

## CHAPTER-III : Civil Departments

### SECTION A – AUDIT REVIEWS

#### Rural Development Department

#### 3.1 Swarna Jayanti Gram Swarojgar Yojana

##### *Highlights*

*Swarna Jayanti Gram Swarojgar Yojana (SGSY) was launched in Madhya Pradesh from April 1999, with the objective that the rural poor families living below the poverty line (BPL) would be able to earn a net monthly income of at least Rs.2000 within three years with the help of income generating assets to be provided with loan and subsidy. The scheme was taken up without preparing 5-year perspective plans, as required. After incurring an expenditure of Rs.268.33 crore only 38 per cent of targeted beneficiaries could be covered and only 27 per cent could cross the poverty line as seen in the test-checked districts. The implementation suffered from considerable delays in sanction and disbursement of loans by banks. Monitoring was poor.*

Central and State funds amounting to Rs.58.50 crore were released short.

*(Paragraph 3.1.5.2)*

In 7 test-checked districts alone, Rs 2.44 crore were misutilised. Temporary work advances of Rs.7.50 crore were shown as final expenditure.

*(Paragraphs 3.1.5.3(i) and (ii))*

Achievement of physical targets to the extent of 38 per cent as against the financial outlay of only 22 per cent indicated that either the physical achievements were not reliable or full financial assistance was not provided to the beneficiaries. The percentage of women and disabled beneficiaries covered was only 27 and 0.89 per cent against the targets of 40 and 3 per cent respectively

*(Paragraphs 3.1.6.1 and 3.1.6.2)*

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In violation of scheme guidelines, minor irrigation works costing Rs.2.02 crore were got executed in Shahdol through a contractor depriving the rural poor of wage employment.

*(Paragraph 3.1.6.3)*

There were delays of 2 to 14 months in sanction of loans by banks with further delays of one to 24 months in disbursement thereof.

*(Paragraph 3.1.6.4)*

In 50 Gram Panchayats, out of 2860 families assisted, only 769 (27 per cent) were able to generate the targeted monthly income of Rs.2000 and above.

*(Paragraph 3.1.6.6)*

Though the scheme stressed on adoption of group approach, swarojgaris assisted through self help groups (SHGs) constituted only 14 per cent of Swarojgaris assisted individually.

*(Paragraph 3.1.6.7(a))*

Expenditure of Rs.5.89 crore incurred on creation of programme infrastructure was in excess of the prescribed limits. Rupees 6.02 crore out of Infrastructure Fund were misutilised on administrative expenses, etc.

*(Paragraph 3.1.6.9)*

Subsidy of Rs.47.92 crore was provided to 49760 swarojgaris, without skill upgradation training.

*(Paragraph 3.1.6.10(a))*

Loans of Rs.79.65 lakh shown to have been paid to 176 swarojgaris were not actually disbursed by banks but subsidy of Rs.27.55 lakh there against was paid to the banks.

*(Paragraph 3.1.7.5)*

### **3.1.1 Introduction**

Integrated Rural Development Programme (IRDP), a rural poverty alleviation programme, was launched by Government of India (GOI) in January 1979. Subsequently, other schemes like Training for Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Toolkits to Rural Artisans (SITRA), Ganga Kalyan Yojana (GKY) Million Wells Scheme (MWS) etc. were added over the years. To avoid multiplicity of the programmes, GOI restructured these into "Swarnajayanti Gram Swarojgar Yojana" (SGSY) from April 1999. SGSY seeks to ensure that all rural families have a net monthly income of at least Rs.2000 by providing them with income generating assets with the help of subsidy and loan. The efforts were aimed to cover 30 per cent of the poor

families in each block in a period of five years. Emphasis was to be laid on group approach, covering all aspects of self-employment i.e. organisation of the rural poor into Self-help Groups (SHGs), capacity building, planning of activity clusters, infrastructure build-up, training credit, marketing, etc.

### 3.1.2 *Organisational set-up*

At the State level, the Principal Secretary, Department of Rural Development, assisted by the Development Commissioner, is responsible for planning, co-ordination, monitoring and evaluation of the programme. At district level, the District Rural Development Agencies (DRDAs), now known as Zila Panchayats, and at block level, the Chief Executive Officers (CEOs) of the Janpad Panchayats are responsible for implementation of the programme through Gram Panchayats.

### 3.1.3 *Coverage and sample size*

Eleven\* out of the 45 districts of the State, and 25 per cent of the blocks (25) coming under their jurisdiction were selected for test-check in audit. The districts selected represented 27 per cent of the total expenditure during 1999-2002. The test-checked districts covered 10.45 lakh BPL families who constituted 28.37 per cent of the total 36.83 lakh BPL families of the State, as per the BPL census conducted in 1997-98. The results of the test-check are mentioned in the paragraphs that follow.

### 3.1.4 *Planning*

Effective implementation depends upon proper planning. The scheme provided for preparation of five-year perspective plan as well as annual plans. The Development Commissioner did not have the information regarding preparation of these plans. Though the formats for the 5-year perspective plan were stated to have been devised and sent, with necessary instructions to district and blocks, the compliance thereof was never watched.

**3.1.4.1 Improper planning:** In the 11 test-checked districts, though 6 Zila Panchayats (Dhar, Gwalior, Mandsaur, Morena, Sehore and Tikamgarh) claimed (January-May 2002) that 5-year perspective plans were duly prepared, they were not produced to Audit for scrutiny/verification. Zila Panchayat, Mandla, stated that the scheme was being implemented on the basis of Bank Credit Plan, which indicates that 5-year perspective plan was not prepared. Zila Panchayats, Bhopal and Khargone, did not even respond to the audit observation. Annual block plans were however, prepared but not acted upon.

**3.1.4.2 Identification of BPL families:** As per instructions issued by GOI, the rural poor families incurring monthly per capita expenditure not exceeding Rs.245.70 were to be considered as BPL. The survey conducted by GOI in 1997-98 identified 36.83 lakh BPL families. Audit observed that the lists of

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\* *Bhopal, Chhindwara, Dhar, Gwalior, Khargone, Mandla, Mandsaur, Morena, Sehore, Shahdol and Tikamgarh*

BPL families did not specifically contain the monthly per capita expenditure of each family. The correctness of the selection of swarojgaris could not thus be vouchsafed.

**3.1.4.3 Preparation of project reports:** Scrutiny of project reports in 11 test-checked districts revealed that although a project report for each key activity was prepared, the essential details like number of people that could be viably covered in a block, the number possessing minimum skill requirement, infrastructure available and additionally required, technology required, total cost of the project and net income accruable to a swarojgari and availability of the market for the goods to be produced etc. were not found incorporated in the project reports. As such the reports did not serve much useful purpose.

On this being pointed out in audit, the Development Commissioner stated (May 2002) that project reports were prepared as per the instructions contained in guidelines. The reply was not tenable as project reports without relevant details were unlikely to be of much use.

Selection of beneficiaries lacked transparency

**3.1.4.4 Identification of Swarojgaris:** The lists of Swarojgaris selected and approved by Gram Sabha for the year were required to be printed and publicised by the Janpad Panchayats to bring about transparency in the selection process. This was however, not done.

The main weak areas were failure to select activities in clusters, focus on individuals instead of groups and incomplete preparation of project reports. Further the identification of Swarojgaris was not transparent. Therefore, the planning process was not in tune with the overall aim of raising the income of the Swarojgaris to the desired level.

### **3.1.5 Financial outlay and expenditure**

**3.1.5.1 Pattern of financial assistance:** Expenditure on the Scheme is shared by Central and State Government in the ratio of 75:25. Central Government releases funds in two instalments directly to Zila Panchayats, based on Annual Action Plans. The Governing Body of the Zila Panchayat decides devolution of funds to blocks. State share is also released to Zila Panchayats. The assistance is to be utilised on subsidy (59 per cent), infrastructure (20 per cent), training (10 per cent), revolving fund (10 per cent) and risk fund (1 per cent). The pattern of financial assistance to Swarojgaris is in the form of subsidy (back-ended) at 30 per cent of the project cost subject to a maximum of Rs.7,500. For SC/STs, subsidy however is 50 per cent, not exceeding Rs.10,000. For groups of swarojgaris (SHGs) also, the subsidy would be 50 per cent of the project cost subject to a ceiling of Rs.1.25 lakh. The balance cost of the project was to be met by loan assistance from banks, to be arranged by Zila Panchayats.

Short release of Central/State shares - Rs.58.50 crore

**3.1.5.2 Allocation and expenditure:** The details of assistance released by GOI and State Government and the expenditure incurred were as follows:-

(Rupees in crore)

Year	Total allocation	Opening balance	Assistance released			Other receipts	Expenditure incurred	Closing balance	Shortfall in assistance against total allocation		Shortfall of expenditure against assistance released	
			Central	State	Total				Amount	Percentage	Amount	Percentage
1	2	3	4	5	6	7	8	9	10	11	12	13
1999-2000	137.70	41.82	81.16 79%	29.80 87%	110.96	8.99	99.18	62.59	26.74	19.42	11.78	10.61
2000-01	80.06	62.59	43.24 72%	14.41 72%	57.65	7.18	93.31	34.11	22.41	28.00	--	--
2001-02	46.32	34.11	27.92 80%	9.05 78%	36.97	12.04	75.84	7.28	9.35	20.19	--	--
<b>Total</b>	<b>264.08</b>	<b>41.82</b>	<b>152.32</b>	<b>53.26</b>	<b>205.58</b>	<b>28.21</b>	<b>268.33</b>	<b>7.28</b>	<b>58.50</b>	<b>22.15</b>	<b>--</b>	<b>--</b>

Shortfall in release of assistance against the allocations was 20 to 28 per cent in the case of GOI and 13 to 28 per cent in respect of the State share.

Reasons for shortfall in release of funds were not supplied by the Development Commissioner. Excess expenditure against the allocations during 2000-02 was met out of the unspent balance of previous years with Zila Panchayats.

