

## **Vocational Education & Skill Development Department And Rural Development Department**

### **2.3 Implementation of Deen Dayal Upadhyaya Grameen Kaushalya Yojana in Uttar Pradesh**

#### **2.3.1 Introduction**

The Ministry of Rural Development (MoRD), Government of India (GoI) announced the *Deen Dayal Upadhyaya Grameen Kaushalya Yojna* (DDU-GKY) on 25 September 2014, which is a Centrally Sponsored Scheme for providing placement-linked skill development training to poor rural youth in the age group of 15 and 35 years. DDU-GKY is a part of National Rural Livelihood Mission<sup>1</sup> (NRLM), tasked with the dual objectives of adding diversity to the incomes of rural poor families and catering to the career aspirations of rural youth. The scheme follows a three-tier implementation model. The DDU-GKY National Unit at MoRD, is the agency responsible for national policymaking, funding, technical support and facilitation. The DDU-GKY State Skill Missions embedded in general within the State Rural Livelihood Missions (SRLMs) are envisioned to play a central role in providing co-funding and implementation support to DDU-GKY in the State. The Project Implementing Agencies (PIAs) implement the programme through skill training and placement projects.

##### **2.3.1.1 Implementation of DDU-GKY in Uttar Pradesh**

Uttar Pradesh has been categorised as Action Plan<sup>2</sup> (AP) State since July 2016 for implementation of DDU-GKY scheme. The scheme is being implemented in the State by Uttar Pradesh Skill Development Mission (UPSDM) which is established as a society<sup>3</sup> under the Societies Registration Act, 1860 and functions under Vocational Education and Skill Development Department (VESD) of Government of Uttar Pradesh (GoUP). The projects under DDU-GKY are funded by Central and State Governments in the ratio of 60:40. The funds released by the GoI is routed through Rural Development Department (RDD) of the State Government which in turn releases the State share along with Central share to UPSDM.

#### **2.3.2 Organizational setup**

At the State Government level, the VESD is headed by Principal Secretary (PS)/Additional Chief Secretary (ACS), who is also the head of State Executive Committee of UPSDM. State Project Management Unit of

<sup>1</sup> Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM) is a flagship poverty alleviation program of Government of India, which aims to reduce poverty by enabling the poor household to access gainful self-employment and skilled wage employment opportunities resulting in sustainable and diversified livelihood options for the poor.

<sup>2</sup> Under the DDU-GKY Programme Guidelines, the States are categorised into Action Plan (AP) and Yearly Plan (YP) States. AP States are delegated power to sanction projects according to action plan approved by MoRD. In case of YP States, MoRD sanctions projects under the scheme.

<sup>3</sup> Uttar Pradesh Skill Development Society

UPSDM is headed by Mission Director (MD), who is assisted by Deputy Directors, Assistant Directors and State Project Manager to oversee the work of DDU-GKY scheme. At district level, UPSDM has District Programme Management Units (DPMUs) for reaching out to the execution level.

### 2.3.3 Audit Scope and methodology

Audit scrutinised<sup>4</sup> the records of DDU-GKY scheme for the period 2016-22 in the office of the Mission Director, UPSDM. Information was also collected from Principal Secretary, VESD and Mission Director, UP State Rural Livelihood Mission (UPSRLM). The performance audit on ‘Implementation of DDU-GKY in UP’ focused on implementation of projects sanctioned<sup>5</sup> under DDU-GKY. Twenty-five *per cent* of the projects sanctioned in Yearly Plan (YP) and Action Plan 2016-19 (AP) were selected on sample basis<sup>6</sup> for test checking. Thus, five YP projects and 23 projects of AP 2016-19 were selected (*Appendix 2.3.1*) for test check of records in the performance audit. In respect of AP 2019-22, GoI extended the timeline up to March 2023. Since the AP 2019-22 projects were still in progress during the period of the PA, only the issues relating to selection and approval of projects under AP 2019-22 were examined in the PA.

An entry conference for the PA was held (24 May 2022) with the State Government to discuss the audit objectives, criteria, scope and methodology of the Performance Audit. Draft report was forwarded to the State Government in February 2023. The State Government furnished reply to the draft report in July 2023. Further, the draft report was discussed during exit conference (16 August 2023) with the State Government. The replies of the State Government have been suitably included in the report and the observations updated till January 2024.

### 2.3.4 Audit Objective

The objectives of the performance audit were to assess whether:

- the planning was adequate with reference to implementation of DDU-GKY scheme;
- the funds were released as per the conditions and norms laid under the scheme guidelines and were properly utilized; and
- the scheme was effectively implemented and monitored in accordance with the scheme guidelines.

<sup>4</sup> During February-April 2022, June-July 2022 and January 2023

<sup>5</sup> Yearly Plan: 22 projects and Action Plan 2016-19: 88 projects.

<sup>6</sup> Probability Proportional to Size Without Replacement (PPSWOR) method

### **2.3.5 Audit Criteria**

- DDU-GKY Programme Guidelines, July 2016 issued by MoRD;
- DDU-GKY Standard Operating Procedures (SOP) Part-I and Part-II issued by MoRD;
- Guidelines/orders/notifications issued by GoI/GoUP/UPSDM from time to time for DDU-GKY scheme.

### **2.3.6 Audit Findings**

#### **2.3.6.1 Planning**

MoRD approved (September 2014) transition of Uttar Pradesh to Annual Action Plan (AAP) State from Yearly Plan (YP) State under erstwhile Aajeevika Skills<sup>7</sup> (now DDU-GKY) Scheme and UPSDM was entrusted with the implementation of the scheme. Under AAP 2014-15, UPSDM proposed to cover two lakh candidates under Aajeevika Skills programme, which was approved (September 2014) by the Empowered Committee of National Rural Livelihood Mission (NRLM) under MoRD. However, due to poor performance in implementation of AAP 2014-15, MoRD did not approve the Action Plan for the year 2015-16 and directed (October 2015) UPSDM that a new action plan would be taken up after significant progress was achieved under the existing action plan.

MoRD confirmed (July 2016) the status of Uttar Pradesh as Action Plan State and approved the Action Plan (AP) 2016-19 under DDU-GKY scheme under which 1.84 lakh candidates were proposed to be covered. UPSDM sanctioned 88 projects covering 97,139 candidates for training under AP 2016-19. Besides, MoRD transferred (September 2016) 27 projects to UPSDM for implementation as a part of transition from YP to AP State. The significant audit findings with reference to deficiencies in planning for implementation of DDU-GKY by UPSDM are discussed in succeeding paragraphs.

#### **(i) Skill Gap Assessment (SGA) and study of labour market**

Paragraph 3.2.1.1 of DDU-GKY guidelines provides that SRLMs would need to undertake detailed Gram Panchayat (GP) wise skill gap assessments (SGA), either directly or through professional agencies to identify GP wise demand for skills and placement. Proper Study of Labour Markets (SLM) to assess skill requirement for jobs within the State and in the regions outside was also needed to be carried out from time to time. Such an exercise was envisaged so that the SRLM<sup>8</sup> could fix district, block and GP wise targets for mobilisation, job fairs, Information, Education and Communication (IEC), etc., and also to meaningfully assess proposals submitted by PIAs.

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<sup>7</sup> Under Aajeevika Skills Guidelines (September 2013), the States were categorised into two – AAP States and Non AAP (YP) States.

<sup>8</sup> DDU-GKY scheme envisaged that SRLM would generally implement the scheme at the State level. However, in Uttar Pradesh, the scheme was being implemented by UPSDM.

Audit noticed that UPSDM did not perform activities of SGA and SLM for AP 2016-19 of DDU-GKY. UPSDM did not publish the district-wise and skill sector-wise targets of training in request of proposals invited from PIAs. Besides, the project proposals submitted by the PIAs could not be meaningfully assessed by UPSDM based on actual requirement.

The State Government stated (July 2023) that presently District Skill Development Plan (DSDP) is presented by the Skill Development Committee constituted at the district level by the UP-Skill Development Mission. This committee provides information for the allocation of targets based on courses, considering the demand of the district and employment opportunities in industrial areas located within the district. However, UPSDM further informed (January 2024) that the preparation of DSDP commenced in October 2020 under the Sankalp Scheme for which the Skill Gap Assessment (SGA) was not conducted and the number of poor rural youth in the age group of 15-35 were also not assessed in DSDP.

Thus, the important activities of SGA and SLM were not performed by UPSDM for implementation of the DDU-GKY and project targets under AP 2016-19 were fixed arbitrarily.

**(ii) State Perspective Implementation Plan not prepared**

Paragraph 4.6 of DDU-GKY guidelines provide that after getting the status of AP State, the State had to submit State Perspective Implementation Plan (SPIP) in the following year. The SPIP was to project skilling needs in the medium term (seven years) covering the number of youths to be trained and placed, the trades and sectors within which the trainings were required and the areas for innovations and special projects.

The status of Uttar Pradesh as an AP State was confirmed in July 2016. Thus, it was expected that UPSDM would submit SPIP by the year 2017. However, UPSDM did not prepare SPIP even after the lapse of more than six years of getting AP status.

During exit conference, the State Government stated (August 2023) that preparation of the SPIP would be ensured in future.

**(iii) State level youth data base not created**

Paragraph 3.2.1.1 of DDU-GKY guidelines provide that SRLMs may also build a Statewide youth data base with details of those willing and able to benefit from DDU-GKY in each GP.

It was noticed that during the period from 2016-17 to 2021-22, Statewide youth database was not built up or available with UPSDM. In absence of this data base UPSDM was not in a position to know the details of those rural youth who were willing or were to be benefitted from DDU-GKY in each Gram Panchayat (GP) and plan training targets according to the requirements of each region.

The State Government stated (July 2023) that Skill Mitra portal was being developed by UPSDM for State Level Youth Database. UPSDM further informed (January 2024) that the first phase of Skill Mitra portal was in operation since December 2023.

Thus, it was evident from the reply of the State Government and UPSDM that State Level Youth Database was not available for implementation of DDU-GKY during 2016-22.

### **2.3.7 Financial management**

The DDU-GKY is a GoI scheme with funding pattern of 60:40 ratio (60 *per cent* Central share and 40 *per cent* State share). In UP, the State share along with Central share is released and transferred by RDD to the dedicated bank account of UPSDM for the DDU-GKY scheme. The details of funds<sup>9</sup> received and expenditure incurred on DDU-GKY are shown in **Table 1**.

**Table 1: Details of funds received and expenditure under DDU-GKY during 2016-22**  
(₹ in Crore)

Year	Opening balance	Central share	State share	Bank interest	Funds available	Expenditure	Closing balance
2016-17	214.95	Not released	10.75	10.02	245.78 <sup>10</sup>	46.47	199.31
2017-18	199.31	Not released	Not released	8.20	207.51	140.90	66.61
2018-19	66.61	27.78	18.52	3.70	116.61	109.46	7.15
2019-20	7.15	51.03	34.02	1.38	93.58	51.19	42.39
2020-21	42.39	238.08	158.72	3.16	442.35	424.30	18.05
2021-22	18.05	162.63	108.42	9.98	299.08	191.41 <sup>11</sup>	107.67

(Source: UPSDM)

Audit observations on financial status of projects sanctioned, delays in release of funds and unutilised fund are discussed in following paragraphs:

#### **2.3.7.1 Financial Status of Projects Sanctioned**

As per the scheme guidelines, the fund was to be released in four instalments to PIAs to complete the projects. The financial status of projects sanctioned under DDU-GKY Yearly Plan (YP) and Action Plan (AP) 2016-19 are detailed in **Table 2**.

<sup>9</sup> It includes release and expenditure in respect of projects sanctioned under AAP 2014-15, Yearly Plan (approved before 2016), Action Plan 2016-19 and Action Plan 2019-22.

<sup>10</sup> Including ₹10.06 crore balance fund of YP projects transferred by NABCONS.

<sup>11</sup> Including ₹ 150.00 crore transferred to UPSRLM.

Table 2: Financial status of sanctioned projects

Plan	No. of projects sanctioned	Total project cost (₹ in Crore)	Amount released (03/2022)	Installments released in no. of projects (03/2022)			
			₹ in Crore (per cent)	Ist	IInd	IIIrd	IVth
Yearly Plan	20 <sup>12</sup>	195.63	131.36 (67)	20	17	01	--
AP 2016-19	88	800.41	382.99 (48)	88	54	--	--
<b>Total</b>	<b>108</b>	<b>996.04</b>	<b>514.35</b>	<b>108</b>	<b>71</b>	<b>01</b>	<b>--</b>

(Source: UPSDM)

As evident from Table 2, against the sanctioned project costs, only 67 *per cent* fund were released in respect of YP projects and only 48 *per cent* fund were released in AP 2016-19 projects till March 2022. Further, out of 108 projects implemented by UPSDM, 71 projects (66 *per cent*) received the second instalment and only one project received the third instalment. Thus, in none of the YP and AP projects, all the four instalments were released as of March 2022 indicating that aforesaid projects were not completed.

