



## Monitoring and Controls

### 7.1 Inadequate monitoring by the Ministry

#### 7.1.1 Progress Reports

The MPLADS guidelines required the DAs to furnish Monthly Progress Reports (MPRs) and Periodical Works Completion Reports for grants received, the number and cost of works recommended/sanctioned/completed/abandoned/ yet to start, funds utilized during the month, unspent balances etc. to the Ministry.

However, MPRs were not being received in the Ministry regularly. The Ministry had also not maintained any register/records to monitor the timely receipt of MPRs. The Ministry could neither ensure proper receipt of MPRs, nor use the MPRs for strategic planning and to prepare the details of fund release and expenditure.

The Ministry prepared an MP-wise statement of release and expenditure under MPLADS (31 March 2009), as reported through MPRs for the entire lifetime of the Scheme<sup>22</sup>. However, the statement did not present a clear or up-to-date picture of the accounts and utilization of MPLADS funds for each MP. More than half of the MPRs on the basis of which the report was prepared were older than two months as given below:

**Table 7.1: Age-wise break-up of MPRs available with the Ministry as on 31 March 2009**

Age of MPRs	Number of MPRs	Percentage to the total
MPRs old up to two months	563	41.86
From 2 months to 1 year	339	25.20
From 1 year to 3 year	99	7.36
From 3 year to 5 year	48	3.57
More than 5 years	57	4.24
Period of MPRs not available	239	17.77

<sup>22</sup> In every month MPR in respect of all the 790 sitting MPs were to be sent by DAs. Besides, MPRs in respect of former MPs pertaining to recommended works were pending were also required to be sent on monthly basis.

The Ministry stated that due to non-furnishing of complete MPRs by some DAs, the report might not be accurate and efforts were being made to get it updated.

The periodical works completion reports were also not being furnished by the DAs. The Ministry stated that the periodical works completion reports were intended to make the DAs closely monitor the progress of the work and with the existing resources, the Ministry was not in a position to monitor the work completion reports effectively.

#### **Case study: Incorrect reporting on performance in sampled districts of Andhra Pradesh**

- In three test-checked districts (Hyderabad, Nellore, and Srikakulam), as against 2,843 works completed during 2004-09, the DAs reported 3,913 works as complete to the Ministry without verifying their data from the executing agency. The DAs did not have the complete list of completed works.
- In two test-checked districts (Hyderabad, and Srikakulam), during 2004-09, although 1,494 works remained incomplete (as of October 2009), the number of incomplete works was reported as 360.
- In two test-checked districts (Hyderabad, and Srikakulam), as against the sanction of ₹ 63.07 crore during the years 2004-05 to 2008-09, sanction of ₹ 66.27 crore was reported in the MPRs.
- In two test-checked districts (Hyderabad, and Srikakulam), as against the expenditure of ₹ 24.90 crore on completed works during the five year period, ₹ 54.41 crore was reported in the MPRs as spent.

The Ministry stated that some districts had furnished part MPRs in respect of sitting Lok Sabha MP only. As there were gaps in the data, it was unable to cite the definite period up to which the information had been received in respect of some districts, in the monthly report. Further, the Register of MPRs showed that 6,665 MPRs were received between 01 January 2009 and 31 December 2009. This indicated that Monthly Progress Reports were being received regularly.

The reply of the Ministry indicated that the furnishing of the MPRs by the DAs was not regular. Between 01 January 2009 and 31 December 2009, 9,480 MPRs were to be sent to the Ministry by the DAs in respect of 790 sitting MPs. Further, the Ministry maintained only an inward diary for recording receipt of MPRs from the DAs, it could not monitor pending MPRs from DAs.

#### **7.1.2 Uploading of data on website**

On receipt of the recommendation for works from the MP and issue of the work sanction order, the DAs were required to ensure that the details of the

work sanctioned were entered in the input formats and uploaded on to the MPLADS website<sup>23</sup> or transmitted to the Ministry for hosting on its website for public knowledge.

However, as of 31 March 2009, out of 11,28,573 works sanctioned since the inception of the scheme, details of only 4,83,362 works (43 *per cent*) were uploaded by the DAs (State wise details in **Annex 7.1**). In the case of 11 States/UTs (Bihar, Dadra and Nagar Haveli, Daman and Diu, Jammu and Kashmir, Manipur, Mizoram, Nagaland, Puducherry, Sikkim, Tripura and Uttarakhand), details of more than 80 *per cent* of the works taken up under the Scheme so far had not been uploaded on the website. Further, eight DAs in five states (Bihar, Gujarat, Jammu and Kashmir, Manipur and Nagaland) did not upload any data on the website till March 2009. The Ministry was unable to ensure that the uploading of MPLADS data was carried out in a time bound manner with regular updations.

