

Chapter II

Performance Audits

2.1 National Programme of Mid-day Meal in Schools

**2.2 Implementation of Basic Literacy Programme
under Saakshar Bharat Mission**

School Education Department

2.1 National Programme of Mid-day Meal in Schools

2.1.1 Introduction

Nutritional Support to Primary Education (NSPE) popularly known as Mid-day Meal Scheme (MDM Scheme) is a Centrally sponsored programme launched all over India on 15 August 1995. The programme was intended to boost universalisation of primary education by increasing (a) enrolment (b) retention (c) attendance with a simultaneous impact on the nutritional status of the children in primary classes country-wide in a phased manner by 1997-98. The guidelines of the programme were revised in September 2004 and June 2006. Amendments to the guidelines were also issued from time to time and the programme renamed (September 2007) 'National Programme of Mid-day Meal in Schools'.

Scheme objectives

MDM scheme was implemented in all States and Union Territories of India to address two of the most pressing problems for the majority of children in India, namely, hunger and education by:

- improving the nutritional status of children in primary and upper primary classes;
- encouraging poor children, belonging to disadvantaged sections, to attend school more regularly and help them concentrate on classroom activities; and
- providing nutritional support to school children in drought-affected areas during summer vacation.

Under MDM scheme, cooked food is served to children of primary classes (I to V) and upper primary classes (VI to VIII) in all Government, Government aided and Local body schools, Special Training Centres¹ and Madarasas and Maqtabas². The State Government extended MDM scheme to the children studying in classes IX and X of Government/Local body/Government Aided Schools as a State Programme since October 2008. Further, the scheme laid (2006/2008) emphasis on providing cooked food with minimum 450 (primary)/700 (upper primary) calories and 12 (primary)/20 (upper primary) grams of protein content while simultaneously providing for essential micronutrients and de-worming medicines.

2.1.1.1 Components under the scheme

Central assistance is provided to State Government for implementation of MDM scheme under various components viz., cost of foodgrains, cost of transportation of foodgrains, cooking cost (including cost of pulses, vegetables, oil, fat and fuel), honorarium to Cook-cum-helper (CCH), assistance for Management, Monitoring and Evaluation (MME), construction cost for Kitchen-cum-store and cost of provisioning/replacing utensils for cooking/serving.

¹ Centres under Education Guarantee Scheme (EGS)/Alternative & Innovative Education (AIE) and National Child Labour Project (NCLP) schools

² those supported under Sarva Shiksha Abhiyan Scheme

Organisational setup

The Programme is implemented in the State by the School Education Department. The Principal Secretary to Government, School Education Department is the head assisted by the Commissioner and Director of School Education (CDSE) as State Nodal Officer. The District Education Officer (DEO) is Nodal Officer at district level. At the Mandal level, the Mandal Education Officer (MEO) is responsible and at School level the supervision of the programme was entrusted to Head Master of the school. The implementation of the programme at School level is assigned to SHGs³/DWCRA⁴/SMC⁵/NGOs⁶/parents, etc.



2.1.2 Audit Frame work

2.1.2.1 Audit Objectives

Performance Audit of the scheme was carried out to verify whether:

- the scheme was being implemented in a planned manner so as to cover all the eligible primary, upper primary and high school (Classes IX and X) children;
- the scheme achieved its objective of enhancing enrolment, retention and attendance in primary education;
- the scheme achieved its objective of improving the nutritional status of children in the primary, upper primary classes and high school (Classes IX and X) children;
- the funds allocated were being utilised in an economic and efficient manner; and
- the implementation of the scheme was being effectively monitored.

2.1.2.2 Audit Criteria

Audit findings were benchmarked against criteria sourced from the following:

- Scheme guidelines issued by GoI
- Norms framed by State Government for expenditure under MDM scheme
- Relevant orders, notifications, circulars, instructions issued by GoI/State Government
- Annual Work Plan and Budget prepared by State
- AP Financial Code
- Evaluation reports of various monitoring institutes (including NIRD⁷) on the scheme

³ Self Help Groups

⁴ Development of Women and Children in Rural Areas

⁵ School Management Committee

⁶ Non-Government Organizations

⁷ National Institute of Rural Development

2.1.2.3 Scope and Methodology of Audit

A Performance Audit of the scheme ‘Nutritional Support to Primary Education’ was carried out earlier for the five year period 2003-04 to 2007-08 and the findings were included in the CAG’s Report on the erstwhile Government of Andhra Pradesh for the year ended 31 March 2008. Several lacunae in the implementation of the scheme were pointed out in that report and various measures were recommended for effective and smooth implementation of the scheme. The current Performance Audit of the scheme was carried out during September - December 2014 and June - July 2015 covering five year period 2010-15. As a follow-up, Audit assessed and evaluated the action taken by the Government on the Audit observations included in the Audit Report for the year ended 31 March 2008.

Audit methodology involved scrutiny of records relating to implementation of the scheme at Commissionerate of School Education and District Education Officers, Mandal Education Officers and Schools in three selected districts⁸. An Entry Conference was held with the Commissioner of School Education in September 2014 wherein audit objectives, methodology, scope, criteria and audit sample were explained. Audit Enquiries were issued, discussions were held with Departmental authorities at various levels and photographic evidence was taken to substantiate audit findings where necessary. An Exit Conference was held with Government representatives in December 2015 to discuss audit findings and the replies (December 2015) of Government have been incorporated at appropriate places in the report.

2.1.2.4 Audit Sample

Three districts were selected by Probability Proportional to Size without Replacement (PPSWOR) method. In each district, three rural and one urban mandals along with 30 schools (Primary, Upper Primary and High Schools) were selected under Simple Random Sampling without Replacement (SRSWOR) method.

2.1.2.5 Audit analysis of follow-up action by the Government on earlier Audit observations

The following major deficiencies in the implementation of the scheme were pointed out in the Audit Report for the year ended 31 March 2008:

- (i) Non-utilization of allocated scheme funds in full
- (ii) Excess lifting of rice from GoI by furnishing inflated enrolment figures by the State Government while seeking allotment of rice
- (iii) Absence of proper mechanism to assess actual utilisation of foodgrains, and huge accumulation of rice stocks at Andhra Pradesh State Civil Supplies Corporation Limited (APSCSCL)
- (iv) Excess claim of transportation charges by APSCSCL
- (v) Absence of proper system to ensure supply of Fair Average Quality (FAQ) foodgrains

⁸ Adilabad, Nalgonda and Warangal districts

- (vi) Inadequate infrastructure and basic amenities in the schools and short utilisation of GoI funds and lackadaisical approach towards construction of kitchen-cum-stores
- (vii) Non-provision of mid-day meal during summer vacations in drought prone areas
- (viii) Non-existence of a mechanism to monitor the impact of the scheme on health of children
- (ix) Critical information about the implementation of the scheme not being displayed by schools
- (x) Deficient monitoring/inspection of implementation of the scheme

Audit analysis revealed that the above Audit findings were not fully addressed and the deficiencies continued to exist.

During the Exit Conference, Government admitted that the deficiencies in the implementation of the scheme pointed out in the earlier Audit Report persisted and follow up action is needed.

Audit Findings

Audit findings pertaining to Telangana (now being a separate State of Telangana since 2 June 2014) consisting of 10 districts, for the period 2010-15 are discussed in the succeeding paragraphs.

2.1.3 Planning and Coverage

2.1.3.1 Annual Work Plan and Budget

MDM scheme assigns importance to the preparation of Annual Work Plan and Budget⁹ (AWP&B) by the State Government based on information maintained at school level and aggregated at Mandal, District and State levels. While preparing the AWP&B in the month of January/February for ensuing year, DEOs adopt actual figures of meals taken, rice utilised, funds utilised towards transportation charges, cooking cost, honorarium to CCHs, MME, etc. for the previous three quarters (April – December) and submit the same to the CDSE to enable them to submit a consolidated AWP&B to Programme Approval Board (PAB) of MDM scheme (GoI) on the basis of which PAB estimates and allocates rice and funds.

Audit scrutiny of records at CDSE and DEOs in the three test checked districts revealed that bottom up approach was not followed while preparing AWP&B. The enrolment figures of children in Government, Government aided and Local Body schools shown in AWP&B submitted by CDSE to GoI for the year 2010-11 were adopted for 2011-12 as well without any change, indicating lackadaisical approach in preparation of annual work plans. In the absence of bottom up approach, there were inconsistencies between the figures of institutions serving mid-day meal, enrolment of children and meals served

⁹ contains details of management structure, implementation process, district-wise information for financial proposals such as (i) anticipated number of working days for schools, (ii) average number of children who have availed of mid-day meal in the previous year, (iii) enrolment of children and number of children who are estimated to avail of mid-day meal in the current year, (iv) lifting and utilisation of foodgrains allocated in the previous year, (v) allocation and utilisation of central assistance towards cooking cost in the previous year, (vi) requirement of foodgrains and central assistance towards cooking cost for the current year, (vii) construction of Kitchen-cum-stores, etc.

during 2010-15 projected in AWP&B for the years 2011-16 submitted by DEOs of the test checked districts to CDSE and those in turn submitted by CDSE to GoI. Details are given in **Appendix-2.1**. Due to such discrepancies, short/excess release of rice and funds cannot be ruled out.

During the Exit Conference, Government accepted that compilation of State level data with regard to meals served, consumption of rice, expenditure incurred, etc. was not being properly made and thereby a clear picture was not emerging. It was further stated that the AWP&B were being prepared based on the Mandal-level reports and sometimes UDISE¹⁰ reports were the basis for preparation of AWP&B and hence the variation.

2.1.3.2 Coverage of MDM scheme

(i) Survey of school-age children

School teachers at village level were conducting door-to-door survey during summer vacation to ascertain the data of school-age children studying in Government/Private schools and ‘out of school’ children. Audit noticed that there was no evidence that initiatives were taken based on the consolidated survey data for attracting ‘out of school’ children to schools and bringing improvement in enrolment.

Although the Director of School Education (DSE) contended (May 2015) that a survey was being conducted every year at the beginning of academic year through Sarva Shiksha Abhiyan (SSA) and the data was being used while organising enrolment drives, etc. it was observed by Audit that the Educational Statistics in the State (prepared by SSA) for 2013-14¹¹ in fact, projected unrealistic statistics for primary stage. The projected population of children in the age group 6 - 10 years was 30,56,341 while the corresponding enrolment in classes I - V was 32,06,958.

(ii) Coverage of Schools/Children

As per the MDM scheme guidelines, nutritious cooked mid-day meal is to be provided to every child of primary classes and upper primary classes in all Government, Government aided and Local body schools, Special Training Centres and Madarasas and Maqtabas.

In the State, all the primary and upper primary schools were covered under MDM scheme and coverage¹² of children ranged from 83 (2012-13) to 94 (2011-12) *per cent* during 2010-15. In the test checked districts, the coverage of children was the lowest (81 *per cent*) in Nalgonda district. In the 90 sampled schools, coverage of children ranged from 97 *per cent* (2010-11) to 100 *per cent* (2012-15) during the period.

Government replied that in Nalgonda district, the coverage of children under MDM scheme was less during 2010-12 due to non-coverage of hostel children during the period.

Although the data on the number of children availing mid-day meal assumes great significance since it directly impacts scheme implementation in terms of assessment of funds requirement for foodgrains, cooking costs, etc. and its further release, the scheme

¹⁰ Unified District Information System for Education

¹¹ Educational Statistics for the year 2014-15 were not published as of September 2015

¹² the average number of children availed mid-day meal *vis-à-vis* the number of children enrolled

did not contain any provision to enable children to either opt in or opt out of the mid-day meal. In the absence of this vital data, the coverage of children and projection of requirements in the AWP&B are likely to be unrealistic.

Audit scrutiny of records in the sampled schools revealed that the number of children attending the schools was shown as number of children availing mid-day meal i.e. covered under the scheme.

Government replied that all the children attending school were not taking meals for various reasons and that instructions had been issued to the Headmasters to take the option of the children in the first hour and indicate number of children taking meals to the cooking agencies for preparation of meals to those children.

(iii) Coverage of children in drought-affected areas

As per MDM scheme guidelines, GoI provides assistance for cooked mid-day meal during summer vacations to school children in areas declared by State Government as drought affected. Out of 455 mandals in Telangana, 418 (2011-12), 16 (2012-13) and 6 (2013-14) mandals were declared¹³ as drought affected mandals.

Audit scrutiny however, revealed that proposals for providing mid-day meal in the drought affected mandals during summer vacations were in fact, not made in the AWP&B for 2012-13 to 2014-15, resulting in mid-day meal not being provided to children during summer vacations (2012, 2013 and 2014) in those areas.

Government, while accepting the audit observation, did not give specific reasons for non-inclusion of the proposals for providing mid-day meal in the drought affected areas during summer vacations.

2.1.4 Funds Allocation and Utilisation

GoI provides 100 *per cent* financial assistance for three components *viz.*, cost of foodgrains, transportation charges of foodgrains and MME. The cost sharing between GoI and State Government in respect of cooking cost and honorarium to CCHs is in the ratio of 75:25. For this purpose, PAB of MDM scheme (GoI) approves the annual requirements of funds and rice in consideration of the performance of the scheme in the previous year. Accordingly, Central assistance will be released after adjustment of balances of funds and foodgrains available with the State. In addition, State Government is required to provide funds for extending the programme to students studying in classes IX and X.

During the five year period 2010-15, GoI provided Central assistance of ₹2,595.51 crore for implementation of the MDM scheme. Out of this, State Government incurred ₹2,526.50 crore¹⁴ towards various components of the scheme. Further, as against ₹1,758.15 crore provided in the budget by the State Government towards its share, the expenditure was ₹1,139.37 crore (65 *per cent*). Budget provision *vis-à-vis* the expenditure under MDM scheme during the five year period 2010-11 to 2014-15 is given in **Table-2.1**.

