

**Chapter 4**  
**Pre and Post Matric**  
**Scholarship Schemes for**  
**Minority**



## CHAPTER 4

### Pre and Post Matric Scholarship Schemes for Minority

This Chapter is related to Pre and Post Matric Scholarship for Minority under which audit observations relating to irregularities noticed in disbursement of scholarships in test checked 30 Pre & Post Matric schools/institutes in six selected districts have been incorporated. Beneficiary's details of selected schools as featured in National Scholarship Portal (NSP) were cross-checked with the records of selected schools/institutes. Important audit findings of this chapter are:

- Scholarship of ₹ 1.52 lakh was paid to 20 fictitious beneficiaries since credentials of these beneficiaries could not get confirmed from the records of concerned schools/institutes.
- Scholarships amounting to ₹ 1.17 crore were awarded to 1482 ghost/fake beneficiaries from 14 test-checked schools/institutes which were neither registered themselves on NSP nor ever obtained user credentials.
- Scholarships amounting to ₹ 43.77 lakh was disbursed to 663 students without verifying documents relating to eligibility criteria viz., annual income and marks secured by beneficiaries in previous class final examination.
- No details of the beneficiaries at test-checked districts and department level were available other than NSP portal. It was also observed that physical and financial details of the scheme were not uploaded at the official website of the districts and the department.
- Evaluation studies at regular interval was not carried out to assess the effectiveness of scheme in achieving its objectives.

#### **Conclusion:**

Implementation of Minority Scholarship scheme was dismal in the State as Audit noticed instances of disbursement of scholarships to fictitious/ghost beneficiaries in 18 (60 *per cent*) out of 30 test-checked institutes. Fraudulent disbursement of scholarships was made from even those institutes which neither register themselves on NSP nor obtained user credentials.

This reflected that, with the direct/indirect involvement of the application verifying authorities, the user credentials were misused, for obtaining approval of scholarships for fake persons. Role of Institute Nodal Officer (INO)/ District Nodal Officer (DNO)/ State Nodal Officer (SNO) (application verifying authorities) in fraudulent approval of applications was also confirmed from the investigation report of a district level government committee framed for verifying minority scholarship fraud reported in Dhanbad district. Thus, department failed to restrict the involvement of ineligible/fake persons, as the stake holders failed to perform its duties

properly as defined under SOPs. Instances of irregular disbursement of scholarships to beneficiaries without verifying documents relating to eligibility criteria were also noticed. Evaluation studies at regular interval though required was not carried out as such effectiveness of scheme in achieving its objectives remain unnoticed to the department.

#### **4.1 Introduction**

The Prime Minister's New 15 Point Programme for the Welfare of Minorities was announced in June, 2006. It provides that a Pre & Post Matric scholarship scheme for meritorious students from minority communities<sup>25</sup> would be implemented. The scholarship at Pre & Post Matric level will encourage parents from minority communities to send their school going children to school, lighten their financial burden on school education and sustain their efforts to support their children to complete school education. The scheme will form the foundation for their educational attainment and provide a level playing field in the competitive employment arena. Empowerment through education, which is one of the objectives of this scheme, has the potential to lead to upliftment of the socio-economic conditions of the minority communities.

The Pre-Matric scholarship will be awarded for studies in a government or private school in India from class I to class X, including such residential Government institutes and eligible private institutes selected and notified in a transparent manner by the State Government. Whereas, the Post-Matric scholarship is to be awarded for studies in a government or private higher secondary school/college/university in India, including such residential institutes of the Government and eligible private institutes selected and notified in a transparent manner by the State Government concerned. It will also cover technical and vocational courses in Industrial Training Institutes/ Industrial Training Centres affiliated with the National Council for Vocational Training (NCVT) of classes XI and XII level including Polytechnics and other courses. Any course of less than one-year duration is not covered under this scheme. Certificate courses are also not covered.

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<sup>25</sup> Muslims, Sikhs, Christians, Buddhists, Jain and Zoroastrians (Parsis) have been notified as minority communities under Section 2 (c) of the National Commission for Minorities Act, 1992.