### 3.1.5.3 Financial irregularities

**Misutilisation of Rs.2.44 crore for other purposes**

(i) **Misutilisation of funds:** In 7\* of the 11 test-checked districts, Rs.2.44 crore were utilised towards administrative expenses, such as, pay and allowances of staff, loans and advances to employees, foreign travel to Stockholm by 2\*\* IAS officers of Dhar district, purchase of vehicles, printing of books and audit fees etc.

**Temporary advances of Rs.7.50 crore were outstanding against executing agencies**

(ii) **Non-adjustment/recovery of temporary advances:** During 1999-2000 in Zila Panchayats, Chhindwara, Dhar, Mandla, Mandsaur, Sehore and Shahdol, made 254 advance payments aggregating Rs.7.95 crore to various executing agencies for infrastructure development works and imparting training to Swarojgaris. No time limit for completion of the works was specified in the sanctions and 229 of the works for which advances of Rs.7.50 crore were released, were still incomplete. These advance payments have been treated as final expenditure which is incorrect.

The CEOs replied (February/May 2002) that action was being taken to obtain the completion/utilisation certificates. CEO, Zila Panchayat, Shahdol, stated that out of Rs.1.18 crore advanced, completion certificates for Rs.44 lakh had since been received and those for the balance amount were being called for.

\* 1999-2000 - Chhindwara (53.39 lakh), Dhar (8.70 lakh), Khargone (2.83 lakh), Morena (140.81 lakh), Sehore (8.69 lakh), Shahdol (5.07 lakh)

2000-01 - Dhar (2.00 lakh), Mandla (21.10 lakh), Shahdol (1.10 lakh)

\*\* Collector, Dhar and CEO, DRDA, Dhar.

### 3.1.6 Physical performance

3.1.6.1 With a view to covering 6 per cent of BPL families every year, physical and financial targets fixed by the Development Commissioner and the achievements made thereagainst during 1999-2002 as intimated (May 2002) by him were as follows:

Large imbalances between physical achievements and financial expenditure casting doubts about accuracy of the former.

Year	Physical		Financial	
	Target	Achievement	Target	Actuals
	(Numbers in lakh)		(Rupees in crore)	
1999-2000	2.20	1.12 (50.91 per cent)	275.00	66.89 (24.32 per cent)
2000-01	2.20	0.72 (32.73 per cent)	275.00	56.84 (20.67 per cent)
2001-02	2.20	0.64 (29.09 per cent)	275.00	55.48 (20.17 per cent)
<b>Total</b>	<b>6.60</b>	<b>2.48</b>	<b>825.00</b>	<b>179.21</b>

Thus, only 2.48 lakh (37.58 per cent) out of the targeted 6.60 lakh families could be assisted during 1999-2002; the financial assistance rendered to them was still lower, being 21.72 per cent of the normative amount. This large imbalance between the physical achievements and the expenditure incurred indicated that either the physical progress as reported was not reliable or full project finance was not made available to the beneficiaries. The financial targets were un-realistic with reference to achievements as the average unit cost worked out to Rs.7226 (Rs.17921 lakh ÷ 2.48 lakh) only as against Rs.12,500 (Rs.27500 lakh ÷ 2.20 lakh) provided in the financial targets.

Shortfall in achievement of the targets was attributed by the Development Commissioner to shortage of funds released by GOI and delay in formation of SHGs. The reply was not tenable as even the funds released were not fully utilised.

#### 3.1.6.2 Inadequate coverage of women and disabled persons:

SGSY provided that at least 50 per cent SC/ST, 40 per cent women and 3 per cent disabled persons should be covered among the swarojgaris to be assisted. According to Development Commissioner, the achievements were as under:-

Coverage of women and disabled was less

Year	Total No. of Swarojgaris assisted (in lakh no.)	Number and percentage of swarojgaris pertaining to					
		SC/ST (in lakh No.)		Women		Disabled	
		No.	per cent	No.	per cent	No.	per cent
1999-2000	1.12	0.54	48.21	0.29	25.89	0.01	0.89
2000-01	0.72	0.38	52.78	0.19	26.39	0.0	--
2001-02	0.64	0.32	50.00	0.19	29.69	0.0	--

The percentage of women individual swarojgaris assisted was thus only 27 per cent during the period 1999-2002 against the target of 40 and the disabled constituted only 0.89 per cent during 1999-2000, while none was assisted during the other two years.

Minor irrigation works costing Rs. 2.02 crore were got executed through a contractor

**3.1.6.3 Execution of works through contractors:** Guidelines prohibit execution of any SGSY work through contractors. The Chief Executive Officer, Zila Panchayat, Shahdol, in contravention got minor irrigation works executed through a contractor against payments of Rs.2.02 crore depriving the rural poor of direct wage employment.

#### **3.1.6.4 Delay in sanction and disbursement of loans by banks**

Delays of 2 to 14 months in sanction of loans and further delays in disbursement

Under the guidelines, banks were required to sanction loans within 15 days of receipt of applications. It was, however, noticed in 8 of the test-checked districts (Gwalior, Morena, Shahdol, Sehore, Khargone, Mandsaur, Chhindwara and Dhar) and 2 blocks of Khargone and Dhar (Maheshwar and Nalchha) that loans of Rs.3.43 crore were sanctioned to 932 swarojgaris after delays of two to fourteen months. There were delays in disbursement also as loans of Rs.1.24 crore were disbursed to 309 Swarojgaris with delays of one to 24 months.

**3.1.6.5 Position of loan repayment:** According to the information supplied by the Development Commissioner, loans amounting to Rs.350.85 crore and subsidy of Rs.179.21 crore were paid to 2.48 lakh swarojgaris during the period 1999-2002.

But the Development Commissioner did not have information about recovery of bank loans due and effected. It was stated to be available only with the Zila Panchayats, which in turn laid the blame on the banks for not furnishing the lists of defaulters.

Only 27 per cent of the (769 of 2860) families identified in 50 Panchayats, were able to generate monthly income of Rs.2000

**3.1.6.6 Position of income generation:** State level data of families crossing the poverty line was not available with Development Commissioner. As per information supplied by 50 Panchayats of the test-checked blocks, 2860 out of the total 9994 BPL families were aided for bringing above the poverty line within 3 years. However, only 769 families (27 per cent) could achieve the target of generating income of Rs.2000 or more per month.

#### **3.1.6.7 Formation and financing of Self-help groups**

Of the 2.48 lakh swarojgaris assisted only 0.35 lakh (14 per cent) were from SHGs

**3.1.6.7(a) Group formation:** The Swarojgaris can be either individuals or groups. SGSY primarily stressed on adoption of group approach. Audit observed that the percentage of beneficiaries covered under SHGs constituted only 14 per cent of the individual Swarojgaris, as detailed below:

Year	Total number of Swarozgaris assisted	Swarozgaris assisted in SHGs (assuming 10 persons per SHG)	Percentage of swarozgaris assisted through SHGs
1999-2000	112118	4210	3.8
2000-2001	71823	10600	14.8
2001-2002	63910	19950	31.2
<b>Total</b>	<b>2,47,851</b>	<b>34,760</b>	<b>14.0</b>

On this being pointed out in audit, the Development Commissioner stated (May 2002) that the process of organisation and development of BPL families into SHGs, their grading and training by line departments etc. took two years and that was what resulted in financing of fewer groups.

**3.1.6.7(b) Revolving Fund:** Revolving Fund was payable to self help groups which had been in existence for at least 6 months and had demonstrated potential of a viable group, capable of entering the grade II stage of evolution. Revolving Fund was meant to strengthen the economic status of the group to enable it to exhibit the capability of taking up an economic activity involving higher levels of investment, through further assistance in the form of loan and subsidy. As per information supplied (May 2002) by the Development Commissioner, the position of total number of groups formed, gradings cleared by them, revolving fund and assistance paid etc. were as under:-

Only 4802 SHGs out of 121643 formed could qualify for assistance

Year	No. of SHGs formed	Cleared grade I	Revolving fund paid to	Grade II cleared by	Assistance paid to SHG Group
1999-2000	11368	1969	1812	910	421
2000-2001	23120	5927	5693	1642	1060
2001-2002	87155	9726	6721	2250	1995
<b>TOTAL</b>	<b>121643</b>	<b>17622</b>	<b>14226</b>	<b>4802</b>	<b>3476</b>

Thus, out of the total 121643 groups formed, only 17622 (14 per cent) and 4802 (4 per cent) could clear Grade I and Grade II and only 3476 were able to get assistance of loan and subsidy to take up economic activities at higher levels. Thus, though 10 per cent of the allocation (Rs.26.41 crore) was available for disbursement as revolving fund, only Rs.14.23 crore (54 per cent) could be utilised due to fewer groups becoming capable of deriving its full benefits.

### 3.1.6.8 Payment of subsidy to ineligible SHGs

Zila Panchayats, Shahdol, Morena, Bhopal, Mandasaur and Khargone, paid subsidy to 26 SHGs consisting of less than the prescribed ten persons. This resulted in irregular payment of subsidy of Rs.27.88 lakh. The Development Commissioner accepted (May 2002) the observation.

### 3.1.6.9 Infrastructure creation

Expenditure on infrastructure development exceeded the prescribed ceiling by Rs.5.89 crore

**3.1.6.9(a) Irregularities in creation of programme infrastructure fund and the expenditure incurred therefrom:** Development of infrastructural facilities was essentially the responsibility of the State Government. However, in order to bridge the small critical gaps in infrastructure, as indicated in the project report of each activity, which could make the programme implementation more effective, SGSY provided for creation of "SGSY Infrastructure Fund" not exceeding 20 per cent of the allocation for each district in the year. The GOI further clarified that the expenditure on infrastructure for the years 1999-2000 and 2000-01 put together would not exceed 40 per cent of the allocation for 1999-2000. As per the progress reports furnished by the Development Commissioner, the prescribed ceiling was exceeded by Rs.5.89 crore in 16 districts as per details in **Appendix XX**.

The CEOs stated that excess expenditure was incurred due to incorrect application of the prescribed percentage of 20/40 on total available funds during the year instead of the allocation for the year 1999-2000, and some other calculation mistakes.