¹³ Drought affected mandals were not declared by the State Government during 2014-15

¹⁴ Cost of foodgrains: ₹238.55 crore; Transportation cost: ₹52.97 crore; Cooking cost: ₹1,349.73 crore; Honorarium to Cook-cum-helpers: ₹590.73 crore; MME: ₹2.89 crore; and Kitchen-cum-stores: ₹291.63 crore

Table-2.1

(₹ in crore)

Year	Central share		State share		Total	
	GoI releases	Expenditure	Budget Provision	Expenditure	Budget Provision^	Expenditure (Percentage)
2010-11	478.92	465.58	291.38	169.48	1034.03	635.06 (61)
2011-12	851.91	510.51	413.92	298.92	1191.61	809.43 (68)
2012-13	612.33	702.24	426.35	327.90	1269.97	1030.14 (81)
2013-14	443.74	466.08	461.26	282.73	1151.13	748.81 (65)
2014-15*	0.00	135.18	96.64	24.33	238.05	159.51 (67)
2014-15	208.61	246.91	68.60	36.01	581.53	282.92 (49)
Total	2595.51	2526.50	1758.15	1139.37	5466.32	3665.87 (67)

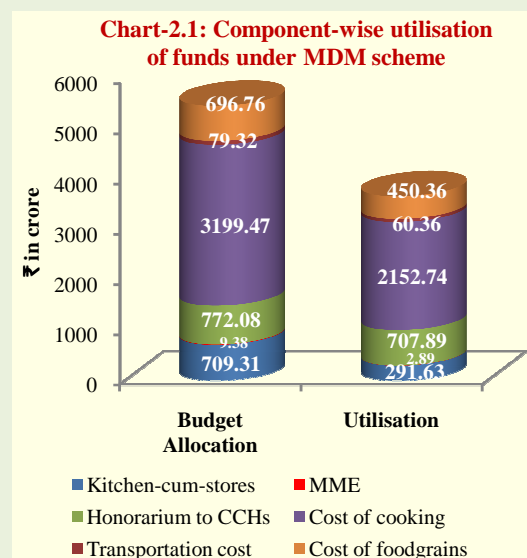
Source: GoI funds release orders and Appropriation Accounts of respective years; ^including Central share

Note: (i) Figures for the years 2010-11 to 2013-14 and 2014-15* (April & May) pertain to composite Andhra Pradesh and figures for the year 2014-15 (June to March) pertain to Telangana State. (ii) Figures for budget provision and expenditure include Central Share under the group head 'Centrally Sponsored Schemes' and State share under the group head 'Matching State Share' for classes I to VIII and 'Normal State Plan' for classes IX and X.

Thus, Government could not exhaust the funds allocated for MDM scheme in any of the last five years. Unutilised funds in this regard ranged from ₹239.83 crore (2012-13) to ₹402.32 crore (2013-14). Scrutiny also revealed that during 2014-15 (June to March), only 49 per cent (₹282.92 crore) of allocated funds (₹581.53 crore) could be utilised after formation of the State. Non-utilisation of budgetary allocation in full and non-release of GoI funds in full by the State for implementation of the scheme coupled with non-release of its matching share hampered the provision of infrastructure required for preparation/ serving of mid-day meal and Management, Monitoring and Evaluation (MME) activities as discussed in paragraphs 2.1.6 and 2.1.9.

During the Exit Conference, Government attributed the underutilisation of funds to the cumbersome process of release of funds and largely due to the release of funds at the fag end of the year by GoI.

Audit analysis with regard to the allocation *vis-à-vis* utilisation of funds under various components of the programme revealed that allocated funds were not utilised in full by the State Government under any component during 2010-15 as shown in Chart alongside. Unutilised funds were noticed under the components 'cost of foodgrains' (35 per cent), 'transportation cost' (24 per cent), 'cost of cooking' (33 per cent), 'honorarium to CCHs' (8 per cent), MME (69 per cent) and 'Kitchen-cum-stores' (59 per cent). Component-wise details of allocation and utilisation are given in **Appendix-2.2**.



Government replied that expenditure could not be incurred for construction of Kitchen-cum-stores sanctioned under Phase-II due to insufficient unit cost. It was further stated that the matter was under active consideration of the State Government to revise the unit cost for construction of Kitchen-cum-stores in all the eligible schools in the State.

2.1.5 Management of foodgrains

Under MDM scheme, foodgrains at free of cost are supplied by GoI at 100 grams and 150 grams per child per school day for children studying in primary (classes I to V) and upper primary (classes VI to VIII) classes respectively. GoI allocates foodgrains for the State as a whole based on the annual allocation approved by PAB of MDM scheme and in turn the State makes district-wise allocations of foodgrains separately for primary and upper primary classes as per the requirement. Local depots of the Food Corporation of India (FCI) supply foodgrains and payments are made at district level. In the composite State, Andhra Pradesh State Civil Supplies Corporation Limited (APSCSCL) upto June 2014 and thereafter in the newly formed State, Telangana State Civil Supplies Corporation Limited (TSCSCL) is the nodal agency for lifting and transportation of rice. In addition, the State is required to make its own arrangements for supply of foodgrains for providing mid-day meal to children studying in classes IX and X.

2.1.5.1 Allocation of foodgrains

As per the scheme guidelines, the State Government was required to furnish to PAB of MDM scheme (GoI), by January/February every year, a district-wise requisition for allocation of foodgrains based on average number of children who had availed of mid-day meal in the preceding year. The PAB, after considering the performance under the scheme during the preceding year and proposal of the State for the ensuing year, was to approve the allocation of the foodgrains for the State as a whole.

Audit scrutiny revealed that in the absence of bottom up approach in preparation of AWP&B, the figures of average number of children who had availed of mid-day meal in the preceding year furnished by the State Government to GoI while seeking allocation of foodgrains for ensuing year suffered from inconsistencies. In the three test checked districts, the figures of average number of children who had availed mid-day meal during 2010-15 (except 2011-12 for which details were not available with DEOs) as furnished by DEOs were inflated/deflated by the State Government while projecting the requirement of foodgrains in the AWP&B for 2011-12 to 2015-16, as shown in the table below.

Table-2.2

District	Reported figures of average number of children availed mid-day meal								
	DEO to CDSE			CDSE to GoI			Variation		
	PS	UPS	Total	PS	UPS	Total	PS	UPS	Total
Adilabad	596635	222279	818914	684571	342717	1027288	87936	120438	208374
Nalgonda	514780	275637	790417	568501	327800	896301	53721	52163	105884
Warangal	553367	324605	877972	549847	340133	889980	-3520	15528	12008
Total	1664782	822521	2487303	1802919	1010650	2813569	138137	188129	326266

Source: AWP&B for 2011-12 to 2015-16 compiled at State and District level

Overall, this resulted in excess requisition of 9,247 MT of rice (cost: ₹5.28 crore¹⁵) by the State Government in these three districts alone for the period 2011-16 and its subsequent allocation by GoI, as detailed in **Appendix-2.3**. This in turn resulted in accumulation of rice stocks with the lifting agency as also discussed in paragraph 2.1.5.3.

Government, in its reply, stated that periodical reports on utilisation of foodgrains were being submitted to GoI reflecting actual consumption of foodgrains and these figures would be reconciled at the end of the financial year and balance would be deducted from the approved figures of succeeding financial year.

Audit scrutiny however, revealed that while furnishing Quarterly Progress Reports (QPRs) to GoI, the balances of foodgrains available with the State were projected incorrectly and there were large balances of rice with lifting agency which was not being reported to GoI as discussed in the sub-paragraph 2.1.5.2 (v) & (vi).

2.1.5.2 Utilisation of foodgrains

As per para 3.5 of the guidelines, the DEO was required to ensure that each school was informed of its monthly allocation of foodgrains, etc. District administration makes Mandal-wise allocation of the foodgrains based on the indent (being the consolidated school-wise requirement of foodgrains) placed by the MEOs. The MEOs in turn allocate the foodgrains to the schools under their jurisdiction according to the indent placed by them on monthly basis. On the other hand, based on the allotment made by the CDSE, the District Managers (DMs), APSCSCL/TSCSCL lift the rice pertaining to Classes I to VIII from FCI. The DM, APSCSCL/TSCSCL releases rice to the schools from Mandal Level Stockist (MLS) points through Fair Price Shop (FPS) dealers, based on allotments made by the District administration.

Audit observed the following:

- (i) In 66 out of 73¹⁶ sampled schools, the allocation/release orders of foodgrains issued by the MEOs/Tahsildars (erstwhile MROs) were not available with the schools. Details of rice stock received from FPS dealer were only being noted by the Headmasters in the rice stock or meals taken register.

Government replied that instructions had been issued to the DEOs to provide a copy of foodgrains release orders to the Headmasters through the MEOs.

- (ii) In Nalgonda district, MLS-wise details of rice allotted by the District administration/Tahsildars for the period 2011-15 and total quantity supplied to the school for the period 2010-11 were not available with DM, TSCSCL. Thus, excess/short supply of rice to schools and accumulation of rice stocks with MLS points could not be ruled out.
- (iii) In Adilabad district, instead of releasing the quantities mentioned in the District Collector's proceedings, Tahsildars were preparing separate release orders issuing less quantities of rice than the actual allotment made. As a result, there was accumulation

¹⁵ 9,247 MT x ₹5,706.50 per MT

¹⁶ Details were not made available to Audit with regard to 17 sampled schools in Nalgonda district

of rice at MLS points. Out of four mandals test checked, in Bheemini and Utnoor, there was accumulation of foodgrains to an extent of 1,386 quintals¹⁷ during 2010-15. Further, no mechanism existed to identify such accumulated balances and to avoid misuse.

Government replied that in some mandals of Adilabad district, MEOs were lifting only the required quantity of rice from Tahsildars out of rice allotted by the District Collector due to security reasons at school points and that instructions had been issued (July 2015) to the MEOs to lift the total quantity of the rice allotted by the Tahsildars.

- (iv) In Nalgonda district, there were instances (2011-13) of off-take of rice (1,876 MT¹⁸) from out of the GoI's allotment to the schools by APSCSCL for provision of mid-day meal to the children studying classes IX and X for which requirement of rice was to be met from the State plan.

Government replied that instructions had been issued to the DEO concerned not to divert the rice allotted for classes I to VIII to the students of classes IX and X.

- (v) *As per the CDSE instructions (May 2011) DEOs should reconcile the foodgrains allocated by FCI, against the quantities actually lifted from APSCSCL/TSCSCL, supplied to the schools, utilised at the school point and unspent balances left during the month to avoid discrepancies.*

However, reconciliation of foodgrains was not being done by the DEOs with APSCSCL/TSCSCL at district level. As a result there was variation of figures between Department, APSCSCL/TSCSCL and FCI with regard to lifting, off-take and available balances of foodgrains. There were large balances of rice with lifting agency and the fact was not being reported to GoI.

During the Exit Conference, Government accepted the audit observation and stated that reconciliation of figures of foodgrains would be done with Civil Supplies and FCI with proper authentication by the officials of concerned Departments. It was further stated that instructions had been issued to DEOs to depute a representative while lifting rice from FCI and to reconcile the rice allotted, lifted and balances available every month.

In Warangal district, there was variation (5,309 MT) in the figures of foodgrains lifted (28,984 MT) as per APSCSCL/TSCSCL and that (34,293 MT) as per DEO during 2010-15. In Adilabad and Nalgonda districts also, there were variations in the figures with regard to allotment (5,227 MT¹⁹) and lifting (4,506 MT²⁰) of rice between DM, APSCSCL/TSCSCL and DEOs during the period 2010-15.

Government replied that in some mandals of Warangal and Adilabad districts, MEOs were lifting only the required quantity of rice from Tahsildars out of rice allotted by

¹⁷ Bheemini: 718 quintals and Utnoor: 668 quintals

¹⁸ 2011-12: 1,312 MT and 2012-13: 564 MT

¹⁹ Adilabad: 3,118 MT and Nalgonda: 2,109 MT

²⁰ Adilabad: 3,804 MT and Nalgonda: 702 MT

the District Collector due to security reasons and showing the balance rice (not being lifted) as closing balances.

- (vi) While furnishing Quarterly Progress Reports (QPRs) to GoI, the balances of foodgrains available with the State were projected incorrectly. The closing and opening balances of rice reported in the QPRs did not tally with the actual balances (as per the FCI and APSCSCL/TSCSCL data). For instance, the opening balance of foodgrains for 2014-15 was projected in the QPRs as 16,452 MT as against the actual balance of 39,816 MT (as shown in Table-2.3 below).

2.1.5.3 Large balance of foodgrains with lifting agency

Audit scrutiny revealed that there were large balances of rice with the lifting agency (APSCSCL/TSCSCL) ranging from 17,119 MT (2014-15) to 54,415 MT (2012-13). Details of allotment, lifting, off-take and balances of rice during 2010-15 are given in the table below.

Table-2.3

(in MT)

Year	Opening balance	GoI allotment	Lifting from FCI	Off-take	Closing balance
2010-11	17441	53010	53010	43019	27432
2011-12	27432	65293	63568	39545	51455
2012-13	51455	56118	48522	45562	54415
2013-14	54415	44897	27570	42169	39816
2014-15	39816	61043	27283	49980	17119

Source: Data furnished by APSCSCL/TSCSCL and FCI, Hyderabad

Retention of such a quantity of rice with the lifting agency at the end of each year indicated that the figures of average number of children who had availed of mid-day meal projected in AWP&B were incorrect and unrealistic. Further, due to the absence of control mechanism at various levels to assess the actual requirement and ensure release of foodgrains as per the allotment followed by reconciliation and reporting of balances available, there was accumulation of quantities of rice at lifting agency/MLS points as discussed in the foregoing paragraphs.

Audit scrutiny further revealed that cost of foodgrains and transportation charges were being paid by the Department based on the quantity of rice lifted from FCI by the lifting agency. However, the entire quantity of rice lifted from FCI was not supplied to schools during 2010-13, resulting in huge accumulated rice stock with lifting agency. As a result, the Department had to pay ₹10.77 crore towards cost of foodgrains (₹9.77 crore²¹) to FCI and transportation charges (₹one crore²²) to APSCSCL on the rice stock accumulated with APSCSCL, though these quantities of rice were not actually received by the Department.

Government replied that instructions had been issued (October 2015) to all the DEOs to reconcile the figures before making payments.

²¹ 17,119 MT x ₹5,706.50 per MT = ₹9.77 crore

²² 17,119 MT x ₹750 per MT - ₹28 lakh (being the outstanding dues) = ₹one crore

2.1.5.4 Quality of foodgrains

As per the MDM scheme guidelines, 2006, FCI was required to issue foodgrains of best quality available, which would in any case be at least of Fair Average Quality (FAQ). This would be ensured by District Collectors after joint inspection by a team consisting of FCI and nominees of district administration.

