

## CHAPTER III : CIVIL DEPARTMENTS

### PERFORMANCE REVIEWS

#### COMMUNITY AND RURAL DEVELOPMENT AND URBAN AFFAIRS DEPARTMENTS

##### 3.1 Members of the Legislative Assembly – Area Development Programmes

###### *Highlights*

*The Government of Meghalaya introduced (March and July 1991, October 1994, 1997-98 and 1998-99) five programmes<sup>(a)</sup> involving Members of the Legislative Assembly to provide small developmental works, create socially and economically useful public assets, etc. Review of three of these programmes, viz., Special Rural Works Programme, Construction of Rural Road Programme and Special Urban Works Programme, revealed that many of the works/activities under these programmes remained incomplete. Lack of effective monitoring at various levels adversely affected the implementation of the programmes.*

**Out of Rs.92.57 crore released by the Directors between February 1999 and May 2004 under SRWP, CRRP and SUWP, Rs.9.13 crore remained undisbursed with the Deputy Commissioners (DC)/Chief Executive Officers (CEO) of Municipal Boards/Block Development Officers thereby frustrating the objectives of the programmes.**

**(Paragraph 3.1.11)**

**Despite availability of funds, not a single work/activity under CRRP and SRWP was completed in West Garo Hills District (May 2005) against 3,216 works/activities sanctioned during 2003-04.**

**(Paragraph 3.1.17)**

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<sup>(a)</sup> (i) Special Rural Works Programme, (ii) Construction of Rural Road Programme, (iii) Special Urban Works Programme, (iv) Intensive Arts and Culture Development Programme and (v) Intensive Sports and Youth Development Programme.

**Interest of Rs.99.91 lakh earned on retention of programme funds in Savings Bank Accounts/Fixed Deposit was utilised by the concerned CEOs/District Rural Development Agencies (DRDA) for purposes beyond the scope of the programmes.**

**(Paragraph 3.1.13)**

**Contrary to the existing procedure for release of funds under SUWP to the implementing agencies, the CEO, Shillong Municipal Board released Rs.5.88 crore during 1998-2004 to the MLAs concerned.**

**(Paragraph 3.1.16)**

**Under SRWP, corrugated galvanised iron (CGI) sheets worth Rs.3.03 crore were procured by the implementing agencies of six Assembly Constituencies at various rates without inviting tenders/quotations. Records in support of selection of beneficiaries and date(s) of receipt and distribution of CGI sheets worth Rs.3.73 crore also could not be made available to Audit.**

**(Paragraph 3.1.19)**

### **3.1.1 Introduction**

In Meghalaya, five programmes, viz., (i) Special Rural Works Programme (SRWP), (ii) Construction of Rural Road Programme (CRRP), (iii) Special Urban Works Programme (SUWP), (iv) Intensive Arts and Culture Development Programme (IA&CDP) and (v) Intensive Sports and Youth Development Programme (ISYDP) are being implemented with the involvement of Members of Legislative Assembly (MLA) of 60 assembly constituencies (rural: 53; urban: 4; partly rural and partly urban: 3). The SUWP, SRWP and CRRP came into effect in March 1991, July 1991 and October 1994 respectively, IA&CDP in 1997-98 and ISYDP in 1998-99. The objectives of the programmes are (i) creation of socially and economically useful public assets for improvement of social, economic and environmental conditions in urban areas (SUWP), (ii) implementation of development programmes (not specified) with the active co-operation and participation of the people (SRWP), (iii) construction of link roads to the nearest market centres, district roads and National Highways (CRRP), (iv) upliftment and development of contemporary and traditional arts, music and culture (IA&CDP), and, (v) development of skills and aptitude of members of the community in the field of sports and games (ISYDP).

The works/activities under the programmes as identified by the MLAs are approved by a State Level Committee (SLC) headed by the Chief Minister (SRWP and CRRP), Minister in-charge of Urban Affairs Department (SUWP) and the concerned administrative departments (ISYDP and IA&CDP). Funds

are allocated by the State Government for implementation of all the five programmes. The programmes are to be implemented through beneficiary organisations/local managing committees.

### **3.1.2 Organisational set up**

Under the administrative control of the Principal Secretaries/Commissioner & Secretaries of four departments<sup>(b)</sup>, the Directors, C&RD, UA, A&C and S&YA were the nodal officers for implementation and monitoring of the respective programmes. At the district level, the Deputy Commissioners (DC) were responsible for implementation of the programmes (except SUWP) through the Block Development Officers (BDO). BDOs were responsible for implementation of the programmes through beneficiary organisations/local managing committees as recommended by the MLA. The Chief Executive Officers (CEO) of Shillong and Tura Municipal Boards were responsible for implementation of the SUWP through beneficiary organisation/local managing committees.

### **3.1.3 Scope of Audit**

Implementation of three programmes (out of five), viz., CRRP, SRWP and SUWP for the period 1998-99 to 2004-05 was reviewed during March-May 2005 through test-check of records of the Directors, C&RD and UA, DCs of three districts (East Khasi Hills, Jaintia Hills and West Garo Hills Districts) out of seven, 15 assembly constituencies (AC)<sup>(c)</sup> out of 60 and CEOs, Municipal Board, Shillong and Tura covering 20 per cent (Rs.18.37 crore) of the total amount for the years 1998-2005 disbursed to the implementing agencies (Rs.92.57 crore) under three programmes.

### **3.1.4 Audit objectives**

Audit objectives were to assess whether the

- policy formulated represents realistic and achievable targets;
- plan was properly drawn to achieve the objectives;
- funds provided were used economically and efficiently; and,
- monitoring system envisaged in the programme was adequate.

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<sup>(b)</sup> (i) Community and Rural Development (C&RD) Department (SRWP & CRRP), (ii) Urban Affairs (UA) Department (SUWP), (iii) Arts and Culture (A&C) Department (IA&CDP) and (iv) Sports and Youth Affairs (S&YA) Department (ISYDP).

<sup>(c)</sup> (i) Myllem, (ii) Laitumkrah, (iii) Nongspung, (iv) Sohryngkham, (v) Raliang, (vi) War-Jaintia, (vii) Sutnga-Saipung, (viii) Selsella, (ix) Rangchugre, (x) Rongram, (xi) Dalamgiri, (xii) Dalu, (xiii) Jaiaw, (xiv) Malki-Nongthymai and (xv) Tura.

### **3.1.5 Audit criteria**

The following audit criteria were adopted for achieving the audit objectives:

- Assessment of the adequacy of planning after launching the schemes;
- Utilisation of funds in implementation of the programme;
- Examination of physical targets and achievements *vis-à-vis* the budgeted/sanctioned expenditures; and,
- Compliance with the relevant guidelines issued by the State Government.

### **3.1.6 Audit methodology**

For the review, districts were selected on the basis of geographical position. All the constituencies in the selected districts were stratified on the basis of the then continuing MLAs and changed MLAs. The following methodology was then adopted:

- Analysis of allocation of funds received from the State Government and its utilisation through scrutiny of sanction orders, utilisation certificates and progress reports;
- Analysis of the execution of various works undertaken under SRWP, CRRP and SUWP through scrutiny of plan, estimates, vouchers, measurement books, *etc.*;
- Analysis of reports regarding distribution of materials to the selected beneficiaries; and,
- Analysis of purchase procedures.

### **3.1.7 Audit findings**

The review on implementation of the three programmes, *viz.*, SRWP, CRRP and SUWP in Meghalaya revealed non-utilisation of funds released for implementation of the programmes, failure in completion of sanctioned works, irregularities in purchase of corrugated galvanised iron sheets, undue financial benefit to the suppliers, *etc.* Audit findings in detail are discussed in the succeeding paragraphs.

### **3.1.8 Planning**

Effective implementation of programmes requires proper planning. Review of the selected programmes revealed absence of such planning leading to

improper selection of key activities, non-completion of works/activities, *etc.* Besides, the following shortcomings were also noticed:

- Guidelines for SRWP provide for implementation of development programmes, but do not specify the nature of works/activities to be executed. Consequently, various works/activities were undertaken under this programme which duplicated other programmes.
- According to the guidelines of SRWP and CRRP, if any MLA fails to identify or submit schemes for the indicated amount or part thereof within the specified time, the DC concerned was to obtain schemes for such amount for the constituency from the Chairman, District Planning and Development Council of the district concerned. But this provision was not adhered to by the DC, Jaintia Hills District, who failed to obtain schemes for Rs.30 lakh sanctioned by the State Government during 2003-04 for execution/implementation in War-Jaintia Assembly Constituency.