## 4.2 Eligibility Criteria

As per guidelines issued by GoI the broad eligibility criteria to avail scholarships of pre & post matric scholarship by a minority category student is as under in **Table 4.1:**

**Table 4.1: Eligibility criteria of Pre & Post Matric scholarship**

Name of scheme	Broad Eligibility Criteria		
	Annual Income Ceiling for parents/guardians	Marks in last passed final examination	Other requirement
Pre-Matric scholarship scheme	1.00 lakh	Not less than 50% marks or equivalent grade	i. An Income Certificate, issued from a Competent Authority in the State/UT Governments is required in respect of parent/guardian of the student.
Post Matric scholarship scheme	2.00 lakh		ii. A Self-Certified Community Certificate is required from the student who has attained 18 years of age. For others the Community Certificate certified by parent/guardian of the student is required. iii. The continuance of award (for Renewal applicants) will be subject to securing 50% marks in the previous year examination. iv. The school/institute will certify the claim of student of being an outstation student not residing in hostel of the school/institute concerned on the basis of permanent address and parents' address v. A student shall be eligible for only one scholarship out of all the available scholarships of central government meant for SC/ST/OBC/Minority

(Source: Government orders)

### 4.2.1 Roles and Responsibilities of stakeholders

As per Standard Operating Procedure (SOP) 2017-18 & 2018-19 for minority scholarship, the roles and responsibilities of stakeholders are illustrated below in **Table 4.2:**

**Table 4.2: Roles and Responsibilities of Stakeholders**

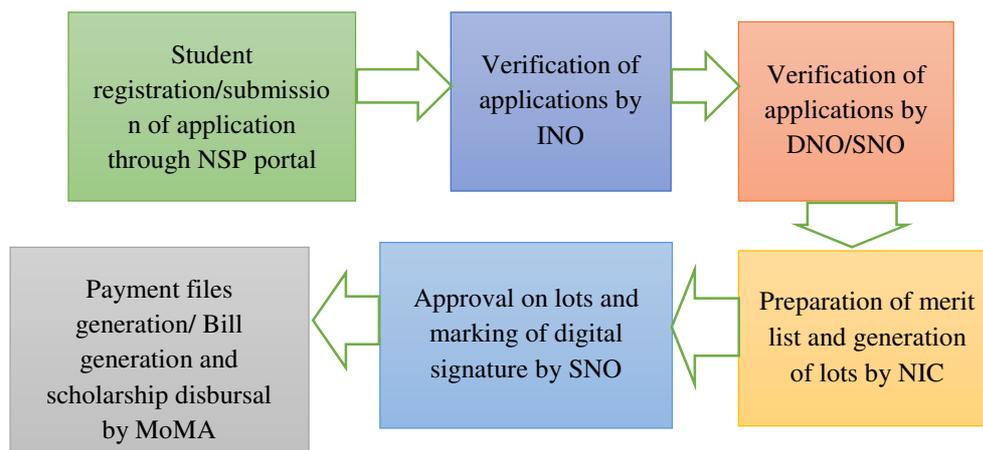
Stakeholders	Responsibility
Student/Applicant	The primary role of the Student/Applicant is to register and submit the application at NSP.
School/College Institution	<ul style="list-style-type: none"> <li>• To work as 1<sup>st</sup> Level Verification for the applications moved through NSP</li> <li>• Update Courses and update fee amount in student Application form. If fee entered by the student is found to be incorrect. Institute/College may rectify it.</li> <li>• Verify/Reject applications.</li> <li>• Verification of application by checking the correctness of application form and uploaded document submitted by the applicant and maintain physical copies of supporting documents.</li> </ul>

Stakeholders	Responsibility
	<ul style="list-style-type: none"> <li>The District/State can ask for these documents from the INO as &amp; when required.</li> </ul>
SNO/ DNO <sup>26</sup>	<ul style="list-style-type: none"> <li>To work as 2<sup>nd</sup> Level verification.</li> <li>Responsible to provide login credential to Institution.</li> <li>Responsible to verify new Institute and their courses in NSP.</li> <li>Update Fee amount, Aadhaar no. and Account number.</li> <li>Verify /Reject applications.</li> <li>Generation of payment lot on NSP Portal.</li> <li>Apply digital signature on payment file on PFMS portal.</li> </ul>
SNO <sup>27</sup>	To work as 3 <sup>rd</sup> Level verification. State Nodal Officer shall follow the same process as followed for 2 <sup>nd</sup> level verification.
Central Ministry-Sanction Officer (PFMS Portal)	Responsible for sanction creation and disbursement of fund to the beneficiary's bank Account.

