

Chapter 10 - Planning Department

10.1 Department profile

The Department of Planning is engaged in the collection, compilation, tabulation and publication of socio-economic data related to the State. The Directorate of Economics and Statistics, under this Department, is responsible for random statistical studies carried out in the State. At the district level, Chief Planning Officer (CPO) is the controlling officer of the department.

The Department is responsible for implementation of 'Member of Parliament Local Area Development Scheme (MPLADS)' a Central scheme of Ministry of Statistics and Programme Implementation, in the State. The Department is also responsible for implementation of State schemes, notable among these being 'Constituency Development Programme (CDP)'.

We have earlier reviewed the implementation of MPLADS and our findings in this regard have been featured in the C&AG's Audit Reports for the years 2006-10.

As part of our audit, during the year 2010-11, we have reviewed the implementation of '*Assembly Constituency Development Programme (ACDP)*/'*Constituency Development Programme (CDP)*' since inception in April 2005 to March 2011 through a test-check of the relevant records in the offices of the Principal Secretary to Government in Planning Department, CPOs of four¹ districts covering 68 constituencies of MLAs and 22 constituencies of MLCs. Replies of the CPOs have been taken into account while arriving at audit conclusions.

Audit scrutiny revealed that the issues flagged in CAG's Audit Reports during the last five years with regard to implementation of MPLADS have not been addressed and the lacunae persisted in implementation of the ACDP/CDP in the State. Our audit findings are discussed below.

10.2 Constituency Development Programme

10.2.1 Introduction

Government of Andhra Pradesh launched "Assembly Constituency Development Programme (ACDP)" in April 2005 to enable the Members of Legislative Assembly (MLAs) to initiate developmental works within their constituencies. The scheme was implemented during 2005-08 and was revived in 2010-11 after a gap of two years, as "Constituency Development Programme (CDP)" extending it to Members of Legislative Council (MLCs). The annual allocation under the scheme was ₹ 50 lakh per constituency during 2005-06 and was enhanced to ₹ 1 crore per constituency² with effect from 2006-07. The works under the

¹ Chittoor: MLA constituencies: 15, MLC constituencies: 5; East Godavari: MLA constituencies: 21, MLC constituencies: 7; Guntur: MLA constituencies: 19, MLC constituencies: 6; Visakhapatnam: MLA constituencies: 13, MLC constituencies: 4

² ₹ 50 lakh under MLA/MLC quota and ₹ 50 lakh under District in charge Minister quota

scheme should be developmental in nature based on locally felt needs and the emphasis is on creation of durable assets.

Audit of implementation of ACDP/CDP was carried out to assess whether funds allotted were utilised economically, effectively and efficiently for achieving the scheme objectives and proper books of accounts were maintained by the district authorities as prescribed in the scheme guidelines.

10.2.2 Allocation and expenditure

10.2.2.1 Annual releases and expenditure

The scheme guidelines stipulate that funds released by the State Government should be credited to the Personal Deposit (PD) Account of CPO and not parked in any bank account at any stage. Funds released under the scheme are non-lapsable, i.e. unutilised funds of a particular year can be carried forward to the subsequent year without detracting from next year's allocation. The CPO, after administrative sanction of the works by the District Collector, should allocate and release funds to various executing agencies³.

As per the quantum of annual allocation provided for in the scheme guidelines, for 295 MLA constituencies and 90 MLC constituencies in the State, an amount of ₹ 1,122.50 crore⁴ was to be released by the State Government to the CPOs during the years 2005-08 and 2010-11 under ACDP/CDP. However, the State Government released only ₹ 1,017.38 crore. Year-wise details of releases and expenditure as booked in Finance Accounts of the relevant years are given below.

Table-10.1
Details of funds released and expended

(₹ in crore)

Year	Budget allocation	Funds Released	Expenditure
2005-06	147.50	110.63	110.63
2006-07	295.00	221.25	221.25
2007-08	351.76	351.76	351.76
2008-09	44.99	44.99	0.00
2009-10	0.00	0.00	0.00
2010-11	385.00	288.75	209.25
Total	1224.25	1017.38	892.89

Source: Information furnished by Planning Department; expenditure booked by PAG (A&E), Andhra Pradesh

Note: Releases during 2007-08 include ₹ 56.76 crore relating to payments of 2005-06 and 2006-07 works.

