SECTION - C

STATE SPONSORED EDUCATIONAL SCHOLARSHIP SCHEMES

CHAPTER VI

IMPLEMENTATION OF STATE SPONSORED SCHEMES AND INCENTIVES

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State Government's Special Post Matric Scholarship Scheme: In sampled institutions, income/community certificates were not found attached in 261 applications (17 *per cent*). An inadmissible amount of ₹1.67 crore was paid to 731 Adi Dravidar converted to Christianity (SCC) students, whose parental income exceeded the threshold limit of ₹2.50 lakh per annum. In the sampled districts, scholarship amount of ₹14.32 lakh was not credited to bank accounts of 355 students in 32 sampled institutions due to incorrect bank account details. Incorrect furnishing of data by CoE resulted in non-payment of scholarship amount of ₹3.80 crore to 609 students during 2017-22. During 2021-23, 2,576 SCC students, who are not eligible to receive Central funds, were paid 60 *per cent* of scholarship from the Central share resulting in incorrect payment of scholarship of ₹3.64 crore. During 2019-20, 62 students had received both Minorities scholarship as well as Special Post Matric Scholarship.

In three sampled Government Aided Colleges/Institutions, 232 student hostellers studying in self-financing courses were sanctioned Higher Education Special Scholarship, resulting in an irregular payment of ₹18.56 lakh.

In sampled districts, 67 reputed schools claimed excess fees amounting to ₹1.97 crore for 513 students during the period 2017-23.

Eleven Ph.D. scholars received both Ph.D. Incentive and PMS-SCC, resulting in excess payment of ₹2.06 lakh.

During 2018-23, 22 *per cent* of girl students belonging to SC/ST, studying Class III to Class VIII in Government and Government aided schools, had not availed the special incentive.

6.1 Introduction

In order to enhance the literacy rate and educational standard of SC/ST/SCC students, the AD&TW department implements various scholarship schemes besides Centrally Sponsored Schemes.

Audit findings of certain select State sponsored educational schemes and incentives are given below. The physical and financial progress of these Schemes during the period 2017-23, is given in **Table 6.1** and the year-wise details are given in **Appendix 6.1**.

Table 6.1: Physical and financial progress of State sponsored scholarship schemes during the period 2017-23

Sl. No.	Name of the Scheme	Number of beneficiaries	Expenditure (₹ in crore)
1	State Government's Special PMS Scheme	1,70,883	507.11
2	Higher Education Special Scholarship Scheme	97,061	74.10
3	Admission of students in reputed schools in Classes VI and XI	12,091	60.20
4	Incentive to Full time Ph.D. Scholars	7,598	52.91
5	Special Incentive Scheme for Girl Students	27,18,574	257.55

(Source: Performance Budgets of AD&TW Department 2022-23, 2023-24 and 2024-25)

6.2 State Government's Special Post Matric Scholarship Scheme

In order to benefit SC/ST/SCC students who are ineligible to receive the Centrally Sponsored Post Matric Schemes, GoTN launched[1] the 'Special Post Matric Scholarship Scheme' (PMS-SCC) for those studying in Government aided and Self-financing institutions (including Minority institutions). GoTN also issued detailed guidelines[2] in September 2012 for their implementation. The salient features of SPMS scheme is given in **Table 6.2**.

Table 6.2: Salient features of Special PMS

Beneficiaries	• SC/ST/SCC students who fail to meet the norms for receiving the Central PMS scholarship.
Annual income of the student's parent/guardian	• Not to exceed ₹2.50 lakh[3]. • For State Government employees, annual income is calculated excluding the Dearness Allowance.
Amount of scholarship	• All compulsory and non-refundable fees[4] charged by recognised institutions against free and paid seats of recognised courses can be fully reimbursed as per the fee structure approved by the Competent Authority.
Dual scholarships	• Beneficiary shall not avail any other scholarship/stipend[5].

