

Chapter 37

*Finance Department, Government of Madhya Pradesh,
Directorate of Pension, Provident Fund & Insurance*

G P Singhal & Sanjay Shrivastava

I) OVERVIEW

Directorate of Pension, Provident Fund and Insurance is a HOD office under Finance Department of Madhya Pradesh Government. The Directorate was recreated in 2003 to look after various issues related to settlement of Pension cases of retiring State Government employees. In 2008, the responsibilities of monitoring Departmental Provident Fund and Insurance schemes of State Government were also assigned to the Directorate. Implementation of the New Pension Scheme, adopted by the State Government in 2005 was also entrusted to the Directorate.

At the outset, prior to the commencement of the present initiative, the entire procedure was manual. The record keeping was not uniform in all the districts and very little information was available to the employees. Initially, the responsibility of deducting employee contribution from salary was assigned to Drawing & Disbursing Officers. The responsibility of drawing Government contribution was assigned to Treasury officers, the record keeping and issuing of Permanent Pension Account Number (PPAN) and issuance of annual slips were assigned to Divisional Joint Directors Treasuries. Subsequently, the responsibility of drawing Government contribution was assigned to Account General, Madhya Pradesh. ICT applications were not used in any of these processes under the scheme. Since every record was manually maintained, there was a large gap between the appointment of employee and allotment of PPAN Number. Account postings were in arrears, no slips were issued to employee from the commencement of the scheme. Since there was no methodology for transfer of funds to fund managers, the contribution towards the scheme were kept in Public account and the State Government had to pay interest @ of 8% per annum.

After the development of IT based NPS architecture by PFRDA, the State Government has signed agreements with NSDL and NPS Trust and consequently had to adapt to ICT applications. It was decided to take help of State NIC and CMC Ltd. for development of web based software and use ICT applications for reconstruction of existing structure, reengineering of business

processes, computerize various activities , improving service delivery and development of interface for data sharing. The task was divided into two phases. In first phase (2008-09), the process of software development and legacy data collection was started. Development of interface and current data transfer started in the second phase (2009-10).

The simplification of the process and use of Video conferencing for training of Treasury officers has enabled them to adopt the new methodology with ease. In the space of about a year the department has fully implemented NPS for over 38000 employees and generated awareness and overall acceptance of ICT applications among all the Departments of the Government. With the successful transition from a situation where the employees deductions and the proper maintenance of their ledgers was not certain and balance at their credit was not invested and the government had to pay 8 % interest, to the present where more than Rs. 63 Crores pertaining to over 38000 employees has been invested with the fund managers and yielding a return of 11.49%.

The basic objectives of the application developed were:

- Registration of employees recruited from 01.01.2005.
- Data collection (Of employee contribution along with Government contribution for previous years)
- Bill preparation and fund transfer.
- Data Management (Registered employees, mapping with DDO, prepare annual sheets, calculate interest etc.)
- Information sharing (With NSDL for current and legacy data)
- Interface(Between Treasuries and NSDL)
- Capacity building(Of all stakeholders)
- Repository (Of various rules/ procedures/ instructions regarding NPS)
- Ensure e-participation(Of Employees/ Drawing Disbursing Officers)
- Improvement in service delivery (to stakeholders)

II) RESULT INDICATORS

1. Key Performance

a. Services (G2C, G2B, G2G and G2E) delivered using ICT ; impact in terms of time and cost of delivery of services:

G2G

- The software was designed and developed by NIC, Bhopal and was hosted at NIC data centre (IDC) under a website <http://demo.mp.nic.in/cpension>.
- Login facility was provided to all stake holders like DDOs, Treasury Officers, Joint Directors, Districts, Director and Administrator.

- The only requirement for accessing the web based software was a Windows based computer with Internet Explorer 6.0 or above and an internet connection, which is available with majority of 12000 DDO's or with internet cafe on hourly rent.
- For registration of employees, registration facility was provided to the DDOs. Only 16 field data entry was required for employee registration, out of which some of the fields were made available on a drop down menu.
- It was ensured that all employees are registered, by making it mandatory to attach the registration number with the salary bill of employee concerned for drawl of the salary of all recruits to be included in NPS.
- The facility for data entry of employee contribution, Government contribution, its verification and authentication was provided to the stake holder concerned.
- Based upon roles & responsibilities of stake holders, various reports, required by them were placed in different logins.
- At commissioner level progress was monitored by designing reports in such a way that every updating is reflected in the report on real time basis.
- Facilities for interest calculation and preparation of annual account slips were provided to the administrator.
- After submission of salary bills in Treasuries, the process of deduction of employee contribution, matching equal Government contribution and generation of cheque for money transfer was made automatic to reduce additional burden on treasury staff and ruling out chances of manual errors.
- Monitoring of the progress at every stage was made easy by providing real time based updated reports.

G2B

- Interface between Treasury and NSDL was developed to facilitate online uploading of data related to contributions.
- Online generation of Contribution Submission Form.
- Started use of ECS for Fund transfer from treasuries to State Bank and from there to Trustee bank.