Infrastructure funds of Rs.6.02 crore misutilised for administrative and other purposes

### 3.1.6.9(b) Expenditure from infrastructure fund on administrative and other ineligible items:

Scrutiny of expenditure incurred out of infrastructure fund in the 11 test-checked districts revealed (May 2002) that Rs.6.02 crore were diverted towards administrative expenses (Rs.2.26 crore), creation of assets of general nature such as construction of tanks (Rs.2.18 crore), purchase of equipment and medicines for cattle (Rs.1.04 crore) and maintenance of nurseries (Rs.0.54 crore), which were neither for the exclusive benefit of swarojgaris nor were these identified in the project reports. These items of expenditure pertain to other schemes and should have been debited there.

The CEOs stated (May 2002) that the expenditure was incurred on the recommendations of the District Level Co-ordination Committees (DLCC). CEO, Morena, further stated (January 2002) that recovery (amount not specified) had already been effected from 2 agencies and would be effected from the others.

### 3.1.6.10 Training

In order to run the enterprises successfully, DLCC was required to assess the minimum skill requirement (MSR) for each key activity with reference to technical and managerial skills and to record it in the project profile. Two types of training were prescribed, and those who had already completed the mandatory MSR, were to be imparted the basic orientation training of not more than 2 days' duration after the loan was sanctioned but before it was disbursed. For upgradation of skill development, training was arranged by Government institutions like engineering colleges, ITIs, polytechnics, universities and by NGOs etc. For this purpose, a Training Fund of upto 10 per cent of SGSY allocations was to be created under a separate head of account.

Despite availability of funds, training of swarojgaris was not given due attention.

**3.1.6.10(a) Payment of loan and subsidy to Swarojgaris without training :** In the 11 test-checked districts, 49760 Swarojgaris were paid subsidy amounting to Rs.47.92 crore without having been imparted any skill development training. District-wise and year-wise details are given in **Appendix XXI.**

In the absence of MSR training, payment made was not only unauthorised but its utilizations was also doubtful.

It was further seen (May 2002) in Zila Panchayats, Chhindwara, Mandla and Sehore, that out of 3860 Swarojgaris to whom the subsidy of Rs.3.50 crore was paid during the year 1999-2000, basic orientation training was imparted to 714 Swarojgaris alone in Chhindwara district before disbursement of assistance. Therefore, the payment of subsidy amounting to Rs.2.66 crore made to 3146 Swarojgaris without orientation training would not help the Swarojgaris to derive the maximum benefits envisaged. The department also did not verify how the untrained swarojgaris were using their assets and whether they were able to generate income as envisaged in the Project Reports.

The CEOs stated (March-May 2002) that the identified Swarojgaris already possessed knowledge of the identified activities and therefore, no further training was needed, but records did not support the contention. CEO, Zila Panchayat, Chhindwara, stated that the Swarojgaris were imparted training but due to a mistake, their number was not recorded in progress report.

**3.1.6.10(b) Infructuous expenditure on training:** In Zila Panchayats, Chhindwara, Khargone, Mandla, Shahdol and Sehore, out of 22335 Swarojgaris trained during 2000-02 at an expenditure of Rs.60.50 lakh, only 10932 swarojgaris were provided assistance. Therefore, the expenditure of Rs.25.41 lakh incurred on the training of 11403 Swarojgaris not financially assisted, proved infructuous.

CEOs, Shahdol and Sehore, replied that the trained persons had been provided financial assistance in subsequent financial year, 2001-02. Reply was not tenable as training was to be imparted to only those Swarojgaris who were selected for assistance during the year.

### **3.1.6.11 Market support**

The State Government issued instructions in December 2000 for arranging marketing facilities at State level for the goods to be produced by swarojgaris. Rs.50,000 were to be collected from each Zila Panchayat from infrastructure funds. Thus, Rs.22.50 lakh were expected to be collected from the 45 districts of the State. But the Development Commissioner was not aware of the collection and utilisation of the said amount.

Audit further observed (May 2002) that the project profiles did not contain the details of existing and contemplated facilities for marketing the goods produced by swarojgaries.

### **3.1.7 Other points of interest**

**3.1.7.1 Excess payment of subsidy:** Scrutiny of payments of subsidy for irrigation projects revealed that the prescribed percentage limits were not applied correctly. Individual Swarojgaris of non SC/ST category were paid subsidy at the rate of 50 per cent of the project cost against the prescribed rate of only 30 per cent. In ten cases of other activities subsidy at Rs.7500 was paid against Rs.6000 actually due in Shahdol district. The incorrect application of subsidy rates resulted in excess payment of Rs.10.47 lakh to 253 Swarojgaris of 8 test-checked districts (Khargone-0.09 lakh (7), Mandsaur-0.28 lakh (5), Gwalior-1.03 lakh (15), Mandla-0.62 lakh (11), Morena-3.12 lakh (71), Bhopal-0.80 lakh (24), Shahdol-4.32 lakh (110) and Tikamgarh-0.21 lakh (10)) during 1999-2002.

The Development Commissioner agreed (May 2002) to recover the subsidy paid in excess.

**3.1.7.2 Excess payment of subsidy for irrigation projects:** Scrutiny of subsidy payments for irrigation projects in Zila Panchayats, Shahdol, Mandla and Chhindwara, revealed (April/May 2002) that subsidy was paid for one or two components of project only such as installation of electric/diesel pumps or sprinkler or diesel pumps and pipe, for which no project report was prepared. The payment too was made at the higher rate applicable to only complete irrigation projects without applying the ceilings applicable. This resulted in excess payment of subsidy of Rs.14.73 lakh in 245 cases during 1999-2002.

While the CEOs, Zila Panchayat, Shahdol and Mandla, stated (April-May 2002) that due action would be taken after obtaining directions from higher authorities, the CEO, Zila Panchayat, Chhindwara, stated (April 2002) that necessary clarifications were being issued to Janpad Panchayats.

**3.1.7.3 Double payment of subsidy:** Subsidy at prescribed norms was to be paid to banks to be kept in a reserve fund till its back-end adjustment at the time of repayment of loan by beneficiary.

Scrutiny of payment of subsidy in Zila Panchayats, Chhindwara and Gwalior, with reference to the returns submitted by banks and the bank records revealed (April 2002) that in 10 cases, the subsidy of Rs.1.80 lakh was paid to the banks twice against the same loans.

While the CEO, Chhindwara, stated (April 2002) that action to recover the excess payment would be taken after reconciliation, the CEO, Gwalior, admitted (April 2002) the mistake with the assurance of recovering the amount paid in excess.

**3.1.7.4 Misutilisation of Risk Fund:** Risk Fund was intended to enable commercial, cooperative and Regional Rural Banks to provide consumption loans not exceeding Rs.2000 per Swarojgari, for which risk fund assistance

was to be provided to the banks to the extent of 10 per cent of the total such loans disbursed by them during a year.

However, CEOs, Zila Panchayat, Mandla and Chhindwara, paid Rs.4.70 lakh during 1999-2001 as risk fund assistance to banks without payment of any consumption loans by the latter to the Swarojgaris. The amount was still lying unutilised with the banks.

### **3.1.7.5 Fictitious payment of loans and subsidy**

**Though loans of Rs.79.65 lakh were not actually paid yet subsidy of Rs.27.55 lakh thereagainst was paid to banks**

In Shahdol, Chhindwara and Gwalior, it was observed that loans of Rs.79.65 lakh were stated to be released with simultaneous adjustment of subsidy amounting to Rs.27.55 lakh in respect of 176 Swarojgaris. On actual verification of records of Zila/Janpad Panchayats, it was however, observed (April 2002) that the amounts were not actually disbursed to Swarojgaris till date of audit, although the amount of subsidy was paid to the banks.

The CEOs concerned admitted the fact and stated that the banks were repeatedly requested to disburse the loans. The respective Janpad Panchayats too were being directed to reconcile the balances.

### **3.1.8 Monitoring and evaluation**

After providing income generating assets to Swarojgaris, progress of the management of the assets required continuous follow-up and, monitoring to ensure that sufficient income is generated for crossing of poverty line by them.

**3.1.8.1 Non-maintenance of Vikas Patrika:** A Vikas Patrika for better follow-up action was required to be maintained at block level in duplicate. The information regarding preparation and maintenance of Vikas Patrika was not available either with the Development Commissioner or the implementing agencies, and as such progress of the scheme could not be monitored, as envisaged.

Reasons for non-preparation of Vikas Patrika were not supplied.

### **3.1.8.2 Meetings of Coordination Committees**

(i) **State Level Coordination Committee (SLCC) :** A State Level Coordination Committee constituted under the Chairmanship of the Chief Secretary was to meet once in a quarter. As against the 12 meetings to be held during 1999-2002, the committee had met only 4 times (twice in 2001-02 and once each in 2000-01 and 1999-2000) during the 3-year period.

(ii) **District/ Block Level Coordination Committees (DLCC/BLCC):** DLCC and BLCC were to meet once every month. In 20 of the 25 blocks test-checked, the number of meetings of BLCC held during 1999-2002 ranged between 38 and 50 per cent of the number actually envisaged. Information/records relating to DLCC meetings actually held were not made available.

**3.1.8.3 Physical verification of assets:** In order to ascertain whether the Swarojgaris were continuing to maintain the assets provided to them physical verification of such assets on a drive basis was to be conducted at the end of every year. This was not however, done in any of test-checked districts except Khargone.

Development Commissioner did not have any information on physical verification at his level.

**3.1.8.4 Field visits by officers:** For effective implementation of the scheme, officers dealing with implementation of SGSY at State and districts headquarters were required to ascertain through field visits that the programme was being implemented satisfactorily and in accordance with the prescribed procedures. For this purpose, District Magistrates/Chairmen, DRDAs, Project Directors, DRDAs, Project Officers and Project Economists, SDMs, BDOs and ADOS were required to conduct 10-40 inspections per month.

CEO's Zila Panchayats/Janpad Panchayats selected for test-check claimed to have carried out the field visits but reports thereof were not prepared. In respect of field visits by the officers at State level, the Development Commissioner stated that only one or two casual inspections were done. None of the CEOs of test-checked districts produced the reports if any submitted by the officers of the line departments.