1 G.O. (Ms). Nos. 6 & 63 AD&TW Department dated 09 January 2012 and 25 June 2012 respectively.

2 G.O. (Ms). No. 92 AD&TW Department dated 11 September 2012.

3 Up to 2018-19: Not to exceed ₹2 lakh.

4 Enrolment/registration, Tuition, Games, Union, Library, Magazine, Medical examination and such other fee compulsory payable by the scholar to the Institution or University/Board.

5 If a student is awarded any other scholarship/stipend, the student can exercise his/her option for either of the two scholarship/stipends, whichever is more beneficial to him/her and inform the awarding authority through the Head of the Institution about the option made.

6.2.1 Inadequate scrutiny of scholarship applications

The scholarship applications are subjected to scrutiny at the institution level, district level (DADTWO) and by the administrative heads of Departments[6] before sanction by the Dte of ADW. However, physical scrutiny of scholarship applications and data analysis of scholarship data revealed the following:

- Scrutiny of 1,541 sanctioned applications in the sampled institutions/schools revealed that income/community certificates were not found attached in 261 applications[7] (17 *per cent*).
- Comparison of the Department's PMS-SCC scholarship beneficiary database with various other databases[8] revealed that the parental income of 731 SCC students exceeded the threshold limit of ₹2.50 lakh per annum resulting in an inadmissible amount of ₹1.67 crore paid during 2017-22 **(Appendix 2.4)**.

GoTN replied (July 2024) that the data provided by Audit will be checked whether scholarship has been paid to ineligible students and necessary action will be taken to remit the amount to Government.

6.2.2 Undisbursed scholarship amount due to incorrect bank account details of beneficiaries

In the sampled districts, scholarship amount of ₹14.32 lakh was not credited to bank accounts of 355 students in 32 sampled institutions due to various reasons[9]. Out of this, an amount of ₹0.89 lakh for the period 2017-20, pertaining to 36 students in 11 sampled institutions, was remitted back to the Government.

As of June 2024, 9,920 return cases amounting to ₹4.01 crore is still pending for reprocessing. The detailed GoTN's reply (July 2024) pertaining to the return cases for Pre MS-SC, PMS-SC and PMS-SCC schemes is given in **Paragraph 2.6.2**.

During the Exit Conference, the DADW stated that this issue will be resolved when the disbursement becomes completely Aadhaar based.

6.2.3 Non-payment of scholarship to eligible students due to incorrect data of the Controller of Examination, Anna University

The process of sanction of applications for Post Matric Scholarships from SC/ST/SCC students is elucidated in **Paragraph 3.7.3**. Scrutiny of the

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6 Director of Collegiate Education, Director of Technical Education, Director of Medical Education, etc.

7 Income and Community certificates were not found attached in 244 and 228 applications respectively. The total number of 261 ineligible applications have been arrived at after adjusting overlapped applications.

8 Pension data obtained from PAG (A&E), Tamil Nadu and Income certificate data from TNeGA.

9 Account blocked or frozen, Account closed or transferred, Account under litigation, Invalid account, Account inactive, Miscellaneous, No such account, etc.

Department's PMS-SCC scholarship database revealed that DoTE had rejected the scholarship claims of 609 SCC students during the period 2017-22 stating that the students' name was not found in CoE's data. However, sample check of such cases in the sampled institutions revealed that the name of the students not found in the CoE record were available in the Institution record showing students had appeared in the examination. This had resulted in non-disbursement of scholarship worth ₹3.80 crore to 609 students due to CoE's incorrect database and subsequent rejection by DoTE. Out of this, in the sampled districts, an amount of ₹34.96 lakh was not paid to 53 students in 20 sampled institutions.

GoTN replied (July 2024) that the Department has disbursed the scholarship amount to students re-sanctioned by DoTE for the period 2017-20. The reply further added that it had requested (November 2021) DoTE to verify the rejected students and to re-sanction the scholarship for eligible students for the period 2018-21.

