

Part- One
Introduction

Introduction

The Post-Matric Scholarship Scheme for Scheduled Caste students (PMS-SC) is the single largest intervention by Government of India for educational empowerment of scheduled caste students. Its objective is to provide financial assistance to scheduled caste students studying at post matriculation or post-secondary stage to enable them to complete their education. The scheme is administered by the Ministry of Social Justice and Empowerment (Ministry) and the scholarship is awarded by the Government of the State/Union Territory to which the applicant belongs.

The salient features of the scheme are outlined below:

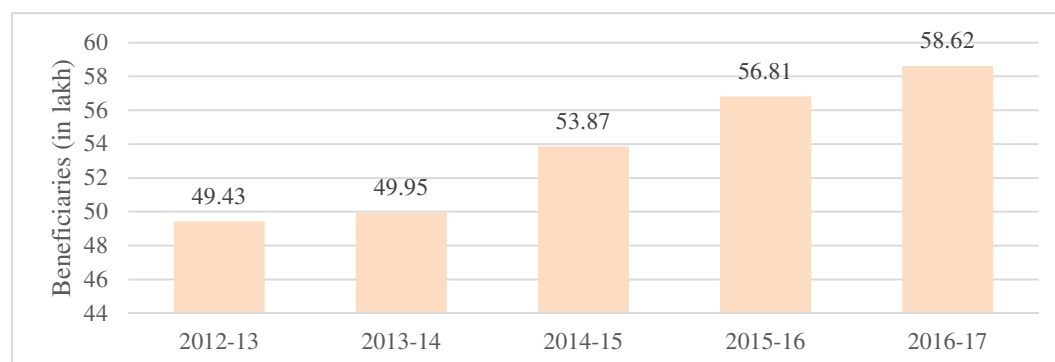
Eligibility	Students who belong to Scheduled Castes. Students whose parents/guardians' income from all sources does not exceed ₹ 2.5 lakh per annum.
For study in	All recognized post-matriculation or post-secondary courses ¹ pursued in recognized institutions in India.
Scholarship Components	<ul style="list-style-type: none"> • Maintenance allowance (varies across groups of courses) • Compulsory non-refundable fee • Study tour charges • Thesis typing/printing charges (for research scholars) • Book allowance (for students pursuing correspondence courses) • Book bank facility for specified courses • Additional allowance for students with disabilities
Four Groups of courses	<p>Group I includes degree/post graduate degree level professional courses such as engineering, all medical, business, finance and computer sciences and higher courses such as PhD., M.Phil., CA, ICWA, C.S., PGDM and commercial pilot licensing.</p> <p>Group II includes graduate/ post graduate courses and other equivalent professional courses not included in Group-I such as Nursing, pharmacy and hotel management.</p> <p>Group III includes all other courses leading to a graduate degree not covered under Group I & II.</p> <p>Group IV includes all post-matriculation level non-degree courses.</p>

¹ Except training courses like Aircraft Maintenance Engineer's Courses and Private Pilot license Courses. Courses at Training – Ship Dufferin (Now Rajendra), courses of training at the Military College, Dehradun, courses at Pre-examination Training Centres of all India and State levels.

Report No. 12 of 2018

The number of students who had benefitted under this scheme for the period 2012-13 to 2016-17 in all the States and Union Territories is given in **Chart-1**:

Chart-1: Trend of beneficiaries (all States/UTs) during 2012-17



Source: Ministry's records.

Note: Data for 2016-17 excludes beneficiaries of Bihar, Jharkhand, Delhi and Puducherry, being not available.

The increase in the number of beneficiaries is highest (8 per cent) in the year 2014-15 when compared to 2013-14 which may be attributed to increase in the income ceiling from ₹ 2 lakh to ₹ 2.5 lakh with effect from 2013-14. The Ministry attributed the increase in number of beneficiaries also to rise in awareness of the scheme apart from the increase in the income ceiling.

1.1 Background for taking up the audit

The Ministry of Social Justice and Empowerment requested the Comptroller and Auditor General of India in July 2017 to audit the scheme in five States of Karnataka, Maharashtra, Punjab, Tamil Nadu and Uttar Pradesh as the demand from States had been increasing disproportionately to the budgetary allocation over the years. Further, the Ministry also informed that a previous audit report on the implementation of the scheme in Uttar Pradesh (Report No.1 of 2016 of Comptroller and Auditor General of India) had highlighted a number of irregularities in the implementation of the scheme.

We also noticed that 60 per cent² of the central assistance was released to these five States during 2012-17 for disbursement to beneficiaries who constituted 51 per cent of total beneficiaries in all States/UTs.

² Reference: Paragraph No. 1.3

1.2 Organizational structure

At the central level, the scheme is administered by the Ministry of Social Justice and Empowerment under the Secretary who is assisted by a team of Joint Secretary and other officers.

At the State level, the Additional Secretary/Principal Secretary/Secretary in-charge of Social Welfare (Adi Dravidar & Tribal Welfare in Tamil Nadu), assisted by other officers, exercise overall control over the implementation of the scheme. The organisational structure at Ministry and State level in the five selected States is depicted in **Annexe-1**. The process of implementation in selected five States by respective authorities is given in **Annexe-2**.