Audit however, observed in the three test checked districts that no such joint inspections were conducted during 2010-15. In Adilabad district, the MEOs brought (June 2014) the issue to the notice of District level Steering-cum-Monitoring Committee (SMC) that good quality foodgrains were not being supplied to schools. In 90 sampled schools, rice bags containing the mid-day meal rice did not have the unique symbol 'MDM rice' (though required as per the directions of February 2012 of State level SMC) so as to enable the school authorities to identify that the rice supplied to them conformed to FAQ norms.

Government replied that all the DEOs had been requested for conducting joint inspection by a team consisting of FCI and nominee of district administration to ensure supply of FAQ rice. The DEOs had also been asked to ensure that the rice bag supplied to the school point bear the unique symbol 'MDM rice'.

2.1.5.5 Maintenance of buffer stock

As per para 2.6 of guidelines for decentralization of payment of cost of foodgrains to FCI at District level issued (February 2010) by GoI, the District administration would ensure that every consuming unit maintains a buffer stock of foodgrains required for a month to avoid disruption due to unforeseen exigencies.

Audit scrutiny of relevant records revealed that in 82²³ out of 90 sampled schools, buffer stock required for a month was not maintained and, in fact, the closing stock reflected a negative balance in 29 schools²⁴ during 2010-15. In such cases, the schools/Self Help Groups (SHGs) had to make their own arrangements to get the foodgrains from the nearby schools or FPS dealer on reimbursement basis.

Government replied that the DEOs had been asked to maintain a buffer stock of foodgrains required for a month for distribution during unforeseen exigencies and to ensure maintaining buffer stock by the Headmasters at school level.

2.1.5.6 Transportation charges

As per para 2.3 (ii) of the MDM scheme guidelines, GoI was to reimburse the actual cost incurred on transportation of foodgrains from the nearest FCI godown to the school point subject to a prescribed ceiling of ₹750 per MT.

Audit scrutiny of relevant records revealed the following:

- APSCSCL/TSCSCL was submitting (2010-15) transportation claims for entire ₹750 per MT without furnishing actual expenditure incurred by them and payment was also made at flat rate without ascertaining the actual expenditure by DEOs.

Government replied that appropriate action would be taken in this regard.

²³ Adilabad: 22, Nalgonda: 30 and Warangal: 30

²⁴ Adilabad: 22 and Nalgonda: 7

- In Nalgonda district, though transportation charges of ₹45.95 lakh (2010-11) were outstanding, the funds (₹22.69 lakh) intended for the purpose were surrendered during 2010-12 without payment to APSCSCL. DEO replied that unspent balances were surrendered as per the instructions of CDSE. The contention is not acceptable as the DEO should have apprised the CDSE about the outstanding dues before surrendering the funds.
- In Adilabad district, there was a discrepancy of ₹11 lakh in payment of transportation charges during 2010-15 between the figures furnished by DM, APSCSCL/TSCSCL and DEO.

2.1.5.7 Delivery of rice to the school point

As per para 3.8 (i) of MDM scheme guidelines the State nodal agency engaged for lifting and transportation of foodgrains was responsible for lifting foodgrains from FCI godowns and delivering them to designated authority at the taluk/block level. State Government was also to make foolproof arrangements to ensure that the foodgrains were carried from the taluk/block level to each school in a timely manner.

Audit however, observed in the three²⁵ test checked districts that contrary to this, the rice stock was being supplied only up to Fair Price Shop (FPS) instead of to school point, though the transportation charges (₹750 per MT) were reimbursed by GoI. In 62²⁶ out of 90 sampled schools, rice stock was brought to the schools by Head Masters/SHGs/CCHs by bearing transportation charges on their own.

Government replied that in Nalgonda and Warangal districts, rice was being transported directly from MLS point to school point without the involvement of FPS dealers since January 2015. In Adilabad district, action was being taken for transportation of rice upto school point. It was further stated that instructions had been issued to all the DEOs to ensure supplying of rice to the school point and payment of transportation charges to deliver the rice upto the school point.

2.1.5.8 Disposal of empty rice (gunny) bags

The foodgrains were being transported from FCI to schools in gunny bags. The MDM scheme guidelines 2006 were silent about disposal of empty gunny bags. In the absence of any guidelines, the schools in the test checked districts did not take any action to dispose of the empty gunny bags. Instead, the Headmasters were allowing the FPS dealers to take away the empty bags free of cost. As a result, the opportunity to earn revenue on account of sale of 18.11 lakh empty gunny bags valuing ₹1.81 crore (considering at least ₹10 per bag) in the three test checked districts alone, was lost during 2010-15.

Government replied that necessary instructions had been issued (October 2015) to all the DEOs/Headmasters in the State to ensure disposal of the empty gunny bags as per rules and to remit the sale proceeds into Government account.

²⁵ In Nalgonda district, foodgrains were being transported to school point since January 2015

²⁶ Adilabad: 19, Warangal: 15 and Nalgonda: 28 (of this, in 26 schools, upto December 2014)

2.1.6 Infrastructure facilities

Provision of essential infrastructure for preparation/serving of mid-day meal was one of the components of MDM scheme. It included Kitchen-cum-store, kitchen devices, adequate water supply for cooking/drinking, etc. The responsibility for creation of infrastructure and procurement of kitchen devices, etc. lies with the State Government.

Audit however, noticed that during 2010-15, 59 per cent of allocated funds for construction of 'Kitchen-cum-store' remained unutilised and there was no budgetary provision/release of funds for provision/replacement of Kitchen utensils and for provision of Gas connections.

The status of provision of infrastructure facilities in the three test checked districts as of July 2015 is given in table below.

Table-2.4

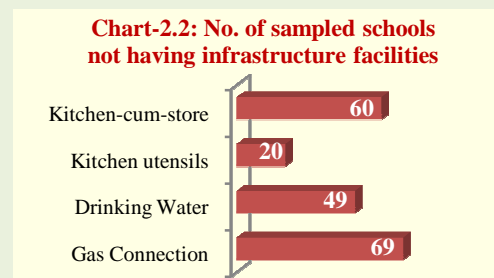
District	Total number of schools	Number of schools having infrastructure facilities (percentage)			
		Kitchen-cum-stores	Kitchen devices	Water	Gas connection
Adilabad	3850	402 (10)	2832 (74)	729 (19)	1820 (47)
Nalgonda	3283	1104 (34)	2052 (63)	2055 (63)	Nil*
Warangal	3444	1131 (33)	2807 (82)	2730 (79)	Nil*

Source: Data furnished by the DEOs

* Although there was no provision of Gas connection in the schools as per the data furnished by DEOs, Audit noticed provision of Gas connections in 10 sampled schools as mentioned in the following paragraph

Out of 90 sampled schools, most of the schools did not have Kitchen-cum-store (60²⁷), Kitchen utensils (20²⁸), drinking water (49²⁹) and Gas connection (69³⁰) as shown in the Chart alongside.

Thus, improvement of infrastructure required for preparation/serving of mid-day meal in schools was neglected by the Department.



Government replied that the unit cost approved by the GoI for construction of Kitchen-cum-stores was insufficient and proposals for revision of unit cost was under active consideration of the Government. Drinking water facility was being provided in the schools under Rural Water Supply and SSA. It was further stated that instructions had been issued to the DEOs to provide drinking water facilities in all the schools and as per convenience, to utilise Gas stoves for cooking of mid-day meal.

2.1.6.1 Construction of Kitchen-cum-store

(i) Requirement vis-à-vis sanction

Based on the requirement projected by the State, GoI sanctioned 30,014 Kitchen-cum-store (Phase-I: 19,316 and Phase-II: 10,698) and released ₹236.25 crore (Phase-I: ₹115.90 crore and Phase-II: ₹120.35 crore) during 2006-08 and 2011-12 respectively.

²⁷ Adilabad: 26, Nalgonda: 19 (8 in dilapidated condition) and Warangal: 15

²⁸ Adilabad: 7, Nalgonda: 9 and Warangal: 4

²⁹ Adilabad: 21, Nalgonda: 11 and Warangal: 17

³⁰ Adilabad: 19, Nalgonda: 23 and Warangal: 27

Audit scrutiny of records revealed that the State Government incorrectly projected the requirement of Kitchen-cum-stores while seeking Central assistance during the period 2006-08 and 2011-12 as shown below.

Table-2.5

Total no. of schools in the State in 2011-12 (as per AWP&B 2012-13)	28770
No. of schools wherein Kitchen-cum-stores already existed as of 2006-07	10089
No. of schools where mid-day meal is served by NGOs through centralized kitchen as of 2011-12	1278
No. of schools requiring Kitchen-cum-stores as of 2011-12 (28770-10089-1278)	17403
No. of schools for which financial assistance already received from GoI under Phase-I (2006-08)	19316
No. of schools for which excess financial assistance claimed under Phase-I (19316 - 17403)	1913
No. of schools for which financial assistance claimed under Phase-II (2011-12) though not required	10698

As seen from the above table, State Government obtained financial assistance for construction of Kitchen-cum-stores in 19,316 schools as against the actual requirement in 17,403 schools (excess claim for 1,913 schools). Moreover, financial assistance for construction of 10,698 units under Phase-II was claimed though not required. Despite this, the construction of Kitchen-cum-stores sanctioned under Phase-I was not completed as of November 2015 as detailed in the succeeding paragraphs.

Government did not offer any specific reply in this regard.

(ii) Construction under Phase-I

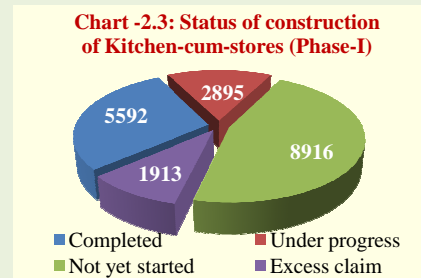
Out of Central assistance (2006-08) of ₹115.90 crore (at ₹60,000 per unit) for construction of 19,316 Kitchen-cum-stores, State Government released ₹44.05 crore (38 per cent) only to the districts and of which ₹1.36 crore was lying in PD account of Chief Planning Officers (CPOs) (as of May 2015). Since 2006-07, in all the years, large amounts were allowed to lapse and these were got revalidated in the subsequent years.

As of November 2015, out of 19,316 Kitchen-cum-stores sanctioned by GoI, 5,592 kitchen sheds (29 per cent) were completed and 2,895 (15 per cent) were in progress. Remaining 8,916 (excluding excess projection of 1,913 Kitchen-cum-stores) were not yet started.

In order to complete construction of Kitchen-cum-stores (Phase-I) which were in fact, not started due to insufficient cost, the State Government enhanced (November 2011) the unit cost from ₹60,000 to ₹75,000 and reduced the plinth area from 252 sft to 136 sft. It was noticed that although additional funds of ₹25.57 crore (17,048 units at ₹15,000 each) was required to be provided by the State Government, no additional funds were released to districts for ensuring completion of Kitchen-cum-stores (Phase-I).

Government replied that the proposal for releasing the funds for completion of the under progress Kitchen-cum-stores was under active consideration of the Finance Department.

In the three test checked districts, out of 4,258 Kitchen-cum-stores sanctioned (2011-12) under Phase-I, 1,465 units were completed and 1,640 units were under progress.



Construction of the remaining 1,153 units was yet to be commenced as of July 2015 as shown in the table below.

Table-2.6

District	No. of units sanctioned	No. of units completed	No. of units in progress	No. of units yet to be commenced
Adilabad	1313	402	632	279
Nalgonda	1493	577	621	295
Warangal	1452	486	387	579
Total	4258	1465	1640	1153

Source: Information furnished by DEOs

Non-completion/non-grounding of construction works was attributed (October 2014/ July 2015) by DEOs to non-release of funds (Adilabad) and insufficient funds (Nalgonda).

(iii) Construction under Phase-II

Out of ₹120.35 crore³¹ released (2011-12) by GoI for construction of 10,698 Kitchen-cum-stores, State Government released ₹86.58 crore. However, the Department adjusted (2012-13) ₹86.58 crore to PD accounts of CPOs of nine (i.e., except Hyderabad) districts and the entire amount was shown as expenditure without actual utilisation of these funds (balances available in PD account as of May 2015: ₹58.67 crore). Moreover, the State Government did not release its share of ₹40.12 crore (25 per cent of cost).

As of November 2015, construction of **none of the Kitchen-cum-stores was in fact started in the State**. Despite availability of funds, State Government did not ensure completion of construction of Kitchen-cum-stores even after the lapse of three and half years since date of GoI sanction. As a result, the cost of construction escalated from ₹1.50 lakh to ₹2.50 lakh per unit (as per the revised estimates submitted by the Executive Engineer, SSA).

Although GoI specifically instructed (March 2012) that the funds released for Phase-II construction works should not be used for Phase-I construction works for which funds had already been released, CDSE issued (January 2014) instructions to the district authorities to utilise the funds released under Phase-II for Phase-I construction works. It was observed that the funds amounting to ₹24.99 crore intended for Phase-II constructions were utilised for Phase-I construction works as of May 2015.

Government replied that proposals for approval of revised unit cost for construction of 10,698 Kitchen-cum-stores in all the eligible schools in the State were under active consideration of the Government.

(iv) Cooking of mid-day meal in open area/dilapidated rooms

Audit noticed in 13 out of 90 sampled schools that Kitchen-cum-stores were not available and cooking of mid-day meal was being done in open area in 11 schools (Nalgonda: 10 and Adilabad: one) and in dilapidated rooms in two schools (Adilabad: one and Warangal: one) as shown in the images of some of the sampled schools.

³¹ Being 75 per cent of estimated cost ₹160.47 crore (10,698 units x ₹1.50 lakh)



MPP School, Muthyalastreet Village,
Huzurnagar Mandal, Nalgonda district (July 2015)



ZPH School, K. Samudram (Village & Mandal),
Warangal district (July 2015)



Thus, cooking of mid-day meal in open areas/dilapidated rooms in 13 of the sampled schools defeated the objective of providing cooked meal to children in hygienic conditions.

Government replied that as soon as the proposals for release of funds/revision of unit cost were approved, appropriate action would be taken for construction of Kitchen-cum-stores on war footing basis in all the eligible schools in the State.