**3.1.8.5 Evaluation :** No action was found to have been taken to get the scheme evaluated at any time during 1999-2002. Therefore, the results of operation of the scheme and fulfilment of its objectives could not be known.

The matter was reported to Government in October 2002. Reply was awaited (February 2003).

## SCHOOL EDUCATION DEPARTMENT

### 3.2 Vocationalisation of Secondary Education

#### *Highlights*

*The Centrally sponsored scheme of Vocationalisation of Secondary Education was introduced in 1987-88 to provide diversified educational opportunities to the students of secondary and higher secondary classes, to enhance individual employability, to reduce the mis-match between demand and supply of skilled manpower and to provide an alternative to pursuing higher education. But the scheme was not able to make much impact in the State due to poor implementation. The Commissioner, Public Instruction failed to monitor the implementation and send proposals for release of GOI share of Rs.89.61 crore during 1997-2002. SCERT failed to develop the curricula in time as only 5 out of 26 curricula were developed by October 2002. Similarly, out of 156 text books each for theory and practicals, only 93 (theory) and 63 (practicals) books could be developed. District vocational surveys were not conducted and awareness programmes not organised. In-service training was also not provided to vocational teachers and the courses were run by untrained teachers.*

174 vocational courses in 68 schools were not commenced despite availability of funds.

*(Paragraph 3.2.5.1 (b))*

Only 445 posts of teachers were sanctioned against the requirement of 754 teachers which led to running of 309 courses without any teachers.

*(Paragraph 3.2.6.1 (c))*

Against 36 posts in SCERT, 16 were created and only two were in operation. SCERT claimed to have developed 5 out of 26 curricula in October 2002 and it failed in developing instructional material.

*(Paragraphs 3.2.8 and 3.2.8 (i))*

District vocational surveys were not conducted, nor were awareness programmes organised resulting in low enrolment of students in vocational courses, which averaged 7 students per course against a minimum of 20 to 25. Training to in-service teachers was also not imparted.

*(Paragraphs 3.2.8(iii), (iv), (v) and 3.2.9.1 (b))*

Rupees 2.50 crore provided to PWD for construction of worksheds remained blocked. Besides, PWD incurred unfruitful expenditure of Rs.30.75 lakh on construction of 46 worksheds not required.

**(Paragraph 3.2.9.3 (a))**

### **3.2.1 Introduction**

The working group on secondary education for the VII Plan set up by the Planning Commission had emphasised the need for promoting a programme of vocationalisation of education. Accordingly, a Centrally sponsored scheme of Vocationalisation of Secondary Education was introduced in 1987-88. The vocational courses were to be provided in selected general educational institutions after the secondary education stage, with flexible duration of one to three years, with each school introducing 3 to 4 vocational courses in conformity with local needs assessed after a survey by the Commissioner of Public Instruction (CPI).

### **3.2.2 Objectives**

The main objectives of the scheme were to (i) provide diversified educational opportunities to students so as to enhance individual employability, (ii) reduce the mismatch between demand and supply of skilled manpower, and (iii) provide an alternative to the pursuit of higher education.

### **3.2.3 Organisational set-up**

The scheme at the State level was monitored by the State Council for Educational Research and Training (SCERT) for curriculum development and teacher training. The CPI was in overall charge of the scheme under the Department of School Education, assisted by District Education Officers (DEOs) and at unit level by Principals of 10+2 government higher secondary schools.

### **3.2.4 Audit coverage**

A test-check of records was conducted during November 2001 to May 2002 in the offices of the CPI, SCERT, DEOs and in 97 (10+2) government higher secondary schools of 11\* districts, out of the 281 schools in the State as a whole.

Results of the test-check are mentioned in the paragraphs that follow.

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\* *Betul, Bhopal, Chhindwara, Guna, Indore, Jabalpur, Mandasaur, Rewa, Sagar, Satna and Ujjain*

### 3.2.5 Finance

#### 3.2.5.1 Financial arrangement

The scheme is a Centrally sponsored one, with cent per cent Government of India (GOI) assistance for expenditure on apprentice training, evaluation and monitoring, district vocational surveys, curriculum development, instructional material and the text book development workshops, resource persons and teachers' training courses, laboratory, workshop buildings and equipments. Fifty (50) per cent expenditure on vocational wings at Directorate, district and SCERT levels, raw materials, contingencies, field visits by students and 25 per cent expenditure on vocational school staff was to be borne by State Government. Entire expenditure on vocational guidance, examination and certification was to be borne by the State Government.

The budget provisions and expenditure were as under:-

*(Rupees in crore)*

Year	Budget provision		Expenditure		Central assistance actually received	Saving(-) Excess(+)
	Central share	State share	Central share	State share		
1997-98	10.80	16.18	5.82	20.13	--	(-)1.03
1998-99	10.76	17.28	9.37	26.24	--	(+)7.57
1999-2000	18.11	19.76	10.38	27.52	--	(+)0.03
2000-01	25.46	20.24	14.30	26.66	4.60	(+)4.74
2001-02	24.48	14.27	12.56	29.09	--	(+)2.90
<b>Total</b>	<b>89.61</b>	<b>87.73</b>	<b>52.43</b>	<b>129.64</b>	<b>4.60</b>	<b>(+)4.73</b>

**(a) Non-submission of proposals for release of Central assistance:-** Under the scheme, the State Government was required to prepare a project report in respect of the programmes to be taken up during each year for release of Central assistance.

**Additional financial burden of Rs.47.83 crore on State Government**

Test-check of records of CPI revealed that though Rs.89.61 crore were shown as Central share in the budget provisions no proposal was sent to GOI. Further, Central assistance was received only for opening of new courses (Rs.4.60 crore in 2000-01). The negligence on the part of CPI in not sending project report to GOI for release of Central share resulted in additional financial burden on the State exchequer for Rs.47.83 crore (Rs.52.43 crore-Rs.4.60 crore). Besides, the implementation of programme suffered to a great extent as the expenditure incurred was mainly on pay and allowances of the staff.

**Rs.4.60 crore kept unutilised in Civil Deposits**

**(b) Non-utilisation of grants:-** GOI sanctioned (July 2000) assistance of Rs.4.60 crore for opening 174 new vocational courses in 68 schools. The CPI drew the amount and kept it in Civil Deposits. The CPI stated that the new vocational courses could not be started due to non-receipt of sanction for drawal of funds from Civil Deposits from State Government which was apparently utilising the Central assistance to improve its ways and means position.

**Irregular diversion of Rs.62.41 lakh from scheme funds**

(c) **Diversion of funds:** - As per scheme guidelines, posts of lecturer were to be provided at school level (one post for each course). The CPI had issued instructions in November 1995 that pay and allowances of lecturers for general education should not be drawn against vacant posts of lecturers for vocational education.

Test-check of records of 16 higher secondary schools of 8 districts\* revealed that pay and allowances of 23 lecturers not related to the scheme were drawn and paid out of scheme funds. This resulted in irregular diversion of funds of Rs.62.41 lakh. This was inclusive of pay and allowances of 8 lecturers amounting to Rs.15.75 lakh drawn against only 4 posts sanctioned and 6 lecturers against courses which were not even sanctioned for the respective schools resulting in irregular expenditure of Rs.16.18 lakh on the one hand and depriving the students of the facility of training in the sanctioned courses on the other.

**3.2.6 Programme performance**

**3.2.6.1 Physical targets and achievements:-** The intake of students in the vocational courses in 281 schools as per the scheme guidelines (at a minimum of 3 courses per school and 20 students per course), the number actually admitted, the number of courses opened and the shortfalls there against were as under:

Particulars	Target (as per guidelines)	Achievement	Shortfall	Shortfall (per cent)
Opening of vocational courses	843 (281x3)	754	89	11
Intake of students	75400 (754x20x5)	61072	14328	19

Thus, in addition to 11 per cent shortfall in introduction of the courses, there was additional shortfall of 19 per cent in the intake of students in the courses actually introduced.

(a) The CPI was to select institutions for vocational courses keeping in view the number of prospective students available for admission. The wing failed to correctly identify the institutions. As a result, 33 vocational courses sanctioned to 28 institutions had to be subsequently (July 1998) transferred to other institutions, delaying the accrual of benefits envisaged under the scheme.

**In-service training of teachers not arranged**

(b) In-service training of teachers was not arranged nor was any calendar of training, duration of course or curriculum etc. decided. As a result, all the 445 in-service teachers remained untrained.

\*

Betul (1) Chhindwara (1) Guna (2) Jabalpur (2) Rewa (4) Sagar (3) Satna (2) and Ujjain (1)

(c) 754 teachers were to be appointed against 754 courses in 281 schools. But only 445 teachers were appointed on regular basis and at least 309 courses (754-445) were run with the help of part time/contractual teachers.

**Vocational guidance and placement of students not coordinated**

(d) No steps were taken to organise vocational guidance programmes and coordinate the placement of students.

**3.2.6.2** In 11 test-checked districts, against 283 sanctioned posts of full time teachers, 169 were in position. Similarly as against 163 part time teachers sanctioned only 26 were deployed and paid salary from the Shala Vikas (non-government) Fund instead of the Government budget.

### **3.2.7 Irregular deployment of staff**

As per the scheme guidelines, different staffing patterns and their main functions were prescribed for different vocational wings at CPI, SCERT, district and school levels.

(i) Test check of records of CPI revealed that the deployment of non teaching staff was in excess of the sanctioned strength resulting in irregular drawal of pay and allowances to the extent of Rs.22.99 lakh from June 1996 to February 2003. The extra staff was still in position (February 2003).

