Panchayati Raj and Drinking Water Department

2.2 Implementation of Deen Dayal Upadhyaya Grameen Kaushalya Yojana in the State

2.2.1 Introduction

Government of India (GoI) introduced (September 2014) a youth employment scheme, Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY) as a part of the National Rural Livelihood Mission, with the aim to provide skills to rural youth and to provide them with jobs having regular monthly wages. GoI provides 60 *per cent* of the training cost for the scheme and the balance 40 *per cent* is borne by the State Government. The DDUGKY provides for training in 2,277 types of trades related to textiles, tourism and hospitality, health care, accounting, beauty wellness, retail business, supply chain management, *etc*.

As per guidelines, the State Rural Livelihood Mission (SRLM) is to implement the scheme in the State. Odisha Rural Development and Marketing Society (ORMAS), a registered society[52], was the SRLM in the state of Odisha for scheme implementation. The Commissioner-*cum*-Secretary of the Panchayati Raj and Drinking Water (PR&DW) Department is the Chairman of its Governing Body. The Chief Executive Officer (CEO) is the ex-Officio Member Secretary of ORMAS. The Executive Director (ED), ORMAS (redesignated as Additional Chief Executive Officer from January 2019) is responsible for proper administration and implementation of various activities of ORMAS.

ORMAS engaged Project Implementing Agencies (PIAs) to impart training in Placement Linked Skill Development courses[53] and to ensure job placement through post placement support[54] and retention tracking. For selection of PIA, the project proposal is initially verified by the Project Screening Committee[55] (PSC) of SRLM and after qualitative appraisal conducted by NABARD Consultancy Services Private Limited (NABCONS), Project Approval Committee[56] (PAC) approves the project.

The PIA must provide minimum 70 *per cent* placement. In case it is below 70 *per cent*, training cost will be paid proportionately. Quality Team[57] of the

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52 Registered in 1991 under the Societies Registration Act, 1860

53 Sewing Machine Operator, Tourism and Hospitality, Food and Beverage Service (Steward) Security Guards, Sales Executive, *etc.*

54 Assistance to the placed candidates is given through bank transfer of cash in the first two to six months of their placement. It is given @ ₹1,000 for two months if the placement is within district, for three months if the placement is within State and for six months if the placement is outside State

55 Comprised State Mission Director-*cum*-CEO, Odisha Livelihood Mission (OLM); Financial Adviser to OLM; Deputy Secretary-*cum*-Additional CEO (Programme Support), OLM; Deputy CEO (Skills), ORMAS; Executive Director, ORMAS and Additional CEO, OLM

56 Comprised Commissioner-*cum*-Secretary PR&DW Department; State Mission Director-*cum*-CEO, OLM; Financial Advisor to PR&DW Department/ OLM; State Mission Director, Employment Mission, Odisha; Deputy Secretary-*cum*-Additional CEO, OLM; Executive Director, ORMAS and Additional CEO, OLM

57 Quality Team's main activities were beneficiary identification, mobilisation and selection. It also monitored training, certification, placement, *etc*.

PIAs, ORMAS and NABCONS[58] were to carry out verification of the placement of employed candidates on sample check basis. Qualitative appraisal was being conducted by ORMAS up to March 2017 and thereafter NABCONS was entrusted the task of qualitative appraisal on the basis of a Memorandum of Understanding (MoU) signed on 7 April 2017. Payment to the PIAs is made on the basis of the success rate of the sample candidates verified by the above three agencies.

Audit was conducted (July 2019 to November 2019) covering the period from September 2014 to September 2019. Audit selected 18 out of 95 PIAs for scrutiny of training and placement of candidates. These PIAs were selected based on red flags raised during the compliance audit of Chief Executive Officer, ORMAS for the year 2018-19 (May 2019). These PIAs were awarded projects worth ₹ 436.17 crore and were paid ₹ 231.46 crore up to March 2019. These18 PIAs imparted training to 46,097 youth and claimed to have provided placement to 31,556 youth during the years from 2014 to 2019. Of these, Audit test checked records relating to 5,160 trained candidates and 607 placed candidates. Apart from this, Audit also selected five out of 26 non-performing PIAs[59], who had been paid ₹ 5.94 crore during the period 2014 to 2019.

Though the State was awarded the best performing state under DDUGKY by Ministry of Rural Development (MoRD) during the years 2016-17 and 2017-18, the following serious irregularities were noticed in audit:

2.2.1.1 *Receipt and utilisation of funds*

ORMAS received ₹ 657.90 crore[60] during 2014-19 under DDUGKY and utilised ₹ 568.43 crore[61] (86 *per cent*) as of March 2019. The training programmes were conducted through 95 PIAs. ORMAS fixed a target[62] to train 2.02 lakh rural youth, against which it trained 1,31,854 youth (65.27 *per cent*) by March 2019 and claimed to have placed 97,198 youth in jobs (73.72 *per cent*), as detailed in the table below:

Table 2.2.1: Financial and Physical achievement of the scheme

Year	Opening Balance *(in crore)*	Receipt *(in crore)*		Expenditure (₹ in crore)	Closing Balance *(in crore)*	Training provided (No. of youth)	Employment provided (No. of youth) *(per cent)*
		GoI	State			Year-wise performance	
2014-15	-	80.35	26.78	30.72	76.41	0	0
2015-16	76.41	39.93	26.62	61.6	81.36	749	0
2016-17	81.36	16.07	10.71	95.88	12.26	61,617	54,513
2017-18	12.26	138.36	92.24	165.03	77.83	27,850	11,204

58 NABCONS acts as the Central Technical Support Agency and plays the supportive supervision role on behalf of MoRD. It undertakes tri-monthly inspection of training centres, placement verification of sampled candidates and also conducting qualitative appraisal of project proposals since April 2017

59 PIAs who had defaulted in discharging contractual obligation towards training and placement

60 Project Cost: ₹ 555.55 crore, Placement Support Cost: ₹ 102.35 crore

61 Project Cost: ₹ 527.80 crore, Placement Support Cost: ₹ 40.63 crore

62 MoRD did not allot any yearly target for training. As per information furnished by ORMAS, a total target of training of 2.02 lakh youth was allotted for the period 2014-19

Year	Opening Balance (in crore)	Receipt (in crore)		Expenditure (₹ in crore)	Closing Balance (in crore)	Training provided (No. of youth)	Employment provided (No. of youth) *(per cent)*
		GoI	State			Year-wise performance	
2018-19	77.83	136.1	90.73	215.2	89.46	41,638	31,481
Total		**410.81**	**247.08**	**568.43**		**1,31,854**	**97,198** *(73.72)*

(Source: Information furnished by ORMAS and data downloaded from web portal of MoRD, Kaushal Pragati)

2.2.2 Irregularities in selection of PIAs and award of projects

Audit noticed that ORMAS had flouted the laid down provisions in selection of PIAs and also awarded projects to PIAs, who were otherwise ineligible, as discussed in the following paragraphs.