(v) *Convergence with other development programmes*

As per para 2.5 of MDM scheme guidelines, the programme has to be implemented in close convergence with several other development programmes³² implemented by GoI so that all the requirements for implementation of the scheme like Kitchen-cum-store, etc. could be provided to all schools within the shortest possible time frame.

Audit however, observed that there was no recorded evidence that the State Government ensured convergence of the construction activity of Kitchen-cum-stores under MDM scheme with other development programmes to complete the construction of sanctioned units. This resulted in non-starting/non-completion of construction of units despite availability of Central assistance way back in 2006-07.

Government replied that the Director, Rural Development was requested to sanction the cost of unskilled labour component under MGNREGS for construction of Kitchen-cum-stores which were proposed to be constructed with revised unit cost.

2.1.6.2 Kitchen devices

GoI provides assistance at an average cost of ₹5,000 per school for provisioning cooking devices (Stove, Chulha, etc.); containers for storage of foodgrains and other ingredients; and utensils for cooking/serving and replacement of kitchen devices.

During 2006-08 and 2012-13, GoI released ₹16.50 crore for provisioning of kitchen devices to schools. Out of this, an amount of ₹10.40 crore was utilised leaving ₹6.10 crore unspent as of March 2015. Further, none of the GoI funds (₹16.18 crore) intended (2012-13 and 2014-15) for replacement of Kitchen devices were utilised by the State as of July 2015.

³² Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Basic Services for Urban Poor (BSUP), Integrated Housing and Slum Development Programme (IHSDP), Urban Wage Employment Programme, Backward Region Grant Fund (BRGF) and Sarva Shiksha Abhiyan (SSA)

Audit observed in the three test checked districts that although many of the schools did not have kitchen utensils in Adilabad (26 per cent), Nalgonda (37 per cent) and Warangal (18 per cent), funds were not provided for provisioning/replacement of kitchen devices during 2010-15.

Government replied that although GoI sanctioned (October 2014) ₹7.47 crore for replacement of kitchen devices pertaining to nine districts (i.e., except Hyderabad) of Telangana, the funds were yet to be transferred by the Government of Andhra Pradesh. It was further stated that GoI was requested to release the amount to the Telangana State and as soon as the amount was received, it would be utilised for replacement of kitchen devices.

2.1.7 Serving of mid-day meal to children

State Government was ultimately responsible for providing a nutritious cooked mid-day meal uninterruptedly to the children of primary classes (I to V) and upper primary classes (VI to VIII) in all Government, Government aided and Local body schools, Special Training Centres and Madarasas and Maqtabs. Further, State Government extended MDM scheme to the children studying in classes IX and X from 2008 onwards.

2.1.7.1 Meals served vis-à-vis utilisation of funds

As per the AWP&B for 2011-12 to 2015-16, 237 crore meals were projected as served during 2010-15 for children studying classes I to VIII.

Audit evaluated the requirement of funds (consisting of cost of foodgrains and cooking cost) for preparation and serving of 237 crore meals to the children vis-à-vis the actual utilisation of funds by the State Government, as detailed in the table below.

Table-2.7

Year	No. of meals projected as served	Requirement of funds	Actual utilisation of funds by the State	Variation
(₹ in crore)				
2010-11	556769636	252.69	254.65	-1.96
2011-12	450763877	211.63	186.04	25.59
2012-13	465649145	226.99	201.12	25.87
2013-14	463559552	259.78	202.84	56.94
2014-15	437900715	258.77	95.49	163.28
Total	237,46,42,925	1209.86	940.14	269.72

Source: Actual figures projected in AWP&B (2011-12 to 2015-16) for the first three quarters i.e. April to December and average of these three quarters is taken for fourth quarter (due to non-projection of fourth quarter figures in AWP&B); and Appropriation Accounts of respective years

As seen from the above table, as against the requirement of ₹1,209.86 crore³³ for preparation and serving of meals (237 crore) projected as served (as per the AWP&B) during 2010-15, an expenditure of only ₹940.14 crore³⁴ was incurred by the State towards cost of foodgrains and cooking cost. Details are given in **Appendix-2.4**. This indicated that figures of meals projected as served in the AWP&B were unrealistic and proved to be inflated.

³³ Cost of foodgrains: ₹159.10 crore and cooking cost: ₹1,050.76 crore

³⁴ Cost of foodgrains: ₹100.68 crore and cooking cost: ₹839.46 crore

Government replied that the balances of foodgrains/funds of the previous years were being utilised in the succeeding financial year. It was however, noticed in Audit that the expenditure incurred by the State towards cost of foodgrains and cooking cost was less than the actual requirement of funds for preparation and serving of meals, as mentioned above.

2.1.7.2 Quality of meals served

(i) Tasting of meal before serving

As per para 4.3 of MDM scheme guidelines, 2006 and para (ii) of guidelines issued (July 2013) by GoI (Ministry of Human Resource Development) on quality, safety and hygiene, food prepared was required to be tasted by 2 – 3 adults including at least one teacher before it was served to children and a record to this effect be kept in a register maintained for the purpose.

Audit however, observed in 77³⁵ out of 81³⁶ sampled schools that though the food was stated to have been tasted by teachers, there was no recorded evidence in support of their claim.

Government replied that instructions had been issued (October 2015) to all the DEOs to ensure maintenance of a register by the Headmasters showing the details of School Management Committee/mothers of children and at least one teacher by whom the food was to be tasted before serving to the children. It was further stated that a third party monitoring committee was constituted (March 2015) to visit the schools to evaluate the quality of food being served.

(ii) Involvement of mothers in MDM scheme

The scheme guidelines (Annexure 10 of Para 4.4) emphasized the need to involve mothers of the children to ensure that the good quality of the meal was being served every day without interruption to the children in the school.

Audit however, observed in 49³⁷ out of 90 sampled schools, mid-day meal was prepared and served without mothers' physical presence/supervision.

Government replied that instructions had been issued (October 2015) to all the DEOs to involve the mothers of the children in the process of preparation/serving of meal to ensure quality of food being served.

(iii) Assessment of nutritional status of children

One of the MDM scheme objectives was to improve the nutritional status of the children studying in primary and upper primary classes. Under School Health Programme, being implemented in convergence with Health Department, anaemia/nutritional status of the children was to be assessed among provision of other general health care and referral services.

³⁵ Adilabad: 30, Warangal: 30 and Nalgonda: 17

³⁶ Details were not made available to Audit with regard to nine sampled schools (Nalgonda district)

³⁷ Adilabad: 10, Nalgonda: 30 and Warangal: 9

Audit however, noticed in all the 90 sampled schools that assessment of improvement of the nutritional status of the children was not being made and instead, general health check-ups by doctor/ANM was only being conducted during 2010-15. As a result, on an average, 9853 students³⁸ per annum were deprived of assessment of their nutritional status.

Government replied that the Doctors working at nearby PHCs were visiting the schools twice in a month and conducting health check-up of the students and health cards were being maintained/updated at school level. Government however, did not reply with regard to non-assessment of the nutritional status of the children as envisaged.

2.1.7.3 Food poisoning cases

Audit scrutiny of records of DEOs, Adilabad and Nalgonda revealed that lack of adequate monitoring, absence of supervision of mothers in cooking/serving of meals to children and poor infrastructure facilities for cooking and storage, resulted in recurring food poisoning cases in schools as detailed below:

- In Nalgonda district, there were 14 food poisoning incidents during 2011-15 in which 252 students were affected due to improper and unhygienic preparation/serving of mid-day meal, improper cleaning of utensils, etc.

Government while attributing the food poisoning incidents to usage of contaminated drinking water, etc., stated that instructions had been issued to the Headmasters to take utmost care/precautions at every level to avoid food poisoning.

- In Adilabad district, four food poisoning incidents occurred³⁹ during 2012 and 2014 in which 127 students suffered due to improper preparation/serving of mid-day meal viz., preparation of curry with spoiled vegetables and eggs, serving of half cooked curry, serving of contaminated food items, etc.

As regards food poisoning occurred in Bangariguda Model School (Adilabad), Government stated that the cooking agency was replaced by another agency and legal action was also initiated against it.

- For any emergency, schools were depending on the Primary Health Centres, located at a distance ranging from 0.5 km to 30 km. In some instances, although there was a sub-centre located in the vicinity, it was not equipped to handle emergency such as food poisoning cases.

Government replied that instructions had been issued to the DEOs to utilise the services of 108 ambulance and to display the Child Right Cell toll free help line number, etc. in the school premises to contact in case of emergency.

2.1.7.4 Engagement of NGOs under MDM scheme

Scheme guidelines (September 2010) provide for entrustment of cooking and serving of mid-day meal through centralized kitchen for a cluster of schools in urban areas, where there is a space constraint for setting up school kitchens in individual schools.

³⁸ 2010-11: 10,417, 2011-12: 10,065, 2012-13: 9,572, 2013-14: 9,590 and 2014-15: 9,623

³⁹ As per the reports of MEOs/DEOs

In Hyderabad, Medak and Ranga Reddy districts, NGOs were engaged for cooking and serving of mid-day meal through centralized kitchens. In Medak district⁴⁰, Audit observed the following:

- (i) The time limit for supply of food (30 minutes) and the maximum distance of schools (20 km) from the centralised kitchen as advised (February 2013) by GoI (Ministry of Human Resource Development) were not adhered to while engaging the NGO. There were 333 out of 443 schools covered by the NGO, located more than 20 km away involving travel time of more than 30 minutes from the centralised kitchen. The distance from the centralized kitchen to the farthest school ranged from 22 to 90 km.

Thus, transporting of cooked meal over a distance of above 20 km with travel time of more than 30 minutes defeated the purpose of serving of hot and hygienic meals to the children.

- (ii) Although kitchen sheds were available in 93 schools and sufficient space available for setting up of Kitchen-cum-store in 313 schools, implementation of MDM scheme in these schools was entrusted to NGO resulting in the existing infrastructure remaining unfruitful. The objective of encouraging community participation in the scheme was, thus, ignored.

Government replied that instructions had been issued to the DEO, Medak/MEOs to discontinue serving of mid-day meal through the existing NGO and to take necessary action to provide mid-day meal through SHGs in all the 93 schools where Kitchen-cum-store were already available.

2.1.7.5 Cook-cum-helpers

GoI made (November 2009) a separate provision for payment of honorarium to Cook-cum-helper (CCH) under MDM scheme at the rate of ₹1,000 (GoI: ₹750 and State: ₹250) per month for each CCH for 10 months in a financial year leaving the summer vacation so that teachers were not involved in the cooking and serving process. One CCH was to be engaged in a school having upto 25 students, two CCHs for schools having 26 to 100 students and one additional CCH for every additional 100 students.

(i) Engagement of CCHs

GoI sanctions total number of CCHs based on the requirement projected in the AWP&B by the State Government and releases its share.

Audit observed the following:

- There was no evidence that the requirement of CCH projected by the Department in the AWP&B was need based. During 2010-15, proposals for 51,382 CCHs (2010-11), 63918 CCHs (2011-12 to 2013-14) and 66,383 CCHs (2014-15) per annum were sent to GoI. However, the proposals for CCHs were raised suddenly by 12,536 (2010-11 to 2011-12) and 2,465 (2013-14 to 2014-15), reasons for which were not on record.

⁴⁰ details of NGOs in Hyderabad and Ranga Reddy districts were not made available to Audit

Although State Government obtained (2012-15) sanction for 1,91,666 CCHs⁴¹ from GoI, only 1,55,630 CCHs⁴² were actually engaged in the State (as per the MIS School Report). This indicated that the requirement was inflated by 36,036 CCHs while projecting the requirement in AWP&B (excess claim: ₹27.03 crore⁴³).

Government did not offer specific reply in this regard.

- Claiming and allocation of excess funds to CCH component had a cascading effect on MME⁴⁴ component. During 2012-15, an amount of ₹48.65 lakh (1.8 per cent of ₹27.03 crore being excess claim/allocation on CCH) was also claimed in excess under MME component.

(ii) Training to CCHs and DRPs

As per GoI (Ministry of Human Resource Development) guidelines (July 2013), training programmes to CCHs and District Resource Persons (DRPs) was to be conducted for managing safety of foodgrains and for ensuring hygienic cooking of mid-day meal.

Audit scrutiny revealed that no such training programmes were conducted in 61⁴⁵ out of 87⁴⁶ sampled schools during 2010-15. As a result, cooking and serving of mid-day meal in hygienic conditions with nutrition values was not ensured.

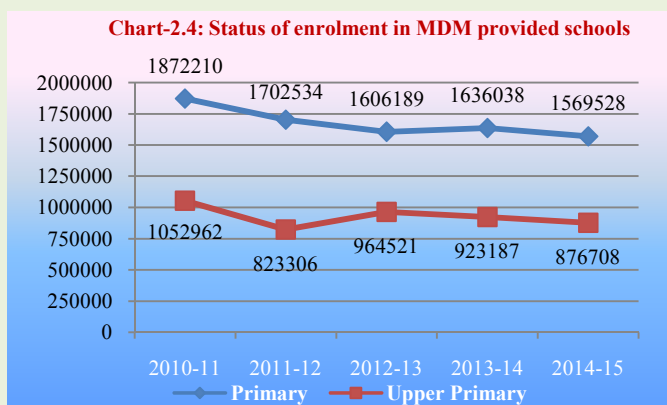
Government replied that training programmes at District and Mandal level were proposed to be conducted in the ensuing months and Standard Operating Procedure (SOP) on basic food safety and hygiene was also communicated to all the schools to follow.

2.1.8 Impact of the scheme on educational indicators

MDM scheme was intended to boost universalization of elementary education by increasing enrolment, retention and attendance.

2.1.8.1 Impact on enrolment

Enrolment in mid-day meal provided schools in the State displayed decreasing trend during the period covered under Performance Audit (2010-15). The enrolment of 18.72 lakh (PS) and 10.53 lakh (UPS) children during 2010-11 came down to 15.70 lakh (PS) and 8.77 lakh (UPS) children during 2014-15 (16 and 17 per cent decrease) as shown in the chart alongside.