### ***Financial management***

#### ***3.1.9 Funding pattern***

Funds for implementation of the various activities under the programmes are released by the concerned Directors to the DCs (SRWP and CRRP) and CEOs of Municipal Boards (SUWP). Under SRWP and CRRP, for the schemes involving an expenditure up to Rs.10,000, the DCs release funds to the BDOs in one instalment whereas for schemes exceeding Rs.10,000, funds are released by the DCs to the BDOs in two instalments, who in turn release the same to the implementing agencies. One time payment for purchase of ambulance, medical equipment, *etc.* is also permissible under SRWP. In respect of SUWP, funds are released by the CEOs directly to the implementing agencies in two instalments.

#### ***3.1.10 Allocation of funds***

The funds allocated by Government during 1998-99 and 2004-05 to each assembly constituency for implementation of three test-checked programmes were as under:

**Table 3.1**

(Rupees in lakh)

Programme	Funds allocated		Increase	Percentage of increase
	1998-99	2004-05		
<b>SRWP</b>				
Rural Constituency	17.50	37.00	19.50	111
Semi-rural Constituency	8.75	18.50	9.75	111
<b>SUWP</b>				
Urban Constituency	17.50	37.00	19.50	111
Semi-urban Constituency	8.75	18.50	9.75	111
<b>CRRP</b>	4.29	5.00	0.71	17

Source: Information furnished by the Statistical Officer, C&RD and Director, Urban Affairs.

The table above shows that compared to 1998-99, allocation of funds to each assembly constituency under SRWP and SUWP increased by over 111 per cent in 2004-05.

### **3.1.11 Budget provision and expenditure**

Budget provisions during 1998-2005 under SRWP, CRRP and SUWP *vis-à-vis* release of funds to the DCs/CEOs/BDOs/implementing agencies are given in *Appendix XX*.

It was seen that out of the available funds of Rs.92.57 crore for the years 1998-2004 under SRWP, CRRP and SUWP released by the Directors during February 1999 to May 2004, Rs.9.13 crore remained undisbursed with the DCs/BDOs of seven districts<sup>(d)</sup> (Rs.7.70 crore) and the CEOs of Shillong (Rs.1.40 crore) and Tura (Rs.0.03 crore) Municipal Boards as of March 2005. The entire funds for the year 2004-05 (Rs.25 crore), released to the DCs/CEOs during March and April 2005, remained undisbursed with them (DCs: Rs.22.97 crore; CEOs: Rs.2.03 crore) till the date of audit (May 2005). Failure in timely utilisation of funds not only led to locking up of Rs.9.13 crore up to six years but would also have adversely affected the implementation of the programmes.

The Principal Secretary (PS), C&RD and UA Departments stated (September 2005) that the latest position including details of disbursements were being called for from the DCs/BDOs. He also stated (September 2005) that the funds under SUWP could not be utilised due to change of MLAs and non-availability of land and that the beneficiary organisations had been reminded to expedite the matters so as to utilise the entire funds.

<sup>(d)</sup> (i) East Khasi Hills (Rs.1.85 crore); (ii) West Khasi Hills (Rs.2.33 crore); (iii) Ri-Bhoi (Rs.0.36 crore); (iv) Jaintia Hills (Rs.0.99 crore); (v) East Garo Hills (Rs.0.19 crore); (vi) West Garo Hills (Rs.0.91 crore); (vii) South Garo Hills (Rs.1.07 crore).

### 3.1.12 Withdrawal of fund to avoid lapse of budget grants

During 1998-2003, funds ranging from Rs.0.25 crore to Rs.13.08 crore pertaining to SRWP, CRRP and SUWP were withdrawn by the Directors concerned at the end of the financial year and kept in civil deposits. These amounts were actually released to the district level officers (DCs/CEOs) after retention in civil deposit for periods ranging from over one to four months (details in *Appendix XXI*). This was contrary to the State Treasury Rules, 1985, which prohibits drawal of money in anticipation of demands or to prevent lapse of budget grants.

The Principal Secretary, C&RD and UA Departments stated (September 2005) that the funds were kept in civil deposit as per Government instructions. He also stated (September 2005) that since the amount was sanctioned and drawn at the fag end of the financial year because of late submission of schemes by the MLAs concerned, the amount was kept in civil deposit. The fact remains that such action was contrary to the State Treasury Rules.

### 3.1.13 Utilisation of interest for office expenditure

While the funds with the CEOs and BDOs were kept in savings bank (SB) accounts opened for the programmes concerned (in Shillong Municipal Board, funds were also invested in fixed deposit), funds with the DCs were kept in the SB accounts of the programmes opened through the District Rural Development Agencies (DRDA) where the DCs are the Chairpersons.

It was noticed that out of the interest of Rs.1.58 crore earned during 1998-2005 from retention of programme funds in SB Accounts/Fixed Deposit, Rs.99.91 lakh was utilised by the CEOs and DCs for their own/DRDA offices and not for the programmes. This was done without the approval of the State Government. The details are as under:

**Table 3.2**

(Rupees in lakh)

District Level Officers	Programme	Interest earned	Expenditure incurred	Purpose of expenditure
CEO, Shillong Municipal Board	SUWP	34.80 <sup>(e)</sup>	34.80	Transfer to Board account for their office expenditure.
CEO, Tura Municipal Board	SUWP	0.81	0.45	Purchase of cricket sets, <i>etc.</i>
Project Director, DRDA, East Khasi Hills	SRWP & CRRP	50.21	33.27	Purchase of vehicle, computer, salary of peon, other office expenditure, <i>etc.</i>
Project Director, DRDA, Jaintia Hills	SRWP	51.46	11.18	Purchase of vehicles, advertisement bill and miscellaneous development works.
Project Director, DRDA, West Garo Hills	SRWP & CRRP	21.07	20.21	Purchase of vehicle, computer, other office expenditure, <i>etc.</i>
<b>Total</b>		<b>158.35</b>	<b>99.91</b>	

Source: Information furnished by the Executive Officer, Shillong Municipal Board, CEO, Tura Municipal Board, Office Manager, DRDA, East Khasi Hills and Project Directors of DRDAs, East Khasi Hills, Jaintia Hills and West Garo Hills.

<sup>(e)</sup> Includes Fixed Deposit of Rs.26.14 lakh.

Although there was no prescribed procedure for utilisation of interest earned on retention of programme funds, utilisation of the same for purposes beyond the scope of the programme was not justified.

The Principal Secretary, C&RD and UA Departments stated (September 2005) that necessary instructions had been issued to the Boards to seek Government approval for utilisation of interest in future and guidelines were being reviewed to account for the interest. Reasons for not taking such action earlier had not been stated.

#### ***3.1.14 Unauthorised utilisation of programme funds for payment of salary***

According to the guidelines of SRWP, funds are to be placed by the C&RD Department at the disposal of the concerned DCs for implementation of the programme. Between January 2002 and March 2005, Rs.41 lakh meant for the programme was utilised by the DRDA, East Khasi Hills for payment of salary of its officers/staff. Out of Rs.41 lakh, Rs.31 lakh was refunded to the programme fund on different dates leaving a balance of Rs.10 lakh (May 2005).

The Principal Secretary, C&RD Department stated (September 2005) that funds remained unutilised as the MLAs did not submit scheme proposals. The unutilised funds were utilised towards payment of salaries of staff; these had since been refunded and regularised. Since the funds were earmarked for implementation of SRWP, utilisation of the same by the DRDA was unauthorised.

#### ***3.1.15 Outstanding utilisation certificates***

According to the guidelines for SRWP and CRRP, utilisation certificates for schemes involving expenditure up to Rs.10,000 were to be submitted by the beneficiary organisation within four months from the date of receipt of the amounts. For the schemes exceeding Rs.10,000, utilisation certificates were to be submitted within four months from the date of release of first instalment (SRWP and CRRP) and second instalment (SRWP). Guidelines for the CRRP do not specify the time limit for submission of utilisation certificates for the second instalment. In case of one time payments under SRWP and CRRP, utilisation certificate was to be submitted within six months.

District-wise position of funds disbursed by the DCs of the test-checked districts under SRWP and CRRP out of the funds sanctioned by Government during 1998-2004 is given in *Appendix XXII*.