The State Government replied (July 2023) that the first, second, third and fourth instalments were paid to PIAs only after fulfilling the conditions mentioned in the DDUKGY guidelines/notifications. State Government further stated that the closure of all YP projects was under process and the PIAs with less progress in AP 2016-19 projects had been directed for closure.

### 2.3.7.2 Delayed release of funds by the State Government

(i) The Government of India released (October 2014) the first instalment of the Central share (₹165.90 crore<sup>13</sup>) for the implementation of the Annual Action Plan in Uttar Pradesh for placement-linked Skill Development Project for two lakh candidates under Aajeevika Skills during 2014-15. The GoI had directed that the State Government should transfer the funds released, along with the State share, to the Mission Director, UPSDM, within three days from the date of receipt of the said funds. Besides, the State Government would be liable to pay interest at the rate of 12 *per cent* per annum for the period of delay in case of transfer beyond the specified period.

Scrutiny of records revealed that the released Central share of ₹ 165.90 crore was credited in State Government account in December 2014. However, the State Government transferred<sup>14</sup> the Central share with a delay of four months contrary to the directions of GoI. As a result of this delay, State Government accrued liability for payment of ₹ 6.64 crore<sup>15</sup> as interest on central share in accordance with directions of GoI.

<sup>12</sup> This excludes two projects closed by MoRD.

<sup>13</sup> ₹ 82.95 crore, ₹ 48.11 crore (under Special Component Plan for SCs) and ₹ 34.84 crore (under Tribal Area Sub Plan).

<sup>14</sup> 01 May 2015.

<sup>15</sup> Interest on ₹165.90 crore at the rate of 12 *per cent* per annum for four months.



(ii) GoI released (May 2018) the instalment of Central share (₹ 5.83 crore) sanctioned for implementation of Action Plan 2016-19. It was directed in the sanction orders that the State Government shall transfer the funds released along with the state share to UPSDM positively within 15 days from the date of receipt of the said funds. Besides, the State Government would be liable to pay interest at the rate of 12 *per cent* per annum for the period of delay in case of transfer beyond the specified period.

Audit noticed that the central share of ₹ 5.83 crore was credited in State Government account in August 2018. However, the State Government transferred (November 2018) the Central share with a delay of two months contrary to the directions of GoI. As a result, the State Government accrued liability for payment of interest of ₹ 11.66 lakh<sup>16</sup> for delayed release of funds.

In the reply, State Government (Vocational Education and Skill Development Department) stated (July 2023) that a letter would be sent to the Rural Development Department regarding the delayed release of funds.

### ***2.3.7.3 Non-utilisation of administrative and support cost***

#### ***(i) Administrative cost***

As envisioned in Paragraph 3.2.1.9 of DDU-GKY guidelines, administrative expenses of the State Rural Livelihood Mission (SRLM) related to skills, including staff costs and office expenditures at the state and district levels, shall be allowed at the rate of six *per cent* of the total funds earmarked for DDU-GKY in the budget for the year. It was anticipated that these funds would be utilized to establish a dedicated full-time team for DDU-GKY in both the state and district. This team includes a Chief Operating Officer (COO) and eight State Programme Managers to assist the COO in various tasks under the scheme. Additionally, support staff at the state and district levels were also expected to be deployed.

Audit scrutiny revealed that the Ministry of Rural Development (MoRD) released an amount of ₹2.22 crore as administrative cost for DDU-GKY in March 2016 and directed to release the fund, along with the matching state share in the sharing ratio of 60:40, within three days of the date of receipt of the funds to the bank account of UPSDM. This fund was released with the condition that the State would appoint a dedicated COO for Skills as per section 4.1.1 of DDU-GKY guidelines within one month of issuance of the sanction order. Further, the State was also required to appoint eight State Project Managers within four months of issuance of the sanction order to address the key functions of the scheme like concurrent monitoring, standards and quality assurance, partnership engagement, training and development, mobilisation and IEC, post placement tracking, project appraisal and fund releases.

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<sup>16</sup> Calculated at the rate of 12 *per cent* per annum on ₹ 5.83 crore for two months.

UPSDM requested (September 2017) the Rural Development Department for release of administrative cost to UPSDM. However, the aforesaid administrative cost along with matching share<sup>17</sup> was released by State Government to UPSDM in June 2021, *i.e.*, after a lapse of more than five years of the receipt of grants in March 2016 from the GoI. The available funds remained unutilised during 2016-17 to 2021-22 and UPSDM could also not appoint dedicated staff for DDU-GKY at State and District level. Thus, an important aspect of the scheme could not be implemented due to delay by the State Government even after the availability of Central share. Pertinently, appointment of dedicated skill teams at State and districts levels was one of the conditions for a State to be designated as Action Plan State of DDU-GKY, however, this condition was yet to be fulfilled even though Uttar Pradesh was granted the AP status in July 2016.

Audit further noticed that as per laid down conditions of the grants-in-aid in the sanction issued (March 2016) by MoRD for administrative cost under DDU-GKY, the State Government was liable to pay interest at the rate of 12 *per cent* for the period of delay beyond the specified period of three days from date of receipts of the fund. Thus, delay in release of Central share of ₹ 2.22 crore to UPSDM also created liability of ₹ 1.38 crore<sup>18</sup> as penal interest on the State Government.

The State Government stated in July 2023 that the appointment of a skill team for the DDU-GKY scheme was in process and would be completed as soon as possible. The State Government further mentioned that, at present, the monitoring of the scheme was being carried out by the MIS manager at the district level and the assistant manager at the headquarters, along with the Technical Support Assistant (TSA) for the scheme at both district and headquarters levels, respectively.

The fact remains that dedicated skill team was not available for implementation of DDU-GKY scheme in UP which was one of the pre-conditions for awarding the AP status.

## (ii) *Support cost*

As per the information made available by UPSDM, expenditure in respect of AP 2016-19 on various support activities under DDU-GKY vis-à-vis related cost norms as per the guidelines were as follows:

**Table 3: Cost norms and expenditure on various activities under DDU-GKY**

Sl. No.	Name of head	Cost norm as per DDU-GKY guidelines <sup>19</sup>	Expenditure incurred during 2016-22
1	Skill Gap Assessment	Up to 1 <i>per cent</i> of total project cost paid to PIAs	NIL
2	Information, Education and Communication (IEC)	Up to 1.5 <i>per cent</i> of the programme cost paid to PIAs	NIL

<sup>17</sup> ₹ 2.22 crore (Central share) + ₹ 1.48 crore (State share) = ₹ 3.70 crore.

<sup>18</sup> Calculated @12per cent per annum for a period of 62 months (from April 2016 to May 2021).

<sup>19</sup> Paragraphs 3.2.1.1, 3.2.1.3, 3.2.1.5, 3.2.1.6, 3.2.1.8 and 3.2.1.4 of DDU-GKY Guidelines



Sl. No.	Name of head	Cost norm as per DDU-GKY guidelines <sup>19</sup>	Expenditure incurred during 2016-22
3	Alumni Support	Up to 1.5 per cent of the total project cost paid to PIAs	NIL
4	Capacity building	Up to 3 per cent of the total project cost paid to PIAs	NIL
5	Staff Block Level & below	Up to ₹ 3.5 lakh per year per block	NIL
6	Migration Support Centre	Up to ₹ 10 lakh per centre per year	NIL

(Source: UPSDM)

As shown in Table 3 above, no expenditure was incurred during the period from 2016-17 to 2021-22 on account of support costs for the activities mentioned at Sl. No. 1 to 6. This indicates that these activities designated for implementation under DDU-GKY were not taken up, affecting the progress of the scheme.

The State Government replied (July 2023) that at present an amount of ₹10.67 crore has been spent on IEC, capacity building, and monitoring under support costs.

The reply was not tenable as it does not answer why no expenditure was incurred on the activities mentioned in the table above from 2016-17 to 2021-22. Further information provided (January 2024) by UPSDM revealed that out of ₹ 10.67 crore, expenditure of ₹ 1.50 crore on IEC and ₹ 0.35 crore on capacity building were incurred during April 2022 to June 2023 whereas remaining expenditure of ₹ 8.82 crore pertained to monitoring & evaluation during March 2021 to June 2023 and job fair during April 2022 to June 2023.

## Implementation of scheme

### 2.3.8 Implementation of Yearly Plan projects

#### 2.3.8.1 Shortfalls in achievement of target of the approved projects

GoI transferred (September 2016) 27 YP projects<sup>20</sup> to UPSDM as a part of transition from Year Plan to Action Plan state. Out of which, UPSDM implemented 22 projects<sup>21</sup> with target to impart training to 49,525 candidates. The shortfall noticed in execution of these 22 projects was as detailed in **Table 4** and **Chart 1**.

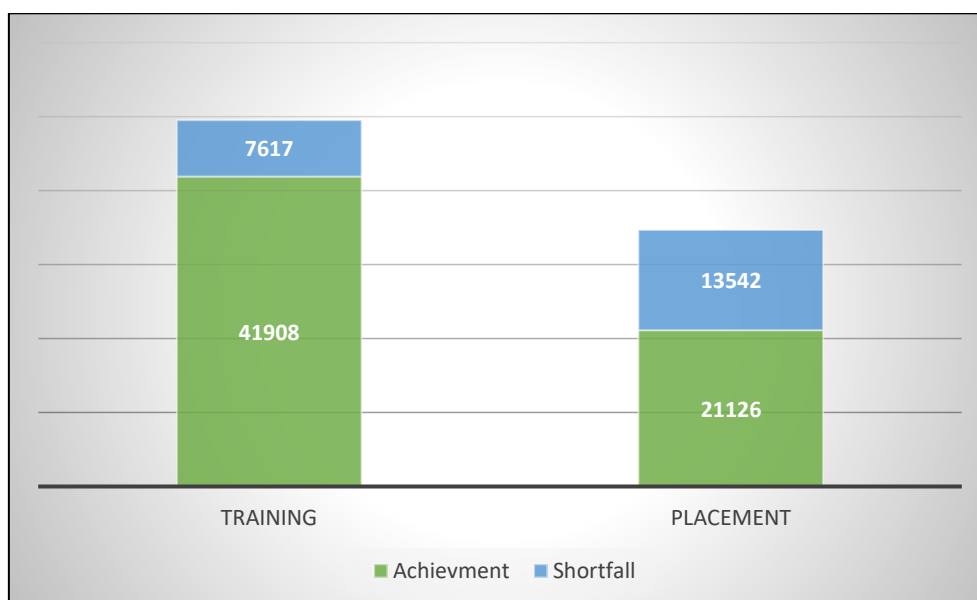
<sup>20</sup> Sanctioned by MoRD during December 2013 to May 2014

<sup>21</sup> Out of 27 projects handed over (February 2017) to UPSDM, status of three projects were mentioned as cancelled in the handing over letter and MoUs for two other projects were not entered into at the time of handing over.

**Table 4: Shortfalls in achievement of target of the YP projects**

No. of projects sanctioned	Total target		Achievement (March 2022)		Shortfall (in per cent)	
	Training	Placement <sup>22</sup>	Training	Placement	Training	Placement
22 <sup>23</sup>	49525	34668	41908	21126	7617 (15)	13542(39)

(Source: UPSDM)

**Chart 1: Physical Progress of Sanctioned YP Projects as of March 2022**

(Source: UPSDM)

Audit further noticed that training centres of all 22 YP projects were inactive, as no active centre were available in respect of these YP projects as of March 2022. Thus, YP projects did not achieve targets of training and placement.

The State Government replied (July 2023) that the closure of all the projects of YP was under process. However, no reply was provided for shortfall in achievement of training and placement targets.

### 2.3.8.2 Irregular Time Extension in favour of PIAs

MoRD reviewed (July 2017) the progress of 20 ongoing<sup>24</sup> YP projects and it was noticed that majority of these projects had not achieved their training/placement targets despite lapse of two to three years. Therefore, it was directed in the review meeting of MoRD that a maximum extension of one year may be granted to 18 projects<sup>25</sup> as per the requirements of PIAs.

Audit observed that out of 18 projects, UPSDM granted extension of one year in case of 17 projects (**Appendix 2.3.2**). UPSDM granted additional extension of one year in 15 projects and six months in two projects after

<sup>22</sup> 70 per cent of total trained

<sup>23</sup> Including two closed (October 2016 and November 2016) projects of Sitapur Shikshan Sansthan

<sup>24</sup> Out of 22 YP projects implemented by UPSDM, two projects were closed in October 2016 and November.

<sup>25</sup> In the review meeting, it was decided to cancel two projects as training and placement were not as per the standard.

sanctioning the first extension of one year, which was in violation of decision taken in the MoRD review meeting (July 2017) to provide maximum extension of one year. It was further noticed that despite overall release of ₹ 117.07 crore to these 17 PIAs, training targets in case of six projects and placement targets in 12 projects could not be achieved even after the grant of undue extension.

The State Government replied (July 2023) that the closure of all the projects of YP was under process and recovery letters had been issued to all the PIAs whose progress was less. However, no reply was provided on irregular time extension granted to PIAs.