Source: Annual Work Plans for the years 2011-12 to 2015-16

⁴¹ 2012-13: 63,918, 2013-14: 63,119 and 2014-15: 64,629

⁴² 2012-13: 51,479, 2013-14: 52,101 and 2014-15: 52,050

⁴³ $(1,91,666 - 1,55,630) \times ₹750 \times 10$ (months) = ₹27.03 crore

⁴⁴ GoI provides assistance for MME at the rate of 1.8 per cent of total assistance on cost of foodgrains, transport cost, cooking cost and honorarium to CCH, etc.

⁴⁵ Adilabad: 29, Nalgonda: 11 and Warangal 21

⁴⁶ Details were not made available to Audit in three sampled schools (Nalgonda)

In the three test checked districts, the enrolment of 9.84 lakh children (PS, UPS and HS) in 2010-11 decreased (by 2.3 per cent) to 9.62 lakh children in 2014-15. Decrease was high (12 per cent) in Nalgonda district. During the audit of 90 sampled schools, it was observed that the enrolment decreased from 10,417 children (PS, UPS and HS) in 2010-11 to 9,623 children in 2014-15 (by 7.6 per cent).

Government, while accepting the decrease in enrolment even after implementation of mid-day meal scheme and other schemes such as free supply of text books, uniforms, etc., attributed it to the increasing trend of parents preferring private (English medium) schools. It was stated that efforts would be made to increase the enrolment in Government schools in the ensuing years.

2.1.8.2 Impact on retention

The scheme was intended for encouraging poor children, belonging to disadvantaged sections, to attend school more regularly and help them to concentrate on classroom activities.

At State level, the dropout rate of students at elementary level was above 26 per cent⁴⁷ for the years 2010-11 to 2013-14⁴⁸. In Adilabad and Warangal districts⁴⁹, the annual dropout rate of students (PS, UPS and HS) ranged from 7.50 per cent (2013-14) to 12.52 per cent (2014-15) during the period 2010-15.

In 90 sampled schools, out of 49,267 children⁵⁰ (PS, UPS and HS) enrolled, 47301 children continued upto last working day of the school during the period 2010-15 (dropout: 1,966⁵¹). The dropouts of children from the schools were high (954 children) in Adilabad district during 2010-15.

Government replied that instructions had been issued to the DEOs/ Headmasters to ensure regular attendance of all the enrolled children and to increase the retention rate with the help of School Management Committee.

2.1.8.3 Impact on attendance

In the State, average daily attendance ranged from 90.06 per cent (2010-11) to 91.50 per cent (2013-14) for primary classes and 93.35 per cent (2011-12) to 94.71 per cent (2014-15) for upper primary classes. In Adilabad and Warangal districts⁵², the average daily attendance was 86 to 100 per cent for primary classes, 78 to 100 per cent for upper primary classes and 87 to 100 per cent for high schools during 2010-15. The average daily attendance was lowest in Adilabad district ranging from 78 to 95 per cent (UPS).

Government replied that steps would be taken to improve the attendance.

⁴⁷ 2010-11: 28.74 per cent; 2011-12: 26.74 per cent; 2012-13: 32.69 per cent and 2013-14: 32.56 per cent

⁴⁸ Dropout rate for 2014-15 was yet to be published through Educational Statistics as of September 2015

⁴⁹ Details were not made available to Audit by DEO in respect of Nalgonda district

⁵⁰ Adilabad: 19,824, Nalgonda: 17,773 and Warangal: 11,670

⁵¹ Adilabad: 954, Nalgonda: 912 and Warangal: 100

⁵² Details were not made available to Audit by DEO in respect of Nalgonda district

2.1.9 Monitoring and Evaluation

2.1.9.1 Monitoring of programme/impact parameters

The MDM scheme would need to be monitored to assess (i) programme parameters, such as the manner in which the programme was being implemented in terms of whether all children were regularly getting a meal of satisfactory quality and (ii) impact parameters, such as the effect, if any, on improving children's nutritional status, regularity of attendance, and retention in and completion of primary education.

Audit analysis of budget allocation (₹9.38 crore) and utilisation of funds (₹2.89 crore) under MME component for the period 2010-15 revealed that there was inadequate utilisation of budgetary allocation/Central assistance towards MME activities (unutilised funds ranged from 70 per cent (2013-14) to 100 per cent (2010-11)).

Audit observed in the test checked districts that monitoring system was not in place to assess programme and impact parameters as stipulated. As a result, the implementation of the scheme was hampered. There were delays in construction of Kitchen-cum-stores; non-supply of Kitchen devices; large variation in figures of enrolment, meals taken, institutions serving mid-day meal, etc.; retention of large balances of rice stock at MLS points, resulting in frequent cases of negative balances of rice stock at school level, etc.; non-ensuring supply of FAQ rice; incidences of food poisoning; and non-assessment of prescribed nutritional status of children, etc. as discussed in the foregoing paragraphs.

During the Exit Conference Government stated that the unspent MME funds would be utilised towards more qualitative monitoring and steps would be taken to improve and strengthen the system for getting accurate and absolute data from every stage. Further, while attributing the above shortcomings to weak monitoring system, Government stated that necessary steps would be taken to strengthen/upgrade the monitoring system for effective implementation of the scheme.

2.1.9.2 Steering-cum-Monitoring Committees

MDM scheme guidelines, 2006 stipulate setting up of Steering cum Monitoring Committees (SMCs) at the State, District and Mandal levels to oversee the implementation of the programme.

SMCs were not constituted at any level in the State till 2010-11. When this was reiterated by GoI (September 2010), the State issued orders for constitution of SMCs at State, District and Mandal levels only in March 2011. Audit scrutiny revealed that the State and District level SMC meetings were not being conducted as per the GoI stipulations as detailed below.

<p>State level SMC meetings</p> <p><i>As per the directions (August 2010) of GoI, State level SMC meetings were required to be conducted at least once in six months. Later, GoI issued (March 2011) instructions to conduct State level SMC meetings at least once in every quarter.</i></p>	<p>The State level SMC meetings were conducted five times⁵³ only during 2011-15 as against the requirement of 16 times as per norms.</p> <p>Government replied that at present, State level SMC meeting was being conducted under Chairmanship of the Chief Secretary once in a year and the Principal Secretary was reviewing the implementation of the scheme as frequently as possible.</p>
<p><i>As per the MDM guidelines, nominated members⁵⁴ by the Chairman of the SMC were to be included in the composition of the State level SMC.</i></p>	<p>The State level SMC was however, constituted without these intended members as per the norms.</p> <p>Government replied that all the members would be invited for State level SMC meeting as per the GoI guidelines.</p>
<p>District level SMC meetings</p> <p><i>As per the GoI directions (August 2010) the District level SMC meetings were required to be held every month to review the scheme under the Chairmanship of District Collector.</i></p>	<p>Audit observed in the three test checked districts that merely one or two meetings per annum were conducted against the requirement of 12 meetings per annum during 2010-15 in each district.</p> <p>Government replied that instructions had been issued (October 2015) to all the DEOs to conduct District level SMC meetings as per the GoI directions.</p>

2.1.9.3 Monitoring on management of foodgrains

As per para 5.1 of guidelines for decentralization of payment of cost of foodgrains to FCI at District level issued (February 2010) by GoI, a monthly meeting was to be held by the District administration with District Manager, FCI or his representative and all other concerned officials in the last week of the month to resolve all the issues pertaining to lifting, quality of foodgrains and payments; and a report be submitted to the State headquarters by 7th of the succeeding month.

Audit noticed in Adilabad district⁵⁵ that no monthly meeting was conducted by the District administration with District Manager, FCI or his representatives and all other concerned officials during 2010-15. As a result, issues such as under weight of rice bags (44 to 49 kg instead of 50 kg per bag), negative stock balances at schools, non-reaching of rice to school point, etc. could not be resolved.

Government replied that instructions had been issued (October 2015) to all the DEOs to conduct monthly meeting with the District Manager, FCI and all other concerned officials to sort out the issues of lifting, quality of foodgrains and payment.

⁵³ 14 September 2011, 17 February 2012, 16 August 2012, 7 February 2013 and 29 January 2015

⁵⁴ (i) two experts in the area of nutrition, (ii) four persons of whom at least two should be women with significant contribution/achievement in the area of nutrition/school education/child welfare/health, etc. (iii) representatives of 3 - 5 districts and (iv) at least one representative of teachers

⁵⁵ Details were not made available to Audit in Nalgonda and Warangal districts

2.1.9.4 Inspections of schools

As per para 6.2 of MDM scheme guidelines, the Officers of District, Sub-Divisional, Mandal and other suitable levels should visit in each quarter on an average 25 per cent of the schools covered under MDM scheme and all schools/EGS/AIE centres providing mid-day meal should be visited at least once in every year. Monthly targets for inspection were to be fixed by the State Government.

Audit however, observed in Adilabad district that the number of inspections of primary schools, EGS and AIE centres conducted was far below the prescribed norms during 2010-15. The shortfall in conducting inspections ranged from 64 per cent (2010-11) to 30 per cent (2014-15) as shown in table below.

Table-2.8

Year	2010-11	2011-12	2012-13	2013-14	2014-15
Number of inspections to be conducted	3045	3146	3200	3089	3032
Conducted (Percentage)	1105 (36)	1155 (37)	1533 (48)	1407 (46)	2117 (70)

Source: Records of DEO

Government replied that instructions had been issued to all the districts to conduct minimum daily/monthly inspections of schools by DEO/Dy. Education Officer/MEO, etc. for effective implementation of the scheme.

2.1.10 Conclusion

As discussed in the foregoing paragraphs, the implementation of MDM scheme in the State suffered from lack of infrastructure facilities. The Central assistance for provision of construction of Kitchen-cum-stores and utensils for cooking/serving of mid-day meal were not utilized in full. Majority of the schools in the test checked districts had no basic infrastructure such as water facility, Kitchen-cum-stores, Kitchen utensils and Gas connection. Bottom-up approach was not followed in preparation of Annual Work Plans and Budget (AWP&B). The figures of average number of children who had availed of mid-day meal were inflated by the State Government while seeking allotment of rice from GoI resulting in excess allocation of rice and large accumulation of stocks with the lifting agency. Ineffective management of foodgrains under the scheme led to retention of large balances with the lifting agency. Procedure prescribed in scheme guidelines for ensuring utilization of Fair Average Quality (FAQ) of rice for mid-day meal to children was not complied with. There were violations to guidelines with respect to provision of hot cooked meal to children through centralized kitchen where mid-day meal services were entrusted to NGO. Mid-day meal was not provided to children in drought affected areas during summer vacations. No mechanism was in place in the sampled schools to assess the improvement of nutritional status of children except conducting occasional health check-ups. The performance of Steering-cum-Monitoring Committees was far from satisfactory.

Although the coverage of children under MDM scheme in the State during 2010-15 ranged between 83 to 94 per cent, the scheme has not shown any positive impact on educational indicators with enrolment in mid-day meal provided schools registering a decreasing trend during the five year period 2010-15. Drop-out rate of students at elementary level was above 26 per cent during the period 2010-14.

2.1.11 Recommendations

- (i) State Government should evolve a mechanism to cross-check and validate the details of enrolment, attendance and retention flow from school level across the State.
- (ii) All eligible children should be covered under the scheme with provision of meals for prescribed number of days and calorific content as per norms and nutrition indicators should be monitored at regular intervals.
- (iii) For providing hygiene and healthy mid-day meal, better infrastructural facilities like Kitchen-cum-stores and supply of safe drinking water should be ensured by converging with other schemes viz., SSA, MGNREGS, BRGF, ARWS⁵⁶, etc.
- (iv) Monitoring mechanism should be strengthened and inspections should be carried out as prescribed in guidelines. Deviations identified should be thoroughly followed up for corrective action.

During the Exit Conference, the Government assured remedial action on the points raised by Audit. The recommendations made by Audit were also discussed and accepted by the Government.

⁵⁶ Accelerated Rural Water Supply

School Education Department (Adult Education)

2.2 Implementation of Basic Literacy Programme under Saakshar Bharat Mission

2.2.1 Introduction

Literacy and education play a central role in human development and impact overall socio-economic development. Higher levels of literacy and education lead to better attainment of health and nutritional status, economic growth, population control, empowerment of the weaker sections and community as a whole.

Government of India (GoI) launched 'Saakshar Bharat', a Centrally Sponsored Scheme, in September 2009 during the XIth Plan period, aimed at promoting and strengthening adult education in the country, especially of women, by extending educational options to those adults in the age group of 15 years and above.

Primary goals of the Saakshar Bharat are:

- to improve overall literacy rate to 80 *per cent*
- to reduce gender gap in literacy to 10 *per cent*

The broad objectives defined for the scheme are as follows:

Basic Literacy	To impart functional literacy and numeracy to non-literate and non-numerate adults
Basic Education	To enable new literate adults to continue their learning beyond basic literacy and acquire equivalence to formal educational system
Vocational Skills	To impart relevant skill development programmes to improve earning and living conditions
Continuing Education	To promote a learning society by providing opportunities for continuing education

As per Census-2011, literacy rate in Telangana State was 66.46 *per cent*, which is lower than the national average of 72.99 *per cent*. The literacy rate in the State varies from 55.04 *per cent* in Mahabubnagar to 83.25 *per cent* in Hyderabad. There is also a considerable difference in literacy rates of males (74.95 *per cent*) and females (57.92 *per cent*), resulting in a gender gap of 17.03 percentage points.

Although the scheme was launched in September 2009, it commenced in the State after one year i.e. in September 2010. The scheme, which was initially up to March 2012, was extended up to March 2017. Of the stated objectives, the State Government implements only two programmes viz., (i) Basic Literacy Programme (BLP) and (ii) Continuing Education Programme (CEP) in nine (i.e. all districts except Hyderabad) districts of Telangana State identified⁵⁷ by the National Literacy Mission Authority (NLMA), the

⁵⁷ having adult female literacy rate of 50 *per cent* or below

apex body for monitoring the implementation of the programme in the country. BLP aims to ‘impart functional literacy to non-literate adults’. It is implemented in the State through volunteer based approach⁵⁸ in a phased manner and as of August 2015 five phases⁵⁹ were completed. CEP involves establishment of Adult Education Centres (AECs) otherwise known as Lok Shiksha Kendras at Gram Panchayat (GP) level to provide a learning environment so that learners (neo-literates and school dropouts) are encouraged to continue with their literary aspirations lifelong as well as to equip them with livelihood skills.