2.2.2.1 Wrongful award of projects worth ₹ 76.34 crore without qualitative appraisal

Para 4.2 of guidelines of DDUGKY provides that appraisal of the project proposal by a PIA shall be done in the manner and the system as notified by MoRD and proposals that score the required marks shall qualify for consideration by Project Approval Committee (PAC). Para 4.7(i) of guidelines provides that the PIA, irrespective of its category should be more than three years old at the time of receipt of application by MoRD to be eligible for getting a project.

Audit noticed that four projects of four PIAs with project cost of ₹ 76.34 crore were approved by the PAC without such qualitative appraisal of projects[63] and ₹ 41.09 crore was released till September 2019, as detailed in the table below:

Table 2.2.2: Details of PIAs awarded projects without qualitative appraisal

Sl. No.	Names of PIAs	Month and year of approval by PAC	Training target	Placement target	Project cost	Amount released
			(In numbers)		(₹ in crore)	
i.	Escorts Limited	January 2017	2,200	1,700	27.09	13.20
ii.	ASD Education Private Limited	August 2017	992	794	8.42	5.76
iii.	Black Panther Guards & Services Private Limited	March 2018	4,000	2,810	31.57	15.40
iv.	Cardiac Research and Education Foundation (CARE)	January 2017	850	595	9.26	6.73
Total			**8,042**	**5,899**	**76.34**	**41.09**

(Source: Compiled from the records of ORMAS)

Deficiencies noticed in selection of three out of the above four PIAs are discussed below in detail:

(i) Irregular waiver of mandatory qualitative assessment of Escorts Limited

The Project Screening Committee (PSC) in its meeting held in December 2016 recommended two proposals to the PAC without qualitative appraisal. The

63 Qualitative appraisals include parameters like training infrastructure, financial, organisational strength, past placement records and quality assurance system

qualitative appraisals of these two projects of the same PIA (Escorts Limited), were waived off by the PSC in view of the financial strength, commitment to captive placement, parent company structure and core sector presence of the PIA. The PAC also approved (January 2017) the project proposals accepting the views of PSC and ignoring the necessity of a qualitative appraisal. This was in contradiction of the scheme guidelines that did not allow for any such exemption.

Further, there was no uniformity in the approach of PAC, as was noted by the fact that qualitative appraisal was not waived off in another case *viz.,* Hindustan Latex Family Planning Promotion Trust, a GoI institution, despite the fact that the agency had also committed to provide full captive placement (June 2016).

Audit noticed that as per the MoU, the PIA (Escorts Limited) was to impart training to 2,200 candidates and to provide placement to 1,700 candidates (77 *per cent*) by March 2019. This project period was, however, extended up to March 2020. As of September 2019, the PIA claimed to have provided training to 1,207 candidates (only 55 *per cent*) and provided placement to 386 candidates (32 *per cent* of the trained candidates) as per the MIS report. Besides this, the PIA could only submit documents relating to 157 candidates in support of its claims of providing placement.

Thus, exemptions of mandatory qualitative assessments of project proposals were not only irregular but also amounted to extension of undue benefit to the PIA as its performances in training and placement were not as per the MoU.

Accepting the observation, the Department stated (June 2020) that the PIA had been instructed to submit all the training and placement documents and that the project awarded to the PIA would be closed and amount would be recovered.

(ii) Arbitrary and non-transparent selection of ASD Education Private Limited as PIA

A delegation[64] of Odisha Government was invited to Australia (June 2017) by an Australian firm, *via* its Indian training arm, ASD Education Private Limited. The firm desired to become a training partner of Odisha Government for imparting training and providing placement under the DDUGKY program. Subsequently, the project proposal of ASD Education Private Limited was placed before the PSC in July 2017, which exempted the proposal from qualitative appraisal on the ground that the PIA was an Indian entity of parent company, REACH International, Australia who had experience as a training partners with National Skill Development Corporation. The PIA proposed to set up centre of excellence (model training centre) at Odisha and one-third of the placement target proposed by the PIA, was for overseas placement.

PAC, while accepting the recommendation of the PSC, approved (August 2017) the project proposal without qualitative appraisal. ORMAS and the PIA entered (September 2017) into an MoU for training of 1,000 candidates and job placement of 800 candidates by June 2019 for project cost of ₹ 8.42 crore.

[64] Principal Secretary, PR&DW Department; Commissioner-*cum*-Secretary, Skill Development and Technical Education Department and Executive Director, ORMAS

As of October 2019, ASD Education Private Limited claimed to have trained 955 candidates and placed 696 candidates. In this case, Audit noted the following:

- ***Selection of ineligible PIA***: As per the scheme guidelines, the prospective PIA should be more than three years old at the time of receipt of application by MoRD. ASD Education Private Limited, established on 3 August 2015, had not fulfilled this criterion as on 19 July 2017 *i.e.,* the date of receipt of application by MoRD. Despite this, application of ASD Education Private Limited was accepted whereas, other project proposals[65] had been rejected on similar ground (age criteria).

- ***Award of project worth ₹ 8.42 crore despite being ineligible***: The guidelines also envisaged that the applicant should have a turnover of at least 25 *per cent* of the cost of the proposed project. ASD Education Private Limited in its application, submitted online to MoRD had indicated its average turnover in 2015-16 and 2016-17 as ₹ 0.76 crore and accordingly applied for training of 300 candidates involving a project cost of ₹ 3.04 crore, which was within the eligibility limit. It was noted that the project cost and parameters were subsequently enhanced and the PSC as well as the PAC, approved project cost at ₹ 8.42 crore for imparting training to 1,000 candidates. Audit found that approval was granted on the basis of an offline application submitted (July 2017) by ASD Education Private Limited. Both PSC and PAC, by ignoring the financial turnover criterion, extended financial benefit to an ineligible private party.

  Further, ORMAS flouted the relevant laid down norms in selection of ASD Education Private Limited as PIA by awarding it a project beyond its eligibility.

- ***Inaction on wrong claim of placement:*** As the size of project awarded to ASD Education Private Limited was beyond its eligible limit, Audit noted that this impacted the placement performance of the PIA. Out of 696 candidates claimed to have been provided placement as of October 2019, a sample of 50 candidates was drawn for verification by the Quality team of the PIA (40), ORMAS (7) and NABCONS (3). The PIA and ORMAS verified 40 and 7 samples respectively and confirmed placement. NABCONS, which picked (20 November 2018) three primary samples and three re-check samples[66], submitted its report on 30 January 2019 (*i.e.,* after 71 days). NABCONS in its report stated that three sampled candidates had not been placed. Meanwhile, ORMAS issued (03 October 2018) an order requiring NABCONS to submit their sample within 15 days, failing which, ORMAS would proceed as per their own findings.

