DRAFT REPORT

BUILDING EMPLOYEE AND PENSIONER
DATABASES AND MIS FOR EFFECTIVE FISCAL PLANNING
BY STATE GOVERNMENTS

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Submitted to
**The Thirteenth Finance Commission
Government of India**
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1. Background to this Report

1.1. This Study was commissioned by The Thirteenth Finance Commission (TFC), Government of India, to Subhash Garg and Gautam Bhardwaj in May 2009. The authors were assisted by Dr. Kavim Bhatnagar (on deputation to IIEF from Government of Madhya Pradesh) and Lakshmikanth Makaraju (research associate at IIEF). This Study aimed to produce the following output:

a) An objective assessment of the quality of existing employee and pensioner databases, salary and pension administration and disbursement management systems and procedures, as well as existing technology and data management capacity at the level of individual States,

b) An approach to and road-map through which States can build reliable employee and pensioner databases as well as a data management system through which such datasets are automatically updated on recruitment of new employees, retirement of existing employees, and death of pensioners and family pensioners,

c) Essential data fields as well as a summary of the key utilities of the proposed databases for State budgets and fiscal planning, salary and pension expenditure forecasting, measurement of the impact of parametric and/or systemic reforms to employee and pensioner benefits, as well as for simulating the fiscal impact of recommendations by future Pay Commissions and Finance Commissions, and

d) Estimating the likely direct cost and implementation time-frames for building reliable datasets and data management systems by individual States including the cost of technical assistance and an implementation monitoring and evaluation mechanism.

1.2. In consultation with the TFC, detailed information was collected on employee and pensioner data and payroll administration systems at the level of individual States. This was achieved by field visits to select States as well as through a

detailed standard proforma circulated to the Principal Secretaries of all State Finance Departments. At the time of submission of this Draft Report, with the exception of Assam and Orissa, all 26 States have provided this detailed information. Assistance during field visits and the detailed information provided by State Finance Departments is very greatly appreciated by the authors and has served as a key backbone to this Report and the recommendations herein.

1.3. A summary of the key information, related to the Study, collected from individual States covering management of service records, salary drawing and disbursing systems, capacity and responsibilities of the treasury offices and the AG, pension authorisation and payment procedures, status and management of pensioner databases, pension entitlement and commutation rules, and implementation status and administrative arrangements for NPS adoption is provided in Annexure A at the end of the report.

2. Relevance of Expenditure on Employee and Pensioner Benefits in Fiscal Management

2.1. Direct and indirect employees of States Governments form less than 6% of the paid workforce and roughly 2% of India's population. However, aggregate payments towards salaries, lump sum terminal benefits (commutation, gratuity, leave encashment) and monthly pensions on an average form 32.77% of States' Total Revenue Expenditure (BE 2008-09) and 67.3% of States' Own Tax Revenue[1](BE 2008-09). Between 1990-91 and 2008-09, these costs grew at a CAGR of 17.13% across States. In general terms, this expenditure is estimated to rise by roughly 30% per year only due to implementation of the Sixth Pay Commission recommendations. However, the actual fiscal impact of the Sixth Pay Commission on an individual State may be even higher and will depend on the number of their employees and pensioners well as their income and demographic profiles. Accurate impact assessment at the level of individual States therefore requires both accurate as well as updated individual employee and pensioner data.

2.2. State Government liabilities on account of vested retirement benefits payable at future dates are identical to the interest payments and repayments that have been promised on government bonds in the future. From the viewpoint of fiscal planning therefore, there is no difference between the explicit debt of a State and its implicit liabilities on pensions. Since salaries and pensions consume a substantial part of the States' own revenues, the ability of any State to plan and implement any development expenditure over a short, medium or long term is directly impacted by its ability (or otherwise) to clearly

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1   Source: State Finances: A Study of Budgets (2008-09), Reserve Bank of India

estimate its future commitments on salaries and retirement benefits. This cannot be achieved without accurate and updated employee and pensioner data.

2.3. Since 2003, 22 State Governments have notified adoption of the New Pension System (NPS) – the new contributory pension scheme applicable to their new employees. This pension reform imposes new challenges for these States' payroll and employee data administration and management systems. To implement the NPS, each State is expected to accurately identify new employees and transfer their salary deductions and matching NPS contributions to the PFRDA regulated entities on a monthly basis. This requires a centralised employee database mapped to the payroll. During this study, the authors found no evidence of a standard NPS adoption process at the level of individual States, except in Uttarakhand and Chhattisgarh. According to the information provided by States, less than half (45%) of the NPS States have issued individual account numbers to employees covered by NPS. While most States have now begun NPS deductions and some States have also issued NPS statements to employees, a third of the NPS States have not deducted individual contributions from the effective date leading to a significant information and contributions deduction backlog. A majority of NPS deductions are presently being channeled to PD accounts. Importantly, even 3-5 years after these notifications were issued by individual States, and while many States are at different stages of adoption of the NPS, none of the 22 States have yet begun transferring individual employee data and NPS contributions to the PFRDA appointed CRA. Most States have indicated that they require technical assistance and support for effective migration to NPS.

2.4. Mounting pension expenditures may encourage States to also consider a range of other systemic and/or parametric reforms to retirement benefits. These include providing a voluntary option to younger employees to migrate to the NPS. However, such reforms are also difficult to contemplate or implement without accurately assessing their resultant fiscal impact. This cannot be achieved without accurate and updated demographic and income data on employees and pensioners.

3. Assessment of Specific States and Proposed Approach to Building and Managing Employee and Pensioner Databases

3.1. Under this study, the authors examined existing databases of employees and pensioners, prevailing payroll and salary administration systems, pension administration and disbursement mechanisms, as well as the existing IT and data management capacity of ten States. This evaluation was based on visits

of Subhash Garg to eight States (Bihar, Jharkhand, Assam, MP, Chhattisgarh and Kerala, Rajasthan, and Gujarat) on different occasions under an ADB TA and other programmes and the visit of both Gautam Bhardwaj and Subhash Garg to Tamilnadu and Uttrakhand as part of this Study. This Report provides a detailed assessment of employee and pensioner databases and MIS at each of these ten States. In this regard, the assessment of the employees and pensioners databases and data management systems implemented by the Government of Uttarakhand may be of special interest to the other States as Uttrakhand has already established robust systems on both counts and is able to generate data views and projections relating to both employees and pensioners.

3.2. There are two primary systemic approaches to salary authorisation and disbursement in the country. Most states follow the typical DDO and Treasury approach where the DDO prepares and draws the bill, the treasury passes/ authorises the payment after making budget availability check and payment is made into employees' accounts by DDO (Salary Bill model). Some states, notably Uttarakhand, have adopted payroll system in treasury, where treasury draws, authorises and releases salaries into employees accounts based on change information provided by DDOs (Pay Roll model).

3.3. Some of the States following Salary Bill model have developed/ are in the process of developing employee databases. Such states have adopted three different approaches to employee database development. States like MP have created databases in treasuries (Treasuries Centric Model). In this model, employee database resides in treasury and is used to check correctness of salary bills presented for payments. The databases get updated from information relating to pay changing events like promotions, increment, suspensions etc. and treasury changing events like transfers are received in the treasuries through various means. Original database is created by collecting selected demographic data from heads of offices/ DDOs and current pay data from the salary bills (original or a copy received electronically for this purpose). Some states have created centralised employee database (e. g. Jharkhand) or decentralised employee databases (like Tamilnadu) with DDOs originating the database at DDO end (DDO Centric Model). DDOs were either provided with a programme for creating database to be retained by them on their computers (decentralised model) for being used for generation of salary bills or for uploading the data on a central server and then using the same for generating pay-bills (centralised DDO centric model). Quite a few other states (Assam, Bihar) created employee database as a stand-alone exercise (Stand- alone model) expecting to integrate the same with treasury/ pay disbursement function when the databases are completed and they have installed integrated financial management systems to use them.

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3.4. India has primarily two models of granting pension authorisation. Pre-dominantly, the authority to issue Pension Payment Order (PPO) is with Accountant General (AG). Some states have however taken over the function of issuing PPOs from AG and entrusted this with state/ regional/ district authorities. Similarly, there are primarily two systems of disbursing pensions. Most states disburse pensions through nationalised banks, but quite a few states have taken over the disbursement from banks and are directly disbursing the pensions through their treasuries.

3.5. Based on two primarily differentiating systems of issuing PPOs (AG or State) and two differentiating systems of making payments to pensioners (Bank or State), there are primarily four models of pension management in the country:

    a. AG issues PPO, Banks make payment (AG-Bank model);
    b. AG issues PPO, State Government makes Payment (AG-State model);
    c. State issues PPO, Banks make payment (State- Bank model);[2]
    d. State issues PPO, State makes payment (State- State model).

3.6. States have demographic as well as complete payment databases of pensioners in State- State model (Uttarakhand/ UP). In the State-Bank model (MP/ Chhattisgarh), demographic database of pensioners is fairly complete, building in current payment details in databases have posed challenge. In the AG-State model (Andhra Pradesh) also, the database of pensioners does get created. However, most states in the AG-Bank model (with exceptions of Tamilnadu/ Kerala etc.), the pensioners' databases are practically non-existent.

3.7. A central difficulty faced by most States in estimating their future liabilities on salaries and pensions or implementing changes to employee benefits has been the lack of reliable and updated data on (a) the number of persons who directly or indirectly derive a salary or pension from the budget, and (b) the personal and income profile of each such employee and pensioner. Estimates of salary and pension expenditures across States also usually suffer from an inconsistent definition of "employee" and "pensioner". In a number of cases, these estimates exclude employees and/or pensioners of aided institutions, educational institutions or local bodies who may draw salaries and pensions from the respective departmental budgets (often recorded as "Grants").

3.8. Field visits and analysis of the information received from Finance Departments suggest that most States have adopted a unique approach for creating, managing and updating employee and pensioner databases. These range from stand-alone models to treasury or DDO-level centralised or decentralised models for employee payroll and management. Individual

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[2] First payment is usually routed through the Treasury towards ascertaining the genuineness and descriptive roll of the pensioner.

States have also devised their own data formats and have unique definitions of employees and pensioners. As a result, analysis of salary data across States is not easily comparable. Similarly, pensioner data fields, the responsibility for managing pensioner datasets, as well as the processes for disbursing pensions also varies across States.

3.9. Several States are now making an effort at producing centralised employee and pensioner databases. However, much greater effort and focus is also required at the front-end in designing the data fields and in integrating these databases into an electronic payroll, employee and pensioner benefit administration architecture. As things stand, in many States, such databases presently stand outside the payroll and administration related to both employees and pensioners and therefore tend to rapidly become outdated and lose their value as a fiscal planning and MIS tool. Hence, the employee and pensioner database should be integrated into the payroll and administrative processes in each State so as to create an automated process for continued data and information update and effective MIS.

3.10. In the process of creating an electronic payroll and a centralised database of all employees and pensioners, it may be useful for individuals States to also review the specific roles and responsibilities of the AG, treasury and the State Government. Inadequate IT capacity at the level of DDOs and treasuries is likely to impede effective implementation of an electronic payroll system or real-time updates of employee records. States should therefore pay special attention to seamless last mile connectivity coupled with adequate IT training for DDOs and treasuries. Technology capacity at the level of AG may also require significant upgrade in order to enable the AG to more effectively manage GPF accounts and pension processing and disbursals.

3.11. At a generic level, a central employee and pensioner database should capture information on:

a) Direct employees, pensioners and family pensioners (salary/pensions paid from consolidated fund), indirect employees, pensioners and family pensioners (salary/pensions paid through grants), aided state employees, pensioners and family pensioners (part of salary flows from state grants to autonomous bodies, aided institutions, universities, local bodies) and other assisted public sector employees, pensioners and family pensioners (equity, loan or lump sum grant support provided for paying salaries/pensions to those in loss-making enterprises). In the least, all 'employees' defined as the employees who get the salaries paid from Consolidated Fund, directly as salaries or through grants should be included in the employee database and

b) Personal data along with grade, service conditions and payroll information of each such employee and pensioner.

3.12. Importantly, while each State may design and implement a customised, integrated data management process and payroll system, the institutional design should ensure comparability of outcomes and information across States (for example in the context of the informational requirements of the Finance Commission). Simultaneously, implementation of the database creation and management effort should be so designed as to benefit from the learnings and ideas across States. In this context, it may be desirable to establish a dedicated mechanism for implementation monitoring and evaluation and for providing ongoing technical assistance and capacity building support to individual States. This mechanism would facilitate a more homogeneous, standardised and comparable data and information outcome across States.

4. Draft Recommendations to The Thirteenth Finance Commission

4.1. Design of Employee Database should comprise of the following elements:

a) The employees for the purpose of creating database of employees should mean all state government and non-state government employees who are covered under defined benefits or defined contribution pension schemes and whose pensions are to be directly or indirectly paid from the Consolidated Fund of the State.

b) A template of minimum employee data has been suggested by us. The states may adopt this template as the minimum financial database. The states can certainly choose to create expanded employee database linked to the financial employee database.

c) The employee databases can be created in centralised or decentralized form using minimum standard format, but the employee database must be compiled/ consolidated, with regular updating at state level for analytical, management and MIS purposes.

4.2. Pensioners' database is best created by keying in/ importing the demographic information in the database from the PPO at the time of first payment by the treasury officers. Legacy data can be best entered by calling the PPOs or taking the demographic data from pension paying banks. Payment data should come from the electronic scrolls.

4.3. The process of information collection, analysis and recommendations of the Thirteenth and future Finance Commissions will be greatly streamlined if all

States were able to provide reliable, updated and comparable short, medium and long-term projections on their salary and pension expenditures. Comparison across States in terms of their FRBM obligations may also be more effectively reviewed with a uniform configuration of databases across States. The Thirteenth Finance Commission (TFC) is uniquely positioned to provide appropriate incentives to States to build an employee and pensioner database and data management system.

4.4. With the objective of creating employees' and pensioners' databases in each of the states by March 2013, Finance Commission may consider recommending a Database Creation Facility Grant with a corpus of Rs. 300 crore, with a provision of Rs. 10 crore for each state and Rs. 20 crore for central monitoring and evaluation.

4.5. Each state should be asked to create databases by March 2013, and to furnish information relating to employees and pensioners cost to the Fourteenth Finance Commission backed by and from the databases so created.

4.6. Grant should be available subject only to the states complying with the minimum architecture of database with complete flexibility with respect to technology, sourcing of data, process of data inputting and other matters.

4.7. Finance Commission may also inform the states that estimates of expenditures provided to the 14th Finance Commission, based on the databases so created will be considered reliable, whereas estimates without the databases will be subjected to the scrutiny and verification.

4.8. Finance Commission may consider reserving a part of the Grant Facility, say an amount of Rs. 20 crore, out of the Database Creation Facility for financing hiring of expert services to undertake monitoring and evaluation of databases to be created and databases created in the states. 75% of the Facility grant can be released to the States when the Expert Team reports that the state government has created Employees/ Pensioners' database and that meets the minimum standardized output norms and the databases have been functionally integrated with the treasury on transactional basis.

4.9. Based on the experience of some States in this area, the authors estimate that all States should be able to implement a reliable centralised database, payroll and data management system by March 31, 2013.

CHAPTER 1

Relevance of Employee and Pensioner Benefits in Fiscal Management

1.1   Expenditure on Employee and Pensioner Benefits in the States

1.1.1   Expenditure on employees' salaries and pension benefits forms a major part of the public expenditure of states. In the system of accounting classification prevalent in the country, expenditure on salaries is not captured in the primary scheme of things under major, minor, sub-minor head. What gets reported as expenditure on salaries of employees is what is captured by the states under 'salary' object/detailed head under present system of classification of accounts. Expenditure at detailed head goes completely un-reported also. Till some time back, very few states were reporting expenditure on salaries either in Finance and Accounts or in their budget documents.

1.1.2   Expenditure on salaries, even when compiled at object/detailed head, does not present complete expenditure on salary. Expenditure captured under other object heads like 'grant in aid' to capture grants provided to local bodies for education and other services, 'grant to aided educational institutions' is also usually salary expenditure. Sometimes, even loans are made to cover expenditure on salaries of the recipient organization. These expenditures are rarely included as salaries expenditure. In states, where the education sector is largely in grant in aid class, consequently, expenditure on salaries object head appears very low. For example, in Gujarat, the expenditure under 'salaries' object head in the year 2006-07 was only Rs.2801 crore[3], which amounted to only 9.6% of total revenue expenditure of Gujarat. On careful examination of the FRBM disclosure of Gujarat for 2005-06, one would observe that expenditure on salaries is Rs. 6675 crore which is more than 26% of its revenue expenditure for that year.

1.1.3   There is no publicly reported information on states' expenditure on salaries. RBI attempted to collect this information for the year 1991-92 to BE 2008-09 for their annual report 'State Finances: Study of Budgets of 2008-09'. RBI could collect information from only 21 states, which was also not available for all the years. Based on this specific compilation from states (not from the budgets of the state governments), that States' aggregate expenditure on salaries was Rs. 116431 crore in 2006-07[4], which was 27.5% of total revenue expenditure. This aggregate expenditure on salaries, however, was only for 19 states (states of Bihar and Madhya Pradesh did not provide data for 2006-07 onwards).   The expenditure for these 19 states as per RE 2007-08 was reported at 139395 crore (27.6% of Total Revenue Expenditure). For BE 2008-09, RBI reported that the estimated expenditure on salaries was Rs. 163915 crore (29.4% of Total Revenue Expenditure).

1.1.4   Expenditure on salaries (even without including salaries component of grants in aid to local bodies and grant in aid institutions) has been pre-empting major

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[3] Study of State Budgets 2008-09- RBI
[4] Statement 44 of Study of State Budgets - RBI.

share of states' total revenue expenditure. For much of the pre-Fifth Pay Commission period i.e. until 1996-97, this expenditure was about 1/3rd of total expenditure. This expenditure shot up to consume about 2/5th of states' total expenditure in the aftermath of 5th Pay Commission. High economic growth in the first decade of twenty first century, low inflation regime and measures taken by state governments including not offering DA in line with that of GoI did bring the salaries expenditure to less than 30% of the total expenditure from 2004-05 onwards. However, with economic growth slowing down, inflation rearing its head and 6th Pay Commission again providing a substantial bonanza to the public servants, the cost of salaries is likely to go up beyond 1/3rd of states' total expenditure very soon.

1.1.5   States' expenditure on 'salaries' object head since 1991-92, reproduced from RBI Study is at Annexure 1 to this chapter. Salaries expenditure as a proportion of states' total revenue expenditure (derived from RBI study) is at Annexure 2 to this Chapter and as a proportion to states' own tax revenues is at Annexure 3.

1.1.6   Pension expenditure is captured under major head 2070 under our system of accounting. Pensions expenditure is therefore more accurately and easily available. States' expenditure on pensions for the financial year 2006-07 (actual) was Rs. 46861 crore, for 2007-08 (RE) Rs. 56002 crore, and for 2008-09 (BE) was Rs. 62728 crore. Pension expenditure ranged from 5.8% (Maharashtra) to 15.8% (Kerala) of Total Revenue Expenditure (TRE). For special category states, the expenditure on pensions varied from 2.6% in case of Sikkim to 11.9% in case of Himachal Pradesh. Average expenditure on pensions for all states was 9.3% of TRE in 2006-07, 9.2% of TRE in 2007-08 (RE) and 9.1% of TRE in 2008-09(BE)[5]. This expenditure includes small amounts of pensions admissible to legislatures, but does not include the expenditure on old age pensions, pension paid by urban / rural local bodies (wherever applicable) other social security pensions. Therefore, this expenditure only reflects states' actual outgo on civil service pensions.

1.1.7   States' expenditure on pensions since 1990-91 is reproduced at Annexure 4, with trend growth rate for all states together and separately. States' pensions' expenditure has grown from mere Rs. 3592.91 crore in 1990-91 to Rs. 62728 crore in 2008-09, with trend growth rate of 17.13%. Pension expenditure of the states also shoots up after every Pay Commission. The pension expenditure jumped by as much as 39.37% and 40.28% in the year 1998-99 and 1999-2000 (over previous year). Pension expenditure growth had also displayed a slowing tendency on account of moderate inflationary trends, some states going in for raising the age of retirement between 2001-08 while few altered their commutation formulae to discourage pensioners to opt for commutation. The annual growth rate in pension expenditure came down to about 10-12% per annum during this period. Pension expenditure as a percentage of total revenue expenditure for all states is shown at annexure V. However, with 6th Pay Commission again providing a handsome increase in

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[5] RBI Study on State Finances 2008-09

pension benefits, next few years are likely to see average growth rates of over 20% per annum on average.

1.1.8 States' expenditure on salaries and pensions together are about 40% of Total Revenue Expenditure. With grants in aid to local bodies, other state organisations and aided education institutions included, the expenditure on salaries and pensions will definitely exceed 40-45% of total revenue expenditure.

1.2 Need for Estimating Present and Future Staff Costs & Data

With salaries and pensions forming over 40% of states' aggregate revenue expenditure, the need for estimating present and future staff costs can hardly be over-emphasised. Present system of accounting does not capture past and present costs of staff fully. In the absence of full accounting and absence of demographic trends of employees, which vary from state to state, estimating future staff costs under the present institutional arrangements appear quite impossible. Any trend based projections turn out to be substantially off the mark and results in substantially inferior decision. Sixth Pay Commission estimated the impact of their recommendations on states to be only about Rs. 18000 crore. State of Maharashtra alone is paying arrears of over 18000 crores. Present and future staff costs need to be estimated for various purposes.

1.2.1 **Budgeting:** State Governments have been following a traditional approach, enshrined in their budget manuals for ages, to estimate salaries budget (at object/detailed level), which then becomes part of functional/ programmatic/ schematic expenditure at major head, minor head, sub-minor head and loses its separate character. Typically, heads of office fill out forms to prepare RE for current year and BE for next year taking into account first four/ five months of actual and estimating requirement of salary budget (accounting for vacant posts) for the remaining part of the year. DA etc. is added as per view in the Finance Department. Almost all states do this estimation based on numbers of posts sanctioned in the office/department, and which posts are vacant taking into account current salary profile of the existing incumbents. Almost no state, other than Uttarakhand, has a pay-roll of employees which can be used for estimating salary requirement.

1.2.2 Salary component of grants in aid to various institutions, including local bodies and educational institutions is not captured as salaries even at object/ detailed head, though estimates of salary requirements are made much the same way as for the government department/ offices.

1.2.3 Present system of budget estimation works satisfactorily only to the extent of estimating RE and BE in a 'normal' or 'routine' year. It does not serve the purpose when impacts of any 'abnormal' event are to be factored in. Most states cannot do any scenario analysis. Trend growth at aggregate level also does not serve well when medium term estimates are to be made. Budgeting would be far more accurate if budgets are prepared based on individual level demographic and pay data.

1.2.4 Present system of pensions' budget estimation is still sketchy. Most states depend upon Accountant General to provide budget estimates of pensions, instead of doing it themselves. AG has no wherewithal for estimating pension budget and therefore most AGs just go by a trend increase and provide 'budget estimates'. AG has no data on retirement profiles of the Government servants or even the current levels of pensions. AG's have only PPO data at best, that too mostly non-computerised. Pension budget does not receive much attention in the Government presently, being considered as 'non-discretionary' head of expenditure.

