

LAPTOPS AND TABLETS: PROCUREMENT AND FREE DISTRIBUTION TO STUDENTS



**SECONDARY
EDUCATION DEPARTMENT**

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2.5 Laptops and Tablets: Procurement and Free Distribution to Students

2.5.1 Introduction

With a view to keep abreast with technology, the Government of Uttar Pradesh (GoUP) decided (March 2012) to distribute laptops and tablets, free of cost, to students. Laptops were to be distributed to those who had passed class XII examination from examining bodies¹ in 2012 and were pursuing higher education. The tablets were to be distributed to those who had passed class X examination in 2012 and were pursuing education in class XI/Industrial Training Institutes/Polytechnics or where minimum qualification was pass in Class X. The Government decided (May 2012) that UP Electronics Corporation Limited (UPECL) would procure laptops and tablets and schools/institutions were to prepare a list of eligible students and upload it on the designated website. During the year 2012, 33.29 lakh² in class X and 25.01 lakh³ in class XII students passed from various Boards. The Government, however, procured 14.81 lakh against the tendered quantities of 15 lakh⁴ laptops for its distribution to the students who passed Class XII examination and pursuing higher education. No tablets were, however, purchased as of November 2014. The laptops and tablets were to be distributed to the students in a function to be attended by the Chief Development Officer/Additional District Magistrate, *Tehsildar* etc.

2.5.2 Organisational structure for distribution of Laptops/Tablets

The Principal Secretary, Secondary Education, Lucknow at the Government level; Director, Secondary Education, UP, Lucknow; and State Project Director, UP *Madhyamik Siksha Abhiyan Parishad*, Lucknow (Registered under Societies Registration Act, 1860) at the State level and District Magistrate (DM) and District Inspector of Schools (DIOSs) at the district level were responsible for distribution of laptops and tablets to the students.

2.5.3 Audit objectives

The Audit objectives of distribution of free laptops and tablets scheme were to assess and ascertain whether:

- Management of financial resources was prudent;
- Planning process to achieve the objectives of the free distribution of Laptops was adequate and effective;
- The procurement and utilization of Laptops was being done in transparent, ethical and efficient manner;

¹ UP *Madhyamik Shiksha Parishad*, Allahabad; *Uttar Madhyama* Examination of UP *Madhyamik Sanskrit Shiksha Parishad*; *Alim* Examination of UP, *Madarsa Siksha Parishad*; Central Board of Secondary Education etc.

² Uttar Pradesh Madhyamik Siksha Parishad: 29.81 lakh, CBSE: 1.61 lakh, ICSE: 0.30 lakh, Madarsa Board: 1.06 lakh and Uttar Madhyamik Sanskrit Siksha Board: 0.51 lakh.

³ Uttar Pradesh Madhyamik Siksha Parishad: 23.31 lakh, CBSE: 0.81 lakh, ICSE: 0.20 lakh, Madarsa Board: 0.34 lakh, Uttar Madhyamik Sanskrit Siksha Board: 0.35 lakh.

⁴ Based on estimated number of students passed (18.90 lakh) in Class XII from the Boards of UP, CBSE, ICSE and Uttar Madhyamik Sanskrit Siksha, UP.

- Selection of students were as per norms; and
- There was adequate and effective mechanism at different levels for monitoring and evaluation of the scheme.

2.5.4 Audit criteria

The audit criteria have been derived from the following sources:

- Guidelines issued by the Chief Secretary, Government of Uttar Pradesh order dated 05 July, 2012;
- Budgetary provisions;
- Tender documents/agreement;
- Circulars/instructions issued by the Government from time to time; and
- Periodical reports/returns prescribed by the State Government.

2.5.5 Scope of audit and methodology

The records relating to procurement and distribution of laptops and tablets, for 2012-14, were examined in audit (May 2014 to July 2014) in the offices of the Principal Secretary, Secondary Education, Lucknow; Director, Secondary Education, Lucknow; State Project Director, UP *Madhyamik Shiksha Abhiyan Parishad*, Lucknow; and DIOSs of 15 districts⁵ selected through Probability Proportionate to Size with Replacement method. The audit findings were discussed with the Principal Secretary, Secondary Education, Government of Uttar Pradesh in exit conference on 18 November 2014. During discussion, the audit findings and recommendations were accepted. The Government replies were received (September 2014) and suitably incorporated in the report.

