

Chapter 8 – Labour, Employment, Training and Factories Department

8.1 Department profile

Labour, Employment, Training and Factories Department is the administrative department for enforcement of various State and Central laws. The objective of this Department is to maintain industrial peace, ensure industrial growth and social justice to the workers, both the organised and unorganised, by enforcement of Labour Enactments, and to improve their service conditions. The department functions through four Directorates viz., Labour, Employment and Training, Insurance Medical Services and Factories each headed by a Commissioner/Director.

As part of our audit of the Department, during 2010-11, we have reviewed the functioning of '*Rajiv Udyogasri Society*', which was a significant initiative of the State Government aimed at providing 10 lakh jobs for the youth within a span of two years. The Society falls under the jurisdiction of the *Directorate of Employment and Training*. The Directorate has two wings viz., Employment wing and Training wing, which were both responsible for enabling the Society in achieving its objectives.

Our findings are discussed below.

8.2 Functioning of Rajiv Udyogasri Society

8.2.1 Introduction

Rajiv Udyogasri Society (RUS) was set up by the State Government in July 2007 and envisaged the following activities for achieving its objective:

- ⇒ Conduct survey to identify job potential in every industry/ establishment;
- ⇒ Select suitable candidates jointly with the employer;
- ⇒ Train the candidates for imparting required skills;
- ⇒ Provide placements to the trained candidates.

8.2.2 Organisational setup

RUS is a registered society headed by the Chief Minister, with the Chief Secretary as its Vice-Chairman and 24 Secretaries from various departments/bodies as its members, who together constitute the Council at the apex level. The role of the Council was, however, not delineated in the Government Order¹ setting up the Society. The Society functioned essentially through its Chief Executive Officer (CEO), who was also the Principal Secretary to Labour, Employment & Training and Factories Department. At the district level, the Society functioned through the District Employment Officers and other department units.

¹ G.O. Ms. No. 65 dated 5 July 2007 of Labour, Employment & Training and Factories (Emp) Department

8.2.3 Audit objectives

The objectives of audit of RUS were to assess whether,

- financial management was efficient and effective;
- survey of job potential was comprehensive;
- methodology followed in selection of candidates was transparent and foolproof;
- the envisaged target of 10 lakh placements in two-year period was achieved.

8.2.4 Scope and Methodology of audit

We reviewed² (August – December 2010) the activities of RUS during the two year period 2008 – 2010 through a test-check of the records in RUS Directorate and in 8 District Employment Offices (DEOs), 8 Project Directors (PDs) of National Child Labour Project (NCLP), 44 Industrial Training Institutes (ITIs), 7 Polytechnics in eight³ districts (out of 23) selected on the basis of allocation of funds. Replies of the implementing agencies/training partners and Government have been considered while arriving at audit conclusions.

Audit Findings

8.2.5 Financial Management

The State Government released ₹ 110.15 crore⁴ to RUS during the period from January 2008 to March 2010, of which, the latter released ₹ 94.36 crore to the Principals of ITIs, DEOs, PDs of NCLP in the districts, concerned departments and other implementing agencies for training and capacity building purposes as detailed in Table-8.1. Apart from this, RUS gave advances amounting to ₹ 17.36 crore to DEOs, ITIs, State Board of Technical Education & Training (SBTET).

Table – 8.1

Sl. No.	Name of the department/institution	Amount released (₹ in crore)	Purpose
1	In all districts		
	To Principals of ITIs, DEOs and PDs (NCLP)	28.32	Training, establishment of computer labs, civil works, etc.
2	Releases to departments/agencies		
(i)	Mission for Elimination of Poverty in Municipal Areas (MEPMA)	2.00	Training
(ii)	Commissionerate of Collegiate Education (CCE)	3.00	Training
(iii)	Director of Intermediate Education (DIE)	2.15	Training
(iv)	Institute of Electronic Governance (IEG)	2.74	Use in Jawahar Knowledge Centers
	(a) Procurement of tally package		
	(b) M/s Kavuru Foundation		₹ 0.24 crore
(v)	National Academy of Construction (NAC)	10.40	Training in construction related trades