  Para 4.8 of DDUGKY guidelines states that any revision in the protocol formulated by MoRD requires approval of the Ministry.

[65] Project proposal of Khwahish Leather Skill Trainers and Consultants Private Limited was rejected in November 2014

[66] Two samples verified by the PIA and one sample verified by ORMAS

However, it was noted that this divergence from laid down protocol of not considering the verification report from NABCONS in case of delay of more than 15 days was not communicated to MoRD. Consequently, result of sample verification report of NABCONS was not awaited and ORMAS itself verified (31 December 2018) those six samples and stated all candidates as placed.

Accordingly, the rate of successful placement was worked out as 70 *per cent* and an amount of ₹ 3.91 crore was released to the PIA (February 2019) as second instalment. This was despite the fact that the negative report from NABCONS had already been communicated to ORMAS (January 2019) that three candidates were not placed. On the basis of this finding of NABCONS, ₹ 3.67 crore would have been due for payment. ORMAS thus, irregularly released extra payment of ₹ 23.45 lakh, which resulted in a pecuniary advantage to a private agency.

- ***Irregular and wrongful award of second project worth ₹ 11.76 crore***: As per the decision (October 2018) of ORMAS, second project could be given to a PIA if the PIA achieves 70 *per cent* training target of the previous project and 50 *per cent* of trained candidates have been placed in jobs. Audit noted that PAC awarded (16 February 2019) a second project worth ₹ 11.76 crore to the PIA (ASD Education Private Limited) subject to submission of compliance with NABCONS placement verification.

  It was noticed that the CEO, ORMAS had been appraised of the ineligibility of the PIA in view of its achievement in training being only 47.48 *per cent* against the target of 70 *per cent* and 79.40 *per cent* (of the trained candidates) of placement as per the MIS of 6 March 2019. As PIA had not achieved 70 *per cent* training target, criteria for awarding the second project was not fulfilled. Disregarding the performance and pending compliance to NABCONS placement verification, PR&DW Department approved the project (March 2019) on the recommendation of the CEO. Further, it was also noticed in Audit that the average annual turnover of the PIA for the years 2015-16 to 2017-18 was ₹ 1.32 crore. As per the guidelines, the PIA was eligible to get project worth four times of the average turnover (₹ 5.28 crore) less cost of the on-going project (₹ 8.42 crore). Against this, the ineligible PIA was awarded a project worth ₹ 11.76 crore. Thus, award of second project was irregular and was an undue extension of benefit to the PIA.

- ***Breach of commitment***: Though providing overseas placement and setting up of centre of excellence in Odisha were among the grounds for selection of ASD Education Private Limited, these conditions were not incorporated in the MoU between ORMAS and the PIA. It was noticed that neither overseas placement was provided by the PIA nor was a centre of excellence set up by ASD Education Private Limited in Odisha as of September 2019.

Audit observed that concerted efforts were made to extend favour to ASD Education Private Limited by making a series of deviations from the laid down procedure from selection to acceptance of placement report and subsequent award of projects to this PIA. The PIA had not met the eligibility criteria in terms of period of operation and financial capability. Besides, ORMAS had also ignored the placement report of NABCONS, which indicated shortfall in achievement of the placement target. Thus, selection and subsequent awarding of the projects to ASD Education Private Limited was arbitrary and non-transparent.

In reply, the Department stated (June 2020) that in the greater public interest, the PAC decided to take ASD Education Private Limited on board which not only brought the training methodology of the reputed Australian Company REACH but also brought a proposal to place youth overseas. It was awarded the project with the target based on its capacity to train number of candidates. The Department further stated that they would verify the authenticity of the placement document and if found incorrect, the excess amount would be recovered.

Reply of the Department is not acceptable as the scheme guidelines do not allow for any such relaxations in the criteria for PIA selection. Moreover, the PIA could not meet two out of three measures *i.e.,* non-achievement of target in training and targets for placement and non-fulfilment of annual turnover for project selection. This resulted in the PIA ultimately not achieving the commitments given at the time of finalisation of contracts, which adversely affected the stated outcomes of the scheme. The matter needs to be investigated and responsibility is required to be fixed on the responsible officials.

(iii) Irregular sanction of project to an ineligible PIA

Para 4 of the MoRD notification (June 2015) provides for qualitative appraisal process for all DDUGKY Project applications.

Audit noticed that at the initial screening of the project proposal submitted by a PIA, *viz*., Black Panther Guards and Services Private Limited (Black Panther) for third project, the Programme Manager, ORMAS recommended (February 2018) a qualitative appraisal. However, ED, ORMAS recommended (February 2018) allotment of the project without a qualitative appraisal to ascertain the financial turnover and net worth of the PIA and the PIA was categorised on the basis of its past performances. The PAC sanctioned (March 2018) a project with a cost of ₹ 31.57 crore in favour of Black Panther. Thus, sanction of project without conducting a qualitative assessment was irregular and as a result, the PIA was awarded a project valued more than its eligibility, as discussed in ***Paragraph 2.2.2.2***.

In reply, the Department stated (June 2020) that though MoRD provided for Projects with duration of three to five years, ORMAS sanctioned projects with duration of one year to reduce the risk. After seeing the progress, subsequent year sanctions/ targets were allotted to the PIA without qualitative appraisal based on the category of PIA.

The reply is not tenable since award of projects sanctioned without qualitative appraisal violated the condition mandated by MoRD notification (June 2015).

Audit noted that ORMAS provided undue favour to PIAs by skipping the laid down appraisal process which was a crucial internal control mechanism to ensure eligibility of the PIAs for successful completion of the project.

Further, Audit noted that the PIAs were selected arbitrarily without conducting mandatory qualitative assessment in terms of their financial strength, commitment to captive placement, parent company structure and core sector presence, *etc.*, which amounted to extension of undue pecuniary benefits to certain PIAs. All such violations of the laid down procedure need to be investigated, and responsibility is required to be fixed on the responsible officials for such violations.

2.2.2.2 Ineligible PIAs getting projects in excess of their financial eligibility

Para 4.6 of the DDUGKY guidelines provides for categorisation of PIAs into A, B and C on the basis of training as well as placement performance, turnover, educational institution of repute and experience in working under the scheme. The ceiling of value of projects for Category A, B and C PIAs were fixed at ₹ 50 crore, ₹ 15 crore and ₹ 5 crore respectively. Further, the guidelines limited project cost to four times of the average turnover of the PIA.

Audit noticed that four PIAs were sanctioned five projects worth ₹ 102.13 crore during September 2016 to September 2018. As per their average turnover, they were eligible for projects worth ₹ 25.20 crore only. Thus, projects worth ₹ 76.93 crore were awarded disregarding their eligibility, as detailed in the ***Appendix 2.2.1***.