A total of 8,707 AECs (one in each GP) have been established all over the State. In keeping with GoI guidelines, Saakshar Bharat is implemented through Panchayati Raj Institutions who appoint coordinators at Panchayat, Mandal and District level to oversee the functioning. AECs are located mostly in public buildings like Panchayat office, community halls, school buildings, etc. They function for about six hours in a day. Neo-literate books and graded reading material along with newspapers and magazines are supplied to all AECs. They motivate volunteers to take up the literacy programme and monitor it. One Awareness/Skill Training Programme is conducted every month inviting resourceful persons from development Departments/agencies. They also conduct sports and cultural activities using material provided to the centre.

2.2.1.1 Responsibility Centres

Telangana State Literacy Mission Authority (TSLMA), a registered society constituted in May 2014, is the nodal agency⁶⁰ for implementing the programme in the State. Office of the Director, Adult Education (DAE) acts as the Secretariat for TSLMA. The TSLMA reviews the activities in monthly monitoring meetings and reports to NLMA and the State Government. Adult Education Centres at GP level are responsible for providing institutional, managerial and resource support to literacy and lifelong education at grass root level. Literacy programmes are conducted by Voluntary Literacy Educators (VLEs) through literacy centres in the villages. Responsibility centres at various levels *viz.*, at State, District, Mandal and Village are shown below.

State level	<ul style="list-style-type: none"> • Implementing agency: TSLMA • Responsibility entrusted to: Director of Adult Education
District level	<ul style="list-style-type: none"> • Implementing agency: Zilla Lok Shiksha Samiti (ZLSS) • Responsibility entrusted to: Deputy Director of Adult Education
Mandal level	<ul style="list-style-type: none"> • Implementing agency: Mandal Lok Shiksha Samiti (MLSS) • Responsibility entrusted to: Mandal Coordinator
Village level	<ul style="list-style-type: none"> • Implementing agency: Gram Panchayat Lok Shiksha Samiti (GPLSS) • Responsibility entrusted to: Village Coordinator

⁵⁸ Under this approach, a volunteer acts as a mobiliser, trainer and teacher and is responsible for imparting literacy, on an average, to 8 - 10 learners. The implementing agency at the operational level, will be responsible for identification of the potential learners as well as volunteers, their batching and matching, making arrangements for their training, distribution of literacy kits to learners and volunteers, keeping track of the progress made by each learner-volunteer group

⁵⁹ Phase-I: 2010-11; Phase-II: 2011-12; Phase-III: 2012-13; Phase-IV: 2013-14; and Phase-V: 2014-15

⁶⁰ The programme was implemented in the State by Andhra Pradesh State Literacy Mission Authority (APSLMA) from September 2010 to May 2014. Consequent on reorganization of the State into Andhra Pradesh and Telangana, Director of Adult Education, Telangana is implementing the mission in the State from 2 June 2014

2.2.2 Audit Framework

2.2.2.1 Audit Objectives

Performance audit of implementation of BLP (a component of the Scheme) was carried out with the objective of assessing whether,

- State Government carried out a survey to identify the non-literates and mapped their learning needs GP-wise;
- Approaches advocated by GoI for implementing functional literacy programme had been followed by the Government; and
- Learners had acquired the skills specified by GoI to progress to the next level.

2.2.2.2 Audit criteria

Audit findings were benchmarked against the criteria sourced from the following:

- Saakshar Bharat scheme guidelines
- Action Plans and Budget
- Programme Accounts Manual
- Orders, notifications, circulars, instructions issued by NLMA/State Government/SLMA from time to time
- Andhra Pradesh Financial Code

2.2.2.3 Audit Scope and Methodology

Performance audit was conducted during December 2014 - February 2015 and August 2015 covering implementation of Basic Literacy Programme during the period 2010-15 in the State. An Entry Conference was held in December 2014 with the DAE wherein audit objectives, methodology, scope and criteria, audit sample, etc., were discussed and agreed upon. An Exit Conference also was held with Government representatives in December 2015 to discuss the audit findings.

Audit methodology involved scrutiny of relevant files/records at SLMA, Zilla Lok Shiksha Samities (ZLSSs), Mandal Lok Shiksha Samities (MLSSs) and Gram Panchayat Lok Shiksha Samities (GPLSSs) and discussions with officials concerned at various levels. Replies furnished by authorities during the audit and by the DAE/Government (November 2015) to the draft Performance Audit Report have been taken into account/suitably incorporated in the Report.

2.2.2.4 Audit Sample

Sampling for Performance Audit was done based on the level of female literacy, considering highest female non-literates as criteria and three districts were selected viz., Mahabubnagar, Medak and Nalgonda and three mandals from each district. Two GPs from each mandal were selected for detailed study; these GPs were chosen from within the mandals based on the highest and the lowest female non-literates identified. List of sampled units is given in *Appendix-2.5*.

Audit Findings

2.2.3 Releases and Expenditure

Both NLMA and State Government release funds to SLMA's bank account and the funds were utilised through core banking system by the District/Mandal/GP based on the authorisations issued in their favour by SLMA/respective districts. The scheme cost⁶¹ in the Telangana State for the period 2010-11 to 2014-15 was ₹414.07 crore which was to be shared between GoI and State Government in the ratio of 75:25.

As against the total releases of ₹514.92 crore (GoI releases of ₹403.50 crore including opening balance for the year 2010-11 and State releases of ₹111.42 crore) made available to the combined State during the period 2010-14, an expenditure of ₹480.59 crore was incurred, leaving a balance of ₹34.33 crore as of 1 June 2014. For the year 2014-15, as against ₹79.97 crore made available to Telangana State, an expenditure of ₹36.32 crore was incurred leaving ₹43.65 crore unutilized (March 2015).

Year-wise details of funds released and expenditure incurred in the combined State upto 1 June 2014 and exclusively by Telangana State during 2 June 2014 to 31 March 2015 are shown in Table-2.9.

Table-2.9

(₹ in crore)

Year	Releases				Expenditure	Closing Balance
	Opening Balance	GoI releases	State matching share	Total		
2010-11	69.00	84.67	23.00	176.67	36.46	140.21
2011-12	140.21	64.55	49.74	254.50	172.17	82.33
2012-13	82.33	116.06	0.00	198.39	119.31	79.08
2013-14	79.08	69.22	38.68	186.98	130.19	56.79
2014-15 (up to 1 June 2014)	56.79	Nil	Nil	56.79	22.46	34.33
2014-15 (as on 2 June 2014)	34.65 [@]	34.32	11.00	79.97	36.32	43.65

Source: Records of SLMA

Note: Figures shown up to 1 June 2014 relate to composite State of Andhra Pradesh

@ For the year 2014-15, opening balance of ₹34.65 crore (including interest component) has been taken based on GoI orders of October 2014 issued consequent on bifurcation of the State

It was also observed from the audited statement for the period 2 June 2014 to 31 March 2015 that an amount of ₹6.92 lakh was utilised from Saakshar Bharat Mission (SBM) funds towards implementation of literacy programme in Hyderabad district which is a non-Saakshar Bharat district.

In the sampled districts, as against a release of ₹39.96 crore, ₹31.27 crore and ₹34.80 crore in Mahabubnagar, Medak and Nalgonda districts, the utilization was ₹34.28 crore, ₹30.85 crore and ₹33.18 crore respectively. While Medak district utilized 98.66 per cent, Mahabubnagar could utilize only 86 per cent of the released funds.

⁶¹ The total cost worked out by NLMA till the end of XIIth Plan period against a target of 48.49 lakh non-literates

DAE, in its reply attributed (October 2015) the non-utilisation of funds by ZLSSs to the delay in issue of necessary guidelines in this regard. Government did not offer specific remarks in this regard.

Audit findings relating to financial management are discussed in paragraph 2.2.6.

2.2.4 Programme implementation

2.2.4.1 Survey and Planning

As per the programme guidelines, non-literates are to be identified through a survey and the GPs are responsible for micro-planning in respect of preparation of an Action Plan at GP level. A GP level plan is to be formulated considering all activities⁶² of the Programme. These micro plans are to be consolidated at appropriate levels *viz.*, Mandal, District and State, and the consolidated State plan is to be submitted to NLMA for administrative and financial sanctions.

It was observed that, as per household survey conducted during 2010-11 there were 82.41 lakh non-literates in nine districts of the State of which 48.49 lakh were targeted to be covered during the programme period i.e. by 2016-17⁶³.

Although, consolidated Action Plan of the State detailing the proposals to implement the approved activities of the programme were prepared by the SLMA, no Action Plans were prepared by the District implementing agency of Mahabubnagar. In Nalgonda district, triennial district Action Plans for 2011-13 and 2013-15 and in Medak district Action Plans for 2010-11 to 2014-15 (except 2013-14) were prepared. During the test-check, it was observed that none of the sampled mandals had prepared their Action Plans. Contrary to guidelines, micro-planning was also not done in any of the sampled GPs. Thus, Action Plans at State level were prepared without the support of GP level micro plans.

Government replied (November 2015) that neither the GP-wise/District-wise Action Plans nor any Action Plans at Micro level were called for by GoI for implementation of Saakshaar Bharat Programme. During the Exit Conference, Government assured that, in future, annual Action Plans would be prepared at each of the levels. Para 74 of the SBM guidelines mandate that all stakeholders, especially at the grassroots level should have a role in the planning and implementation of the programme. Non-preparation of micro Action Plans at GP level was a clear violation of Mission guidelines.

(i) Inconsistencies in the data uploaded in the website

Analysis (in respect of the three test checked districts) of the survey data uploaded by the implementing agencies⁶⁴ to the national website revealed the following.

- While the number of non-literates as per survey data in the three test checked districts was 43,06,105 (Mahabubnagar: 20,60,587; Medak: 9,21,656 and Nalgonda: 13,23,862) the number as per DAE was 36,12,582 (Mahabubnagar: 15,50,479; Medak: 10,87,220 and Nalgonda: 9,74,883), indicating data inconsistency.

⁶² survey, data collection, mass mobilisation, training schedules of different levels of functionaries, procurement and distribution of teaching-learning materials, evaluation of learning outcome of the learners, budgetary requirement, etc.

⁶³ the end of XIIth Plan

⁶⁴ Private agencies finalised by the District Level Committee *viz.*, ZLSS

- Similarly, the number of beneficiaries whose educational qualification was matriculation and above were incorrectly shown as ‘non-literates’ in 1,94,059 cases out of a total of 13,53,630 such households, thus indicating 14.33 *per cent* of records being doubtful.
- A large number of junk data i.e. data not having full particulars of non-literates identified and containing repetitions of name, father’s name, door number, mandal and village in a total of 6,38,517 records (Mahabubnagar: 663 times in 3,85,918 records; Medak: 253 times in 96,266 records and Nalgonda: 166 times in 1,56,333 records) was observed.

This indicates the magnitude of incorrectness of data being uploaded by the implementing agencies. This resulted in a considerable degree of non-reliability of the information being provided on the national website. This defeats the very purpose of the Teaching-Learning Programmes (TLPs) of the Scheme which aim at identification of genuine non-literates and neo-literates in the society and address their diverse literary needs.

Further, a master survey data/list was not being maintained at GP level, which would be the benchmark against which the beneficiaries enrolled could be linked with the numbers identified in the survey and watched whether they successfully completed the programme.

During the Exit Conference, Government admitted that during the survey, owing to lack of experience, relevant information was incorrectly filled by village level functionaries of different Departments. Further, in its reply Government stated that the names of persons along with the names of their fathers/husbands are common due to most of the families being undivided. It was further stated that while uploading the data (by private agencies) no unique number was obtained from the person to verify the correctness leaving the scope for discrepancies in the survey data which was uploaded. It was also contended that the discrepancies could not be rectified due to non-provision of edit option by GoI.

(ii) *Discrepancy in number of non-literates identified*

Against the targeted 48.49 lakh non-literates to be covered in the State, a total of 51.68 lakh non-literates were enrolled in five phases. Of these, 34.76 lakh⁶⁵ were stated to have been covered under the programme. Audit scrutiny revealed the following:

- There was a mismatch in number of identified non-literates between the details furnished by DAE and those mentioned in SLMA’s Action Plan as detailed below.

Table-2.10

District	Number of identified non-literates (in lakh)		
	As per SLMA’s Action Plan	As reported by the DAE	Difference
Adilabad	8.56	8.45	0.11
Karimnagar	9.93	6.12	3.81
Khammam	6.96	6.96	0.00
Mahabubnagar	15.51	15.51	0.00
Medak	8.70	10.87	-2.17
Nalgonda	9.76	9.75	0.01
Nizamabad	7.90	7.71	0.19
Ranga Reddy	6.76	6.76	0.00
Warangal	7.95	10.28	-2.33
Total	82.03	82.41	-0.38

Source: SLMA Action Plan and details furnished by Director, Adult Education

⁶⁵ includes 4.35 lakh non-literates covered under Phase V

- Although the difference was around 38 thousand only in all, it may be seen that there were significant differences in number of non-literates in Karimnagar, Medak and Warangal districts. Further, in Medak district, as per ZLSS, the figure for identified non-literates was 9.37 lakh, which was more by 0.67 lakh than that mentioned in the Action Plan of SLMA.
- Discrepancies noticed in the sampled GPs are tabulated below:

GP (Mandal/District)	Audit finding
Ghattu (Ghattu/Mahabubnagar)	Identified non-literates were 3,150 (male: 1,536; female: 1,614) whereas enrolled figure in Phase-II alone was 3,304 (male: 1,592; female: 1,712). However, the beneficiary register contained only 588 names. Thus, number of enrolled beneficiaries was in excess of identified non-literates.
Lingapuram (Ghattu/Mahabubnagar)	Enrolled beneficiaries in all the four phases together stood at 1,546 against the identified 1,060 (male: 730; female: 330) non-literates indicating excess enrolment. However, the beneficiary register contained only 625 names.
Anthwar (Narayankhed/ Medak)	Against the identified 1,850 non-literates (as per district office), the beneficiaries register at the GP contained only 725 names.
Ponnala (Siddipet/Medak)	As per district office there were 1,251 non-literates identified in the GP. However, the beneficiaries register in the GP contained 232 names.
Erakapally (Manoor/ Medak)	As per district office 100 non-literates were stated to have been enrolled for Phase-V. Test-check however revealed that the enrolment in the GP was only 30.
Karasgutti (Manoor/ Medak)	As per district office 100 non-literates were stated to have been enrolled for Phase-V. Test-check however revealed that the enrolment in the GP was only 30.