² under Section 14 of C&AG's (Duties, Powers and Conditions of service) Act 1971

³ Chittoor, Hyderabad, Krishna, Kurnool, Medak, Nizamabad, Ranga Reddy and Vizianagaram

⁴ 2007-08: ₹ 27.65 crore; 2008-09: ₹ 65.00 crore; 2009-10: ₹ 17.50 crore

Sl. No.	Name of the department/institution	Amount released (₹ in crore)	Purpose
(vi)	Overseas Manpower Company of Andhra Pradesh (OMCAP)	0.66	Training
(vii)	Central Institute of Plastics Engineering & Technology (CIPET)	0.29	Training in plastics processing, manufacturing of moulds and dyes, etc.
(viii)	Andhra Pradesh State Road Transport Corporation (APSRTC)	3.00	Light Motor Vehicle driving
(ix)	State Board of Technical Education and Training (SBTET)	0.80	Training
	Total (2)	25.04	
3	Procurement of computers and other peripherals (ITIs and Employment Exchanges)	25.30	Establishing infrastructure in ITIs and Employment Exchanges in the State
4	Director of Employment & Training (DET)	9.96	Procurement of Equipment & Machinery
5	Head Office	5.74	Expenditure incurred by RUS Directorate
	Grand Total	94.36	

Source: Information furnished by Rajiv Udyogasri Society

Audit findings with regard to financial management are as follows:

8.2.5.1 Utilisation of funds

- As per the instructions issued (August 2008) by RUS, all the unit officers and officers of the Directorate were required to furnish Utilisation Certificates (UCs) for the amounts released to them. However, while the departments/agencies are stated to have been furnishing UCs, RUS has not maintained the details of UCs received by it. We are therefore, not able to vouch for the utilisation of ₹ 94.36 crore.
- RUS funds were parked in fixed deposits (FDs) in banks by the Director of Intermediate Education (DIE: ₹ 2.50 crore) and Commissionerate of Collegiate Education (CCE: ₹1.79 crore). In response to audit finding, Government stated that it had asked the DIE and the CCE to utilise the funds parked in FDs.
- Funds amounting to ₹ 1.15 crore were lying unspent with 13 PDs (NCLP) as of December 2011.
- RUS released ₹ 2.50 crore to IEG in June 2008 for procurement of 500 licences of Tally software at ₹ 50,000 per licence, inclusive of training to the faculty. The amount was released to IEG based on the latter's proposal, without prescribing any outcome.

8.2.5.2 Advances

- As against the advances amounting to ₹ 17.36 crore given (2008-10) by RUS to various departments/institutions, ₹ 8.87 crore was yet to be recovered by RUS as of August 2011.
- Rupees 8.38 crore was credited (March 2010) by RUS directly to the bank accounts of 128 ITIs and 22 DEOs without any specific instructions about its purpose/utilisation. As a result, these funds remained unutilised by the latter. Government admitted (December 2011) that this amount was advanced to ITIs and DEOs without any specific guidelines.

- As per the scheme guidelines, private training providers were to fund the cost of training and providing placements upfront and were to be reimbursed the expenditure incurred. Contrary to this, ₹ 1.48 crore was paid to M/s Satyam Foundation and ₹ 18 lakh to M/s Kavuru Foundation as advances for imparting training.