<b>Name of post</b>	<b>Sanctioned strength</b>	<b>Working strength</b>	<b>Excess</b>
Assistant	2	4	2
Stenographer Grade (D)	Nil	1	1
LDCs	1	3	2
Peon	1	2	1
<b>Total</b>	<b>4</b>	<b>10</b>	<b>6</b>

**Salaries of 10 lecturers attached to CPI were paid out of schemes funds.**

(ii) Ten lecturers of the scheme were attached to the CPI's office since April 1997 and their pay and allowances amounting to Rs.62.42 lakh (up to February 2003) were irregularly charged to the scheme. These lecturers were reportedly deployed to work on computers but this unduly deprived the schools of their services. In all, the irregular pay and allowance drawn in CPI, up to February 2003, amounted to Rs.85.41 lakh.

### **3.2.8 State Council for Educational Research and Training (SCERT)**

Test-check of records of SCERT revealed that development of curricula, vocational surveys, awareness of vocational programme, in-service teachers' training vocational guidance etc. were neglected and State Government had not sanctioned 20 out of required 36 posts, and only two incumbents were in position.

**Development of curriculum was slow which effected implementation of programme.**

(i) **Development of curriculum:-** Of the 26 curricula, 21 in four areas of Commerce (7), Home Science (5), Technical (6) and Miscellaneous (3) were in operation in 281 higher secondary schools; 5 curricula for agriculture were not even developed and 42 schools were teaching these subjects without

approved curricula. On this being pointed out in audit, SCERT stated (October 2002) that development of remaining curricula had been completed and circulated after May 2002. Thus, students were deprived of approved curriculum for at least five academic sessions.

**Even the textbooks developed were not got printed**

(ii) **Shortfall in development of instructional materials:-** Out of 156 text books each for theory and practical, SCERT had developed 93 text books for theory and 63 books for practical. However out of the 93 books for theory, only 52 were printed so far (May 2002).

SCERT had not initiated any action for the development of other instructional materials such as teachers' guide, practical manuals, charts and software for audio-visual support to instructions, as provided in the guidelines, due to shortage of technical staff. No action was initiated for the printing of the remaining books.

It was further observed that in 46 higher secondary schools (of 10<sup>#</sup> districts) even the textbooks received were cyclostyled copies, with faint prints, which were useful neither to the students nor to the teachers.

**District vocational surveys not conducted contributing to low enrolment of students**

(iii) **District vocational surveys:-** District vocational surveys were to be conducted to assess manpower requirements of the area, range of available occupations, trends of emerging vocations, level of competence required, etc. No action was, however, initiated by SCERT to conduct district vocational surveys, for want of staff.

In the absence of the district vocational surveys, the enrolment of students in vocational schools of test-checked districts was far below the required strength (between 19 and 47 per cent, except at Betul and Sagar where it touched 72 and 64 per cent). District-wise position of enrolment is detailed in **Appendix XXII**.

**Awareness programmes were not organised**

(iv) **Non-organisation of awareness programmes:-** As per the scheme, each course should have a minimum strength of 20 to 25 students. However, in 70 schools in the 9 districts test-checked, the strength was found to be only 19 to 47 per cent of the minimum. SCERT stated that the awareness programmes could not be conducted for want of manpower. Failure to organise awareness programmes contributed to poor enrolment of students.

**Training for in-service teachers was not organised**

(v) **In-service teachers' training programmes:-** Test-check revealed that no in-service teachers' training was organised since the inception of the scheme. On this being pointed out, SCERT stated (May 2002) that the training was not imparted due to shortage of staff and non-appointment of teachers. Consequently the vocational courses were run by untrained teachers.

(vi) **Training for vocational guidance and placement activities:-** One of the main components of the scheme was to organise training for vocational

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<sup>#</sup> *Betul, Bhopal, Chhindwara, Guna, Indore, Mandsaur, Rewa, Sagar, Satna and Ujjain*

guidance teachers and placement activities but no action was initiated by SCERT (May 2002).

SCERT stated (May 2002) that this was due to non-receipt of list of teachers and instructions from CPI. The reply is not tenable as 10 lecturers were recruited (para 3.2.7 (ii)) *ibid* deployed in CPI.

**(vii) District Vocational Education Committee (DVEC)**

**DVECs not constituted leaving the programme unsupervised**

The DVECs were to comprise all the concerned district level officers and representatives of employers' organisations, professional institutions, voluntary organisations and parents-teacher associations along with heads of educational institutions, and were required

- (a) to promote vocational education programmes suited to local needs in the district;
- (b) to facilitate on-the-job training and apprenticeship of vocational students and subsequent placement;
- (c) to supervise institution-industry linkage;
- (d) to review the vocational education courses run in the schools to ensure quality and continued relevance.

Scrutiny of records of CPI and DEOs revealed that Government had not created any posts and the wing remained defunct.

**(viii) Non-utilisation of available resources:-** Though Rs.2.40 crore were provided to SCERT for establishing vocational wing, only Rs.1.04 crore (43 per cent) were utilised. SCERT attributed (December 2001) non utilization of funds to (i) non-posting of staff in vocational wing (ii) non-organisation of training programmes due to shortage of lecturers and (iii) slow progress of curriculum development for want of subject experts. Inaction of CPI had handicapped SCERT.

**3.2.9 Vocational education institutions**

**3.2.9.1 Selection of institutes and courses**

(a) Scrutiny of records of 86 schools in 11 districts revealed that enrolment of students in vocational courses was only 19 to 47 per cent of the desired strength. Low percentage of enrolment indicates that the selection of schools was not done properly. Audit observed that the element of proximity between schools and collaborating institutions and requirement of the particular area were not kept in view while selecting the schools and courses. This resulted in negligible enrolment of students in vocational stream (12 per cent) with reference to total number of students in the schools including general education.

(b) As per guidelines, every selected school was to offer 3 to 4 vocational courses in selected fields so that the vocational wing was a viable unit, with flexibility of choice of courses to students in keeping with their aptitude and abilities.

Scrutiny of records of 86 schools in 11 districts revealed that only 3 schools were running the maximum of 4 courses, 44 were running 3 courses each, 26 schools 2 courses each and 13 with single course each with average total intake of 1491 students (36 per cent) each year i.e. 7 students per course against the minimum of 20 to 25 students. This indicated that the scheme was not running to its optimum potential.

Test-check also revealed that in the selection of the vocational courses too, the prescribed norms were not followed with the result that in 97 schools, 101 out of 213 courses had become non-functional (in 63 schools).

### 3.2.9.2 Staffing pattern

Test-check of records of 97 schools in 11 districts indicated the staff position as under:

Category	No. of posts sanctioned	Persons-in-position	Number of posts vacant
1. Vice Principal	97	64	33
2. Full-time teachers	283	169	114
3. Part-time teachers	163	26*	137
4. Laboratory Assistant	97	--	97
5. Accountant	97	76	21
6. LDC	97	90	7
7. Peon	97	82	15

\* Salary of these contractual teachers was paid from Shala Vikas Fund only to bear out recruitment of teachers by CPI.

Thus 48 and 100 per cent posts of full and part-time teachers and Laboratory Assistants respectively were lying vacant. Resultantly, 101 courses though opened were not in operation in 63 schools.

### 3.2.9.3 Equipment and raw materials

(a) **Construction of worksheds:** As per guidelines, one workshed with construction cost of Rs.0.75 lakh for each course was to be provided in the schools selected.

It was seen that construction of 1199 worksheds was sanctioned and Rs.8.34 crore were paid to Public Works Department (PWD) for construction of 1112 worksheds. Of these, only 949(85 per cent) sheds were completed (May 2002) of which only 779 were handed over to schools. Further, in 7 schools, 68

Rs.2.50 crore blocked with PWD besides unfruitful expenditure of Rs.30.75 lakh

worksheds were constructed against the requirement of 22 sheds<sup>\*</sup>. Neither, the SCERT nor CPI could offer any tenable response.

In 97 schools of 11 districts test-checked, against the requirement of 272 worksheds only 220 worksheds were constructed at a cost of Rs.1.65 crore though 101 courses were not in operation in these districts.

Thus government funds of Rs.2.50 crore were lying blocked with PWD, in addition to excess/ unfruitful expenditure of Rs.30.75 lakh on 46 worksheds.

**CPI's failure to provide the raw material deprived students of practical training.**

**(b) Non-provision of budget for purchase of raw materials:** As per the scheme guidelines, the norms for raw material ranged from Rs.250 for a home science course to Rs.500 for a para-medical course per student per annum. GOI had agreed to bear 50 per cent of the expenditure subject to a maximum of Rs.6000 per course per annum. The State Government was to specify the arrangements made in this regard while submitting proposals for Central assistance.

It was seen that CPI had neither provided any funds to schools for purchase of raw material nor sent any proposals for obtaining Central assistance. The CPI merely attributed the state of affairs to non-receipt of funds from GOI. The reply was not tenable, as the GOI was not even moved for sanction of funds. Thus even the low number of students in low number of vocational courses was deprived of benefits of practical training for want of raw materials.

**3.2.9.4 Non-involvement of voluntary organisations:** According to scheme guidelines, the role of voluntary agencies/ expert groups was crucial to its successful implementation. Voluntary organisations qualified to take up innovative programmes in the field of vocationalisation of education were eligible for financial assistance on project basis.

Test-check of records of CPI revealed that no voluntary organisations/ expert groups were involved in the implementation of the scheme. The CPI attributed (April 2002) this to non-receipt of applications from NGOs, without however, indicating the step taken to induce them to come forward to lend a helping hand in the implementation of the scheme.

**Evaluation and certification of students performance not done**

**3.2.9.5 Evaluation and certification:** Test-check of records of vocational schools revealed that none of the 75 out of 97 test-checked schools had evaluated the students' performance and maintained any record of such evaluation. The principals of vocational schools admitted that the work of evaluation and certification was not done. No reasons for this omission were furnished.

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\* *Bhopal 9 sheds against required 4; Gwalior 9 against 3; Hoshangabad 9 against 3; Indore 12 against 3; Sagar 9 against 3; Seoni 12 against 3 and Ujjain 8 against 3.*

### **3.2.10 Monitoring and evaluation**

#### **Monitoring and evaluation not done**

Monitoring of programme implementation was to be done at various levels viz. State, district and institutional levels. State Council for Vocational Education (SCVE) and a Separate Vocational Education Wing (VEW) in the CPI, District Vocational Education Committees (DVEC) and Vocational education wings at institute level were responsible.