### 4.3 Process of Application, Sanction and Payment

National Scholarship Portal (NSP) opens for the registration on a particular period every year. Students can register and apply for minority scholarships through NSP. Verification of applications will be carried out by INO/ DNO/ SNO who will ensure correctness of details in the application form and uploaded documents submitted by the student/applicants on NSP. NIC segregates scheme wise applications from merit list to create lots and push them to PFMS. PFMS creates payment files and send them to State Nodal Officer (SNO) for verification. The SNO verify and signed digitally and forwarded to Ministry of Minority Affairs (MoMA) for payment process of scholarship. Process of application, sanction and payment of minority scholarships is shown in the **Chart 4.1** below:

**Chart 4.1: Process of application, sanction and payment of minority scholarships**



<sup>26</sup> DNO is introduced as 2<sup>nd</sup> Level verification of the applications as per SOP of National Scholarship Portal (issued on 24 July 2019).

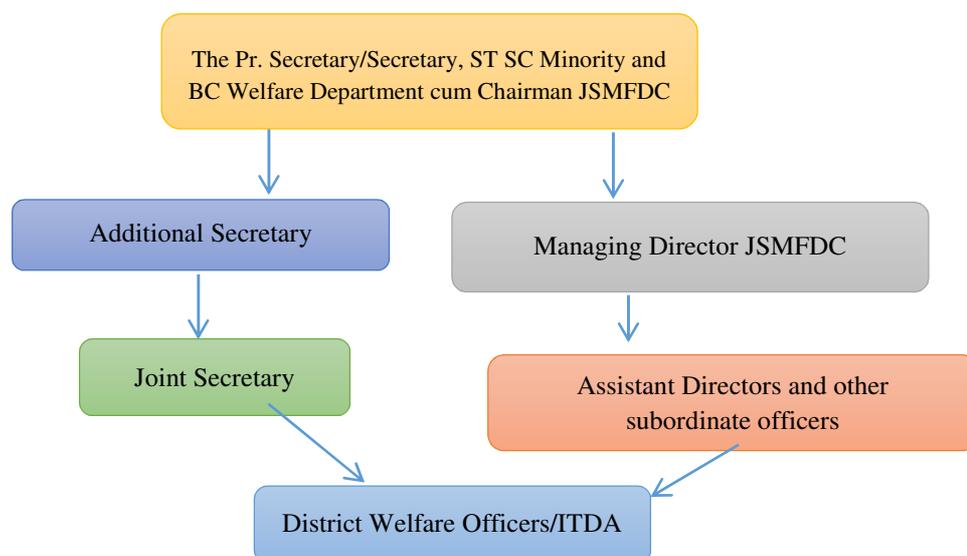
<sup>27</sup> Up to June 2019, SNO functioned as the 2<sup>nd</sup> level verification. However, from July 2019 SNO is notified as 3<sup>rd</sup> level verification for the applications as per SOP of National Scholarship Portal (issued on 24 July 2019).

#### 4.4 Organisational structure

At the State level, the responsibility of implementation of the minority scholarship schemes in the State is vested with the ST, SC, Minority and BC Welfare Department, headed by the Secretary. Managing Director, Jharkhand State Minority Finance and Development Corporation (JSMFDC) exercise overall control over the implementation of the scheme in the state as State Nodal Officer. At district level the District Welfare Officer (DWOs) works as District Nodal Officer. The organisational structure of State level is in **Chart 4.2:**

**Chart 4.2: Organisational setup**

#### State/District level functionaries for Minority scholarship:



#### 4.5 Funding pattern

The Minority Scholarship scheme is Central Sector Scheme and 100 per cent funding is provided by the Ministry of Minority Affairs (MoMA), GoI. Disbursement of scholarship to beneficiaries is made directly by MoMA after scholarship applications are approved through National Scholarship Portal (NSP) by state functionaries in accordance with the prescribed procedure.