8.2.5.3 Diversion of funds

- Director of Intermediate Education (DIE) diverted ₹ 86.80 lakh to Vocational Government Junior Colleges working under his control for purchase of lab equipment which was an activity unrelated to the objectives of RUS.
- Though the agreement with M/s Satyam Foundation was terminated in June 2010, RUS failed to get back (as of December 2011) the assets⁵ worth ₹ 30.13 lakh funded by it.
- Out of ₹ 66 lakh given to Overseas Manpower Company of Andhra Pradesh (OMCAP) for training, it expended ₹ 13 lakh on civil works (₹ 4.98 lakh) and purchase of assets (₹8.10 lakh). This amount has not been recovered by RUS as of December 2011. Government assured us that the amount would be recovered.

8.2.5.4 Non-accountal of refunds

As against a sum of ₹ 3.97 crore stated to have been refunded by various institutions to RUS up to March 2010, only a sum of ₹ 3.63 crore was accounted for in the cash book.

As is evident from the above instances, which came to light during a test-check of records, the finances of RUS were not managed efficiently and effectively and internal controls were poor with regard to release and accountal of funds.

8.2.6 Scheme implementation

8.2.6.1 Survey of job potential

Identification of training partners, standardisation of training methodologies and strategies, and selection of candidates for training was to be facilitated on the basis of macro and micro level survey of industries/employers.

RUS carried out a macro level survey for identification of employment opportunities in urban areas in November 2007. However, micro level surveys to be carried out through the District Collectors to gauge the level of unemployment in rural areas and the possible employment opportunities were not carried out. The information based upon which RUS was supposed to mount its operations was thus lop-sided.

Government contended that DEOs/RUS and Job Development Officers in the State were instructed to identify employment potential in every establishment in their respective districts through a door-to-door survey. We however, observed that the DEOs of three⁶ out of eight test checked districts had not surveyed the market, for ascertaining the job potential in their respective areas.

⁵ Furniture & Fixtures: ₹ 3.87 lakh; Computers: ₹ 26.26 lakh

⁶ Hyderabad, Krishna and Nizamabad

Government further stated that the task of surveying rural areas was entrusted to the Department of Rural Development through Employment Generation and Marketing Mission (EGMM) and not RUS. This was contrary to the Memorandum of Association of RUS, which clearly assigned the responsibility for this task to RUS. Government, in its reply, did not, however, indicate whether such a survey was indeed conducted by EGMM.

8.2.6.2 Selection of candidates

Limited publicity was given to the scheme through news items and scrolling news in electronic media. Other avenues of disseminating information about the scheme like pamphlets, field workshops were not used to generate sufficient awareness among the unemployed youth either about the opportunities available for gainful employment or the State Government's efforts to train them for such employment. As per the guidelines, industry partners/employers were to be involved in selection of candidates. The candidates were to be tested for their aptitude and abilities before selecting them for any training course. These guidelines were ignored by RUS as no criteria was followed in selection of candidates. Similarly, no industry partners/employers were involved in the selection process. Further, *RUS had no data with regard to the number of applications received, number of candidates considered and selected and the number rejected by the implementing agencies like DEOs, ITIs, Polytechnics, NCLP, etc. Absence of this information would indicate that RUS had not ensured due degree of diligence and transparency in the selection process.*

8.2.6.3 Training and placements

RUS released (January 2008 – March 2010) ₹ 54.84 crore⁷ to various Government departments and private agencies for imparting training to unemployed youth and providing placements at least to 70 – 80 per cent of them. While the scheme guidelines stipulate that the training provider should submit the placement information in the prescribed format to RUS, the Society did not have a mechanism to verify the data submitted by them. Further, the training provider was also required to upload the particulars of every trained candidate and placement details to the RUS website. However, in many cases, employer/salary/contact details of trained persons were not uploaded. In the absence of the required details, we are unable to vouch for the number of persons trained and provided placements under this programme.

As per the information obtained from the Society with regard to the achievement *vis-à-vis* target of providing jobs in the sampled districts, the **State achieved a minuscule 4.12 per cent of the target fixed for placements for the two year period 2008-10.** The performance was especially poor in Nizamabad and Vizianagaram districts, compared to the other six districts sampled by us as can be seen from Table 8.2.