Audit observed the following:

- NICE Computer Educational Society and Black Panther Guards and Services Private Limited were categorised as A and B respectively on the basis of their training and placement performances. On the basis of these categories, the PAC sanctioned projects worth ₹ 5.21 crore and ₹ 31.57 crore to the PIAs. However, their average turnovers were ₹ 1.98 crore (NICE) and ₹ 8.07 crore (Black Panther) only and, therefore, they were eligible for projects up to ₹ 4.27 crore and ₹ 14.61 crore respectively. By ignoring turnover of the PIAs for determining the maximum value of the projects that could be awarded, projects more than eligibility were irregularly awarded to these two PIAs. The PAC and PR&DW Department approved projects in favour of these PIAs violating the provisions of the guidelines.
- In case of Edujobs Academy Private Limited, the PIA had applied for a project worth ₹ 0.72 crore as per its eligibility. The PAC, recommended projects worth ₹ 29.26 crore for award, which was in excess of the eligible limit though the PAC had no powers to do so. The reason for such deviation was not on record. The ED, ORMAS and Secretary, PR&DW Department, without enquiring into the reason for such recommendation by the PAC, approved award of projects in excess (₹ 28.55 crore) of what had been applied for by the PIA.
- In case of project awarded to Kartavya Consultants Private Limited (January 2017) for ₹ 11.40 crore, the PIA stated that they had no on-going projects in hand. It was noted that this PIA was carrying out projects worth ₹ 5.75 crore on the date of application. Thus, the actual

eligibility for the PIA was ₹ 5.61 crore[67] only. ORMAS by accepting factually incorrect information, irregularly awarded new project (January 2017) to the PIA thereby extended undue benefit of ₹ 5.79 crore in excess of its eligibility.

- Audit noted that the same PIA (Kartavya Consultants Private Limited) was awarded another project in July 2018 worth ₹ 24.69 crore. The PIA indicated its average turnover as ₹ 8.08 crore in its application. Audit ascertained from the books of accounts of the PIA for the period 2015-18 filed with the Registrar of Companies that the average turnover of the company was ₹ 4.28 crore only. Thus, the turnover figure was overstated by ₹ 3.80 crore while applying for the project.

  Similarly, the PIA had furnished value of on-going project as ₹ 5.75 crore (January 2017) though the same stood at ₹ 30.42 crore as on the date of application. As such, the PIA was not eligible for further projects.

  Thus, Kartavya Consultants Private Limited was awarded projects valued ₹ 30.48 crore (₹ 5.79 crore + ₹ 24.69 crore) in excess of its financial eligibility on the basis of misstated figures, resulting in undue pecuniary advantage to the private agencies.

Accepting the observation of Audit, the Department stated (June 2020) that ORMAS would adhere to the financial parameters strictly while sanctioning of projects in future.

2.2.2.3 Undue favour in award of projects by the Executive Director, ORMAS in contravention to the recommendation of PAC

As per Para 4.1 of MoRD notification (April 2017), after completion of qualitative appraisal, the project application shall be placed before the PAC for approval or rejection.

Audit noticed that two PIAs[68] were irregularly sanctioned (May 2018) their fourth projects worth ₹ 39.09 crore without approval of the PAC and ₹ 16.45 crore[69] was released as of September 2019.

It was noticed that in September 2017, NABCONS had verified placement performance in the first project of Abbey West Services Private Limited and found that five out of six sample candidates had not been placed. On the basis of this test check of NABCONS, the first project was closed (March 2018) and recovery of ₹ 12.86 lakh from the PIA was initiated.

In case of the second PIA, NICE Computer Educational Society, NABCONS found that three sample candidates had not been placed (August 2016) as the employers denied having such employees in their organisation. The Collector, Bargarh had also forwarded (March 2017) to the ED, ORMAS five complaint cases against the PIA for false training and job placement.

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67 ₹ 2.84 crore (turnover) * 4 times – ₹ 5.75 crore (Cost of ongoing projects) = ₹ 5.61 crore (eligible amount for new project)

68 Abbey West Services Private Limited: ₹ 25.99 crore and NICE Computer Educational Society: ₹ 13.10 crore

69 Abbey West Services Private Limited: ₹ 12.94 crore and NICE Computer Educational Society: ₹ 3.51 crore

In view of this, the PAC withheld (9 March 2018) award of further projects to these two PIAs. However, ED, ORMAS and the Principal Secretary PR&DW Department later approved (April 2018) projects in favour of these PIAs. Awards were made despite fraudulent placement complaints against NICE Computer Educational Society and closure of the first project of Abbey West Services Private Limited due to its poor performance.

In reply, the Department stated (June 2020) that PAC had sanctioned projects to the two PIAs with due knowledge of NABCONS. Further, a recovery letter had been issued to the PIA, NICE Computer Educational Society. However, the reply was silent on the reason for not implementing the recommendation of the PAC (March 2018) to withhold awarding further projects to these two PIAs.

Further, award of more projects subsequently to these two PIAs by ED, ORMAS and Principal Secretary PR&DW Department by ignoring recommendations of the PAC was irregular and tantamount to extension of undue pecuniary benefits to these PIAs. All such violations of the laid down procedure need to be investigated, and responsibility is required to be fixed on the responsible officials for such violations.

2.2.2.4 Wrongful approval of projects based on inflated MIS reports - ₹ 33.04 crore

As per ORMAS notification (June 2016), a proposal for a second project of the PIA will be considered on completion of 70 *per cent* training target and 50 *per cent* of placement target of the first/ previous project. Further, the guidelines stipulate that for every project the project appraisal has to be done before sanctioning the same.

Audit noticed that three PIAs[70] applied for their next projects while submitting performance reports of the previous projects. Considering their past performances, the PAC approved (January 2016 to November 2016) new projects for ₹ 33.04 crore to these PIAs[71].

Audit observed that the PIAs had submitted false and inflated placement reports to get their projects approved, as discussed below:

- Two PIAs (Centum Workskills India Limited and Madhyam Foundation) while applying for the new projects claimed (December 2016) to have provided placement to 916 and 257 candidates, respectively. The same PIAs, however, later reported (March 2017 and December 2018) to have provided placement to only 619 and 234 candidates respectively. Thus, the PIAs inflated the placement figures to get new projects sanctioned. Further, the PIAs also misused the provisions in the DDUGKY reporting system that allowed them to revise MIS figures at their level.
- In case of Edujobs Academy Private Limited, while scrutinising the project proposal for the second project, the consultant of ORMAS

[70] Centum Workskills India Limited, Madhyam Foundation and Edujobs Academy Private Limited

[71] Centum Workskills India Limited: ₹ 11.87 crore, Madhyam Foundation: ₹ 3.99 crore and Edujobs Academy Private Limited: ₹ 5.97 crore (Project-2) and ₹ 11.21 crore (Project-3)

recorded on a file that the placement achievement of the PIA for the first project was 47 *per cent* as per MIS report. However, the PIA informed (October 2015) ORMAS that actual training and placement figures were much higher and could not be reported due to an error in the MIS. On that basis, ED, ORMAS awarded (October 2015) a project worth ₹ 5.97 crore to the PIA, in violation of its own notification issued in June 2016. Thus, without cross-checking claims made by the PIA, ORMAS accorded approval to the project resulting in undue financial advantage.