₹ 44.99 crore released during 2008-09 also relates to payments pertaining to 2005-06 and 2006-07

The actual funds released for the programme had fallen short of budgeted expenditure in all years except 2007-08. Though the expenditure booked was at par with funds released during the period 2005-06 to 2007-08, it was almost 72 per cent during 2010-11 (release of funds remained suspended during 2008-09 and 2009-10). Our examination revealed that booked

³ Engineering Divisions of Panchayat Raj, Rural Water Supply and Public Health Departments, Zilla Parishads, Municipal Corporations, Municipalities

⁴ ₹ 50 lakh x 295 (₹ 147.50 crore) during 2005-06, ₹ 1 crore x 295 x 2 (₹ 590 crore) during 2006-08 and ₹ 1 crore x 385 (₹ 385 crore) during 2010-11

expenditure merely reflected the amounts transferred from the Government account to PD Accounts of the CPOs and not the amounts spent on works actually executed on the ground. The latter had exercised no control over actual expenditure and thereby not in a position to monitor actual utilisation of funds and ensure remittance of unspent balances by the executing agencies. In the absence of actual expenditure figures, we are unable to vouch for the expenditure stated to have been incurred on implementation of this programme.

Government attributed (December 2011) the short releases to the financial crunch and severe drought situation existing in the State during 2005-08.

In the four districts test checked, out of ₹ 169.94 crore released to the CPOs during the three year period 2005-08 for 68 constituencies under ACDP, the CPOs had released only ₹ 149.93 crore to the executing agencies, retaining an amount of ₹ 20.01 crore in their PD accounts. District-wise details are given below.

Table-10.2
ACDP Funds lying idle with CPOs

(₹ in crore)

District	Number of Constituencies	Funds received from Government	Funds released to executing agencies	Balance available with CPOs
Visakhapatnam	13	32.39	28.14	4.25
East Godavari	21	52.50	43.31	9.19
Guntur	19	47.55	43.22	4.33
Chittoor	15	37.50	35.26	2.24
Total	68	169.94	149.93	20.01

Source: Information furnished by CPOs

Similarly, out of ₹ 47.07 crore released to the CPOs by the Government during 2010-11 under CDP for 87 constituencies⁵ (including MLCs), the CPOs released only ₹ 12.02 crore to the executing agencies and retained a balance of ₹ 35.05 crore in their PD accounts as can be seen from the details tabulated below.

Table-10.3
CDP Funds lying idle with CPOs

(₹ in crore)

District	Number of Constituencies	Funds received from Government	Funds released to executing agencies	Balance available with CPOs
Visakhapatnam	19	9.00	2.68	6.32
East Godavari	26	13.00	4.67	8.33
Guntur	23	11.50	1.11	10.39
Chittoor	19	13.57	3.56	10.01
Total	87	47.07	12.02	35.05

Source: Information furnished by CPOs

⁵ after delimitation of Assembly Constituencies in 2008, total number of constituencies in the four sampled districts were 65 (Chittoor: 14; East Godavari:19; Guntur: 17 and Visakhapatnam:15)

Thus, an amount of ₹ 55.06 crore was lying unutilised (March 2011) in the PD accounts of the four CPOs whose accounts were test checked by us. The CPOs justified (March - April 2011) retention of funds in PD accounts stating that funds could not be released owing to abnormal delays in submission of estimates by the executing agencies.

10.2.2.2 Non-remittance of unspent balances

Our scrutiny further revealed that eight executing agencies in the sampled districts of East Godavari, Guntur and Visakhapatnam, had not remitted the unspent balances amounting to ₹ 73.96 lakh in respect of completed works and the interest of ₹ 13.73 lakh to the respective CPOs. The latter also did not have the details of unspent balances lying with the executing agencies in respect of completed works and interest accrued thereon. Government confirmed (December 2011) this position and stated that the executing agencies had been instructed to remit the unspent balances along with interest.

