

CHAPTER V : Ministry of Planning and Programme Implementation

Department of Programme Implementation

5 Member of Parliament Local Area Development Scheme (MPLADS)

5.1 Introduction

"Member of Parliament Local Area Development Scheme (Scheme)" was announced in the Parliament on 23 December 1993 by the Prime Minister to enable the Members of Parliament (MPs) to identify small works of capital nature in their constituencies. The Scheme provides for a member of Rajya Sabha to select works for implementation in one or more districts of his/her choice from the State from which he/she has been elected and for the nominated MP to select works for implementation in any one district of any State/Union Territory of his/her choice. The Scheme was initially administered by the Ministry of Rural Development and from October 1994 by the Department of Programme Implementation, Ministry of Planning and Programme Implementation.

Under the Scheme each MP could suggest to the District Collector (DC), works up to Rs one crore per annum for being taken up in his/her constituency.

The salient features of the Scheme are as under.

- Each MP is to furnish to the collector of the district, works selected by him/her for implementation under the Scheme.
- The DC is to get them implemented through Government agencies such as Public Works, Irrigation, Agriculture, Health and Education Departments, Panchayati Raj Institutions, Area Development Authorities, Water Supply and Sewerage Boards, etc. after following the established procedures.
- Individual works of developmental nature based on locally felt needs costing up to Rs 10 lakh could be taken up under this Scheme. The works are to lead to creation of durable assets and are to be completed in one or two working seasons.
- Repair and maintenance works, completion of other incomplete works, sharing of funds of the Scheme with other projects, purchase of equipment, etc. are not permitted under the Scheme.
- The works to be taken up under this Scheme include construction of buildings for schools, hostels, libraries and educational institutions

belonging to Government or local bodies, construction of tubewells, roads, bridges, drains, public toilets, cremation grounds, etc.

- The funds released under the Scheme do not lapse.

5.2 Organisational set up

The Ministry of Planning and Programme Implementation, Department of Programme Implementation is responsible for overall administration and budgetary control of the Scheme at the Centre.

The State Planning Department was to issue general instructions to all the planning and implementing agencies at the district level to cooperate and assist in the Scheme and to implement the works referred to them under the Scheme by DCs.

At district level DCs of the respective districts were the nodal agencies for co-ordination and overall supervision of the works under the Scheme.

5.3 Scope of Audit

The implementation of the Scheme from 1993-94 to 1996-97 was reviewed in 24 States and six Union Territories through sample check in 165 of the 488 districts. The relevant records maintained by the DCs and in the Department of Programme Implementation were examined. The details of sample selected from each State and Union Territory are given in Appendix XVIII.

The main objective of the review was to find out how far the Scheme had been implemented economically, efficiently and in an effective manner and to assess how far the objectives had been fulfilled.

5.4 Highlights

- **During 1993-97 Ministry released Rs 2324.55 crore against which District Collectors (DCs) spent only Rs 1285.45 crore. Unspent amount of Rs 1039.10 crore was lying in account with commercial banks. The percentage of shortfall in utilisation of funds ranged between 0.01 to 92.40 per cent.**

(Paragraphs 5.5.1 and 5.5.2)

- **In 332 districts of 24 States and six UTs, MPs recommended 120242 works during 1993-97. DCs sanctioned 105959 works, 98695 works were taken up for execution out of which only 60698 works were completed as of March 1997. 4569 works were executed and Rs 51.52 crore were spent without the recommendation of MPs in 28 districts of 13 States. Rs 24.89 crore were sanctioned on the recommendations of MP's representatives in five States.**

(Paragraphs 5.6, 5.7.1 and 5.7.2)

- **Implementing agencies in 37 districts of eight States/ UTs did not refund unspent amount of Rs 3.08 crore even though works were completed/cancelled/not taken up as of March 1997. Utilisation certificate for Rs 339.57 crore had not been received in 150 districts of 16 States and three UTs. 11 cases of suspected fraud involving Rs 50 lakh came to notice in six States.**

(Paragraphs 5.5.4, 5.5.5 and 5.5.6)

- **Rs 5.75 crore was wasted as 802 works in 33 districts of 15 States were abandoned midway.**