Data entry errors and redundancy concerns also needed to be addressed as in case of two DAs of Chandigarh and Lakshadweep, data for 1,225 works was uploaded as against the sanctioned 801 works.

#### **Positive development**

In the case of four States, viz. Goa, Meghalaya, Punjab and West Bengal, DAs uploaded details of most of the works (more than 75 *per cent*) taken up under the Scheme on the website of the MPLADS.

The Ministry stated that uploading of data on works since the inception of the Scheme was a continuous process. The work had not been completed so far due to shortage of staff at district level. More emphasis would be given to expedite State/DAs for uploading the balance of data and instructions, in this regard, have been issued to DAs in December 2009.

#### **7.1.3 Ineffective monitoring software**

The Ministry and National Informatics Centre developed software for monitoring the MPLADS works in November 2004. The software consists of two Modules viz. Module-I: District Level and Module-II: IA Level. The district level module was intended to collect information of each work recommended by MP on monthly basis. The module was designed to capture work cost, date of receipt of proposal, date of sanction, anticipated date of completion, name of district/constituency, name of block and village, cumulative expenditure [at the time of monthly data entry], savings, if any, after completion of work etc. among other information for centralized monitoring of implementation of the Scheme.

<sup>23</sup>

[www.mplads.nic.in](http://www.mplads.nic.in)

The analysis of data captured from the software (as of 31 March 2009), pertaining to period between 1993 and 2009 revealed the following shortcomings:

- Dates in 'Data of Progress of Work' had not been entered correctly, as shown below:

**Table 7.2: Incorrect dates entered in the database**

Date in system	Number of cases (Not mutually exclusive)	
	Dates not entered	Invalid date (dates before 01 January 1993) entered in system
Work Recommendation Date	56,219	8,753
Work Sanction Date	16,179	11,102
Work Commencement Date	1,51,288	20,074

- For monitoring works under MPLADS, the onus of providing information of progress of works lies with the implementing/executing agency but in 15,819 cases the agency name was either absent or blanks/numbers/date had been entered as Agency Name.
- 'Work Identity Number' allotted to any work was to be the same at the DA as well as IA Level and it was to be provided by the DAs. In 22,172 cases same work number was repeated more than once for District Code and IA, making it impossible to monitor progress of particular works in these cases.
- Data of sanctioned cost was null (blank) in 18 cases, whereas it was zero (0) in 8,889 cases. In 31,679 cases, sanctioned cost entered was less than 100 indicative of figures in thousands or lakhs while in the remaining cases cost sanctioned was entered in absolute rupees. Use of different units in the costs column makes it impossible to compute a summary of costs.<sup>24</sup>
- State code was null (blank) or invalid (00) in 231 cases and District code was null or invalid (00) in 16 cases.

The substantial number of omissions in the database indicated that data validity checks were absent and the information captured in the system was incapable of providing any reliable monitoring inputs.

The Ministry stated that it was aware of infirmities in various reports generated under the system. Taking these lapses into consideration and to

<sup>24</sup> Data of sanctioned cost was not shown in 18 cases, whereas it was shown 'zero' in 8889 cases. It appears that the units of cost sanctioned entered were not uniform for example in 31679 cases it appeared to be shown in units of thousand and lakhs of rupees whereas in remaining cases it was in rupee units.

update the desired information, instructions had been issued to DAs to update the website and ensure that no deficiency on the website.

The Ministry even though as admitted were aware of the infirmities has not taken any effective measures to rectify the situation. It is not clear that without identifying and addressing the issues of data validation checks how the Ministry will assure itself of updation and validity of data.

#### 7.1.4 Response to previous audit findings

The C & A G had conducted two performance audits on the MPLADS in the past, the reports of which were tabled in Parliament in 1998 (Report No. 3, Union Government) and 2001 (Report No. 3A, Union Government) respectively. Subsequent to these reports the Ministry had revised the guidelines of the Scheme in November 2005<sup>25</sup>.

However, many of the shortcomings, such as execution of various inadmissible/prohibited works, execution of works without recommendation of the MP, incomplete/abandoned works, irregularities in award of contract, delays in sanction of works and completion thereof etc. (refer to paragraph 2.2 for a complete list) pointed out in those two reports persisted (till the current audit).