Source: Records of test checked GPs

Thus, reliability of the data of non-literates identified and those stated to have been covered under the programme is doubtful in view of the inconsistencies in the data observed at ground level *vis-à-vis* the higher levels.

Government, while accepting the audit observations in case of Mahabubnagar district, stated that inconsistencies in the data of non-literates occurred due to non-recording the names of people who migrated from other places in the beneficiary register. The reply is however, silent with regard to the discrepancies pointed out by Audit in case of Erakapally and Karasgutti GPs of Medak district.

2.2.4.2 Non-compliance with programme guidelines/instructions

Scrutiny of records relating to the programme implementation in the sampled units revealed the following.

- (i) As per programme guidelines, each enrolled non-literate is to be taught for duration of 300 hours spread over three months or beyond. Attendance Registers of VLEs engaged during I and III phases were not made available in Mahabubnagar district while in two GPs of Medak district (*viz.*, Erakapally and Karasgutti), attendance registers of 2nd Village Coordinators (VCOs) were not produced, due to which Audit was unable to verify the fact of completion of stipulated duration of teaching and re-enrolment of the learners in subsequent phases.
- (ii) As per the instructions of SLMA, various registers/reports *viz.*, Daily Work Register, Monthly Self-Appraisal reports, Stock Issue Register, etc., are to be maintained by the VCOs. It was observed that Daily Work Register, weekly 'Vignanam' Register, Monthly Self-Appraisal reports (except in Chinnakarpamula GP of Peddakothapally Mandal), monthly reports on problems faced by Learner Literacy Centres (LLCs) and AECs, etc. were not maintained in any of the sampled GPs of Mahabubnagar district.
- (iii) In Mahabubnagar district, stock registers of Teaching and Learning Material (TLM) and literacy kits were not maintained properly in all test checked GPs (except Kanaipally and Palem GPs of Kothakota Mandal). Though stock of TLM and literacy kits supplied was recorded, the details of distribution to VLEs and learners with dated acknowledgement, etc. were not recorded and as such the correctness of distribution could not be verified in Audit.

The above instances of non-compliance with programme guidelines/instructions at GP and Mandal levels adversely affected the achievement of the Scheme objectives.

Government replied that concerned VCOs were instructed to maintain relevant registers.

2.2.4.3 Continuance of programme even after achieving targets

Scrutiny of records in Narayankhed Mandal of Medak district revealed that BLP was continuing in nine villages even after achieving the target during third phase (in five villages⁶⁶) and fourth phase (in four villages⁶⁷). Particulars of non-literates enrolled, dropped out, passed, re-enrolled were however, not made available to compare and analyse the actual position.

Records of Deputy Director, Medak however showed that 100 *per cent* literacy was achieved in 186 out of 1,170 GPs by 2013-14. However, Deputy Director, Adult Education, replied (January 2015) to the contrary, that 100 *per cent* literacy was not achieved in any of the villages in the district since 2010.

DAE replied (October 2015) that some of the non-literates relapsed into illiterate status and, hence, were enrolled again and the programme was being continued in the 100 *per cent* literate GPs. Evidence regarding re-enrolment of such relapsed non-literates

⁶⁶ Hangariga-B (identified: 316; excess enrolled: 298), Hanmanthroapet (identified: 470; excess enrolled: 130), Hangara-K (identified: 316; excess enrolled: 284), Rudraram (identified: 375; excess enrolled: 188) and Venkatapur (identified: 339; excess enrolled: 228)

⁶⁷ Kondapur (identified: 500; excess enrolled: 23), Narayankhed (identified: 490; excess enrolled: 111), Nizampet (identified: 556; excess enrolled: 55) and Sanjeevaraopet (identified: 535; excess enrolled: 7)

was however, not produced to Audit. The contradictory statements made by Deputy Director and the DAE only raises doubts on the actual progress of implementation of the programme in these villages. Government did not offer specific remarks in this regard.

2.2.4.4 Non-filling of vacant posts

The Deputy Directors (DDs), Project Officers (POs) and Supervisors play a vital role in implementation of the programme at District level and are entrusted with the task of efficient utilisation of funds, constant monitoring and evaluation of field level functionaries viz., MLSS and GPLSS, including timely action in achieving the targets.

Scrutiny of records relating to cadre strength in the SLMA revealed existence of vacancies at SLMA and district offices. At SLMA, the post of Director was vacant since December 2014.

At District level, the post of Deputy Director was vacant in two districts (Karimnagar and Khammam); similarly, against the sanctioned strength of 15 POs and 121 Supervisors, 8 posts (53 per cent) and 89 posts (74 per cent) of POs and Supervisors respectively were vacant. In Mahabubnagar district, as against the requirement of 2,656 VCOs for 1,328 GPs, 215 VCOs were not engaged (August 2015). Further, six Mandal Coordinators (MCOs) were also not engaged in six Mandals to supervise the performance of VCOs. As the supervisory officer is supposed to conduct periodical visits to monitor the performance at grass root level, non-filling of these crucial posts would adversely impact effective monitoring of the programme.

Government replied that action was being taken to fill all the above vacant posts.

2.2.4.5 Physical progress – Target and Achievement

As per the physical target fixed⁶⁸ by GoI, a total of 48.49 lakh non-literates were to be covered in the State. It was observed that during the four phases, against the stipulated target, only 34.76 lakh (72 per cent) non-literates were covered. Director, Adult Education replied (December 2014) that target for each phase was decided on the basis of availability of funds and Voluntary Literacy Educators engaged. He also stated that every effort was made to improve the attendance of Learners at Literacy Centres. Inconsistencies regarding number of non-literates covered (upto Phase IV) were however, observed between the figures mentioned in SLMA's Action Plan and those reported by DAE as given below.

Table-2.11

District	Number of non-literates covered (in lakh)		
	As per SLMA's Action Plan (excluding Phase-V enrolment)**	As per the records of the DAE	Difference
Adilabad	2.31	2.42	-0.11
Karimnagar	2.90	3.00	-0.10
Khammam	2.32	3.09	-0.77
Mahabubnagar	5.49	5.72	-0.23
Medak	3.91	4.07	-0.16

⁶⁸ September 2014

District	Number of non-literates covered (in lakh)		
	As per SLMA's Action Plan (excluding Phase-V enrolment)**	As per the records of the DAE	Difference
Nalgonda	3.91	2.35	1.56
Nizamabad	3.69	4.04	-0.35
Ranga Reddy	2.47	2.59	-0.12
Warangal	2.42	3.13	-0.71
Total	29.42	30.41	-0.99

Source: SLMA Action Plan and details furnished by Director, Adult Education

** Since the figures relating to coverage of non-literates enrolled under Phase V of the programme was not available to Audit, the same were not included

During the Exit Conference, Government stated that the figures of beneficiaries covered were based on final report as received from ZLSSs and the discrepancy in the figures of non-literates indicated in the Action Plan and that of Directorate would be reconciled.

It was observed from the records of ZLSSs of sampled districts, relating to phase-wise enrolment and coverage details, that the total achievement⁶⁹ figures did not match with those maintained at SLMA/DAE. Phase-wise physical progress in the sampled districts is shown in Table-2.12.

Table-2.12

(Figures in lakh)

District	Phase I		Phase II		Phase III		Phase IV		Phase V		Total (as per ZLSS)		Total (as per SLMA)		Difference	
	T/E	A	T/E	A	T/E	A	T/E	A	T/E	A	T/E	A	T/E	A	T/E	A
Mahabubnagar	1.10	0.68	2.37	1.44	3.50	2.22	1.49	1.16	0.43 [@]	0.66	8.89	6.16	9.32	6.38	-0.43	-0.22
Medak	0.80	0.58	0.80	0.74	3.00	2.10	0.99	0.46	0.65	0.62	6.24	4.50	6.23	4.69	0.01	-0.19
Nalgonda	0.67*	0.66	0.89	0.80	2.50	1.60	2.00	1.17	0.70	0.50	6.76	4.73	6.09	2.86	0.67	1.87

Source: Records of district offices (ZLSSs)

T/E: Target/Enrolment; A: Achievement; *against the target of 90,000, actual enrolment was 66,741; and [@]against the target of 79,680, actual enrolment was 43,379

Note: (+)'ve figures in difference column indicate excess of ZLSS figures over SLMA figures and (-)'ve figures indicate vice-versa

Thus, the number of non-literates covered under the programme was at variance with those reported by SLMA, DAE and ZLSSs, casting doubts on the correctness of the data.

Audit scrutiny further revealed that:

- (i) The overall figures for female enrolment and coverage in the State upto the five phases were 41.87 lakh and 28.52 lakh respectively, indicating a dropout of 13.35 lakh (31.88 per cent).
- (ii) In Mahabubnagar district, total number of enrolled candidates as per SLMA was 9.32 lakh whereas it was 8.89 lakh as per district office. Further, number of non-literates who completed the programme as per SLMA was 6.38 lakh and as per ZLSS it was 6.16 lakh.

⁶⁹ 'Non-literates enrolled' are those identified non-literates who were enrolled for BLP as they were not self-reliant in Reading, Writing and Arithmetic (Numeracy) while 'Achievement' indicates those enrolled non-literates who successfully gained Functional Literacy as defined in programme guidelines

- (iii) In Mahabubnagar district, the enrolment of non-literates in test checked Mandals as furnished by ZLSS was 2,411⁷⁰ only in Phase V, whereas the Mandal records revealed the enrolment figure as 4,775⁷¹. The discrepancy between the figures of District office and Mandals was not reconciled.
- (iv) In Mahabubnagar district, although performance of female non-literates completing the BLP was satisfactory, percentage of dropout of enrolled female non-literates ranged between 22 and 40 *per cent* during the four phases. The enrolment of female non-literates (Phase V) as per ZLSS was only 0.32 lakh whereas SLMA claimed an achievement figure of 0.50 lakh which was unrealistic.

In Nalgonda district, the overall percentage of dropouts during all the five phases was around 28 *per cent*.

- (v) In Medak district, 5.99 lakh learners appeared for the National Institute of Open Schooling, New Delhi (NIOS) test against the registered learners of 7.13 lakh (this includes repeaters and self-taught candidates upto Phase V) and all the learners who appeared for the test were declared as 'certificates issued'⁷². However, the Department had no information about successful candidates. In the absence of information with regard to passed learners, Audit was unable to assess the achievement against targets.

Government replied that information regarding successful learners would be produced to Audit.

- (vi) In Nalgonda district, a large variation was noticed between the targets fixed as per triennial Action Plan and those actually fixed by SLMA. As per the Action Plan, 12.28 lakh non-literates were to be covered in all the five phases; however, seven lakh non-literates were targeted/enrolled (by SLMA). Of the enrolled non-literates 4.23 lakh had completed the programme (upto Phase V). With regard to variation between the targets set out in Action Plan and those actually fixed, Deputy Director, Adult Education replied (January 2015) that SLMA had ignored the Action Plan while fixing targets.
- (vii) In Nalgonda district, all the non-literates (4.23 lakh) who completed the literacy programme (upto Phase IV) were declared passed. However, in two test checked mandals⁷³ it was observed that out of total 24,104 candidates who appeared for NIOS test, 17,445 candidates (about 73 *per cent*) were declared as passed. In the absence of Mandal-wise and candidate-wise particulars of those who completed the programme, appeared and cleared the test, Audit was unable to verify the correctness of achievement.

Although Government replied that ZLSS, Nalgonda has had the information about the appeared/successful candidates, the same was not produced to Audit during the period of inspection (September 2015).

⁷⁰ Gattu: 1,016; Kothakota: 840; Peddakothapally: 555

⁷¹ Gattu: 2,195; Kothakota: 1,560; Peddakothapally: 1,020

⁷² Grades 'A' or 'B' for those non-literates who successfully completed the BLP and Grade 'C' for unsuccessful candidates (who are motivated to reappear in the NIOS test)

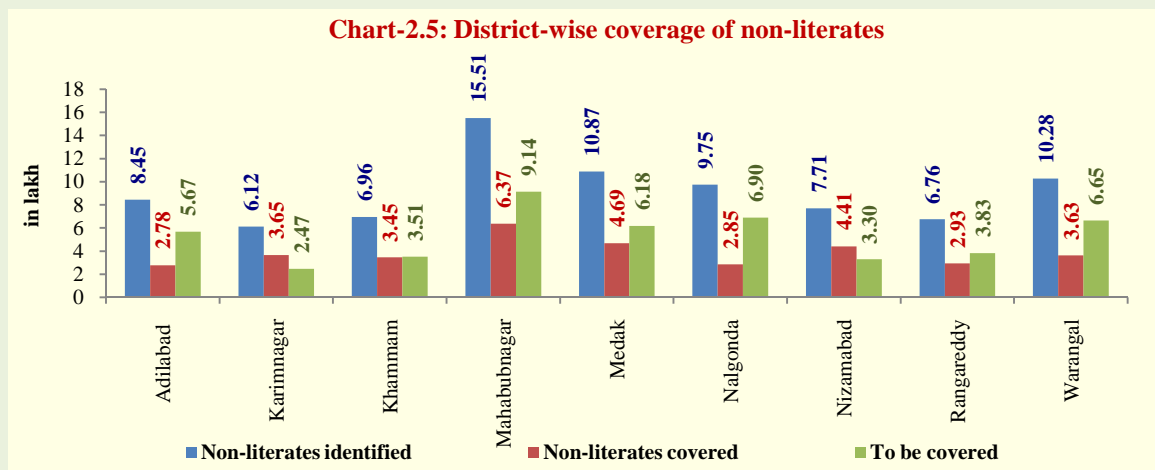
⁷³ Kodada (appeared: 14,874; passed: 9,291) and Devarakonda (appeared: 9,230; passed: 8,154)

(viii) With regard to female dropouts (upto Phase IV), the rate was above 50 *per cent* in seven out of 18 test checked GPs (maximum dropout rate was 91 *per cent* in Ghattu GP and Mandal of Mahabubnagar district). GP-wise details are given in **Appendix-2.6**. ZLSSs attributed the high female dropout to migration of beneficiaries to other places due to the lack of adequate opportunities for earning livelihood.