Audit observed that the irregular approval of these projects occurred because ORMAS decided to consider only the MIS figures entered by PIAs themselves as a performance evaluation measure, without doing any cross-verification of such figures, which resulted in PIAs inflating their MIS figures for getting new projects sanctioned.

The Department stated (June 2020) that as per MoRD, all PIAs were to enter their training and placement data in *Kaushal Pragati* which is the MIS platform developed by MoRD and that the State is depending on the same to ascertain progress of the PIAs. Further, the Department assured that an Enterprise Resource Planning (ERP) based monitoring framework and a Geo Positioning System (GPS) based application to track the field visits and observations would be developed. However, the fact remained that the system of awarding subsequent projects to PIAs was not foolproof in view of self-reporting by the PIAs and no provision for scrutinising their MIS reports by ORMAS before awarding new projects.

2.2.3 Irregularities in conduct of training and placement

2.2.3.1 Forged bank statement/ nil bank statements used by PIAs to get projects worth ₹ 27.89 crore

MoRD issued (September 2015) Standard Operating Procedures (SOPs) I and II as supplement to the DDUGKY guidelines. The primary purpose of the SOPs is to detail the minimum common protocols to be followed by stakeholders in implementation of projects. As per SOP-II, ORMAS was to verify salary slip/ salary certificate and place of employment, to ensure actual placement of candidates. The SOP also provided that cross verification of salary statement with bank statement should be conducted in all cases to ensure that the salary drawn is actually credited to the bank account.

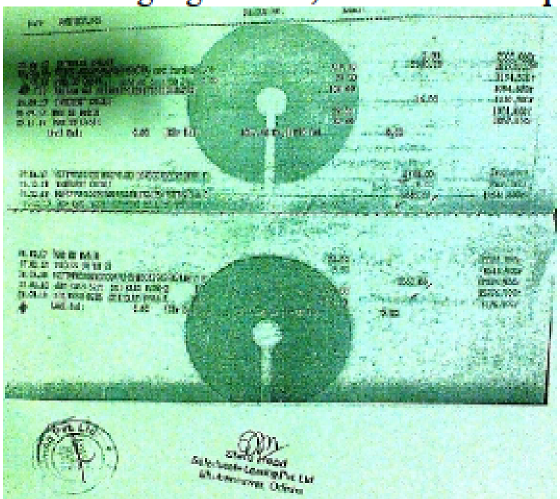
Audit test checked employment records of 481 candidates of 12 PIAs and found employment of 112 candidates (23 *per cent*) of three PIAs[72] doubtful as discrepancies like excess digit numerals in bank account number, arithmetical inaccuracy, absence of chronology in the date of transactions, font style being different in the original pass book submitted by PIAs, *etc*., were noted in the details provided to Audit (details of 22 candidates are given in ***Appendix 2.2.2***).

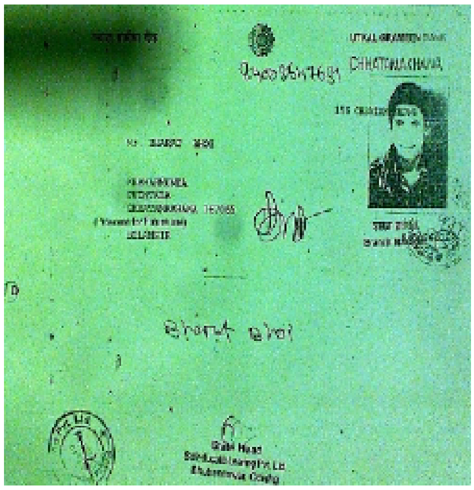
In respect of 40 out of 112 candidates whose salary accounts were opened in UCO Bank, Audit sought details of confirmation of genuineness of credit of

[72] Edujob Academy Private Limited, Safexpress Private Limited and Santh Dhaneswar Shiksha Sansthan

Case Study

Safexpress Private Limited, a PIA, had submitted bank statement of a candidate claimed to have been placed at M/s Jena Engineering, Jharsuguda in November 2017. While the account details of the bank statement indicated that the bank account was in Utkal Grameen Bank, the inner pages showed transaction details containing logo of SBI, as seen from the photo affixed below.





salary from the Bank. In response, UCO bank intimated that six bank accounts were non-existent and no such transactions had taken place in 33 accounts. Thus, claims of placement of these candidates were not genuine. These three PIAs had received ₹ 27.89 crore[73] towards training and placement charges as of March 2019.

Accepting the observation of Audit, the Department stated (June 2020) that in case of two PIAs[74], recovery process had been initiated while closure notice along with notice for recovery of penalty had been issued to the third PIA[75].

2.2.3.2 Deliberate acceptance of forged salary slips and employment certificates by ORMAS thereby extending undue benefit of ₹ 17.05 crore to PIAs

As per SOP-II, ORMAS was to verify salary slip/ salary certificate and place of employment of the candidates claimed to have been placed by PIAs to confirm gross salary, perquisites, statutory deductions, other deductions and net salary paid as per the salary statement.

On scrutiny of salary slips furnished by two PIAs, Audit noticed the following:

- The PIA, Data Pro Computers Private Limited, claimed to have placed 75 trained candidates in a company called Inspavo Consultancy Services Private Limited, Bhubaneswar during June to November

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73 Edujob Academy Private Limited- ₹ 21.11 crore, Santh Dhaneshwar Shiksha Sansthan - ₹ 2.87 crore and Safexpress Private Limited- ₹ 3.91 crore

74 Edujob Academy and Santh Dhaneshwar Shiksha Sansthan

75 Safexpress Private Limited

2016. However, during physical verification (15 September 2018) by a joint committee[76] of ORMAS, the company (Inspavo), not only denied that any placement had been provided by them but also informed ORMAS that they had filed an FIR (09 August 2018) against the PIA. Initially, no action was initiated against the PIA by the ED, ORMAS for forging the documents of the employer and for deliberate submission of manipulated claims of placements. Instead one additional target for the third project worth ₹ 3.51 crore was sanctioned (February 2019) and the first instalment of ₹ 0.85 crore for the third project was released (April 2019). It was only in reply to Audit in June 2020, the Department stated that closure process had been initiated against the PIA (Data Pro Computers Private Limited).

- Another PIA (NICE Computer Educational Society) claimed (July 2016) placement of candidates in two companies, namely, Tatwa Technologies and D3X Solution Private Limited and ₹ 11.21 crore was released in favour of the PIA. During verification by ORMAS through NABCONS, both the companies stated (September 2016) that the placements claimed by the PIA were false and the documents submitted were fabricated.