The Ministry took eight years to send the final Action Taken Note (ATN)<sup>26</sup> on the CAG's Report of 2001, which was sent to Audit in December 2009. As per the ATNs, the Ministry issued several instructions to the State Nodal Departments and DAs to ensure compliance with audit findings. However, the Ministry did not mention how it had ensured adherence to its instructions by the DAs. The recurrence of similar shortcomings and lapses on the part of DAs indicated that while the Ministry delayed taking action on these reports, the DAs failed to adhere to the instructions issued by the Ministry.

The Ministry stated that the delay in submission of ATN on two Audit Reports was due to receipt of part and incomplete replies from the DAs. Guidelines would further be amended based on the observations of C & A G report to make it more pragmatic. In order to avoid recurrence of lapses and shortcoming in the schemes, it was resorting to the system of inquiry into misappropriation of MPLADS funds, responsibility fixed on the officials found

<sup>25</sup> The revised guidelines led to the removal of the limit of ₹25 lakh on individual works to be executed by Government Department/Agencies, deletion of illustrative list of permissible items, clear demarcation of the role of the Implementing Agency, District Authority, State Government and the Government of India. The guidelines include the development of areas inhabited by Scheduled Castes and Scheduled Tribes; special provisions for natural calamities, education and cultural development. Further, the release and management procedure of MPLADS funds was streamlined and for monitoring of MPLADS works software has been developed by the Ministry.

<sup>26</sup> ATN was to be sent within four months of the tabling of the Report in the Parliament.

guilty for the irregularities, disciplinary action initiated against the officials and recouping of funds incurred on inadmissible work including suspected frauds cases without providing details.

The Hon'ble Supreme Court, in its judgment in Bhim Singh v Union of India and others dated 06 May 2010, had also concluded that efforts must be made to make the accountability regime provided in the Scheme more robust. The persistence of shortcomings pointed out by audit underline the significance of the observations of the Hon'ble Supreme Court. However, audit findings also reveal that more than the changes in guidelines, accountability concerns were required to be addressed by more useful methods of monitoring.

## 7.2 Inadequate monitoring by the State Nodal Department

### 7.2.1 Monitoring committee meetings

As per the Scheme guidelines, a committee under the Chairmanship of the Chief Secretary/Development Commissioner/Additional Chief Secretary was to review MPLADS implementation progress at the State level at least once in a year with the DAs and the MPs.

In three States/UTs (Mizoram, Dadra and Nagar Haveli and Daman and Diu) monitoring committees were not constituted. In 14 States/UTs (Andhra Pradesh, Arunachal Pradesh, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Karnataka, Manipur, Tamil Nadu, Tripura, Uttar Pradesh and Uttarakhand) though the Monitoring Committees were set up, these had not met even once after their constitution.

In the remaining 18 States/UTs, the Monitoring Committee met in five States/UTs during 2006-07, in 15 States/UTs during 2007-08 and in seven States/UTs during 2008-09, as detailed below:

**Table 7.3: Status of meetings of Monitoring Committee in States**

States/ UTs	No. of meetings of the Monitoring Committee		
	2006-07	2007-08	2008-09
Assam	1	1	0
Bihar	0	1	0
Goa	1	1	0
Kerala	0	1	1
Madhya Pradesh	0	1	0
Maharashtra	0	0	1
Meghalaya	0	1	0
Nagaland	0	1	0
Orissa	0	3	2
Punjab	0	1	1



States/ UTs	No. of meetings of the Monitoring Committee		
	2006-07	2007-08	2008-09
Rajasthan	0	2	0
Sikkim	0	3	0
West Bengal	0	1	1
Andaman and Nicobar Islands	1	2	0
Chandigarh	0	0	2
Delhi	0	0	1
Lakshadweep	1	1	0
Puducherry	1	1	0
<b>Total</b>	<b>5</b>	<b>21</b>	<b>9</b>

*(Source: Ministry of Statistics and Programme Implementation)*

Out of 35 meetings of the Monitoring Committee, minutes were received by the Ministry for 21 meetings from 16 States during 2006-09. Further, the MPs were invited for only eight meetings.

The Ministry stated that information from the States/UTs was being obtained along with reasons regarding non-adherence to Scheme guidelines.

The facts regarding callous approach to monitoring mechanism instituted and more so to the routine reply indicated lack of governance at both Centre and State levels.

### 7.2.2 Training of District Officers

The Scheme guidelines provided for the States/UTs Government to make arrangements for training district officers associated with the implementation of the MPLAD Scheme.