#### 4.6 Beneficiaries

As per information received from JSMFDC, 7.99 lakh beneficiaries applied for pre & post matric minority scholarships out of which 2.48 lakh beneficiaries were awarded scholarships amounting to ₹ 160.38 crore during 2017-21, as detailed in **Table 4.3:**

**Table 4.3: Total applications and disbursement of scholarships during 2017-21**

Scheme name	Year	Total applications received (fresh & renewal)	Nos. of applications approved (as per PFMS payment)	Applications not considered for payment	Scholarship disbursed (₹ in crore)
Pre-Matric	2017-18	77,561	51,895	25,666	29.43
	2018-19	1,66,421	50,450	1,15,971	34.6

Scheme name	Year	Total applications received (fresh & renewal)	Nos. of applications approved (as per PFMS payment)	Applications not considered for payment	Scholarship disbursed (₹ in crore)
	2019-20	2,03,627	84,133	1,19,494	60.9
	2020-21	2,23,453	14,332	2,09,121	5.17
	<b>Total</b>	<b>6,71,062</b>	<b>2,00,810</b>	<b>4,70,252</b>	<b>130.10</b>
Post-Matric	2017-18	30,650	15,025	15,625	9.96
	2018-19	40,491	12,616	27,875	8.61
	2019-20	25,016	13,182	11,834	8.72
	2020-21	31,410	5,918	25,492	2.99
	<b>Total</b>	<b>1,27,567</b>	<b>46,741</b>	<b>80,826</b>	<b>30.28</b>
	<b>Grand Total</b>	<b>7,98,629</b>	<b>2,47,551</b>	<b>5,51,078</b>	<b>160.38</b>

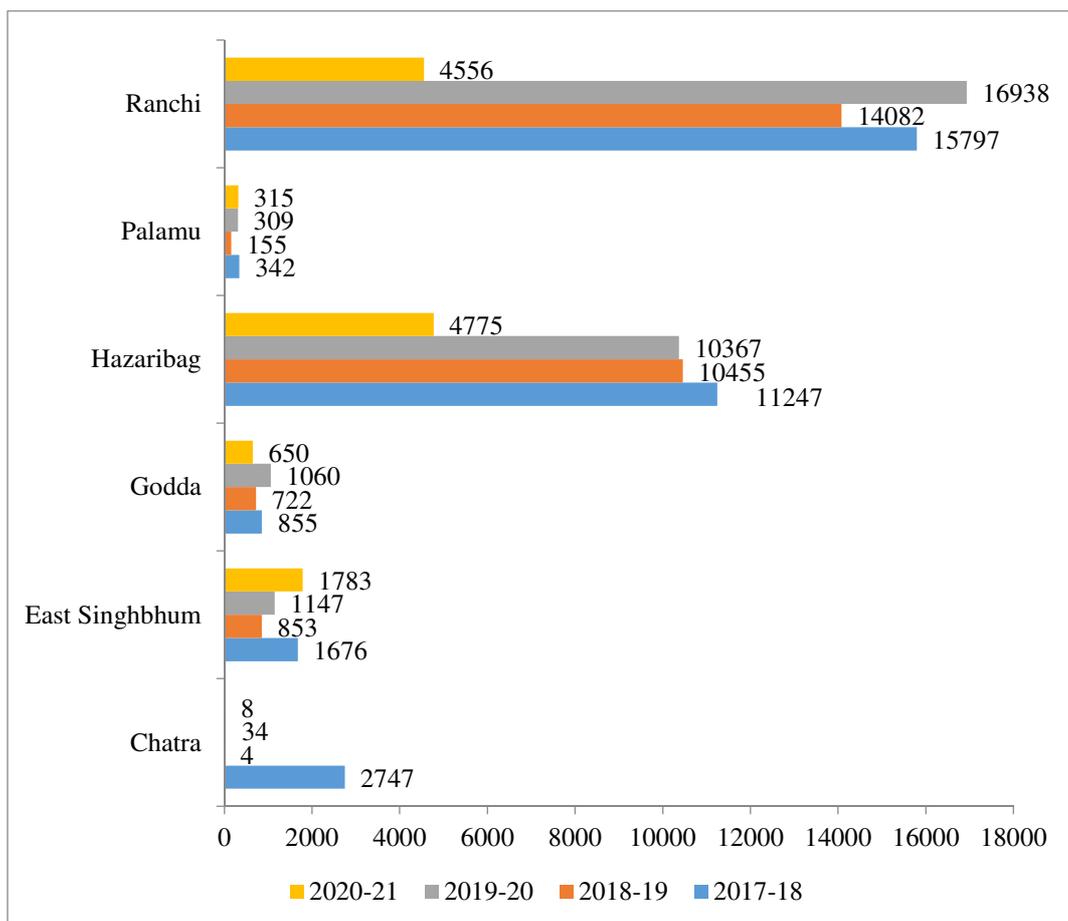
(Source: JSMFDC)