  Audit noted that NABCONS had informed ORMAS (August 2016) about the fake employment claims of NICE Computer Educational Society and had also advised ORMAS to initiate default proceedings against the PIA. ORMAS however, intimated (September 2016) NABCONS that all the candidates were placed. The Executive Director (ED) of ORMAS also claimed that proof of placements was made available to NABCONS through Google drive. Later on, NABCONS (19 October 2016) informed ORMAS that the Google drive was inaccessible and the placements could not be treated as genuine.

  No proof of placement was provided to Audit by ORMAS. Audit observed that the then ED of ORMAS accepted these forged documents and also released full payment of ₹ 3.67 crore to the PIA, which was irregular. Accepting the observation of Audit, the Department stated (June 2020) that notice for recovery of ₹ 2.33 crore had been issued to the PIA (NICE Computer Educational Society).

2.2.3.3 Manipulation of records of training and fraudulent drawl of training charges

DDUGKY guidelines provide that PIAs will mobilise, counsel and select unemployed youth of rural poor household with employable skills for training. The candidates are to be given classroom as well as on-the-job training (OJT) for three to nine months by PIAs. The PIAs are to upload data of candidates relating to training, placement and their current status by the 9th of every month in the designated online portal of the Ministry of Rural Development (MoRD), Government of India (GoI). ORMAS was to conduct bi-monthly inspections to verify actual trainings conducted.

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[76] Committee composed of Assistant Director (ED), Deputy CEO, OLM and Assistant Director, ORMAS

Audit noticed that one PIA (Kartavya Consultants Private Limited) had reportedly imparted training to 4,285 candidates and provided placement to 1,929 candidates during 2016-19 as per the MIS Report. The PIA received ₹ 22.69 crore as training and placement charges for these candidates. ORMAS provided details of 1,286 out of these 1,929 candidates whom the agency claimed to have placed, during December 2016 to December 2017.

Audit cross checked the relevant information of candidates/ employer organisations with those available on the website[77] maintained by the Employees' Provident Fund Organisation (EPFO), Ministry of Labour and Employment, GoI. It was noticed that 705 out of these 1,286 candidates (55 *per cent*) were already in employment during the period of their trainings. Further, Audit verified the details and observed that EPF deductions were made for more than two months for 424 candidates before their dates of placements.

Since the skill development training is classroom as well as OJT, it was not possible for a candidate to be a trainee and an employee at the same time. Further, ORMAS had not conducted any bi-monthly inspection to verify if the PIA was actually imparting training to the candidates, as claimed by the agency.

On this being pointed out in Audit, the Department stated (June 2020) that EPF contribution of 340 candidates had been verified and it was found that no EPF had been deducted during classroom training, however, there was no restriction on deposit of EPF during OJT. For other cases, ORMAS intimated that it had neither checked their records nor made any payment towards their training cost.

Audit observed that since ORMAS had not provided other evidence for training like video recording of classes, Universal Account Number of candidates for verification, *etc*., Audit could not draw assurance regarding training actually conducted for 705 candidates by the PIAs. Thus, fraudulent claim for the payments made on the basis of these placements cannot be ruled out.

2.2.3.4 Use of fake ESIC numbers by PIAs in claiming Project Money

As per SOP-II for implementation of the Scheme, payment to Employees State Insurance Corporation (ESIC) and Provident Fund may be taken as proof of payment of salary.

Audit noticed that one PIA (Abbey West Services Private Limited) had submitted (December 2016 and August 2017) fake ESIC numbers in the salary slips of 19 candidates stated to have been placed by them. Audit cross verified ESIC numbers in the salary slips with the ESIC portal and found that the ESIC numbers were not of the persons mentioned in the salary slips. Audit noted that the PIA had received (November 2015 and March 2018) payment of ₹ 4.18 crore.

The Department while accepting the observation of Audit, stated (June 2020) that ₹ 2.74 crore had been recovered from the PIA.

[77] https://unifiedportal-epfo.epfindia.gov.in

However, the fact remains that there were obvious gaps in the verification process being followed by ORMAS and such systemic lacunae need to be resolved to guard against similar cases of fraud in future.

2.2.4 Weak internal control system

Audit noted that the PIAs taking advantage of weaknesses in the oversight mechanism of ORMAS were able to provide fraudulent/ inflated placement figures of their projects for getting the new projects sanctioned. A few cases highlighting weak internal control system are discussed below:

2.2.4.1 Manipulation of sampling process by ORMAS to extend undue favour - 1.26 crore

As per SOP-II, upon submission of placement details by PIA, at least 50 samples of candidates are to be verified by the Quality team of PIA (40), ORMAS (seven) and NABCONS (three). After completion of sample checking, rechecking of selected samples is to be conducted by NABCONS and ORMAS and the placement success rate is to be calculated. Full payment is made if the placement success rate is 70 *per cent* and proportional payment is made if the success rate is between 50 and 70 *per cent*. In case, success rate is less than 50 *per cent*, no payment is made and a project closure report is initiated.

Audit noticed that one PIA (Black Panther Guards and Services Private Limited) submitted (February 2016) placement details of 79 candidates. Against the requirement of a minimum of 50 samples, ORMAS drew only 12 samples for verification and confirmed placement of all 12 candidates, and irregularly released (March 2016) the second instalment of ₹ 1.26 crore to the PIA.

On this being pointed out in Audit, the Department stated (June 2020) that ORMAS checked 15 *per cent* of 79 candidates (12 candidates) on a random basis as there was no formal sampling procedure which was introduced by ORMAS during June 2016.

The reply was not acceptable as the sampling process had been clearly mentioned in SOP (August 2015), whereas the PIA submitted the placement document only in February 2016.

2.2.4.2 Undue extension of financial benefit worth ₹ 2.90 crore overlooking Centre Readiness Report

As per SOP-1, before commencement of the training programme, a due diligence report on the preparedness of the centre would be prepared by the Quality Team and would be cross verified by ORMAS including facts on availability of space for training hall, computer laboratory, toilet, drinking water, *etc*. Further, as per orders of ORMAS, first instalment would be released only after receipt of the centre readiness report.

Audit noticed that ED, ORMAS recommended (September 2018) release of ₹ 2.90 crore to one PIA (Surya Wires Private Limited) as first instalment for imparting training to 1,000 candidates. The training centre was verified by the

Technical Support Agency[78] (on 16 and 17 July 2018) and the latter reported various deficiencies in the readiness of the centre[79]. Despite such reported deficiencies, the ED proposed (4 September 2018) for release of ₹ 2.90 crore to the PIA as first instalment for the project. The proposal was also concurred with by the Member Secretary, ORMAS (15 September 2018) and Principal Secretary, PR&DW Department (18 September 2018). Later, during subsequent inspection (December 2018) of the training centre, ORMAS found that the centres were not functioning at all. ORMAS decided (February 2019) to terminate the MoU entered into with the PIA. However, till date of audit (November 2019) ORMAS did not take any action to recover the released amount of ₹ 3.57 crore along with penal interest[80].