### ***2.3.8.3 Payment not recovered from defaulter PIAs***

In the review meeting (July 2017) of MoRD, it was directed that in view of not conducting of training and placement relative to the sanctioned projects, the projects of two PIAs, viz., Sriram New Horizon and Sahaj E-Village, shall be closed and amount paid to these projects shall be recovered along with interest. It was also directed that TSA shall calculate the amount to be recovered and initiate the process of recovery.

Audit scrutiny revealed that UPSDM acted on the aforesaid directions after lapse of more than two years and issued termination notices (September 2019) to both these PIAs with the instructions to refund the entire amount of ₹ 3.73 crore<sup>26</sup> and ₹ 0.80 crore paid to M/s Sahaj E-Village and M/s Sriram New horizon respectively. However, contrary to the directions of MoRD in review meeting (July 2017), the amount of penal interest due to be recovered was not mentioned in the termination notice though the termination notice mentioned that penal clause of the MoU was being invoked.

Audit further noticed that both the projects were closed by UPSDM in May 2020. However, no action was initiated for recovery of released amount and penal interest thereon. Although UPSDM could have proceeded as per clause 13.1 of MoU against the PIA for recovering of amount by taking recourse of the provisions of the Revenue Recovery Act, 1890 or other applicable laws and statutes. After the issue was raised by the audit (July 2022), UPSDM issued (October 2022) letters to both PIAs for recovery of ₹ 4.48 crore paid to PIAs and ₹ 4.83 crore<sup>27</sup> as penal interest. Thus, UPSDM did not act promptly and effective action for recovery of DDU-GKY funds was not initiated as per the directions of MoRD.

The State Government replied (July 2023) that a letter had been issued (October 2022) to both the above mentioned PIAs from UPSDM for recovery of ₹ 9.31 crore along with interest due till 6 October 2022.

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<sup>26</sup> In the recovery letter (October 2022) total amount released was mentioned as ₹ 3.68 crore.

<sup>27</sup> Sahaj-E-village – ₹ 4.02 crore & Sriram New Horizon- ₹ 0.81 crore as calculated by UPSDM up to 06 October 2022.

#### 2.3.8.4 Payment not recovered from PIAs against placement targets not achieved

Paragraph 3.2.2.3 read with paragraph 3.2.2.20 of guidelines provides that if placement is less than 50 *per cent* of total trained candidates, project will be terminated immediately and pro-rata payments for candidates placed will be allowed.

As per physical progress report of the YP projects as of March 2021, the progress of placement in 10 YP projects was less than 50 *per cent* of trained candidates. The extended time of these projects ended between October 2019 and May 2020. Thus, as per provisions these projects were required to be terminated and only pro-rata payments for the number of placed candidates was to be allowed. However, UPSDM did not recover (up to March 2022) ₹ 42.91 crore of excess payment<sup>28</sup> despite placement targets were not achieved by these 10 PIAs, as detailed in **Appendix 2.3.3**.

The State Government stated (July 2023) that presently all the projects of YP were in the state of closure, out of which two projects (ICA and Orion Edutech) had been closed and closure of all the remaining projects was under process. State Government further stated that recovery and payment would be done according to the conditions mentioned in the guidelines.

### 2.3.9 Implementation of Action Plan 2016-19 Projects

#### 2.3.9.1 Failure in achievement of target of AP 2016-19

MoRD had approved (July 2016) training target of 1,84,520 candidates for AP 2016-19. The achievement against these targets is detailed in **Table 5**.

**Table 5: Shortfall in targets for Training and Placement as of March 2022**

Target as per approved Action Plan (A)		Target as per projects sanctioned (B)		Shortfall (in <i>per cent</i> ) (A)-(B)=(C)	
Training	Placement <sup>29</sup>	Training	Placement	Training	Placement
184520	129164	97139	67997	87381(47)	61167(47)

(Source: UPSDM)

It is evident from **Table 5** that against the training target of 1,84,520 candidates for AP 2016-19, UPSDM had sanctioned projects with a training target of 97,139 (53 *per cent*). This had resulted in shortfall of 47 *per cent* in training targets approved for Action Plan as discussed in paragraph 2.3.9.2 ahead.

Further, shortfalls in target and achievement of the projects sanctioned in AP 2016-19 are shown in **Table 6** and **Chart 2**.

<sup>28</sup> Worked out by Audit on pro-rata basis as per provisions of the guidelines

<sup>29</sup> 70 *per cent* of total trained

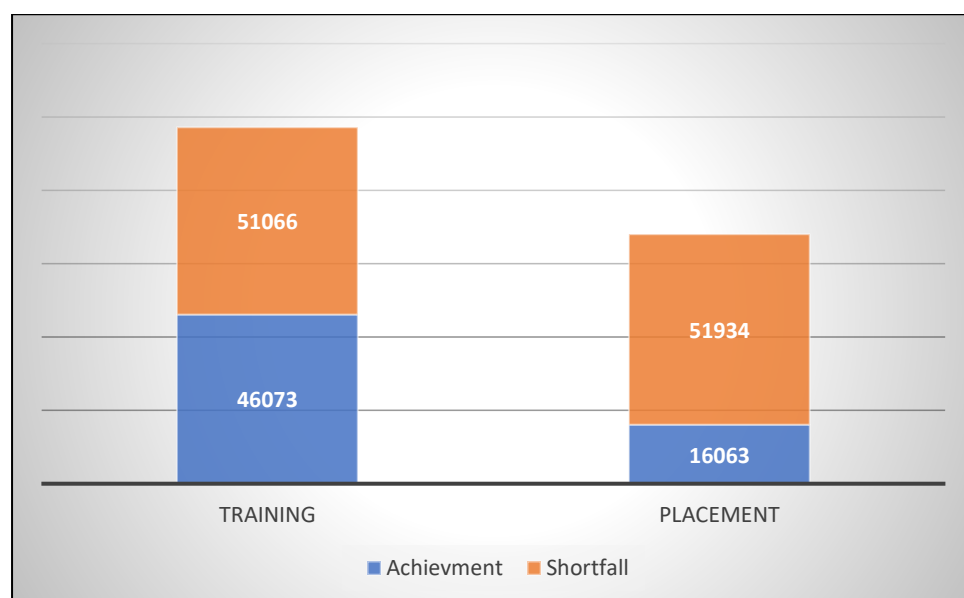
**Table 6: Shortfall in achievement of targets under AP 2016-19 projects**

No. of projects sanctioned	Total target		Achievement as of March 2022		Shortfall (in per cent)	
	Training	Placement <sup>30</sup>	Training	Placement	Training	Placement
88	97139 <sup>31</sup>	67997	46073	16063	51066 (53)	51934 (76)

(Source: UPSDM)

It could be seen from **Table 6** that there was a considerable shortfall of 53 per cent and 76 per cent in achievement of training and placement targets respectively of sanctioned projects. However, it was further noticed that training centres of 44 out of 88 projects (50 per cent) of AP 2016-19 were inactive as of March 2022 without achievement of targets of training and placement.

**Chart 2: Showing Physical Progress of sanctioned AP Projects as of March 2022**



(Source: UPSDM)

The State Government replied (July 2023) that PIAs with less progress in AP 2016-19 have been directed for closure.

### 2.3.9.2 Delayed Request for Proposals and inaction on directions of MoRD

A target of training of 1,84,520 rural poor youth under DDU-GKY for UP was approved (July 2016) in the Action Plan 2016-19<sup>32</sup> by the MoRD. As per the information made available (January 2024) by UPSDM, three notifications of Request for Proposals (RFPs) were issued by UPSDM during the period from May 2017 to December 2018 as shown in **Table 7**.

<sup>30</sup> 70 per cent of total trained

<sup>31</sup> As per AP (2016-19) approved by MoRD, total target of training and placement was 184520 and 129164 respectively.

<sup>32</sup> Year wise bifurcation of target was not mentioned in the approved Action Plan.

**Table 7: Details of RFPs for AP 2016-19**

Sl. No.	Notification for RFP	Last date of submission	Training Target
1	No.236 dated 4 May 2017	31-07-17	70000
2	No.2945 dated 4 December 2017	31-12-17	25000
3	No.2633 dated 14 December 2018	12-01-19	Not mentioned

(Source: UPSDM)

It could be seen from Table 7 that three notifications for invitation of RFPs were issued for the Action Plan 2016-19 with mentioned training targets in first two only. The first RFP for AP 2016-19 was invited in May 2017, i.e., after a lapse of 11 months of approval of AP. Further, there was no details of district-wise, skill sector/trade-wise requirement in the RFP notices<sup>33</sup>.

Audit further observed that MoRD reviewed (November 2017) the implementation of DDU-GKY programme and in view of physical progress of only seven *per cent* of training target and two *per cent* of placement target till August 2017, MoRD directed the State Government to take urgent steps to achieve the targets for providing trainings and placements during 2017-18 and enhance ability to achieve action plan targets by March 2019. However, as detailed in **Table 7**, the RFP for AP 2016-19 was invited even upto January 2019 due to which project end of AP 2016-19 projects was going beyond March 2019 (even up to September 2021 in sampled projects). Besides, there remained slow pace in sanctioning training projects. The year wise details of projects sanctioned under AP 2016-19 was as shown in **Table 8**.

**Table 8: Year wise projects sanctioned under AP 2016-19**

Year	Number of projects sanctioned	Training targets under the sanctioned project
2016-17	03	7550
2017-18	42	57758
2018-19	43	31831

(Source: UPSDM)

This indicated that UPSDM did not act upon the directions of MoRD issued in the review meeting (November 2017) to enhance ability to achieve action plan targets by March 2019.

The State Government replied (July 2023) that the Action Plan 2016-19 was approved in July 2016 by Ministry of Rural Development, Government of India. Thereafter, completing the other proceedings, the RFP was issued by the UPSDM and due to non-allocation of the full target in the said RFP, the RFP was again issued due to which the said process got delayed. However, no reply was provided on non-compliance of MoRD directions to achieve action plan targets by March 2019.

<sup>33</sup> UPSDM did not provide to Audit any other notification of RFP and documents related to invitation, documents related to number of proposals received and rejected, despite repeated requisitions and reminders.



### **2.3.9.3 Selection of Projects without due consideration of identified risk**

Audit noticed that out of 23 test-checked AP 2016-19 projects, two projects were sanctioned without due consideration of risks identified in the appraisal note of the Project Appraisal Agency as detailed below:

<b>Name of PIA</b>	<b>Observations raised in appraisal notes of Project Appraisal agency (NABCONS<sup>34</sup>)</b>	<b>Recommendation of PAA</b>	<b>Audit Observation</b>
Tara Corporate Services Ltd.	PAA examined the financial capacity of PIA vis-à-vis other project run by it under DDUGKY. As per the PAA, PIA had limited financial eligibility (₹ 1.06 lakh) after its previous project sanctioned in the State of Rajasthan.	May be recommended for approval by PAC after considering the limited financial eligibility of applicant.	Scrutiny of appraisal report of the project revealed that the appraisal agency had assessed the limit left for subsequent proposal for the PIA which was ₹ 1.06 lakh only. However, the PIA applied (13 December 2017) for a project of ₹ 3.37 crore. The UPSDM sanctioned (June 2018) the project ignoring the recommendation of appraisal report. Thus, the PIA which was eligible for a project of only ₹ 1.06 lakh was sanctioned with the project worth ₹ 3.37 crore. Further, against the training target of 475, achievement was only 274 (57 per cent) and against placement target of 70 per cent, achievement was 111 (58 per cent) as of March 2022.
Pipal Tree Ventures Private Limited	Project Appraisal agency (NABCONS) mentioned in the appraisal report that the PIA provided placement data of DDU-GKY projects undertaken in Bihar, Orissa and West Bengal. Out of a sample of 30 candidates claimed to be placed by the PIA in earlier DDU-GKY projects, NABCONS found that no one got job after training. Thus, the performance of PIA on placement was very poor.	May be recommended for approval by Project Approval Committee UPSDM. However, NABCONS also provided reference to risks identified.	UPSDM sanctioned (September 2017) the project to the PIA for training of 2,600 candidates as against PIA's proposal for training of 3,500 candidates overlooking the risk area of placement, where the performance of PIA on account of placement was reported as very poor. Audit further noticed that there was poor placement of trainees in this project as only 201 candidates (27 per cent) have been placed against the target of 734 candidates (i.e., 70 per cent of 1,048 candidates trained) as of March 2022. Further, the PIA had used suspected fake bank statements in support of placement as discussed in para 2.3.11.4 (iii).

The State Government stated (July 2023) that the appraisal of the proposals submitted for empanelment under the DDU-GKY scheme was done by the designated appraisal agency (erstwhile agency NABCONS) and necessary action would be taken by sending letters to NABCONS.

The reply was not tenable as the PAA had indicated the risks identified in the appraisal reports, but UPSDM did not take a note of these risks before approval of the projects.