Audit, however, could not verify the time delay for disbursement (whether disbursed in the same or subsequent AY) after re-sanction of scholarship by DoTE.

6.2.4 Payment of Central share of PMS-SC to PMS-SCC students

As PMS-SCC is a State scheme, the entire scholarship amount is to be met out of State funds. However, scrutiny of PMS-SCC data of the Department for the period 2021-23 revealed that 2,576 SCC students, who are not eligible to receive Central funds, were paid 60 *per cent* of scholarship from the Central share of PMS-SC scheme, resulting in an incorrect payment of ₹3.64 crore[10]. Out of this, 106 SCC students in 25 sampled institutions received an excess amount of ₹25.74 lakh of Central share.

Audit observed that GoTN, instead of paying the entire scholarship amount to SCC students, had paid only 40 *per cent* of the amount and forwarded the beneficiary list to GoI on the lines of PMS-SC/ST beneficiaries for payment of the remaining 60 *per cent* share.

GoTN replied (June 2024) that if any incorrect payment has been made, necessary action will be taken to remit the amount to the GoI account.

Audit, however, observes that responsibility has to be fixed on the officials responsible for the lapse and violation of the PMS-SCC guidelines. Further, the impact of the above on the disbursement of scholarship amount to PMS-SC/ST beneficiaries during 2021-23, if any, may also be studied.

[10] Incorrect Central share paid: 2021-22: ₹10.23 lakh to 43 students; 2022-23: ₹354.16 lakh to 2,533 students.

6.2.5 Non-compliance of Government Order leading to inadmissible recurring expenditure to Government

GoTN's orders for the process of payment of all compulsory and non-refundable fees charged by recognised self-financing educational institutions in respect of SC/ST/SCC students has been elucidated in **Paragraph 3.8.4**.

Scrutiny of PMS-SCC data of the Department for the period 2021-23 revealed that 195 self-financing institutions had admitted 485 students under Management quota and had claimed course fee of above ₹55,000 for each student, which was paid, resulting in incorrect grant of course fee of ₹1.65 crore. Out of 485 beneficiaries, 57 students of 12 sampled institutions were paid an amount of ₹52.70 lakh.

During the Exit Conference, the Secretary stated that there were challenges in ascertaining whether the management seats are filled only after filling the Government seats. However, the DADW stated that reply will be furnished after checking the database and recovery, if needed, will also be initiated. The details of action taken by the Department in this regard is still awaited (June 2024).

6.2.6 Availing dual Scholarships (PMS-SCC and Minorities Scholarship)

Scrutiny of PMS-SCC data revealed that 62 SCC students had received both PMS-SCC and PMS-Minorities scholarship during 2019-20 resulting in incorrect sanction and payment of ₹4.74 lakhs from GoI's PMS-Minorities scheme.

GoTN replied (June 2024) that the two scholarship schemes are implemented through two different systems at two different points of time. Moreover, there is no integration between National Scholarship Portal and TN scholarship portal as of now. Therefore, this overlapping beneficiary check is possible only after integration of the two systems. The reply further added that based on Audit objection, GoI would be addressed to share the beneficiaries' details so as to prevent disbursing multiple scholarship for the same beneficiary. Recovery action will be initiated after ascertaining the facts.

6.3 State Government's Higher Education Special Scholarship Scheme

The Higher Education Special Scholarship (HESS) is being implemented by GoTN for the benefit of SC/ST/SCC students pursuing higher studies in Government and Government aided educational institutions and staying in paid hostels other than Government hostels. The salient features of HESS scheme is given in **Table 6.3**.

Table 6.3: Salient features of HESS Scheme

Beneficiaries	• SC/ST/SCC students
Student's parent/guardian's annual income	• Not to exceed ₹2.50 lakh
Scholarship per annum	• UG courses in Arts and Science and Polytechnic courses - ₹7,500 • Professional courses and PG courses in Arts and Science - ₹8,000

As both the Centrally Sponsored Post Matric Scholarship Scheme and HESS offered similar benefits, resulting in duplication and increased expenditure, GoTN decided (March 2017) to review the need for continuation of HESS. Based on the review, while issuing orders (March 2018) for continuation of HESS for the AY 2017-18, GoTN restricted the grant of new HESS only to students of Government and Government aided institutions, staying in hostels of the institution or in hostels approved by the institution. The Audit observations in this regard is given below.