Accepting the observation of Audit, the Department stated (June 2020) that show cause notice had been issued to the PIA for non-performance and Bank Guarantee of ₹ 72.70 lakh had been revoked by ORMAS along with issue of letter for balance recovery.

2.2.4.3 Undue favour to the PIAs by excess release of first instalment - 3.30 crore

As per ORMAS Notification (June 2016), where tenure of a project is more than one year, the project cost would be released on a yearly basis. Based on the performance of the first year, target for the subsequent years would be enhanced. Further, funds would be released on the basis of candidates to be trained each year.

Audit noticed that the PAC approved (January 2017) a project for ₹ 27.08 crore to the PIA (Escorts Limited) for providing training to 2,200 candidates and subsequently for placing them. As per the work schedule submitted by the PIA, 1,100 candidates were to be trained in the first year. Accordingly, ₹ 3.30 crore was to be released as first instalment. However, ORMAS released ₹ 6.60 crore considering two years' target of 2,200 instead of one year against the provisions of its own notification. This amounted to undue favour to the PIA by releasing an excess amount of ₹ 3.30 crore as first instalment.

Accepting the observation of Audit, the Department stated (June 2020) that the closure process had been initiated and excess amount released would be recovered.

2.2.4.4 Irregular release of instalment on the basis of wrong placement report resulting in excess release of 10.83 crore

As per the revised scheme guidelines (August 2016), full second instalment would be released if the placement percentage is more than 70 *per cent*. If the placement is less than 70 *per cent*, the amount would be released on *pro-rata* basis. In case, it is less than 50 *per cent*, project shall be terminated immediately and pro rata payment shall be allowed.

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[78] Technical Support Agency appointed by SRLM to assist in evaluation of proposals of the PIAs and inspect training centres

[79] Absence of certified Training of Trainers, Domain Trainers and Counsellor, non-availability of bilingual books, domain and non-domain books and inadequate numbers of Aadhaar Enabled Biometric Attendance System

[80] ₹ 2.90 crore released in September 2018. Penal interest calculated @10 *per cent* per annum for 28 months up to May 2020

As per ORMAS notification (October 2018), if the PIA challenges any sample verification report, a joint committee consisting of members from ORMAS and NABCONS would verify the samples and the re-verification report would be treated as final.

Audit verified records related to release of funds in six projects of five PIAs[81] and noticed various irregularities in the verification process conducted before the release of instalment. These irregularities included instances of false ESIC numbers, non-production of bank statements, payments made in cash in contravention of scheme guidelines, submission of forged bank statements, disregarding reports of NABCONS on placement, *etc*.

Case Study

During placement verification of a PIA (Centum Workskill India Limited), NABCONS reported (January 2017) to ORMAS that five candidates out of six candidates were not placed. On the appeal of the PIA, ORMAS formed a committee on 16 February 2017 comprising representatives of ORMAS, NABCONS and PIA and again confirmed that in four cases, placements had not happened. Later on, ED, ORMAS formed another committee on 03 April 2017 excluding NABCONS and submitted a report that three out of four had been placed. Formation of such a committee after confirmation of non-placement of candidates by a joint committee in contravention to scheme guidelines was irregular and not justified. Further, the ED, ORMAS did not have any power to form such committee.

In accordance with the scheme guidelines, Audit re-calculated the amount released on the basis of the placement and noticed that these five PIAs were paid an excess amount of ₹ 10.83 crore (***Appendix 2.2.3)***. This excess release happened due to omissions made by the officials of ORMAS and had not only resulted in a loss to the exchequer but also resulted in promoting PIAs who were not qualified for the core job of training and placement.

Thus, faulty placement verification by ORMAS in six projects resulted in an excess release of ₹ 10.83 crore to five PIAs.

Accepting the observation of Audit, the Department stated (June 2020) that ₹ 68.81 lakh had been recovered from Abbey West Services Private Limited, recovery letter for ₹ 6.27 crore had been issued to Edujob Academy Private Limited, Centum Workskill India Limited and Nice Computer Educational Society.

2.2.4.5 Undue benefit to the PIAs by issuing irregular notification in contravention to MoRD guidelines

As per the SOP notified by MoRD on 26 August 2016, PIAs who have provided placement to at least 70 *per cent* of trained candidates shall be eligible for 50 *per cent* of the project cost as second instalment. Further, Para 4.8 empowers the SRLM to prepare protocols for various processes and tasks listed in the guidelines. The guidelines provide that the protocols prepared by

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81 Centum Workskill India Limited, Edujobs Academy Private Limited, NIAM Educational Foundation, Nice Computer Educational Society and Abbey West Services Private Limited

the SRLM are to be approved by the Empowered Committee of MoRD.

Audit noticed that ORMAS, being the SRLM of the State, notified (October 2018) an amendment to the aforesaid SOP, which, *inter alia*, provided for release of 50 *per cent* of the second instalment *i.e.*, 25 *per cent* of the project cost to the PIAs as advance on submission of requisite documents only. If a PIA is found to be ineligible for the advance after desk verification and/ or on-site placement verification, the amount shall be recovered with 10 *per cent* annual interest. The objective of bringing such an amendment was to incentivise PIAs through early release of advance amount. On the basis of this amendment, ORMAS released 50 *per cent* of second instalment amounting to ₹ 30.42 crore to 9 out of 18 performing PIAs test checked by Audit till September 2019. Of the nine PIAs who were paid advances, documents submitted by two PIAs[82] in support of placement provided were found to be incomplete during desk verification and in case of another PIA (Kartavya Consultants Private Limited), placement verification had not been done after desk verification.

Audit observed that ORMAS did not seek approval of the amended notification from the Empowered Committee of MoRD though required. Further, the amendment to the SOP issued by MoRD opened opportunities for poor performing PIAs to avail pecuniary benefit without rendering intended service. As a result, those three PIAs could be paid ₹ 15.51 crore[83] before ensuring that they had actually achieved the target of providing placement to at least 70 *per cent* of the trained candidates. Thus, the objective of incentivising the PIAs by releasing 50 *per cent* advance, had not resulted in improved performance of PIAs.

On this being pointed out in Audit, the Department stated (June 2020) that they have requested the Empowered Committee of MoRD to ratify the changes made in the guidelines by the State.

The reply was not acceptable as the notification was implemented without the approval of Empowered Committee of MoRD violating the provisions of the guidelines.

2.2.4.6 Closure/ Abandoning of projects by the PIAs after receiving first instalment

Para 3.2.2.20 of the DDUGKY guidelines provides that if the achievement of a PIA is less than 50 *per cent* of the placement target, the PIA shall be asked to discontinue the training and will be paid on a *pro rata* basis, as per actual placements. The balance amount, if any, receivable from the PIA will be recovered with interest at 10 *per cent* per annum as per Clause 61 of the MoRD notification (February 2014). Failure by the PIA to refund the amount would attract action under Public Money Recovery Act of the State Government.