### **2.3.9.4 Schedule timeline not adhered**

As per provisions under Paragraph 4.5 of DDU-GKY guidelines, MoU was to be executed with the PIA within 48 hours of issue of minutes of meetings of Project Approval Committee. Further, as per SOP 3.2 of

<sup>34</sup> NABCONS (NABARD Consultancy Services) was appointed as Project Appraisal Agency by UPSDM for initial screening and qualitative appraisal of DDU-GKY projects of AP 2016-19.

DDU-GKY, release of first instalment was to be ensured within 10 days from execution of MoU and training of first batch was to be commenced within 30 days of release of first instalment.

It was noticed that there was considerable delay in execution of MoUs with PIAs, release of first instalment and commencement of training of first batch in case of 23 AP 2016-19 projects selected for audit scrutiny. The delays in execution of MoU were noticed from 16 to 155 days in 19 projects, in release of first instalment from two to 226 days in 18 PIAs (*Appendix 2.3.4 A*) and in commencement of first batch from 14 to 112 days in 21 PIAs (*Appendix 2.3.4 B*). Thus, UPSDM and PIAs did not adhere to the timeline as scheduled in the guidelines.

The State Government stated (July 2023) that after the PAC, the PIA is directed to get the MOU done and the MoU has been made only after receiving the desired records from the PIA. Further, the first instalment is released to the PIA only after checking the records submitted by them such as verification of the bank guarantee. During exit conference, the State Government stated (August 2023) that adherence to timeline would be ensured in future.

#### ***2.3.9.5 Performance bank guarantee not renewed***

MoRD directed (September 2017) that a PIA shall have to provide a performance bank guarantee from bank for a minimum value of 6.25 *per cent* of the total approved cost for a fresh project under DDU-GKY. Further, it was to be ensured that the performance guarantee from bank shall be valid for a period starting on/before the date of MoU signing till 180 days after the end of approved duration of the project. MoRD introduced performance guarantee for DDU-GKY projects with an objective to ensure an assurance to the Government in the event of inadequate or delayed performance or violation of Guidelines or protocols by PIA in a DDU-GKY project.

Audit noticed that out of 23 sampled AP 2016-19 projects, a valid performance bank guarantee was required to be submitted by the PIAs in 16 projects whose MoUs were signed after the date of notification. However, it was observed that performance bank guarantee in these 16 projects was expired (as of March 2022) and was not renewed for the extended period of projects (*Appendix 2.3.5*). Thus, the compliance of MoRD direction (September 2017) in respect of performance bank guarantee was not complied in above mentioned 16 projects. In view of poor progress of AP 2016-19 projects, the validity of Performance Bank Guarantee till finalisation of the project was important.

State Government stated (July 2023) that bank guarantee was not mandatory on all PIAs prior to the fourth PACs for PIAs bound under DDU-GKY Scheme. State Government further stated that letter has been issued from mission office for renewal of expired bank guarantees.

The reply was not tenable, as valid performance bank guarantees in aforementioned 16 projects were required to be obtained, as these projects were approved after fourth PAC meetings as detailed in **Appendix 2.3.5**.

### **2.3.9.6 Project funds kept irregularly in current account**

As per the MoRD notification (January 2015), all PIAs, except of those registered as a non-section 25 Company under Companies Act, 2013, were required to maintain a saving bank account of DDU-GKY projects funds.

Audit noticed that out of 23 sampled PIAs, 21 PIAs had opened Current Account for DDU-GKY projects awarded to them (**Appendix 2.3.6**). However, five out of these 21 PIAs were found to be registered as trust or society, but these PIAs were operating current account for DDU-GKY project. Audit further noticed that UPSDM had released an amount of ₹ 29.37 crore to these five PIAs as of March 2022 as detailed in **Table 9**.

**Table 9: PIAs registered as trust and society but opened current account**

Sl. No.	Name of PIA	Nature of PIA	Total Project Cost (₹ in Crore)	Fund released up to March 2022 (₹ in Crore)
1	Indira Gandhi Computer Saksharta Mission	Trust	14.94	11.21
2	Niranjan Madhyamik Shiksha Samiti	Society	3.67	2.74
3	Late Mahabir Prasad Memorial Shikshan Sansthan	Society	4.50	3.38
4	Social Action for Welfare & Cultural Advancement	Society	14.99	7.36
5	Mass Infotech Society (P2)	Society	9.45	4.68
	<b>Total</b>		<b>47.55</b>	<b>29.37</b>

(Source: UPSDM)

Thus, UPSDM had not ensured compliance to MoRD notification regarding operation of savings bank account for DDU-GKY project.

The State Government stated (July 2023) that presently, as per the guidelines of the Ministry of Rural Development, Government of India, Single Nodal Account (SNA) is being operated for all PIAs and the amount to be paid to the eligible PIAs is also being paid in the SNA account of PIAs.

The fact remained that UPSDM had irregularly released project funds of ₹ 29.37 crore to the PIA's current account during 2016-22.

### **2.3.9.7 Unauthorised payment/non-payment of penalty**

(i) Scrutiny of records revealed that as per Technical Support Agency<sup>35</sup> (TSA) report (September 2019), JITM Skills Pvt. Ltd. (PIA) irregularly utilised the project funds of ₹ 2.00 crore for fixed deposits and ₹ 19.93 lakh for purchase of assets in contravention of Clause 8.3 (Project Fund Management) and 8.7.1 (Assets permitted to be purchased under the

<sup>35</sup> NABCONS

project) of SOP respectively. On recommendation of TSA, the UPSDM imposed (February 2020) a penalty of ₹ 0.50 lakh on the PIA and ordered to deposit the penalty and interest accrued at the rate of 10 *per cent* on the diverted fund (₹ 19.93 lakh) for the applicable days by 20 February 2020.

Audit noticed that the PIA deposited (February 2020) penal amount of ₹ 0.50 lakh from the project account of DDU-GKY and not from PIA's own fund. Further, the PIA did not deposit the interest accrued till date (July 2022). However, UPSDM did not take any action against the PIA for unauthorised utilisation of project fund for depositing penalty and not depositing the accrued interest on diverted fund.

The State Government stated (July 2023) that the fine imposed on the PIA was paid to UPSDM and accrued interest on diverted fund would be adjusted from upcoming release of fund to PIA.

The reply was not tenable, as PIA had used project fund to deposit penalty to UPSDM instead of paying from its own fund, which was violation of Paragraph 8.3 of DDU-GKY SoP prescribing that PIA should use the money exclusively for the project purposes. During the exit conference (August 2023), the State Government replied that necessary action would be taken after examining the matter.

(ii) Similarly, Focus Edu Care Pvt. Ltd. (PIA) was penalised for creating (September 2018) fixed deposit of ₹ 1 crore from the project funds released to the PIA and a penalty of ₹ 0.50 lakh was imposed by the UPSDM in February 2020. However, PIA had neither deposited the amount of penalty, nor any action was taken against the PIA by the UPSDM till March 2022.

The State Government stated (July 2023) that due to irresponsible attitude of PIA, recovery notice had been issued (September 2022) by UP Skill Development Mission and closure process was also initiated.

(iii) Another PIA, Khator Fibers and Fabrics Ltd. created (April 2018) fixed deposits of ₹ 3.25 crore from the first instalment of ₹ 3.73 crore released to the PIA. On recommendation (September 2019) of TSA, the UPSDM imposed (February 2020) a penalty of ₹ 0.50 lakh on the PIA and directed to return the diverted fund (₹ 3.25 crore) along with the interest @ 10 *per cent* on applicable days within 15 days. Audit observed that neither the amount of ₹ 3.25 crore along with interest ₹ 1.30 crore<sup>36</sup> nor penalty of ₹ 0.50 lakh was recovered from the PIA.

The State Government replied (July 2023) that the show cause notice/recovery letter has been issued to the PIA for the recovery of the released amount. However, UPSDM further informed (January 2024) that a letter had been issued to concerned District Magistrate for recovery which was pending.

<sup>36</sup> @10 per cent on Rs. 3.25 crore for 4 years (April 2018 to March 2022)

### 2.3.9.8 Undue benefit to PIAs

Paragraph 3.2.2.20 of DDU-GKY guidelines provides actions for poor performance by a PIA in a project. If the outcome achievement over the period of one year for fresh entrants is unsatisfactory, i.e., 49 *per cent* and below placement of those who have been trained within three months of completion of training, it is prescribed that a PIA shall be asked to discontinue the training in a project. In such cases, the PIA will be paid only on a pro-rata basis for placements.

Scrutiny of records revealed that a project of ₹ 14.93 crore was sanctioned (February 2018) to Khator Fibers and Fabrics Ltd. (PIA) in AP 2016-19 under DDU-GKY scheme with a training target of 1,900 candidates and the first instalment of ₹ 3.73 crore was released to the PIA in March 2018. Further, as per DDU-GKY scheme guidelines, PIA was required to ensure minimum placement of 1,330 candidates, i.e., 70 *per cent* of trained candidates. However, progress of the project in terms of placement was nil against 736 candidates trained as of March 2022.

Similarly, in case of another sampled PIA, Doric Multimedia Pvt. Ltd., it was noticed that against the placement target of 504 candidates, no placement was made till March 2022 despite release of an amount of ₹ 1.25 crore to the PIA in March 2018. In addition to this, seven more PIAs of AP 2016-19 could provide nil placement as of March 2022 despite release of ₹ 13.28 crore to them under DDU-GKY. The details of achievement (up to March 2022) in terms of training and placement for all these nine PIAs are shown in **Table 10**.

**Table 10: Details of Achievement in terms of Training and Placement**

Sl. No.	Name of PIA	Date of payment of first instalment	Amount paid (₹ in crore)	Date of commencement of project	Training as on March 2022		Placement as on March 2022	
					Target	Achievement	Target	Achievement
1	Khator Fibers and Fabrics Ltd.	26-03-2018	3.73	03-05-2018	1900	736	1330	0
2	Doric Multimedia Pvt. Ltd.	27-03-2018	1.25	03-05-2018	720	202	504	0
3	Tops Security Ltd.	25-04-2018	4.99	25-05-2018	2050	206	1435	0
4	ACME India Microsys Pvt. Ltd.	04-09-2018	1.25	04-10-2018	510	119	375	0
5	Vidarbha Bahuuddeshiya Shikshan Sansthan	03-10-2018	0.99	03-11-2018	432	97	302	0
6	Chankya Foundation	27-12-2018	1.24	21-01-2019	485	98	340	0
7	Aress Software and Education	27-12-2018	1.85	21-01-2019	550	70	385	0
8	Shakti Infotech Pvt. Ltd.	06-11-2018	1.16	06-12-2018	600	30	420	0
9	Earthcon Constructions Pvt. Ltd.	15-05-2019	1.80	09-06-2019	900	0	630	0
<b>Total</b>			<b>18.26</b>		<b>8147</b>	<b>1551</b>	<b>5721</b>	<b>Nil</b>

(Source: UPSDM)

As detailed in **Table 10**, one PIA (M/s Earthcon Constructions Private Limited), had not imparted any training to candidates. Further, the placement of trained candidates from eight other PIAs was nil as of March 2022, even after a lapse of more than three years since commencement. Therefore, these PIAs were liable for action as per clause 3.2.2.20 of DDU-GKY guidelines and projects were required to be discontinued and amount paid to these PIAs should have been recovered. However, UPSDM granted extensions<sup>37</sup> (September 2021 and March 2022) to eight<sup>38</sup> of these projects. This action of UPSDM not only provided undue benefit to these poor performing PIAs but it was also in violation of scheme guidelines, besides the amount of ₹ 18.28 crore paid to these nine PIAs along with penal interest remained unrecovered till date.

The State Government stated in July 2023 that, following the instructions contained in Paragraph 3.2.2.20 of the guidelines, office orders had been issued to initiate closure procedures for all PIAs whose placement percentage was less than 50 *per cent* up to the Action Plan 2016-19. Additionally, recovery letters had also been issued to poor performing PIAs.

The fact remained that delayed action of UPSDM gave undue benefit to PIAs and objective of the scheme to provide guaranteed employment to trained candidates was defeated.

### ***2.3.9.9 Irregular engagement of Technical Support Agency and release of funds***

Paragraph 6.3 of guidelines provides that State Governments can procure services of competent TSA to monitor their DDU-GKY project. If the work of concurrent monitoring is being outsourced, specific MoU needs to be entered.

Scrutiny of records revealed that MoRD permitted (March 2016) for engagement of NABCONS as TSA for UPSDM for DDU GKY projects which was engaged as Central TSA by MoRD while referring to paragraph 6.3 of DDU-GKY guidelines. The UPSDM engaged (May 2016) the NABCONS as TSA for monitoring of DDU-GKY projects. It was further noticed that TSA was engaged without adopting procedures of procurement<sup>39</sup> of services and MoU for this purpose between UPSDM and NABCONS was signed after four years of engagement on 24 June 2019. Thus, terms and conditions of MoU for NABCONS came into effect from 24 June 2019. However, payments were made to NABCONS on account of monitoring cost for projects approved under AP 2016-19 before signing of the MoU. An amount of ₹ 3.99 crore<sup>40</sup> was irregularly paid (March and October 2018) to NABCONS without signing of MoU. Further, it was

<sup>37</sup> Sl. No.1 up to September 2022, Sl. No. 2,4,5,6,7 up to March 2023, Sl. No. 3 up to November 2022, Sl. No. 8 up to June 23 (Table 11).