1.2.5 Governments' ability to make budget estimates for taking into account any parametric change which may be effected in years to come or to take into account events like Pay Commission is still more limited.

1.2.6 Pension budgets are at best very passive budgets.

1.2.7 **Fiscal Responsibility Disclosures:** As many as 26 states out of 28 states have adopted Fiscal Responsibility legislations. Only states of West Bengal and Sikkim have not enacted fiscal responsibility law. Five states had done it as part of their structural adjustment programme with multilateral agencies (Karnataka, Kerala, Punjab, Tamilnadu and Uttar- Pradesh) during 2002-2004; rest of 21 states did so following recommendations of Twelfth Finance Commission providing for debt consolidation linked with enactment of fiscal responsibility and budget management (FRBM) law.

1.2.8 Many FRBM law mandates states to provide details of salaries, no. of employees and actuarially assessed pension liabilities in their budget documents. Clause 7(2) (iii) of Andhra Pradesh Fiscal Responsibility and Budget Management Act, 2005 provides for actuarially assessed pension liabilities. To quote:

> "(iii) the estimated yearly pension liabilities worked out on actuarial basis for the next ten years.
>
> Provided that in case it is not possible to calculate the pension liabilities on actuarial basis during the period of first three years after the coming into force of this Act, the State Government may, during that period, estimate the pension liabilities by making forecasts on the basis of trend growth rates (TGR)."

1.2.9 Similarly, Section 3 of Gujarat Fiscal Responsibility Act, 2005 mandates the State Government to provide Medium Term Fiscal Policy Statement and the Fiscal Policy Strategy Statement along with the budget. The act mandates state to provide following estimates u/s 3 (c):

> "(c) the estimated yearly pension liabilities worked out on actuarial basis, for the next ten years, within such period as the State Government may, by order, specify."

1.2.10 No actuarial assessment of pension liabilities can be made unless the states have demographic and pay data for not only on pensioners but also the employees. As states did not have this data, states have not been able to make compliance with this stipulation.

1.2.11 **Impact Analysis for Designing and Implementing Pay Commission Awards and Expansion of Benefits**: Pay Commissions recommend several structural changes in the pay and allowances system of the central government servants. Most states are forced to consider application of central pay commission recommendations to their employees also. While some states adopt the recommendations as it is, most states make some material deviations in terms of either the applicability of date of award, granting or not granting benefits like transport allowance and in terms of applicability of new scales/ pay bands/ grade pay to their employees. However, almost all states feel constrained to work out impact of applicability of recommendations as it is and more particularly when any variations are to be made.

1.2.12 In the absence of data of 'employees', their classification on the basis of existing scales, designations and classes, regular or otherwise status of employees, most of these exercises tend to be very rough. Many times, decisions get taken assuming implications to be very small, which turn out to be very costly later on.

1.2.13 **Estimates for Finance Commissions:** Finance Commission needs to make expenditure estimates every five year. Unless the Finance Commission is able to project the expenditure accurately over the five years of their recommendation period, it is not possible to make fair recommendations for sharing of central taxes. All Finance Commission try to get the detailed data on employees and pensioners. Finance Commissions also try to get the embedded salary expenditure in grants in aid to local bodies, aided educational institutions and the like to find true extent of committed liabilities on account of salaries and pensions for the state and central government. Twelfth Finance Commission made serious effort to get this data and expenditure details. Unfortunately, the efforts were only partially successful. Many states were able to provide only rough numbers of employees. It was also not certain whether what they were reporting as employees were actually all employees or even non-employees like persons employed on consolidated payments or persons working on honorarium like anganwadi workers were included as employees. On the converse, there was also lot of doubt whether all eligible classes of employees have been included in the details or not.

1.2.14 The attempts of Twelfth Finance Commission did not succeed fully in getting the data on grant related expenditures also. The expenditure estimates on salaries and pensions were certainly constrained on account of these factors.

1.2.15 Finance Commissions probably cannot even think of asking individual data on employees and pensions with demographic and pay details to be able to make better estimation of trends of expenditures and also to work out impact of any changes which Finance Commission may think worthwhile to be made. In the absence of detailed data, it is also not possible for Finance

Commission to bring out differential in pay and allowances system of the states and the financial implication thereof. Finance Commission may need to do so to normalize the expenditure on salaries and pensions by taking a standard compensation package for different grades and classes of employees, but this certainly is not feasible presently.

1.2.16 **Human Resources Management**: Human resources management requires data on employees individually and in groups of similar attributes. No state in India (barring partial implementation in Karnataka) has been able to institutionalize a system of human resource management primarily on account of lack of computerized information on employees, which can then be organized into different kinds of groups for various human resources management purposes.

1.2.17 **Fiscal Accounting**: As referred above, the salaries expenditure is captured at the object/ detailed head level only and not as a separate head. AGs have also not been reporting on salaries data in the Finance and Accounts. However, lately, AGs have also, taking cue from fiscal responsibility laws, been asking states to provide data on salaries, pensions, number of employees and pensioners, divided into classes of employees and their services. Some Finance and Accounts now have a statement on employees and salaries expenditure.

1.2.18 **Liabilities Estimation:** Under defined benefits (DB) pension scheme, government commits to pay certain pension benefits to the employees, serving and retired both. Most these systems run on 'Pay As You Go' (PAYGO) system where existing employees make contribution to the Fund, which pays pensions to the retired (or non-active employees). In our country, there is no fund to pay pensions from. Pension expenditure is charged to the current revenues. Committed pension liabilities (all pension liabilities for the employees already retired and the pension liability for the period already served for existing employees) are actually debt obligation of the states, which is continuously discharged in the form of pension payments. Estimation of this pension liabilities or implicit pension debt (IPD) cannot be made accurately or even with close approximation unless there is data on employees and pensioners.

1.3 **Inevitability of Employee and Pensioner Databases for Estimating Staff Costs:** Present system of accounting and estimation cannot yield anything except very broad estimates. These cannot also ensure compliances with various requirements of FRBM and other laws. The needs of Pay and Finance Commission, need for estimating the costs of various decisions which are to be made cannot be met unless the state government have detailed demographic and pay data on all their employees and pensioners. Availability of such data for employees and pensioners of local bodies, aided educational institutions and other organisations which depend on the state government to directly or indirectly fund the salaries and pensions expenditure can only serve these needs. Such databases are sine qua non for accurate budgeting, liabilities estimation, compliances with statutory obligation like FRBM and also better administration.

Annexure 1:

A. States' Expenditure under object head 'Salaries & Wages' – 1990-91 till 2000-01

(Rupees Crore)

	1990-91	1991-92	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	TGR
Andhra Pradesh	2,048	2,470	3,622	3,773	4,219	4,768	5,936	6,668	7,978	12.84%
Assam	–	–	–	–	–	–	–	–	3,264	
Bihar$	2,410	2,640	3,448	3,833	4,047	4,561	5,321	6,686	7,129	10.60%
Chhattisgarh	–	–	–	–	–	–	–	–	833	
Gujarat	636	765	1,049	1,299	1,345	1,547	2,124	2,116	2,229	12.95%
Haryana	687	774	1,171	1,369	1,597	1,827	2,703	2,627	2,687	15.12%
Himachal Pradesh	–	–	646	769	879	1,053	1,412	1,578	1,683	17.09%
Jharkhand	–	–	–	–	–	–	–	–	–	
Karnataka*	1,289	1,431	2,213	2,481	2,871	3,365	3,810	4,576	4,630	13.55%
Kerala	1,683	1,384	2,194	2,230	2,617	2,842	3,298	4,566	4,561	12.13%
Madhya Pradesh	2234	2,461	3,308	3,815	4,257	4,795	6,440	7,012	6,015	11.80%
Maharashtra	3,848	4,908	6,837	7,899	8,890	10,074	11,125	16,089	18,188	14.39%
Mizoram	89	104	172	204	240	262	280	393	437	15.58%
Nagaland	–	–	–	–	–	–	–	–	–	
Orissa	906	991	1,427	1,798	2,209	2,814	3,091	3,741	3,803	15.87%
Rajasthan	–	–	–	–	3,089	3,395	4,737	5,043	5,101	13.99%
Sikkim	–	–	–	–	–	–	–	–	398	
Tamil Nadu	2,350	2,530	3,603	4,136	4,818	5,559	7,469	8,295	8,251	13.88%
Uttar Pradesh	2,569	2,585	3,628	4,066	4,670	6,033	6,389	7,054	7,721	11.69%
Uttarakhand	–	–	–	–	–	–	–	–	–	
West Bengal	–	–	–	–	–	5,386	7,098	9,842	9,600	20.61%
All States	**18,515**	**23,042**	**33,317**	**37,673**	**45,746**	**58,282**	**71,234**	**86,285**	**94,507**	**16.47%**

15

B. States' Expenditure under object head 'Salaries & Wages' – 2000-01 to 2008-09

(Rupees Crore)

	2001-02	2003-04	2004-05	2005-06	2006-07	2007-08 (RE)	2008-09 (BE)	TGR
Andhra Pradesh	8,165	8,718	8,825	10,269	11,932	14,020	16,308	10.33%
Assam	3,410	3,877	4,056	4,435	4,715	5,126	–	6.68%
Bihar$	5,276	5,020	5,005	–	–	–	–	-1.69%
Chhattisgarh	1,916	2,059	2,103	2,139	2,501	3,142	4,113	9.93%
Gujarat	2,310	2,548	2,567	2,709	2,801	2,790	3,063	3.50%
Haryana	2,920	3,143	3,455	3,737	4,027	4,679	5,030	7.85%
Himachal Pradesh	1,877	2,148	2,198	2422	2,776	3,144	3,505	8.75%
Jharkhand	–	–	–	–	2,547	3,370	6,187	44.38%
Karnataka*	5,030	5,323	5,530	5,899	6,545	8,383	11,413	10.79%
Kerela	4,263	5,136	5,417	5,677	6,663	8,470	9,326	10.96%
Madhya Pradesh	4,934	4,987	6,200	6,039	6,337	7,562	9,550	8.43%
Maharashtra	18,475	19,627	20,678	22,816	24,222	28,654	38,547	9.60%
Mizoram	474	503	556	544	623	783	873	8.65%
Nagaland	–	–	–	–	1,020	2,300	1,212	8.62%
Orissa	3,736	4,002	4,074	4,350	4,634	5,606	6,267	7.03%
Rajasthan	5,298	5,745	6,081	6,815	7,289	8,117	9,675	8.56%
Sikkim	403	447	449	500	425	456	419	0.65%
Tamil Nadu	8,262	7,966	8,507	8,980	10,695	13,372	17,317	10.36%
Uttar Pradesh	6,962	8,039	8,423	9,057	9,869	11,871	13,744	9.30%
Uttarakhand	–	–	–	–	2,271	2,303	3,095	15.48%
West Bengal	9,297	9,451	9,801	10,190	10,876	12,809	13,821	5.78%
All States	**93,008**	**98,741**	**1,03,924**	**1,06,578**	**1,22,768**	**1,46,957**	**1,73,465**	**8.62%**

BE: Budget Estimates; RE: Revised Estimates; '–':Not available;
$:Figures since 2001-02 relate to bifurcated Bihar; *: Relate to Salary Expenditure;
#:Figures since 1998-99 relate to compensation of employees
Source: RBI. Since the figures of Madhya Pradesh for the years 2006-07, 2007-08 and 2008-09 missing in RBI data, these are taken from FRBM Madhya Pradesh.

Annexure 2: Salaries expenditure as a proportion of states' total revenue expenditure

State	1990-91	1992-93	1994-95	1996-97	1997-98	1998-99	1999-00	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 (RE)	2008-09 (BE)
1 Andhra Pradesh	37	38	38	29	33	35	37	33	31	29	28	29	29	25	23
2 Assam	–	–	–	–	–	–	–	50	51	46	40	42	41	30	-
3 Bihar$	49	46	45	49	51	50	42	42	36	34	34	–	–	–	–
4 Chhattisgarh	–	–	–	–	–	–	–	39	35	31	30	29	28	25	30
5 Gujarat	16	14	14	13	13	14	12	10	12	12	11	11	10	9	8
6 Haryana	36	37	19	24	28	39	38	34	34	31	30	30	25	26	25
7 Himachal Pradesh	–	–	40	41	39	42	41	41	40	38	38	–	36	40	38
8 Jharkhand	–	–	–	–	–	–	–	–	–	–	–	–	23	26	46
9 Karnataka*	33	30	31	28	31	31	30	27	26	25	22	21	20	22	25
10 Kerala	60	39	43	39	35	36	40	37	32	33	32	31	32	32	33
11 Madhya Pradesh	–	43	42	37	41	45	44	34	37	27	33	29	28	29	30
12 Maharashtra	44	48	46	43	44	43	55	48	46	46	41	44	40	43	49
13 Mizoram	29	34	37	39	40	41	44	42	43	39	40	34	36	40	43
14 Nagaland	–	–	–	–	–	–	–	–	–	–	–	–	46	86	45
15 Orissa	41	38	35	43	51	45	44	38	39	37	33	32	29	29	28
16 Rajasthan	–	–	–	37	38	41	38	33	31	31	31	32	29	27	30
17 Sikkim	–	–	–	–	–	–	–	24	23	38	26	28	23	19	19
18 Tamil Nadu	42	34	37	37	37	42	40	38	31	32	29	28	28	29	34
19 Uttar Pradesh	27	26	24	24	27	25	25	22	23	16	19	19	18	18	18
20 Uttarakhand	–	–	–	–	–	–	–	–	–	–	–	–	35	28	36
21 West Bengal	–	–	–	–	48	50	51	40	40	37	35	33	32	32	32
All States	37	36	34	33	34	36	36	36	35	32	31	29	28	28	29
Memo item:															
1 NCT Delhi#	–	–	–	–	33	34	29	22	26	25	25	–	–	–	–
2 Puducherry	–	–	–	–	–	–	–	–	–	–	–	21	23	21	17

BE: Budget Estimates; RE: Revised Estimates; '–':Not available; $:Figures since 2001-02 relate to bifurcated Bihar; *: Relate to Salary Expenditure;
#:Figures since 1998-99 relate to compensation of employees
Source: RBI. Since the figures of Madhya Pradesh for the years 2006-07, 2007-08 and 2008-09 missing in RBI data, these are taken from FRBM Madhya Pradesh.

Annexure 3: Salaries expenditure as a proportion of states' own tax revenues

	State	1999-00	2000-01	2001-02	2003-04	2004-05	2005-06	2006-07	2007-08 (RE)	2008-09 (BE)
1	**Andhra Pradesh**	74	76	65	63	54	53	50	45	43
2	**Assam**	–	231	218	187	150	137	135	146	–
3	**Bihar$**	184	243	216	149	150	–	–	–	–
4	**Chhattisgarh**	–	111	96	80	65	53	50	54	63
5	**Gujarat**	26	25	25	23	20	17	15	13	13
6	**Haryana**	75	62	59	50	46	41	37	37	35
7	**Himachal Pradesh**	254	231	205	218	176	–	168	160	152
8	**Jharkhand**	–	–	–	–	–	–	81	95	112
9	Karnataka*	59	51	51	42	34	32	28	31	36
10	**Kerala**	88	78	72	63	60	58	56	61	59
11	**Madhya Pradesh**	121	107	105	73	80	66	61	64	67
12	**Maharashtra**	93	92	87	78	68	68	60	61	74
13	**Mizoram**	3,673	3,035	2,482	1,479	1,390	989	916	1,135	1,164
14	**Nagaland**	–	–	–	–	–	–	857	1,797	878
15	**Orissa**	220	174	151	121	98	87	76	83	86
16	**Rajasthan**	111	96	93	79	72	69	63	63	66
17	**Sikkim**	–	605	501	414	384	340	246	308	277
18	**Tamil Nadu**	76	67	64	50	44	38	39	46	52
19	**Uttar Pradesh**	75	70	67	59	54	48	43	43	43
20	**Uttarakhand**	–	–	–	–	–	–	90	80	99
21	**West Bengal**	193	162	143	108	99	98	93	93	85
	All States	84	80	73	62	55	49	46	48	49
	Memo item:									
1	**NCT Delhi#**	30	24	23	22	20	–	–	–	–
2	**Puducherry**	–	–	–	–	–	79	78	78	67

BE: Budget Estimates; RE: Revised Estimates; '–':Not available; $:Figures since 2001-02 relate to bifurcated Bihar;
Source: RBI

Annexure 4: States' expenditure on pensions

	State	1990-91	1992-93	1994-95	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 (RE)	2008-09 (BE)	TGR
1	All States	3,593	4,379	6,146	9,827	11,599	16,166	22,679	25,452	28,219	32,019	35,787	37,378	42,416	46,861	56,002	62,729	17.13%
2	Andhra Pradesh	330	444	746	1,004	1,139	1,373	1,657	2,378	2,321	2,594	2,879	3,017	3,308	4,150	4,724	5,203	17.47%
3	Arunachal Pradesh	4	6	8	12	17	32	39	48	54	45	54	70	71	79	80	84	23.09%
4	Assam	49	105	162	214	248	303	518	673	731	679	949	1,062	1,046	1,178	1,427	1,537	21.49%
5	Bihar	187	243	320	702	756	1,024	1,424	1,646	1,780	2,039	2,200	2,325	2,748	2,497	3,124	3,438	21.22%
6	Chhattisgarh								25	457	383	401	534	600	625	718	860	10.73%
7	Goa	8	11	15	24	30	63	68	86	116	140	121	140	156	147	147	269	24.38%
8	Gujarat	204	261	381	609	762	1,237	1,507	1,439	1,502	1,533	1,552	1,892	1,823	2,396	2,569	3,049	18.46%
9	Haryana	190	107	138	244	258	531	587	571	657	732	825	902	1,056	1,173	1,314	1,800	17.80%
10	Himachal Pradesh	49	62	83	127	165	222	445	391	443	570	580	591	678	912	1,049	1,206	21.70%
11	Jammu and Kashmir	41	47	55	105	162	374	413	449	570	638	632	660	730	1,010	1,050	950	26.08%
12	Jharkhand									519	750	905	928	775	791	714	714	27.77%
13	Karnataka	277	349	470	716	809	972	1,539	1,583	1,641	1,896	2,074	2,157	2,313	2,496	3,296	3,500	17.07%
14	Kerala	335	372	565	754	913	1,154	1,808	1,929	1,838	2,058	2,070	2,601	3,282	3,295	4,592	4,569	16.55%
15	Madhya Pradesh	169	255	385	682	753	1,143	1,196	963	1,011	1,240	1,314	1,330	1,548	1,752	1,999	2,299	16.23%
16	Maharashtra	327	368	489	790	919	953	1,590	2,122	2,589	2,756	2,519	2,872	3,463	3,543	4,345	4,564	18.96%
17	Manipur	9	18	26	47	54	54	145	127	140	163	184	183	154	239	218	218	22.12%
18	Meghalaya	6	9	14	21	22	35	40	55	58	77	80	87	84	118	113	126	20.48%

BE: Budget Estimates; RE: Revised Estimates; '–':Not available; $:Figures since 2001-02 relate to bifurcated Bihar;
Source: RBI

Annexure 4: States' expenditure on pensions (continued)

	State	1990-91	1992-93	1994-95	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 (RE)	2008-09 (BE)	TGR
19	Mizoram	4	5	8	15	16	17	25	40	48	73	106	89	106	77	106	106	25.39%
20	Nagaland	7	9	29	32	34	40	53	88	102	107	123	134	203	202	256	291	21.04%
21	NCT Delhi											30						NA
22	Orissa	75	122	165	253	317	475	688	832	1,003	1,216	1,631	1,260	1,589	1,485	2,101	2,796	24.05%
23	Punjab	130	157	218	348	434	719	1,140	1,117	1,035	1,300	1,420	1,514	1,578	1,905	2,028	2,112	21.10%
24	Rajasthan	238	206	300	490	596	879	1,337	1,693	1,685	1,786	1,913	1,626	1,690	2,116	2,655	3,001	20.78%
25	Sikkim	1	2	3	5	6	15	16	18	21	29	22	31	33	49	49	56	24.89%
26	Tamil Nadu	364	472	636	1,070	1,287	1,691	2,688	2,927	3,050	3,488	4,212	3,902	4,682	5,430	6,718	7,919	20.65%
27	Tripura	18	22	31	45	58	69	111	148	175	245	43	221	260	267	314	349	16.89%
28	Uttar Pradesh	382	474	498	894	1,054	1,776	2,061	2,163	2,392	2,662	477	3,561	4,336	4,850	5,717	6,712	13.86%
29	Uttaranchal								5	26	225	57	354	506	527	660	700	38.25%
30	West Bengal	189	253	401	625	791	1,012	1,582	1,937	2,254	2,595	2,855	3,336	3,599	3,553	3,919	4,302	22.83%

BE: Budget Estimates; RE: Revised Estimates; '–':Not available; $:Figures since 2001-02 relate to bifurcated Bihar;

Source: RBI

Annexure 5: States' Expenditure on Pensions as a Percent of Revenue Expenditure

	2004-05	2005-06	2006-07	2007-08	2008-09
All States	9.15%	9.00%	9.27%	9.24%	9.07%
Andhra Pradesh	9.64%	8.85%	10.02%	8.49%	7.41%
Arunachal Pradesh	4.66%	4.16%	4.15%	3.04%	2.85%
Assam	10.39%	7.16%	10.28%	8.22%	7.67%
Bihar	15.88%	14.26%	12.13%	12.61%	11.88%
Chhattisgarh	7.52%	6.97%	7.10%	5.70%	6.19%
Goa	7.22%	6.89%	5.98%	5.06%	8.18%
Gujarat	7.78%	7.16%	8.20%	7.87%	7.98%
Haryana	7.91%	7.97%	7.17%	7.25%	8.88%
Himachal Pradesh	10.20%	10.56%	11.93%	13.27%	12.93%
Jammu and Kashmir	8.06%	7.51%	10.03%	8.99%	7.97%
Jharkhand	11.02%	7.94%	7.04%	5.45%	5.25%
Karnataka	8.65%	8.12%	7.46%	8.71%	7.66%
Kerala	15.15%	15.56%	15.82%	17.56%	16.14%
Madhya Pradesh	7.38%	7.24%	7.83%	7.55%	7.28%
Maharashtra	5.63%	6.46%	5.77%	6.56%	5.78%
Manipur	11.06%	7.46%	9.89%	8.93%	8.75%
Meghalaya	5.45%	4.48%	6.16%	4.15%	3.95%
Mizoram	6.37%	6.22%	4.50%	5.37%	5.22%
Nagaland	7.94%	9.58%	9.08%	9.52%	10.86%
Orissa	10.18%	10.85%	9.41%	10.66%	12.31%
Punjab	8.80%	8.05%	10.28%	8.28%	8.36%
Rajasthan	8.17%	7.82%	8.48%	8.88%	9.44%
Sikkim	1.79%	1.80%	2.61%	2.02%	2.48%
Tamil Nadu	13.39%	14.08%	14.19%	14.73%	15.40%
Tripura	10.13%	10.15%	10.77%	10.60%	10.03%
Uttar Pradesh	7.98%	8.69%	8.71%	8.46%	8.97%
Uttaranchal	7.03%	7.43%	8.14%	8.09%	8.08%
West Bengal	11.85%	10.82%	10.40%	9.92%	9.90%

Chapter 2

Assessment of Specific States

2.2 We have made assessment of existing databases of employees and pensioners, current payroll and salary administration system, current pension administration and disbursement systems, as well as the existing IT and data management capacity of ten States. This evaluation is based on visits of Subhash Garg, to eight states (Bihar, Jharkhand, Assam, MP, Chhattisgarh and Kerala, Rajasthan, and Gujarat) on different occasions under ADB TA and other programme and the visit of both Gautam Bhardwaj and Subhash Garg to states of Tamilnadu and Uttarakhand as part of Thirteenth Finance Commission Study.