10.2.2.3 Parking of funds

As per the scheme guidelines, funds released by the Government should not be parked in any bank account at any stage. In violation of this stipulation, the Executive Engineer, Panchayat Raj Division (EE, PR), Rajahmundry parked (September 2006) an amount of ₹ 85 lakh pertaining to ACDP works in various banks as fixed deposits. Government accepted the audit observation and explained (December 2011) that, as the executing agencies had no PD account during that period, the amounts were kept in FDRs initially. Government, however, confirmed that at present all the funds are kept in PD account of the executing agencies.

10.2.2.4 Expenditure from ACDP interest funds for works not related to the scheme

The EE, RWS Kakinada and the CPO, East Godavari released ₹ 0.81 lakh (December 2008) and ₹ 4.75 lakh (November 2009) respectively out of the interest accumulations of ACDP funds, for execution of works not related to the programme. Government in its reply stated (December 2011) that the funds were released in public interest to bring the incomplete works into public usage. The reply is not acceptable, as the guidelines prohibit utilisation of interest accrued on ACDP funds for other works/items.

10.2.2.5 Diversion of funds

The CPO, Visakhapatnam diverted ₹ 2.45 lakh towards beneficiary contribution for works under Prime Minister Announcement Programme in Pendurthy and Madugula constituencies. The CPO stated (March 2011) that the above releases were made in public interest. Any diversion of scheme funds is not permissible under the guidelines and hence the contention of the CPO is not acceptable.

10.2.2.6 Utilisation certificates

As per the guidelines, district authorities should handover the assets created to user organisation and submit utilisation certificate (UC) to the Planning Department within a period of one month from the date of completion of the work.

In respect of ACDP funds of ₹ 114.67 crore released by CPOs to the executing agencies, final UCs and expenditure particulars were not received by the CPOs of East Godavari (₹ 43.31 crore), Guntur (₹ 43.22 crore), and Visakhapatnam (₹ 28.14 crore) districts. Thus, actual expenditure under the Scheme was not available either with the CPOs or the Government.

Government in its reply stated (December 2011) that instructions were issued to the executing agencies for submission of UCs.

10.2.3 Execution of Works

10.2.3.1 Delay in sanctions

Guidelines of the scheme stipulate that sanction should be accorded for works within a period of 30 days from the date of receipt of proposals in the office of the District Collector. In the four sampled districts, sanctions were delayed up to 36 months in respect of 1,388 (11 per cent) out of 13,117 works in 63 (out of 68) constituencies. District-wise details are given in Table-10.4.

Table -10.4
District-wise details of delays in sanction

District	Number of Constituencies	Number of works	Delay in number of days		Estimated Cost (₹ in crore)
			From	To	
Visakhapatnam	13	178	20	352	2.06
East Godavari	19	256	15	732	4.07
Guntur	19	715	15	1107	11.38
Chittoor	12	239	22	280	2.30
Total	63	1388			19.81

Source: Information furnished by CPOs

Government attributed (December 2011) the delays to administrative constraints. The contention of the Government cannot be accepted, as the purpose of introducing this programme was to overcome inherent administrative constraints/gaps and to fulfill the immediate requirements of the local public.

10.2.3.2 Status of Works

Guidelines stipulate that proposals received from the MLAs/MLCs should be scrutinised by the District Collectors and if found in order, sanction should be accorded for works within a period of 30 days from the date of receipt of proposals and the works should be completed within nine months thereafter. The CPOs had not maintained any data about the number of proposals received and those rejected. Out of 56,977 works sanctioned under ACDP in 295 Assembly Constituencies during 2005-08 (estimated cost: ₹ 640 crore), 6,393 works (estimated cost: ₹ 76.68 crore) were not completed and another 2,034 works (estimated cost: ₹ 23.97 crore) have not even started as of March 2011. Further, 6,872 works (estimated cost: ₹ 120.59 crore) sanctioned during 2010-11 under CDP, had not been taken up as of 31 March 2011. The year-wise details are given in Table 10.5.