2.5.6 Audit findings

2.5.6.1 Financial status

The year-wise position of budget provision and expenditure there against is given in **Table 1**.

Table 1: Year-wise position of budget provision and expenditure

(₹ in crore)

Sl. No.	Year	Particulars	Budget provision	Expenditure	Savings (-)
1	2012-13	Tablets for Class X passed students	302.39	0.20	(-)302.19
		Laptops for Class XII passed students	2,417.98	1,020.40	(-)1,397.58
2	2013-14	Tablets for Class X passed students	302.39	0.84	(-)301.55
		Laptops for Class XII passed students	2,418.85	2399.32	(-)19.53
Total			5,441.61	3,420.76	(-) 2,020.85

(Source: Appropriation Accounts 2012-13 and 2013-14)

⁵ Aligarh, Allahabad, Azamgarh, Balrampur, Banda, Bijnore, Etawah, Gautam Budha Nagar, Ghazipur, Kanpur Dehat, Lucknow, Maharajganj, Meerut, Moradabad and Sant Ravidas Nagar districts selected on the basis of PPSWR method.

A sum of ₹ 3,420.76 crore was spent on distribution of free laptops to the students.

As is evident from the table, there were savings of ₹ 2,020.85 crore during 2012-14 mainly due to non-procurement of tablets and less procurement of laptops.

During discussion, the Government stated that the amounts could not be surrendered due to uncertainty over the expenditure. The fact remains that this was indicative of inadequate budgetary and expenditure control as the said amount was allowed to lapse.

Against the budget provisions of ₹ 5,441.61 crore during 2012-14, a sum of ₹ 3,420.76 crore was spent on procurement and distribution of laptops and tablets to the students. However, we noticed inadequate planning, financial mismanagement, non-distribution of tablets etc. Besides, a number of records relating to budgetary process, selection of students, cabinet approvals and related documents, monitoring were not produced to audit, though called for (*Appendix 2.5.1*).

2.5.6.2 Wasteful expenditure on procurement process of tablets

Wasteful
expenditure of
₹ 60.06 lakh.

During audit we noticed the Government made a provision of ₹ 604.78 crore for procurement of tablets. During scrutiny of the records it was noticed that GoUP finalised bid document for procurement of 26.62 lakh tablets, published global tender and also organised pre-bid conferences. However, no vendor could be selected. The scheme of distribution of free tablets to the students who had passed class X was not implemented since its inception. In the process, the Government spent ₹ 60.06 lakh on Request for Proposal (₹ 16.29 lakh), advertising NIT (₹ 43.32 lakh), pre-bid conferencing (₹ 0.29 lakh) and competitive bidding (₹ 0.16 lakh) for procurement of the tablets which was rendered wasteful.

During exit conference, the Government stated that the proposal for distribution of tablets or to abandon it was pending with the Government.

2.5.6.3 Blockade of funds

Blockade of funds of
₹ 598.33 crore

Audit noticed that out of the expenditure of ₹ 3,420.76 crore, the Government deposited ₹ 1,588.64 crore (March 2013: ₹ 1,000 crore and March 2014: ₹ 588.64 crore) in the Personal Ledger Account (PLA) of UPECL and subsequently withdrew ₹ 990.31 crore (March 2013: ₹ 2.91 crore; June 2013: ₹ 240.32 crore; August 2013: ₹ 388.54 crore; September 2013: ₹ 358.54 crore). The remaining ₹ 598.33 crore was lying unspent in the said PLA as of November 2014. Audit also noticed that ₹ 141.14 crore (out of ₹ 3,420.76 crore), which was payable to the supplier after completion of warranty of one year of supply of laptops, was also lying in PLAs of the District Rural Development Agency of the respective districts as of November 2014.

During discussion, the Government stated that action will be taken for utilisation/surrender of the amounts.

2.5.6.4 Excess administrative expenses

As per the Government order (December 2013), administrative expenses of ₹ 1.50 crore, where function was to be presided over by Hon'ble Chief Minister, was admissible for meeting incidental expenditure like distribution charges, organizing the event of distribution etc.

₹ 2.97 crore was incurred in excess of admissibility.