2.3 The individual state's assessment is thus being presented for following ten states based on on-site visit and assessment:

- Tamilnadu
- Madhya Pradesh
- Bihar
- Jharkhand
- Assam
- Chhattisgarh
- Kerala
- Gujarat
- Rajasthan
- Uttarakhand

2.4 TAMILNADU

2.4.1 **Employee Database**: The State does not have any complete database of employees presently. There are four different sets of partially completed employees' databases constructed at different points of time for specific purposes. These four databases are:
- o **Employee Database constructed for Pension Liability Assessment by World Bank**: Tamilnadu was chosen as probably the first state in the country for developing a comprehensive database of employees and pensioners as part of a World Bank initiative in the year 2001-02 for doing implicit pension liability assessment of an Indian state. Using GPF

account number as the identifier, data was collected for state government employees by the treasuries. The database, so created, was used for making assessment of implicit pension liabilities of the state using PROST programme of the World Bank, which were presented in 2004. However, data collection under this initiative proved episodic and except for one more attempt to update the data collected in 2006, the database has not been updated since then and is completely in disuse currently.

o **GPF Index**: General Provident Fund accounts for state government employees (including class IV employees) are maintained by the Accountant General (AG). The state government has entrusted the AG with the responsibility to maintain Contributory Pension Fund (CPF) accounts for the new employees covered under the New Pension Scheme. The State Government maintains GPF accounts of the teachers of aided schools (entitled to pensioner benefits like state government employees) in the state data centre. GPF system and accounts maintained by AG have a provision of collecting some of the data required for demographic database. However, while deductions related data gets posted more regularly, demographic data, collected only once at the time of opening the GPF account, is rarely updated. The GPF database is therefore hardly useful as an employee database. AG is still to commence work for creating accounts and database for NPS employees.

o **Posts Database:** The State Government collects information relating to each post in the Government, along with number of posts created and its' pay-scale in every Department through a Numbers Statement. This exercise leads to creation of an updated and current Posts Database every year as part of the budget exercise. It is, however, not for individual employee or individual post. It, therefore, does not have any demographic data. As per this exercise, sanctioned pasts in the Government are 11,23,874, with 919289 posts filled in. The posts database is HOD wise and broken into permanent and temporary posts also. About 40000 employees were reported to have retired since last budget exercise in the month of August 2008.

o **Health Insurance Database:** The State Government has created a database of employees for State Health Insurance Scheme. This is most comprehensive database and even includes PSU and autonomous employees. This has fields of date of birth and date of retirement. This database, however, does not have pay related data like basic pay and pay scale as the health insurance benefit does not depend on these factors. There are as many as 830617 state government employees who have joined the health insurance scheme, reportedly now reaching to almost

96% plus employees. Break up of total records in Health Insurance Database is as under:

- Government   830617
- Local Body   131026
- PSU & Boards   176332
- Universities   10804
- Total   1148779

2.4.2   State Government has introduced the system of submission of electronic pay bill by Drawing and Disbursing Officers to the Pay and Accounts Officers/ Treasuries. These electronic Pay Bills are prepared by DDOs. For this purpose, a standard electronic programme has been provided to every DDO, which includes all the required pay fields for any pension liabilities assessment, including pay scales, current basic pay and other components of pay, all deductions and so on. DDOs insert changes relating to promotions, increments, leave and other factors having material implication of any employee's pay in the electronic database, for which they have authorisation to do so. Electronic Pay Bill is prepared and printed from this database. This leads to availability of Pay databases with Pay and Accounts Officers/ Treasuries. However, this database is not compiled at the state level.

2.4.3   There is thus no single complete database of employees' demographic and pay information with the state government currently. GPF number is available in both Health Insurance Database and Electronic Pay Database. Only date of Joining Service seems to be unavailable in both Health Insurance Database and Pay Database with Treasuries. It should be possible to create a functional employee database by first creating a centralised Pay Database and then merging the required fields from Pay Database and Health Database. This may, however, be said that merging of databases is not quite easy, especially if merging field GPF number is not similarly captured in two databases or there are errors in recording GPF numbers for records in two databases.

2.4.4   **Pension Database:** State Government has not taken over pensions authorization work from Accountant General (AG). Accordingly, all Pension Orders (PPOs) are issued by AG. Pension is disbursed directly by treasuries and also under Public Sector Pension Disbursement Scheme. Almost 80% pensioners have opted for disbursement by treasuries. All PPOs are received in respective treasuries or one dedicated pension treasury in Chennai upon issuance by AG for first payment. At this point of time all the demographic data from PPOs are captured in Pensions Database Software. This results in creation

of Pension Database at Treasury/ Pension Treasury level. Features of this Database are:

- All Pension Payment Offices and Treasuries have this pension software since 1997 which is compulsorily used to capture PPO data in decentralised mode in all these offices.
- Data entered at the time of disbursing first pension from PPO is most comprehensive. There are 53 unique data-fields in the Pension Database, spread over 3 files. It has all the fields required for pension liabilities assessment.
- This database is spread over the State in treasuries and pension payment treasuries. So far, this is not centralised. However, this is quite easily possible.
- A new programme (e-pension) is under testing which will be web-based and consequently will be able to create a state wide pensioners database.
- Treasuries use ECS and a surrogate ECS system (data in CDs, using core banking solution) to disburse pensions directly. The current pension data is also fully updated for the pensioners which receive pension through treasuries.
- Current pension payment data for pensioners drawing pension from banks only is the missing piece in the pension database.
- There is move to transfer PPOs from AG to treasuries electronically and also to link up GPF database with AG with PPO issue work.

2.4.5   State is fairly advanced in terms of collecting pensioners' data. Database spread over pension treasuries and other treasuries can be easily consolidated in a single state level database, which is the State is already in the process of doing. State Government will need to input current pension payment details for the pensioners which are being disbursed by public sector pensions.

2.4.6   **Pay Bills**: There are 19000 DDOs, including about 3000 self-drawing DDOs in the State. Pay bills have been reengineered three years back and are now A-4 print compatible. Pay bills have fields like Pay Scale and detailed break up of pay and deductions. Pay Data with DDOs is used to prepare pay-bills. Pay bill data with DDO is updated. All changes in the pay- increment, promotion, etc. have to be entered into the database before pay bill is generated. Physical bills duly signed and electronic pay bill in CDs etc. are delivered to Treasuries, which use these to create Pay database.

2.5 MADHYA PRADESH

2.5.1 Department of statistics reported that number of state government employees declined from 513779 to 494131 between financial years 2001-2004.

2.5.2 State adopted NPS by excluding both temporary and permanent government employees appointed on or after January 1, 2005 from the defined benefit pension scheme and mandatory government provident fund. New employees were to be enrolled in the new contributory pension scheme (CPS). The state issued interim orders on 13th April 2005 for the new scheme to begin receiving contributions from employees and, for depositing the state's contributions, and for maintaining employees' individual retirement accounts. The contributions were to be held in the public account of the state. The State initially explored the possibility of the AG maintaining the CPS accounts. However, this did not work out. Finally, the State Government created NPS database in the Pensions Directorate. Currently, NPS deduction is made through the Pay Bills and Government contribution is made by the respective DDOs.

2.5.3 **Pensioners' Database**: State pensions were authorised by the Accountant General until 1986 when the state began to take over. By 1996, the state had taken over pension authorisation work fully and the regional Joint Directors (Pension) were authorised to sanction pensions. As a major decentralisation measure, authority to issue pension, gratuity and commutation payment authorisation was delegated to district treasury officers in September, 2002 (except for head of department establishments located at Bhopal, which is with Joint Director Pensions Bhopal). The software programme at treasury generates the Pension Payment Order (PPO) entering the entire data of pensioner in SFMS data base. Approval of the family pension is also completed within the SFMS data base. This automatic data base exists since September 2002.

2.5.4 District treasuries have also entered data from the Pension Payment Orders of all current pensioners in 2003-04 by recalling PPOs from the banks. MP thus has complete demographic data base of pensioners including details of PPO number, date of PPO, name of the pensioner, date of entry in government service, date of birth, date of retirement, name of spouse for family pension, designation of last employment and office, monthly pension, amount of family pension.

2.5.5 The database created in the treasuries has provision for entering current payment details like basic pension, dearness relief, but this is done only at the

time of first payment on PPO. Almost all pensions in MP are disbursed by the Public Sector Banks. The Banks do provide scrolls every month containing details of pensions paid to each pensioner. However, these details are not entered in the treasuries' pension data base. Accordingly, the pensioners' database in MP does not have current pension details.

2.5.6 Government of MP has attempted to update the demographic database for current pension payment details. Taking advantage of the fact that SBI has digitised all PPOs with them and are disbursing pensions by electronic credit into pensioners account directly from one centralised office, Government of MP has obtained current pension payment details in electronic form of scrolls. For non-SBI Banks, Pensions Directorate of MP collected all manual scrolls from treasuries and digitised the entire manual scroll data. The current pension databases of SBI and Non-SBI Banks thus are available with Government of MP.

2.5.7 MP attempted to match and merge the demographic database and payment scrolls data using PPO identifier as the unifier under the ADB TA Programme. However, on account of several constructional problems in the unifier, not more than 60% of pensioners' data could be merged. This experience suggests that this process of digitising scrolls data and then match-merging the same with demographic database, even when such database exists may not really work.

2.5.8 MP, to sum up, has complete demographic data of pensioners, but does not have a complete pensioners' database on account of current payment data not being in the database.

2.5.9 **Employees Database**: State Government of MP was one of the pioneering states in the country to attempt to create a comprehensive employee database. The state attempted in 2002-03 to create a comprehensive employee database, which included fields for:
- Demographic data: employee's name, father/husband's name, class, sex, date of birth, domicile, unique employee code (to be allotted by Department)
- Details of first appointment: designation, class of post, type of post, joining date, pay scale, administrative department, code of administrative department, appointment order number and date, appointing officer and address of his office, order details creating the post
- Current posting details: designation, class of post, type of post, pay scale, administrative department, code of administrative department, name and address of office, drawing and disbursing officer with address, code of drawing and disbursing officer, name of concerned treasury

- Details of employment of husband/wife: name, where employed, designation, department, name of office and address, employee code if allotted by Department
- Details on service history: promotions/ selection scale, details of special/advance increments, breaks in service, dies-non (days which not only do not count but also invalidate the previous service for pension purposes), unauthorised leave in excess of 120 days, child employment, un-regularised service, suspension period not counted for service, details of punishments imposed, details of foreign service
- Other detailed data including: details of employee insurance scheme, details of family, nominations for GPF, DPF, Gratuity, commutation, GIS, FBF, details of loans taken for house building, scooter, motor cycle, computer, and others, details of loans recovered, details of part final payments.

2.5.10 State Government also decided to create Pay-Record Database for all its employees in year 2002, as part of Employee Database. The Pay-Record Database was designed to capture:

- Details of Pay and Allowances: Name of employee, unique employee code, Designation, Unique Post Code, Account Head for pay, grade of pay, basic pay, personal pay, date of next increment, dearness allowance, allowances- HRA and CCA, other allowances, Total, suspension details, class of government house, if allotted)
- Detail on GFP/DPS accounts: GPF/DPF number, balance as on 31-3-2002 as per pass book, balance as per last slip issued by AG, amount of loans given, no. of instalments for recovery of loans given, amount of recovery instalment, amount recovered to date, balance to be recovered, balance number of instalments.
- Other Deductions: income tax, profession tax, general insurance, FBF, vehicle rent amount, licence fee for government house, MPLI/PLI, total.
- Details of on pay advances: amount advanced, principal repaid, interest repaid, amount of instalments, serial number of present instalments/total instalments for following types of advances: salary advance, house building advance, scooter advance, motor-car advance, computer advance, contingency advance, travel advance, and others.

2.5.11 This project was initiated in 2002. A massive effort was launched to collect all the above details. By 2003-4, as many as 517,000 records were entered in the database. Pay-Record Database form was also completed and available details

were entered by the concerned treasuries and made into a part of the employee database. However, very few of these details were actually available in the database.

2.5.12 The data in this database did not get verified and very quickly became out-of-date. Moreover, as this was also a one-time exercise and, in the meantime, almost all financial information, has undergone substantial changes, the entire proved to be much less relevance and value in 2006-07.

2.5.13 Government of MP, agreed as part of ADB TA exercise, to expedite migration of all DDOs to present electronic Pay Bills and process their salaries under SFMS using electronic pay bills. Between 2006 and 2008, almost 100% of DDOs (over 8000 in number) migrated to electronic pay bills and pay processing in SFMS software.

2.5.14 The Government also agreed to link the Employee Database created in 2002-03 with the Pay record database in the SFMS. For employees, whose demographic details did not exist in the Employee Database, their details were entered by DDOs by visiting treasuries.

2.5.15 Today, the state of MP has a complete Employee Database, with both demographic and pay details. The Database has been subjected to several analytical tests and all possible duplicates, inconsistencies, deficiencies and errors. These have also been more or less rectified. MP's Employee Database, with constant transactional updation is quite good.

2.6 BIHAR

2.6.1 It was indeed a sad commentary on the state of affairs in Bihar that Government did not have any firm estimates of their employees in 2005. The state did report to the XII Finance Commission (TFC) about the number of employees. The TFC reported the following trends in employment for Bihar:

Class of employees	1998	1999	2000	2001	2002	2003
Government employees	570241	548075	531633	515684	470825	462137

2.6.2 The state adopted NPS for all government employees appointed on or after September 1, 2005. The Government entrusted work of maintenance of the accounts to the Directorate of Provident Fund/District General Provident Fund

Officers (DGPFO) and allotment of a permanent account number to each subscriber. GPF accounts in the state, unlike many other states where AG maintains GPF accounts, are maintained by the DGPFO, who are officers of the state government, The state had taken over the maintenance of GPF accounts for all its' employees from Accountant General w.e.f. 31.3.1981. Offices of district level district provident fund officers were created on 1.4.1986 and, since then, the GPF records have been maintained by them. The state thus has an institutional mechanism to keep individual records.

2.6.3   Accounts and records maintenance by the offices of District General Provident Fund Officers is not of satisfactory quality. Most of these offices function on the basis of verified statement provided by the DDO, rather than maintaining records on their own.

2.6.4   State Government has taken several path-breaking measures in last three years. State decided to computerise entire financial transactions by entrusting TCS to install a comprehensive treasury management and financial information management system in the state. The system has been designed and it has been installed in several treasuries by now. Soon, it is expected that treasuries of entire state would be fully computerised.

2.6.5   **Pensioners' Database**: Pension authorisation to all classes of the state government employees is centralised and is made by the Accountant General. The AG issues the pension payment order (PPO) and other benefits payment orders like Gratuity Payment Order (GPO) and Commutation Payment Order (CPO). The family pension order, including the survivor pension is also issued along with the PPO. Pension cases come back to AG for revision of the pension whenever the pay on the basis of which the pension was sanctioned undergoes changes. Dearness relief is granted by the bank disbursing the pension. Pay revision is also allowed to be done by the Banks on the basis of government order as an interim measure, but requires to be formally approved by AG in course of time.

2.6.6   It was made mandatory during 2005-06 that pensions would be disbursed only by account payee cheque, after some cases of fraudulent disbursement came to light. As the treasury could disburse the pension only by way of bank authorisation, almost all government servants opted soon to receive their pensions through the banks.

2.6.7   Every month the banks provide a list (scroll) of pension payments by pensioner in two copies to each district treasury officer.

2.6.8 District treasuries have no database of pensioners. Treasuries only maintain a manual register to record very basic PPO details, when the PPO is received, and the fact of transferring it to the pensioner's designated bank. Thereafter, only death is recorded whenever the bank informs treasuries, which may or may not actually be recorded. Treasury records of pensioners are very poor, and the treasury register is not put to any MIS use.

2.6.9 Accountant General's office, as a pioneering effort in the AG offices in the country, started generating all PPOs by using computer software developed by AG office locally in 1996. This created a database of PPOs in the AG offices for all PPOs issued after 1996. In addition, the AG started maintaining two more electronic registers for gratuity and commutation payments.

2.6.10 The AG also computerised and linked all three registers. AG's databases thus can provide unified data for each PPO for sex, name of the pensioner, treasury/sub-treasury concerned, last office address, date of birth, date of joining, date of retirement, date of death (if intimated), last pay, average pay, regular pension, family pension, provisional gratuity, final gratuity, spouse name, relation, commuted value of pension and date of entry in the data base.

2.6.11 The AG has inputted the PPO data for the years 1986-1996 as well, which are in very good shape. However, attempts to locate PPO records since 1950 and computerise the same did not however succeed much.

2.6.12 Unfortunately, the AG's pension database did not have current pension payment details, as AG also did not see any use in entering current pension payments details received from banks (via treasuries) in the scrolls in the database.

2.6.13 Thus, while AG Bihar's attempts to create a pensioners' database were quite pioneering, the inability to bring up records of pre-1986 and also to update them for current pensions details, make the AG database not very useful for any liability, budgetary or any other managerial purposes.

2.6.14 SBI in Bihar has also computerised all PPO data for the pensioners' who are disbursed pensions by SBI. This database is quite robust and is complete in respect to both demographic and current payment details.

2.6.15 Government of Bihar has taken up with non-SBI banks to provide required demographic and current pension details in electronic form in a format and under

a special software programme prepared under ADB TA. These efforts are still to yield pensioners' data from most non-SBI Banks.

2.6.16 For the present, the state of Bihar does not have a complete pensioners' database.

2.6.17 **Employees' Database**: The GPF system was the only individual employee based record of state employees, other than the service books maintained by Heads of Offices in 2005. The DGPFO maintained a manual Index of all provident fund accounts opened in his district. The Index has fields for new account number of GPF allotted subsequent to the government take over of GPF work, old account number allotted by AG, name, designation and office address of the subscriber, father's name and permanent address, nomination details, date of closer of account, date of birth and date of first contribution. Certain information from this manual registers were inputted for all the districts in year 2003 by NIC and a 'Master Register' was created for all records up to that time.

2.6.18 In the absence of any database of employees in the state, the State Government agreed in 2007 to undertake a massive exercise to collect required data for all its employees in the prescribed format. Government instructed all DDOs to provide the information with due verification in physical formats, which was to be authenticated by the treasuries. All treasuries were then directed to send the physical data to Patna for computerisation. The government used coercive measures like withholding salaries for DDOs not submitting the data.

2.6.19 These efforts led to data for all government employees being received from all treasuries except three. This data was then got entered in electronic form by hiring a professional data entry agency. The data entry was made through a software programme to control the quality of data entry and accurate enumeration. Data entry commenced sometime in August 2008 and all records received from treasuries have been digitised by now. There are in all approximately 3.75 lakh records in the electronic employee database.

2.6.20 Treasury computerisation by TCS has also made substantial progress and more than 20 treasuries have been fully computerised by now. It is expected that all the treasuries will be computerised by year end.

2.6.21 It is expected that data from remaining three treasuries will also be received shortly. ADB team is also going to perform quality checks on the Employee Database so created soon. It should be possible to migrate the database so created to the TCS treasury system thereafter. This would certainly lead to

linkage of this database to pay disbursement system and using the methods employed in MP, it should be possible to create a complete and fully verified employee database in about two years' time from now.

2.7 JHARKHAND

2.7.1 No. of state government employees, as per the details of posts sanctioned collected for use in making budget estimates of salary in 2005, were 209300, with the following break-up:

Class of Employees	No. of Employees
First	1805
Second	10574
Three	132244
Four	64677
Daily/Hon. Workers (three)	1049
Daily/Hon. Workers (four)	36494
Total	**209300**

2.7.2 State made new Contributory Pension Scheme (CPS) applicable to all government employees appointed on or after December 1, 2004. The Resolution of Government dated 9-12-2004 issued in this regard excludes such employees from the benefits of General Provident Fund and Bihar Pension Scheme, 1950. The order provided for maintenance of the accounts under the new scheme by the Directorate of Provident Fund/Offices.

2.7.3 GPF accounts are maintained by the District General Provident Fund Officers (DGPFO), who are officers of the state government, on the lines of Bihar (the unified state of Bihar had taken over the maintenance of GPF accounts for all its' employees from Accountant General w.e.f. 31.3.1981). Offices of DGPFOs were created on 1.4.1986 in the area now falling in Jharkhand as well and the GPF records have been maintained by them since then. The state has created ten new districts and posted DGPFOs in all the 22 districts. The state thus has an operating institutional mechanism for maintaining individual retirement records.

2.7.4 The state government was using, from the time of separation from Bihar and until some time ago, e-khajana and Bhawisyanidhi software developed in the state of Bihar for managing treasury computerisation and the GPF accounts respectively. The software platform was UNIX FoxPro.

2.7.5   The state decided in 2005 itself to move to Oracle based software called Tresnic developed by NIC, Jharkhand. The state government has also completed the State Wide Area Network (SWAN) by 2006 and has introduced real time computerised treasury operations from 2006-07. All the treasuries are now connected to state data centre through SWAN.

2.7.6   **Pensioners' Database**: Division of Bihar into Bihar and Jharkhand disrupted the process of PPOs computerisation in the AG's office. Pension authorisation work was taken over by AG, Jharkhand in phases. Pension authorisation work of non-gazetted officers only was taken over by AG, Jharkhand in March 2003. Pensions of gazetted and all India services officers of Jharkhand was taken over much later in 2006. Moreover, Jharkhand AG decided, for not very clear reasons, not to use the software of the Bihar AG. As no other software was actually put to use by as late as 2008, there is no database of PPOs issued after take-over of authorisation work in Jharkhand.

2.7.7   District treasuries, like Bihar, have no database of pensioners. The treasuries' manual register of PPOs like Bihar is very poor, and the register is not put to any MIS use. District treasuries also routinely pass on the manual scrolls of individual records of pensions disbursed by the banks to AG office, where also the same gets dumped without any use whatsoever.

2.7.8   With no hope of being able to create any database of pensioners from state records, the ADB team has suggested to the state government to obtain the database from SBI for the state civil service pensioners taking pensions from SBI. SBI has ready demographic as well as current pensions database with it.

2.7.9   Database of pensioners taking pension from non-SBI Banks is being attempted to be taken from such banks through a software programme designed by NIC in consultation with ADB TA team. The efforts have bore partial success only so far.