Government, while confirming the audit observations, attributed the high rate of female dropouts to implementation of the programme purely on a voluntary basis and absence of adequate interest on the part of the learners.

(i) **Progress against identified non-literates**

Although 34.76 lakh (72 *per cent*) of targeted non-literates (48.49 lakh) were covered in five phases, around 46.65 lakh⁷⁴ (out of total 82.41 lakh identified) non-literates are yet to be covered. District-wise details of achievement against total identified number of non-literates are shown in Chart-2.5.



Source: Records of SLMA

Against the identified non-literates, coverage (those who completed five phases) ranged from 29 *per cent* (Nalgonda district) to 60 *per cent* (Karimnagar district). The number of non-literates to be covered was high in six⁷⁵ out of nine districts. In the State Action Plan (2015-17), although it was proposed to cover 23.45 lakh non-literates (in the age group of 15 - 35 years) in two spells during 2015-17, prioritisation was not made in respect of the districts where number of non-literates to be covered was high.

Government replied that priority would henceforth be given to cover the non-literates in districts with high rate of illiteracy.

2.2.5 Ineffective implementation of Vocational Skill Development Programme

With a view to improving earning and living conditions, SLMA decided (December 2011) to conduct Vocational Skill Development Programme (VSDP) for the benefit of learners in each GP. The programme was to be conducted for 30 days covering 25 beneficiaries in

⁷⁴ = 82.41 lakh - 34.76 lakh

⁷⁵ Adilabad, Mahabubnagar, Medak, Nalgonda, Ranga Reddy and Warangal

each GP. As per the guidelines, it was to be ensured that the beneficiaries covered under VSDP were enrolled for next phase of BLP. An amount of ₹5.57 crore was released to nine districts for implementing the programme.

As per the records relating to VSDP implementation in the sampled districts, about 64,030 beneficiaries⁷⁶ were covered under this programme. However, details of those beneficiaries who had undergone VSDP and subsequently enrolled for next phase of BLP were not on record. Scrutiny further revealed that:

- (i) Out of total 3,585 GPs⁷⁷, VSDP programme was not implemented in 909 GPs⁷⁸ thereby depriving about 22,725 beneficiaries the opportunity of skill development; DAE replied (October 2015) that GoI had not provided any grant for conduct of VSDP due to which it was decided to utilize limited amount of funds for conduct of programmes thereunder. Hence, all the GPs were not covered.
- (ii) In Mahabubnagar district, funds amounting to ₹20.13 lakh remained unutilised over a period of 30 months; in Medak district, ₹13.24 lakh provided for procurement of material for the vocational programme on 'home needs', remained unutilised. The Deputy Director, Adult Education, Medak, replied that the funds could not be utilised in the absence of specific orders from the DAE.
- (iii) Against the stipulated 30 days, the programme duration was reduced to seven days (in the GPs of Nalgonda district) as per the orders (July 2013) of the District Collector, Nalgonda; six days (in the GPs of Medak district) and also reduced number of hours than stipulated - only two hours (instead of four to six hours). This was done on the plea that it was causing hardship to beneficiaries to attend such extended learning sessions for the entire period of one month. In Medak district, completion certificates for vocational courses were issued by MCOs to implementing agencies even before their actual completion.
- (iv) Test-check of bills/vouchers revealed instances of excess payment (₹4.69 lakh in Nalgonda district) to the programme implementing agency.
- (v) Despite the stipulation in the guidelines, follow-up activities for post training programmes were not taken up.

These instances reveal ineffective implementation of the skill development programme and the lack of monitoring in ensuring enrolment of beneficiaries covered under VSDP into the next phase of BLP as well.

During the Exit Conference, Government admitted the shortfall in conduct of trainings and stated that necessary action would be taken to compensate the shortfall.

⁷⁶ Mahabubnagar: 23,260; Medak: 22,700; Nalgonda: 18,070

⁷⁷ Mahabubnagar: 1,348 GPs; Medak: 1,059 GPs; Nalgonda: 1,178 GPs

⁷⁸ Mahabubnagar: 429 GPs; Medak: 151 GPs; Nalgonda: 329 GPs

2.2.6 Financial Management

Deficiencies in financial management are discussed below.

2.2.6.1 Non-utilisation of funds

- (i) In all the sampled districts total funds amounting to ₹2.44 crore⁷⁹ released (2010-15) towards ‘Non-recurring Grant’ remained unspent.

DAE attributed (October 2015) the non-utilisation of funds in Medak district to non-issue of detailed guidelines by SLMA with regard to procurement procedure. It was further stated that necessary instructions had been issued for utilisation of unspent funds in Mahabubnagar and Nalgonda districts.

- (ii) In Mahabubnagar district, funds amounting to ₹1.42 crore released for various activities⁸⁰ remained unutilised (November 2015) due to non-authorisation by DAE to utilise the amount.

- (iii) SLMA released funds amounting to ₹8.35 crore⁸¹ (as of November 2015) since inception of the programme, to ZLSSs of the sampled districts to conduct training programmes for various functionaries from GP to District level. Of the funds provided, an amount of ₹5.29 crore (63 per cent) only was utilized leaving a balance of ₹3.06 crore.

Thus, there was no effective monitoring on utilisation of funds.

2.2.6.2 Advances pending adjustment

As per the provisions of AP Financial Code, advances released should be adjusted as early as possible. It was however, noticed in the test checked districts that advances given during the period 2010–15 were pending adjustment as of November 2015 as tabulated below.

District	Purpose of advance	Audit findings
Mahabubnagar	Imparting training to coordinators	As against ₹59.34 lakh released during 2010-15 to ZLSSs and MLSSs an amount of ₹27.31 lakh remained unadjusted
	Conduct of NIOS test held during August 2011 - August 2013 and March 2015	As against ₹38.89 lakh released, an amount of ₹14.88 lakh remained unadjusted
	Imparting training to VCOs at Mandal level	As against ₹14.56 lakh drawn by ZLSS, ₹6.93 lakh had been settled and an amount of ₹5.11 lakh remitted to ZLSS account. An amount of ₹2.52 lakh remained unadjusted

⁷⁹ Mahabubnagar: ₹0.33 crore; Medak: ₹1.00 crore; Nalgonda: ₹1.11 crore

⁸⁰ for Training to coordinators: ₹19.32 lakh; Registers to AECs: ₹9.44 lakh; Purchase of books to AECs: ₹53.92 lakh; TLM: ₹23.98 lakh, Programme Cost: ₹35.47 lakh

⁸¹ Mahabubnagar: ₹3.64 crore (unspent: ₹1.72 crore); Medak: ₹2.64 crore (unspent: ₹1.24 crore); Nalgonda: ₹2.07 crore (unspent: ₹0.10 crore)

District	Purpose of advance	Audit findings
Nalgonda	Imparting training to MCOs, VCOs and VLEs	The entire amount of ₹1.40 crore drawn and disbursed to MPDOs remained unadjusted

Government replied (November 2015) that expenditure vouchers were being collected from concerned Mandal Parishad Development Officers (MPDOs) for adjustment of balance amounts.

Due to non-adjustment of the advances, the fact of utilisation of amounts for the intended purpose could not be ensured.

2.2.6.3 Non-obtaining of Utilisation Certificates

As per the guidelines, SLMA is responsible for collection of Utilisation Certificates (UCs) from the districts and submission of a consolidated UC to NLMA. It was observed that SLMA submitted year-wise consolidated UCs (for the years 2010-11 to 2014-15) for ₹240.83 crore⁸², without however, collecting UCs from the districts for the amounts utilised. Thus, there was no assurance whether these funds stated to have been spent were actually spent for the intended purpose.

Although Government replied that UCs were obtained from all the districts for the stated period, as per the records made available to Audit, UCs were furnished only for an amount of ₹104.23 crore⁸³ leaving UCs for ₹136.60 crore yet to be received.

2.2.6.4 Fund and Accounts Management System (FAMS)

The scheme has adopted internet-based Fund and Accounts Management System (FAMS) with a view to (i) manage and monitor fund flow (ii) maintain accounts at all levels (iii) provide instant and easy access to accounts and (iv) provide NLMA/SLMA a complete view of expenditure on activities. As per the accounting manual the expenditure particulars are to be uploaded to FAMS on a monthly basis.

The benefits of the FAMS *inter alia* include availability of latest information facilitating the policy makers and executing officials in taking timely decisions as well as and anytime/anywhere availability of finance/accounts related data. The FAMS system was made operational from August 2010 in the State.

Audit scrutiny of expenditure comparison reports (August 2015) generated through FAMS website relating to the three sampled districts revealed inconsistency in total expenditure between cash book figures and that of bank figures. These expenditure details were in turn not in conformity with ZLSS figures. Details are as shown in Table-2.13.

⁸² 2010-11: ₹12.10 crore; 2011-12: ₹77.25 crore; 2012-13: ₹53.22 crore; 2013-14: ₹53.94 crore; and 2014-15: ₹44.32 crore

⁸³ 2010-11: ₹6.34 crore; 2011-12: ₹39.09 crore; 2012-13: ₹22.23 crore; ₹2013-14: ₹18.29 crore; and 2014-15: ₹18.28 crore

Table-2.13

(₹ in crore)

District	Expenditure as per cash book (as uploaded)	Expenditure as per bank (as uploaded)	Expenditure as per ZLSS (figures from Statements of Expenditure)
Mahabubnagar	13.73	20.45	34.17
Medak	11.04	14.71	30.86
Nalgonda	13.84	21.05	33.17

Source: Saakshar Bharat FAMS website and records of ZLSSs

Audit scrutiny of SLMA records revealed that uploading of data (status as of August 2015) to FAMS was lagging behind by more than one year in respect of three ZLSSs⁸⁴. In the remaining six ZLSSs uploading was done up to January/March 2014. At Mandal and GP levels also there were consistent delays in uploading the data into FAMS. With regard to Mandals and GPs, data was uploaded only upto March 2013 in Mahabubnagar, Medak and Nalgonda districts.

Due to non-uploading of relevant data to FAMS on monthly basis, effective monitoring on reconciliation aspect was not possible.

Government replied that uploading of data to FAMS was done only upto March 2013 due to lack of computers/net facility at Mandal/GP level and that, as on date, FAMS was not working in the State of Telangana.

Thus, the primary objective of providing a complete and true picture of expenditure details to NLMA/SLMA was defeated.

2.2.7 Monitoring

As per SLMA instructions, officers at various levels were to visit the subordinate units at periodical intervals to monitor implementation of the programme. Test-check of daily tour programmes in respect of Assistant Project Officers (APOs) and Supervisors in the sampled districts revealed the following:

- (i) In Mahabubnagar district, in all the nine cases, shortfall in actual number of days on tour/visits to AECs/LLCs was noticed during the years 2013-14 and 2014-15 against the stipulation of 20 days/40 AECs/80 LLCs in a month. The shortfall ranged from 70 to 100 per cent.

Government accepted the audit observation. However, no specific reasons were furnished in this regard.

- (ii) In Mynampally and Mudigonda GPs of Devarakonda Mandal (Nalgonda district), it was noticed in Audit that DD/Supervisor had not undertaken visits to inspect the implementation of the program even once during its four phases.

⁸⁴ Ranga Reddy: May 2013; Nizamabad: September 2013; and Adilabad: December 2013

2.2.7.1 Internal Audit

The Accounts Manual of Saakshar Bharat Mission stipulates appointment of internal auditors as a management aid to ensure the true and fair record of accounts. The SLMA may identify, with the help of NLMA, competent organisations for this task. The Audit is to be carried out in two phases of six months each ending 30 September and 31 March.

Audit scrutiny, however, revealed that Internal Audit was not conducted in any of the nine districts of the State during the entire period of execution of the program (2010-15) despite the stipulation in the programme Accounts Manual.

Government attributed non-conduct of Internal Audit to non-appointment of Auditors and assured that action would be taken to conduct internal audit in due course.

2.2.8 Impact of implementation

Although the statistical figures in the sampled districts depict significant achievement against the target, Audit was however, unable to assess the actual outcome of programme implementation in terms of improvement in literacy rate and reduction in gender gap in literacy due to the lacunae observed in the household survey (conducted in 2010-11) data and absence of mapping of the beneficiaries enrolled and beneficiaries who completed the programme successfully, beneficiaries' continuing education, etc.

2.2.9 Conclusion

As discussed in the foregoing paragraphs, implementation of Saakshar Bharat, a flagship programme of GoI, aimed at promoting and strengthening adult education, especially of women, in the age group of 15 years and above, suffered from various systemic lapses with only 72 per cent of the targeted non-literates (and 42 per cent of identified non-literates) being covered under the programme. Contrary to guidelines, consolidated Action Plan was prepared without the basis of micro level planning. Funds were not utilised in full. There were inordinate delays in uploading/updating expenditure details to online system by ZLSSs/MLSSs/GPLSSs thereby defeating the objective of Fund and Accounts Management System (FAMS). There were several discrepancies, relating to non-literates identified and covered, among the figures of SLMA's Action Plan, Director of Adult Education and ZLSSs. In the sampled districts ZLSSs had no details of non-literates enrolled, those who actually completed the programme, attended and cleared the NIOS test, repeaters, self-taught candidates, etc. The programme was continued in some GPs even after achievement of 100 per cent literacy.

There were considerable vacancies in the important areas/cadres adversely affecting the implementation of the programme. The dropout rate of female non-literates from the literacy programmes is a serious concern.

2.2.10 Recommendations

- (i)** Action Plans should be prepared at each level, especially at Gram Panchayat level, annually for fixing realistic targets and for effective implementation of the programme in a planned manner.
- (ii)** Record maintenance of non-literates identified, actually enrolled, those who completed the programme, attended and cleared the NIOS test, etc., should be put in place for effective monitoring of implementation of the programme.
- (iii)** Proper motivation and wide publicity should be given at grass root level to encourage non-literates to enrol for the programme and, subsequently, to arrest the dropout rate, particularly in case of female non-literates.

In its reply, the Government accepted (November/December 2015) the recommendations and stated that the same would be followed for better implementation of the Saakshar Bharat Programme and that necessary guidelines would be issued to all the field functionaries for adherence.