This shows that out of the sanctioned (1998-2004) amount of Rs.61.17 crore, Rs.59.01 crore were released (between February 1999 and March 2005) by the DCs to the concerned BDOs for disbursement to the implementing agencies.



In addition, the DC, East Khasi Hills released Rs.0.81 crore to the DCs of West Khasi Hills (Rs.0.73 crore) and Ri-Bhoi (Rs.0.08 crore) districts for execution/implementation of the works/activities under SRWP and CRRP falling under their jurisdiction (details in *Appendix XXIII*). According to the information furnished (April-May 2005) by the authorities<sup>(f)</sup> concerned, against release of Rs.59.01 crore, utilisation certificates for the first instalment were received by them. Similarly, utilisation certificates for the first instalment against release of Rs.0.26 crore (out of Rs.0.81 crore) were received but utilisation certificates for Rs.0.55 crore were yet to be received (April 2005).

The Office Manager of DRDA, East Khasi Hills stated (June 2005) that utilisation certificates for the second instalment of Rs.11.50 crore (SRWP: Rs.9.65 crore; CRRP: Rs.1.85 crore) were lying with the BDOs. The amount of the first instalment for which the utilisation certificates were received by the DC of East Khasi Hills from the DC, West Khasi Hills and by the DCs of Jaintia Hills and West Garo Hills Districts from the BDOs as well as the position of utilisation certificates for the second instalment were not on record (August 2005). In the absence of such record, the actual position of outstanding utilisation certificates could not be ascertained in Audit.

According to the guidelines of SRWP, on receipt of utilisation certificates for the second instalment, the BDO was to submit the same to the DC with a certificate that the utilisation certificates were correct and factual and that the sanctioned schemes have been implemented and completed. Absence of utilisation certificates for the second instalment of funds released by the DCs, particularly under SRWP, was indicative of the fact that either the works/activities for which the funds were released were not completed or the funds remained unutilised with the BDOs/implementing agencies. Action taken by the DCs against the defaulting BDOs/implementing agencies was not on record.

Guidelines of CRRP (as amended) were silent about recording of such certificates in the utilisation certificates for the second instalment.

The Principal Secretary, C&RD Department stated (September 2005) that the BDOs would be instructed to submit utilisation certificates on completion of the projects.

### **3.1.16 Irregular release of funds**

Funds under SUWP were to be released by the CEOs in urban areas to the implementing agencies in two instalments. Contrary to the existing procedure, the CEO, Shillong Municipal Board released funds totalling Rs.5.88 crore for

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<sup>(f)</sup> DC, West Garo Hills District, Additional DC, Jaintia Hills District and Project Officer, DRDA, East Khasi Hills District.

the years 1998-2004 to the concerned MLAs for distribution to the implementing agencies, as detailed below:

**Table 3.3**

(Rupees in lakh)

Serial number	Assembly Constituencies	Release of funds to the MLAs for the year						Total
		1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	
1.	Mawkhar	16.70	19.82	24.00	22.53	24.99	12.67	120.71
2.	Jaiaw	17.07	19.40	22.42	19.92	24.72	12.36	115.89
3.	Mawprem	15.60	18.12	23.28	14.48	25.71	12.90	110.09
4.	Laban	16.89	19.01	20.90	16.55	28.16	21.27	122.78
5.	Malki – Nong-thymmai	8.75	9.47	11.20	11.35	12.26	10.37	63.40
6.	Laitumkhrah	8.40	9.84	11.75	11.13	10.91	3.08	55.11
		<b>83.41</b>	<b>95.66</b>	<b>113.55</b>	<b>95.96</b>	<b>126.75</b>	<b>72.65</b>	<b>587.98</b>

Source: Information furnished by the Executive Officer, Shillong Municipal Board.

Reasons for such irregular release of funds were not on record.

The Principal Secretary, UA Department stated (September 2005) that though the cheques were released to the MLAs, the same were drawn by the concerned beneficiary organisations and that steps had been taken to amend the guidelines to avoid any further complication. The reply is silent on whether the cheques were issued in the name of the MLAs and, if so, how the cheques were drawn by the beneficiary organisations.

### ***Implementation***

The implementing agencies are responsible for proper maintenance of all books of accounts and records about the implementation of the programmes, such as, cash books, plan and estimates, articles purchased, stock and issue register, *etc.* Scrutiny of records of some of the implementing agencies made available to Audit by the BDOs and information furnished by the Director, C&RD/CEOs, Shillong and Tura Municipal Boards revealed the following:

#### ***3.1.17 Failure in completion of sanctioned works***

During test-check of three selected districts and two Municipal Boards it was seen that out of 7,755 works/activities (value: Rs.35.51 crore) sanctioned by the DCs/CEOs under SRWP, CRRP and SUWP, 3,975 works/activities (value: Rs.27.80 crore) were completed as of March 2005. Details are as under:

Table 3.4

(Rupees in crore)

Programme	Period	Works sanctioned		Works completed		Number of incomplete works (Percentage of shortfall)
		Number	Value	Number	Value	
SRWP	2000-01 to 2003-04	5,023	22.83	1,844	17.52	3,179 (63)
CRRP	1999-2000 to 2003-04	1,382	4.71	1,055	3.70	327 (24)
SUWP	1998-99 to 2003-04	1,350	7.97	1,076	6.58	274 (20)
<b>Total</b>		<b>7,755</b>	<b>35.51</b>	<b>3,975</b>	<b>27.80</b>	<b>3,780 (49)</b>

Source: Information furnished by the Director, C&RD and CEO/Executive Officer of Tura and Shillong Municipal Boards.

Position of works/activities for the years 1998-2000 and 1998-99 relating to SRWP and CRRP respectively was not made available to Audit. Works/activities for the year 2004-05 under all the three programmes were not sanctioned till the date of audit (May 2005).

The table above shows significant shortfall (49 *per cent*) in completion of the sanctioned works/activities. Details showing the shortfall (exceeding 10 *per cent*) in completion of the sanctioned works/activities under the test-checked programmes are given in *Appendix XXIV*.

In the East Khasi Hills, under SRWP, 133 works (11 *per cent*) remained incomplete. In the Jaintia Hills, under CRRP, 64 works (16 *per cent*) remained incomplete. In the Shillong Municipal Board, under SUWP, 274 works (24 *per cent*) remained incomplete. In the West Garo Hills, under CRRP and SRWP, none of the works taken up (200 and 3,016 respectively) were completed. In case of West Garo Hills District, though 58 and 89 *per cent* of the funds available during 2003-04 under the CRRP and SRWP respectively for the District were disbursed by the concerned BDOs to the implementing agencies, not even a single work/activity was completed (May 2005) against 3,216 works/activities sanctioned by the DC during the year. Reasons for failure in completion of the works/activities despite availability of funds were not on record.

Thus, lack of concern on the part of the implementing authorities/agencies resulted in shortfall in completion of the sanctioned works for the years 1998-2004 valuing Rs.6.99 crore thereby hampering the developmental activities of the State.

Guidelines of all the programmes provide that the implementing agencies who fail to complete works/activities under the above programmes in terms of the

sanction shall be debarred from consideration for further grants, besides other admissible penal action. Action, if any, taken by the concerned authorities against the defaulting implementing agencies in accordance with the guidelines was not on record.

The Principal Secretary, C&RD and UA Departments stated (September 2005) that every effort was being made to complete the sanctioned works in time. He also stated that election, change of MLAs, land dispute, delay in providing land by the beneficiary organisations *etc.* had prevented the timely utilisation of funds and that instructions had been issued to the implementing agencies to expedite the implementation of the schemes. The fact remains that delay in implementation of the schemes adversely affected the developmental activities of the State.

### **3.1.18 Execution/implementation of works/activities not covered under the programmes**

Guidelines for SUWP provide for construction of roads, pathways, drainage, improvement of water sources, community halls and other related works (applicable up to 12 August 2002).

It was noticed that works/activities costing Rs.8.43 lakh were executed/implemented during 1998-2002 under SUWP beyond the scope of the guidelines. The details are as under:

**Table 3.5**

**(Rupees in lakh)**

<b>Municipal Board</b>	<b>Constituency</b>	<b>Particulars of works/activities</b>	<b>Period</b>	<b>Expenditure incurred</b>
Tura	Tura	Purchase of tables and chairs	1998-99 & 2001-02	1.00
Shillong	Jaiaw	Financial assistance to schools, purchase of ambulance, utensils and benches	1998-2001	7.43
<b>Total</b>				<b>8.43</b>

Source: Progress Report of the programme furnished by the CEOs, Shillong and Tura Municipal Boards.