G2E

- Availability of "Employee Corner" for PPAN search, contribution slip generation and department wise employee list.
- All the circulars, Government orders, related to implementation of the scheme, were made available on the website for ready reference.
- Availability of user manual on the website.

- Annual account slips were made available on “Employee Corner”.
- PPAN PRAN matching also available at the website.
- Capacity building of 200 employees belonging to 53 Treasuries, 07 joint Director’s office through video conferencing facilities of the NIC, These in turn provided training to 12000 DDOs who have started using the application successfully.

b. Implementation coverage till date and during the year (geographical areas covered under pilot, roll-out, future plans)

- The project is currently used all across the State. In 50 districts by 12000 D.D.O’s, 53 Treasury Officers, 07 Joint Directors, Directorate of Pension, Provident Fund & Insurance along with NIC and CMC team.
- This will be used for all the new entrants to State services, since it is mandatory for all employees recruited from 01.01.2005.
- The project can be customized further to suit the needs of various other PSU’s, Universities, Urban and Local Bodies when they start implementing the NPS.

2. Government Efficiency Improvement Initiatives

a. Time and cost efficiency improvements in the working & delivery of services

The long pending tasks since the inception of this scheme were accomplished in a very short time. Following service delivery was improved:

- Registration of over 35000 employees
- Generation of PPAN (Permanent Pension Account Number) for them.
- Collection, compilation and consolidation of legacy data for past 38 months for all employees.
- Annual slip generation for last 4 Financial Years.
- The slips were made available to employees in “Employee Corner”
- Data transfer to Central Record keeping agency.
- Investment of funds as per the guidelines of the scheme.

COST EFFECTIVE MEASURES:

- The task of software development was assigned to NIC Bhopal, which saved the costs to State Government.
- Extra hardware was not required for installation and operating the new software.
- Internet connectivity was provided by NIC at most of the sites.
- Videoconferencing was used for capacity building of 200 Treasury/ J.D. office employees who in turned trained staff of 12000 DDO’s.

- The DDO's who did not have computers in their offices, were guided to use computers at treasury offices.
 - For data maintenance, NIC data centre was used.
 - User manuals were made available on the web site.
- b. Specific innovative ideas implemented in eGov area; and their impact on services*
- The software developed was web based; hence it was necessary to monitor its use by different stake holders.
 - Monitoring at various stages like registration of employees, PPAN generation, data entry, interest calculation etc was facilitated by provision of various reports which were updated on real time basis.
 - This has helped not only in accomplishing long pending tasks in a short time, but also prompted the stakeholders to use the software.
- c. Services integrated with other departments*
- The software developed was for the benefit of new entrants in all 52 departments under Government of Madhya Pradesh; hence all departments have used it for registration of employees as well as for data entry of contributions.
 - Interface between Treasuries and Central Record keeping Agency NSDL was developed for data upload in decentralized mode.
 - Centralized module was adopted for Fund transfers.

III) ENABLER INDICATORS

1. Department Policy & Strategy

a. eGov/ICT vision roadmap for department and its current status

NPS is a very important component of the various responsibilities of the Directorate of Pension, Provident Fund and Insurance. Unlike the other functions of the Directorate, the structure and architecture of NPS cannot be undertaken without the use of ICT applications. Further, the present Defined Benefit Scheme for non-NPS employees will gradually have to be phased out and the numbers of NPS employees will grow. As such, any application to undertake will need to be scalable. The concept of a portable PRAN number for subscribers and need for robust record keeping which will be able to endure across several decades and numerous geographical and probably, organizational boundaries, necessitates a need for long term vision. It is also noteworthy that, the idea of such a Pension scheme is new to India and the various procedural and rules related ramifications will emerge with passing time for which a great deal of flexibility will have to be built into applications. NPS also is integral part of Payroll module of the existing computerized

Treasury system, and it has to seamlessly transition into the Integrated Financial Management System and HRMIS. The roadmap for the Directorate factors in this aspect as well. Therefore, the present Payroll of the Madhya Pradesh Government has been upgraded to include the process of quasi centralized method of fund and data transfer. A plug in with the CRA system and automatic generation of matching Government contribution Bill has already been implemented. An application to implement ECS transfer is in progress. The present computerization is being expanded and upgraded with new technology for a Centralized system, and will incorporate all the features of the present NPS payroll, as well as include simplified workflows. The new IGFMS and HRMIS are still at the initial stages and may go live in the next 18 months. Until then the existing system will continue to function.

b. To what extent the common infrastructure (national, state, other department; delivery channels) is being shared

NPS is included in the functions of Directorate of Pension, Provident Fund and Insurance, but its primary users are the 12000 DDOs from all the departments in every corner of the State, and Treasury Officers in all 50 districts. The servers in the Treasuries, their intranet and the internet are shared for this initiative. The software for legacy database creation has been designed by NIC and it was hosted on the NIC server and administered by them. The plug in for interface with the CRA was designed and implemented by M/s CMC who maintain the existing system. As such no new hardware was purchased and all the available resources optimally utilized in the most economical way.

c. Technology standardization policy and its implementation

Standardization of technology was the result of the rigorous processes enforced by PFRDA and NSDL as CRA. However, the limitations of the available Payroll software and the existing computer system in use in the state had to be factored into the implementation. The database creation was kept simple and user friendly to enable its adoption by several thousand users with differing computer abilities. Use of dropdown menus, built-in validation routines, web availability of user manuals and simple report formats for effective monitoring, all facilitated the successful implementation. These techniques will also be carried over to the new Computerization project.