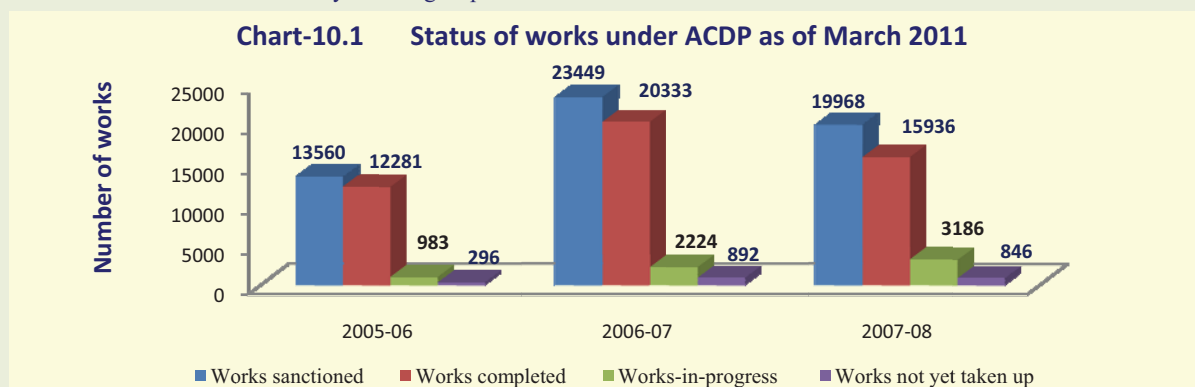
Table-10.5
Status of works under ACDP and CDP in the State

(₹ in crore)

Year	Works Sanctioned		Works Completed		Works in progress		Works not yet taken up	
	No of works	Estimated Cost	No of works	Estimated Cost*	No of works	Estimated Cost	No of works	Estimated Cost
2005-06 (ACDP)	13560	129.07	12281	116.22	983	10.86	296	1.98
2006-07 (ACDP)	23449	263.58	20333	227.48	2224	25.23	892	10.87
2007-08 (ACDP)	19968	247.29	15936	195.59	3186	40.59	846	11.12
2008-09	Programme was not implemented							
2009-10	Programme was not implemented							
2010-11 (CDP)	18497	252.49	4907	44.74	6718	87.16	6872	120.59
Total	75474	892.43	53457	584.03	13111	163.84	8906	144.56

*Actual cost of completed works is not available

Source: Information furnished by Planning Department



The status with regard to the works sanctioned in the sampled districts is given in Table-10.6.

Table-10.6
Status of works under ACDP in test checked districts

(₹ in crore)

District	Number of constituencies	Sanctioned		Completed		In progress		Not started	
		No. of works	Estimated Cost	No. of works	Estimated Cost*	No. of works	Estimated Cost	No. of works	Estimated Cost
Visakhapatnam	13	3002**	33.75	2596	26.30	406	7.44	0	0.00
East Godavari	21	3501	51.38	2625	40.91	726	8.73	150	1.74
Guntur	19	3002	47.03	2493	40.14	373	5.04	136	1.85
Chittoor	15	3612	36.46	3600	36.25	12	0.22	0	0
Total	68	13117	168.62	11314	143.60	1517	21.43	286	3.59

*Actual cost of completed works is not available since expenditure figures are not available

** includes works of two constituencies of Vizianagaram district

Source: Information furnished by CPOs

In the four sampled CPOs covering 68 constituencies, we observed that, out of 13,117 works sanctioned under ACDP during 2005-08, 11,314 works were completed. Of the 1,803 incomplete works (14 per cent), 286 works (estimated cost: ₹ 3.59 crore) in 40 constituencies

had not been started and 1,517 works (estimated cost: ₹ 21.43 crore) sanctioned in 68 constituencies were still in progress as of March 2011.

Table-10.7
Status of works under CDP in test checked districts

(₹ in crore)

District	Number of constituencies	Sanctioned		Completed		In progress		Not started	
		No. of works	Estimated Cost	No. of works	Estimated Cost*	No. of works	Estimated Cost	No. of works	Estimated Cost
Visakhapatnam	19	1061	13.27	53	0.31	44	0.97	964	11.99
East Godavari	26	809	16.41	21	0.26	428	8.81	360	7.34
Guntur	23	833	17.10	15	0.29	345	5.96	473	10.85
Chittoor	19	702	7.87	130	1.29	378	4.36	194	2.22
Total	87	3405	54.65	219	2.15	1195	20.10	1991	32.40

*Actual cost of completed works is not available

Source: Information furnished by CPOs

Under CDP, in 87 constituencies of the four sampled districts, out of 3,405 works (estimated cost: ₹ 54.65 crore) sanctioned in 2010-11, 219 works (estimated cost: ₹ 2.16 crore) were completed, 1,991 works (estimated cost: ₹ 32.40 crore) (58 per cent) have not even started and the remaining 1,195 works (estimated cost: ₹ 4.36 crore) were in progress as of March 2011. Photographs of some of the incomplete works in the sampled districts are given below.