The Principal Secretary, UA Department stated (September 2005) that purchase of chairs, tables, benches, utensils, *etc.* was considered simultaneously with a proposal moved for amendment of guideline to incorporate such items and the said amendment was approved. The reply is not tenable because the items mentioned in the table were purchased prior to the amendment of guidelines in August 2002 with provision for purchase of vehicles, material and equipment.

### 3.1.19 Irregularities in purchase/distribution of CGI sheets

Under the SRWP, housing assistance in the form of corrugated galvanised iron (CGI) sheets is provided to the beneficiaries. Funds are released to the implementing agencies for procurement of CGI sheets and distribution of the same to the beneficiaries under the schemes identified by the MLAs and sanctioned by the DCs. Irregularities noticed in procurement and distribution of these sheets are given below:

- During 1998-2004, the implementing agencies in six test-checked assembly constituencies<sup>(g)</sup> purchased 10,195 bundles and 1,592 quintals of CGI sheets at a cost of Rs.3.03 crore for free distribution to 6,663 beneficiaries at rates per bundle varying from Rs.2,000 to Rs.3,600, Rs.2,000 to Rs.4,444 and Rs.2,000 to Rs.3,000 during 1998-99, 2001-02 and 2003-04 respectively (details in *Appendix XXV*). This was indicative of the fact that year-wise/district-wise uniform rate was not fixed by the sanctioning authority by inviting tenders/quotations for purchase of sheets economically. In the meeting of the SLC held in December 2004, the Minister in-charge PWD also opined that the rate of CGI sheets were not uniform and, therefore, stressed the need for adoption of district-wise uniform rate.

Concerned BDOs of Dalamgiri and Sohryngkham Assembly constituencies stated (April-May 2005) that tenders/quotations were not invited because the rates of CGI sheets were approved by the sanctioning authority of the project. The basis on which the rates were fixed and approved was not on record.

- Out of the CGI sheets mentioned above, records in support of selection of beneficiaries and date(s) of receipt/distribution of 7,331 bundles and 1,592 quintals of sheets worth Rs.2.42 crore could not be made available to Audit in respect of Myllem, Nongspung, Sohryngkham, Dalu, Dalamgiri and Rongram ACs (Serial 1 to 6 of *Appendix XXVI*). The Department also did not prescribe any norm for distribution of CGI sheets to the beneficiaries. In the absence of such vital records, the purchase and distribution of these sheets could not be verified in audit. Similar was the position of purchase of CGI sheets at a cost of Rs.1.31 crore for distribution to the beneficiaries in two other constituencies, viz, Sutnga-Saipung and Raliang (details in *Appendix XXVI* – Serial 7 & 8).

The BDOs of the assembly constituencies concerned stated (April-May 2005) that (i) the date of receipt/distribution of materials was not maintained (two ACs) and (ii) implementing agencies failed to submit the distribution registers (six ACs). In the absence of these records/information it is not clear how the BDOs were satisfied about proper utilisation of funds disbursed by them for rendering housing assistance to the beneficiaries.

<sup>(g)</sup> Myllem, Nongspung, Sohryngkham, Dalu, Dalamgiri and Rongram.

The Principal Secretary, C&RD Department stated (September 2005) that the beneficiaries were normally selected by the MLAs and the supply of CGI sheets was normally undertaken by any local supplier/local social organisation/beneficiary as selected by the local MLAs. The basis on which these suppliers, *etc.* were selected had not been stated. Thus, there was little control over the purchases and selection of beneficiaries.

### ***Other points***

#### ***3.1.20 Undue financial benefit to the suppliers/contractors***

State Government Notification of January 1995 provides that tax payable by a dealer under the Meghalaya Sales Tax Act for sale of goods shall be deducted by the buying department from the bill/cash memo and deposited into the Treasury on behalf of the dealer. Meghalaya Finance Sales Tax (MFST) at the rates of four and eight *per cent* for iron/steel and cookers/unspecified machineries respectively were prescribed (May 1997) by the State Government.

It was noticed that in 62 cases, MFST of Rs.24.39 lakh was not deducted at source from the suppliers'/contractors' bills paid during 1998-2004 for supply of CGI sheets, agricultural spares and pressure cookers (details in *Appendix XXVII*).

Reasons for not deducting the MFST, which resulted in undue financial benefit of Rs.24.39 lakh to the suppliers/contractors, were not on record.

The Principal Secretary, C&RD Department stated (September 2005) that the BDOs would be instructed to strictly comply with the audit observation.

#### ***3.1.21 Non-maintenance/Non-production of records***

Under the SRWP, the BDOs of test-checked ACs released (1998-2004) Rs.2.44 crore to different implementing agencies for purchase/execution of materials/works. Records in support of proper utilisation of the funds by the implementing agencies could not be made available to Audit. The following records were not maintained:

- (a) Records in support of selection of beneficiaries and receipt/issue of materials (agriculture sprayers, pressure cookers, polytop tank, diesel generator sets, *etc.*) against Rs.1.31 crore disbursed by the BDOs during 1998-2004 under SRWP to the implementing agencies of Myllem, Sohryngkham, Selsella and Rangchugre ACs. In one case (Sohryngkham AC), agricultural sprayers worth Rs.5.40 lakh purchased during 2003-04 for 300 beneficiaries were not distributed till April 2005 thereby depriving the beneficiaries from the intended benefits.

- (b) Measurement books (MBs) and muster rolls (MRs) about execution (1998-2004) of 598 works at a cost of Rs.1.01 crore by the implementing agencies of five ACs (Rongram, Dalamgiri, Rangchugre, Raliang and Dalu).
- (c) Vouchers and distribution registers in support of purchase and distribution of 1.5 lakh arecanut seedlings out of Rs.12 lakh paid in March 2005 to an implementing agency of Sellsella AC.

In absence of such vital records, the utilisation of funds for the purpose for which the same were released could not be verified.

Regarding sub-paragraph (a) above, the concerned BDOs (Sohryngkham, Myllem and Sellsella ACs) stated (April-May 2005) that the distribution registers/lists were either not maintained or not submitted by the implementing agencies. As regards sub-paragraph (b), while the concerned BDOs of four ACs stated (April-May 2005) that MBs were not maintained, the BDO of Laskein AC stated that though MBs were not maintained, the BDO was satisfied about the execution of works. The basis on which the BDO expressed his satisfaction about execution of works was, however, not furnished. Besides, non-maintenance of measurement books was contrary to the Meghalaya Financial Rules, 1981 which provide for maintenance of the same in all accounts of quantities, whether of work done by daily labour or by contract or of materials received. Reply on sub-para (c) was not received till May 2005.

The Principal Secretary, C&RD Department stated (September 2005) that necessary action would be taken to maintain MB and MR register.

### ***3.1.22 Local audit of accounts of the programmes***

Guidelines of the SRWP and CRRP provide that the Examiner of Local Accounts (ELA) shall carry out the audit of accounts of the concerned local committees/organisations, BDOs and Directors relating to the programmes and submit his Inspection/Audit Report to the concerned Directors, departments, Finance Department, concerned MLA, DCs, BDOs and the designated official of the local managing committee/beneficiary organisation. No such audit had been conducted by the ELA. Consequently, the position of implementation of these programmes by the implementing agencies remained un-assessed.

The ELA stated (March 2005) that audit of accounts of the schemes was not conducted as the same did not fall under the purview of audit of his office. The reply is contrary to the provisions of the guidelines.

The Principal Secretary, C&RD and UA Departments stated (September 2005) that the matter would be taken up with the Finance Department for necessary audit by ELA.

### **3.1.23 Monitoring and evaluation**

As a part of monitoring of the programmes, guidelines of SRWP and CRRP provide for review of implementation of the programmes by the concerned DCs every month. At the State level, the Director, C&RD was to review the progress of these programmes every quarter and submit an evaluation report to the C&RD Department. It was seen during audit that the progress of implementation of these programmes had never been reviewed/monitored either at district level or at State level. Consolidated monthly progress report/annual progress report required to be submitted by the DCs/Directors, C&RD to the Director, C&RD/Planning Department were never compiled. The Director, C&RD stated (June 2005) that though the evaluation of performance of these programmes by the Directorate of Evaluation had started, no report on such evaluation had yet been received.

As regards SUWP, guidelines were silent about monitoring and evaluation of the programme. Though the Director, UA stated (April 2005) that monitoring of the programme was conducted and progress report was sought for from time to time, overall impact of the programme so far implemented had never been evaluated.