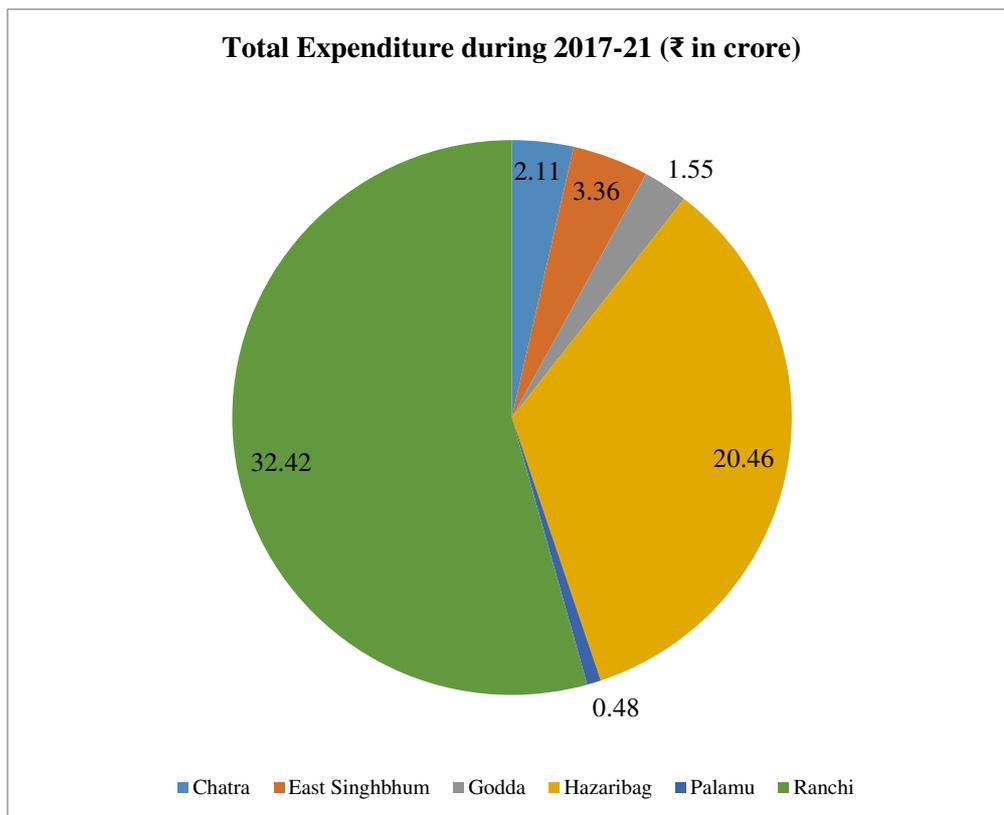
It is evident from **Table 4.3** above that only 30 per cent applications were processed for payment during 2017-21 while others were pending at Institute Nodal Officer (INO)/ District Nodal Officer (DNO) level of however, reasons of pendency were not provided.

#### 4.7 Audit Coverage

As per information furnished to audit by JSMFDC, 100877 beneficiaries were disbursed pre & post matric minority scholarship amounting to ₹ 60.38 crore in six selected districts during 2017-21 as shown in **Chart 4.3** below:

**Chart 4.3/A: Number of beneficiaries under pre & post matric minority scholarship**



**Chart 4.3/B: Total Expenditure during 2017-21 under pre & post matric Minority scholarship**

Audit examined the records of 30 Pre & Post Matric schools/institutes in six test-checked districts (*Appendix-4.1*). Beneficiary's details of selected schools as featured in NSP were cross-checked with the records of concerned schools/institutes. Audit observations are as under:

#### **4.8 Procedure for disbursement of scholarships**

As per SOP 2017-18 for minority scholarship, institutes/schools are required to register on NSP by filling up available registration form on portal. Thereafter, the State authority will verify the details of the institute/school and accord approval to it. Subsequently, the institute/school will be added in the database of NSP and will be provided with credentials (login/password) for the Portal by SNO.

