CHAPTER VIII : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of Higher Education

8.1 Shortcomings in the Aakash Tablet project

Under the National Mission on Education through Information and Communication Technology, the Ministry decided to launch LCAD-AAKASH through IIT, Rajasthan (IITR) without ascertaining their capacity to undertake the work. This adversely affected the project delivery. The Ministry also placed ₹ 47.42 crore at the disposal of IITR without carrying out a prudent assessment. This raised issues of financial propriety. This adversely affected the project delivery along with an avoidable expenditure of ₹ 1.05 crore.

Under the Centrally Sponsored Plan Scheme of National Mission on Education through Information and Communication Technology (NMEICT), the Minister of Human Resource Development announced (July 2010) the launch of a project 'Low Cost Access cum Computing Device (LCAD-Tablet) named AAKASH'. The project envisaged providing the Tablet at a cost of USD 35 i.e., approximately ₹ 1500 for educational purposes to students and teachers in higher learning institutions across the country.

The Ministry based on the presentations made by Indian Institute of Technology Rajasthan (IITR) decided (July 2010) to engage IITR for the project. As per the proposal, the LCAD was to be supplied by the Institute by January 2011 and after successfully trial, one million LCAD was to be provided to the student and teachers within a year.

The Project Approval Board on NMEICT scheme under the first phase of the project approved (September 2010) procurement, field trials and extensive testing of one lakh pieces of LCADs. The project was awarded (October 2010) to IITR by the Ministry at an estimated cost of ₹ 41.50 crore[1].

The Ministry released (October 2010) ₹ 15 crore to IITR as first installment for the project. IITR initiated (October 2010) the tendering process. Only one out of the seven bidders who participated in the tender was found technically qualified for undertaking the project. Meanwhile, IITR requested (November 2010) the Ministry to release the balance funds of ₹ 26.50 crore for

[1] ₹ 25 crore for testing and ₹ 16.50 crore for procurement of one lakh devices

procurement of one lakh LCADs and for additional manpower and testing facilities. The Ministry released (December 2010) ₹ 10 crore to IITR.

Further, IITR in the standing committee meeting (March 2011) informed that it had to initiate fresh tendering due to non-compliance of the terms of the tender by the earlier selected bidder. Subsequently, M/s Datawind was selected as the lowest bidder in the second round of tendering. IITR also intimated that based on the lowest accepted bid[2], in the second tender, the procurement cost of one lakh LCADs would require an additional amount of ₹ 6.22 crore. Thus the total project cost increased to ₹ 47.22 crore (₹ 41.50 crore + ₹ 6.22 crore.) The Ministry released (March 2011) the balance funds of ₹ 22.72 crore to IITR on the approval of the standing committee.

Audit further noted that the vendor M/s Datawind could supply only 6440 devices to IITR between August 2011 and November 2011. As per the distribution detail, out of the 6440 devices supplied, 5790 devices were rejected by IITR and the balance 650 devices were conditionally accepted for further field testing. Meanwhile, 366 devices of LCADs were distributed to the students for feedback. There were complaints with regard to devices getting heated up, device battery not lasting for 3 hours, devices being slow to operate and about its resistive touch screen. To resolve the issues, the matter was taken up with the firm which agreed to make changes in the device to improve its functions without any enhancement in cost.

IITR informed (November 2011) the Ministry about the underperformance of the selected vendor M/s Datawind and stated that giving further extension to them would be a futile exercise. It further stated that as per the agreement, because of delay and inability to supply the devices as per the revised schedule, the order placed with M/s Datawind may be cancelled and the earnest money be forfeited.

A meeting was held (15 November 2011) in the Ministry to resolve various issues related to the devices. It was decided that M/s Datawind shall submit a testing report for each lot supplied to ensure that all devices were without any defect and the delivery of devices would be made by March 2012.

Audit further noted that the dispute between the vendor and IITR could not be resolved. As a result, IITR communicated (February 2012) to the Ministry that due to the intractable issues arising with regard to the implementation of the scheme, the project may be transferred to any other appropriate organisation.