<sup>38</sup> The duration of completion of project in case of Earthcon was up to June 2022.

<sup>39</sup> UPSDM informed (January 2024) that DDU-GKY being a Centrally Sponsored Scheme, UPSDM follows Manual of procurement for consultancy and other services, 2017 issued by GoI for procurement of consultancy and other services.

<sup>40</sup> ₹ 2.31 crore (March 2018) + ₹ 1.68 crore (October 2018).



observed that TSA did not perform rigorous monitoring of the projects. The Principal Secretary observed (29 January 2020) that a rigorous review of the quality of TSA's work was required. Subsequently, a letter issued by the MD, UPSDM to NABCONS mentioned that 105 ongoing projects of AP 2016-19 might have been completed had rigorous quality monitoring been conducted at regular intervals. Thus, the engagement of NABCONS as TSA and payment towards monitoring costs without signing an MoU by UPSDM was irregular.

The State Government in its reply (July 2023) provided copy of a letter issued (May 2016) to Vice President, NABCONS for providing services as technical support agency to UPSDM for DDU-GKY. However, the reply was silent on irregular engagement of TSA without following competitive tendering and payment towards monitoring cost without entering in a MoU.

#### ***2.3.9.10 Non-compliance of contract by TSA***

A contract between UPSDM and TSA (Grant Thornton Bharat LLP) was signed on 25 September 2020 for 36 months for monitoring and implementation of DDU-GKY scheme as per guidelines. Audit observed that the laxity in performing its work by TSA was in notice of UPSDM since October 2020. TSA did not comply clause 3.2.2 requiring it to develop a comprehensive framework for effective monitoring and efficient implementation of the scheme at district and block level. TSA did not develop framework for real time monitoring of the scheme due to which actual attendance of trainee could not be ascertained affecting the quality under the scheme.

Furthermore, clause 17 (Manpower deployment) of agreement was also not complied by the TSA. It appointed only 21 staff against the required 41 professionals (for about 425 projects) as provided in the agreement. These important clauses were not complied by the TSA for more than 18 months of the signing of the agreement. Non-compliance of agreement clause by the TSA invited invocation of penalty clause 21 of the agreement. The issues mentioned above were pointed out by UPSDM itself and a notice was served to TSA in March 2022. However, UPSDM did not take any further action to impose penalty as per provision of the agreement. Instead, payment of ₹ 2.88 crore was made to the TSA till March 2022. Lack of deployment of sufficient manpower and not developing desired framework for real time monitoring system depicted non-compliance of contract by the TSA and weak monitoring of the scheme.

The State Government stated (July 2023) that, as per the MoU, the ratio of resources required to maintain is with respect to the active project centres. STSA is maintaining the ratio as per the MoU. Furthermore, the STSA fee paid is an advance against the first instalment released to PIAs, which is also as per the MoU. However, during October 2020, the state was hit by the widely spread coronavirus, and none of the training centres were functioning. STSA deployed 30 resource persons and maintained the ratio during the STSA period.

The reply was not tenable, as in terms of clause 17 of the MoU, TSA was required to deploy 40 professionals<sup>41</sup> in view of 409 active projects<sup>42</sup> as of March 2022. Thus, deployment of only 30 resource person was in violation of the MoU which stipulated maintaining the project-to-resources ratio. Further, no reply was provided on not developing of comprehensive framework by TSA for effective monitoring and implementation of the scheme.

During exit conference (August 2023), State Government stated that explanation would be called from TSA and necessary action would be taken.

### **2.3.10 Selection and approval of Action Plan 2019-22 Projects**

#### ***2.3.10.1 Shortfall in sanction of target of AP 2019-22***

The Empowered Committee of MoRD, GoI approved (February 2019) Action Plan 2019-22 of DDU-GKY for Uttar Pradesh with a training target of 2,25,000 candidates. The training target comprised of 1,41,616 fresh candidates and 83,384 candidates estimated to be trained from existing AP 2016-19. It was directed to sanction all AP 2019-22 target by September 2019 and to publish Expression of Interest (EoI) at the earliest for sanction of all targets. However, UPSDM invited Request for Proposals in December 2019 which was extended up to January 2020. It was observed that the UPSDM issued sanction orders (during July 2020 to May 2021) to 301 projects out of 307 projects<sup>43</sup> under AP 2019-22 with a training target of 1,50,765 candidates against the fresh target of 1,41,616 candidates. Thus, the sanctioned projects of AP 2019-22 covered the shortfall of only 9,149<sup>44</sup> candidates pertaining to previous AP 2016-19. However, no further projects were sanctioned to cover the remaining shortfall.

The State Government stated (July 2023) that according to the minutes dated 28 February 2019 issued by MoRD, only 1,41,616 candidates were to be allocated against the total target of 2,25,000 for the Action Plan 2019-22. The remaining target of 83,384 were attributed to the Action Plan 2016-19. During Exit Conference, the State Government stated (August 2023) that reply provided would again be analysed and informed at the earliest. The UPSDM further confirmed (January 2024) that targets were achieved by sanctioning 88 and 307 projects under AP 2016-19 and AP 2019-22 respectively.

The reply was not acceptable as 88 sanctioned projects of AP 2016-19 and 307 sanctioned projects of AP 2019-22 covered training targets of 247904<sup>45</sup> candidates as against approved training target of 326136<sup>46</sup> candidates in AP 2016-19 and AP 2019-22, thereby leaving a shortfall of 78232 candidates to be trained under AP 2016-19 and AP 2019-22.

<sup>41</sup> Calculated in proportion of 41 professionals for 425 projects as mentioned in the agreement.

<sup>42</sup> 20 YP projects, 88 AP 2016-19 projects and 301 AP 2019-22 projects.

<sup>43</sup> Sanction orders were not issued in case of 06 projects as of March 2022.

<sup>44</sup>  $1,50,765 - 1,41,616 = 9,149$ .

<sup>45</sup>  $97,139(\text{Target of 88 projects}) + 1,50,765(\text{Target of 307 projects}) = 2,47,904$ .

<sup>46</sup>  $1,84,520(\text{Target of AP 2016-19}) + 1,41,616(\text{Target for fresh projects of AP 2019-22}) = 3,26,136$ .

### **2.3.10.2 Faulty Selection process of PIAs in AP 2019-22**

UPSDM invited proposals (RFP) for imparting training under AP-2019-22 of DDU-GKY on 17 December 2019. The period for submission of project proposal was from 19 December 2019 to 30 December 2019, which was later extended up to 10 January 2020. As per information provided by the UPSDM, a total of 955 proposals were reported to be received for AP 2019-22. Scrutiny of list of proposals revealed as follows:

- 118 proposals were received after the last date<sup>47</sup> of RFP for AP 2016-19 and before the publication date<sup>48</sup> of RFP for AP 2019-22. Out of these, 29 proposals were approved by the Project Approval Committee (PAC).
- 380 proposals were received during the period of RFP for AP 2019-22 and out of these, 134 were approved by the PAC.
- 218 proposals were submitted after the last date of RFP<sup>49</sup> (received up to 1 May 2020) and out of these, 92 were approved by the PAC.

Thus, accepting and considering proposals received both before and after the publication of the RFP was irregular defeating the purpose of the invitation for RFP and raising questions about the selection process.

The State Government replied (July 2023) that in this regard a reply was expected from 'Kudumbashree'<sup>50</sup> (the project appraisal agency) for which correspondence was being done. UPSDM further informed (January 2024) that the reply of 'Kudumbashree' was awaited.

### **2.3.10.3 Selection of poor performing PIAs in AP 2019-22**

UPSDM awarded 13 projects of AP 2019-22 to 11 such PIAs who were earlier allotted projects in YP and AP 2016-19. Audit scrutiny revealed that four number of poor performing PIAs were again awarded projects in AP 2019-22, as discussed in succeeding paragraphs:

(i) Audit noticed that the Project Approval Committee (PAC) in its meeting (May 2020) rejected the project proposals of three PIAs<sup>51</sup> on the grounds of their unsatisfactory performance in projects allotted to them earlier under DDU-GKY. However, these three PIAs were already approved for three other projects in previous meeting (January 2020) of the PAC for which sanction were issued by UPSDM during July to December 2020, i.e., subsequent to the PAC's decision to reject these PIAs. Thus, UPSDM went ahead with three projects worth ₹ 20.81 crore of three PIAs and released (March to May 2021) an amount of ₹ 5.21 crore to such PIAs, though these PIAs were rejected by the PAC for poor performance.

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<sup>47</sup> 05 January 2019.

<sup>48</sup> 17 December 2019.

<sup>49</sup> 10 January 2020.

<sup>50</sup> It is the Poverty Eradication Mission of Government of Kerala.

<sup>51</sup> Centre of Technology and Entrepreneurship Development, E-Ashram Infotech and Dakshya Academy.

The State Government stated (July 2023) that the 9<sup>th</sup> PAC was convened on 31 January 2020 and the 10<sup>th</sup> PAC was convened on 5 May 2020 with project proposals being approved accordingly. In view of the training and employment already being carried out in the State by the projects presented in the 10<sup>th</sup> PAC, target allocations were made only to the PIAs that registered 50 *per cent* employment and 60 *per cent* against the allocated target.

The reply was not tenable, as the MoUs with aforementioned three PIAs were executed as well as sanction for their projects were accorded after their rejection of these PIAs in the 10<sup>th</sup> PAC due to their unsatisfactory performance.

During the exit conference, the State Government stated (August 2023) that measures would be taken to ensure that such issues would not recur in the future.

(ii) It was further observed that one PIA<sup>52</sup> of YP was again awarded (January 2021) a project of ₹ 4.73 crore in AP 2019-22. However, PIA was rejected by the PAC (May 2020) for its poor performance, but UPSDM again proposed the project for approval (September 2020) citing that as per MPR portal, the PIA had placed 1,001 candidates as of March 2020, which was 51.50 *per cent* of the target. It was further mentioned that the aforesaid data was not uploaded on MRIGS portal by PIA due to which TSA report mentioned the placement by PIA as 20.20 *per cent* and therefore, the PIA was rejected earlier. The project of this PIA was submitted for approval of the ACS, VSED, who was also the chairman of PAC. However, the project was sanctioned (January 2021) in favour of the PIA without obtaining approval of the PAC.

Audit scrutiny of the progress reports of March 2021 and March 2022 of DDU-GKY projects implemented by UPSDM revealed that the aforesaid PIA could provide placement of 632 and 720 candidates respectively. Thus, the progress submitted by the UPSDM in September 2020, which indicated placement of 1,001 candidates was not correct and the project was approved on incorrect placement data. Thus, PIA once rejected by the PAC was irregularly awarded without formal approval of PAC and amount of ₹ 1.18 crore had been released (March 2022) to the PIA.

The State Government replied (July 2023) that necessary penalty and other action was being taken against the PIA as per the DDU-GKY guidelines after investigation in the matter.

#### ***2.3.10.4 Improper engagement of Project Appraisal Agency for AP 2019-22***

Manual for Procurement of Consultancy and Other Services 2017 provides that ‘equal opportunity to all qualified service providers/consultants to

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<sup>52</sup> Orient Craft Fashion Institute of Technology Pvt. Ltd.

compete should be ensured' and there should be transparency and integrity in the selection process.

Audit observed that UPSDM appointed 'Kudumbashree' as Project Appraisal Agency (PAA) for AP 2019-22 and an MoU was signed on 9 October 2019 for the purpose. It was observed that the selection of PAA was based on nominations by quoting a letter from MoRD dated 9 September 2019, in which it was stated that, apart from agencies mentioned in the letter dated August 16, 2016, 'Kudumbashree' was also enrolled as an appraisal agency, and States had the option to engage it as a PAA after due approvals. In an earlier letter (August 2016), MoRD suggested that, in addition to the five appraisal agencies selected by the National Skill Development Corporation (NSDC), states may consider Quality Council of India, National Productivity Council and NIRD for engagement as PAA. Thus, these agencies were also qualified to be appointed as PAA, and according to the provisions of the Manual of Procurement, these agencies should have been given the opportunity to compete by inviting EoI/RFP.

However, UPSDM did not follow the tendering procedure and directly appointed the PAA on nomination basis in non-transparent manner. It was further observed that the MoU executed with the PAA was valid up to one year (8 October 2020). However, 'Kudumbashree' continued to appraise<sup>53</sup> project proposals beyond the validity of MoU.

The State Government replied (July 2023) that 'Kudumbashree' was selected as the Project Appraisal Agency by the Ministry of Rural Development, Government of India based on nomination, and the appraisal fees were found to be less than those of other appraisal agencies.

The reply was not tenable as neither any comparative chart for comparison of appraisal fees of other PAAs was made available to audit nor any such reason was recorded in the note for selection of PAA.