Audit noticed that while no arrangements for training DA officers were made in 15 States/UTs<sup>27</sup>, seven States/UTs<sup>28</sup> had conducted the training only once during the period 2004-09.

The Ministry stated that as of April 2010, training under the Scheme has been completed in 27 States/UTs. Further, funds for training had been released to Jammu and Kashmir and Manipur, where training would be conducted shortly. However, in Bihar, Goa, Nagaland, Dadra and Nagar Haveli, Daman and Diu and Puducherry no training had been conducted so far and efforts were being made to obtain proposals for training from these States/UTs.

<sup>27</sup> Arunachal Pradesh, Chandigarh, Chhattisgarh, Dadra and Nagar Haveli, Daman and Diu, Haryana, Jammu and Kashmir, Jharkhand, Madhya Pradesh, Manipur, Nagaland, Orissa, Rajasthan, Uttar Pradesh and Uttarakhand.

<sup>28</sup> Gujarat, Kerala, Lakshadweep, Mizoram, Sikkim, Tamil Nadu and Tripura

### 7.3 Inadequate monitoring at the district level

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#### 7.3.1 Inspection of works

MPLADS guidelines provide that the DA inspect at least 10 *per cent* of the works under implementation every year, preferably by involving the MPs in the inspection of projects to the extent feasible.

However, 86 test-checked DAs (67 *per cent* of sample) of 23 States/UTs<sup>29</sup> had not inspected any work during 2004-05 to 2008-09. One DA in West Bengal had inspected only 59 out of 982 works completed during 2004-09. 26 DAs of eight States/UTs (Gujarat, Haryana, Orissa, Punjab, Rajasthan, West Bengal, Andaman and Nicobar Islands and Chandigarh) stated that inspections were done but they had not maintained any records in this regard. Further, the DAs in Assam had conducted the required inspection of projects, but the MPs concerned were not involved.

DAs in Kerala stated that with the existing district machinery, inspection of even the completed works was difficult and frequent visits to work sites and supervision at district level was not possible. Similarly, DA Tura in Meghalaya also stated that failure to conduct inspection was due to frequent transfers, frequent elections in Meghalaya and due to implementation of other schemes.

The lack of monitoring by DAs indicates weak internal controls with a possible adverse effect on the timely execution and quality of works.

The Ministry stated that despite the provision that existed in the guidelines there might be some constraints with DAs, e.g. shortage of staff, leading to non-inspection of works. Further directions would be issued to all the States/UTs to instruct the DAs to ensure inspection of 10 *per cent* works without fail. The reply only confirms lack of ownership and detached role being played by the Ministry.

#### Good Practices

- In Dadra and Nagar Haveli, the DA inspected all the 45 works completed during 2004-09.
- Jashpur DA in Chhattisgarh had also conducted the supervision as per norms.

<sup>29</sup> Andhra Pradesh, Arunachal Pradesh, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Tamil Nadu, Tripura, Uttar Pradesh, Daman and Diu, Lakshadweep, Chhattisgarh, Uttarakhand and Jharkhand



### 7.3.2 No display of work details at the DA offices

The DAs were required to display the list at the district authority office, of all completed and ongoing works using MPLADS funds.

However, 51 DAs (40 per cent of the sample) of 16 States/UTs<sup>30</sup> did not display the lists of completed and ongoing works at their office. The DAs in Kerala stated that exhibition of all completed and ongoing works at their office premises was not possible in view of the large number of works involved and hence, they had maintained the details of location of assets in the work register/asset register.

The Ministry stated that information was being obtained from DAs concerned for necessary action, which only shows inadequate monitoring and lack of pro-active role expected from a funding agency. Feasibility of display of such a list was not looked into by the Ministry.

### 7.3.3 Absence of plaques carrying inscriptions

Scheme guidelines provide that for all works executed under MPLADS, a plaque carrying the inscription 'Member of Parliament Local Area Development Scheme Work' indicating the cost involved, the date of commencement, date of completion and inauguration date along with the name of the MP sponsoring the project should be permanently erected.

However, in the case of 4,918 works costing ₹ 100.20 crore in 31 DAs of 12 States/UTs plaques carrying details of work were not erected at the place of work, as detailed in **Annex 7.2**.

The Ministry stated that reported irregularities would be investigated for taking necessary action. Though non-erection of plaque was a violation of Scheme guidelines by the DAs, there might be cases where plaques were erected but subsequently being damaged/destroyed by the unscrupulous elements.