Thus, there was lack of monitoring and evaluation to ensure effective implementation of the programmes.

The Principal Secretary, C&RD and UA Departments stated (September 2005) that monitoring and evaluation of the programmes were being done by the officials of the Department and the DCs and reports would be sought for from the executing agencies regularly. As regards SUWP, he stated (September 2005) that necessary steps were being taken for effective monitoring and the guidelines were being amended accordingly.

**3.1.24** The matter was reported to Government in June 2005 and followed up with a reminder in August 2005. The Principal Secretary, C&RD Department stated (September 2005) that the existing guidelines of CRRP, SRWP, *etc.* were being examined. The procedure for procurement of CGI sheets and other materials, compliance with the Value Added Tax (VAT) by the suppliers of goods, time bound completion of schemes and priority and evaluation aspects would receive due attention during examination.

### **3.1.25 Conclusion**

The objectives of the programmes remained largely unachieved because of failure in completion of the sanctioned works/activities. A large portion of funds released for implementation of the programmes was not spent. Large quantities of CGI sheets were purchased under the SRWP without assessing competitive rates, beneficiaries were not identified nor proper distribution



ensured. Primary audit checks were not exercised by the ELA. Monitoring and evaluation of the programmes were deficient.

### **3.1.26 Recommendations**

On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs, the following recommendations are made for streamlining the implementation of the programmes:

- The district authorities should channelise effectively the available funds for proper implementation of the programmes.
- Beneficiaries of various schemes should be properly identified.
- Development activities undertaken under SRWP need to be specified and progress of completion thereagainst monitored.
- Procedure for submission of utilisation certificates by the BDOs to the DCs for second instalment of funds disbursed under CRRP needs to be prescribed with a certificate that the utilisation certificates are correct and factual and that the sanctioned schemes have been implemented/completed.
- A system of fixing responsibility for default in execution/ implementation of works/activities under the programmes should be evolved.
- Programme monitoring and evaluation as prescribed under the guidelines of the programmes need to be strictly adhered to.

**COMMUNITY & RURAL DEVELOPMENT, FINANCE AND  
PUBLIC WORKS DEPARTMENTS**

**3.2 Pradhan Mantri Gram Sadak Yojana**

*Highlights*

*The Pradhan Mantri Gram Sadak Yojana (PMGSY), a Centrally Sponsored Scheme, was launched by Government of India on 25 December 2000 with the objective of providing road connectivity through good all-weather roads to all rural habitations. A review of implementation of the PMGSY in Meghalaya revealed significant shortfall (51 per cent) in coverage of targeted habitations even after three years of sanction of project proposals by the Ministry of Rural Development (MoRD), Government of India.*

**The implementing agency failed to utilise 65 to 100 per cent of funds available during 2001-2005 indicating ineffective implementation of the PMGSY.**

**(Paragraph 3.2.9)**

**Against 99 road works (cost:Rs.74.07 crore) sanctioned by the MoRD during 2001-02, only 67 works valued at Rs.41.55 crore were completed till March 2005.**

**(Paragraph 3.2.13)**

**The certificate showing utilisation of Rs.34.95 crore for completion of incomplete road works under erstwhile Basic Minimum Services programme furnished to the MoRD did not represent the actual state of affairs.**

**(Paragraph 3.2.14)**

**Expenditure of Rs.8.02 crore incurred on construction of 20 projects remained unfruitful as these projects were taken up for partial road lengths.**

**(Paragraph 3.2.15)**

**The expenditure of Rs.10.19 crore up to March 2005 on 22 works had been unproductive so far, since these remained incomplete for over one to two years.**

**(Paragraph 3.2.16)**

**Preparation of PMGSY Schedule of Rates (SOR) at higher rates ignoring the lower rates provided in the State SORs resulted in avoidable expenditure of Rs.3.96 crore.**

**(Paragraph 3.2.20)**

**The quality of 69 road works was graded by the National Quality Monitors below ‘very good’. Of this, follow up action on 49 works was awaited from the Programme Implementation Units (May 2005).**

**(Paragraph 3.2.23)**

### **3.2.1 Introduction**

The Pradhan Mantri Gram Sadak Yojana (PMGSY), a Centrally Sponsored Scheme, was launched by Government of India on 25 December 2000 with the objective of providing road connectivity through good all-weather roads to all rural habitations. According to Ministry of Rural Development (MoRD) guidelines of January 2003, connectivity by way of an all-weather road would be provided in such a way that habitations with a population of 1,000 persons and above are covered in three years (2000-2003) and habitations with a population of 500 persons and above are covered by 2007. In respect of North Eastern States, habitations with a population of 250 persons and above were also brought under the purview of the programme.

For each block, a master plan was to be formulated indicating habitations in that block and existing status of road connectivity including the proposed new construction as well as roads requiring upgradation. Roads under construction under other schemes such as Basic Minimum Services (BMS), were also to be clearly specified. This was then to be integrated into a District Master Plan (DMP) to be called the District Rural Roads Plan (DRRP).

The programme components were as under:

Phase I: To complete incomplete road works under the erstwhile Basic Minimum Services (BMS) during 2000-01.

Phase II: To provide connectivity to the rural unconnected habitations by all-weather roads as approved by the Ministry of Rural Development (MoRD) during 2001-02.

### **3.2.2 Organisational set up**

The State Level Standing Committee (SLSC) headed by the Chief Secretary of the State was responsible for scrutinising and vetting the DRRP, formulated and approved by the District Programme Implementation Units (DPIU) under

the chairmanship of the Deputy Commissioners of the concerned districts with Project Directors of District Rural Development Agencies (DRDA) as one of the members. The nodal department (Community and Rural Development Department up to December 2004 and Public Works Department from January 2005) was to forward the project proposals to the MoRD. Till November 2003, the Public Works Department was the implementing agency responsible for preparation of detailed estimates with the approval of the State Technical Agency (STA) (Indian Institute of Technology, Guwahati). The works under the PMGSY were executed through 17 Executive Engineers. In December 2003, the State Rural Roads Development Agency (SRRDA) was constituted as the State Level Agency (SLA) and was responsible for implementation of the PMGSY through executing agency, viz, Public Works Department.

Government of India released funds to the DRDA, who in turn made payments for execution of works under the programme. From December 2003, funds were to be released by the MoRD to the SLA.

### ***3.2.3 Objective of the review***

The objective of the review was to ascertain whether the programme launched for providing connectivity through good all-weather roads to unconnected habitations/villages and upgradation of existing roads (to prescribed standard) in the rural areas have been implemented effectively in the State in an economical and efficient manner as per requisite quality parameters/specifications prescribed in the MoRD guidelines.

### ***3.2.4 Scope of Audit***

Implementation of the PMGSY in Meghalaya during 2000-01 to 2004-05 was reviewed by Audit through test-check (January-June 2005) of records of the Finance, C&RD and PW Departments, Chief Engineer (CE), PWD (Roads), CE, (NH & Research), PWD (Roads) cum State Quality Coordinator, four Project Directors of DRDAs (out of seven), viz., Ri-Bhoi, West Garo Hills, East Khasi Hills and West Khasi Hills Districts, Superintending Engineers (SE) of Eastern and Tura Circles and eight Executive Engineers (EE)<sup>(a)</sup> (out of 17) covering 21 *per cent* (Rs.18.45 crore) of the total expenditure of Rs.86.69 crore during the period. Results of the review are discussed in the succeeding paragraphs. The work was parcelled out in 48 packages with 99 road works with each package containing between one and five road works. 12 packages with 25 road works were covered in audit.

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<sup>(a)</sup> Nongpoh, Umsning, Tura North, Barengapara, Shillong NH Bye-Pass, Nongstoin, Mairang and Mawkyrwat Divisions.

### **3.2.5 Audit criteria**

The following audit criteria were adopted for achieving the audit objectives:

- Assessment of the adequacy of planning and preparation and submission of DRRP;
- Utilisation of funds in implementation of the programme;
- Examination of physical targets and achievements with financial progress; and
- Compliance with the guidelines issued by the MoRD.

### **3.2.6 Audit methodology**

For the review, the following methodology was adopted:

- Analysis of allocation of funds received from Government of India and its utilisation through scrutiny of sanction orders, utilisation certificates and progress reports;
- Analysis of the execution of various works undertaken under the PMGSY through scrutiny of project proposals, progress reports, estimates, work orders, vouchers and measurement books; and
- Analysis of the quality control mechanism through scrutiny of the reports of the State Quality Monitor.