### **2.3.11 Placements**

DDU-GKY guidelines provide guaranteed placement for at least 70 *per cent* trained candidates with jobs having regular monthly wages at or above minimum wages. Placement is defined as continuous work for three months with regular wages. Observations noticed in placements provided by the PIAs in YP projects and AP 2016-19 projects under DDU-GKY are discussed in succeeding paragraphs:

#### **2.3.11.1 Placement not ensured**

MoRD approved (September 2014) Annual Action Plan (AAP) 2014-15 with a target of providing training to two lakh rural youths along with placement of 1.5 lakh candidates (75 *per cent* of total trained) under erstwhile Aajeevika Skills scheme (now DDU-GKY). The Mission

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<sup>53</sup> Kudumbashree appraised 12 DDU-GKY projects after 08-10-2020.

Director, UPSDM while addressing MoRD (December 2014) regarding implementation of AAP, reiterated that compliance of condition of minimum 75 *per cent* placements shall be ensured.

Scrutiny of records revealed that UPSDM issued (December 2014) directions to Training Partners (TPs) for conduct of training and mandatory placement of minimum 75 *per cent* of trained candidates as approved in the AAP 2014-15. It was further noticed that against the target of AAP, UPSDM approved (during December 2014 to March 2015) to 1,771 batches for training of 47,439 candidates. In this reference, the physical/financial progress report (December 2015) of AAP disclosed that 92 TPs have completed the training of 47,439 candidates without any verified placements and an expenditure of ₹ 6.99 crore was incurred. Meanwhile, after reviewing (January 2016) the physical/financial progress of AAP 2014-15, the Principal Secretary RDD expressed his displeasure on the negligible progress of training and placement under AAP and directed UPSDM to provide an action plan/milestones for culmination of approved AAP. However, UPSDM neither carried out the training of remaining 1,52,561<sup>54</sup> candidates nor ensured placement of 75 *per cent* of the trained candidates under AAP. Besides an expenditure of ₹ 46.66 crore was further incurred against the training of 47,439 candidates during January 2016 to March 2021. Thus, a total expenditure of ₹ 53.65 crore was incurred from DDU-GKY funds released for implementation of AAP without ensuring the desired placement of trained candidates under the scheme.

The State Government replied (August 2023) that instead of DDU-GKY norms, all payment had been made as per norms of UPSDM. The UPSDM further clarified (January 2024) that as per UPSDM norms, payment of 80 *per cent* of the training cost was made and due to late submission of claims by the TPs, the payment was made after December 2015.

The reply was not acceptable as in compliance of terms and conditions of MoRD, UPSDM had directed to TPs for ensuring placement of 75 *per cent* of trained candidates. However, even after having acknowledged (December 2015) the fact of not placing of any of the trained candidates by TPs, UPSDM further released the training cost to the TPs.

### **2.3.11.2 Commitment of captive placement not fulfilled**

Scrutiny of records revealed that ICA Edu Skills Pvt. Ltd. was sanctioned (June 2017) a project of ₹ 24.52 crore in AP 2016-19 based on project proposal as a captive<sup>55</sup> employer. The PIA in its project proposal had committed to provide captive employment to 1,500 candidates out of total placement target of 2,450 candidates. Audit scrutiny, however, revealed that out of 712 candidates placed against 1,930 trained candidates till March 2022, only five captive placements were made. Thus, after lapse of more than four years of its sanction the PIA was able to place only

<sup>54</sup> 2,00,000 minus 47,439 = 1,52,561.

<sup>55</sup> PIAs, having their own requirement, train and absorb the trained persons in their own organisations.



53 *per cent* of the placement target<sup>56</sup> out of which captive placement was negligible (less than one *per cent* of total placed). Thus, the PIA had not fulfilled its commitment of captive placement. However, no action was initiated against the PIA.

The State Government stated (July 2023) that action would be taken on the PIA as per the provisions mentioned in the guidelines.

### ***2.3.11.3 Suspicious/Doubtful placements***

Scrutiny of placement records<sup>57</sup> of a PIA<sup>58</sup> revealed that 29 trainees were shown to be placed in educational institutions as Teacher/Lab Assistant/Counsellor, whereas they were trained in trades of Business Correspondent, Food and Beverage Service and Domestic IT helpdesk assistant (*Appendix 2.3.7*). On verification<sup>59</sup> of placement of these trainees, it was noticed that 24 out of these 29 trainees were not appointed by the respective school/college and in case of one trainee, the Inter-college mentioned in the appointment letter submitted by the PIA<sup>60</sup> in support of placement did not exist at the address. Thus, placement documents submitted to UPSDM by the PIA in support of placement of trainees were not genuine and their placements suspicious. However, UPSDM had not taken any action against the PIA for the use of suspected forged documents in support of these placements. The PIA had received (March 2022) an amount of ₹11.12 crore towards training and placement charges and as per records of UPSDM, it had achieved the placement target of 2,396 trained candidates until March 2022.

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<sup>56</sup> Out of 1,930 trained candidates, at least 70 per cent, i.e., 1,351 candidates were to be placed. Therefore, the placement percentage was 53 *per cent*, i.e.,  $712 \div 1,351 \times 100$ .

<sup>57</sup> The list of placed candidates provided by UPSDM was analysed and candidates found to be placed in school/college as 'teacher/Lab assistant' who were trained in the various trades were sorted. Thereafter, the audit team verified through UPSDM the placement status for 29 such placed candidates with their employer.

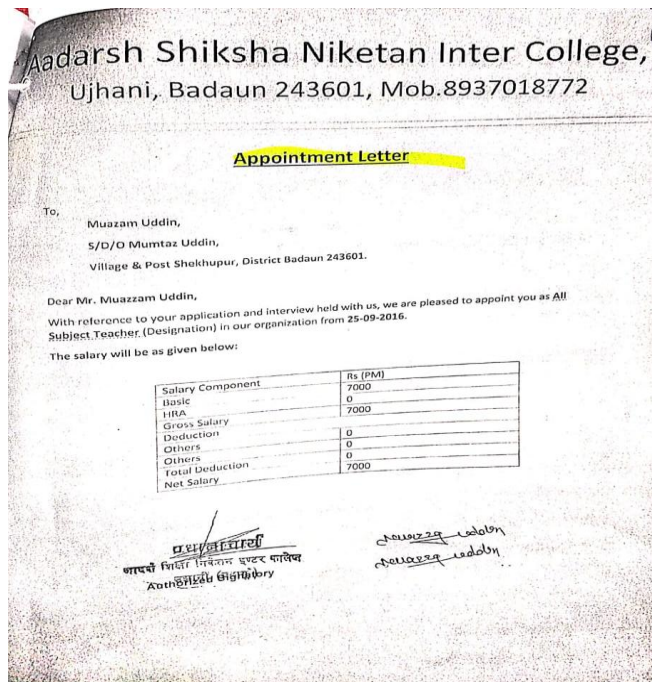
<sup>58</sup> Avon Facility Management Pvt. Ltd.

<sup>59</sup> On request of audit, UPSDM got verified these placements through the District Programme Management Units of the respective districts.

<sup>60</sup> The copy of appointment letter was provided by UPSDM to Audit.

**Case Study**

The trainees trained in Business Correspondent and Food & Beverage Service-Steward trades were shown to be appointed as ‘teacher of all subjects’ in educational institutes. As shown in the picture in adjacent box the Appointment Letter of a trainee showed him to be placed as ‘All Subject Teacher’ in Adarsh Shiksha Niketan Inter College, Badaun. However, on verification of his placement by the District Coordinator of UPSDM, Badaun, the College stated that the said appointment letter was not issued by the college.



(Source: UPSDM)

The State Government stated (July 2023) that the closure of the said PIA was under process. State Government further stated that the penalty would be imposed on the PIA.

#### 2.3.11.4 Doubtful bank statements submitted in support of placement

(i) Scrutiny revealed that two beneficiaries (Mr. Praveen Kumar and Ms. Ashrfi Devi) under the scheme were shown by the PIA<sup>61</sup> to be placed in NISA Industrial Services Private Limited at Lucknow as ‘Security Guard’. The salary of these beneficiaries was shown to be transferred in bank account opened in the Corporation Bank (now Union Bank of India after merger) Branch at Junabganj, Banthara in Lucknow. As per Bank Account Statement submitted by the PIA to UPSDM, the salary for the month of February, March and April 2018 was shown to be transferred into aforesaid bank account on 5<sup>th</sup> day of March, April and May 2018.

On request of verification of these bank account and bank statements by Audit, the Corporation Bank stated (July 2022) that the Account Statement<sup>62</sup> did not tally with the bank records and actual account


<sup>61</sup> New Industrial Security Agencies Pvt. Ltd.

<sup>62</sup> Union Bank of India stated (July 2022) that old account number 162100101006419 of Mr. Pravin Kumar and 162100101003594 of Ms. Asharfi had been converted in new account numbers 520101259349301 and 520101259328347 respectively after merger of Corporation Bank into Union Bank of India.

statements for the period 1 March 2018 to 31 May 2018 for both beneficiaries were provided by the Bank to Audit. On scrutiny of actual bank statement, it was found that there was no transaction for credit of salary in both these accounts as shown in the bank statements submitted by the PIA.

The pictures of suspected forged bank statements and actual bank statements provided by the Bank are shown below:

**Suspected fake Bank Statement submitted by PIA  
in respect of beneficiary (Mr. Praveen Kumar)**

  
**कार्पोरेशन बैंक Corporation Bank**  
A Premier Public Sector Bank

Statement for A/c 162100101006419 Between 01-Mar-2018 and 31-May-2018

Client Code : 2015006419  
Name : PRAVIN KUMAR  
Address : VILLAGE-HINDUKHERA, POST-AIN,  
LUCKNOW-226401  
UTTAR PRADESH  
Phone : 9559858983

Branch Code : 1621  
IFSC Code : CORP0001621  
Branch Name : JUNAB GANJ  
Address : JUNABGANJ CHOWK,LUCKNOW-  
KANPUR ROAD,JUNABGANJ, BANTHRA,  
LUCKNOW-226008  
MICR Code : 226017021

Date	Particulars	Instrument No	Withdrawals	Deposits	Balance
			Opening Balance		964.59
05-MAR-2018	BY SALARY/NISA IND/FEB-18			10,240.00	11,204.59
08-MAR-2018	ATM WDR 080318 AT LUCKNOW		1,500.00		9,704.59
12-MAR-2018	ATM WDR 120318 AT LUCKNOW		3,000.00		6,704.59
14-MAR-2018	ATM WDR 140318 AT LUCKNOW		2,000.00		4,704.59
05-APR-2018	BY SALARY/NISA IND/MAR-18			10,240.00	14,944.59
08-APR-2018	ATM WDR 080418 AT LUCKNOW		1,500.00		13,444.59
12-APR-2018	ATM WDR 120418 AT LUCKNOW		2,500.00		10,944.59
05-MAY-2018	BY SALARY/NISA IND/APR-18			10,240.00	21,184.59
08-MAY-2018	ATM WDR 080518 AT LUCKNOW		3,000.00		18,184.59
12-MAY-2018	ATM WDR 120518 AT LUCKNOW		1,000.00		17,184.59
14-MAY-2018	ATM WDR 140518 AT LUCKNOW		1,500.00		15,684.59
			Closing Balance		15,684.59

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### Actual Bank Statement provided by Union Bank of India in respect of Mr. Praveen Kumar

Page 1

▲06-07-2022 15:56:05  
REP27

UNION BANK OF INDIA, JUNAB GANJ  
PRAVIN KUMAR SO RAKESH RAMATREGISTER

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Report To : BM  
Service Outlet : 16212 JUNAB GANJ  
Account Number : 520101259349301/INR  
Report for the Period : 01-03-2018T031-05-2018

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▲06-07-2022 15:56:05  
REP27

UNION BANK OF INDIA, JUNAB GANJ  
PRAVIN KUMAR SO RAKESH RAMAT

Report for the Period : 01-03-2018T031-05-2018

Date Id	Tran	Ref Num	Particulars	Debit Amt.	Credit Amt.	Balance Amt. Date	Contra
			Account Opening balance :	1588.00CR	1,588.00	1,588.00CR	
			Brought Forward :		14.00	1,602.00CR	
06-05-2018XS1202375			BY INT FOR THE PERIOD 01-				
			Total(Curr. INR) :		1,602.00	1,602.00CR	

Manager/Chief Manager  
Date : 06-07-2022

\*\*\* 2 pages printed. End of report \*\*\*

### Suspected fake Bank Statement submitted by PIA in respect of beneficiary Ms. Ashrfi Devi

**कार्पोरेशन बैंक Corporation Bank**  
A Premier Public Sector Bank

Statement for A/c 162100101003594 Between 01-Mar-2018 and 31-May-2018

Client Code : 2015003594	Branch Code : 1621
Name : ASHRFI DEVI	IFSC Code : CORP0001621
Address : VILLAGE-HINDUKHERA, POST-AURAWAN, LUCKNOW-227101	Branch Name : JUNAB GANJ
UTTAR PRADESH	Address : JUNABGANJ CHOWK, LUCKNOW-KANPUR ROAD, JUNABGANJ, BANTHRA, LUCKNOW-226008
Phone : 8896801663	MICR Code : 226017021