### 7.4 Inadequate coverage of areas inhabited by the SC/ST community

Scheme guidelines emphasized developing areas inhabited by SCs/STs and special attention was to be given to infrastructural development of such areas. MPs were to annually recommend works costing at least 15 and 7.5 per cent of MPLADS funds for areas inhabited by SCs and STs respectively. In case the constituency did not have a population inhabited by STs, such funds were to be utilized in SC inhabited areas and vice versa.

However, the Ministry failed to monitor this aspect of the Scheme separately so as to ensure that the benefits of Scheme were adequately percolating to

<sup>30</sup> Andaman and Nicobar Islands (1 DA), Arunachal Pradesh (2 DAs), Daman and Diu (1 DA), Jammu and Kashmir (2 DAs), Kerala (3 DAs), Lakshadweep (1 DA), Manipur (2 DAs), Meghalaya (2 DAs), Mizoram (1 DA), Nagaland (2 DAs), Punjab (3 DAs), Rajasthan (6 DAs), Tripura (2 DA), West Bengal (5 DAs), Uttarakhand (3 DAs) and Uttar Pradesh (15 DAs).

the areas inhabited by weaker sections of the community. Although the DAs were required to reflect the funds utilized for SC/ST areas in the MPRs, the Ministry did not have separate information regarding utilization of services by the SC/ST population.

Further, audit test check showed that in 18 States/UTs during 2004-09, out of the total sanctioned works of ₹ 1,060.71 crore, works of ₹ 145.21 crore were sanctioned for the areas inhabited by SC/ST community, which was 13.69 *per cent* of the total works sanctioned (State wise details are in **Annex 7.3**). In sampled districts of nine States/UTs (Jharkhand, Haryana, Himachal Pradesh, Jammu and Kashmir, Uttarakhand, West Bengal, Daman and Diu, Andaman and Nicobar Islands and Chandigarh) funds sanctioned for areas inhabited by the SC/ST population were short by more than 50 *per cent* of the requirements prescribed in the Scheme guidelines.

Due to failure of the Ministry to monitor the adequacy of the coverage of areas inhabited by the SC/ST community, the promotion of equity and social justice as envisaged under MPLADS could not be ensured.

The Ministry stated that the status of expenditure in SC/ST areas was being debated in the biennial MPLADS Review Meetings held with the States/UTs under the chairmanship of the Secretary, MoSPI in order to enforce the provisions of the Guidelines. Many DAs had requested the MPs for recommending more works in SC/ST area.

However, the Ministry was neither able to provide nation-wide status of utilization of services by the SC/ST population, nor able to ensure utilisation of funds stipulated for SC/ST areas across the States/UTs.

### 7.5 Internal Audit

Internal audit is an integral part of any internal control system.

It was, however, noticed that neither the Ministry nor 17 States/UTs<sup>31</sup> had made any arrangements for an internal audit of the Scheme. The internal audit wing of the Ministry has clarified that internal audit of the Scheme had never been conducted since the inception of the Scheme in 1993-94.

<sup>31</sup> Andhra Pradesh, Arunachal Pradesh, Chhattisgarh, Haryana, Jammu and Kashmir, Kerala, Lakshadweep, Madhya Pradesh, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh and Uttarakhand.

**Recommendations**

- *The details of all works executed or in progress should invariably be uploaded after proper data validation on the website of the Ministry and displayed accurately at the district authority office. The data uploaded on the website should be periodically reconciled with the works completion reports received from the DAs.*
- *The Ministry should establish a reliable system of data capture of releases, actual expenditure, unspent balances, works sanctioned, works completed etc. and its consolidation at different levels in all States.*
- *The Ministry may strengthen the internal controls as well as monitoring mechanism and establish a system sensitive to known shortcomings for the scheme as a whole. Accountability for maintenance of records at various levels should be prescribed and monitored.*
- *The meeting of the Monitoring Committee at the State level under chairmanship of the Chief Secretary/Development Commissioner/ Additional Chief Secretary should be convened at least once in a year with wider participation of MPs to enhance accountability of the DAs.*
- *The DAs should regularly inspect MPLADS works under progress along with the MP concerned and maintain an Inspection Register to record the findings thereof and to watch the action taken by the IAs to ensure effective monitoring. All works with an estimated cost of ₹5 lakh and above should be inspected by the DA. Failure to do so should be viewed as a dereliction of duty and action initiated accordingly against the official.*
- *A robust and regular Internal Audit System should be immediately put in place both at Ministry and State levels.*