Note: Date on photographs indicate the date on which photographs were taken

Thus, there were inordinate delays in completion of works, resulting in blocking of scheme funds with the executing agencies for long periods and depriving the benefit of those works to the public at large.

Government attributed (December 2011) the delay in commencement/completion of works to (a) non-submission of technically sanctioned estimates on time by the executing agencies, (b) site problems, (c) proposal of alternative works by MLAs by cancelling already proposed works, etc. Government however, assured that instructions were issued to the executing agencies to speed up the works.

10.2.3.3 Inadmissible Works

We observed that, in 66 (out of 68) constituencies, out of 13,117 works taken up for execution 1,189 inadmissible works (ACDP portion of estimated cost: ₹ 16.14 crore) like construction of ratchabanda⁶, erection of electrical poles, construction of shopping complex at shadikana⁷, construction of welcome arch to residential colony, levelling of house sites, repairs and maintenance works, execution of incomplete works of other schemes, etc. were sanctioned by the Collectors and executed in violation of the scheme guidelines. The district-wise details of ineligible works executed are given below in Table-10.8.

Table-10.8
District-wise details of ineligible works

District	No. of Constituencies	No. of ineligible works	Estimated Cost (₹ in crore)
Chittoor	15	169	2.20
East Godavari	21	456	5.70
Guntur	18	310	5.08
Visakhapatnam	12	254	3.16
Total	66	1189	16.14

Source: Information furnished by CPOs

The CPOs stated (March-April 2011) that these works were sanctioned by the District Collectors on the recommendation of the people's representatives. As the works were not eligible under the scheme guidelines, the contention of CPOs is not acceptable. Government in its reply stated (December 2011) that, Community Halls which were inadmissible under the scheme earlier were permitted subsequently under the rules.

During the period April 2005 to October 2007 which was under review, expenditure on Community Halls was not admissible.

10.2.3.4 Entrustment of works on nomination basis

As per the guidelines of the scheme, entrustment of works on nomination basis should be avoided. The State Government also directed (November 2005) that execution of works up to ₹ 5 lakh can be entrusted to village level works committees, self help groups/user groups consisting of stake holders, etc.

⁶ a meeting place usually under a tree in villages is called 'ratchabanda' in Telugu

⁷ marriage hall

In five constituencies in East Godavari and Visakhapatnam districts, we observed that 10 major works (estimated cost: ₹ 76.15 lakh) involving amounts more than ₹ 5 lakh were entrusted on nomination basis. In five of these cases, works were split to avoid the upper ceiling, thus facilitating allotment on nomination basis. Details are given in Table-10.9.

Table-10.9
Details of works entrusted on nomination basis

Name of Constituency	Number of Works	Amount (₹ in lakh)
Visakhapatnam-II	4	34.00
Kadium	2	12.00
Kakinada	2	17.15
Peddapuram	1	6.00
Yellavaram	1	7.00
Total	10	76.15

Source: Information furnished by CPOs

Government in its reply stated (December 2011) that explanation had been called from the executing agencies to explain violation of rules.

10.2.3.5 Overlapping works

Apart from ACDP Scheme, the CPOs are also responsible for implementation of similar nature of works with the funds released by GoI under Member of Parliament Local Area Development Scheme (MPLADS). We observed that, in 12 constituencies in three districts, 25 works were shown as executed both under ACDP (2005-08) (estimated cost: ₹ 49.90 lakh) as well as MPLAD scheme (estimated cost: ₹ 51.55 lakh) with same/similar nomenclature. Details in this regard are given in Table-10.10.