6.3.1 Incorrect sanction of HESS Scholarship to students studying in Self Finance Course/Self Supporting course

Scrutiny of records of sampled Government Aided Colleges/Institutions revealed that the 232 student hostellers studying in self-financing courses in three institutions had applied for and were sanctioned the HESS scholarship. This had resulted in an irregular payment of ₹18.56 lakh during the period 2017-22, the details of which are given in **Table 6.4**.

Table 6.4: Irregular payment of HESS

Sl. No.	Academic year	Number of students in the Institutions[11]			Total number of students	HESS paid[12] (in ₹)
		CIT, CBE	PSG CT, CBE	TCE, MDU		
1	2017-18	18	32	3	53	4,24,000
2	2018-19	20	45	19	84	6,72,000
3	2019-20	20	57	17	94	7,52,000
4	2021-22	-	1	-	1	8,000
Total		**58**	**135**	**39**	**232**	**18,56,000**

(Source: Details furnished by the respective colleges)

During the Exit Conference, the Secretary stated that the G.O., while specifying that only hostellers staying in Government and Government aided colleges are eligible, did not specify whether the students studying under self-finance stream in aided colleges were eligible for HESS. Hence, the Department took a liberal

11 (i) CIT, CBE: Coimbatore Institute of Technology, Coimbatore; (ii) PSG CT, CBE: PSG College of Technology, Coimbatore and (iii) TCE, MDU: Thiagarajar College of Engineering, Madurai.

12 Paid @ ₹8,000 per student per annum.

view considering the broader objective of the Scheme and sanctioned HESS for those students as well.

A similar Audit Paragraph[13] was included in the CAG's Report for the year ended March 2020 with a recommendation that the ineligible payments to students of self-financing colleges may be recovered and the policy on eligibility of students of self-supported courses in Government aided colleges needs to be clarified to avoid confusion. However, no action has been taken.

6.4 Admission of students in reputed schools in Classes VI and XI

In 2007, GoTN introduced a Scheme to admit bright students of Government/Government aided schools in Class XI in reputed private schools. In 2008, GoTN introduced a similar scheme wherein 385 bright students from 385 blocks, at the ratio of one student from each block, amongst SC/ST/SCC students who have passed Class V from Government schools are selected and admitted into Class VI in reputed private residential schools with due recommendation of the concerned District Collector. Under this scheme, the Government bears the expenditure till the students complete Class XII.

The salient features of both these schemes are given in **Table 6.5**.

Table 6.5: Salient features of Scheme to admit students to reputed schools

Details	Schemes of admission of SC/ST/SCC in reputed private schools	
Admission in Class	**XI**	**VI**
Number of beneficiaries every year	10 best performing students in Class X studying in Government and Government Aided schools in each district.	385 students from 385 Blocks who have passed Class V.
Mode of selection	Based on Class X results[14].	A special examination conducted by the Project Officer (SSA) in each Block.
Income limit	₹2.50 lakh per annum	₹2.50 lakh per annum
Amount of scholarship	Maximum eligible limit - ₹28,000	Tuition fee as fixed by Fee Fixation Committee along with Hostel Fee of ₹15,000 and Maintenance allowance of ₹5,000.

6.4.1 Excess payment of incentives to reputed schools

In the revised Scheme guidelines notified (October 2015) by GoTN, the financial assistance was allowed as per the fees fixed by the 'Private Schools Fee Determination Committee' (PSFDC) constituted by GoTN. In addition,

[13] **Paragraph 3.4.1** of the CAG's Compliance Audit Report (Government of Tamil Nadu - Report No. 3 of 2021).