Further, students have to register themselves and apply for minority scholarships through NSP. The INO has to log in on NSP for approving scholarship applications of the students as First Level Verification and will ensure that the students are genuine & eligible and to rule out duplication with other scholarship schemes. An application duly verified by the first level of verifying authority will be treated as valid application. The Second Level Verification will ensure the correctness of credentials of schools/institutes and will conduct bulk verification of applications (applicable up to July 2019). From August 2019, DNO/SNO also made responsible for the correctness of the details on the application and documents uploaded/submitted by the students.

#### ***4.8.1 Irregular disbursement of scholarships to ghost beneficiaries in registered schools/institutes***

Scrutiny of records in four<sup>28</sup> test-checked schools/institutes of three districts (Godda, Hazaribag and Ranchi), audit noticed that scholarship of ₹ 1.52 lakh were paid to 20 beneficiaries during 2017-20 (***Appendix-4.2***). However, credentials of these beneficiaries could not get confirmed from the records of concerned schools/institutes. The payment of scholarship to fictitious beneficiaries could not be ruled out.

The principals of respective schools/institutes accepted (January-August 2022) the audit observations and stated that these beneficiaries were not students of their schools/institutes but did not provide any evidence regarding misuse of their credentials for approving scholarship to these fictitious students.

Audit could not rule out involvement of INO in approving scholarships to fake students since SOPs of minority scholarship scheme (2017-18 & 2019-20) envisaged that first level of verification is to be done by INO to ensure correctness of application and documents of students.

#### ***4.8.2 Irregular disbursement of scholarships to ghost/fake beneficiaries without involvement of schools/institutes***

Audit noticed that in four out of six test-checked districts, 1482 ghost/fake beneficiaries from 14 test-checked schools/institutes were awarded scholarships amounting to ₹ 1.17 crore (***Appendix-4.3***) during 2017-19. On being pointed out, the concerned Principals/Headmaster of schools/institutes stated (December 2021 to July 2022) that they neither registered themselves on NSP nor obtained credentials (User ID and Password) for institutes JSMFDC/test-checked DNOs.

As per SOP of minority scholarship, the credentials of schools/institutes is to be ensured by second level verification authority (SNO/DNO).

Details regarding generation of User ID alongwith Password and their issuance to the concerned schools/institutes were neither provided by DWOs of test checked districts nor by JSMFDC though called for. In absence of such records Audit could not verify the genuineness of schools/institutes who were allowed to disburse the scholarship.

Role of DNO/SNO in fraudulent approval of applications was confirmed from the investigation report of a district level government committee framed for verifying fraud reported in Dhanbad district as mentioned in ***paragraph 4.10.2***.

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<sup>28</sup> Godda College Godda, Qasmi Memorial Public School Islampur, Hazaribag, Annada College Hazaribag and Doranda College Ranchi.

#### 4.9 Disbursement of scholarships without verification of eligibility of beneficiaries

Guidelines of Minority Scholarship 2017 prescribes that scholarship will be awarded to only those students who have secured not less than 50 per cent marks in the previous final examination and annual income of their parents/guardian from all sources not exceeding ₹ 1.00 lakh for pre matric scholarship. Further, an income certificate, issued from a competent authority in the State government for parent/guardian of the student, a self-certified community certificate from the student who has attained 18 years of age (for the students less than 18 years age, the community certificate certified by parent/guardian of the student is required), Aadhaar, Domicile certificate, Bank account details etc., were required.

However, it was noticed in audit that in four schools/institutes of two (Chatra and Godda) out of six test-checked districts, scholarships amounting to ₹ 43.77 lakh was disbursed to 663 students without verifying documents relating to eligibility criteria viz., annual income and marks secured by beneficiaries in previous class final examination. Details are given in **Table 4.4** below.