Table-10.10
Details of works shown as executed both under ACDP and MPLADS

District	Number of Assembly Constituencies	Number of works	Releases from ACDP (₹ in lakh)	Releases from MPLADS (₹ in lakh)
East Godavari	6	14	31.55	30.15
Guntur	5	10	18.10	21.25
Chittoor	1	1	0.25	0.15
Total	12	25	49.90	51.55

Source: Information furnished by CPOs

The CPOs stated (March-April 2011) that there was no mechanism with them to verify the overlapping works among different schemes.

The CPOs' contention points to lack of expenditure control in implementation of the scheme and the possibility of using/diverting the funds provided under one scheme to other scheme cannot be ruled out. Had the CPOs been monitoring actual expenditure on such works the possibility of such overlaps would have been minimal. The State Government needs to investigate the matter and fix accountability for diversion of earmarked funds under a scheme to other schemes.

Government confirmed (December 2011) that there was no mechanism with the district authorities to verify the overlapping works among different schemes. Government further stated that the audit observation would be complied with scrupulously in future.

10.2.4 Maintenance of Assets Registers

The scheme guidelines provide for maintenance of a constituency-wise asset register by the district authorities for the works executed with the ACDP funds. Further, district authorities should hand over the assets created to user organisations and submit utilisation certificates to the Planning Department within a period of one month from the date of completion of the works.

Scrutiny in the four sampled districts revealed that asset registers were not maintained by any of the CPOs. Moreover, assets were not handed over to user organisations and relevant utilisation certificates were not on record with the CPOs in all the four districts.

No system of ensuring effective monitoring of implementation of the scheme was in existence. Since verification of assets created was not possible, potential risk of non-existence of assets can not be ruled out. Also, since in many cases assets had not been handed over to the actual users there was no assurance about future maintenance of such assets which defeats the basic objective of creating durable assets under the scheme.

Government stated (December 2011) that necessary instructions were issued to the executing agencies to maintain assets registers in future.

10.2.5 Inspections of Works

As per the scheme guidelines, 10 per cent of the works taken up under the programme are to be inspected by the nodal agency/district authorities. In East Godavari district, only 5 per cent of works were inspected. In all the other sampled districts, information regarding conduct of inspections was not on record with the CPOs. While confirming that no inspections had been conducted so far, the CPOs of these districts assured that inspection of works would be taken up in future.

In the absence of regular inspection of works, the correctness of works taken up, their commencement, completion and quality could not be verified.

Government accepted (December 2011) the audit observation and stated that instructions were issued for inspection of works by the departmental officers.

10.2.6 Conclusion

The CPOs had exercised no control over actual expenditure and thereby not in a position to monitor actual utilisation of funds and ensure remittance of unspent balances by the executing agencies. This also led to financial misreporting. There was inordinate delay (up to 36 months) in sanction of works after recommendation by the MLAs. As against 75,474 works sanctioned under ACDP (2005-08) and CDP (2010-11) only 53,457 were completed and about 15 per cent of works under ACDP, which were due for completion within nine months of sanction, remained incomplete as of March 2011. Consequently, huge funds were locked up for long periods with the executing agencies. Sanction of inadmissible works and overlapping works under different schemes were also noticed. Asset registers were not being maintained and assets created were not being handed over to the user agencies. Inspection of works, which is crucial to assess compliance with rules

and procedures and ensure quality, was neglected in three out of the four sampled districts. Several lacunae in the implementation of the scheme involving ₹ 118.13 crore thus denied the envisaged benefits to the public at large.

10.2.7 Recommendations

- Proper expenditure control mechanism needs to be put in place at each stage. The implementing agencies should desist from parking funds in fixed deposits and instead, utilise these for implementation of the scheme.
- Government should also put in place appropriate monitoring mechanism to ensure that the sanctioned works are completed within the stipulated timeframe of nine months for immediate fulfillment of the requirements of the local people.
- District authorities need to sanction works recommended by the people's representatives within the prescribed period, if found eligible.
- The CPOs should ensure that the programme guidelines are complied with both in letter and spirit.
- District authorities should conduct inspections at regular intervals to facilitate timely remedial action wherever necessary.

Government accepted (December 2011) the audit observations and assured necessary remedial action.