2.7.10 For the present, pensioners' database in the state is non-existent.

2.7.11 **Employees Database**: Like Bihar, District General Provident Fund Officer (DGPFO) maintains a manual Index of all provident fund accounts opened in his district. The Index has fields for new account number of GPF allotted since the state took over GPF work,: the old account number allotted by the AG, name, designation and office address of the subscriber, father's name and permanent address, nomination details, date of closer of account, date of birth and date of first contribution. The index register information has been entered into a master

data base at the district level. However, very rarely are all the fields filled in. Also unlike Bihar, NIC did not create any 'master register' of GPF GIR in Jharkhand.

2.7.12 Jharkhand government agreed with the objective of creating employee database in 2006. The employee data form was designed in consultation with the state government. Government felt that the DDOs can be expected to provide the data in soft form through treasuries, which can then be aggregated at the state level. A state wide campaign to collect the data was launched in 2007. Considerable amount of CDs and data was collected. However, lack of data fields protocol, viruses/ damages in CDs, led to tremendous problems in extracting data from the CDs and turning them into one single database.

2.7.13 State Government, taking advantage of SWAN network which connected not only treasuries but also DDOs, decided to ask DDOs to enter required employee data (demographic) directly in the central database. This worked. By now, demographic data of all state government employees has been entered in the employee database.

2.7.14 Additionally, the state government decided to computerise the pay bills process. All pay bills data is stored in the servers and are extractable in monthly pay bills file data. These pay bill data are also complete and in good shape.

2.7.15 It has been possible to match and extract desirable data from the demographic database files created by DDOs and Pay bills data from the treasuries and create a database of employees.

2.7.16 This database is complete and is of high quality. As demographic data of all employees whose salaries are being disbursed has been matched, it can be said with reasonable confidence that Jharkhand has a complete database of employees of good quality.

2.8 ASSAM

2.8.1 As per the statistics published for 2002 and 2003, the status of state government employees was as under:

Class of employees	MEN		WOMEN		TOTAL	
	2002	2003	2002	2003	2002	2003
State Government	262601	260950	52194	52300	314795	313250

2.8.2 As part of the budget exercise, the state government also collects information on the form "L" about all posts in the government and also individual employees appointed against those posts with their pay scale, basic pay and other allowances details. The state government however does not aggregate this information in any database and collects it afresh every year. The information is not reported in any aggregated format.

2.8.3 As per live records of GPF accounts in AG's office, there were 421,053 employees, including 187,111 employees of provincialised schools.

2.8.4 The state decided to introduce a Contributory Pension Scheme (CPS) for all government employees appointed on or after February 1, 2005. No such scheme has however been notified as yet. In a letter dated January 25, 2005 to all Secretaries, Deputy Commissioners and Heads of Departments, the Finance Secretary advised that the following shall be inserted in all advertisements and all appointment letters issued on or after February 1, 2005:

> "Government servants joining the service of the State Government on or after 1st February, 2005 shall not be governed by the existing Assam Services (Pension) Rules, 1969 and orders issued there-under from time to time. So far as their pension and other retirement benefits are concerned, they will be governed by a new set of Pension Rules, which are being formulated in line with the Contributory Pension Scheme announced by Government of India recently."

2.8.5 The state government is still to notify rules or to commence even deductions for the employees appointed after 1st Feb., 2005.

2.8.6 State Government of Assam decided in 2004-05 to go in for a comprehensive and integrated treasury management system and connect all treasuries electronically to the central server at Dispur (Guwahati). The state government has created this integrated network and made it fully operational by 2007-08. This is quite a robust system capable and maintaining databases on real time basis.

2.8.7 **Pensioners' Database**: Pension authorization for all classes of the state government employees, except provincialised teachers (teachers of erstwhile aided institutions were granted government employees' pay scales and pension benefits at different stages, primary education teachers in 1975, secondary and senior secondary schools teachers in 1977, and college teachers in 2005) is

centralised in the office of the Accountant General. Pensions of provincialised teachers are authorised by the Director of Pensions, located at Guwahati.

2.8.8   Pensions are paid through banks and treasuries. Most pensioners take pensions through banks. In Assam, five banks have been authorised by the Reserve Bank of India (RBI) to disburse pensions. Banks provide a scroll of pension payment by pensioner every month to each district treasury officer in two copies. The treasury officer sends one copy to the Accountant General and keeps the second.

2.8.9   District treasuries have no database of pensioners presently, except for small number of pensioners who take pensions from treasuries. This data is in the integrated financial management programme developed by a TCS (comprehensive module for pensions). The pension module contains all of the relevant details of PPOs like number, pensioners' name, employee identity number (presently GPF number), date of birth, last post held, pension category, pension type, pension start date, date of death, date of entry in service, date of retirement, gross service, qualifying service, last pay drawn, family pension details, provisional pension given, nomination details, gratuity details, and commutation details. The pension module also incorporates monthly payment details of pensions paid for pensioners drawing pension through treasuries. The details captured at the time of making pension payments are the same as those are usually provided in the scrolls of the banks.

2.8.10   The Accountant General's office has also fully computerised process for authorising pensions and other retirement benefit payments by 2006-07. Data of all the PPOs from 2000 are available electronically in the database. The AG has not been able to computerise the PPO register of years earlier than 2000. The state government attempted to computerise the PPO registers of pre-2000 period by engaging data entry operator and using them to digitise the data in AG's office. This attempt did not prove successful and quality of whatever data was entered also proved to be of very poor quality. The attempts to complete the PPO database of AG have been abandoned for the present.

2.8.11   Director (Pensions) was operating completely on a manual system except for using computers to type out the Pension Payment Orders during the last few years. The Director (Pensions) office however has PPO details for all the PPOs issued so far. PPOs were issued in sequential order. The PPO registers were in good shape and have data on PPO and GPO numbers, date of PPO, name of the pensioner/family pensioner, date of birth, date of entry in government service, date of retirement, total service, net qualifying service, eligible

emoluments, last pay drawn, last post designation, monthly pension, where payable, gratuity and commutation amounts and nomination.

2.8.12 The Government decided to computerise all the PPO registers of the Directorate of Pension. The state government has successfully completed digitisation of these PPOs. The work is complete and data is of good quality.

2.8.13 Therefore, PPO data of all PPOs issued by the state, other than pre-2000 PPOs of AG office is available in the state and in computerised form.

2.8.14 SBI disburses bulk (over 85%) of state civil service pensions (including for provincialised teachers). SBI has been able to computerise PPOs of all pensioners disbursed by them and are now making credit/ deposit of pensions in pensioners' account directly from Belapur (Mumbai). SBI is in a position to provide all required demographic as well as pension payment data to the state government.

2.8.15 Data from five non-SBI Banks is being collected. This is likely to be completed shortly.

2.8.16 The state government is very close to have a complete database of pensioners, although verification of the databases provided by Banks would need to be made and may take some time.

2.8.17 **Employees' Database**: The state did not have any HR or employee database in 2005-06. The state government decided to create facility of incorporating almost complete conversion of the service book into a computerised data base in the new integrated TCS IFMS programme. The programme provides for creating employee data base containing financial information.

2.8.18 GPF records for all employees, including the All India Services Officers and provincialised teachers are maintained by the Accountant General. GPF system was the only individual employee based record of state employees in 2005. AG has been able to computerise the GPF index register for all GPF subscribers. New applications are processed and GPF numbers allotted by the computerised process. Record of Closure of Account (RCA), is also entered from time to time in the GPF records electronically. The GPF computerized master now has records for all GPF subscribers. Database can segregate the current employee records. There were 421,053 GPF account holders, including 187,111 provincialised teachers in 2005. AG provides a CD of all GPF accounts to the

state government, which in turn uses NIC to host the data on web. Any employee can visit his GPF account on net for the period ending previous financial year.

2.8.19 AG's GPF database however has only certain limited demographic information. This is designed and intended more as a record of deductions, interest credited and withdrawals made, rather than the demographic and financial entitlement database.

2.8.20 The state government therefore decided in the year 2006 to do a complete employee enumeration and create employee database. A comprehensive form was designed which had all relevant demographic and pay information. This form was distributed to the employees through district magistrates and their DDOs. Information provided by employees and duly authenticated by them was verified by DDOs from service records. NIC was used to hire data entry agencies at district level to digitise the entire records and to supervise the process and quality of data entered.

2.8.21 The entire process was completed in the financial year 2007-08. The data entered into at decentralised level has been uploaded into a single database at the state level also. However, functional jurisdiction for the employee database is still with the district treasuries.

2.8.22 Analysis of database so created led to several shortcomings being identified. A good number of employees not entitled to any pensioner benefits like casual labour, anganwadi workers etc. were also found to have been entered as state government employees. However, all these records have been identified and the treasuries have marked them for deletion. Similarly, there were several inconsistencies in terms of age, pay scales, basic pay etc. These have also been identified and have been by and large been rectified.

2.8.23 The employee database with reference month of December 2007 has been completed and is fully ready to be used for any liabilities/ budgetary/ human resources management purpose. The state government has agreed to transfer the database to the TCS IFMS programme. Once transferred, the database can not only be available to be used for pay bill verifications and control, but also be automatically updated in real time. Assam can be said to have created their employee database.

2.9 CHHATTISGARH

2.9.1 Chhattisgarh was carved out of the state of Madhya Pradesh and became a new state on November 1, 2000. Chhattisgarh has continued with most of the rules and regulations applicable in the state of Madhya Pradesh. However, quite a number of institutional arrangements, particularly in treasury and pension's computerisation are different from Madhya Pradesh.

2.9.2 The department of statistics conducts an enumeration of the employees in the public sector on the pattern of Madhya Pradesh. It was reported that there were 219531 employees under 'government employees' category as on 31st March, 2004. This was inclusive of 44407 casual employees in the category of 'government employees'. Excluding casual employees, Director of Statistics enumerated regular government employees in the year 2004 at 175124.

2.9.3 The state is a frontier state in computerisation of treasuries and building up a financial information management system. All the treasuries and sub-treasuries are computerised in the state and linked to the central server at Raipur. The treasury management system, installed entirely at the state initiative in collaboration with NIC is fully functional for more than three years now.

2.9.4 State notified introduction of new Contributory Pension Scheme (CPS) based on defined contribution principles for all new employees, who are recruited on or after 1.11.2004. Initial CPS order provided for 'index numbers' to the CPS employees to be allotted by the Accountant General and Accountant General to maintain the accounts for the CPS.

2.9.5 The AG maintains state employees GPF records also. However, the state AG could not get required manpower support from the CAG and with real time fully connected computerised system at its command, the state government decided to maintain CPF accounts on its' own. The state has been able to create a complete database of NPS employees, has been able to post and maintain individual retirement accounts of all NPS employees.

2.9.6 **Pensioners' Database**: Madhya Pradesh Civil Service (Pensions), Rules 1976 govern the conditions of eligibility, pension benefits and the pension approval process. The eligibility and pensions benefits are similar to what has been stated in MP Annex. MP took over pension authorisation from the Accountant General fully by 1996 and the regional Joint Directors (Pensions) were authorized to

sanction pensions. This system was operative in the area presently forming part of Chhattisgarh also at the time of bifurcation. Chhattisgarh, however did not follow MP's decision to decentralise pension authorisation work to district treasury officers taken in September, 2002. The system of pension authorisation by regional Joint Directors still continues in Chhattisgarh.

2.9.7   Chhattisgarh also does not use the pension software developed by CMC for MP. It has developed its own new Oracle based system. The computerised system has been in use since 2005. Prior to that, all pensions were authorised manually. Pension Software installed in regional directors' office is capable of generating the Pension Payment Order in exactly same format as the manually prepared Pension Payment Order, while at the same time digitising all PPO data at the same time.

2.9.8   There was no database of pensioners in the state in 2005. However, the Government decided to call all PPOs from the Banks and entered all the PPO data in treasuries of the state. This data has been uploaded to the state headquarters. The PPO data, after 2004, is provided by regional directors in soft form. The state has been able to create a demographic database of pensioners and bring it as a single database at the state headquarters. This database is however not checked for its completeness with respect to pension scroll data and does not have current pension details as this was a one-time exercise.

2.9.9   The state government obtained from SBI the scroll data electronically. The comparison suggests that there are several missing pensioners in the demographic database of state. The state government has also advised all non-SBI banks to provide demographic and scroll data of pensioners. Over 70% of data from such banks has been collected and the remaining is expected to be done in about three months' time. The state government is also in the process of obtaining entire demographic and current pensions data from SBI also. It would be necessary to qualitatively check the databases so received from Banks before the same can be accepted as state's pensioners' database.

2.9.10   **Employees' Database**: GPF accounts are maintained by the Accountant General, Raipur. Procedure of creating General Index Register (GIR) is the same as in MP. GPF records were maintained at Gwalior before the bifurcation of the state. GPF records and files of all employees allocated to Chhattisgarh have been called for and taken in the GPF office at Raipur now. There were 137,890 records in the GPF GIR, out of which 11,024 records are for GPF accounts since closed, leaving 126,866 live GPF accounts as of 31st March, 2005. The director of statistics reports only 20,212 class IV employees. As provident fund records of

these class IV employees are kept by government departments themselves, adding 20,212 to GPF records to the 126,866 of AG would provide a total number of employees of 149,078 as on 31st March, 2005. The quality and reliability of GIR has been quite suspect. Given that there are likely to be many multiple GPF numbers, number of live records of 149,078 in the AG GIR suggested that there are many missing records.

2.9.11   The state initially attempted to create an employee database in the Finance Department in year 2003-04. A detailed form was filled in by heads of offices following a circular issued by the Finance Department on June 26, 2003. Each department was given responsibility for collecting the forms from its heads of office.   The forms were then forwarded to a private agency for data entry. However, there was a major dispute between the Finance Department and the contractor, and the exercise got completely grounded, which made the data in forms quite outdated. This exercise was abandoned in 2005-06.

2.9.12   The state initiated the process of creating an employee database in 2006, this time through the treasuries. A form has been designed with the following fields: name of employee, father/husband's name, sex, class (SC/ST/OBC/Gen), date of birth, domicile, GPF account number, first appointment details (designation, class of post, status of post, date of joining, pay scale, administrative department), details of present posting (designation, class of post, status of post, pay scale, administrative department, code of administrative department, name and address of head of office, designation and address of drawing and disbursing officer), details of employment of husband/wife (name, status of employment- state government service, other states/ central government services, others-, designation, department, name and address of office), details of deputation (designation of deputation post, designation of group, pay scale of group, pay scale of deputation post, year of deputation), date of increment, date of suspension, if under suspension, nominations details for GPF/DPF, gratuity, commutation, GIS and FBF.

2.9.13   The forms were signed by each individual employee and concerned head of office. Software was designed for inputting the data electronically.   It was envisaged that the forms will be filled in by the heads of offices electronically and handed over to concerned district treasury officers on floppy discs or CDs. Heads of offices that did not have access to computers were provided the facility to visit treasuries and input the data there, and submit the CD.

2.9.14   The employees' database created using this process. The data entered in the treasuries and provided to the treasuries was integrated at the treasury level and

then uploaded to the state data centre servers. The state government now has this entire data at state headquarters.

2.9.15 The state government has made it compulsory for DDOs to present pay bills electronically. The compliance is now 100%. The electronic data so received for payment of salaries every month is cross checked with employee database and pay related information are updated in the central database. Salary data of all treasuries are extracted directly at the central level and used to update the employee database.

2.9.16 It seems that quite a good number of employees who are not strictly state government employees as per definitions in the services rules of the state were got entered in the employee database at treasury level, which has got transferred to the state level database. These non-employees need to be eliminated from the database.

2.9.17 Quality analysis of Chhattisgarh employee database has also been done. All age, pay, scale related duplicates, inconsistencies etc. have been identified and the state government is in the process of rectifying them.

2.9.18 Employee database in Chhattisgarh is almost ready.

2.10 KERALA

2.10.1 As part of the budget exercise, the state government collects information about all posts in the government. The information is aggregated and compiled in a publication named Appendix I to the detailed budget estimates which is also placed in the assembly. This publication has details on number of posts divided in the two classes of permanent and temporary for all the departments. As per the Appendix I placed along with the detailed estimates for financial year 2005-06, there were 486131 'government officers' comprising 449649 permanent staff and 36482 temporary staff. Government of Kerala treats teachers and non-teaching staff of aided educational institutions as 'government officers'. Their pay and allowances are paid by the government treasuries and their pensions are authorised by the Accountant General.

2.10.2 The state government follows the practice of appointing a new pay commission every five years to review the present structure of pay and allowances, other emoluments and service conditions, including promotion avenues and fringe benefits available to state employees and recommend changes. The terms of

reference also includes examination of the benefits available to the service pensioners and recommend changes.

2.10.3 Kerala was one of the early states to envisage adoption of new Contributory Pension Scheme (CPS). Way back in January 2002, the government decided in principle to introduce new CPS for all fresh recruits who were to join service from 16.1.2002. However, the decision was not implemented. Again, the government announced its' intention to do so in the budget for FY 2005-06 to apply the same with effect from 1.4.2005. This announcement has also not been implemented. Kerala is one of the three states which have decided not to implement New Pension Scheme in the state.

2.10.4 Kerala is the only state in India which has not moved to 'banking treasury' system. Kerala has four types of treasuries- banking, non-banking, pensions (which have been created in large number over 170 to cater only to pensioners and provide deposit services to people) and cash-chest. All four types of treasuries disburse pensions and also offer banking services of savings accounts to anyone. Kerala is the only state which provides savings and term deposits services in treasuries.

2.10.5 **Pensioners' Database**: The age of superannuation in the state is 55, in comparison to 58/60 in other states.

2.10.6 Pension authorization for all classes of the state government employees and staff of aided government institutions is centralised in the office of the Accountant General. Pension cases of aided schools teachers are received through the district education officers.

2.10.7 The Accountant General's office uses a computer programme in EDP (Pensions) section for generating computer printed PPOs since August 2000. A comprehensive database of pension details which includes details of number of PPO, case number, type of pension, name and designation, particulars of orders of pension sanctioning authority, date of PPO, date of birth, date of entry in government service, date of retirement, net qualifying service, amount of last pay drawn, scale of last pay drawn, monthly pension, amount commuted, reduced pension, amount of gratuity, amount of family pension, where payable, and average emoluments details has been created for pensions approved since August 2000.

2.10.8 The PPO registers for PPOs issued prior to August 2000 are manual and the same have not been digitised.

2.10.9 Pensions are paid through treasuries/ sub-treasuries in Kerala largely. Pensioners are offered the services of a specially designed savings account product called Pensioners Savings Treasury Bank Account (PSTB). There are three modes of pension disbursements- cash over counter against the pension bills prepared by the pensioners, deposit in their PSTB accounts or payment by money orders. Pensioners opting for PSTB accounts get automatic credits of pensions in their accounts without the need to visit the treasury.

2.10.10 Over 60% of pensioners take the pension payment through the treasuries. The rest do so through the banks. State Bank of Travancore (SBT) has majority of the pension accounts which have migrated to banks.

2.10.11 The first pension payment is disbursed by the district treasury officer/ sub-treasury (pensions) officer. Details of every PPO received by treasury or sub-treasury from AG are entered in computer software called Treasury Information System (TIS), developed by the National Informatics Centre (NIC). This software is under use in all the district and sub-treasuries of the state. Details of all the PPOs received prior to year 2000 have also been entered into the programme. This software is used in a stand alone manner by each treasury and sub-treasury.

2.10.12 The pension module of TIS contains all of the relevant details of PPOs like PPO number, pensioners' name, his mode of taking pension, date of birth, last post held, pension category, pension type, pension start date, date of death, date of entry in service, date of retirement, family pension details, current pension divided into basic pension, dearness relief, medical allowance, interim relief, provisional pension given, nomination details, gratuity details, and commutation details, whether pension stopped- permanently or temporarily, if permanent- the reason of stopping pension. When a PPO is transferred to the Bank, the same is recorded as permanent stoppage.

2.10.13 SBT has fully computerised their PPOs and the same have been uploaded in their five zonal offices. Pensions are electronically credited in pensioners' savings account by the zonal offices.

2.10.14 Pensioners' data appears to be organised quite well in the state of Kerala. Treasuries have complete database of all the PPOs, including those transferred to the Banks and other states. Treasuries use the TIS as part of their day to day operations. Therefore, with respect to the pensioners which receive the pensions

from treasuries the database is completely up to date. Only current pension details of pensions drawing pension from Banks is not available in the database.

2.10.15 The state government has created a centralised database of state government pensioners' at Trivandrum by collecting the demographic database from the treasuries. It is however not clear whether this has the current pensions details of the pensioners who take their pensions through nationalised banks.

2.10.16 **Employees' Database**: The state embarked on one of the most ambitious programme in year 2005 designed to convert entire manual work process in personnel and pay roll management into a fully computerised process in a web enabled work flow mode. Software for this complete business process re-engineering, called Service and Payroll Administrative Repository for Kerala (SPARK) was fully written up.

2.10.17 The employees' component of this programme captured all details relating to entire life time personal and financial matters of every employee in its ambit. This programme envisaged these details of all employees of the state to be entered in the programme. The heads of offices were supposed to enter all these details in the programme from their original records. The programme was based on feeding all variables which affect personal and pay matter and written the same in codes to give effect to the changes in the entire, selected or individual accounts.

2.10.18 An Employee Data Sheet was also created for facilitating the work of Heads of Offices/ DDOs. It has every conceivable detail. There are as many as 57 entries, with several of them further sub-divided. To describe, the datasheet has following major fields:

A: **Introductory details**: permanent employee number, name, department, office, section, seat number, employment type, service category, designation, Self Drawing Officer code (if any), provident fund type, provident fund number, date of joining the department, date of entry in government service, sex, nationality, date of birth, father's name, mother's name, blood group, religion, caste, category (SC/ST/OBC/OC), ex-service man (Y/N), physically handicapped (Y/N), if yes, nature of handicap, present address, permanent address, PAN number, Ration Card No, Voter ID number, Mobile Number, E-mail address, marital status

B: **Recruitment Details:** Source, type, method, advice memo date, appointment order date, appointment number, entry category, Is district recruitment (Y/N), district from where selected, police verification details

C: Educational Details:

D: Nomination Details:

E: Details of Dependents;

F: Departmental Tests passed;

G: Details of Training Programme attended;

H: Previous Qualifying Service Details;

I: Details of Declaration of Probation;

J: Details of Regularisation;

K: Service Details: department, category, date from, date to, office, designation, basic pay, order no and date, remarks

L: Details of Disciplinary Actions

M: Details of Awards Received;

N: Leave on credit as on----

O: Leaves availed of---

P: Encashment of Leave in Service

R: Annual Performance Reports Submission Details

S: Annual Property Returns details

T: Details of official accommodations availed

U: Details of Loans taken, benefits subscribed

V: Present Salary details: basic pay, bill number, acquittance group, date of last change, next increment due date, salary to be credited at bank, bank code, account number, allowances/additional pay (for all types), deductions and recoveries (for all types)

2.10.19 It was decided to implement SPARK for all offices in a staggered manner. Beginning has been made with the Finance Drawing and Disbursing Officer of the Secretariat (Secretariat has four DDOs). Quite a lot of data for the Finance DDOs have been entered in the database. Pay bills are being generated and printed from the SPARK. SPARK captures and retains all data.