Test-check of records revealed that SCVE had not arranged even a single meeting for periodical review of the programme. The VEW too had not maintained any record about supervision and monitoring. DVEC was not constituted in any of the 11 test-checked districts. None of the test-checked institutions had initiated any action for monitoring and evaluation.

### **3.2.11 Conclusion**

The main objectives of the scheme of preparing skilled manpower and providing diversification of educational opportunities to enhance individual employability remained un-achieved and the implementation of the scheme suffered heavily from all-round apathy.

The above points were referred to Government in August 2002; reply had not been received (February 2003).

**SCHEDULED TRIBES AND SCHEDULED CASTES WELFARE  
DEPARTMENT AND URBAN ADMINISTRATION AND  
DEVELOPMENT DEPARTMENT**

**3.3 National Scheme of Liberation and Rehabilitation of  
Scavengers**

*Highlights*

*Government of India (GOI) launched the Centrally sponsored National Scheme of Liberation and Rehabilitation of Scavengers in 1991-92 with the objective of liberating scavengers from the obnoxious profession of manual scavenging and engaging them in dignified alternative occupations after imparting training. The scheme was implemented in a haphazard manner without proper planning. Training, an essential pre-requisite for proper rehabilitation was badly neglected. There was lack of co-ordination between the two Administrative Departments of UAD and ST-SC Welfare leading to rehabilitation being taken up in towns where dry latrines were yet to be converted in to wet ones. The number of sanitary marts set up was insignificant despite availability of funds. Women-oriented schemes were not formulated and there was no follow-up action after rehabilitation. The surveys in three towns found that as many as 85 per cent of the alternative occupations/establishments in which the scavengers were reported to have been rehabilitated were closed. This, coupled with, repeated assertions by SCDC and other implementing agencies in the field that scavengers were not interested in being rehabilitated, would tend to cast serious doubts about other claims of achievement in rehabilitation of scavengers.*

*A survey conducted by Scheduled Castes Development Directorate in 1992-94, identified 93394 scavengers in the State, of which 60308 were rehabilitated up to 1996-97 but only 19693 (60 per cent of the balance) during 1997-2002.*

Due to fixation of unrealistic targets and tardy implementation, Central assistance of Rs.17.99 crore and National Safai Karamchari Finance and Development Corporation loan amounting to Rs.77.35 lakh remained unutilised.

*(Paragraphs 3.3.4(c) and (d))*

Interest of Rs.1.60 crore earned on Central assistance was diverted to pay and allowances.

*(Paragraph 3.3.4(e))*

Five-year perspective plan in respect of total number of scavengers, their needs for training and assistance, was not prepared.

*(Paragraph 3.3.5.1)*

Training was not provided to 88 per cent scavengers and was not at all imparted in 16 districts.

*(Paragraph 3.3.6.1)*

The pace of rehabilitation was particularly tardy during 1997-2002 when only 19693 scavengers (including 12996 untrained ones) were rehabilitated as against the rehabilitation of 60308 scavengers during 1992-97.

*(Paragraphs 3.3.6.2 (a) and (b))*

2857 unidentified/ ineligible persons were rehabilitated rendering the expenditure of Rs.3.13 crore unfruitful.

*(Paragraph 3.3.6.2(c))*

Rehabilitation of 3974 scavengers in 30 towns with assistance of Rs.4.58 crore was of doubtful efficacy as dry latrines continued to exist in these towns.

*(Paragraph 3.3.6.2(g))*

A scheme for conversion of 18420 dry latrines could not be implemented in Indore due to State Government not guaranteeing the loan of Rs.2.05 crore extended by HUDCO.

*(Paragraph 3.3.7(a))*

Surveys in 3 districts revealed closure of alternative occupations/ establishments opened under the scheme in as many as 85 per cent cases.

*(Paragraph 3.3.6.2(b))*

### **3.3.1 Introduction**

The National Scheme of Liberation and Rehabilitation of Scavengers and their Dependents was launched by Government of India (GOI) in 1991-92 as a Centrally sponsored scheme with the objective of liberating scavengers from manually removing night soil and filth and to provide for and engage them in alternative and dignified occupations within a period of five years. Thrust was on cluster approach, training and rehabilitation of all the scavengers in a basti simultaneously.

The efforts under the scheme were supplemented by another Centrally sponsored scheme of Urban Low Cost Sanitation (ULCS) with the main objective of conversion/construction of flush latrines. Coordination with municipal corporations (MC)/local bodies (LB) to ensure conversion of dry

latrines, adoption of TRYSEM norms for training, formation of group projects, prioritisation of women-oriented schemes etc. was, therefore, of utmost importance for effective implementation of the scheme. The concept of setting up sanitary marts (SMs) was introduced in January 2000 to erase the need for scavenging and scavengers.

### **3.3.2 Organizational set-up**

At State level, the Scheduled Tribes and Scheduled Castes Welfare (ST-SC Welfare) Department, headed by a Principal Secretary was responsible for the rehabilitation of scavengers. Similarly, Urban Administration and Development (UAD) Department was responsible for conversion of dry latrines. The Director, Scheduled Castes Development (Director/Directorate) was responsible for conducting survey for identification of scavengers, their dependents and their aptitude for alternative trades. The Madhya Pradesh State Co-operative Scheduled Castes Finance and Development Corporation Limited (SCDC) was the chief implementing agency for implementation of the scheme in the State. The District Collector as ex-officio chairman of District Antyavasayee Sahkari Vikas Samiti Maryadit (ASVS) was responsible for overall implementation of the scheme at district level. At the level of local bodies, mohalla committees were to be set up to help identification of scavengers and providing a forum for discussion on or initiating corrective action in the implementation of the scheme.

### **3.3.3 Scope of Audit**

The review covering the period 1997-2002 was conducted during November 2001 to May 2002, based on the information collected from two Administrative Departments and test-check of the records of the SCDC at the State level and other implementing agencies in 11\* out of 45 districts. The findings are mentioned in the paragraphs below.

### **3.3.4 Financial management**

Financial assistance for training of scavengers was to be met wholly by the Central Government. However, expenditure on rehabilitation of scavengers (including establishment of Sanitary Marts) was to be shared by the Central Government, State Government/SCDC and nationalised banks based on project cost up to Rs.50000 per beneficiary. The subsidy @ 50 per cent of the project cost subject to a maximum of Rs.10000 was to be borne by the Central Government, the margin money loan (MML) @ 15 per cent of the project cost up to a maximum of Rs.7500 was shareable between the Central Government and State Government in the ratio of 49 and 51 respectively and the remaining project cost was to be financed by the nationalised banks. For setting up of SMs, loans were to be provided by SCDC.

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\* 1. Bhopal, 2. Chhatarpur, 3. Gwalior, 4. Indore, 5. Jabalpur, 6. Khargone, 7. Morena, 8. Rewa, 9. Satna, 10. Shahdol, 11. Ujjain.

The details of assistance released by GOI, funds provided by State Government (SG), and expenditure incurred, were as follows.

(Rupees in lakh)

Year	Funds released by		Expenditure during the year	Share in expenditure of		Short(-)/ Excess(+) contribution by SG	Unspent balance of Central assistance	Savings(-) / Excess (+)	Interest (@ 4 per cent) earned on unspent Central assistance
	GOI	SG		GOI	SG				
1	2	3	4	5	6	7	8	9	10
Opening balance	463.13					(-)100.97	463.13	(-) 463.13	--
1997-98	2450.63	--	443.82	418.46	25.36	(-)25.36	2495.30		Amount kept in Civil Deposits/ PD Account
1998-99	--	150.00	547.91	505.39	42.52	(+)107.48	1989.91	(-) 1608.90	
1999-2000	883.38	--	400.81	362.55	38.26	(-)38.26	2510.74		
2000-01	--	--	364.82	314.12	50.70	(-)50.70	2196.62		
2001-02	--	--	431.38	397.80	33.58	(-)33.58	1798.82	313.63	71.95
<b>Total</b>	<b>3797.14</b>	<b>150.00</b>	<b>2188.74</b>	<b>1998.32</b>	<b>190.42</b>	<b>(-)141.39</b>	<b>1798.82</b>	<b>(-) 1758.40</b>	<b>159.82</b>

The following points were noticed

**Funds were released to district units at the fag end of financial year**

(a) Despite repeated pleas for funds from the district units, funds were released late by SCDC: the entire assistance of Rs.10.05 crore for the year 1997-98 was sanctioned in 1998-99 and out of Rs.17.12 crore sanctioned for 1998-99, Rs.13.08 crore (76 per cent) were sanctioned at the fag end of the year, in March 1999. Similarly, during 1999-2000 out of Rs.4.86 crore, Rs.4.34 crore (89 per cent) were sanctioned in March 2000 and April-June 2000 (2000-01). The delayed sanction and disbursement of funds could not but have adversely affected the implementation of the scheme.

SCDC stated (December 2001) that the disbursement was delayed due to delays in receipt of the utilisation certificates from the district units.

The reply was not tenable as it was observed in the test-checked districts that the monthly progress reports of physical and financial targets and achievements there against as also the utilisation certificates were sent regularly and in time.

**Short release of matching share of Rs.1.41 crore by State Government**

(b) The total amount of MML paid during 1997-2002 was Rs.3.73 crore of which Rs.1.90 crore (51 per cent) was State Government share. No reasons were furnished for the short release of State Government's matching share of Rs.1.41 crore.

The SCDC stated (July 2002) that the State Government had sanctioned Rs.1.50 crore on 27 March 2002 but due to ban on drawals of funds, the amount could not be drawn. It was noticed that the State Government sanctioned release of Rs.25 lakh in November 2002 but this too was not drawn by SCDC as of February 2003.

**Central assistance of Rs.17.99 crore remained unutilised**

(c) Central assistance was released by GOI on the basis of annual targets fixed by SCDC. The SCDC intimated rehabilitation of 15000 scavengers each year as the targets for the years 1997-98 and 1999-2000 as against the actual rehabilitation of only 2940 to 5166 scavengers in other years. Based on these inflated targets, GOI released assistance of Rs.24.51 crore and Rs.8.83 crore during the two years. Since the actual achievements constituted only 29 and 22 per cent respectively of the targets as detailed in **Appendix XXIV**, the Central assistance to the extent of Rs.17.99 crore remained unutilised as of March 2002.