[14] On publishing of Class X results, the DADTWOs obtain the list of 10 best performers from the website or the Chief Educational Officer and admit them into reputed private schools in the same or nearby districts.

hostel fees of ₹15,000 and maintenance fee of ₹5,000 per annum were also payable. The authorities of private schools, where these students are admitted, were to lodge their claim through respective DADTWOs. Every year, the DADTWOs were to compile the list of students admitted and fees payable to the private schools and forward the same to the Directorate for obtaining GoTN's sanction to settle the claims made by the schools.

On scrutiny of the records relating to implementation of the Scheme in the sampled eight districts, 68 reputed schools had claimed excess fees amounting to ₹1.97 crore for 509 students during the period 2017-23 **(Table 6.6)**. Though the Government specifically directed the Department during 2018-19 to strictly adhere to the guidelines and limit the fees to the schools to the extent provided in the guidelines, the Department continues to allow the full claim of the fees furnished by the respective schools without restricting it.

Table 6.6: Excess fees claimed by the reputed schools during 2017-23

Sl. No.	Districts	Number of		Excess fee claimed (₹ in lakh)			Total (₹ in lakh)
		Institu-tions	Students	Tuition Fees	Hostel fees	Maintenance Allowance	
1	Chennai	1	20	1.76	0	0	**1.76**
2	Coimbatore	10	67	12.47	52.57	26.17	**91.22**
3	Erode	4	42	2.42	4.56	0	**6.98**
4	Kanniyakumari	11	84	17.25	0	5.35	**22.61**
5	Perambalur	5	21	2.37	0.10	3.55	**6.02**
6	Thoothukudi	15	98	17.18	3.80	0.32	**21.30**
7	Tiruchirappalli	6	23	0.63	4.15	1.90	**6.68**
8	Tirunelveli	16	154	13.07	19.25	8.00	**40.32**
	Total	**68**	**509**	**67.15**	**84.43**	**45.29**	**196.89**

(Source: Details furnished by the institutions in sampled districts)

A similar Audit Paragraph[15] was included in the CAG's Report for the year ended March 2020 with a recommendation that DADW should ensure adherence to GoTN's orders on restricting claim of private schools' fee reimbursement to the ceiling fixed by the PSFDC.

GoTN replied (July 2024) that the excess expenditure was incurred in the interest of the students.

As per the Scheme guidelines, the Government has to release the claim only after obtaining a declaration from the head of the institution that they had claimed only the amount fixed by PSFDC. However, Audit observes that, sanction and payment of fees beyond the limit fixed by PSFDC and subsequently ratifying the same leads to violation of Scheme guidelines besides benefitting the institutions also.

[15] **Paragraph 3.4.2** of the CAG's Compliance Audit Report (Government of Tamil Nadu - Report No. 3 of 2021).

Recommendation 8:

The Government should take action on the erring reputed schools for charging and claiming excess fees than that was fixed by PSFDC thereby violating the existing guidelines and resulting in avoidable expenditure by the Government.

6.5 Incentive to Full time Ph.D. Scholars

During 2013-14, GoTN introduced the scheme of providing incentives to full time Ph.D. scholars who belong to SC/ST/SCC, which aims to provide opportunities to these students to undertake advanced studies and research in the fields of Science, Humanities, Social Science, Commerce and Law streams in State Universities/Government/Government aided colleges in Tamil Nadu. The income limit was that the family income shall be less than ₹8 lakh[16] per annum. The incentive paid was ₹1 lakh[17] per annum.

6.5.1 Availing dual benefits by the Ph.D. scholars belonging to SC/ST/SCC - Ph.D. Incentive and Post Matric Scholarship

The scheme objectives of providing incentives to full time Ph.D. scholars who belong to SC/ST/SCC is already commented in **Paragraph 3.9.3**.

Scrutiny of records at the Dte of ADW relating to payment of incentives awarded to Ph.D. scholars revealed that 11 students received both Ph.D. Incentive and PMS-SCC **(Appendix 3.2)**.