### **3.2.7 Audit findings**

The review of implementation of the PMGSY in Meghalaya revealed non-release of funds by the State Finance Department to the executing agencies, incorrect reporting on works under the BMS programme, unfruitful expenditure because of execution of road work for partial lengths and failure in completion of works, selection of projects without proper survey and investigation, adoption of higher rates, *etc.* Audit findings in detail are discussed in the succeeding paragraphs.

### **3.2.8 Planning**

According to the figures (core net work survey) furnished to the Central Cabinet (2001) by the State Government, the unconnected habitations in the State as on 25 December 2000 were 472 (excluding habitations below 250 population). Against this, project proposals sent (September-October 2001) to

the MoRD showed 912 unconnected habitations as on 1 April 2001. Details are as under:

**Table 3.6**

Position	Unconnected habitations (in number)			
	1000 and above	500-999	250-499	Total
As on 25 December 2000 as per Core Network Survey	47	141	284	472
As on 01 April 2001 as per project proposals	14	196	702	912
Difference (Excess +; Less -)	-33	+55	+418	+440

Source: Core Network Survey and Project proposals.

Discrepancy of 440 habitations was indicative of faulty planning. Though the CE, PWD (Roads) was requested (September 2005) to reconcile the discrepancy, outcome of the same had not been intimated (November 2005).

Project proposals for the year 2000-01 were to include incomplete road works initiated under the erstwhile BMS programme.

During the period covered under review, project proposal under PMGSY for the year 2002-03 was not submitted by the nodal department. Project proposal for the year 2003-04 for 30 road works was sanctioned by the MoRD in April 2005. For the year 2004-05, though proposals for 26 roads were submitted to the MoRD, they were yet to be sanctioned (June 2005). Project proposals for the years 2000-01 (under BMS programme) and 2001-02 sanctioned by the MoRD and cleared by the STA (2001-02) *vis-à-vis* cost of the projects were as under:

**Table 3.7**

Year	Project proposal sanctioned		Sanctioned cost (Rupees in crore)	Habitations to be benefited				
	Number of roads	Length of roads in kilometer		1000 persons and above	500 persons and above	250 persons and above	Less than 250	Total
2000-01	208 <sup>(b)</sup>	468.81	34.95	Not available.				
2001-02	99	263.061	74.07	10	57	39	11	117
2003-04	30	93.101	30.05	Not indicated in the sanction letter of MoRD.				30

Source: Project proposals and sanction orders.

The project proposals for the year 2001-02 sanctioned (October 2001 and February 2002) by the MoRD were not based on the District Rural Roads Plan, since these were submitted by the nodal department without getting the District Master Plan from all the districts. Besides, these included proposals for 11 habitations with a population of less than 250 which was not covered by PMGSY.

<sup>(b)</sup> Including seven bridges.

Project proposals for 72 road works (out of 99) for the year 2001-02 forwarded by the nodal department and sanctioned by the MoRD were different from those approved by the governing bodies of the DRDAs.

The CE, PWD (Roads) stated (September 2005) that the project proposals for the year 2001-02 were based on DRRP and recommended by the DRDAs. The reply is not tenable because the DMP was not finalised by the PWD before submission (September and October 2001) of project proposals to the MoRD, master plan was not approved by the MoRD till February 2005 and only 27 out of 99 road works sanctioned by the MoRD were approved by the DRDAs.

### ***Financial management***

Funds released by the MoRD during 2000-2005, expenditure incurred and unutilised funds were as follows:

**Table 3.8**

(Rupees in crore)

Year	Opening balance	Funds released by MoRD	Total funds available	Expenditure	Unspent balance
2000-01	...	34.95	34.95	34.95	...
2001-02	...	45.72	45.72	...	45.72 (100)
2002-03	45.72	35.00	80.72	17.38	63.34 (78)
2003-04	63.34	...	63.34	18.97	44.37 (70)
2004-05	44.37	...	44.37	15.39	28.98 (65)
<b>Total</b>		<b>115.67</b>		<b>86.69</b>	

Source: Sanction orders, Utilisation Certificates and Progress Reports.

The following shortcomings were noticed:

#### ***3.2.9 Non-utilisation of funds***

The implementing agency could not utilise 65 to 100 *per cent* of available funds during 2001-02 to 2004-05. According to the PMGSY bank accounts, unspent balance with accrued interest as of March 2005 stood at Rs.36.83 crore. Failure in utilisation of available funds reflected ineffective implementation of the programme in the State.

#### ***3.2.10 Non-release of funds by the State Finance Department***

The State Government was to transfer funds to the concerned DRDAs within 15 days of release of funds by Government of India. However, Additional Central Assistance (ACA) of Rs.34.95 crore released by the MoRD in March

2001 was not transferred to the DRDAs/PWD by the State Finance Department (March 2005).

The CE, PWD (Roads) stated (September 2005) that the PWD did not receive any funds from the Finance Department.

### ***3.2.11 Irregular retention of programme funds by the DRDA***

Funds released by Government of India were to be credited into a separate and single bank account opened by the concerned DRDAs. The interest earned on this account was not to be diverted to any other programme. This practice was discontinued with effect from January 2003 when the State Level Agency was empowered to maintain only one account for PMGSY funds from which all payments were to be made. But interest of Rs.2.08 lakh accrued during May 2004 to January 2005 on PMGSY account maintained by the Project Director, DRDA, Nongstoin was not transferred to the account of the SLA. Besides, security deposit of Rs.88.09 lakh deducted from the contractors' bills was remitted into the Treasury (Rs.53.37 lakh) and deposited into current account with the bank (Rs.34.72 lakh) instead of retention of the same in the PMGSY account.

The CE, PWD (Roads) stated (September 2005) that the EEs concerned had been directed to credit the amount of security deposit to the State Rural Roads Development Agency account.

### ***3.2.12 Accounts***

The well-established accounting system of the Works Department was to be followed for the PMGSY. According to the guidelines of January 2003, the State Level Agency was to ensure that the accounts were audited by a chartered accountant within six months of the close of the financial year.

Out of seven DRDAs, audited accounts of four DRDAs (Jaintia Hills, Ri-Bhoi, West Garo Hills and South Garo Hills Districts) for the years 2001-02 to 2003-04 and one DRDA (East Garo Hills) for the year 2003-04 were not submitted to the nodal department. Thus, one of the vital provisions of the PMGSY guidelines remained unfulfilled.

### ***3.2.13 Physical achievement***

The physical performance against the proposals sanctioned during 2000-2002 for road connectivity to unconnected habitations was as under:



**Table 3.9**  
**Project proposals sanctioned**

Year	Number of roads	Length of road (in km)	Cost (Rupees in crore)	Habitations to be covered				Total
				1000 and above	500-999	250-499	Less than 250	
Number of unconnected habitations as on 01 April 2001				14	196	702	2173	3085
2000-01 (Phase I)	208	468.81	34.95	Not available				
2001-02 (Phase II)	99	263.061	74.07	10	57	39	11	117
2002-03	Project proposal not submitted.							
2003-04 <sup>(c)</sup> (Phase III)	30	93.101	30.05	Not indicated in the sanction letter of MoRD.				30

**Achievement against proposals sanctioned during 2000-2002**

Year	Number of roads	Length of road (in km)	Value of work done (Rupees in crore)	Habitations covered				Total
				1000 and above	500-999	250-499	Less than 250	
2000-01 (Phase I)	208	468.81	34.95	Not available				
2001-2003 (Phase II)	...	...	...	...	...	...	...	...
2003-04	25	63.384	14.48	1	15	9	5	30
2004-05	51	125.703	31.80	6	27	22	3	58
<b>Total – Phase II</b>	<b>76</b>	<b>189.087</b>	<b>46.28</b>	<b>7</b>	<b>42</b>	<b>31</b>	<b>8</b>	<b>88</b>

Source: Project proposals, Sanction letter of MoRD and Progress Reports.

Progress report for the month of March 2005 submitted (April 2005) to the MoRD showed completion of 76 road works in seven districts of the State covering 88 habitations (details in *Appendix XXVIII*).