The SCDC attributed (December 2001) the non-utilisation of funds to (i) the project cost being limited to Rs.50000, (ii) sanction of loans by banks for amounts less than the project cost, (iii) non-sanction of loan by banks, (iv) delayed permission by State Government for drawal of Central assistance kept in Personal Deposit Account and (v) scavengers not being interested in cooperative pattern for setting up of Sanitary Marts (SM).

**18 Sanitary Marts not set up despite availability of loan funds**

(d) National Safai Karamchari Finance and Development Corporation (NSKFDC), New Delhi, released a loan of Rs.1.05 crore (Rs.17.50 lakh in August 2000 and Rs.87.50 lakh in February 2001) to SCDC for setting up 60 SMs. The SCDC utilised Rs.27.65 lakh on 42 SMs, retaining Rs.77.35 lakh (March 2002) by not setting up 18 other Sanitary Marts.

**Misutilisation of funds of Rs.1.60 crore on pay and allowances**

(e) The scheme fund was not maintained separately and, therefore, the actual amount of interest earned on the un-utilised Central assistance could not be ascertained. The Central assistance was kept in Civil Deposits and PD Account of SCDC till March 2000 and SCDC had unutilised Central assistance balances of Rs.21.97 crore and Rs.17.99 crore at the end of 2000-01 and 2001-02 respectively. Even at savings bank rate of 4 per cent per annum, it would have earned interest of Rs.1.60 crore. The SCDC stated (December 2001) that due to shortage of funds to meet establishment costs, interest earnings were diverted towards pay and allowances. No permission from GOI for this diversion was obtained.

### **3.3.5 Programme planning**

**Required 5-year perspective plan was not prepared**

**3.3.5.1 Survey and identification:** A survey was conducted during 1992-94 for identification of individual scavengers and their dependents and their aptitude for specific trades/occupations. In all, 93,394 scavengers were identified.

In 9 of the 11 test-checked districts (except Khargone and Rewa), suitability for alternative occupation was not identified and details of training imparted and rehabilitation done were not found recorded in the macro register with the

result that proper watch over the implementation of the scheme was not exercised. The SCDC failed to prepare 5-year perspective plan for effective implementation of the scheme as macro information was not compiled by it.

The SCDC stated (December 2001) that compilation of macro information was not possible which was not in keeping with the provisions of the scheme. The district units, however, assured compliance in future.

### 3.3.6 *Programme implementation*

#### 3.3.6.1 **Training**

For acquisition/upgradation of skills of beneficiaries training was an essential pre-requisite. The training was to be imparted on TRYSEM norms to all eligible identified beneficiaries by the end of 1995-96. The targets and achievements are given in **Appendix XXIII**.

A highly inflated target of 45721 scavengers for imparting training was fixed while only 33086 (93394-60308) remained to be rehabilitated on 1 April 1997.

It will be seen from **Appendix XXIII**, that only 12 and 18 per cent of the scavengers were imparted training in the State and in the test-checked districts respectively and shortfalls were as high as 74 (2001-02) to 95 (1999-2000) per cent in the State and 80 to 100 per cent in 7 out of 11 test-checked districts. Tool kits too were not provided to the trainees though required as per norms of TRYSEM. It was further observed that in 16\*\* districts, training was not imparted. Thus the training programme was nowhere near completion even six years after the target year in spite of availability of funds. This indicated an utterly lackadaisical attitude on the part of the implementing agencies.

The SCDC and district units replied that the scavengers were not interested in training and no training was required for some of the trades.

The reply was not tenable as the beneficiaries were to be provided training in the trades of their choice for successful rehabilitation. The reply was also in contravention of the fact that 46 per cent of total scavengers were imparted training during 1992-97 but the percentage dropped to an insignificant 6 per cent during 1997-2002.

#### 3.3.6.2 *Rehabilitation*

Under the scheme, all scavengers were to be rehabilitated by 1996-97 for which the five-year plan was to be prepared by the SCDC. But this plan was never prepared. Reasons for this significant failure were not intimated. The

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1. Barwani 2. Betul 3. Damoh 4. Dindori 5. Harda 6. Jhabua 7. Katni 8. Mandsaur 9. Morena 10. Neemuch 11. Panna 12. Raisen 13. Satna 14. Sehore 15. Shajapur and 16. Vidisha.

Short falls in training ranged between 74 to 95 per cent.

Tool kits were not provided to trainees.

Training not imparted in 16 districts.

target could not be achieved even in the subsequent block of another five years, from 1997-98 to 2001-02.

The comparative position of scavengers rehabilitated up to 1996-97 and targets and achievements during 1997-2002 is given in **Appendix XXIV**.

(a) **Shortfall in rehabilitation:** It would be seen from **Appendix XXIV**, that only 39 and 49 per cent of the targeted scavengers were rehabilitated in the State and the test-checked districts respectively and the annual shortfalls ranged from 28(2001-02) to 78 (1999-2000) per cent in the State and 25 (Jabalpur) to 87 (Chhatarpur) per cent in the test-checked districts. The shortfalls were indicative of lack of adequate planning as the scheme did not suffer from any shortage of funds. Weakness of the efforts is also evident from the fact that rehabilitation during 1992-97 was 60308 while it was only 19693 during 1997-2002. The targets fixed for rehabilitation during 1997-2002 were also un-realistic. As against 33086 scavengers available for rehabilitation a target of 49906 was fixed. If the scavengers above the age of 50 years are excluded, the actual number available for rehabilitation will come down further.

The shortfall was attributed to the scavengers being not interested in rehabilitation and non-cooperation of banks in sanctioning loans. It was however, incumbent on the implementing agencies to motivate the scavengers for rehabilitation in the trades of their choice and also to pursue the sanction of loans with the banks.

(b) **Rehabilitation without training and non-rehabilitation of trained persons:** The scheme laid down training as an essential pre-requisite for the rehabilitation programme. In disregard of these provisions, 12996 scavengers were claimed to have been rehabilitated without any training. A socio-economic survey conducted by Statistical Department, Morena, teaching staff and students of colleges, Shahdol and ASVS, Khandwa, in three districts indicated that 515 out of 608 scavengers (85 per cent) were not found engaged in the occupations for which assistance was provided to them due to lack of training as per the following details:

District and year of survey	Surveying agency	No. of rehabilitated scavengers surveyed	No. of scavengers with occupations established	No. of scavengers with closed/ un-established occupations	Percentage of scavengers with closed/ unestablished occupations
Morena 1994-95	Statistical Department	20	Nil	20	100
Shahdol 2000-01	Teaching staff and students of colleges	265	55	210	79
Khandawa 2000-01	ASVS Khandawa	323	38	285	88
	<b>Total</b>	<b>608</b>	<b>93</b>	<b>515</b>	<b>85</b>

39 per cent short fall in rehabilitation of scavengers during 1997-2002.

Survey indicate 85 per cent of scavengers were not found engaged in the occupation for which assistance was provided.

**3647 persons trained at a cost of Rs.1.34 crore not rehabilitated**

In the test-checked districts, on the other hand, it was observed that 3647 trained persons were not rehabilitated. An expenditure of Rs.1.34 crore (average cost Rs.3671 per trainee) incurred on the training of these persons proved infructuous. The rehabilitation status of trained persons in the State was not available with SCDC.

The SCDC replied (December 2001) that training was not required in the trades in which scavengers were rehabilitated. If this is correct, the high average cost of training at Rs.3671 per head requires explanation. On the other hand the district units stated that the scavengers were not interested in rehabilitation. If this is correct, the implementation of the rehabilitation scheme has failed and does not enjoy the approval of the targeted beneficiary group and the Government of India funds should be returned forthwith.

**Wasteful expenditure of Rs.3.13 crore on rehabilitation of 2857 ineligible persons.**

(c) **Rehabilitation of ineligible persons :** In 6 of the test-checked districts, 2726<sup>‡</sup> persons in whose cases macro number was not recorded either on their loan applications, affidavits or verification reports of the field officers, were rehabilitated without their identification as scavengers. Similarly, 115<sup>§</sup> persons in 4 districts employed in municipal corporations/local bodies and 16 persons in Rewa engaged on work other than scavenging were rehabilitated. The assistance of Rs.3.13 crore (subsidy-Rs.286.50 lakh and MML-Rs.26.78 lakh) provided to the 2857 unidentified/ineligible persons was thus wasteful.

The district units replied that the beneficiaries were rehabilitated on the basis of certificates of being scavengers produced by them. The reply was not tenable as only those identified during the survey were entitled to assistance under the scheme.

(d) **Non-formulation of women-oriented schemes:** The scheme provided that first priority be given to rehabilitation of women scavengers by formulating women-specific schemes as also by organising awareness camps regularly in the scavengers' colonies. No such scheme was formulated by SCDC. Audit, however, observed that in one test-checked district (Bhopal) only 2 awareness camps were organised during 2000-01.

**Insignificant role of women beneficiaries in cluster approach**

(e) **Inadequacies in cluster approach for rehabilitation:** The scheme envisaged formation of group projects to inculcate a feeling of self-help among the scavengers. Information about rehabilitation in groups was not available with SCDC. It was, however, observed in five test-checked districts (Chhatarpur, Morena, Rewa, Satna and Shahdol) that cluster/group approach in rehabilitation was not adopted during 1997-2002; in the remaining six districts, cluster approach was adopted only in the transport trade (vehicles-Tata Sumo, Jeep, Tempo Trax, Mini Truck/Bus, Maruti Van, etc.) by forming groups of male and female members of a single family. In all, 88 groups with 336 male and 303 female members were provided with assistance comprising subsidy of Rs.63.90 lakh and MML of Rs.46.22 lakh.