1.3 Funding pattern

The funding for the scheme is borne by both the Union and State Governments. The expenditure incurred by a State/UT on the scheme during the terminal year of any Plan period (erstwhile five year plan periods) is termed as ‘committed liability’ of that State/UT and is required to be borne by it for each of the years during the next Plan period from its own budgetary provisions. Any further fund requirement over and above the ‘committed liability’ would be borne by the Union Government through Central releases³. The year-wise details of Budget Estimates, Revised Estimates and funds released (Central Assistance) to all the States for the period 2012-17 is given in **Table-1**:

Table-1: Position of Budgetary provisions vis-à-vis funds released to States
(₹ in crore)

Year	Budget Estimates	Revised Estimates	Funds released to States*	Funds released to five selected States	Percentage of col. (5) to col. (4)
(1)	(2)	(3)	(4)	(5)	(6)
2012-13	1,500.00	1,500.00	1654.65	1130.42	68%
2013-14	1,500.00	1,908.87	2153.49	1235.02	57%
2014-15	1,500.00	1,904.78	1963.37	1303.73	66%
2015-16	1,599.00	2,216.05	2213.88	1337.25	60%
2016-17	2,791.00	2,820.70	2798.76	1433.01	51%
Total	8,890.00	10,350.40	10784.15	6439.43	60%

* The release over the RE allocation was made from savings of other schemes.

³ The North Eastern States have been exempted from making their own budgetary provisions towards committed Liability from Eleventh plan period (1997-2002) onwards and the entire expenditure under the scheme in respect of them is borne by the Central Government.

Report No. 12 of 2018

Group-wise distribution of students and scholarship disbursed in the five selected States during 2012-13 to 2015-16 is shown in **Table-2**:

Table-2: Group-wise distribution of scholarship and students, in selected States

Groups ↓ Year→	Number of Students				Amount of scholarship disbursed (₹ in crore)			
	2012-13	2013-14	2014-15	2015-16	2012-13	2013-14	2014-15	2015-16
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Group I courses	2,37,693 (9.6%)	2,77,364 (10.5%)	3,31,145 (11.9%)	3,38,161 (13.3%)	1,140.15 (35.4%)	1,534.01 (40.4%)	1,832.72 (45.9%)	2,611.26 (50.4%)
Group II courses	3,13,473 (12.7%)	2,60,155 (9.8%)	2,76,575 (10.0%)	2,45,809 (9.7%)	723.94 (22.5%)	648.54 (17.1%)	654.01 (16.4%)	802.08 (15.5%)
Group III courses	8,88,821 (35.9%)	8,99,157 (34.0%)	9,31,140 (33.6%)	8,75,624 (34.5%)	716.59 (22.3%)	811.96 (21.4%)	778.72 (19.5%)	830.29 (16.0%)
Group IV and others courses*	10,35,750 (41.8%)	12,08,305 (45.7%)	12,33,021 (44.5%)	10,81,396 (42.5%)	637.88 (19.8%)	803.01 (18.2%)	728.34 (18.1%)	935.59 (18.1%)
Grand Total	24,75,737 (100%)	26,44,981 (100%)	27,71,881 (100%)	25,40,990 (100%)	3,218.56 (100%)	3,797.53 (100%)	3,993.79 (100%)	5,179.22 (100%)

(Source: Demand proposals submitted by States to Ministry)

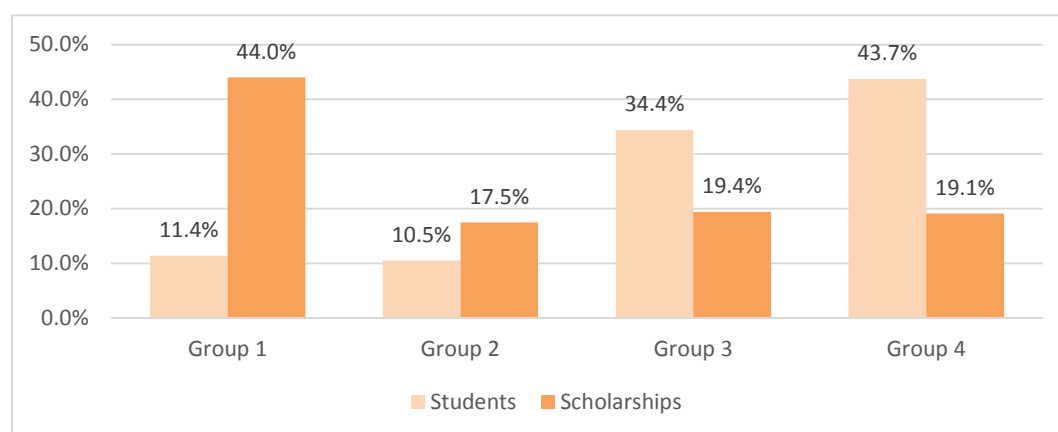
* This includes cases for distance education, students pursuing education in other States since no group-wise segregation of such cases is available. .

Notes: Figures in parenthesis represent percentage of that group with respect to total for all groups.