2.10.20 It appears that full roll out of SPARK has not taken place in the state even by now.

2.10.21 GPF records for all employees, including the All India Services Officers but excluding the teachers and non-teaching staff of the aided schools and colleges are maintained by the Accountant General. GPF records of aided institutions staff is fragmented within three departments. Directorate of Public Instructions (DPI) is responsible for maintaining the GPF records of teaching and non-teaching staff or aided institutions upto class X. Directorate of senior secondary education maintains the records for senior secondary aided institutions, whereas Directorate of College Education does it for aided college staff.

2.10.22 AG has a very good computerised programme for maintaining GPF accounts. However, as this does not deal with all the state government employees for which state has taken upon pension obligations and as it is not a comprehensive demographic and pay database, it is not useful as an employee database for the state.

2.10.23 The GPF posting of aided institutions is done only manually in the old-fashioned broadsheets. The record maintenance is also relatively very poor. District Education Officers approve appointments and pay increases of the staff of aided institutions and countersign every pay bill, but these offices only keep a copy of the pay bill and have not created any database of employees of the aided institutions.

2.10.24 The state government still has not been able to create a complete database of its employees.

2.11 GUJARAT

2.11.1 Gujarat has been disbursing pensions to its civil pensioners through its treasury network. Till July 2008, pensioners had the option to take the pensions through nationalised banks also. Although this option was available to the state civil pensioners, only about 10-15% of pensioners were drawing the pension through nationalised banks. The state government decided to discontinue disbursement of pensions through the nationalised banks in July 2008. By now, almost all pensioners earlier taking the pensions through nationalised banks have now been taken over by respective treasuries and presently pensions are being disbursed only through the district treasuries.

2.11.2 The state government provides pensions to its employees, all employees of panchayats, employees of 100% grant in aid institutions (almost all schools beyond primary are 100% grant in aid institutions) and university teaching staff. Government also takes over pension liability of local bodies which on account of their financial weakness are placed in what is described as 95% grant receiving local bodies. The pensioners have the option of opening bank account in any nationalised banks for receiving their pensions. Pension is disbursed only through district treasuries and not any sub-treasuries. District treasuries prepare pension bills for pensioners- usually one bill for each class of pensioners in one bank and then releases pensioners through one consolidated cheque to a bank with scroll of pension payment (including fixed medical reimbursement). The

banks credit the pension amount to each pensioners account. Life certificate is collected through these respective branches.

2.11.3 Database of pensioners is maintained in oracle database at district treasury level. There is no state level database presently, but the same will come up once Integrated Financial Management System is implemented in the entire state. The IMFS is being implemented in the state through TCS and has so far been completed in Ahmedabad. In the second phase, it is being taken up in four more districts.

2.11.4 The district level pensioners database at treasuries has all the relevant details relating to actuarial assessment of pension liability and for doing all other parametric analysis. It has fields for PPO No., Name, Designation, Birth Date, Joining Date, Retirement Date, Expiry Date, Pension Start Date, Last Pension Paid Month, Pension End Date and Last Seen Date. It also has all relevant details for type of pension, and financial details, including break up of financial components. The database has over 70 fields- all defined in types and with sizes.

2.11.5 In the past, some pensions were disbursed by way of money orders and direct cash payment on the counter of treasuries and sub-treasuries. These two modes have also got discontinued in the past. Currently, all pensioners are disbursed pensions directly by treasuries by credit of pensions in pensioners' accounts in the bank.

2.11.6 PPOs are issued by the office of Director Pensions in Ahmedabad. First payment is made through the district treasuries. All payments relating to gratuity, commutation are also authorised by Director Pension and paid through the agency of District Treasury.

2.11.7 Gujarat has comprehensive database of pensioners in decentralised mode in all treasuries using same software programme. It is possible to create state wide database as and when the state government so wants, by calling the data in CDs from the treasuries or by uploading or by transferring them over internet.

2.12 RAJASTHAN

2.12.1 Rajasthan has been proactive in taking over employees' entitlements, GPF and pension accounting matters from Accountant General. The state had taken over maintenance of GPF accounts, issuance of pay slips for pay authorisation and

issuance of Pension Payment Orders from Accountant General way back in late seventies itself.

2.12.2 State Government entrusted the function of maintaining GPF accounts to the Directorate of Insurance and Provident Fund and issuance of PPOs to Directorate of Pension. Directorate of Pension, however, was not entrusted the function of monitoring pension payment administration, which was continued to be supervised by the Directorate of Treasuries and Accounts.

2.12.3 State Government is also running a life insurance scheme for all its employees. The scheme is actually a legacy of pre-independence period, when Jaipur state used to provide life insurance cover for their employees. Life insurance scheme requires demographic data to be collected for all state employees. The state government thus has a demographic database from its life insurance scheme.

2.12.4 The state government modified the submission of pay-bills to treasuries to collect employee data electronically. The DDOs were asked to provide salary bills in electronic form in CDs. The treasuries checked the bills against the database created with them and after making changes if any, printed the physical bills, which was given to DDOs to sign and return for processing for passing. This system was however not made applicable to 'independent sub-treasuries, which were empowered to pass salary bills also.

2.12.5 **Employee Database**: The state government had two employee databases in the year 2005-06. First database was the database created under the life insurance scheme and the Second was created in treasuries under the electronic pay bills scheme. Both the databases were however incomplete.

2.12.6 Database created in the Insurance and Provident Fund Department was quite good with respect to demographic database, but was not regularly updated. Moreover, it did not have pay related information.

2.12.7 Database created in the treasuries was uploaded at the central server of NIC, which provided a comprehensive database with respect to both demographic and pay details. However, this database had two fatal flaws. One, it did not contain data for the employees whose salaries were disbursed from the independent sub-treasuries. Secondly, the initial rigour of database at treasuries was quite relaxed and practically the database was automatically updated for information provided in the new bill by the DDOs, rather than acting as a check.

2.12.8 Consequently, a fresh exercise was undertaken in the year 2007-08. By this time, all independent sub-treasuries were also computerised. Fresh employee data was collected with due verification of employees and the DDOs for all employees. This database is now complete and available in the Directorate of Treasuries for any purpose the Government wishes to use it for. This database is still not transaction based and therefore is not automatically updated.

2.12.9 **Pension Database**: Pension PPOs are issued at regional level, with Director Pension acting as the regional authority for Jaipur division. PPO data gets into pension database at regional level at the time of PPO issuance. PPO data for the period prior to computerised issuance of PPOs has also been substantially entered into the database at the regional level.

2.12.10 Treasuries have created pensioners' database based on PPOs received by them for first payment, and entering pre-computerisation PPO data as one time exercise. This database is used to check the pension payment made by the Banks. Almost all state government pensioners receive their pension payments from banks. The treasury level pensioners database is quite complete. This is now centralised, but can be centralised quite easily at the state level.

2.12.11 State Government has embarked upon an innovative system of reforming its pension management system and for creating pensions database at centralised level. State Government has entered into an agreement with State Bank of India to manage the pensions in the following manner:

a. State Government has declared State Bank of India as its sole pension agency bank, with a single branch at Jaipur acting as the pension nodal bank branch and Jaipur Treasury acting as single disbursing treasury;
b. State Bank, in fist phase, will transfer all state pensioners' files, along with their PPOs etc. to the Central Pension Payment Centre (CPPC), which has been located at the Pensions Headquarters. In subsequent phases, the pension work of the state government will be taken over from other banks and transferred to the CPPC.
c. Pensioners have freedom to opt to receive their pensions in any bank and branch, as long as the branch is capable of receiving payments electronically being a core banking branch;
d. Once a pensioner is migrated to SBI/ CPPC, his pension will be directly transferred/ credited into his account by SBI/CPPC.

2.12.12 The system is under implementation. Once completed, this will be a centralised pension pay roll, being administered by an agency bank, under Public Sector Pension Disbursement Scheme.

2.13 UTTARAKHAND

2.13.1 Uttarakhand was formed in 2000 by separating hill districts of erstwhile Uttar Pradesh and two adjoining plain districts. Very early in their statehood, the state government decided to bring about a fundamental change in system of disbursement of salaries to their employees. Generation of salary bills was centralised in the treasuries and the two pay and accounts offices. DDOs were required to provide information relating to changes in the pay and pay affecting factors like leave/ suspension etc. and also transfers in two specific Performa designed for these purposes. Treasuries/ P&A offices were mandated and enabled to create employees' database to generate salary bills each month. This reform of Pay Bills system has led to creation of employee database in the State. The state has also followed up on another innovation in united Uttar Pradesh of taking over pension disbursements directly by treasuries instead of adopting Public Sector Pension Scheme which use banks to disburse pensions on behalf of the state government, partially or fully. This system has resulted in creation of Pensioners' Database also in the State. Upon introduction of NPS, the state government decided to maintain NPS individual accounts within the treasuries. This has led to creation of NPS database also.

2.13.2 The state government did not rest with the databases being created, updated and maintained at the treasury level. Initially, system of bringing data at the state headquarters by means of floppies/ CDs was adopted, which helped maintain database at the central location. Three months back, the state government has used NIC to install a facility which allows electronic transfer of data every three hours. This helps maintain databases in virtual real time basis.

2.13.3 Employee database and NPS database is at state headquarters in Dehradun and Pension Database is at two regional headquarters.

2.13.4 **Employee Database**: As referred above, the pay disbursement system has been reformed in the state, with a Payroll being created at the treasury level. 17 district treasuries, two pay and accounts offices (PAOs) and 10 upgraded sub-treasuries, in all 29 offices (designated treasuries), have been authorised to disburse salaries. Other sub-treasuries do not disburse salaries. The system works as under:

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a. 29 designated treasuries have created database of employees with all the relevant details as fields with them. The information relating to demographic details (name, age, date of joining, date of birth, sex etc.), entitlements (designation, class of employee, type of service, pay scale, basic pay, other financial entitlements like HRA, DA, etc.) and all deductions (GPF/ CPF, Group insurance scheme, etc.) are all there in the database;

b. This database is authorised to be modified only on the basis of change statements provided by the Drawing and Disbursement Officers (DDOs). DDOs furnish two kinds of statements. One relates to transfers and new appointments. Another provides information relating to matters affecting pay and allowances like leaves, suspensions, increments, promotions etc.

c. Designated treasuries update the employees' databases and also carry out pay revisions based on global events like giving effect to the Pay Commission recommendations. The designated offices also upload the changes in the databases at the central database at Dehradun.

d. Designated Treasuries generate Pay bills DDO wise based on the information in the Employee Database. Net salaries so generated are transferred to the bank accounts of employees using ECS/ EFT wherever possible or by means of cheque, along with details of accounts and amounts in the CDs to the concerned banks.

e. Two copies of salary bills are printed. One is sent to the DDO for their records and checks. The other is sent to the AG for accounting and auditing purposes.

f. The Pay disbursement system automatically and systematically has led to development of a complete employee database which is fully current.

g. Uttarakhand's Employee Database is one of the most advanced in the country.

2.13.5 **Pension Database**: The Pension Database in the state is also complete and fully current on account of reforms in pension disbursement system undertaken by the State Government. The State Government has not only taken over the function of issuing Pension Payment Orders (PPOs) from AG, but also disbursement of pensions is made by the state government directly in place of using nationalised banks for this purposes. With the state government undertaking both the activities, pension database is entirely transactions based and therefore completely current all the time. The system and process of Pension Database is briefly captured here:

a. Pension Payment Order is issued by the Director (Entitlement) under a centralised system.

b. Designated Treasuries enter all the PPO data in pension database when the PPO is received for first disbursement of pension. The data entered is exhaustive and will serve the purpose of any liabilities assessment or estimation exercise.

c. Pension is disbursed by the same designated treasuries directly into the bank account of pensioners. Pensioners have full freedom to open their account in any bank of their choice.

d. As and when the pension is revised or any of the entitlements relating to pension like dearness relief etc. gets changed, the pensioners current entitlements are modified in the database. The fact of disbursement of pension for a particular month is also noted in the pension database. The pension database thus remains totally current and updated.

2.13.6 The state government has also created a state level NPS database also. As all employees under NPS are like other state government employees, their salaries are also disbursed by centralised pay rolls at designated treasury levels, which results in their data also getting captured as part of employee database.

2.13.7 The contributions of employees to the NPS accounts are brought to their individual accounts along with government contributions. The interest entries have also been made. There is complete individual account of the NPS employees. The state government has also established an IVRS system for enabling the employees to call up and find out their current balances in the NPS account at any point of time. There is some reconciliation issue still pending. Minus that, the NPS accounting is fully complete.

Most Advanced and Complete Databases

2.13.8 Uttarakhand does seem to have most advanced databases relating to employees and pensioners in the country and is in ready position to provide any data and estimates relating to employees and pensioners cost to the Finance Commission. There appears hardly any other state in the country in so complete position.

Annexure 1: TFC States Database Study Performa:

THIRTEENTH FINANCE COMMISSION STUDY ON
STATUS OF EMPLOYEE AND PENSION DATABASES IN STATES

Study Commissioned to
Shri Subhash Garg, I.A.S. & Shri Gautam Bhardwaj, IIEF

Kindly Forward the Completed Performa by **Monday, 25 May 2009** *to*
Dr. Kavim Bhatnagar, Senior Pension Policy Consultant
Invest India Economic Foundation Private Limited (IIEF)
D-26, 2nd Floor, Sector III, NOIDA 201 301
Tel: 95120-466 3900. Fax: 95120-423 2122

For clarifications or further information on this performa, kindly contact
Dr Kavim Bhatnagar at +91 98998 87644 or kavimbhatnagar@iief.com

NAME OF STATE: _____

NODAL OFFICER PROVIDING INFORMATION_____

DEPARTMENT / DESIGNATION OF OFFICER _____

TELEPHONE _____EMAIL ID _____

DATE: _____PLACE_____

IMPORTANT: PLEASE CIRCLE THE NUMBER WRITTEN AGAINST THE ANSWER YOU SELECT

1. DETAILS OF EMPLOYEES

SECTION 1: SERVICE BOOK OF EMPLOYEES

1.1	Who keeps the service book of various classes of employees?		
		Class-I Employees	
		* Secretariat	1
		* Head of Department	2
		* Controlling Office	3
		* Regional Offices	4
		* District Offices	5
		* Drawing Disbursing Officer	6
		Class-II Employees	
		* Secretariat	1
		* Head of Department	2
		* Controlling Office	3
		* Regional Offices	4
		* District Offices	5
		* Drawing Disbursing Officer	6
		Class-III Employees	

		* Secretariat	1
		* Head of Department	2
		* Controlling Office	3
		* Regional Offices	4
		* District Offices	5
		* Drawing Disbursing Officer	6
		Class-IV Employees	
		* Secretariat	1
		* Head of Department	2
		* Controlling Office	3
		* Regional Offices	4
		* District Offices	5
		* Drawing Disbursing Officer	6
1.2	Is service book data computerised?	Yes	1
		No	2
1.3	If YES, which Department / Agency is responsible for computerisation of service records?	Provide name of Department / Agency below: _____ _____	
1.4	If answer to 1.2 is YES, to what extent it is computerised?	* Only Basic / Static Data (e.g. Personal Details)	1
		* Information on past transfers / postings etc.	2
		* Information on pay scales, salary drawn etc.	3
		* All of the above	4
1.5	Who is authorised for Pay Fixation for employees?	*(a) Calculation / Issuance of Pay Fixation*	1
		* DDO	2
		* Controlling Office	3
		* Regional Head Office	4
		* Head of Department	5
		* Government Level	6
		* Treasury Officer	7
		* Competent Authority of Treasury / Finance	8
		* Other (Pl. specify)_____	
		(b) Checking and Verification of Pay Fixation by a competent authority in Finance & Accounts Dept.	9
			10
			11
		* Treasury Officer	12
		* Authorised Finance / Accounts Personnel	
		* Accountant General	
		* Other (Pl. specify)_____	

1.6	At what stage is the Pay Fixation entered into the Service Book?		Yes	No
		* At the Time of Joining	1	2
		* Every Time an Increment is released	1	2
		* On promotion to a New Scale / Pay Band	1	2
		* Re-fixation of Pay due to Pay Commission	1	2
		* Any Change in Pay Scale	1	2
		* Prior to Retirement	1	2
		* Other (Pl. Specify)	1	2
		_____		

SECTION 2: SALARY DRAWING AND DISBURSING SYSTEM FOR EMPLOYEES

2.1	Please provide the following information in numbers	* No. of Heads of Department		
		* No. of Budget Controlling Officers		
		* No. of Drawing & Disbursing Officers (DDOs)		
		* No. of Self Drawing Officers		
2.2	Are DDOs allotted and identified by any numbering or coding scheme?	(Unique Number or Code across)	Yes	No
		* State Level (centralised)	1	2
		* Treasury Level	1	2
2.3	Please describe the format for the numbering/coding scheme for DDOs (example: 1st two digits for District, next 2 digits for Department, etc.)			
2.4	Is the DDO list centralised in any central database across the State?	Yes	1	
		No	2	
2.5	In which central database is the DDO list centralised and who maintains it?	Please provide details here:		
2.6	What is the basis on which a DDO draws first salary of an employee who joins as fresh recruit? *(Specify list of Certificates and Documents required for drawing first salary)*	Please provide list of documents here:		
2.7	What is the basis on which a DDO draws first salary of an employee who reports to him on transfer basis? *(please mention the list of certificates / documents required)*	Please provide list of documents here:		

2.8	Is there a possibility that an employee can receive salary from the new place of posting if the Last Payment Certificate (LPC) has bot been received by the DDO?	Yes No	1 2
2.9	How many DDOs use computers for preparing and presenting electronic Pay Bills to Treasury	* Percentage of DDOs using computers	

SECTION 3: TREASURY SYSTEM FOR EMPLOYEES

3.1	How many Treasuries are there in the State?	* District Treasuries _____ * City Treasuries _____ * Sub Treasuries _____ * Others _____	
3.2	Are Sub-Treasuries authorised to pass expenditure and FVC bills?	* Yes, All of them * Yes, Some of them * No	1 2 3

3.3	Are all Treasuries computerised?		Yes	No
		* District Treasuries	1	2
		* City Treasuries	1	2
		* Sub Treasuries	1	2
		* Others	1	2
3.4	Are all Treasuries linked to a central server?		Yes	No
		* District Treasuries	1	2
		* City Treasuries	1	2
		* Sub Treasuries	1	2
		* Others	1	2

3.5	At what frequency do the Accounts of the Sub-Treasury get merged/added /consolidated with the concerned (District) Treasury?	* On a Real-Time Basis * Daily * Weekly * Fortnightly * Monthly * Others (Pl. specify)_____	1 2 3 4 5 6
3.6	How are the Treasuries linked to a central server?	* Off-line (CDs are couriered) * Internet * VPN * WAN * V-SAT Others (Pl. Specify)_____	1 2 3 4 5 6
3.7	Are sub-treasuries computerised?	Yes No	1 2

3.8	Describe the extent of Sub-treasuries Computerisation	* Percent of Sub-Treasuries with Computers	_____
		* Percent of Sub-Treasuries Capable of Connecting to the District Treasury through Internet / VPN / WAN / V-SAT	_____
		* Percent of Sub-Treasuries that that use Computers for Bill passing/Cheque Issuance	_____
3.9	Does the State have any centralised electronic financial information management system for Revenue and Expenditure (Budget) management?	Yes No	1 2
3.10	If yes, at what frequency does the Revenue and Expenditure data get updated?	* On a Real Time Basis * Daily * Weekly * Fortnightly * Monthly * Other (Pl. specify) _____	1 2 3 4 5 6
3.11	Does the state have a Central Database of its Employees?	Yes No	1 2
3.12	If YES, then at what level and frequency does this get updated?	*At a Centralised Level* * Daily * Weekly * Fortnightly * Monthly * Other (Pl. specify) _____ *At a District Level* * Daily * Weekly * Fortnightly * Monthly * Other (Pl. specify) _____	 1 2 3 4 5 6 7 8 9 10

NOTE: *If the Answer to 3.11 is YES, please provide a copy of the data fields in the employee database with description of fields*

SECTION 4: PAY BILL SYSTEM FOR EMPLOYEES

4.1	How is Salary of Employees of Works Departments (PWD, Irrigation, Forest, etc.) drawn?	* By means of Bills presented to Treasury * Cheques issued directly by Departments * Only after Department Issues an LOC * Other (Pl. specify)_____	Yes No 1 2 1 2 1 2 1 2
4.2	How is the Salary Bill of Government Employees Prepared?	* Manual Bill and Schedule * Electronic Bill and Schedule * Manual Bill based on Electronic Data * Electronic Bill with Manual Schedules *Bill prepared by treasury using employee database * Other (pl. Specify)_____	1 2 3 4 5 6
4.3	Which category of Employees receive Salaries directly into their Bank Accounts?	* Employees paid out of Consolidated Fund * Employees on Work Charged/Contingency Paid * Employees paid out of Consolidated Grants * Employees of Autonomous Bodies (ULB/RLB) * Other (pl. Specify)_____	Yes No 1 2 1 2 1 2 1 2 1 2
4.4	Does the Treasury receive information regarding the following?	* Appointment Orders * Transfer orders * Regular Increments * Promotions * Earned / Commuted Leave * Suspension * Last Pay Certificate	Yes No 1 2 1 2 1 2 1 2 1 2 1 2 1 2
4.5	If any or all of the above information (in 4.4) is provided to Treasury, is the same done as part of / annexure to the Salary Bill?	Yes No	1 2

4.6	Are salaries of any Employees other than State Government Employees drawn through Treasuries by way of Salary Bills?		Yes	No
		* Employees of Panchayati Raj Institutions	1	2
		* Employees of Aided Educational Institutions	1	2
		* Employees of any local body (If yes, pl. specify):	1	2
		_____		
		* Employees of any other organisations (pl specify):	1	2
		_____		

4.7	Is Salary / Consolidated Payment etc. of the following non-employee groups paid through bills drawn on Treasury?		Yes	No
		* Work Charged employees	1	2
		* Casual (daily wage) employees	1	2
		* Anganwadi workers	1	2
		* Other (pl. specify)	1	2
		_____		

4.8	Does the Salary Bill have any of the following information?		Yes	No
		* Pay Scale of Employee	1	2
		* Current posting	1	2
		* Date of birth	1	2
		* Date of Retirement	1	2
		* Gender	1	2
		* GPF number	1	2
		* Employee Code / Other unique identification code (other than GPF number)	1	2

4.9	Is Salary Bill cross-checked against any electronic employee database?	Yes	1
		No	2

4.10	If YES, what type of Database is used to cross-check the Salary Bill?	* Database at central location	1
		* Database at DDO location	2
		* Database at Treasury level	3

4.11	Is the Salary Bill generated directly from the database of employees available at the office of the DDO or a Central Server at Treasury?		Yes	No
		* From the Employee Database at DDO Level	1	2
		* Central Database at Treasury Level	1	2