Scrutiny of 25 road works in four test-checked districts revealed that 20 of these works were shown in the progress report as completed. A comparison of execution of items of works recorded in the measurement books (MB) with those of estimated provisions revealed that many of the estimated items of nine of these works (value: Rs.4.73 crore) covering 10 habitations (1000 and above: 3; 500-999: 1; 250-499: 6) were not completed (details in *Appendix XXIX*). Evidently, the progress report did not exhibit the correct picture. Thus, against 99 sanctioned road works, 67 works valued at Rs.41.55 crore were actually completed by the implementing agency till March 2005. The shortfall in coverage of habitations was 33 per cent even after three years of sanction of project proposals by the MoRD.

The CE, PWD (Roads) stated (September 2005) that the total executed quantities were not entered in the MBs as the works were not inspected by the State and National Quality Monitors and one work could not be taken up due

<sup>(c)</sup> Sanctioned by MoRD in April 2005.

to land problem. The reply is not tenable because recording of measurement in the MBs had no relevance to inspection by the Quality Monitors. Moreover, since no work substituting the dropped one was taken up, the targeted habitation (one for population over 500) for this work remained uncovered.

### ***Implementation***

#### ***3.2.14 Incorrect reporting on works under BMS Programme***

MoRD released (March 2001) ACA of Rs.34.95 crore to the State Government for completion of 208 works under the erstwhile BMS programme. The nodal department submitted (September 2001) utilisation certificate to the MoRD indicating that the amount (Rs.34.95 crore) was utilised for completion of incomplete road works under BMS.

It was noticed from the records of the 12 executing divisions available with the CE, PWD (Roads) and four test-checked divisions that out of 208 works, 58 works were completed till March 2001, 33 were completed between April 2001 and March 2005 and 117 works were in progress.

Thus, the utilisation certificate furnished to the MoRD did not represent the actual state of affairs. Responsibility for misrepresentation of facts to Government of India had not been fixed.

#### ***3.2.15 Unfruitful expenditure on projects for partial road length***

PMGSY projects were to be completed within nine months (12 months in exceptional cases) from the date of approval. It was noticed that proposals for 25 projects (26 habitations) in two districts, viz., East Khasi Hills (18 projects) and East Garo Hills (seven projects) at a cost of Rs.8.61 crore were submitted (October 2001) by the nodal department to the MoRD in a phased manner (Phase I only) for partial road length which were sanctioned in October 2001. Of this, 20 projects (East Khasi Hills: 14 projects; East Garo Hills: 6 projects) for 21 habitations were completed (January 2004 to March 2005) at a cost of Rs.8.02 crore after delays ranging from 10 months to two years and the remaining five projects were in progress (details in *Appendix XXX*). Despite completion of these 20 projects, road connectivity could not be provided to the targeted habitations because of taking up of the project for partial road lengths thereby increasing the shortfall in coverage of habitations to 51 *per cent* from 33 *per cent* mentioned in sub-paragraph 3.2.13 above. Reasons for submission of project proposals for partial road length were not on record. Proposal for the remaining road length was yet to be submitted to the MoRD (June 2005).

The CE, PWD (Roads) stated (September 2005) that since the road works had been executed and infrastructure created, the same would now be utilised partially. The expenditure of Rs.8.02 crore incurred on 20 projects remained largely unfruitful because of completion of only partial road lengths.

### **3.2.16 Unproductive expenditure on incomplete works**

Between June 2002 and January 2003, 22 works sanctioned for Rs.23.05 crore were awarded to contractors stipulating completion between March and July 2003. Progress report of March 2005 submitted to the MoRD showed that all these works remained incomplete for periods ranging from 20 months to two years (details in *Appendix XXXI*). Reasons for non-completion of the works were not on record.

Thus, the expenditure of Rs.10.19 crore incurred on these incomplete works remained unproductive so far (March 2005).

The CE, PWD (Roads) stated (September 2005) that highest rainfall zone and insurgency related problems led to delay in completion of works. The reply is not tenable since these constraints could have been taken into consideration while fixing the time schedule for completion of the works.

### **3.2.17 Extra expenditure on execution of earthwork**

The construction works of two roads from (i) old Bhaibari (60<sup>th</sup> Km) of AMPT road to Askikandi (1.643 Km) and (ii) 44<sup>th</sup> Km of AMPT (NEC) road to Puskharnipara (1 km) in West Garo Hills, estimated to cost Rs.1.19 crore (Work (i): Rs.60.79 lakh; Work (ii): Rs.58.19 lakh), were sanctioned by the MoRD in February 2002. Technical sanction to the detailed estimates of these works was accorded (April 2002) by the State Technical Agency (STA) which provided *inter alia* 32,412.11 cum and 32,929.66 cum of earthwork in filling under works (i) and (ii) respectively. Against this, the executing division (Tura North Division) recorded execution of 68,205.396 cum and 49,346.20 cum respectively. This resulted in execution of 52,209.826 cum of earthwork in excess of the estimated provision, involving extra expenditure of Rs.37.59 lakh (52,209.826 cum at the rate of Rs.72 per cum). Prior approval from the competent authority for such excess execution of work was not obtained.

Further, revised estimates for these two works restricting the total cost (Rs.1.19 crore) within the originally estimated cost were prepared by the executing division, effecting the following changes:

- Work (i): Four Hume Pipe (HP) culverts (Rs.3.92 lakh) instead of 10 (Rs.10.62 lakh) for cross drainage structure.
- From metalling and black topping (Rs.26.29 lakh) to water bound macadam (Rs.11.90 lakh).
- Work (ii): Construction of seven HP culverts (Rs.17.83 lakh) was excluded.
- From metalling and black topping (Rs.16.31 lakh) to water bound macadam (Rs.11 lakh).

The above changes were made to adjust the excess expenditure due to increase in the volume of earthwork. Though one of these revised estimates (Work – ii) was scrutinised by the STA, the fact remains that deviation from the originally sanctioned estimated provision could lead to execution of sub-standard work. Such action of the implementing agency was in violation of the PMGSY guidelines (December 2000) that the roads constructed under the programme were to be of very high standard requiring no major repairs for at least five years after completion of construction.

The CE, PWD (Roads) stated (September 2005) that (i) since the road passed through the flood prone area and water table was considerably high, it was felt prudent to allow the newly laid earthwork in embankment to stabilise over the next few years before bituminous work, and as such black topping was deleted and (ii) the number of HP culverts was reduced because of objection from the local people as the flood water would enter the habitations through culverts inundating the dwelling houses. The reply is not tenable since these constraints could have been taken into consideration while finalising the original estimates for the works.

### ***3.2.18 Unfruitful expenditure due to non-completion of a road work***

The MoRD sanctioned (February 2002) construction work of “Nohron Nongryngkoh (3.665 Km) Road” in East Khasi Hills for Rs.2.40 crore. Technical sanction to the work was also accorded by the STA in February 2002. The work was awarded (June 2002) to a contractor at tender value of Rs.2.01 crore stipulating completion by March 2003. The estimate of the work provided *inter alia* earthwork in excavation with all lead for all types of soil and rocks (1,47,895.37 cum) at the rate of Rs.67 per cum. As of December 2002, the executing division (NH Bye Pass Division, Shillong) had incurred expenditure of Rs.39.49 lakh on payment to the contractor (execution of work<sup>(d)</sup> during June to September 2002: Rs.32.78 lakh and procurement of RCC spun<sup>(e)</sup>: Rs.6.71 lakh). In January 2003, the contractor requested for payment of excavation work at higher rate for rocks separately. He also submitted a work programme up to December 2009 due to site condition which was approved (June 2005) by the Executive Engineer. Further progress of work after September 2002 was not on record.

Thus, the objective of connectivity of habitation through road construction had not been achieved even after two years of the stipulated date of completion resulting in unfruitful expenditure of Rs.39.49 lakh.

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<sup>(d)</sup> Earthwork (46356.11 cum): Rs.31.17 lakh; Sub-grade (7.8 cum): Rs.0.04 lakh; RCC Hume Pipe (18.75 RM): Rs.0.07 lakh; Stone Masonry (125.67 cum): Rs.1.47 lakh; Earth filling (32.25 cum): Rs.0.01 lakh; Rubble/boulder filling (2.69 cum): Rs.0.02 lakh.

<sup>(e)</sup> Reinforced cement concrete spun.

The CE, PWD (Roads) stated (September 2005) that as the terrain condition was not feasible during monsoon, the work was started by the contractor after monsoon. Moreover, works like boring holes and excavation of earthwork were carried out manually as the site condition did not permit use of machines. As such, the contractor prepared work programme showing tentative date of completion as 2009. The reply is not tenable since these constraints would have been taken into consideration while fixing the time schedule for completion of the works.