Date	Particulars	Instrument No	Withdrawals	Deposits	Balance
			<b>Opening Balance</b>		<b>1,086.70</b>
05-MAR-2018	BY SALARY/NISA IND/FEB-18			10,240.00	11,326.70
09-MAR-2018	ATM WDR 090318 AT LUCKNOW		1,000.00		10,326.70
13-MAR-2018	ATM WDR 130318 AT LUCKNOW		2,000.00		8,326.70
16-MAR-2018	ATM WDR 160318 AT LUCKNOW		1,000.00		7,326.70
05-APR-2018	BY SALARY/NISA IND/MAR-18			10,240.00	17,566.70
09-APR-2018	ATM WDR 090418 AT LUCKNOW		3,000.00		14,566.70
13-APR-2018	ATM WDR 130418 AT LUCKNOW		1,500.00		13,066.70
05-MAY-2018	BY SALARY/NISA IND/APR-18			10,240.00	23,306.70
09-MAY-2018	ATM WDR 090518 AT LUCKNOW		2,000.00		21,306.70
13-MAY-2018	ATM WDR 130518 AT LUCKNOW		2,500.00		18,806.70
16-MAY-2018	ATM WDR 160518 AT LUCKNOW		1,000.00		17,806.70
			<b>Closing Balance</b>		<b>17,806.70</b>

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**Actual Bank Statement provided by Union Bank of India  
in respect of Ms. Ashrfi Devi**

06-07-2022 15:54:55  
REP27

UNION BANK OF INDIA, JUNAB GANJ  
ASHARFI WO BAIJNATH

Page 1

Report To : BM  
Service Outlet : 16212 JUNAB GANJ  
Account Number : 520101299328347/INR ASHARFI WO BAIJNATH  
Report for the Period : 01-03-2018 TO 31-05-2018


06-07-2022 15:54:55  
REP27

UNION BANK OF INDIA, JUNAB GANJ  
ASHARFI WO BAIJNATH

Page 2

Report for the Period : 01-03-2018 TO 31-05-2018

Date	Tran	Ref Num	Particulars	Debit Amt.	Credit Amt.	Balance Amt.	Contra
						Date	
Account Opening balance :				30957.24CR			
Brought Forward :					30,957.24	30,957.24CR	
05-03-2018	XM273025		SELF	20,000.00		19,957.24CR	
26-03-2018	XM171284		SELF	10,000.00		957.24CR	
16-04-2018	XS8760617		ABB FR CB0633/TSL-020439/		14,000.00	11,957.24CR	
26-04-2018	XM239774		SELF	10,000.00		4,957.24CR	
06-05-2018	XS1204958		BY INT FOR THE PERIOD 01-		68.00	5,025.24CR	
15-05-2018	XS4032205		PMJBY PREMIUM RENEWAL- 1	330.00		4,695.24CR	
25-05-2018	XS4039334		PMSBY PREMIUM RENEWAL- 16	12.00		4,683.24CR	
<b>Total (Curr. INR) :</b>				<b>40,342.00</b>	<b>45,025.24</b>	<b>4,683.24CR</b>	



Manager/Chief Manager  
Date : 06-07-2022

\*\*\* 2 pages printed. End of report \*\*\*

In 11 other placements of the PIA, banks<sup>63</sup> have informed that bank statement submitted by the PIA in support of credit of salary in the bank account of the trainee did not match with the actual bank statements and in one case, ICICI Bank informed that the bank account did not belong to the placed candidate (**Appendix 2.3.8**). Thus, the PIA had used suspected fraudulent bank statements in support of placements. An amount of ₹ 3.39 crore has been paid (as of March 2022) to the PIA out of the total project cost of ₹ 4.50 crore against which PIA had imparted training of 1,389 candidates (103 per cent of target) and placed 606 candidates (62 per cent of target).

The State Government stated (July 2023) that the closure of the said PIA was under process. With reference to audit observation on use of suspected fraudulent bank statements in support of placement by PIA, State Government further stated that penalty would be imposed on the PIA and payment would be made to PIA by adjusting the said amount to be paid after closure. However, the reply was not specific about the action proposed to be taken against PIA for use of fabricated bank statements.

(ii) Similarly, bank statements submitted by another PIA<sup>64</sup> in support of placement of four trainees were not found genuine on verification from the Punjab & Sindh Bank (**Appendix 2.3.8**). The bank informed that the

<sup>63</sup> Bank of Baroda, Indian Overseas Bank and ICICI Bank.


<sup>64</sup> Centre of Technology and Entrepreneurship Development.



account numbers of beneficiaries were found to be correct, but the transactions mentioned for all the four accounts seem to be false. Thus, the PIA had used suspected forged bank statements in support of placements of these candidates. The PIA had been paid (as of March 2022) an amount of ₹ 3.75 crore to the PIA against the project cost of ₹ 4.99 crore for training and placement.

The State Government stated (July 2023) that penalty and other (Recovery) action would be taken on the PIA as per the provisions mentioned in the guidelines.

(iii) Scrutiny revealed that a PIA<sup>65</sup> had submitted bank statements of ICICI Bank Ltd. of 10 beneficiaries in support of placement and payment of salary into bank accounts. It was noticed that there was difference in number of digits of saving bank account numbers of the same bank. Out of 10 beneficiaries', bank account of seven beneficiaries were of 16 digits while three bank accounts were of nine digits. It was also noticed that name of the bank branch, its address and IFSC code was not mentioned in the bank statement. On verification of these account numbers and bank statement, ICICI Bank informed (April 2022) that these saving bank accounts did not pertain to ICICI bank Ltd. Further, it was also stated that all savings account of ICICI bank contains 12-digit account number as on date. The picture of two such suspected fake bank statements used by the PIA is shown as follows:


**ICICI Bank** | *khayaal aapka*

**MR. AMIT KUMAR**  
 LOHANIKHERA MAWAI GALUPUR HILAUJI MAURAWAN  
 UTTAR PRADESH-INDIA-209821

Visit [www.icicibank.com](http://www.icicibank.com)  
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NEVER SHARE your Card number, CVV, PIN, OTP, Internet Banking User ID, Password or URN with anyone, even if the caller claims to be a bank employee. Sharing these details can lead to unauthorised access to your account.

**STATEMENT SUMMARY for Customer ID: 013395867 as on December 31, 2018**

**ACCOUNT DETAILS - INR**

ACCOUNT TYPE	A/C. BALANCE (I)	FIXED DEPOSITS (LINKED) BAL. (II)	TOTAL BALANCE (I+II)	NOMINATION
Savings A/c: 4629525303518947	471.00	0.00	471.00	Not Registered
<b>TOTAL</b>	<b>471.00</b>	<b>0.00</b>	<b>471.00</b>	


**Statement of Transactions in Saving Account Number: 4629525303518947 in INR for the period December 01, 2018 - December 31, 2018**

DATE	MODE	PARTICULARS	DEPOSITS	WITHDRAWALS	BALANCE
01-12-2018		B/F			284.00
04-12-2018	ICICI ATM	ATM/CASH WDL/4-12-2018/0		100.00	184.00
10-12-2018	ICICI BANK	NEFT-ICICI/953790973-PIPAL TREE ENTERPRISES	7787.00		7971.00
11-12-2018	ICICI ATM	ATM/CASH WDL/11-12-2018/0		700.00	7271.00
14-12-2018	ICICI ATM	ATM/CASH WDL/14-12-2018/0		1200.00	6071.00
18-12-2018	OTHER ATM	NFS/CASH/WDL/18-12-2018		900.00	5171.00
21-12-2018	OTHER ATM	NFS/CASH/WDL/21-12-2018		800.00	4371.00
23-12-2018	OTHER ATM	NFS/CASH/WDL/23-12-2018		1000.00	3371.00
25-12-2018	ICICI ATM	ATM/CASH WDL/25-12-2018/0		500.00	2871.00
27-12-2018	ICICI ATM	ATM/CASH WDL/27-12-2018/0		1000.00	1871.00
28-12-2018	ICICI ATM	ATM/CASH WDL/28-12-2018/0		200.00	1671.00
31-12-2018	ICICI ATM	ATM/CASH WDL/31-12-2018/0		1200.00	471.00
<b>Total:</b>			<b>7787.00</b>	<b>7600.00</b>	<b>471.00</b>

**Suspected fraudulent bank statement with 16 digits saving bank account number**

<sup>65</sup> Pipal Tree Ventures Pvt.Ltd.





**MR.AWADHESH KUMAR**  
VILL-DHANNUPUR PACH-DHANNUPUR BLK-SHIKHAR  
POS-KACHHWA DIST-MIRZAPUR, 206001  
UTTAR PRADESH-INDIA-231501

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**STATEMENT SUMMARY for Customer ID: 010154088 as on December 31, 2018**

ACCOUNT TYPE	A/C. BALANCE (I)	FIXED DEPOSITS (LINKED)BAL(II)	TOTAL BALANCE (I+II)	NOMINATION
Savings A/c: 127579654	748.00	0.00	748.00	Not Registered
<b>TOTAL</b>	<b>748.00</b>	<b>0.00</b>	<b>748.00</b>	

**Statement of Transactions in Saving Account Number: 127579654 in INR for the period December 01, 2018 - December 31, 2018**

DATE	MODE	PARTICULARS	DEPOSITS	WITHDRAWALS	BALANCE
01-12-2018		B/F			561.00
08-12-2018	ICICI ATM	ATM/CASH WDL/8-12-2018/0		500.00	61.00
10-12-2018	ICICI BANK	NEFT-ICICI/945994464-PIPAL TREE ENTERPRISES	7787.00		7848.00
11-12-2018	OTHER ATM	NFS/CASH/WDL/11-12-2018		1300.00	6548.00
15-12-2018	ICICI ATM	ATM/CASH WDL/15-12-2018/0		1200.00	5348.00
18-12-2018	OTHER ATM	NFS/CASH/WDL/18-12-2018		500.00	4848.00
19-12-2018	ICICI ATM	ATM/CASH WDL/19-12-2018/0		900.00	3948.00
22-12-2018	ICICI ATM	ATM/CASH WDL/22-12-2018/0		1400.00	2548.00
25-12-2018	ICICI ATM	ATM/CASH WDL/25-12-2018/0		800.00	1748.00
29-12-2018	OTHER ATM	NFS/CASH/WDL/29-12-2018		1000.00	748.00
<b>Total:</b>			<b>7787.00</b>	<b>7600.00</b>	<b>748.00</b>

**Suspected fraudulent Bank statement with nine digits saving bank account number**

Thus, the PIA had submitted suspected fake bank statements in support of its claim of providing placement to trained candidates (*Appendix 2.3.8*). An amount of ₹ 4.53 crore was paid to the PIA till March 2022.

The use of suspected fraudulent bank account documents/statements as discussed above by the PIAs amounts to breach of clause 11 of tripartite MoU<sup>66</sup> and action should have been initiated for the penal offence in accordance with law against the PIAs for adopting unethical practices.

The State Government stated (July 2023) that penalty and other (recovery) action would be taken on the PIA as per the provisions mentioned in the guidelines.

### 2.3.11.5 Unavailable bank statements in support of transfer of salary

Paragraph 3.2.2.3 of the guidelines provides that placement under DDU-GKY is defined as continuous employment for a minimum period of three months, proof of which can either be in the form of a salary slip or a certificate indicating salary paid signed by the employer and salary received by the person placed along with a bank statement.

The test check of placement documents of 55 beneficiaries out of 1,104 placed candidates submitted by the PIA<sup>67</sup> to UPSDM revealed that bank statements in support of payment of salary to them were available for only three beneficiaries. For the remaining 52 beneficiaries, salary slips were available but bank statements in support of payment of salaries to these

<sup>66</sup> Unethical Act by PIA and consequences thereon

<sup>67</sup> CL Educate Ltd.

beneficiaries were not available. Further, on verification<sup>68</sup> by audit of these 55 beneficiaries through their mobile phones, 16<sup>69</sup> out of 17 who responded had told that no placement was provided to them (**Appendix 2.3.9 A**) and were unaware of the documents submitted by the PIA in support of the placement. Thus, placement of these beneficiaries could not be assured and possibility of fraudulent claim by the PIA could not be ruled out. The PIA had received (as of March 2022) ₹ 10.96 crore against total project cost of ₹ 14.98 crore for providing training and placement under the scheme.

The State Government stated (July 2023) that penalty and other (Recovery) action would be taken on the PIA as per the provisions mentioned in the guidelines.