[2] Device cost of USD 49.98 calculated at the exchange rate of ₹ 45.45 per US dollar.

Consequently, the Ministry decided to transfer the project to IIT, Bombay (IITB) and requested (April 2012) the IITR to transfer the balance amount to IITB.

Accordingly IITR transferred ₹ 51.77 crore to IITB between April 2012 to May 2012 after adjusting the expenditure incurred (₹ 1.05 crore) and interest earned (₹ 5.10 crore) by then.

Audit noted the following shortcomings in the implementation of the project LCADs:

1) Questionable award of project to IITR

(a) Selection of IITR for the project: The Ministry failed to carry out a feasibility study before undertaking a project of this magnitude. The records of the Ministry did not provide any justification for selecting IITR to execute the project. Thus the selection of IITR was arbitrary. The audit view is further borne out by the fact that during the preliminary discussions, other established IITs, i.e. IIT Kanpur, Kharagpur, Madras, Bombay and IISc Bangalore had participated. However, these Institutes were overlooked, and IITR which was relatively a new IIT, was selected for this flagship project of the Ministry, ahead of other IITs.

(b) Preparedness of IITR for the project: The Integrated Finance Division (IFD) of the Ministry while concurring with the proposal for sanctioning the funds to IITR had enquired about the preparedness of IITR for handling the project. This concern was raised in light of the fact that IITR was operating from temporary premises. This important observation of the IFD was bypassed and the work was allotted to IITR without evaluating the readiness of IITR to undertake the project. The records of the Ministry did not establish that an evaluation of the adequacy of the resources and infrastructure available with IITR for undertaking the project had been carried out. Ultimately, IITR was unable to deliver the project because it was ill equipped. Hence, a due diligence exercise by the Ministry, at the outset, would have identified these shortcomings of IITR.

2) Imprudent release of funds to IITR The Ministry sanctioned and released a sum of ₹ 47.72 crore to IITR in a hasty manner within a period of five months i.e. between October 2010 and March 2011 for the Project, in instalments, without ensuring the receipt of the utilization certificates, reports on progress of the project and statement of expenditure of the previous instalment. Thus, the Ministry failed to effectively monitor the project implementation and funds utilisation by the IITR particularly in wake of the fact that 97.80 *per cent* of the funds released was ultimately transferred to IITB along with interest. The period over which the funds remained blocked with IITR ranged from 12 to 18 months. General Financial Rules provide that money should not be drawn from treasury unless the same is required for immediate disbursements. It is not permissible to draw money from the treasury in anticipation of demands or to prevent lapse of budget grant. It was further seen that the bulk of the release was made in the month of March 2011. The action of the Ministry was thus non compliant with the General Financial Rules.

3) Unfruitful expenditure incurred by IITR

The expenditure of ₹ 1.05 crore incurred by IITR was rendered unfruitful as its implementation by IITR was abandoned: The instances of the expenditure incurred by IITR are given in the box.

Unfruitful expenditure of ₹ 1.05 crore by IITR: Few instances

- PCs and Tablets worth ₹ 20.67 lakh procured for the project were not transferred to the new PI i.e., IITB rather these were issued to the various other project labs in IITR.
- Utility of travel expenses of ₹ 0.77 lakh pertaining to the Canada visit of the Ministry representative at the site of the vendor during June-July 2011 could not be established as no feedback /performance report of the visit was available on record.
- Expenditure of ₹ 0.31 lakh has incurred as visa fees for four officials for travel to Taiwan and China to test the samples of LCADs. Subsequently this mission was aborted without recording reasons for this decision.
- In violation of the government orders, air travels in private airlines in 29 test checked cases, was irregularly allowed.
- IITR hired M/s Pearl International (Lucknow based private firm) for air ticketing services in violation of Government rules. Thus payment of ₹ 5.02 lakh made to the firm was irregular.
- Appointment of a retired officer of MHRD as an advisor to IITR for a period of three months at a remuneration of ₹ 0.50 lakh was made with relaxed conditions of working for 15 days in a month. However this clause was not mentioned in the advertisement for the job. Later, on expiry of the contract he was retained on honorarium basis for three months @ 3300 per day which exceeded the monthly contracted amount by ₹ 15000.