Audit noticed that 26 out of 95 PIAs were declared as non-performing PIAs by ORMAS during 2014-19. Audit noted that of the 26 non-performing PIAs,

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[82] Escorts Limited and Edujobs Academy Private Limited

[83] Escorts Limited (₹ 6.60 crore), Edujobs Academy Private Limited (₹ 2.78 crore) and Kartavya Consultants Private Limited (₹ 6.13 crore)

ORMAS had issued closure orders to six PIAs before the commencement of audit. Further, remaining 20 non-performing PIAs to whom ₹ 20.11 crore was paid, claimed to have placed 6,526 candidates, had also not submitted any documents in support of their claim.

Based on Audit comment, Department closed projects of one PIA and was under the process of reviewing the remaining 19 PIAs. Details of 20 non-performing PIAs, dates and amount of funds released to them and their training performances as per the MIS figures are given in ***Appendix 2.2.4***.

Audit reviewed records of two out of 20 non-performing PIAs[84] and observed the following:

- **RVS Rise Skills** while submitting their project proposal, submitted the registration certificate of one RVS Education Trust. Due to this discrepancy, PSC did not accept the proposal of the agency. Subsequently, the same project proposal was submitted in the name of RVS Education Trust which was approved (December 2014) by the PAC and an MoU was signed (April 2015) awarding the project worth ₹ 3.16 crore to the PIA for training and placement of 1,000 candidates. ORMAS released the first instalment amounting to ₹ 72.46 lakh in January 2016 to the PIA. The PIA was to complete the training and placement by December 2016, *i.e.,* within 12 months of the release of the first instalment.

  ORMAS received an email on 2 August 2015 from an unverified source with the information that three companies including RVS Rise Skills, managed by one Rise India, had been suspended from Pradhan Mantri Kaushal Vikas Yojana for indulging in unethical practices. It was also informed that RVS Educational Trust is also managed by the same, Rise India. ORMAS, based on information from MoRD (20 October 2015) that RVS Educational Trust (the PIA) had never been suspended, decided not to take any action against RVS Educational Trust.

  Audit, however, noticed that a director in RVS Rise Skills (suspended by GoI) was also a trustee of RVS Educational Trust. Thus, the PIA selected by ORMAS was another unit of the suspended firm. The final outcome of the project awarded to the PIA in April 2015 was that, targeted training and placements were not undertaken by the agency. After several rounds of correspondence to refund the amount, the PIA submitted (March 2017) a cheque amounting to ₹ 15 lakh. The cheque, however, bounced due to insufficient funds in the payer's account.

- An MoU was signed (June 2014) with Everonn Skill Development for training and placement of 2,000 candidates in Khurdha and Puri (May 2015) at a project cost of ₹ 7.90 crore. ORMAS released (November 2014) the first instalment of ₹ 1.49 crore after receipt of the centre readiness report. It was however, noted that the district heads of ORMAS in Khurdha and Puri while conducting the centre verifications, had reported (May 2014) various deficiencies like absence of rent agreement of the building, non availability of beds in

[84] RVS Educational Trust and Everonn Skill Development Limited

the hostel, lack of CCTVs in training centres, *etc*. Despite the fact that the centre was clearly not fully ready, the Programme Manager (Skill Development) of ORMAS while processing the file for first instalment, noted the suitability of the training centre and payment of the first instalment was released. It was also noticed that against the claim of imparting training and placement to 590 and 216 candidates respectively, desk verification of ORMAS confirmed the figure as 305 and 84 respectively. ORMAS issued pre-closure notice to the PIA in January 2017.

Accepting the Audit observation, the Department stated (June 2020) that ₹ 2.55 crore had been recovered from nine PIAs with closure of seven projects and necessary action against other non-performing PIAs had been initiated for recovery. However, an early action is required to be taken for closure of 19 remaining projects of the non-performing PIAs and recover the amount released to these non-performing PIAs along with the penal interest.

2.2.4.7 Failure of internal control mechanism

As per OM of Central Vigilance Commission (September 2013), rotational transfer of officers continuing beyond three years is to be carried out for sensitive posts to avoid chances of fraud in the organisations.

Audit noticed that the Executive Director of ORMAS had been in charge from September 1997 to January 2019 (21 years).

Continuance of the same officer in the organisation for prolonged periods, raises the risk of development of vested interests and may contribute towards irregularities being committed in an unchecked manner in the organisation.

The Department did not furnish any reply.

2.2.5 Conclusion

ORMAS implements DDUGKY, introduced by GoI in September 2014 with the objective of providing skills to rural youth and placing them in jobs with regular monthly wages. During 2014-19, ORMAS reportedly trained and provided placement to 1.32 lakh and 0.97 lakh youth respectively, through 95 PIAs.

After checking of placement records and MIS reports, Audit found that 14 *per cent*[85]of trainings and 77 *per cent*[86] of placements and as claimed by ORMAS seem to be false and fabricated. Audit could not draw any assurance regarding the satisfactory achievement of trainings and placements as multiple suspected frauds have been found to be committed by the PIAs. PIAs have manipulated the weaknesses in the system resulting in extension of undue financial benefits to private players.

[85] Audit test checked records of 5,160 trained candidates and could not draw any assurance regarding training actually conducted in respect of 705 candidates (14 *per cent*) (discussed in *Paragraph 2.2.3.3)*

[86] Audit test checked placement documents of 607 candidates and found discrepancies in 465 placement cases (77 *per cent*) in bank statements, ESIC numbers, salary slips and employer certificates (discussed in *Paragraph 2.2.3)*

Various instances of frauds like forging of bank statements, production of fake ESIC numbers and submission of forged salary slips indicated that the required internal checks, especially those related to verification of job placement were ineffective and inefficient.

Audit noticed that projects worth ₹ 197.05 crore have been irregularly sanctioned to the test checked PIAs by ORMAS violating the due procedures envisaged in the scheme guidelines. Further, out of ₹ 237.40 crore released to test checked PIAs during 2014-19, ₹ 59.83 crore needs to be recovered along with penal interest.

Thus, implementation of DDUGKY in Odisha by ORMAS is mired with several internal control weaknesses and serious irregularities.

2.2.6 Recommendations

Government may:

- *Investigate thoroughly all the placement documents submitted by all the PIAs to ensure genuineness of claims of the PIAs regarding placements as well as trainings.*
- *Ensure that after the verification is conducted, placement percentage is recalculated and any excess money released is recovered with penal interest.*

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

This Paragraph is an excerpt from the Audit Report No.5 of 2020 General & Social Sector, Government of Odisha. The full Report can be accessed through https://cag.gov.in/en/audit-report/details/113758