Scrutiny of records of administrative expenses revealed that in three⁶ out of 15 test-checked districts (where the functions were presided over by the Hon'ble Chief Minister) ₹ 7.47 crore was spent (for which ₹ 1.50 crore was allotted and paid) on the events organised for distribution of laptops against the admissibility of ₹ 4.50 crore, resulting in excess expenditure of ₹ 2.97 crore (*Appendix 2.5.2*).

In reply, the Government stated that the excess expenditure was under examination for payment.

2.5.6.5 Pending liability

Liability of substantial amount was also created.

Scrutiny of records of administrative expenses revealed that in six⁷ out of 15 test-checked districts, expenditure of ₹ 7.82 crore was incurred against allotment of ₹ 1.57 crore which was paid to vendors/suppliers. As a result, bills amounting to ₹ 6.25 crore were pending for payment, as of November 2014, thereby creating a liability of ₹ 6.25 crore (*Appendix 2.5.3*).

In reply, the Government stated that the expenditure was under examination for payment. Thus, on one hand, the Government kept ₹ 598.33 crore in PLA of UPECL and on the other hand created liabilities of ₹ 6.25 crore.

2.5.6.6 Distribution of laptops

Supply orders for 14.81 lakh laptops (cost: ₹ 2,822.71 crore) were placed on the suppliers.

The Directorate, Secondary Education had estimated (March 2012) 18.90 lakh students of class XII for distribution of laptops against which the Government invited global tender for procurement of 15 lakh laptops and finalised the tender in favour of M/s HP Sales India Limited (firm) for supply of laptops. Against 14.91 lakh applications received, UPECL placed seven supply orders (2012-14) for 14.81 lakh laptops on the firm for ₹ 2,822.71 crore, as against the target of 15 lakh laptops. The reasons for inviting tender for only 15 lakh laptops against the estimated 18.90 lakh students and non-issue of supply order for the remaining 10 thousand laptops to the supplier were not intimated to audit, though called for. The firm supplied (March to September 2013) 14.81 lakh laptops to respective Sub-divisional Magistrates at 313 *tehsils* and 95 *per cent* (₹ 2,681.57 crore) payments were released upto May 2014 (*Appendix 2.5.4*). Test-check of the records of 15 DIOSs revealed the following shortcomings:

⁶Aligarh, Allahabad and Banda.

⁷Aligarh, Allahabad, Banda, Bijnore, Gautam Budh Nagar and Sant Ravidas Nagar.

(a) Non-distribution of laptops

A substantial number of laptops were not distributed.

Out of 14.81 lakh laptops procured, 45,803 laptops (cost: ₹ 87.29 crore) were not distributed, due to the stated reasons of either the students not turning up or those having turned up being ineligible, and these were lying at *Tehsil* level of the districts. In the test-checked 15 districts, where 3,81,609 students were to be distributed laptops, 12,213 students either did not turn up or were ineligible and the laptops were lying in stock (July 2014) at the *tehsil* level. The district wise details are given in *Appendix 2.5.5*. The Government instructed (June 2014) the Director, UPECL and the concerned DMs to ensure their distribution to the eligible students even by re-allocating them to other districts.

In reply, the Government stated (November 2014) that 45,803 laptops were under distribution.

Further, the list of eligible students was to be prepared by the concerned Principals of colleges/Institutions and submitted to DIOSs for onward submission to UPECL. Scrutiny of the records of DIOS, Meerut revealed that out of 24,471 eligible students, laptops were distributed to 21,425 students resulting in non-distribution of laptops to 3,046 eligible students.

The Government stated that 3,046 eligible students in Meerut were not distributed laptops as they did not apply within the prescribed time limit. However, no documentary evidence in support of the reply was produced to audit though called for (November 2014).

(b) Laptops found short in stock

As per the scheme guidelines, five *per cent* of the laptops procured and kept in storage were to be verified by Sub-divisional Magistrate/*Tehsildar* or any other nodal officer nominated by DM before their distribution.

Laptops were found short in stock.

Scrutiny of the records of 15 DIOSs in the test-checked districts revealed that five *per cent* of the laptops procured and kept in stores were verified by authority nominated by DM. Further during joint physical verification of the laptops available in stock, 215 laptops, costing to ₹ 41 lakh, were found short in four⁸ districts. This indicated that the required verification was not done properly.

