

**Part-Three
Conclusion and
Recommendations**

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9.1 Conclusion

The Ministry of Social Justice and Empowerment released central assistance of ₹ 6,439 crore to the five States of Karnataka, Maharashtra, Punjab, Tamil Nadu and Uttar Pradesh and a total of 135.96 lakh beneficiaries were covered in these States during 2012-17.

The performance audit of the implementation of the scheme brought out poor planning as the States neither had any database of eligible students nor had prepared any action plans for assessing the estimated number of beneficiaries and their timely coverage. As a result, the number of eligible continuing beneficiaries and fresh candidates could not be ascertained and one of the results of this weakness was inadequate budget which led to delay in providing scholarship and at times even denial of scholarships to eligible beneficiaries.

Further, there were significant gaps in the scheme guidelines themselves which impaired its effective implementation. The scheme guidelines did not prescribe any timelines for processing, sanction and disbursement of scholarship and there were delays ranging from one to six years in payment of scholarship to 18.58 lakh students in Maharashtra, Punjab, Tamil Nadu and Uttar Pradesh. The States did not furnish their proposals seeking demand of central assistance in timely manner to the Ministry resulting in inadequate or part demand of central assistance. The scheme guidelines did not contain provisions to assess the extent of achievement of the objective of the scheme i.e. the number of beneficiaries who have successfully completed their education after availing the scholarship.

There were persistent short releases of fund by Ministry resulting in accumulation of arrears amounting to ₹ 5,368 crore (71 per cent) pertaining to the five selected States. Poor financial management was reflected with diversion of funds amounting to ₹ 28.94 crore in Maharashtra for maintenance of e-scholarship portal during 2012-17 and in Karnataka for purchase of stationary, computers, peripherals, etc. in contravention of the scheme guidelines. There was also undisbursed scholarship funds of ₹ 375.30 crore in Maharashtra, Tamil Nadu and Uttar Pradesh.

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Poor implementation of the scheme in the States was also reflected in non-compliance with scheme guidelines and criteria, short coverage of eligible beneficiaries, denial of coverage of eligible beneficiaries, short/denial of reimbursement of scholarship, excess reimbursement of scholarship claims, reimbursement of scholarship to ineligible students and delay in payment of scholarship. Uttar Pradesh and Maharashtra did not adhere to the revised income ceiling of ₹ 2.50 lakh with effect from academic session 2013-14 and continued as per the earlier ceiling of ₹ two lakh thereby excluding otherwise eligible beneficiaries.

The Ministry was unable to implement PMS-SC through National Scholarship Portal due to technical issues and implemented the same through State portals. 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 which needs to be investigated by the Ministry as well as States to obviate the risk of irregular payment and malfeasance.

Despite the scheme being in existence since 1944, Ministry had not included any provision for effective monitoring and evaluation in the guidelines. Internal audit was absent in all test checked States except Uttar Pradesh where it was found to be deficient. Ministry did not ensure the receipt of quarterly progress reports from States. Annual inspections of educational institutes were either not carried out or were deficient in States. Grievance redressal mechanism both at Ministry and States/District level was also not in place.


9.2 Recommendations

Given the above audit findings and the evident risk of misuse of scheme funds and irregular payments, it is necessary that the Ministry should review and streamline the guidelines as well as institute measures to ensure strict adherence to them and accountability of implementing authorities so that the intended benefits of the scheme reach the eligible beneficiaries in a meaningful manner. In this context, we recommend as follows:

- (i) The Ministry may mandate preparation and submission of annual action plan for coverage of eligible students/beneficiaries which should be submitted along with demands for assistance;

- (ii) The Ministry should prescribe indicative timelines for the States for furnishing their demand for central assistances and for completion of processing, sanction and disbursement of scholarship;
- (iii) States may be asked to strengthen their monitoring and control mechanisms including verification of eligibility of applications as well as payments and reimbursements to make implementation of the scheme effective;
- (iv) Ministry should take steps to ensure accountability of officials and institutions for release of undue amounts as well as for non-release or delay in release of scheme benefits to the eligible students;
- (v) The Ministry may review the existing Saksham and other web portals to strengthen validation controls to obviate the possibility of acceptance of invalid applications; and
- (vi) In light of the instances of irregular payments of scholarship brought out by audit through its test check, the Ministry should carry out an investigation of all similar cases to obviate the risk of such irregular payments or malfeasance.

New Delhi
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