GoTN replied (July 2024) that the duplication of claims was noticed and recovery orders issued and the entire list has been de-duplicated. During the Exit Conference, it was assured that the Scheme will be reviewed.

Recommendation 9:

The Government should revisit the Scheme guidelines for grant of Ph.D. scholars so as to remove any ambiguity and to grant the incentive to the eligible scholars even if they are the beneficiaries under PMS scholarship for SC/ST/SCC students.

6.6 Special Incentive Scheme for Girl Students

To encourage girls to continue their studies without dropping out and to ensure 100 *per cent* enrolment of SC/ST girl children in Government/Government aided schools, GoTN has been implementing the special incentive scheme for girl children. The Scheme is in operation from 1994-95 for SC/ST girl students studying in Class III to Class VI and was extended till Class VIII in September 2013. The salient features of the Scheme is given in **Table 6.7**.

16 Up to 2020-21: ₹2.50 lakh.
17 Up to 2020-21: ₹50,000 per annum.

Table 6.7: Salient features of Special Incentive Scheme for SC/ST girl students

Beneficiaries	• SC/ST girl students studying in Government/Government aided schools
Parents' income limit	• No income limit
Amount of incentive	• Class 3 to 5 : ₹500 per annum • Class 6 : ₹1,000 per annum • Class 7 and 8 : ₹1,500 per annum

6.6.1 Non-availment of scheme benefits by SC/ST girl Students

Perusal of data collected from the State Project Director, Samagra Shiksha Abhiyan (SPD, SSA) and the data from Dte of ADW revealed that 22 *per cent* of girl students belonging to SC/ST, studying Class III to Class VIII in Government and Government aided schools, had not availed the special incentives during the period 2018-23 **(Table 6.8)**.

Table 6.8: Percentage of SC/ST girl students who were not paid Special incentive during 2018-23

Category	Number of SC/ST girls			
	As per SPD, SSA data	Incentive paid	Incentive Not Paid	
			Number of girls	Percentage
SC	27,05,812	21,70,581	5,35,231	*20*
ST	3,31,341	2,12,783	1,18,558	*36*
Total	**30,37,153**	**23,83,364**	**6,53,789**	***22***

(Source: Details furnished by SPD, Chennai and Commissionerate of ADW)

Although the Scheme does not have any annual income limit for eligibility, the application form had the 'Annual family income' column which was to be filled by the students and certified by the revenue authorities. Audit observes that this had mislead the students/parents and institutions and dissuaded them from applying for the Scheme, which was also corroborated during test check of schools.

In Coimbatore district, test check of seven[18] schools revealed that out of 1,385 SC/ST girl students, 1,129 students (82 *per cent*) had applied for the incentive during the period 2017-23. The Principals of these schools stated (December 2023) that the remaining 256 students (18 *per cent*) were not able to apply for the incentive due to non-submission of their community certificates and bank details.

Non-conducting of awareness campaign, sensitisation programmes about the Incentive Scheme at community level led to low turnout and non-achievement of the objective of the Scheme.

[18] (a) Corporation HSS, Rathinapuri; (b) GGHS, Valparai; (c) GHS, Kinathukaddavu; (d) GHSS, Naickanpalayam; (e) GHSS, Sundakkamuthur; (f) GTR HSS, Anaikatty and (g) GTR HS, Mavuthampathi.

GoTN replied (July 2024) that the huge variation between the special incentive beneficiaries and EMIS data for the corresponding period may be attributed to the difficulty in submission of community certificate and valid saving account details by the beneficiaries/parents. The reply further added that, from 2023-24 onwards, the Scheme is implemented through TN Scholarship portal wherein details of eligible beneficiaries are fetched from EMIS and disbursement carried out using Aadhaar/Account based payment system. The gap between the actual and eligible beneficiaries as per EMIS data would be minimised considerably from 2024-25.

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The 26 May 2025