4.12	If the answer to the above question (4.11) is YES, specify the Category to which Salary Bills are generated from the employee database		Yes	No
		* Employees paid directly out of Consolidated Fund	1	2
		* Employees on Work Charged / Contingency paid	1	2
		* Employees paid out of consolidated grants	1	2
		* Employees of autonomous bodies (ULB/RLB)	1	2
		* Other (Pl. specify)	1	2
		_____		

4.13	Does the State Government treat Salary and / or Wages as a Specific Object Head and separately show it in its annual Budget statement?	* Salary separately reflected in Budget Statement	1
		* Wages separately reflected in Budget Statement	2
		Both are shown in a combined head	3
		Neither are shown in Budget Statement	4

* NOTE: *Salary Includes DP and DA (as applicable)*

2. DETAILS REGARDING PENSIONERS

SECTION 5: PENSION AUTHORISATION SYSTEM

5.1	Which Department manages the Pensions in the state?	*Specify Name of Department:*	
5.2	Who issues the Pension Payment Order (PPO)?	*For All India Services Employees* * Accountant General * State Government *For State Government Employees* * Accountant General * State Government	 1 2 3 4
5.3	If PPOs are issued by the State Government, then which Authority issues the same?	* Centralised system at State level * At Regional level (specify authority) _____ * At decentralised level (Treasury) * At decentralised level (DDOs) * Other authority (pl. specify) _____	1 2 3 4 5
5.4	Is Gratuity payment order and Pension Payment Order issued by same Authority?	Yes No	1 2

SECTION 6: PENSION PAYMENT SYSTEM

6.1	How are Monthly / Regular Pensions disbursed?	* <u>By Banks</u>: Holding PPOs and pensioners' accounts after identification by the treasury	1	
		* <u>By Banks</u>: PPOs issued are directly addressed to the Banks and banks disburse pension	2	
		* <u>By Treasury</u>: Directly in bank a/c of pensioners	3	
		* <u>By Treasury</u>: Paid as cash to Pensioners	4	
		* Other designated authority making payment of pensions (pl. specify): _____	5	
6.2	Is the process for payment of pensions mentioned in question 6.1 different for any of these categories of employees?		Yes	No
		* All India Services Employees	1	2
		* State Government Pensioners	1	2
		* Others (pl specify): _____	1	2
6.3	How is periodic Dearness Relief (DR) released?	* Banks authorised to release with Govt order	1	
		* Banks authorised to release with Treasury order	2	
		* Other method (pl specify) _____	3	

6.4	How are pensions revisions made on death of pensioner?	* Banks start paying family pension on their own based on PPO	1
		* Treasury authorises banks to pay family pension	2
6.5	How is revision in pensions on Account of 6th Pay Commission being made?	* Government Order directly to Banks * Revisions done only through Treasury * Revisions done by Authority issuing PPO	1 2 3
6.6	Is there a mechanism of reconciliation between Pension paid by Banks and Pension authorised by Treasury?	Yes No	1 2
6.7	If the answer to 6.6 is YES, how frequently is the reconciliation done?	* Monthly * Quarterly * Semi-annually * Annually	1 2 3 4

SECTION 7: PENSIONERS DATABASE

7.1	Does the state government have any database of pensioners? **NOTE:** *If your answer is NO, please skip to Question 8.1*	Yes No	1 2	
7.2	Where is the Database of pensioners maintained?		Yes	No
		* Centrally	1	2
		* Decentralised basis at District / Treasury	1	2
		* Department-wise	1	2
		* Others (Pl. specify):	1	2
		_____		
7.3	What information / fields does the pensioner database capture?	*(Please attach a printout of structure of fields with description)*		
7.4	Does the pensioner database have fields for current pension and month in which last pension has been paid?	Yes No	1 2	
7.5	Are pension payments cross-checked with the information in the pensioner database?	Yes No	1 2	
7.6	How frequently is the pensioner database updated?	* On a Real Time Basis * Daily * Weekly * Fortnightly * Monthly * Other (Pl. specify) _____	1 2 3 4 5 6	

SECTION 8: PENSION ENTITLEMENT

8.1	Which of these category of employees are entitled to a pension under the old pension system?		Yes	No
		* Govt. Employees as per service rules	1	2
		* Work charged employees	1	2
		* Employees of Panchayati Raj institutions	1	2
		* Aided Educational Institution Employees	1	2
		* Aanganwadi Workers	1	2
8.2	If work charged employees are entitled to old pension system (DB), what are the eligibility conditions for pension?	*Please specify eligibility here*:		
8.3	What is the minimum qualifying years of service for pension?	Years		
8.4	Are there any other conditions for pension entitlement?	Yes (specify)_____	1	
		_____		
		_	2	
		No		
8.5	Are employees appointed by local bodies (ULBs / RLBs) entitled to a pension?	Yes	1	
		No	2	
8.6	If the answer to 8.5 is YES, please specify the type of pension.		Yes	No
		* Individual a/c based Contributory Pension (other than NPS)	1	2
		* Contributory Pension (Pooled account)	1	2
		* Non-contributory pension (paid by ULB/RLB)	1	2
8.7	If employees appointed by ULBs/RLBs receive a contributory or non-contributory pension, has a pension liability estimation been undertaken in the last 5 years?	Yes	1	
		No	2	
8.8	What is the formula for calculation of pension?			
8.9	What are the minimum years of service for full pension entitlement?	Years	_____	
8.10	Does the State have a provision of Voluntary Retirement Scheme (VRS) for its own employees?	Yes	1	
		No	2	

8.11	If the answer to 8.10 is YES, then after how many years of qualifying service can an employee opt for VRS?	Years	_____
8.12	If the answer to 8.10 is YES, then please provide the formula for VRS calculation		

SECTION 9: COMMUTATION OF PENSION

9.1	Is commutation of pension permissible?	Yes No	1 2
9.2	If YES, what is the maximum extent of commutation (as percent of pension)?		
9.3	What is the Commutation Formula?		
9.4	At what age of the pensioner does the commuted pension get restored?	Age:	
9.5	How many years after retirement is the commuted pension restored?	Years:	

NOTE: *Please provide a copy of commutation table*

3. NEW PENSION SCHEME (NPS): PFRDA REGULATED DC PENSION SCHEME FOR NEW GOVERNMENT EMPLOYEES

SECTION 10: NPS ADOPTION

10.1	Has Government decided to adopt the New Pension Scheme? **NOTE: If your answer to 10.1 is NO, please ignore the remaining sections 11 and 12**	Yes No	1 2
10.2	If YES, what is the cut-off date for NPS applicability for your State?	Specify date:	

10.3	To which categories of employees is the NPS applicable?		Yes	No
		* Direct Employees	1	2
		* Employees on Work Charged/ Contingency Paid	1	2
		* Employees paid out of Consolidated Grants	1	2
		* Autonomous bodies employees (ULB/RLB/etc.)	1	2
		* State Public Sector Employees	1	2
		* Others (pl. specify)	1	2
		_____		
10.4	How was NPS made applicable?		Yes	No
		* Adoption of new rules specifically for NPS	1	2
		* By amending defined benefit pension rules and excluding employees from a certain date to be ineligible for DB pension	1	2
		* By issuing an administrative order	1	2
		* Other method (pl specify)	1	2
		_____		
10.5	Has the State signed a contract with the NPS Trust?	Yes	1	
		No	2	
10.6	Has the State signed a contract with Central Recordkeeping Agency (CRA)?	Yes	1	
		No	2	
10.7	Has the State issued unique Permanent Retirement Account Numbers (PRAN) to its employees covered by NPS?	Yes	1	
		No	2	
10.8	Will the State be able to deliver data on individual employees covered by NPS along with employee and State contributions to the PFRDA intermediaries in the next 6 months?	Yes	1	
		No	2	
10.9	Does the State require assistance / support to migrate to the NPS?	Yes	1	
		No	2	

SECTION 11: NPS IMPLEMENTATION AT THE STATE

11.1	Is NPS contribution from employees deducted by way of salary bill?	Yes	1	
		No	2	
11.2	If YES, in which account are such deductions deposited?	* Sundry / Unspecified Account	1	
		* Concerned Employees' Individual Account	2	
		* PD Account	3	

11.3	How is government contribution paid?		Yes	No
		* By DDOs charging into a new NPS Object Head	1	2
		* Treasuries paying on basis of employee contribution	1	2
		* Any central authority paying it directly	1	2
		* Other method (pl specify)	1	2
		_____		
11.4	Have employee and government contributions been deducted from the beginning of NPS adoption?		Yes	No
		Employee Contribution	1	2
		Government Contribution	1	2
11.5	If Government contribution payment has not commenced as yet, please state the reason for not doing so:			

SECTION 12: NPS DATABASE

12.1	Is there any central database of NPS employees?	Yes	1
		No	2
12.2	If YES, where is the database maintained?	* Centrally	1
		* Decentralised at Treasuries	2
		* Decentralised at Departments / HoDs	3
		* Decentralised at DDOs	4
		* Maintained by NIC of the State	5
		* Other (pl. Specify)	6
		_____	
12.3	What fields does this database have?	NOTE: *Please attach a printout of structure of fields with description*	
12.4	At what level is the NPS database updated?	* Centrally	1
		* Decentralised at Treasuries	2
		* Decentralised at Departments / HoDs	3
		* Decentralised at DDOs	4
		* NIC of the State	5
		* Other (pl. Specify)	6
		_____	
12.5	Is this database available on the internet?	Yes	1
		No	2
12.6	How frequently is the NPS database updated?	* On a Real Time Basis	1
		* Daily	2
		* Weekly	3
		* Fortnightly	4
		* Monthly	5
		* Other (Pl. specify)	6
		_____	

12.7	Can NPS employees see their information and accounts through the internet?	Yes No	1 2
12.8	Which authority maintains the details of transactions / deductions of the NPS employees?	* Centrally * Decentralised at Treasuries * Decentralised at Departments / HoDs * Decentralised at DDOs * NIC of the State * Other (pl. Specify) _____	1 2 3 4 5 6
12.9	Has an NPS Account Statement been issued to employees covered by NPS? If yes, when was the last account statement issued?	Yes. On: (Date)_____ No	1 2
12.10	Has the State transferred NPS funds and individual account data of employees to the Pension Fund Managers appointed by PFRDA? If NO, please state reasons thereof.	Yes No (Please state reasons) _____	1 2

Thank you for completing this performa. Kindly Courier the performa by May 25, 2009 to:

Dr Kavim Bhatnagar
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Chapter 3

Suggested Approach for Creation of Employee and Pension Databases

3.1 Current Employee Databases Approaches

3.1.1 There are two primary systemic approaches to salary authorisation and disbursement in the country. Most states follow the typical DDO and Treasury approach where the DDO prepares and draws the bill, the treasury passes/ authorises the payment after making budget availability check and payment is made into employees' accounts by DDO (Salary Bill model). Some states, notably Uttarakhand, have adopted payroll system in treasury, where treasury draws, authorises and releases salaries into employees accounts based on change information provided by DDOs (Pay Roll model). The second approach presupposes availability and regular updation of database of employees, whereas first (Salary Bill model) does not necessarily require any employee databases to be created.

3.1.2 Some of the States making salary payments through Salary Bill model have developed/ are in the process of developing employee databases. Such states have adopted three different approaches to employee database development. States like MP have created databases in treasuries (Treasuries Centric Model). In this model, employee database resides in treasury and is used to check correctness of salary bills presented for payments. The databases get updated from information relating to pay changing events like promotions, increment, suspensions etc. and treasury changing events like transfers are received in the treasuries through various means. Original database is created by collecting selected demographic data from heads of offices/ DDOs and current pay data from the salary bills (original or a copy received electronically for this purpose). Some states have created centralised employee database (e. g. Jharkhand) or decentralised employee databases (like Tamilnadu) with DDOs originating the database at DDO end (DDO Centric Model). DDOs were either provided with a programme for creating database to be retained by them on their computers (decentralised model) for being used for generation of salary bills or for uploading the data on a central server and then using the same for generating pay-bills (centralised DDO centric model). Quite a few other states (Assam, Bihar) created employee database as a stand-alone exercise (Stand- alone model) expecting to integrate the same with treasury/ pay disbursement function when the databases are completed and they have installed integrated financial management systems to use them.

3.1.3 Treasury centric employee database and DDO centric database have the in-built advantage of getting updated from time to time. Both these database have also the advantage of being available in centralised form systemically or with small efforts. Standalone database have the disadvantages of not being upgraded in transaction mode and therefore run the risk of getting outdated soon. MP

employee database, created with considerable efforts and innovation in 2002-2004 had become quite outdated by 2006-07. Later when the same was linked with pay-bills transactions, MP database also became quite up-to-date.

3.2   Current Pensioners' Database Approaches

3.2.1   For pensions, India has primarily two models of granting pension authorisation. Pre-dominantly, the authority to issue Pension Payment Order (PPO) is with Accountant General (AG). From the survey of states carried out as part of this Study, as many as 17 states continue with the arrangement of AG being entrusted with the authority to issue PPOs. In this AG centric PPO model, AG, issues PPO, and also Gratuity Payment Order (GPO) and Commutation Payment Order (CPO), based on the scrutiny of record of employee received with due verifications from the Heads of Department/ Office concerned. PPOs /GPOs /CPOs are received in the treasury. Treasury makes the first payment, after making proper identification of pensioner and then transfers the PPO to authorised bank of pensioner's choice.

3.2.2   Many of AGs issuing PPOs do not create any database of PPOs issued presently. Some states like Bihar/ Assam were notable exceptions. Even in Bihar/ Assam, PPOs of pre-computerisation period were not satisfactorily entered in databases. AG system has taken initiative of late and a programme has been designed (Maharashtra model) which creates PPO database simultaneously while issuing PPOs. In AG centric model, states have the opportunity of creating pensioners' demographic databases at the point when PPOs are received in treasuries for first payment. However, most states do not create any database of pensioners, although it is mandatory to record PPO details in manual registers. However, some states (like Tamilnadu/ Kerala) do enter every detail of PPO into electronic database and thus create a database of pensioners at treasury level in terms of PPO demographic data.

3.2.3   Quite a few states (9) as per survey of states) have taken over pension authorisation work from AG and have entrusted the same to some institutional arrangement within the state (State Centric Model). In most such states (Rajasthan, Uttarakhand, Gujarat) a Directorate of Pension has been created. PPOs are issued either at the state level (Gujarat/ Uttarakhand), or regional level (Rajasthan/ Chhattisgarh) or at treasury level (MP). In most states issuing PPOs, demographic database of pensioners is created at the point of issue of PPOs. Most such states have been able to computerise data of manually issued PPOs also.

3.2.4   There is mixed model of PPO issuance also in evidence in some states. In case of Assam, while PPOs of employees are issued by AG, Directorate of Pension issues PPOs of provincialised teachers.

3.2.5   In terms of payment of pension also, there are primarily two models. Most states have entrusted the task of releasing pensions every month, in accordance with

PPOs and orders issued from time to time, to Banks by transferring PPOs and pensioners' files to Banks (Bank centric model). Some states release the pensions directly into bank accounts of the pensioners (state centric model). Most states following bank centric model of payment have not created databases of pensioners, whereas all states which make payment directly do have pensioners' databases.

3.2.6 Based on two primarily differentiating systems of issuing PPOs (AG or State) and two differentiating systems of making payments to pensioners (Bank or State), there are primarily four models of pension management in the country:

    e. AG issues PPO, Banks make payment (AG-Bank model);
    f. AG issues PPO, State Government makes Payment (AG-State model);
    g. State issues PPO, Banks make payment (State- Bank model);[6]
    h. State issues PPO, State makes payment (State- State model).

3.2.7 States have demographic as well as complete payment databases of pensioners in State- State model (Uttarakhand/ UP). In the State-Bank model (MP/ Chhattisgarh), demographic database of pensioners is fairly complete, building in current payment details in databases have posed challenge. In the AG-State model (Andhra Pradesh) also, the database of pensioners does get created. However, most states in the AG-Bank model (with exceptions of Tamilnadu/ Kerala etc.), the pensioners' databases are practically non-existent.

3.3 Elements/ Pre-requisites of Employee Databases Creation

3.3.1 There are essentially three pre-requisites in terms of data for creating employee databases in the states, once the state government decides to create employee database- database configuration, legacy data collection and transactional updating of data. Database configuration needs to meet the requirements of budgetary estimation, liabilities estimation, pay-bill checking, fiscal responsibility disclosures and also to serve the need of manpower management.

3.3.2 Irrespective of model of employee database from salary processing point of view (Pay Roll Model or Salary Bill model), or from housing of database (Centralised or decentralised originating from treasury or DDO), requirement of employee database in terms of data configuration remains same. Therefore, employee database format can be model independent. We suggest a template for employee database format at Annexure 1 to this Chapter. This is not prescription. This format at the minimum is capable of meeting almost all needs (budgeting, liability estimation, disclosures under FRBM, parametric analysis,

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[6] First payment is usually routed through the Treasury towards ascertaining the genuineness and descriptive roll of the pensioner.

manpower planning). The states can definitely add more fields as per their requirements.

3.3.3 Pay Roll model is based on availability of employee database and results in fully automated/ updated employee database. Pay Roll model can have decentralised or decentralised database of employees. Uttarakhand functions on the basis of decentralised databases at the treasury level. However, the state has created centralised database also (though not used in functional mode) by uploading/ transferring the database files from bill passing treasuries to centralised location. However, in Pay Bill model, states need to make a conscious decision to create databases of employees. There are obvious and substantial advantages of database creation. The decision to make a centralised or decentralised database of employees in the Salary Bill model depends on information technology capability available in the state. Functional centralised model, which is capable of being used for salary bill checking, is possible only when a state has connectivity of all bill processing treasuries with the state headquarters. Decentralised models of employee database can be created using standard database template at either treasury or DDO level. Irrespective of the fact that database is first created at treasury or DDO level, the database need to be created/ duplicated at treasury level for validation/ use. Therefore, the states with only localised computerisation at treasury can opt for creating decentralised employee database at treasury level. The same can be consolidated for management information purposes by transferring the data at periodic intervals to the centralised location by means of email transfer, using file uploading options on the internet or by physical transfers in CDs.

3.3.4 Employee databases, to remain current and useful, need to be constantly updated for changes of demographic nature and pay affecting events. The Governments, therefore, need to create a system for capturing these changes into the databases. This system will have two main elements. Pay related details and changes can be best captured through salary bills and other changes need to be captured by providing specific information accordingly to an established system to the treasury/ database centre.

3.3.5 **Reform of Pay Bill**: Current salary bills in use in most states are in practice for ages. These bills are outdated in both form and content. These bills come in all kinds of shapes and length/ breadth. The salary bills size and form needs to be standardised for use in computerised processing environment. Additionally, pay bills need to include all pay related data/ information for databases.

3.3.6 Quite a few states have reformed the pay bills form and content by doing a kind of business process re-engineering. Assam has done it. Tamilnadu has also reformed the pay bill format. It would make processing and data management much simpler and efficient if the pay bills are turned into an A-4 standard format and pay bills contain all the pay related information required for databases. We

suggest a reformed pay bill for consideration of state governments at Annexure 2 to this Chapter.

3.3.7 It is equally important to capture all other database affecting events. Such events are broadly of two types. One relates to new employees coming in the jurisdiction of treasuries, which can happen either through new appointments or by transfer. As new employees' data need to be captured into the system, a form for intimation of such employees is suggested at Annexure 3 of this Chapter. Information relating to the changes in emoluments or entitlements of employees arising on account of events like promotions, increments, suspensions, leave etc. Also need to be provided to the treasury/ database centre. Template for such a form is suggested at Annexure 4 of this Chapter.

3.3.8 Legacy data is also required to be transferred to the employee database. This is best done by the DDOs providing the same with due verification from the service book/ employee files. Once this is done, changes should be allowed to be made only through a controlled authorisation system.

3.4 Elements/ Pre-requisites of Pensioners' Databases Creation

3.4.1 Pensioners' database also has primarily two segments- demographic and payment data. If the employee databases are well built, it should be possible to seamlessly transfer the demographic data of an employee who is retiring to earn pension from employee database to pensioners' database. However, employee databases in Indian states are of recent origin and very few states have constructed employee databases. Therefore, it becomes incumbent that pensioners' databases be created afresh.

3.4.2 Currently, complete pensioners database exist in states like Uttarakhand, UP, and Andhra Pradesh. Complete demographic segment of the pensioners' database exist in states like Tamilnadu, MP and Kerala. In most other states, pensioners' databases are practically non-existent or highly deficient.

3.4.3 Banks, especially the State Bank of India, have created pensioners' databases for their own purposes. Banks are able to effect payment into pensioners' accounts from one single place on a single day using core banking solutions, effect changes globally with single commands for dearness relief and other across the board changes and also claim reimbursements from state governments fairly quickly using the databases. Governments can get the databases from banks to construct their own legacy databases.

3.4.4 Best approach to capture demographic data for each new pensioner is to do so a treasury when the PPOs are received for first payment. A standard programme can capture all the required PPO data into the database at this juncture. This is happening in several states like Tamilnadu, Kerala, Gujarat, Uttarakhand etc. This is fairly standard and easy. All states can introduce it.

3.4.5 Depending upon availability of technology, connectivity and treasury computerisation model, the data captured at this point can be centralised on line or first captured in decentralised mode and then consolidated at a centralised level. The legacy data can be obtained from banks and integrated with databases at treasury/ centralised location or the PPOs can be entered afresh at treasury/ database centre.

3.4.6 The states, other than the ones who disburse pensions directly into pensioners account themselves, do not, as a rule, update the pensioners' database for current pensions. This however is fairly easy and should be done as a matter of routine. Most banks are today in a position to supply current pension data (scroll data) in appropriate file formats to be directly integrated with the pensioners' database. The treasuries must insist for it and keep their databases updated.

3.4.7 The practice of receiving bulky physical scrolls from banks as evidence of payment of pension by them needs to be dispensed with.

Annexure 1: Template for Employee Database Format:

First Time Information on Payment & Account System of Officer/Employee

1. Employee Code

2. Full Name (Employee/Officer) (In Hindi)

   (In English)
3. Father / Husband Name

4. Gender

5. Date of Birth

6. Date of Appointment

7. Name of Post/Designation at First Appointment

8. Current Post/Designation

9. Scale of Current Post/Designation

10. Permanent/Temporary Employee

11. Date of Salary Increment in the current Pay Scale

12. Entitlement to Pension (Defined Benefit/ NPS/ None of the two)

13. Name of the bank in which salary account is opened

14. Bank Account Number

15. GPF Account Number

16. DDO Code

17. Emoluments on which payment is to be made directly from the treasury

   1. Basic Pay
   2. Personal / Special Pay (counted for pension purposes)
   3. Non Practice Allowance (NPA)
   4. Dearness Allowance & Dearness Pay
   5. Total Salary (including allowances)

CHANGE FORM[7]

1. Name of Office
2. Name of DDO
3. DDO Code
4. Grant Number
5. Account Code -------- (Planned/Non Planned/Voted/Charged)
6. Total number of employees/officers whose salary was drawn in the previous month
7. Total number of employees/officers whose salary is being drawn in the current month
8. Total number of employees/officers whose salary is not to be drawn in the current month

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[7] Any changes that will have a bearing on employee pension / salary shall be reported in this form

CHANGE FORM

Any difference between previous month & current month salary should be communicated
Name of Head of the Office
Name of the DDO
DDO Code
Grant Number
Account Code

S. No.	Employee name	Designation	GPF A/c No.	No. of days of absence during the month	Transfer/ Reason for holding salary	Particulars of Suspension	Details of changes in Salary, Pay & Allowances			Date of change in pay scale	Deductions[8]	Details of changes in deductions			
							Pay & Allowances	Amount	Changes in pay scale			Specify [9]	Changed no. of installments[10]	Monthly rate of change	Amount

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[8] In case of over payments in previous month, details of deductions
[9] Name of deduction(like GPF deduction, GPF advance, GIS, Income tax, House rent.etc)
[10] In case of advances, Changed number of installments / total number of installments

Chapter 4

Suggested Model for Databases Creation

4.1 **Employee Database**

4.1.1 **Architecture of Employee Database:** There is no single best model which fits requirements, technical capabilities and systemic legacy of all states. Neither is there one standard approach to construct employee databases in all states. However, there are certain core elements, which all states can adopt and which will also serve the purpose of creating comparable databases of employees across states. These core elements are:

   a. A standard definition of employee;
   b. A standard minimum content for databases;
   c. Centralised availability of database at state level.