The Government replied that there is no short fall in Aligarh and Bijnore districts. No reply, in respect of Azamgarh and Moradabad districts, was furnished. The reply is not acceptable as no documentary evidence was provided in support of the reply though called for (November 2014).

Scrutiny of records in Allahabad district also revealed that 52 laptops (₹ 9.91 lakh) were found short after distribution of laptops in a function. The District Management Committee was responsible for proper upkeep of laptops during organisation of function.

⁸ Aligarh: 206; Azamgarh: three; Bijnore: four; and Moradabad: two.

In reply, DIOS admitted (June 2014) the fact and stated that these were stolen/missing and an FIR having been lodged.

The Government did not offer any comment.

2.5.6.7 Non-verification of students post distribution

Post distribution verification of students was not done.

Para 8.7 of the scheme guidelines stipulated verification of students by the Director, Secondary Education/Technical Education and Head of the Institutions and five *percent* verifications by District Level Committees (DLCs) in order to ensure that the laptops were distributed only to eligible students and they were using them.

Test-check of the records of 15 DIOSs revealed that the post distribution verification by the Director, Secondary Education/Technical Education and the Head of the Institutions was not done in any of 15 test-checked districts. Scrutiny also revealed that five *per cent* of verification by DLC was done in ten⁹ out of 15 districts and not in the remaining five districts¹⁰. However, no system of detailed feedback mechanism for ensuring the usage was spelt out. No guidelines or proforma were developed by the Government to verify the extent of usage of the laptops by the beneficiaries. No system was put in place, apart from only one day demonstration to students for usage of computers. Though some teachers were trained but no orders were issued to make it incumbent upon these trained teachers to help those students who were facing problems in using the distributed laptops.

In reply, the Government stated that the laptops distributed to the students have been checked and the officers visiting the districts were also checking and taking feedback on its usage. The reply was not acceptable as neither a meaningful system for feedback on usage was put in place nor any document relating to usage was produced to audit though called for (November 2014).

2.5.7 Monitoring

GoUP issued order (February 2013) for establishing State level Web Monitoring System and procedure for its operation was intimated to DMs. However, we observed that:

- Laptops were shown as distributed in the districts and *tehsils* on various dates but the status of confirmation was showing 'No';
- Bill dates and amounts were shown but payment dates and details of cheques columns were showing blank;
- Mismatch of the data of 1348 ineligible beneficiaries in nine districts; and

⁹ Aligarh, Azamgarh, Banda, Bijnore, Etawah, Gautam Buddha Nagar, Ghazipur, Lucknow, Meerut and Moradabad.

¹⁰ Allahabad, Sant Ravidasnagar, Balrampur, Maharajganj and Kanpur Dehat.

- Status of teachers' training in five districts (Aligarh, Ambedkar Nagar, Azamgarh, Gorakhpur and Kanpur Dehat) were also not uploaded.

This was indicative of improper updation and poor monitoring by authorities rendering the data on the State level web unreliable.

In reply, the Government stated that updation on the web portal was in process and assured that the same will be completed shortly. During discussion, the Government reiterated the same. Fact remains that web portal has not been updated and put to use.

The Government should initiate immediate action to utilise 45,803 laptops lying undistributed in stock. The Government should put a robust system of monitoring in place to ensure that all the 14.35 lakh laptops distributed to the students are put to use by them to achieve the objective of the scheme.

2.5.8 Conclusion

- Class X passed students were deprived of the intended benefits of the tablets despite sufficient budgetary provisions;
- Procurement and distribution of 14.81 lakh laptops to the students of class XII passed in 2012 and pursuing higher studies was beset with instances of shortages of laptops in stock, non-distribution of laptops and non-verification of students post distribution, indicating non-achievement of the objective of the scheme of keeping the students abreast with technology;
- The Government made excessive provisions of funds in the budget which lapsed at the end of the financial year and ₹ 598.33 crore of the budget provision was lying unspent in PLA; and
- The Government mechanism to ensure the use of distributed free laptops for the intended purpose was deficient.

Appendix 2.5.1

Non-production of records (Reference: Paragraph no. 2.5.6.1; page 103)

Name of unit	Brief particulars
Principal Secretary, Secondary Education Department, Lucknow	Government planning file of the Scheme.
	Budgetary provisions proposals files.
	Budgetary provisions of Administrative Expenses and details correspondence files.
	Government Order's and Instructions issued from time to time.
	Details of survey and details of board-wise students passed and selection of students.