**Table 4.4: Numbers of applications processed without verification of documents of eligibility during 2017-21**

Test-checked district	Name of school	Nos. of applications processed without verification of documents of eligibility during 2017-21	Amount of scholarship disbursed during 2017-21
Chatra	Kids Kingdom	365	3835400
Godda	High School, Nayanagar	92	126400
	St. Joseph High School, Damruhat	171	379920
	Government High School, Lukluki	35	35135
<b>Total</b>		<b>663</b>	<b>4376855</b>

On being pointed out, the Principals of these schools/ institutes stated (December 2021 and July 2022) that instead of verifying the requisite documents they approved applications on the basis of admission register of schools/institutes and pushed to DNOs for second level approval.

Thus, in contravention of the provisions of the guidelines the scholarship were allowed without verifying all the requisite documents and scholarship of ₹ 43.77 lakh was disbursed irregularly.

#### *Recommendations:*

*Government should initiate investigation to verify the financial irregularities throughout the State and also take suitable action against the erring officials and the State Government should ensure provision of benefits to eligible beneficiaries only, by means of a suitable mechanism and fixing accountability/responsibility against the defaulters.*

## **4.10 Monitoring and Evaluation**

### **4.10.1 Inadequate Monitoring**

In terms of paragraph 17 and 18 of the scheme guidelines, for monitoring of the schemes, the State government shall maintain year-wise details of the students receiving scholarship with class, gender, fresh or renewal, permanent address and parents' address and indicating name, location and status (government or private) of school/institute. The States shall place relevant physical and financial details in their official website.

Audit, however, noticed that other than NSP portal no details of the beneficiaries at JSMFDC/test-checked DNOs level were available as required under guidelines. It was also observed that physical and financial details of the scheme were not uploaded at the official website of the districts and the department.

Further, the objective of scholarship scheme is to form the foundation for educational attainment of minority communities and to provide a level playing field in the competitive employment arena. Empowerment through education has the potential to lead to upliftment of the socio-economic conditions of the minority communities. As per SOP of Minority scholarship (2017-18) the monitoring of the financial and physical performance of the scheme will be evaluated by assigning evaluation/impact studies to reputed institutions/agencies by the MoMA.

Further, during scrutiny of files at JSMFDC (February 2021) audit noticed that various complaints regarding fake institutes/students were received at JSMFDC from DWOs, Deputy Commissioners, Institutes/schools, Ministry of Minority Affairs etc. during 2017-20. No compliant register was maintained by JSMFDC however, in some cases, instructions were found issued to district level authorities but follow up was not found on records as such disposal of particular complaints could not get ascertained by audit. This reflected that JSMFDC had the information regarding fraudulent withdrawal of minority scholarships since 2017-18.

Had the JSMFDC initiated concrete remedial action like State-wise investigation, legal/penal action against the accountable institutes/persons/officials etc. such malpractices could have been minimised/checked. Since audit noticed instances of disbursement of scholarships to fraudulent students, issuance of credentials to fake INOs etc., this indicated that such malpractices continued despite coming into notice of the department in 2017-18.

### **4.10.2 Investigation of Minority Scam**

A report about financial scam in Minority scholarship in Dhanbad district was published (November 2020) in newspaper and to probe into the matter, an

investigation team headed by Additional District Magistrate, Dhanbad was constituted (November 2020) by Deputy Commissioner Dhanbad.

The team investigated applications of 13506 students of 482 schools/institutes of Dhanbad district under which scholarships worth ₹11.55 crore was disbursed. Consequent to investigation, the team reported fraudulent disbursement of scholarships of ₹ 9.99 crore with the complicity of DNO, subordinate staff, State MIS Coordinator (JSMFDC) and middleman. The Investigating Team concluded that:

- The DNO created user credential to fictitious schools/institutes and approved large number of applications of fake students;
- The DNO issued user credentials to middleman which in turn lured several Principals/Head-Masters of schools/institutes for fraudulent disbursement of scholarship.

The Investigation team also pointed out shortcomings in the scholarship scheme as under:

- No mechanism existed for fixing responsibilities of INOs/management of schools/Principals;
- No system existed in Minority portal to validate the age and other details of beneficiaries from their *Aadhaar*;
- Schools without having UDISE/AISHE code were allowed for scholarship.

Further, in test checked districts, Audit observed irregularity such as disbursement of scholarships to fake students, verification of scholarship applications without verifying eligibilities of students *etc.* as discussed in *paragraphs 4.8 and 4.9.*