4.1.2 Employees of state governments, from pension perspectives, are either covered under defined pension (DB) benefit schemes, which all states had for all regularly employees until adoption of New Pension Scheme or covered the new defined contribution scheme (DC) or they do not have any of these pensioner benefits. Employees who are not regularly appointed on a validly created post in the state government are not usually entitled to either DB or DC pension scheme. Such employees also do not have most of other entitlements which state government employees covered under DB or DC scheme have like, promotions, gratuity, leave encashment etc. The employee database should therefore include only those employees who are entitled to either DB pension scheme or DC pension scheme. If any state government wants to create database of employees other than those covered under DB/ DC schemes, it would be advisable to create a separate databases of such employees.

4.1.3 Another issue connected with employees to be included in the Employee Database is inclusion of employees who are entitled to pensioner benefits, directly or indirectly funded from Consolidated Fund of the State, but who are not technically/ legally on the rolls of the state government. Employees of rural local bodies- Panchayati Raj institutions- usually have similar entitlements as the state government employees have in most states. In quite a few states, employees of aided educational institutions also have virtually similar pay, allowances and pensioner benefits as that of the state governments. In some states, employees of PSUs, Societies, and Universities etc. are provided pensioner benefits at par with state government employees. Any estimation of implications of pay commission awards, or releasing dearness allowances, or making any changes in pay and allowances structure of state government employees will not be complete and correct unless implications arising out of such employees are also taken into account. It is therefore quite necessary that database of employees

should include demographic and pay details of all non-state government employees also which carry terms and conditions similar or at least similar in terms of pensioner benefits to state government employees, payable directly or indirectly from Consolidated Fund of the State. Such non-state government employees can be identified as a separate group within the database.

4.1.4   We, therefore, recommend that employees for the purpose of creating database of employees should mean all state government and non-state government employees who are covered under defined benefits or defined contribution pension schemes and whose pensions are to be directly or indirectly paid from the Consolidated Fund of the State.

4.1.5   Some States have attempted very ambitious employee databases, while many states have to still begin creation of even very rudimentary employee databases. Employee Databases can be complete HR databases, where every element of service book or even more can be digitized for electronic processing and use. From the financial management viewpoint and also to serve all necessary purposes which this Position Paper sets out as objectives of employee databases, the template presented at Annexure 1 of Chapter Three serves all these required purposes. We therefore recommend that states adopt this template as the minimum employee database. The states can certainly choose to create expanded employee database linked to the financial employee database.

4.1.6   Employee databases need to be centrally available at the state headquarters to serve required purposes. It does not, however, necessarily mean that such databases need to be created and run from centralised servers and all treasuries need to be connected with the central server on real time basis. Employee database need to be at the central server more of analytical, management information and simulation purposes, than for being available for functional purposes like pay bill generation, pay bill checking etc. If the centralised database is so created and serves these purposes also, it is still better, but that is not necessary. The states with decentralized servers at treasury or regional level or states with no dedicated connectivity with central servers can create databases at decentralized level, with off course, minimum standard formats. Such states can create central employee databases by transferring employee data at regular interval using any of the several means available. We, therefore, recommend that employee databases can be created in centralised or decentralized form using minimum standard format, but the employee database must be compiled/ consolidated, with regular updating at state level for being available at a single location.

4.1.7   Employee databases have been created in states using different institutional vendors. NIC, TCS and CMC have successfully partnered with state governments in creating employee databases. The state governments can select their own technology vendor for this purpose. Similarly, there are several options

in terms of technology for connectivity, data transfers, database etc. The state governments can choose depending upon their institutional architecture and preferences.

4.1.8 Architecture of Employee Database should therefore have a standard definition of employee, minimum standard fields for data and centralised availability of database.

4.1.9 **Process Parameters of Employee Database:** Process of creating, updating and maintaining employee database is extremely important. The experience suggests very forcefully that stand alone employee databases created in episodic manner tend to prove of very little use. The employee databases must be transactional. It is very critical that employee databases are integrated with transactions. We recommend following as integral transactional processes for employee databases in the states:

  a. A new entry in the database, which must happen only on fresh appointment in centralised functional databases and on fresh appointment and/ or transfer in case of decentralized databases, should take place with requisite information being made available by the head of department/ office in standard format. This new entry in the database should be properly authenticated and should result in generation of a new employee code. First salary should get released only after the database validates the presence of employee therein with details matching. This is first necessary transactional link.

  b. Any material event taking place affecting pay, allowances or any pensioner benefits for employee must get similarly included in the employee database. Head of Department/ Office should provide the details of change- promotion, privilege leave, increments, suspension etc. - through authorised process- physically or electronically to the database authority. Unless these changes have been effected in authorised manner, the pay bills with altered parameters must not be authorised for payment.

  c. Pay bills can be generated from the employee database or if generated separately must be run against the employee databases for proper validation and then consequential updating in terms of months and payments released.

4.1.10 We recommend that these transactional linkages must become essential part of employee databases for the databases to remain current and useful.

4.1.11 Building in legacy data i.e. data of all existing employees is best done by asking Heads of Offices/ DDOs to input it according to a software programme and after due verification, transfer/ upload it to the treasury/ data centre.

4.2   **Pensioners' Database**

4.2.1   Building Pensioners' database is relatively easier provided the Government decides to do so. There is need to build two databases of pensioners in states now. One is for pensioners who are drawing pension under the DB scheme and second, is for employees who are governed by DC based New Pension Scheme. DB Pensioners' database is required to be built by states which are by and large following AG issues PPO- Bank disburses pension model. Database for NPS employees is not only a database but also contribution and accumulations accounting and information dissemination programme.

4.2.2   Database building for DB pensioners' will involve three basic processes once the database configuration is decided. These processes are:

a. **Keying in new pensioners' PPO data**. Irrespective of the issuing authority for PPOs, all states adopt the practice of first payment of pension being made by the treasury officers. It is at this point all the PPO data must be entered/ verified in the database. Wherever, PPOs have been issued by AG or by the state authority, without building in PPO database at the point of issue, the demographic data for the pensioners must get keyed in at this point of time. Wherever the PPO data has been entered in by the state authority or transferred by AG electronically (it is not happening in the country presently), the treasury must authenticate the data at this stage and build in the remaining data like bank account of the pensioner.

b. **Building in data of existing pensioners:** We recommend that states may adopt any of the following three processes, depending upon their preferences and existing state of files/ IT infrastructure:

i.   Take the demographic data from the Banks and integrating the same in the pensioners' database;
ii. Key in the PPO data by calling the PPOs from banks much the same way as the new PPO; or
iii. A mix of both- taking demographic data from the banks which have successfully created database and are willing to share with the state government and keying in by calling PPOs from banks.

c. **Building in current payment data:** This is best done by insisting on receiving electronic scrolls of payment from banks in appropriate file format and then building in the data in the pensioners' database.

Chapter 5
Estimate of the Aggregate Cost and Time-lines

5.1   **Costs:** There are three categories of states with respect to the availability of employees' and pensioners' databases. In the first category are these few states which have more or less complete and current databases of employees' and pensioners. In the second category will fall those states which have at least one fully complete and current database, whether of pensioners or employees. Finally, there are quite a few states which have either not begun to build any of these databases or who have done work with respect to the databases, but have not brought any one of them to the status of being complete and current.

5.1.1   Our assessment of databases status in the states (based on our on-site visits of few states and examination of the information provided by the states in the survey format) is summarized below in the Table 5.1.

States with both employees and pensioners' databases complete and current (including those very close to it)	Chhattisgarh, Jharkhand, Madhya Pradesh, Manipur, Uttarakhand
States with at least one of the databases (employees or pensioners') complete and current (including those very close to it)	Andhra Pradesh, Goa, Gujarat, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Sikkim, Tamil Nadu, Uttar Pradesh, West Bengal
States with none of the employees and pensioners' databases complete and current (including those which have initiated the process of building up but have not reached the state of complete and current)	Arunachal Pradesh, Bihar, Haryana, Jammu and Kashmir, Meghalaya, Mizoram, Nagaland, Tripura

5.1.2   Most states now have computerized their treasuries, although the extent, depth and programmatic capabilities of the computerization differ significantly. There are states now with treasuries fully computerized using a single integrated programme all across with treasuries fully linked to the central servers. Such states have an integrated financial management system building on every transaction which takes place either in terms of expenditure or revenues. These treasuries/ states have in-built capability to create/ update databases in the processes of effecting transactions. We will place states like Assam, Jharkhand, Karnataka, Orissa, Chhattisgarh, Uttarakhand and the like in this category. There are quite a few states which have initiated computerisation projects of this type (Bihar, Gujarat for instance), which are on course to achieving this capability

quite soon. In the second category of computerization are the states like Tamilnadu, Rajasthan which have substantially good computerisation at the treasury level, but have no integrating capabilities. Finally, there are states, which have very rudimentary computerisation even at the treasury level.

5.1.3   Costs of building up employee and pensioners databases will primarily comprise four kinds of costs- cost of hardware and connectivity, cost of software programme, cost of collecting and inputting data and cost of availing advisory services to create and run robust databases.

5.1.4   As stated most states have necessary computerisation at the treasury level, which is required for undertaking database work. However, states may need to invest in local servers for holding databases at treasury levels wherever integrated financial management programme are not available. Taking on an average requirement of 100000 for a server and average requirement of 100 such servers (including processing sub-treasuries), we project a requirement of Rs. 1 crore per state for balance hardware.

5.1.5   Many states may need to buy database management programme and also invest in some programming for inputting data etc. Database programme cost depends on several factors like number of users, no of servers etc. However, we believe that on an average a cost of 6 crore per state should prove adequate for this purpose.

5.1.6   Cost of collecting data and inputting the same involves substantial manpower costs. These costs may go up to Rs. 2 crore per state.

5.1.7   Finally, it may be adequate to budget costs of up to Rs. 1 crore per state for availing advisory costs for building up databases.

5.1.8   On a very rough and ready basis, it may be adequate if Finance Commission budgets at the average cost of Rs. 10 crore per state, or in aggregate a facility of about Rs. 300 crore.

5.1.9   There may not however be any component wise division of costs. Nor should the states which have invested on their own in building up the databases be deprived of the assistance on this count. In fact, it would be better if such assistance is delivered to all the states, with disbursement linked to the fact of completion of databases.

5.2   Roadmap and Timelines:

5.2.1   Experience of states in building up databases of employees and pensioners suggest that it is possible to do so within a period of two to three years. In fact, with better monitoring and attention of top management, these databases can be created within a year to two also.

5.2.2 If the work on these databases in the states, where there is no such databases at present, is commenced in the first year of the recommendation period of Thirteenth Finance Commission, it would certainly be very reasonable to expect that all the states should be having these databases by the time they commence preparation of their memorandums for the Fourteenth Finance Commission.

5.2.3 Fourteenth Finance Commission can certainly expect to receive fairly accurate, complete and adequate information on employees and pensioners' present costs and the costs estimated for the future under various scenario.

Chapter 6
Finance Commission's Approach for Encouraging/ Mandating States for Creation of Databases

6.1 Approach and Output Expectations

6.1.1 It is extremely important for the Finance Commission to not only equip the states to be able to build employees and pensioners' databases in a mode which are transaction linked so as to be always up to date and complete. This helps in not only assisting the states to do their financial accounting better, make better and accurate budget estimates, make future projections, make liabilities estimations, analyse the costs of any parametric decision better and also to provide information on these costs to Finance Commissions/ Pay Commissions. It is also extremely important for the Finance Commission to encourage standardization of definition of employees and pensioners across the states for databases, standardize templates of critical minimum data and also to standardize certain protocols for data collection and comprehensiveness. This is very much necessary for the Finance Commission to also get data on these costs which are comparable across states for better decision making.

6.1.2 States have recognized the importance of building up these databases and orienting their treasury operations placing these databases at the centre of their functioning. But this realization is still to reach all states. Moreover, they have taken up the databases building up work without any standardized programme, or database configuration or even the usage. Lot of effort and funds are being spent on it, but the products/ outputs across states are not comparable and therefore will not be useful for the central bodies like Pay Commission and Finance Commission. Comparison of states in terms of their FRBM obligations may not also be possible in the absence of a uniform configuration of databases.

6.1.3 It is very important for the Finance Commission to therefore, first, encourage all the states to undertake database building, second, to introduce a certain degree of uniformity/ standardization across states in terms of databases configuration and outputs, and thirdly, to help states to get financial and advisory resources to do so.

6.1.4 The Commission may not consider it necessary to get into specific treasury computerisation systems, databases programme, processes of data sources, collection and inputting as while these processes/ sources vary across states substantially; these do not affect final outputs. It would be therefore be more advisable to focus on creation of databases, and a standard output coming out of these databases.

6.1.5 The Commission can therefore expect all states to create employees' and pensioners' databases within first three years of the Finance Commissions' award period i.e. by March 2013.

6.2   Database Creation Facility Grant:

6.2.1   With the objective of creating employees' and pensioners' databases in each of the states by March 2013, Finance Commission may consider recommending a Database Creation Facility Grant for the states with following broad features:

   a.   Grant may be a specific purpose modernization kind of grant.
   b.   Grant corpus may be kept at Rs. 300 crore, with a provision of Rs. 10 crore for each state and Rs. 20 crore for central monitoring and evaluation.
   c.   Each state should be asked to create databases by March 2013, and to furnish information relating to employees and pensioners cost to the Fourteenth Finance Commission backed by and from the databases so created.
   d.   The states should be asked to ensure compliance with a standard definition of employees and pensioners and to create a minimum number of standard data fields in their databases and to make the databases transactions linked.
   e.   The states should be left free to choose technology, sourcing of data, process of data inputting and other matters.
   f.   Five crore rupees each may be earmarked each for employees and pensioners' databases.
   g.   States may be given 25% of the grant upon any state expressing commitment to create databases.
   h.   Remaining 75% of the grant may be released upon database successfully being created and integrated on the transactional basis.
   i.   Finance Commission may also inform the states that estimates of expenditures provided to the 14th Finance Commission, based on the databases so created will be considered reliable, whereas estimates without the databases will be subjected to the scrutiny and verification.

6.2.2   Provision for Monitoring and Evaluation to States: Finance Commission may like to consider reserving a part of the Grant Facility, say an amount of Rs. 20 crore, out of the Database Creation Facility for financing hiring of expert services to undertake monitoring and evaluation of databases to be created and databases created in the states. 75% of the Facility grant can be released to the States when the Expert Team reports that the state government has created Employees/ Pensioners' database and that meets the minimum standardized output norms and the databases have been functionally integrated with the treasury on transactional basis.

Annexure A: Summary of Data Collected From Individual States

Generic Statistics on HoDs, Budget Controlling Officers, DDOs and Self Drawing Officers

States	No. of Heads of Departments	No. of Budget Controlling Officers	No. of Drawing and Disbursing Officers (DDOs)	No. of Self Drawing Officers
Andhra Pradesh	313	-	-	NIL
Arunachal Pradesh	64	64	707	21
Bihar	39	90	21000	82
Chhattisgarh	51	108	3741	220
Goa	70	83	537	2660
Gujarat	206	235	3256	NIL
Haryana	80	80	6000	23
Himachal Pradesh	83	83	4193	22
Jammu and Kashmir	108	207	4145	-
Jharkhand	52	76	16242	13308
Karnataka	220	4673	22511	-
Kerala	105	126	.	-
Madhya Pradesh	152	214	9275	-
Maharashtra	154	692	12528	428
Manipur	NIL	NIL	995	NIL
Meghalaya	66	.	.	-
Mizoram	68	54	667	5882
Nagaland	67	80	987	None
Punjab	86	86	6388	6388
Rajasthan	387	188	18000	-
Sikkim	41	49	259	-
Tamil Nadu	165	165	15600	3300
Tripura	-	1342	-	-
Uttar Pradesh	1	1	74	415
Uttarakhand	62	35	2000	None
West Bengal	90	186	6743	-

Are DDOs allotted and Identified by any numbering or coding Scheme?	
Unique number or coding across State level (centralised)	Unique number or coding across Treasury level
Yes (54%)	Yes (50%)
No (42%)	No (50%)
No response (4%)	

Is the DDO list centralised in any central database across the state?	*In which central database is the DDO list centralised and who maintains it?
Yes (62%)	Directorate of Treasuries & Accounts (*62%)
No (38%)	Finance department (*20%)
	Accountant General (*6%)
	CTMIS database (*6%)
	No response (*6%)

*: Of the states whose DDO list is centralised in a central database across the state

Number of Treasuries in States

	How many Treasuries are there in the State?			
States	**District Treasuries**	**City Treasuries**	**Sub Treasuries**	**Others**
Andhra Pradesh	23	-	297	-
Arunachal Pradesh	12	-	8	-
Bihar	38	8	19	-
Chattisgarh	18	1	45	-
Goa	2	-	9	-
Gujarat	25	-	174	NIL
Haryana	21	NIL	83	NIL
Himachal Pradesh	15	0	85	-
Jammu and Kashmir	23	8	81	-
Jharkhand	24	2	8	-
Karnataka	30	2	123	2
Kerala	23	-	180	4
Madhya Pradesh	48	5	159	-
Maharashtra	33	-	303	-
Manipur	11	NIL	5	-
Meghalaya	7	1	6	-
Mizoram	9	-	-	-
Nagaland	11	0	12	-
Punjab	21	-	68	-
Rajasthan	88	-	221	1
Sikkim	4	1	-	-
Tamil Nadu	32	9	204	PPO – 1
Tripura	5	NIL	9	-
Uttar Pradesh	74	-	266	-
Uttarakhand	13	16	60	-
West Bengal	30	6	NIL	51,subdivisional Treasuries

-: No response

Are Sub-Treasuries authorised to pass expenditure and FVC bills?	Are all Treasuries computerised?			
	District Treasuries	City Treasuries	Sub Treasuries	Others
Yes, all of them (81%)	Yes (85%)	Yes (46%)	Yes (65%)	Yes (15%)
No (19%)	No (15%)	No (23%)	No (19%)	
		No response (31%)	No response (16%)	

Are all Treasuries linked to a central server?			At what frequency do the Accounts of the sub-treasury get merged/added/consolidated with the concerned (District) Treasury?
District Treasuries	City Treasuries	Sub Treasuries	
Yes (42%)	Yes (19%)	Yes (27%)	On a Real Time Basis (8%)
No (58%)	No (42%)	No (54%)	Daily (31%)
	No response (39%)	No response (19%)	Weekly (12%)
			Fortnightly (8%)
			Monthly (27%)
			Not merged (8%)
			No response (8%)

How are the Treasuries linked to a central server?	Are sub-treasuries computerised?	Percent of Sub-Treasuries with Computers
Offline (CDs couriered) (12%)	Yes (69%)	100% (100%)
Internet (8%)	No (23%)	
VPN (8%)	No response (8%)	
WAN (8%)		
V-SAT (15%)		
Not linked (4%)		
No response (46%)		

Percent of Sub-Treasuries Capable of Connecting to the District Treasury through Internet/VPN/WAN/ V-SAT	Percent of Sub-Treasuries that use Computers for Bill Passing/Cheque Issuance
100% (42%)	100% (58%)
50% (4%)	25% (4%)
NIL (23%)	3 % (4%)
Sub-treasuries works independently (4%)	NIL (8%)
No response (27%)	No response (28%)

Does the State have any centralised electronic financial information management system for Revenue and Expenditure (Budget) management?	If Yes, at what frequency does the Revenue and Expenditure data get updated?
Yes (54%)	On a Real Time Basis (28%)
No (46%)	Daily (46%)
	Monthly (21%)
	Weekly (7%)

Does the state have a Central Database of its Employees?	If the state have central database, at what level and frequency does this data get updated?	
	At centralised level	At District level
Yes (23%)	Daily (33%)	Daily (17%)
No (77%)	Monthly (33%)	Monthly (17%)
	Updation is event based (17%)	Updation is event based (17%)
	No response (17%)	No response (50%)

How is salary of Employees of works Departments (PWD, Irrigation, Forest, etc.) drawn?			
By means of Bills presented to Treasury	Cheques issued directly by Department	Only after Department issues an LOC	How is the salary Bill of Government Employees prepared?
Yes (85%)	Yes (35%)	Yes (27%)	Manual Bill and Schedule (38%)
No (8%)	No (54%)	No (54%)	Electronic Bill and Schedule (42%)
No response (8%)	No response (12%)	No response (19%)	Manual Bill based on Electronic data (19%)
			Electronic Bill with Manual Schedule (12%)
			Bill prepared by treasury using employee database (12%)

Which category of Employees receive Salaries directly into their Bank Accounts?			
Employees paid out of Consolidated Fund	**Employees on Work Charged/Contingency Paid**	**Employees paid out of Consolidated Grants**	**Employees of Autonomous Bodies (ULB/RLB)**
Yes (81%)	Yes (27%)	Yes (27%)	Yes (12%)
No (8%)	No (46%)	No (35%)	No (50%)
No response (12%)	No response (27%)	No response (38%)	No response (38%)

Does the Treasury receive information regarding the following?							**If any such enclosures are provided with paybill to Treasury, as part of / annexure to the Salary Bill**
Appointme nt Orders	**Transfer orders**	**Regular Increment s**	**Promotion s**	**Earned / Commuted Leave**	**Suspension**	**Last Pay Certificate**	
Yes (81%)	Yes (73%)	Yes (73%)	Yes (77%)	Yes (81%)	Yes (81%)	Yes (88%)	Yes (100%)
No (12%)	No (15%)	No (15%)	No (12%)	No (8%)	No (8%)	No (4%)	No (0)
*NR (8%)	NR (12%)	NR (12%)	NR (12%)	NR (12%)	NR (12%)	NR (8%)	

*NR: No response

Does the Salary Bill have any of the following information?						
Pay Scale of Employee	**Current posting**	**Date of birth**	**Date of Retirement**	**Gender**	**GPF number**	**Employee Code / Other unique identification code (other than GPF number)**
Yes (88%)	Yes (92%)	Yes (4%)	Yes (4%)	Yes (12%)	Yes (96%)	Yes (31%)
No (12%)	No (8%)	No (92%)	No (88%)	No (81%)	No (0)	No (50%)
		No response (4%)	No response (4%)	No response (8%)	No response (4%)	No response (19%)

Is Salary Bill crosschecked against any electronic employee database?	$ If Salary Bill is crosschecked against any electronic employee database, what type of Database is used to crosscheck the Salary Bill?
Yes (27%)	Database at central location (*29%)
No (65%)	Database at DDO location (*29%)
No response (8%)	Database at Treasury level (*86%)

*: Of states in which Salary Bill is crosschecked against any electronic employee database
$: Multiple responses taken. Total percent may exceed 100.