### ***3.2.19 Unproductive expenditure due to suspension of a road work***

The work ‘Construction of a road from Laitkyrhong to Rangphlang (5 Km)’ in East Khasi Hills, estimated to cost Rs.1.98 crore was administratively approved by the MoRD in October 2001. Technical sanction to the work was also accorded by the STA in June 2002. The work was awarded (June 2002) to a contractor stipulating completion by March 2003. The soil testing report for the work was not obtained till June 2005. As of June 2003, the executing division (NH Bye Pass Division, Shillong) had incurred expenditure of Rs.10 lakh on payment of contractor’s bill for execution of work during January to May 2003.

After conducting detailed survey, the Executive Engineer (EE) proposed (June 2004) to the Superintending Engineer (SE), PWD (Roads), Eastern Circle, slight changes in the originally sanctioned alignment. The SE in turn proposed (February 2005) to the Assistant Chief Engineer (ACE), PWD (Roads), Eastern Zone to pre-close the work as it was not possible to construct the road due to very steep alignment, loose soil condition, damage to the completed portion due to land slides and because there was no alternative alignment. But the ACE directed (February 2005) the EE to obtain fresh work programme from the contractor. Accordingly, the contractor submitted (March 2005) a tentative work programme up to March 2014 owing to the steep terrain and loose soil condition. The SE insisted (May 2005) on modified work programme up to December 2009. According to the EE (June 2005), the alignment of the road remained the same except in some stretches at first kilometer.

Thus, taking up the work without soil testing and proper survey led to suspension of work for over two years rendering the expenditure of Rs.10 lakh unproductive.

The CE, PWD (Roads) stated (September 2005) that (i) the work could only be started by the contractor on availability of land in January 2003, (ii) progress of work had to be suspended as the original alignment passed through very steep and vertical gorges, (iii) the new alignment was selected and approved by the STA in August 2004, (iv) soil condition was also very loose causing hindrances in progress of the work, and, (v) that every effort would be made to complete the whole project by 2007. The reply is not tenable because

these constraints could have been taken into consideration before awarding the work.

### ***Other points***

#### ***3.2.20 Avoidable expenditure on execution of road works***

The Schedule of Rate (SOR) for implementation of road works under PMGSY for the year 2001-02 was framed by the implementing agency as per the SOR of National Highway Circle for the year 2000-01. Scrutiny of SORs for Eastern Circle, Shillong, Western Circle, Nongstoin and Tura Circle for the year 2000-01 (SOR revised during 2003-04 for Western and Tura Circles and 2004-05 for Eastern Circle) revealed that the unit cost of similar items and specifications for construction of roads like major district roads and village roads under other State Plan was less than that of the SOR of National Highway Circle. Reasons for adoption of higher rates ignoring the lower rates provided in the State SORs were not on record. Such action of the implementing agency led to avoidable expenditure of Rs.3.96 crore on execution of 23 works (details in *Appendix XXXII*).

The CE, PWD (Roads) stated (September 2005) that the State Plan works were executed normally, whereas the works of PMGSY were mechanised. The reply is not tenable because for execution of items of works like earthwork, sub-base, water bound macadam, *etc.*, a mechanism similar to that of State roads was required.

#### ***3.2.21 Undue financial benefit to the contractors***

Agreements executed with the contractors entrusted with five PMGSY works under Tura North and Barengapara Divisions provided for deduction of security deposit at the rate of 8 *per cent* from the contractors' bills.

It was noticed that while in case of three works executed by the Tura North Division, security deposit was deducted at lower rates, in case of two works in Barengapara Division, security deposit was not deducted at all from the contractors' bills. Consequently, the contractors enjoyed undue financial benefit of Rs.11.26 lakh (details in *Appendix XXXIII*).

The CE, PWD (Roads) stated (September 2005) that full security deposit would be recovered from the future bills of the contractors.

#### ***3.2.22 Idle investment on procurement of excess quantity of Hume Pipes***

Estimate for construction of a road from Dengnakpara to Rongchandengree (4 Km) under Tura North Division provided for cross drainage structure by 60 Running Meter (RM) Hume Pipe (34) at a cost Rs.3.03 lakh. Against this, the

Division procured (March to June 2002) 340 RM at a cost of Rs.15.33 lakh (at the rate of Rs.4,508 per RM). Reasons for procurement of 280 RM Hume Pipes at a cost of Rs.12.62 lakh in excess of the estimated provision were not on record.

The CE, PWD (Roads) stated (September 2005) that Hume Pipe culverts were constructed as per provisions of the DPR which provided for 340 RM Hume Pipes. The reply is not tenable because the cost estimate of the work approved by the STA provided for 60 RM Hume Pipes.

### **3.2.23 Quality control**

For effective quality control, a three tier quality control mechanism was to be evolved. In the first tier, the Programme Implementation Units (PIUs) or the EEs were to ensure that the materials and the workmanship conform to the prescribed specification and that all the tests prescribed by the National Rural Roads Development Agency (NRRDA) were carried out. In the second tier, quality control units were to be set up by the State Government to conduct periodic inspection of works. In the third tier, the NRRDA would engage independent monitors designated as the National Quality Monitors (NQMs) for reporting the road works with reference to quality. The reports of the NQMs would be sent by the NRRDA to the State Government for appropriate action.

It was noticed that the PWD did not set up district level laboratories under PIUs. Thus, the prescribed tests on works required to be conducted by the PIUs was not done. According to the second tier quality monitoring unit (CE, Standard, PWD - Roads), appointed (March 2005) by the State Government, no shortfall was detected on the tests like natural moisture content, proctor density, *etc.* conducted by the PWD (Roads) Road Research Laboratory (RRL), Shillong and Assam PWD, RRL, Guwahati in five out of seven districts. The State Quality Monitor (second tier) monitored only 15 *per cent* of the sanctioned works of 2001-02 (99 works) in seven districts indicating inadequate monitoring. Out of 81 works inspected by the NQM, 12 works were graded as 'very good', 67 as 'good' and two as 'average'. Follow up action taken reports on 20 out of 69 works where grading was below 'very good' were furnished by the PIUs. In case of 49 works, such reports were awaited from the PIUs (May 2005).

### **3.2.24 Monitoring**

The State authorities were to equip the PIUs with necessary computer hardware to enable on-line management and monitoring of the programme. The MoRD, in collaboration with the State's nodal department was to organise suitable training programmes for the PIU personnel. The MoRD was also to

prescribe periodical reports and returns for monitoring the performance and progress of projects taken up under the PMGSY.

All the PIUs were equipped with necessary hardware to enable on-line management and monitoring of the programme. According to the CE (NH), PWD (Roads) (September 2005), as the on-line data entry and monitoring were not functioning because of poor internet connectivity, the Department had opted for off-line module of on-line management and monitoring system to up-load the master data like habitations, villages, population mapping of assembly and parliamentary Constituencies. The programme was monitored through the Quarterly Progress Reports received from the executing divisions besides review meetings. But completion of works was far behind the stipulated date of completion indicating poor monitoring at all levels.

**3.2.26** The matter was reported to Government in July 2005. The matter was also discussed in a meeting held in August 2005 with the Secretary to the Government of Meghalaya, PWD, CE, PWD and Joint Secretary, C&RD Department. Government (Under Secretary, PWD) endorsed (October 2005) the views of the CE, PWD.

### **3.2.27 Conclusion**

The State Finance Department had not transferred Rs.34.95 crore to the DRDAs/PWD. Utilisation certificates for completion of road works under the erstwhile BMS programme furnished to the MoRD did not represent the correct picture. 65 to 100 *per cent* of available funds for the years 2001-2005 under Phase II of the programme remained unutilised with the implementing agency indicating ineffective implementation of the programme. There was unfruitful/unproductive expenditure because of failure in completion of works. The overall impact of the PMGSY in the State was unsatisfactory since the implementing agency failed to provide good all-weather road connectivity to a major part (51 *per cent*) of the targeted habitations even after three years of sanction of the projects by the MoRD.

### **3.2.28 Recommendations**

- Proper utilisation of funds with reference to objectives should be made mandatory for further release of funds and the same should be strictly adhered to.
- Projects need to be undertaken after proper planning, survey and investigation to avoid delays in completion so as to provide road connectivity quickly to the rural populace.
- There needs to be a proper mechanism to ensure the quality of roads as required under the PMGSY guidelines.