Thus, the selection of IITR for implementing the project was not properly planned as a result, the delivery schedule of tablets was adversely affected (March 2012). The financial and other irregularities brought out above further reflect that the Ministry did not exercise due diligence in implementing the project. Moreover, the expenditure of ₹ 1.05 crore incurred by IITR was rendered unfruitful as the implementation of the project had to be abandoned in IITR and transferred to IITB.

The matter was referred to the Ministry in May 2013; their reply was awaited as of July 2013.

Department of School Education and Literacy

8.2 Irregular release of grant

The Ministry under the Scheme for providing quality education in madrassas provided financial assistance for 372 madrassas, without ensuring the fulfilment of the eligibility conditions prescribed in the scheme guidelines. This resulted in irregular release of grants amounting ₹ 8.86 crore to the State Government of Jammu and Kashmir.

Under the National Policy on Education, the National Monitoring Committee for Minority Education (NMCME) was constituted (2004) to look into all aspects of education of minorities. Based on the recommendations of the NMCME, the Scheme for Providing Quality Education (SPQEM) in Madrassas was redesigned.

The SPQEM was fully funded by the Central Government. As per the scheme guidelines the following eligibility conditions for financial assistance to madrassas were stipulated:

- Existence of madrassas for at least three years and
- Registration of madrassas under the Central or State Government Acts or Madrassas Board/Wakf Board or National Institute of Open Schooling.

The procedure prescribed for implementation of the scheme included receipt of all requests from the madrassas for financial assistance by the concerned State Government. For the scrutiny and recommendation of the proposals the States/UT were required to constitute a State level Grant-in-aid Committee (GIAC) which included a Ministry's nominee. The proposal along with the recommendations of the State Government were to be forwarded to the Ministry of Human Resource Development in the prescribed formats. The proposal was thereafter required to be considered by the Ministry's GIAC for financial approval.

Audit noted that the State Government of Jammu and Kashmir submitted (January 2010) proposals for financial assistance to 372 madrassas[3] under the scheme. The State Government GIAC while going through the proposals advised (February 2010) the State education department that the credentials of the applicant madrassas may be re-verified and actual facts be intimated before accepting the proposal. The Ministry, while scrutinizing the proposal requested (January 2011) the State Government to clarify the number of madrassas for which grant was required.

Audit examination of the records of the Ministry revealed that the State Government of Jammu and Kashmir had not provided the details of the existence and registration of the 372 madrassas as required under the scheme.

Audit noted that the records of the Ministry did not contain the documentary evidence required in support of the fulfilment of the eligibility conditions under the scheme by the grantee madrassas.

Audit further noted that the Ministry without ascertaining the credentials of the madrassas approved (March 2011) the release of grants amounting to ₹ 8.86 crore as financial assistance to 372 madrassas. The grant-in-aid of ₹ 3.48 crore and ₹ 5.39 crore were released to the State Government of Jammu and Kashmir in March 2011 and May 2011 respectively. Thus the release of grant of ₹ 8.86 crore by the Ministry without ascertaining the fulfilment of the conditions was irregular.

The Ministry replied (February 2013) that the Member secretary of the State GIAC had certified that the proposal was within the parameters of the scheme. Further, as per the utilization certificate of the State Government, it was observed that out of the grant of ₹ 8.86 crore the State had an unspent balance of ₹ 7.37 crore (as of January 2013). The Ministry had requested the State Government to furnish the reasons for non-utilisation of the funds under the scheme and also to certify whether the 372 madrassas recommended by the State Government fulfilled the eligibility criteria.

The reply of the Ministry establishes the fact that the Ministry did not ensure fulfilment of the eligibility conditions of the madrassas while releasing the grants. Further, the low utilization of the funds under the scheme by the State Government indicates that the release was inappropriate and resulted in blocking of funds.

[3] 235 in Kashmir and 137 in Jammu