<sup>‡</sup> Chhatarpur-170, Gwalior-639, Jabalpur-100, Morena-1609, Shahdol-5 and Ujjain-203

<sup>§</sup> Chhatarpur-3, Rewa-20, Satna-32 and Ujjain-60

**Absence of follow-up action after rehabilitation**

**(f) Establishment and continuance in the alternative trades not ensured:** As per the terms and conditions of agreements the beneficiaries were to commence the trade/occupation within two months of disbursement of loan/subsidy to them and to continue with it, failing which, they were liable to refund the assistance with interest. The implementing agency at district level was required to verify, inspect and guide in the matter to ensure that all the rehabilitated scavengers actually took up and continued with their respective trades/occupations and did not revert to scavenging. The implementing agencies both at State and district levels, however, failed to monitor this.

The SCDC stated (December 2001) that follow-up action was taken up from time to time. The district units (excepting Satna) however, while agreeing with the audit observation assured compliance in future. The ASVS, Satna, claimed (May 2002) that it had physically verified 10 per cent of the cases, but relevant record/reports in support thereof were not made available to Audit.

**Existence of 1.04 lakh dry latrines indicate rehabilitation of 3974 scavengers doubtful and rendered expenditure of Rs.4.58 crore unfruitful.**

**(g) Rehabilitation without conversion of dry latrines:** Rehabilitation of scavengers could become a reality only if the dry latrines numbering 1.04 lakh in the State as of March 2002 are either converted into water borne latrines or closed. The SCDC and test-checked district units did not collect information on dry latrines in the district/state and the year-wise conversion of dry latrines into wet ones from UAD Department and MCs/LBs prior to rehabilitation of scavengers. It was observed that 3974 \*\* scavengers were rehabilitated with a total assistance of Rs.4.58 crore (subsidy-Rs.363.65 lakh and MML-Rs.94.49 lakh) in 30 towns where none of the dry latrines were converted into water-borne ones. As such, the rehabilitation cannot be said to be effective as the possibility of the beneficiaries reverting back to previous occupation cannot be ruled out as also that of new scavengers joining the profession of scavenging. The survey conducted (2000-01) in Shahdol district by teaching staff and students of colleges also proved this since 210 out of 265 scavengers (79 per cent) had closed their establishments opened with government assistance. In these circumstances the entire assistance of Rs.4.58 crore spent on rehabilitation of 3974 scavengers was of doubtful validity.

**Only 42 SMs were set up against sanction of 800 by GOI**

**(h) Establishment of sanitary marts :** The main objectives of sanitary marts (SMs) was to erase the need for scavenging and scavengers by improving sanitary conditions and facilitate the rehabilitation of scavengers. The SCDC sent a proposal for establishment of 600 SMs involving 15000 scavengers to GOI in March 2000 but without identifying the beneficiaries. GOI sanctioned the proposal and another 200 SMs for 2000-01. However, only 42 (4 in 2000-01 and 38 in 2001-02) SMs (5 per cent) involving rehabilitation of 659 scavengers were reported to have been established. Out of 38 SMs said to have been established during 2001-02, assistance in respect of 35 was released by SCDC to district units in the last quarter of the year. Thus, the claim of setting up of these 38 SMs during 2001-02 was doubtful. The balance GOI funds (Rs.27.54 crore) released for 558 (of the first lot of

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\*\* Bhopal-622, Chhatarpur-4, Gwalior-234, Indore-1026, Jabalpur-934, Khargone-61, Morena-222, Rewa-337, Satna-258, Shahdol-26 and Ujjain-250

600) SMs require to be refunded; the extent of GOI assistance for the other 200 SMs was not forthcoming though that too is refundable to GOI.

**SMs not provided with requisite support**

The SCDC was required to liaise with the UAD Department /MCs for securing orders for the construction of wet latrines by SMs and issuing notices under by-laws for immediate conversion of existing dry latrines, establishing pay-and-use latrines that would be run by the marts and also to arrange the purchase of sanitary materials at concessional rates for sale through SMs. This was not done by the SCDC and was left to district units. It was observed in one test-checked district (Ujjain) that 5 SMs (during 2000-01: 2 and 2001-02 : 3) were set up but supportive action for proper working of SMs was not initiated by the district unit. The relevant record of SMs was not made available to Audit. However, as reported by the district unit, the conversion of dry latrines was not done by SMs and sufficient stock of sanitary materials too was not available with SMs as full project cost was not released by SCDC.

The SCDC replied (December 2001) that scavengers were not interested in working on co-operative society pattern. This indicated that the scavengers were not properly motivated by means of public contact and/or mass media communication for changing their occupation. The district unit, however, assured (February 2002) fulfilment of the requirement in future.

### **3.3.7 Urban Low Cost Sanitation Scheme**

**Tardy conversion of dry latrines into water borne during 1983-2002**

The conversion of dry latrines into flush latrines under the scheme of Urban Low Cost Sanitation (ULCS) on "whole town basis " with the objective of totally eliminating manual scavenging was implemented by the Commissioner, Urban Administration and Development (UAD Directorate) at State level and MCs/LBs at district/town level. The Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act 1993 (Act) was adopted by the State from November 1997. The survey of dry latrines conducted by UAD Directorate in 1982-83 revealed the existence of 3.76 lakh dry latrines in the State. No fresh survey was conducted thereafter. There was reported addition of 1.31 lakh dry latrines during April 1983 to March 2002 and conversion of 4.03 lakh dry latrines into flush latrines leaving a balance of 1.04 lakh dry latrines as of 31 March 2002. The State Government decided in February 2001 to convert all dry latrines in the State by 14 April 2002. However, no action plan was prepared nor were annual targets fixed. As a result, the target date (April 2002) had to be further extended to 14 April 2003.

In the State 128 out of 334 towns were reported as free from dry latrines. The State Government, however, issued notification in November 2002 under sub-section 2 of section 3 of the Act prohibiting employment of manual scavengers or constructing or maintaining dry latrines in respect of all the towns in the State.

The expenditure on conversion of dry latrines was borne by GOI (subsidy), State Government or Housing and Urban Development Corporation (HUDCO) (loan) and the beneficiaries (contribution) based on the income of the beneficiaries. The Central subsidy is routed through HUDCO.

The funding of the scheme is as detailed below:

(Rupees in lakh)

Year	Budget provision	Funds provided during the year				Expenditure incurred during the year			
		From State Budget	Subsidy	Loan (HUDCO)	Total	State Budget	Subsidy	Loan	Total
1997-98	45.19	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
1998-99	45.19	30.60	Nil	100.54	131.14	30.60	Nil	100.54	131.14
1999-2000	40.69	40.38	95.51	44.34	180.23	40.38	95.51	44.34	180.23
2000-01	101.90	101.90	Nil	14.86	116.76	101.90	Nil	14.86	116.76
2001-02	75.00	75.00	Nil	Nil	75.00	75.00	Nil	Nil	75.00
<b>Total</b>	<b>307.97</b>	<b>247.88</b>	<b>95.51</b>	<b>159.74</b>	<b>503.13</b>	<b>247.88</b>	<b>95.51</b>	<b>159.74</b>	<b>503.13</b>

The following points were noticed.

**Non-availment of HUDCO assistance for conversion of 18420 dry latrines.**

(a) **Non-utilisation of HUDCO assistance:** The Municipal Corporation, Indore, submitted (November 1994) a scheme for conversion of 18420 (12000 EWS and 6420 LIG) dry latrines at a cost of Rs.3.96 crore to HUDCO which sanctioned (March 1995) Rs.2.05 crore as loan and Rs.1.45 crore as subsidy. The sanction was valid for one year subject to the condition that the scheme was approved and loan guaranteed by State Government. The guarantee was not given by State Government and hence the entire subsidy of Rs.36.30 lakh which was released, had to be refunded (March 2001) to HUDCO. Reasons for the State Government not guaranteeing the HUDCO loan were not intimated by UAD Directorate.

**Non-recovery of Rs.13.24 lakh from Police Department**

(b) **Non-recovery of unspent amount from Police Department:** The ULCS scheme covers conversion of dry latrines of individuals. The UAD Directorate, however, released Rs.15.50 lakh to Superintendent of Police, Bhopal, through MC, Bhopal, for conversion of dry latrines in Police Lines at Shahjahanabad, Bhopal. The information about total number of dry latrines in the Police Lines converted and scavengers liberated and rehabilitated was not available with the UAD Directorate. It was, however, observed that the Police Lines, had 96 dry latrines, the conversion cost of which @ Rs.2350 per unit applicable worked out to only Rs.2.26 lakh. The balance amount of Rs.13.24 lakh was not recovered from the Police Department.

**Un-authorized payment of supervision charges of Rs.81.62 lakh to NGOs**

(c) **Undue aid to Non-Government Organisations:** The conversion of dry latrines into flush latrines was being executed through Non-Government Organisations (NGOs). Scrutiny of estimates prepared by UAD Directorate revealed that the conversion cost of Rs.2350 as worked out included 20 per cent supervision charges (Rs.391.55 per unit) which was irregular. The undue financial aid to NGOs on account of supervision charges during 1998-02 amounted to Rs.81.62 lakh.

UAD Directorate stated (April 2002) that pre-qualification tenders were invited and after negotiations with selected NGOs, the conversion cost of

Rs.2350 per unit was fixed by State Government and the estimate prepared was inclusive of supervision charges.

Thus estimates were prepared to match the negotiated rates, which was highly irregular.

### **3.3.8                    *Coordination, monitoring and evaluation***

The State Level Monitoring Committee was required to meet once in three months. The Committee did not meet at all during 1997-98 and 2000-01 and met only once a year during 1998-99, 1999-2000 and 2001-02. The monthly progress reports were not sent to GOI by SCDC and the yearly reports were sent after delays of 2 to 7 months.

Though the monitoring committees were found constituted in the test-checked districts, they either did not meet at all or met only once in a year during 1997-2002. Town and Mohalla Committees, meant to help implementation of the scheme were not, however, formed in these districts.

**3.3.9** The above findings were referred to Government in Scheduled Tribes and Scheduled Castes Welfare Department (August 2002) and Urban Administration and Development Department (December 2002); replies had not been received.