes in the district³. The issue was highlighted in the local electronic and print media and officials seemed keen to rectify this anomaly by identifying more beneficiaries to enhance coverage and fund utilisation.

Concurrently, the Last Mile Linkage (LML) team of Tata Trusts was involved in the process of preparing the Village Development Plan (VDP) for two blocks in Balasore. They presented evidence to show that many deserving people were not featured in the list of recipients of social security benefits. To utilise the unspent balance under various social security programmes, government officials said that besides adding new beneficiaries, pension amounts could be disbursed in advance for the current month. The need to improve coordination between the blocks and the district administration to add missing beneficiaries and expedite utilisation of funds was recognised and acted upon.

What Results Have We Achieved

Figure 1 on Page 4 presents data from the two blocks of Balasore, where the LML team worked. It is evident that the number of beneficiaries under NSAP as well as MBPY increased, leading to an increase in the disbursement of pensions, thereby expediting fund utilisation.

Besides helping people with the application process that resulted in adding over 2,500 beneficiaries to the existing list, it was also ensured that they receive the pension amount on time. This intervention from our end resulted in leveraging public resources earmarked for the purpose of providing needs-based pension and reducing the extent of unspent balance to Rs 8 crore (from Rs 17 crore as of November 2018) in the subsequent quarters of FY 2018-19.

Further, with the help of the DSSO, a mechanism of advance pension payment process was introduced so that the amount could be disbursed to the beneficiaries for the current month as well as for the successive months in a financial year to expedite the rate of utilization of funds available with the district.

¹ Quarter-wise budget updates have been prepared for each district under this study for financial years 2018-19 and 2019-20. These documents provide the base of preparing other knowledge products. They are also a data repository on financial performance of social sector schemes in the districts.

² NSAP, is intended to be the most effective cash transfer programme for widows, persons with disabilities and elderly people

³ This also included Madhu Babu Pension Yojana (MBPY), the state scheme corresponding to NSAP.

Steps followed:



Important Takeaways

1 There is no process of automatic inclusion to consider and allow the addition of deserving beneficiaries under the NSAP and State-run pension schemes such as MBPY. Although, the scheme guidelines mention universal coverage of the members of the families identified by the Socio-Economic and Caste Census (SECC) data, lack of clarity in these guidelines and apathy of the government officials hinder full utilisation of available funds for the purpose.

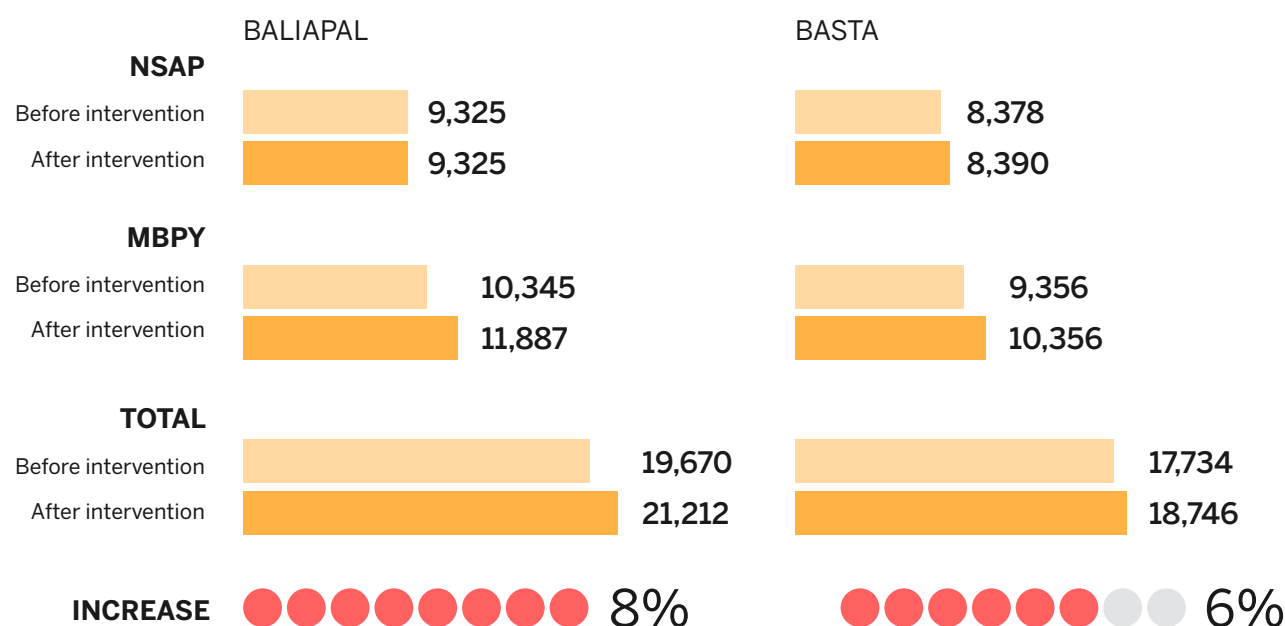
2 Currently, the minimum age for widows to be eligible under the NSAP, is 40 years. To ensure consistency with the existing legal norms of marriage, the minimum age requirement should be reduced to 18 from 40 years to include young widows as well.