⁷ ITIs and DEOs: ₹ 20.83 crore; NAC: ₹ 10.40 crore; NCLP: ₹ 6.23 crore; OMCAP: ₹ 0.66 crore; APSRTC: ₹ 3.00 crore; CCE: ₹ 3.00 crore; DIE: ₹ 2.15 crore; MEPMA: ₹ 2.00 crore; M/s Satyam Foundation: ₹ 1.48 crore; SBTET: ₹ 0.80 crore; Collectors: ₹ 0.51 crore; IEG-M/s Kavuru Foundation: ₹ 2.74 crore; CIPET: ₹ 0.29 crore; Dhatri Foundation: ₹ 0.52 crore; M/s INS SPARTA: ₹ 0.11 crore; M/s Hyderabad Gems: ₹0.12 crore

Table-8.2

Sl. No.	District	No. of candidates		Target fixed for placement during two year period	Percentage of achievement
		Trained	Placed		
1	Chittoor	2484	2171	50000	4.34
2	Hyderabad	7034	3198	50000	6.40
3	Krishna	2723	2519	50000	5.04
4	Kurnool	2127	1973	50000	3.95
5	Medak	2352	2167	50000	4.33
6	Nizamabad	612	612	50000	1.22
7	Ranga Reddy	2239	2187	50000	4.37
8	Vizianagaram	1652	1648	50000	3.30
Total		21223	16475	400000	4.12
State as a whole*		63,736	54,852	10,00,000	5.49

Source: Information obtained from RUS directorate

*The figures are not inclusive of Director of Intermediate Education

The shortfall in achievement was attributed by Director, RUS to economic slowdown during 2008-09 and unprecedented floods and disturbances in the State during 2009-10.

Audit observations with regard to specific departments/agencies where information was available with the Society, are given below:

- Out of the 48,831 persons trained by the Government departments, only 22,658 (46 per cent) were provided placement.
- Mission for Elimination of Poverty in Municipal Areas (MEPMA) and National Academy of Construction (NAC) achieved 68 and 74 per cent respectively in placement of trained candidates.
- The achievement was as low as 16 per cent in the case of Commissionerate of Collegiate Education (CCE) and 34 per cent in Overseas Manpower Company of Andhra Pradesh (OMCAP).
- Institute of Electronic Governance (IEG)-M/s Kavuru Foundation and Central Institute of Plastics Engineering & Technology (CIPET) arranged training to 1,863 and 548 candidates respectively, but no placements were provided.
- The Director of Intermediate Education (DIE) and the State Board of Technical Education and Training (SBTET) had not trained any candidates despite the receipt of ₹ 3.70 crore⁸ and ₹ 3.44 crore⁹ respectively, for the purpose.
- RUS incurred ₹ 2.62 crore for imparting training in driving Light Motor Vehicles (LMV) to 9,468 candidates through Andhra Pradesh State Road Transport Corporation (APSRTC) and ₹ 1.80 crore for imparting training in driving Heavy Motor Vehicle (HMV) to 2,395 candidates through private training institutes. Arrangement with APSRTC and private training institutes was limited to providing learner/driving licence

⁸ releases to DIE during 2008 – 2010: ₹ 2.15 crore; in 2010-11: ₹ 1.50 crore; Interest on FDs: ₹ 5 lakh

⁹ released as advance to SBTET

to the trained candidates but not linked to placements. Since the District Employment Officers (DEOs) did not maintain the data relating to employment provided to these youth, it is not possible to ascertain the impact of this training in providing placements.

- In all the sampled ITIs, the DEOs had not verified placement of candidates trained for various trades.
- M/s Satyam Foundation which trained 3,546 candidates had provided placements to only 1,657 candidates (47 per cent).
- As against 3,000 placements envisaged, Tally India Pvt. Ltd. had provided placements to 2,218 candidates (74 per cent).
- In SPS Nellore, Chittoor and Nizamabad districts, RUS released (May - June 2009) ₹ 29.63 lakh to M/s NIS SPARTA, New Delhi, for training 395 candidates in various trades at ₹ 7,500 per candidate. However, there was no record with regard to the trainings conducted and placements provided to the candidates with the DEOs.