2. Process Reengineering & Legal Reforms

a. Major front end process changes planned and current status

To suit IT applications, following front end processes were introduced

- Online registration of employees and generation of a temporary registration number.
- To ensure the registration, the attachment of the same with salary bill was made mandatory.
- Manual salary bills for new entrants were stopped completely.
- Online generation of Permanent Pension Account Number by Divisional Joint Directors.
- Online facility to capture legacy data of employee and Government contribution.
- Availability of annual account slips Online in “Employee Corner”.
- Based on deductions of employee contribution, generation of equal Government contribution bill through the system was introduced.
- Submission of Government contribution bill along with salary bill was made mandatory.
- The approval and passing of both the bills was compulsory, in case of any objection in any of them, both are to be rejected.
- System generated cheque of all contribution for each day.
- Interface with NSDL website for contribution data upload.

All these processes except for 1, 2 and 4 above are still in use.

b. Major back end process changes planned and current status

- Generation of temporary registration number.
- Checking of duplicate records.
- System based checks to restrict Government contribution to 10% of Pay & D.A. only
- Generation of Permanent Pension Account Number.
- Interest generation on annual deposits.
- Annual slip generation.
- Maintenance of PRAN Master and its mapping with DDO.
- System based restrictions on manual bills for NPS employees.
- Processing and generation of consolidated bill for all contribution daily at treasury level.

The backend processes from 1 to 6 above are not in use now, because as per the NPS architecture, the record keeping is handed over to NSDL.

3. Capacity Building

a. Leadership support & visibility and current status

At the time when Madhya Pradesh notified NPS in early 2005, it had not yet formulated the way forward. Therefore, the directives and instructions about how the whole scheme would work were not spelt out until 2007. In the

absence of this clarity of the various roles and responsibilities of Treasuries, DDOs, Joint Directors, AG etc, the implementation could have derailed at any time. When the Directorate was entrusted with the formidable task of untangling the different strands and bringing coherence, Finance Department fully stood firm in supporting the several initiatives taken by the Directorate. As the pieces were brought into place, the two, Finance Department in the Secretariat and the Directorate worked together with policy and implementation going hand in hand. The success of the implementation automatically brought visibility, and today, the NPS process is part of a normal payroll process, increasing employee satisfaction.

b. Change management strategy defined and status thereof

Change management strategy in this case was designed to address the resistance of Treasury officers and DDOs of the various departments. Their constraints were two fold, firstly a reluctance to learn a new way of working and secondly limitations of capacity in terms of familiarity with computers. The strategy was multi-pronged. At the outset, the tasks were broken down into smaller parts and the DDOs had to do only little bits of data entry at a time, and even that was kept simple and facilitated with drop down menus. When the NSDL interface was commissioned many of the stages of the entire process were automated so that by selecting a category in the menu, the data of employee contribution was picked up automatically, the Government contribution bill of the equal amount was generated by the system without requiring manual intervention. Simple user friendly manuals were made available on the website for convenient use by all concerned. The procedure was phased out to enable the Treasuries and DDOs get familiar with their part of the task before going on to the next phase. Continuous monitoring of the progress to motivate the good performance and to pull up the laggards was kept up throughout. Letters of appreciation were issued to all the Treasury officers and Joint Directors on final implementation. Frequent interaction through video conference were arranged to solve the problems of the users and to reinforce the message of the importance of the work being done. The real driver of the change was the satisfaction level of the NPS employees who are now getting a higher return on their contribution and also have access to the status of their account. At present the NPS implementation in Madhya Pradesh is on course and the initial impetus will ensure it remaining on track.

c. Capacity building plan and its implementation status

For successful implementation of IT based application, capacity building was indispensable. The capacity building was done in most economical manner.

The capacity building plan was designed in such a way so as to educate the staff of Treasury and Joint Director's offices rapidly and enable them to use the new application effectively and swiftly. Frequent training program were organized using video conferencing facilities of NIC to train about 200 employees belonging to Treasury and J.D. offices, who in turn provided training to one or two staff members of 12000 DDO's. Operating instructions to use the application was provided to the users on the website for ready reference.

User manual for use of interface between treasury salary generation modules was also provided to Treasury officers for efficiently using the interface. The department is planning to organize one such training program for new incumbents to Treasury and J.D. offices.

d. Are the Program Management Teams there full time?)

The program management team in the Directorate of Pension, Provident Fund and Insurance is full time and includes

- Mrs. Anuradha Mukhedkar(IRAS), Commissioner Pension
- Sanjay Shrivastava (M.P.Finance Service), Joint Director.
- Technical advice from NIC and CMC is taken on requirement basis.

(G P Singhal, Finance Secretary, Finance Department, Madhya Pradesh & Sanjay Shrivastava, Joint Director, Finance Department, Madhya Pradesh, email: sanjaynee@gmail.com)