Appendix 2.5.2

Excess expenditure under administrative expenses

(Reference: Paragraph no. 2.5.6.4; page 104)

(₹ in crore)

Sl. No.	Name of the district	Number of laptop purchased	Cost of laptop purchased at the rate of ₹ 19,058 per laptop	Admissibility under administrative expenses where distribution function presided over by Hon'ble Chief Minister	Expenditure actually incurred	Excess expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Aligarh	20,293	38.67	1.50	2.46	0.96
2	Allahabad	69,395	132.25	1.50	2.10	0.60
3	Banda	11,636	22.18	1.50	2.91	1.41
Total		1,01,324	193.10	4.50	7.47	2.97

Appendix 2.5.3

Liabilities created under administrative expenses

(Reference: Paragraph no. 2.5.6.5; page 104)

(₹ in crore)

Sl. No.	Name of the district	Number of laptop purchased	Cost of laptop purchased at the rate of ₹ 19,058	Admissibility at the rate of 1.2 per cent of column 4	Allotment under administrative expenses	Actual expenditure incurred under administrative expenses	Amount actually paid	Created liability
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Aligarh	20,293	38.674	1.500*	0.000	2.460	0.000	2.460
2	Allahabad	69,395	132.253	1.500*	0.000	2.100	0.000	2.100
3	Banda	11,636	22.176	1.500*	1.500	2.910	1.500	1.410
4	Bijnore	28,464	54.247	0.651	0.025	0.035	0.025	0.010
5	Gautam Buddha Nagar	13,419	25.574	0.307	0.011	0.248	0.011	0.237
6	Sant Ravidas Nagar	9,324	17.770	0.213	0.036	0.066	0.036	0.030
Total		1,52,531	294.694	1.171	1.572	7.819	1.572	6.247

* ₹ 1.50 crore where function presided over by the Hon'ble Chief Minister.

Appendix 2.5.4

Details of supply orders issued for procurement of laptops (Reference: Paragraph no. 2.5.6.6; page 104)

Supply order No.	Date of supply orders	Procurement of laptops (in numbers)	Rate per unit (in ₹)	Amount (₹ in crore)
1	14 March 2013	9,989	19,058	19.03
2	18 May 2013	1,63,767	19,058	312.11
3	17 June 2013	2,64,769	19,058	504.60
4	28 June 2013	2,44,329	19,058	465.64
5	20 August 2013	4,97,108	19,058	947.39
6	29 August 2013	2,80,591	19,058	534.75
7	19 September 2013	20,565	19,058	39.19
Total		14,81,118		2,822.71

Appendix 2.5.5

Details of undistributed laptops

(Reference: Paragraph no. 2.5.6.6(a); page 105)

Sl. No.	District	No. of students eligible for laptop	Purchase order issued	No. of laptops supplied against purchase order	Laptop distributed	Laptops not distributed	Cost of undistributed laptop (₹ in crore)
1	Aligarh	20,293	20,293	20,293	19,788	505	0.96
2	Allahabad	69,395	69,395	69,395	65,806	*3,537	6.74
3	Azamgarh	43,011	43,011	43,011	41,459	1,552	2.96
4	Balrampur	9,748	9,748	9,748	9,032	716	1.36
5	Banda	11,636	11,636	11,636	11,563	73	0.14
6	Bijnore	28,464	28,464	28,464	28,340	124	0.24
7	Etawah	13,415	13,415	13,415	13,405	10	0.02
8	Gautam Buddha Nagar	13,419	13,419	13,419	12,791	628	1.20
9	Ghazipur	31,692	31,692	31,692	30,833	859	1.64
10	Kanpur Dehat	21,584	21,584	21,584	21,175	409	0.78
11	Lucknow	46,827	46,827	46,827	44,317	2,510	4.78
12	Mahrajganj	16,461	16,461	16,461	16,066	395	0.75
13	Meerut	21,957	21,957	21,957	21,425	532	1.01
14	Moradabad	24,383	24,383	24,383	24,143	240	0.46
15	SantRavidas Nagar	9,324	9,324	9,324	9,201	123	0.23
Total		3,81,609	3,81,609	3,81,609	3,69,344	12,213	23.28

*52 laptops were stolen/looted.