

Executive Summary

Key facts

Scheme Objective	To provide financial assistance to scheduled caste students studying at post matriculation or post-secondary stage to enable them to complete their education	
Central assistance released (2012-17)	All States/UTs	₹ 10,784 crore
	To five selected States	₹ 6,439 crore
Expenditure during 2012-17	In five selected States (Centre + State portions)	₹ 18,647 crore
Intended beneficiaries	Students from scheduled caste community whose parents/guardians' income from all sources does not exceed ₹ 2.5 lakh per annum (with effect from 2013-14). Earlier this limit was ₹ 2 lakh per annum.	
No. of Beneficiaries covered in 2012-17 in selected States	India (all States/UTs.)	268.69 lakh
	Karnataka	14.98 lakh
	Maharashtra	22.80 lakh
	Punjab	12.40 lakh
	Tamil Nadu	36.29 lakh
	Uttar Pradesh	49.49 lakh
	Total (5 States)	135.96 lakh
Audit Findings:	Diversion of scholarship funds	₹ 28.94 crore
	Delay in payment of scholarship	18.58 lakh students
	Unutilised/undisbursed funds of scholarship	₹ 375.30 crore
	Denial/short reimbursement of Scholarship	₹ 125.82 crore
	Excess payment of scholarship	₹ 49.67 crore to 1.88 lakh students
	Scholarship paid to ineligible students	₹ 1.95 crore to 374 students
	Discrepancies and inconsistencies in data generated through web portals	Financial implication of ₹ 455.98 crore

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The Post Matric Scholarship Scheme was introduced in 1944 for educational empowerment of students from the SC community. This scheme has been in uninterrupted operation since then. At the request of the Ministry of Social Justice and Empowerment, a performance audit of the implementation of the scheme covering a period of five years from 2012-13 to 2016-17 in five States of Karnataka, Maharashtra, Punjab, Tamil Nadu and Uttar Pradesh was undertaken by audit. The total expenditure incurred in the scheme in the five States was ₹ 18,647 crore during the period 2012-17 benefitting 1.36 crore students from the SC community.

The performance audit of the implementation of the scheme brought out systemic gaps in scheme guidelines themselves as well as lack of planning, poor financial management and irregularities in disbursement of scholarship funds with a financial implication of ₹ 581.68 crore as well as discrepancies and inconsistencies in data generated through the web portals with an additional financial involvement of ₹ 455.98 crore that pointed to the need for a thorough review of the scheme guidelines as well as its implementation so as to ensure that the scheme funds were not misused or diverted for other purposes.

Scheme guidelines, critical for laying down mechanism for various processes, were found deficient in many aspects. No mechanism was prescribed for any of the planning exercises of preparation of action plan/perspective plan for identification of eligible beneficiaries before submission of proposals for central assistance to the Ministry nor did the guidelines prescribe any timelines for submission of application by students and their scrutiny and approval. Consequently, there were delays in payment of scholarship to 18.58 lakh students ranging between one to six years in four States of Maharashtra, Punjab, Tamil Nadu and Uttar Pradesh. The guidelines also do not contain any provision for monitoring and evaluation that are essential for decision-makers to realistically evaluate the progress of the scheme and identify impediments to its efficient implementation.

The implementation of the scheme was constrained by inadequate allocation of funds by the Central Government as well as poor financial management by the States. Government of India could not meet the growing demand for funds from the States which resulted in accumulation of arrears amounting to ₹ 5,368 crore in the five selected States. Even the available funds could not be fully utilised in three States of Maharashtra, Tamil Nadu and Uttar Pradesh with ₹ 375.30 crore remaining undisbursed due to mismatch of bank details which resulted in depriving eligible students of the scholarships. Further, ₹ 28.94 crore of scholarship funds was diverted in Karnataka and Maharashtra for maintenance of e-scholarship portal and purchase of stationery, computers, etc., during 2012-17.

The States also failed to ensure adherence to the scheme guidelines relating to eligibility of beneficiaries and procedures for processing of applications and disbursement of scholarship funds. Audit noted short reimbursement/denial of scholarship amounting to ₹ 125.82 crore in three States of Karnataka, Tamil Nadu and Punjab. There was excess payment of scholarship of ₹ 49.67 crore to 1.88 lakh students in Punjab, Tamil Nadu and Uttar Pradesh during 2012-17 due to incorrect application of rates. In Uttar Pradesh, 374 ineligible students were reimbursed scholarship of ₹ 1.95 crore during 2012-17.

Non-adherence to the scheme guidelines relating to revision of income ceiling by Maharashtra and Uttar Pradesh with effect from academic session 2013-14 resulted in denial of benefit to eligible students in the States. The States of Punjab, Maharashtra, Tamil Nadu and Uttar Pradesh were also not covering certain components of the scholarship viz. thesis allowance, book allowance, disability allowance, study tour charges.

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The Ministry was unable to implement PMS-SC through National Scholarship Portal due to technical issues and decided to implement the same through State portals. However, the State portals lacked both general and application controls required for ensuring access security and providing assurance that transactions are valid, authorized, complete and accurate. In Punjab, Tamil Nadu and Uttar Pradesh, audit noticed discrepancies in data generated by the State portals with financial implication of ₹ 455.98 crore that necessitates a comprehensive investigation by Ministry as well as States to obviate the risk of irregular payment and malfeasance.

Institutional mechanisms for monitoring and grievance redressal including internal audits, periodic inspections and appointment of grievance redressal officers were either not in place or practically non-operational. The Ministry had also not carried out any comprehensive evaluation of the implementation of the scheme to identify changes needed to enhance its effectiveness and ensure achievement of its objectives.