### 2.3.11.6 Mobile verification of placements<sup>70</sup>

Verification of 554 placed candidates of 26 test checked PIAs<sup>71</sup> was carried out through call on their mobile phone numbers available in records. Out of 554 candidates, 180 replied to the calls and in 374 cases calls could not be completed<sup>72</sup>. Out of 180 candidates who replied-

- 49 trainees belonging to 12 PIAs<sup>73</sup> told that they have not been placed after the completion of training although PIAs have submitted the placement documents to UPSDM in support of their placement (**Appendix 2.3.9 A**).
- Placement details as told by six<sup>74</sup> trainees of three PIAs did not match with the documents for placement (name of employer) submitted by the PIAs (**Appendix 2.3.9 B**).
- In case of 12 trainees of six PIAs<sup>75</sup>, placement provided did not match with the concerned trade in which training was imparted to the candidates (**Appendix 2.3.9 C**).
- In five cases, trainees complained that the amount shown as payment of salary in the bank account statement did not correspond to the actual payment of salary. In three<sup>76</sup> cases the amount was

<sup>68</sup> 55 beneficiaries (five *per cent* of total placed) were selected on random sample basis for verification through mobile call in presence of representatives of UPSDM and TSA. Out of these, 38 beneficiaries did not respond to the phone call due to wrong number, incoming facility not available, etc.

<sup>69</sup> Three candidates were offered job but did not work and other two left after a few days.

<sup>70</sup> As per guidelines (Paragraph 1.3.1), placement is defined as continuous work for three months with regular wages.

<sup>71</sup> Five *per cent* of total placed candidates were selected on random sample basis for verification through mobile phone call in presence of representatives of UPSDM, TSA and concerned PIA.

<sup>72</sup> Due to wrong number, incoming facility not available etc.

<sup>73</sup> Ideal Impressions Pvt. Ltd.-03, Peepal Tree Ventures Pvt. Ltd.-05, Dream Weavers Edutrack Pvt. Ltd.-01, Centre of Technology and Entrepreneurship Development-03, Indira Gandhi Computer Saksharta Mission-04, Rozgar Vikas Education Private Limited-01, Social Action for Welfare & Cultural Advancement-04, ICA Edu Skills Ltd (P2)-02, Mass Infotech Society-02, Aryans Edutech Private Limited-02, CL Educate Ltd.-16, New Industrial Security Agencies Pvt. Ltd.-06.

<sup>74</sup> Dream Weavers Edutrack Pvt. Ltd - 04, Aryans Edutech Private Limited-1 and Orient Craft Fashion Inst. of Tech Pvt Ltd-1.

<sup>75</sup> ID Tech Solutions Pvt. Ltd.-03, JITM Skills Pvt Ltd -02, Teamlease Services Ltd.-1, Aryans Edutech Private Limited -1, Orient Craft Fashion Inst. of Tech Pvt Ltd -1, Avon-04.

<sup>76</sup> Indira Gandhi Computer Saksharta Mission -1, Aryans Edutech Private Limited -02.

deposited and taken back by the PIA and in two<sup>77</sup> cases the amount was deposited by the candidates themselves (**Appendix 2.3.9 D**).

The State Government stated (July 2023) that necessary penalty and action is being taken against all the above PIAs as per the DDU-GKY guidelines.

### **2.3.11.7 Failure to track placed candidates**

Paragraph 1.3.1 (ii) and Paragraph 4.5 of DDU-GKY guidelines provides for post placement tracking of trained candidates by PIA for a period of one year.

Audit noticed that in test checked PIAs, tracking of placed candidates have not been carried out in accordance with provisions of guidelines. PIAs had records of tracking for only three months, during which placements were claimed. However, there was no tracking record available beyond three months of placement. UPSDM also confirmed that tracking of candidates beyond three months was not carried out by the PIAs. The tracking of the candidates was important for watch of job retention and career progression of the beneficiaries which was treated as goal under the scheme. Failure to track placed candidates for specified period of one year defeated that goal.

The State Government stated (July 2023) that according to DDU-GKY guidelines, there is a provision to track the employed candidates by PIA for 12 months. The State Government further stated that, after the PIA uploads the offer letter, salary slip, and bank statement for up to 3 months, the said candidate is considered employed, and payment is made in respect of the same. Career progression and retention support is payable after 12 months of tracking the employed candidates by PIA. If the tracking of the PIA is not done by the PIA after employment, then the said payment is not made to the PIA.

The reply was not tenable because as per the guidelines, PIA had to ensure that trainees are tracked for at least a year after placement. UPSDM further stated (January 2024) that instructions were being issued to PIAs and TSA for ensuring tracking of candidates at least for one year after training. Thus, the objectives of the DDU-GKY to track trained candidates for their carrier progression remained unfulfilled.

### **2.3.11.8 Non-production of placement documents**

UPSDM failed to provide training/placement documents for two sampled PIAs, namely Focus Edu Care Pvt. Ltd. and Think Skills Consulting Pvt. Ltd., even though they claimed to have provided training to 540 and 356 candidates, as well as placement to 125 and 132 candidates, respectively. Despite this, both PIAs have been paid an amount of ₹5.47 crore<sup>78</sup> as of March 2022 towards project costs. In absence of documents, veracity of their claims of training and placements could not be verified in Audit.

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<sup>77</sup> Aryans Edutech Private Limited -02.

<sup>78</sup> Focus Edu Care Pvt. Ltd.- ₹ 2.48 crore and Think Skills Consulting Pvt. Ltd.- ₹ 2.99 crore.

The State Government replied (July 2023) that necessary penalty and action would be taken against all the above PIAs as per the DDU-GKY guidelines.

### 2.3.12 Monitoring

#### 2.3.12.1 Poor monitoring by UPSDM /TSA

As per paragraph 3.2.1.7(iii) of guidelines of DDU-GKY (July 2016), concurrent evaluation was required to be done in DDU-GKY through bi-monthly inspection of each training center by the UPSDM or its TSA.

UPSDM did not provide consolidated information regarding inspections of the DDU-GKY projects during the period 2016-17 to 2021-22 performed by UPSDM/TSA, despite repeated requests<sup>79</sup>. However, UPSDM provided the status of inspection for 19 out of 28 test-checked PIAs. Audit noticed that there was shortfall in inspections by UPSDM ranging from 57 per cent to 100 per cent and by TSA ranging from 22 per cent to 100 per cent in bi-monthly inspections of these 19 PIAs as detailed in (*Appendix 2.3.10*). This indicated a lack of monitoring of the projects as envisaged in the guidelines.

The State Government replied (July 2023) that at present verification/inspection of training centers and employed trainees of PIA is being done from TSA/CTSA/Skill Development Mission Level. The reply is not tenable as the inspection scheduled for TSA/UPSDM in guidelines was not carried out during 2016-22.

During exit conference, State Government stated (August 2023) that explanation from TSA would be called for shortfall in inspection and necessary action would be taken.

#### 2.3.12.2 Weak internal control mechanism

As discussed in Paragraph 2.3.7.3 (i), during the period from 2016-17 to 2021-22, dedicated staff at the state and district levels were not deployed for the implementation of the scheme and to monitor the progress of the projects and placements made by the PIAs, as per the provisions of the guidelines. The MIS managers<sup>80</sup> of DPMU also confirmed that they did not monitor the projects of YP and AP 2016-19 under DDU-GKY and did not carry out the activities as envisaged in the guidelines<sup>81</sup> for mobilisation, placement, and tracking. This indicates a lack of monitoring at the district level and a weak internal control mechanism, which adversely affected the monitoring of the progress of projects and attributed to the non-completion of projects in a timely manner.

<sup>79</sup> 06-07-2022, 22-07-2022, 29-11-2022, 11-01-2023, 18-01-2023 and 20-01-2023.

<sup>80</sup> 14 MIS managers pertaining to the districts of sampled projects informed that they have not monitored the projects of DDU-GKY and 03 of them informed that only placement list was provided.

<sup>81</sup> Paragraph 1.7 of SOP-1 of DDU-GKY describes 03 the functions of DPMU for DDU-GKY projects in the district i.e. mobilisation of candidates, placement & tracking and capacity building for sub-district functionaries.

The State Government replied (July 2023) that at present, the appointment of DDU-GKY employees is under process and the scheme is being monitored by district level officers, District Magistrate/Chief Development Officer/District Coordinator/MIS Manager.

The fact remained that dedicated staff for implementation of the scheme was still not available.

#### ***2.3.12.3 Meetings of Project Approval Committee not held as scheduled in guidelines***

As per paragraph 4.2 table 2 Sl. No. 11 of guidelines it is the responsibility of the UPSDM to hold Project Approval Committee (PAC) meetings on the 1st Tuesday of each month to consider all projects received by the 2nd Tuesday of the previous month. In addition to approval of projects, proposals for partial changes in the approved projects such as change in districts, trades etc. were also submitted to PAC.

As per provisions of the guidelines, during the period 2016-17 to 2021-22, a total of 72 meetings of PAC were due to be held. But as per information provided by the UPSDM only 10 meetings of PAC were held during the period. Thus, there was a shortfall of 86 *per cent* in conducting PAC meeting. This also resulted in delay in approval of projects in AP 2016-19 as only eight meetings of the PAC were held during December 2016 to July 2018.

During the exit conference, State Government stated (August 2023) that meetings of PAC would be organised as envisaged in the guidelines.

#### ***2.3.12.4 Performance of PIAs not graded***

As per Chapter-9 of SOP of DDU-GKY, all projects will be graded<sup>82</sup> continuously by capturing data from the data reporting mechanism as specified in SOP and/or ASDMS<sup>83</sup>. Results will be reported every month, giving the grade for the month and cumulative up to the end of the month. The grades arrived at the end of the financial year (end of March), both for the year and cumulatively from project start to the end of the year, will be reported as yearly grading. The objective of grading was to establish a firm foundation to encourage good PIAs and motivate others to improve. It was mentioned that SRLMs should nominate a State Level coordinator to consult on grading in their state. However, it was noticed that UPSDM did not appoint State Level coordinator as required for the grading of PIAs during the period. Thus, the performance of PIAs engaged in DDU-GKY projects could not be graded on the provided parameters, which is an important aspect of monitoring.

The State Government stated (July 2023) that presently all PIAs working under DDU-GKY have been graded. The said categorization has been

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<sup>82</sup> To be graded on four parameters: i) Physical infrastructure quality ii) Batch training quality, iii) Placement quality and vi) Project execution quality.

<sup>83</sup> Name of ERP system to be developed for DDU-GKY.

done based on trainees trained and placed by PIA. It is to be informed that while conducting a review meeting with the lower grade PIAs, necessary suggestions and instructions have been given to them to improve their progress. Further, UPSDM informed (January 2024) that the grading of project was started in September 2022.

The fact remained that an important aspect of monitoring was ignored during 2016-22.

### **2.3.13 Conclusion**

The PA revealed various shortcomings in implementation of DDU-GKY scheme in Uttar Pradesh during the period of 2016-22. Neither the Skill Gap Assessment nor Study of Labour Market for effective planning was carried out. An expenditure of ₹ 514.35 crore was incurred on 22 YP and 88 AP projects under the scheme but considerable shortfall of 39 per cent and 76 per cent was noticed respectively in achievement of placement targets which was the essence of the scheme. Both YP and AP projects could not be completed as per schedule and targets of training and placement could not be achieved. Further, UPSDM failed to take timely action against the Project Implementing Agencies for poor performance and defaults and instead provided undue benefit to them by giving irregular time extensions. The inaction of UPSDM led to non-recovery of released amount along with penal interest from the defaulter PIAs.

The test check of placement documents by the audit revealed instances of non-fulfilling the commitment of captive placement, use of fake appointment letters, fake bank accounts, and use of doubtful bank statements by the PIAs in support of their claims for providing training and placement to candidates under the scheme. The multiple instances of the use of false and fabricated documents by the PIAs put a serious question mark on the claims of training and placement made by them. Any assurance in this regard could not be drawn. This indicates that required internal checks and monitoring, especially those related to the verification of placements, were lacking and not effective.

Issues such as delay in the release of funds, non-deployment of dedicated staff despite of availability of administrative fund, awarding projects without due consideration of identified risk factors, irregularities in the selection process of the Technical Support Agency and Project Appraisal Agency, selection of poor performing PIAs, short approval of training targets in the Action Plan 2019-22, and shortfall in monitoring were also noticed during the audit. Thus, there is a need to improve the implementation of the scheme based on the shortcomings identified in the Audit.



#### **2.3.14 Recommendations**

*The State Government should:*

- *ensure preparation of State Perspective Implementation Plan based on skill gap assessment and study of labour market. Further, state level youth data base for comprehensive planning and implementation of the scheme should be prepared.*
- *ensure close co-ordination between UPSDM and Rural Development Department for timely release/utilisation of funds and to avoid creation of interest liability.*
- *assess the performance of PIA and validate the claim of training and placement in previous projects before award of the projects.*
- *take immediate action for speedy recovery of released amount along with penal interest in case of defaulter PIAs.*
- *review the placement documents including bank statements submitted by the PIAs to assure genuineness of claims of the PIAs regarding placements and trainings and fix responsibility of false claims.*
- *ensure deployment of dedicated skill team at state, district and sub-district level for smooth implementation and monitoring of skill development scheme.*

*The State Government concurred with and accepted (August 2023) all the recommendations.*