Group-wise data in respect of 2016-17 was not available.

A graphical representation of percentage of students and percentage of scholarships disbursed to students during 2012-16 is in **Chart-2**:

Chart-2: Percentage of students and scholarships disbursed during 2012-16



Though the group-I courses (professional) consumed around 44 per cent of the scholarship funds, the percentage of students in this group was around 11 per cent. Most students who availed the benefit of the scheme pertained to group-IV i.e. non-degree level courses. During the period from 2012-13 to

2015-16, though the number of beneficiaries pursuing group-I courses increased marginally from 2.38 lakh (9.6 *per cent* of total) to 3.38 lakh (13.3 *per cent* of total), the scholarship amount disbursed to these students increased sharply from ₹ 1,140 crore (35 *per cent*) to ₹ 2,611 crore (50 *per cent*).

1.4 Audit objectives

The performance audit of PMS-SC was taken up with the objective of assessing whether:

- (a) the process of planning was robust and comprehensive;
- (b) the financial management including release and utilisation of funds was efficient and in conjunction with the stated objectives;
- (c) the implementation of the scheme was effective and ensured timely processing, sanction and disbursement of scholarship to eligible students; and
- (d) the internal controls and monitoring system at various levels were adequate.

1.5 Audit criteria

The audit criteria were derived from the following:

- a) Scheme guidelines of December 2010 issued by the Ministry;
- b) Ministry's instructions/guidelines for proper implementation and utilisation of PMS-SC scholarship funds; and
- c) Departmental instructions and manuals, if any, on the implementation of the scheme.

1.6 Audit scope and methodology

The performance audit covered the period of five years from 2012-13 to 2016-17. Audit involved scrutiny of records and other documents in the Ministry and the implementing agencies viz. State level and district level in the five selected States and surveys of selected institutes and selected beneficiaries.

The following statistical framework was adopted for drawing the sample in the five selected States:

- **Tier-I Sample:** 25 *per cent* of the total number of districts in the State were selected subject to maximum of ten districts and minimum of three districts using PPSWOR (probability proportionate to size without replacement) method. The size for PPSWOR was the amount of

Report No. 12 of 2018

expenditure incurred in the districts for five years 2012-13 to 2016-17 clubbed together.

- **Tier-II Sample:** Under each selected district, 10 Institutions/Colleges/ Schools claiming such scholarship were selected using PPSWOR method. The size for PPSWOR was the percentage of number of SC students availing scholarship to the total number of seats available in the institution in the academic years 2015-16 and 2016-17.
- **Tier-III Sample:** In each of the 10 selected institutions, 20 applications were selected.
 - i. These 20 applications comprised (i) four applications where the highest amount has been paid/compensated and (ii) 16 applications using SRSWOR method (simple random sampling without replacement), ensuring equal representation from both 'fresh' and 'renewal' cases.
 - ii. Out of 20 applications selected, 10 beneficiaries were surveyed (in the Institute only).
 - iii. Besides, for each selected district, 20 applications pertaining to 'Scholars covered for distance education', were also selected for detailed scrutiny using SRSWOR (simple random sampling without replacement) method. Accordingly, the sample for the performance audit is depicted in **Table-3**.

Table-3: Details of sample selection

Name of State	Total number of districts	No. of districts selected	Total No. of Institutes in selected districts	No. of institutes selected	Total number of beneficiaries in selected Institutes	No. of application selected for detailed check	Out of applications checked, number of beneficiaries surveyed (In Institutes)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Karnataka	30	8 [#]	1,985	80	57,440	1,600	825
Maharashtra	36	9	1,892	90	23,933*	1,800	924
Punjab	22	6	1,345	60	1,20,363	1,200	593
Tamil Nadu	32	8	2,552	80	64,693**	1,600	800
Uttar Pradesh	75	10	5,126	100	71,271**	2,000	973
Total	195	41	12,900	410	3,37,700	8,200	4,115

[#] In Karnataka, the scheme is implemented at Taluk level by Taluk Social Welfare Officers. Hence, 16 Taluka Social Welfare Offices located in eight districts had been selected in Karnataka.

* Number of beneficiaries for 2016-17 only

** Number of beneficiaries for 2015-17 only

The names of districts and institutes selected are given in **Annexe-3**.

The performance audit commenced with an Entry Conference with the Ministry on 3 October 2017 where the audit objectives, scope and methodology were explained. Similar entry conferences were held in each of the five States by the respective Principal Accountants General/ Accountants General with the nodal departments involved in the implementation of the scheme. Thereafter, records relating to the implementation of the scheme at the Ministry level and State level (nodal departments and District Social Welfare Offices) in the five selected States were examined between September and November 2017. Audit of the selected institutes and surveys of selected beneficiaries in each Institute was also carried out.

The draft audit report was issued to the Ministry on 29 December 2017. Exit conference with the Ministry was held on 11 January 2018 wherein major audit findings and other issues were discussed. Exit conferences were also held at the State levels where State specific findings were discussed. The Report has taken into consideration the replies furnished by the Ministry (January 2018) and States in addition to the points discussed in the exit conferences.