3 The present system mandates migration of widow or disability pensioners to the old age

This effort of Last Mile Linkage, Tata Trusts, in partnership with CBGA, resulted in expediting the extent of fund utilisation under social security schemes as well as created a positive impact in the lives of poor families by providing timely pension.

Figure 1: Beneficiaries, Before and After Intervention

Name of the Blocks/Urban local bodies (ULBs)



Source: DISHA Committee meeting reports of 27.06 2018 and 27.02.2019.

What Beneficiaries Said

“We are now getting pension every month on time, which is helpful as it allows us to spend on basic requirements such as medicines. I will get pension for the rest of my life. We also got two months’ pension amount in one month, which is a direct cash benefit in hand, thanks to Tata Trusts and CBGA who facilitated this for us.”

A beneficiary enrolled before the intervention by CBGA and Tata Trusts

“I have been requesting the sarpanch and other community leaders in my village to avail pension benefits but my request was not heard. The support of the Last Mile Team and Tata Trusts has been of great help to me. Now I am happy that I’m able to meet my needs with the pension money. God bless the volunteers who helped me.”

A beneficiary

“We have received great support from the Tata Trusts’ LML team and the Centre for Budget and Governance Accountability in enlisting new beneficiaries. They have actively facilitated the required process starting from filling of applications to collection and submission of forms. They helped me a lot in collecting the necessary application and implementing these NSAP and MBPY schemes. On behalf of my Gram Panchayat, I express my deep sense of gratitude to the Tata Trusts and the CBGA for their timely and valuable support and for emerging as an example of a fruitful GO-NGO (government and non-governmental organisations) coordination / convergence.”

The Panchayat Executive Officer (PEO)

pension scheme after turning 79, which is fraught with delays and can even result in exclusion as the onus of the paper work is on the beneficiary. It is recommended that the requirement of beneficiaries to migrate from one type of pension to another be dropped and they continue to receive the intended benefits. Alternatively, the concerned authorities should take care of the necessary

paper work for migration of the beneficiaries from one scheme to the other while ensuring hassle free and timely disbursement of pension.

4

Identification and integration of beneficiaries should be done on a regular basis. An effective system of door-to-door registration of beneficiaries should be implemented.



Fiscal Governance Reforms at District Level for Improving Fund Flow and Utilisation in Development Schemes:

Full List of Outputs

Policy Briefs

1. Extent of Fund Utilisation in Social Sector Schemes: Does It Conceal More Than It Reveals?
2. Factors Constraining Fund Utilisation in Social Sector Schemes: An Overview
3. Delay in Fund Flow: Consequences, Causes and Remedies
4. Fund Flow Mechanisms of Centrally Sponsored Schemes in Social Sectors
5. Availability and Capacity of Human Resources for Implementing Social Sector Schemes
6. Rigid Norms and Guidelines Affecting Utilisation of Funds in Social Sector Schemes
7. Strengthening Budget Information Architecture at the District Level

Notes from the Districts

1. District Mineral Foundation Trust (DMFT) Fund-A Potential Source to Address Resource Gaps in Development Schemes: A Case from East Singhbhum, Jharkhand
2. Revolving Fund Mechanism Can Address Problems Relating to Delayed Fund Flow in Schemes: A Case from Krishna, Andhra Pradesh
3. Unspent Funds Utilised by Expanding Beneficiary Coverage: A Case from Balasore, Odisha
4. Coordination Among Multiple Agencies at the District Level Can Deliver Better Results: A Case from East Singhbhum, Jharkhand
5. Enhancing Transparency and Accountability through DISHA Committee Meetings: A Case from Bolangir, Odisha
6. Online Treasury Portals Can Enhance Fiscal Transparency at the District Level: A Case from Chandrapur, Maharashtra

Summary Report

Fiscal Governance Reforms at District Level for Improving Fund Flow and Utilisation in Development Scheme



All outputs are available at www.cbgaindia.org

To know more about Tata Trusts' role and approach to district budgets, visit <https://www.tatatrusts.org/our-work/digital-transformation/data-driven-governance>