Government accepted the audit findings (September 2011) and assured that corrective action would be taken. It was further stated that efforts were on to put in place a proper mechanism to verify the genuineness of certificates issued by training providers and based on the verification at the field level, action would be initiated against bogus training partners and the departmental officers who connived with them.

8.2.7 Lackadaisical approach in procurement of Computer equipment

Computer equipment¹⁰ worth ₹ 25.30 crore (refer Table-8.1) was procured by RUS in September 2008 for supply to various implementing agencies for imparting training. We observed the following deficiencies in this regard:

- RUS purchased (February 2009 – March 2010) 915 computers at a cost of ₹ 3.53 crore (at ₹ 38,625 per computer) for 38 newly established ITIs in the State, even though the latter lacked basic infrastructure to facilitate their operation. The computers were lying idle as of August 2011.
- Due to lack of proper assessment and planning between RUS and Labour Department, 70 computers procured (February 2009 – March 2010) at a cost of ₹ 27.04 lakh had to be ultimately transferred to Director of Intermediate Education for use in that office.
- RUS incurred ₹ 23.95 lakh on procurement (February 2009 – March 2010) of 62 computers on behalf of Factories Department. Reimbursement of the amount was not obtained (August 2011) from the Factories Department.
- RUS procured (February 2009 – March 2010) 300 workstations worth ₹ 3.57 crore at ₹ 1.19 lakh per unit. Of these, 20 workstations worth ₹ 23.79 lakh were lying idle (August 2011).

¹⁰ Desktops: 3,848 (₹ 14.86 crore); Work stations: 300 (₹ 3.57 crore); Laptops/Notebooks: 228 (₹ 1.85 crore); Servers: 132 (₹ 1.65 crore); Multi Monitor Systems: 51 (₹ 0.69 crore); Other equipment (like Laser printers, LCD Projectors, Multi Function Devices, Network Switches, UPSs, etc.): ₹ 2.68 crore

Since most of the computers were lying idle the expenditure on procurement of computer equipment was rendered futile thus, defeating the objective of procuring them.

Government stated (December 2011) that investigating agencies like Vigilance & Enforcement/Anti-Corruption Bureau and Lokayukta were enquiring into the allegations of irregularities in procurement and utilisation of computer equipment pointed out in audit.

8.2.8 Conclusion

Although Rajiv Udyogasri Society was well conceived, it failed to achieve the envisaged objectives due to flaws in implementation. Funds were released without instructions relating to their utilisation and there were no internal controls with regard to release and accountal of funds. UCs were not obtained for funds released and in some cases, advances recouped were not accounted for in the cash book.

The crucial aspect of survey of job-potential in rural sector was ignored completely. Selection of candidates lacked transparency as no criteria was fixed and industry partners/employers were not associated in the selection process. Data relating to number of applications received, processed and rejected was not maintained. The Society could not ensure placement of the trained candidates, as it had not instituted adequate linkages between training and placement. Thus, despite expending ₹ 111.72 crore, RUS failed to achieve the desired results in the State.

Government accepted the audit findings and stated (September/December 2011) that due follow-up action has been initiated on all the irregularities pointed out in Audit. Government further stated that, to achieve the desired results in terms of the envisaged objectives, it had constituted in August 2011 'Rajiv Education and Employment Mission in Andhra Pradesh' (REEMAP) bringing within its umbrella related activities in all the line-departments which are implementing employment generation programmes including the RUS, as subsidiary mission, to provide employment opportunities to 15 lakh youth in the next three years under a new programme called 'Rajiv Yuva Kiranalu'.