Is the Salary Bill generated directly from the database of employees available at the office of the DDO or a Central Server at Treasury?	
From the Employee Database at DDO Level	Central Database at Treasury Level
Yes (35%)	Yes (19%)
No (58%)	No (65%)
No response (8%)	No response (15%)

*If Salary Bill generated directly from the database of employees specify the Category to which Salary Bills are generated from the employee database				
Employees paid directly out of Consolidated Fund	Employees on Work Charged / Contingency paid	Employees paid out of consolidated grants	Employees of autonomous bodies (ULB/RLB)	Other (Pl. specify)
Yes (94%)	Yes (36%)	Yes (29%)	Yes (6%)	All employees on the pay roll of DDO of Govt. Dept.
No (6%)	No (53%)	No (47%)	No (71%)	
	No response (21%)	No response (24%)	No response (23%)	

*: Of the states whose salary bill is generated directly from the database of employees

Does the State Government treat Salary and / or Wages as a Specific Object Head and separately show it in its annual Budget statement?	Which Department manages the Pensions in the state?
Salary and Wages separately reflected in Budget statement (100%)	Finance Department (50%)
	Treasury & Accounts department (18%)
	Directorate of Audit & Pension (4%)
	Concerned department (12%)
	Personnel and Administrative Reforms Dept. (4%)
	Accountant general (4%)
	No response (8%)

Who issues the Pension Payment Order (PPO)?		If PPOs are issued by the State Government, then which Authority issues the same?	Is Gratuity payment order and Pension Payment Order issued by same Authority?
For All India Services Employees	For State Government Employees		
Accountant General (65%)	Accountant General (58%)	Centralised system at State level (*40%)	Yes (96%)
State Government (31%)	State Government (38%)	At Regional level (*60%)	No (0)
Directorate of Accounts (4%)	No response (4%)		No response (4%)
No response (4%)			

*: Of the states where PPO is issued by State Government

	Is the process for payment of pensions mentioned in question above different for any of these categories of employees?	
*How are Monthly / Regular Pensions disbursed?	All India Services Employees	State Government Pensioners
By banks: Holding PPOs and pensioners account after identification by the treasury (65%)	Yes (12%)	Yes (12%)
By banks: PPOs issued are directly addressed to the Banks and banks disburse pension (8%)	No (85%)	No (85%)
By Treasury: Directly in bank a/c of pensioners (54%)	No response (8%)	No response (8%)
By Treasury: Paid as cash to pensioners (31%)		

*: Multiple responses taken. Total percent may exceed 100.

*How is periodic Dearness Relief (DR) released?	*How are pensions revisions made on death of pensioner?
Banks authorized release with Govt. Order (69%)	Banks start paying family pension on their own based on PPO (58%)
Banks authorized to release with Treasury Order (23%)	Treasury authorizes banks to pay family pension (42%)
Treasury authorized to release (19%)	No response (4%)
By Treasury through ILRA System (4%)	

*: Multiple responses taken. Total percent may exceed 100.

*How is revision in pensions on Account of 6th Pay Commission being made?
Govt. Order directly to Banks (35%)
Revisions done only through treasury (42%)
Revisions done by Authority issuing PPO (42%)
Yet to be implemented (4%)
No response (15%)

Does the state government have any database of pensioners?	*Where is the Database of pensioners maintained?		
	Centrally	Decentralised basis at District / Treasury	Department wise
Yes (65%)	Yes (24%)	Yes (76%)	Yes (0)
No (35%)	No (76%)	No (24%)	No (100%)

*: Of those states who have pensioner database

*Does the pensioner database have fields for current pension and month in which last pension has been paid?	*Are pension payments cross checked with the information in the pensioner database?	*How frequently is the pensioner database updated?
Yes (71%)	Yes (76%)	On a Real Time Basis (47%)
No (29%)	No (24%)	Daily (12%)
		Monthly (35%)
		In the process (6%)

*: Of those states who have pensioner database

Which of these categories of employees are entitled to a pension under the old pension system?				
Govt. Employees as per service rules	**Work charged employees**	**Employees of Panchayati Raj institutions**	**Aided Educational Institution Employees**	**Aanganwadi Workers**
Yes (100%)	Yes (42%)	Yes (31%)	Yes (46%)	Yes (15%)
No (0)	No (38%)	No (50%)	No (38%)	No (65%)
	No response (19%)	No response (19%)	No response (15%)	No response (19%)

*If work charged employees are entitled to old pension system (DB), what are the eligibility conditions for pension?
Similar to that of Direct Civil Servants (92%)
Minimum 5 years (8%)

*: Of the states in which work charged employees are entitled to a pension under Old pension system

Minimum qualifying years of service for pension?	**Are there any other conditions for pension entitlement?**	**Are employees appointed by local bodies (ULBs / RLBs) entitled to a pension?**
10 years (88%)	Yes (46%)	Yes (38%)
20 years (8%)	No (50%)	Yes only ULBs (15%)
No response (4%)	No response (4%)	No (46%)

*If employees of ULBs/RLBs entitled to a pension, please specify the type of pension.			***If employees appointed by ULBs/RLBs receive a contributory or Noncontributory pension, has a pension liability estimation been undertaken in the last 5 years?**
Individual a/c based Contributory Pension (other than NPS)	**Contributory Pension (Pooled accounts)**	**Non Contributory pension (Paid by ULBs/RLBs)**	
Yes (14%)	Yes (0)	Yes (79%)	Yes (8%)
No (64%)	No (71%)	No (21%)	Yes, only ULBs (4%)
No response (21%)	No response (29%)		No (58%)
			Assessment is done by concerned departments (4%)
			No response (27%)

*: Of the states where ULBs/RLBs entitled to a pension

Formula for Calculation of Pension by Individual States

States	What is the formula for calculation of pension?
Andhra Pradesh	-
Arunachal Pradesh	According to CCS (Pension) Rule -1972
Bihar	(Average emoluments X Completed years of service)/ (2X33)
Chhattisgarh	As per central government rule
Goa	(Last pay drawn/2) X (20/20)
Gujarat	(Last Pay/2) X (Length of service/20)
Haryana	(Last Pay Drawn/2) X (56 half yearly/56 half yearly for full pension)
Himachal Pradesh	[(Average emoluments of last 10 months) X (No. of years of service)] / 66
Jammu and Kashmir	For a qualifying service of 33 years, the pension is 50% of the average emoluments drawn during the last ten months and for less than 33 years qualifying service pension is reduced according to the proportion it bears to 33 years
Jharkhand	50% of last pay drawn
Karnataka	50% of Last Pay for 33 years of Qualifying Service
Kerala	(Average emoluments of last 10 months/2) X (Qualifying service/30)
Madhya Pradesh	(Monthly average emoluments/2) X (Half yearly qualifying service/66)
Maharashtra	50% of Last Pay
Manipur	As per the Central Civil Services (Pension) Rules, 1972, as amended from time to time, and as adapted by the Government as the Manipur Civil Services (Pension) Rules, 1977, as amended.
Meghalaya	Service pension= (Average Emolument X 50% of (Qualifying Service/33)) ; Family Pension = 30% of Pension
Mizoram	(Average emoluments X Q.S)/66
Nagaland	50% of basic pay + NPA
Punjab	50% of average emoluments of last 10 months for qualifying service of 33 years and proportionate less than 33 years
Rajasthan	(Last emoluments drawn X completed 6 monthly period of qualifying service)/(2X66)
Sikkim	(50% of Last 10 months average pay) X (No. of completed six monthly period)/66
Tamil Nadu	(10 months average emoluments or Last Pay drawn) X (1/2) X (No. of half years/60)
Tripura	(Last Basic Pay X Six monthly periods)/ (50X2)
Uttar Pradesh	(Last Pay drawn or 10 month average pay)/2
Uttarakhand	50% of last basic or last 10 month average pay, whichever is more
West Bengal	50% of Last Pay drawn

What are the minimum years of service for full pension entitlement?	Does the State have a provision of Voluntary Retirement Scheme (VRS) for its own employees?	If the state have a provision of VRS, then after how many years of qualifying service can an employee opt for VRS?
20 years (23%)	Yes (85%)	10 years (*5%)
25 years (4%)	No (15%)	15 years (*9%)
28 years (4%)		20 years (*86%)
30 years (12%)		
33 years (58%)		

*: Of the states which has provision of Voluntary Retirement Scheme (VRS)

Is commutation of pension permissible?	If Yes, what is the maximum extent of commutation (as percent of pension)?
Yes (96%)	33.33 % (27%)
No (4%)	40 % (69%)
	No response (4%)

States	Has Government decided to adopt the New Pension Scheme?	If Yes, what is the cutoff date for NPS applicability for your State?
Andhra Pradesh	Yes	1/9/2004
Arunachal Pradesh	Yes	1/1/2008
Bihar	Yes	1/9/2005
Chattisgarh	Yes	1/11/2004
Goa	Yes	5/8/2005
Gujarat	Yes	1/4/2005
Haryana	Yes	1/1/2006
Himachal Pradesh	No	-
Jammu and Kashmir	No, Note: The issue of introduction of NPS is under active consideration of state government and in view of scarce resources, the need for provisioning a corpus of about Rs. 500 crore for the purpose through FC award is being posed to 13th Finance Commission	-
Jharkhand	Yes	1/12/2004
Karnataka	Yes	1/4/2006
Kerala	No	-
Madhya Pradesh	Yes	1/1/2005
Maharashtra	Yes	1/11/2005
Manipur	Yes	1/1/2005
Meghalaya	No	-
Mizoram	No	-
Nagaland	No	-
Punjab	Yes	1/1/2004
Rajasthan	Yes	1/1/2004
Sikkim	Yes	1/4/2006
Tamil Nadu	Yes	1/4/2003
Tripura	No	-
Uttar Pradesh	Yes	1/4/2005
Uttarakhand	Yes	2005
West Bengal	No	-

*To which categories of employees is the NPS applicable?					
Direct Employees	Employees on Work Charged/Contingency Paid	Employees paid out of Consolidated Grants	Autonomous bodies employees (ULB/RLB/etc.)	State Public Sector Employees	Others (pl. specify)
Yes (100%)	Yes (17%)	Yes (33%)	Yes (33%)	Yes (11%)	All state govt. employees
	No (62%)	No (44%)	No (44%)	No (61%)	
	No response (11%)	No response (23%)	No response (23%)	No response (28%)	

*: Of the states who have adopted NPS

How was NPS made applicable?		
Adoption of new rules specifically for NPS	By amending defined benefit pension rules and excluding employees from a certain date to be ineligible for DB pension	By issuing an administrative order
Yes (50%)	Yes (28%)	Yes (56%)
No (33%)	No (61%)	No (33%)
No response (17%)	No response (11%)	No response (11%)

*: Of the states who have adopted NPS

Has the State signed a contract with the NPS Trust?	Has the State signed a contract with Central Recordkeeping Agency (CRA)?	Has the State issued unique Permanent Retirement Account Numbers (PRAN) to its employees covered by NPS?	Will the State be able to deliver data on individual employees covered by NPS along with employee and State contributions to the PFRDA intermediaries in the next 6 months?
Yes (33%)	Yes (39%)	Yes (44%)	Yes (72%)
No (61%)	No (56%)	No (39%)	No (18%)
No response (6%)	No response (5%)	No response (17%)	

*: Of the states who have adopted NPS

Does the State require assistance / support to migrate to the NPS?	Is NPS contribution from employees deducted by way of salary bill?	*If Yes, in which account are such deductions deposited?
Yes (61%)	Yes (83%)	Sundry/Unspecified account (7%)
No (22%)	No (11%)	Concerned Employee/Individual Account (40%)
No response (17%)	No response (6%)	PD Account (47%)
		Major Heads (13%)
		Salary Head (7%)
		No response (7%)

*: Of those states where NPS contribution from employees deducted by way of salary bill
Multiple responses taken. Total percent may exceed 100.

*How is government contribution paid?		
By DDOs charging into a new NPS Object Head	Treasuries paying on basis of employee contribution	Any central authority paying it directly
Yes (22%)	Yes (33%)	Yes (17%)
No (39%)	No (33%)	No (39%)
No response (39%)	No response (33%)	No response (44%)

*: Of those states who have adopted NPS

*Have employee and government contributions been deducted from the beginning of NPS adoption?	
Employee Contribution	Government Contribution
Yes (67%)	Yes (50%)
No (28%)	No (39%)
No response (5%)	No response (11%)

*: Of those states who have adopted NPS

*If Government contribution payment has Not commenced as yet, please state the reason for Not doing so:
The scheme is not yet commenced fully (43%)
Government contribution payment has commenced now (14%)
No response (43%)

*: Of those states where Govt. Contribution not been deducted from the beginning of NPS adoption

Is there any central database of NPS employees?	$*If Yes, where is the database maintained?	$ At what level is the NPS database updated?	$ Is this database available on the internet?
Yes (72%)	Centrally (69%)	Centrally (62%)	Yes (31%)
No (28%)	Directorate of accounts (8%)	Directorate of accounts (8%)	No (61%)
	Decentralised at Treasuries (15%)	Decentralised at Treasuries (15%)	No response (8%)
	Decentralised at Departments/HODs/ (8%)	Decentralised at Departments/HODs (8%)	
	Decentralised at DDOs (8%)	Decentralised at DDOs (15%)	
	SIPF Department, Rajasthan (8%)	SIPF Department, Rajasthan (8%)	

*: Of those states who have central database of NPS employees
$: Multiple responses taken. Total percent may exceed 100.

*How frequently is the NPS database updated?	*Can NPS employees see their information and Accounts through the internet?	$*Which authority maintains the details of transactions / deductions of the NPS employees?
On a Real Time Basis (54%)	Yes (23%)	Centrally (38%)
Daily (23%)	No (77%)	Decentralised at Treasuries (46%)
Monthly (23%)		Decentralised at Departments / HOD (8%)
		Decentralised at DDOs (31%)
		NIC of the State (8%)
		Directorate of GPF (15%)
		District office of SIPF (8%)

*: Of those states who have central database of NPS employees
$: Multiple responses taken. Total percent may exceed 100.

Has the State transferred NPS funds and individual account data of employees to the Pension Fund Managers appointed by PFRDA? If No, please state reasons thereof.
No (100%)

Study on Building Employee and Pensioner Databases and MIS for Effective Fiscal Planning by State Governments

Commissioned by The Thirteenth Finance Commission
Conducted by Subhash Garg and Gautam Bhardwaj

Outline

Context, scope and approach

Headline findings

- *States' efforts and experiences with building employee and pensioner databases*

- *Some generic / fundamental issues and challenges (findings of the TFC Survey)*

- *Approach to reforming data and payroll management models, systems and capacity (findings of the TFC Survey)*

Key (draft) recommendations

Context, Scope & Approach

Context

Current and future salary and pension expenditure is an essential component of fiscal planning by States for several reasons:

- *Expenditure on salaries and pensions forms 33% of States' revenue expenditure and 67% of their SOTR*

- *States' expenditure on salaries and pensions grew at a CAGR of 17.13% since 1991. This is expected to grow exponentially upon implementation of the 6th Pay Commission recommendations*

Context (2)

- *Future salary and pension liabilities are identical to interest payments and repayments of bonds issued by States*

- *FRBM obligations and Finance Accounts require employee and pensioner information and expenditure details*

- *Salary and pension expenditure data is a key input to recommendations by national bodies like Finance Commissions and Pay Commissions*

- *Efficient manpower management*

Context (3)

The ability of States to accurately compute and project salary and pension expenditure directly impacts their ability to

- *Plan short, medium and long-term revenue expenditure,*

- *Accurately estimate the immediate and annual fiscal impact of Pay Commissions, and*

- *Evaluate the fiscal impact of systemic and/or parametric reforms to employee and pensioner benefits and justify reforms (e.g. NPS).*

Context (4)

- Accurate computation and projection of salary and pension expenditure of a State requires accurate and updated employee and pensioner databases. This requires a robust payroll and database management system.

- Comparable information on State finances requires uniform data fields and computation procedures.

Scope of the Study

- Assess quality of employee and pensioner databases, administration and disbursement management systems and procedures, and IT/data management capacity of individual States,

- Design data formats, approach and road-map by which States can build reliable and regularly updated databases and MIS, and

- Estimate implementation and monitoring costs and time-frames.

Approach

- Data and information collected from 8 States during previous field visits (under an ADB funded TA),

- Field visits to Uttrakhand and Tamilnadu (under this Study), and

- Data and information collected from all 28 States through a special survey designed for this Study.

Under this Survey, States provided detailed information on management of service records, salary drawing and disbursing systems, capacity and responsibilities of the treasury and AG, pension authorisation and payment procedures, status and management of employee and pensioner databases, pension entitlement and commutation rules, and implementation status and administrative arrangements for NPS adoption

Key Findings of the Study

States' Efforts and Experiences with Building Employee and Pensioner Databases

Current Efforts of States

Five States (Assam, MP, Chhattisgarh, Bihar and Jharkhand) have created an Employee Database but each State has adopted a unique approach

- *Jharkhand used DDOs for feeding in employee data; Treasuries adopted an electronic pay bill system,*

- *Assam, Chhattisgarh and Bihar compiled data from scratch*

- *MP linked and updated its employee database with an electronic payroll process*

- Jharkhand, MP and Chhatisgarh payroll is linked to their employee data but Assam and Bihar are yet to achieve this

Source: **ADB TA: State Pension Reforms**

Current Efforts of States (2)

Efforts to build pensioners' databases have not been as successful

- *MP and Chhattisgarh have constructed demographic database but quality and completeness is still an issue*

- *Assam has partially succeeded in directorate of pension*

- *SBI has successfully created demographic database of pensioners from PPOs and current payment database*

- *But other banks have not yet achieved this*

Source: **ADB TA: State Pension Reforms**

The Uttrakhand Experience

Successfully created employees' and pensioners' databases

- *Introduced system of pay-roll at treasury which disburses salaries and pensions*
- *Employee database for salary pay-roll updated on the basis of authorised communications from DDOs*
- *Direct payment into employees' accounts by treasury*
- *Pension database at treasuries constructed and used for disbursing pensions directly into pensioners' bank accounts*
- *NPS database in place*
- *Databases are centralised at regular intervals*

Experiences of other States

- Few other States have created an employee database

- Robust demographic databases of pensioners created by Tamilnadu, Kerala and some other states

- States that issue PPOs and also disburse pensions directly into bank accounts of pensioners have invariably constructed a pensioners' databases

- States that neither issue PPOs nor disburse pensions through treasuries have not created pensioners' databases

Generic/Fundamental Issues and Challenges

(Findings from the TFC Survey)

Definitional Issues

Diverse definitions of "employees" and "pensioners" across departments in States and across States.

- *An 'employee' is not clearly defined for databases*

- *Eligibility for pension varies across States*

    - *43% of States pay pensions to work charged employees, 32% to PRI employees, 46% to aided educational institutions and 14% to Aanganwadi workers*

    - *80% of States pay a DB pension to ULB/RLB employees (but pension liabilities estimated by only 7% of States)*

Non-uniform Database Formats

Very few states have databases

- *Only Karnataka, Manipur, Bihar, Jharkhand, MP, Assam and Chhatisgarh have an employee database*

- *16 States reported existence of a pensioner database. Of them, 78% States do not have a central pensioner database while most do not have information on pension paid in the current and previous month.*

Even States with databases have large differences in their data fields and definitions, thereby rendering data incomparable across States

Sub-optimal IT Capacity

- Service Book is not computerised in 24 States; Four others are at an initial stage (computerised partially)

- 50% States do not have a centralised list or coding scheme for DDOs

- Only 6 States reported that 100% of DDOs use computerised systems for preparing salary bills; Several States reported nil

- Most district treasuries are computerised; Only four States reported non-computerised district treasuries

Data Not Linked to Payroll

Employee and pensioner data is rarely linked to a central payroll leading to non-standard salary and pension payment processes within and across States

- *57% States have centralised DDO codes but such codes are not linked to the payroll*

- *Treasuries of 86% States and sub-treasuries of 68% States are computerised but only 46% are linked to a central server*

- *Accounts between treasuries and sub-treasuries are consolidated on a daily basis in 40% of States*

- *Only 50% of the States have a central MIS for budget*

Approaches to Reforming Data & Payroll Management Models, Systems and Capacity

(Findings from the TFC Survey)

Employee Database Models

Current systems

- *Salary bill model is pre-dominant*

- *Payroll model (Uttarakhand model) is making a beginning*

States have adopted three different database models

- *Treasury centric*

- *DDO Centric*

- *Centralised*

Creating Employee Databases

- Three essential pre-requisites
  - *database configuration,*
  - *legacy data collection, and*
  - *transactional updating of data.*
- A standard minimum database template
- Legacy Data
- Centralised Database at least for MIS purposes
- Transactional updation

Reforming the Pay-bill

Pay-bills need to be reformed

- *A-4 size*

- *All pay related information*

- *Standard form*

Capturing database affecting events

- *New Employee*

- *Pay affecting events*

Pension Database Models

- AG issues PPO, Banks make payment (AG-Bank model);

- AG issues PPO, State Government makes Payment (AG-State model);

- State issues PPO, Banks make payment (State-Bank model);

- State issues PPO, State makes payment (State-State model).

Building Pensioner Databases

- Pensioners' databases have two key elements: demographic and payment data

- Most optimum approach to capture demographic data is to make it mandatory to capture PPO data in treasury in a standard pension software programme while disbursing first pension

- Payment data for the States where banks disburse pensions fully or partly can be integrated in the demographic database by demanding scrolls in a compatible file

Key (Draft) Recommendations

Draft Recommendations

- Uniform, standard definitions of both "employees" and "pensioners" across States.

- Uniform minimum financial and demographic data fields for employees and pensioners for comparable salary and pension expenditure data across States.

- Each State to complete collection and entry of employee and pensioner data by a specified date.

Draft Recommendations (2)

- Integration of employee and pensioner databases with an electronic, centralised payroll for error-free, leakage-proof, real-time data update and robust MIS.

- Process of creating accurate employee and pensioner databases and data management system to be completed by March 2013.

- 14th Finance Commission to accept salary and pension expenditure data and projections from States using the new data management systems.

Draft Recommendations (3)

- TFC to create a Database Creation Facility Grant of Rs.300 crore (Rs.10 crore per State).

- States to comply with uniform data protocol but free to decide on use of the grant for implementing data collection and management systems.

- Rs.20 crore to be used for a central expert team responsible for technical assistance to States, experience and information sharing across States and periodic implementation M&E.

Thank You

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