(Paragraph 5.6.1)

- **Percentage charges of Rs 3.90 crore were debited at rates ranging from one to 24 per cent in violation of guidelines. An expenditure of Rs 2.72 crore was incurred on 182 works entrusted to contractors sponsored by MPs/DCs in nine districts of four States in violation of Scheme guidelines.**

(Paragraphs 5.5.8 and 5.7)

- **The accounting procedure for the Scheme funds has not yet been finalised though the Scheme came into existence with effect from December 1993.**

(Paragraph 5.8)

- **In 40 districts of 15 States/UTs, loss of interest was Rs 3.67 crore due to operating non-interest bearing account, non-refund of interest earned by implementing agencies, transfer of funds to Revenue Deposit/Civil Deposits of State governments.**

(Paragraph 5.8.1)

- **In 15 districts of nine States, Rs 46.70 lakh was utilised for assets and consumables out of interest earned in contravention of Ministry's instructions prohibiting such utilisation. In 29 districts of 14 States, Rs 2.05 crore were spent on purchase of stock items in violation of Scheme provisions.**

(Paragraphs 5.8.2 and 5.9.5)

- **Rs 4.06 crore were spent on 229 works not admissible under the Scheme for construction of office buildings, residential buildings, etc. Besides, Rs 1.53 crore were spent in 17 districts in seven States on 93 inadmissible works belonging to commercial organisations, trusts, co-operative institutions, registered societies, etc.**

(Paragraphs 5.9.1 and 5.9.2)

- Grants and loans involving Rs 17.02 crore were sanctioned from out of the funds for MPLADS in utter disregard of the guidelines.

(Paragraph 5.9.4)

- Contrary to the guidelines, in 14 districts of six States, Rs 58.75 lakh were spent on 64 works relating to religious places.

(Paragraph 5.9.6)

- In 28 districts of 10 States, 2190 works with total outlay of Rs 20.44 crore were executed without obtaining technical sanction and administrative approval.

(Paragraph 5.11.1)

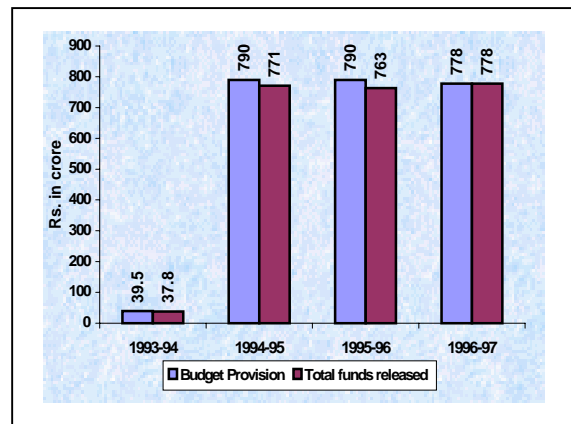
5.5 Financial arrangement

Ministry releases funds under the Scheme directly to DCs without routing them through State Governments. During 1993-94, however, the Ministry released the funds through the respective State Governments.

The budget provision and funds released by the Government of India during 1993-97 were as under: -

(Rupees in crore)

| Year | Funds released per MP | Budget provision | Total funds released |
|--------------|-----------------------|------------------|----------------------|
| 1993-94 | 5 lakh | 39.50 | 37.80 |
| 1994-95 | 1 crore | 790.00 | 771.00 |
| 1995-96 | 1 crore | 790.00 | 763.00 |
| 1996-97 | 1 crore | 778.00 | 778.00 |
| Total | — | — | 2349.80 |



Funds are normally to be released by the Ministry twice a year on the basis of physical and financial progress of works. Examination disclosed that the Ministry by and large released the funds without reference to progress of works resulting in accumulation of funds with DCs. The Ministry stated that for 1996-97 it was initially decided to release funds after adjusting balances available with DCs up to 1995-96. However, the MPs demanded release of total amount for the year and the Speaker Lok Sabha advised release of the entire amount of Rs one crore.

5.5.1 Financial outlay and expenditure

The Department of Programme Implementation, the nodal agency at the centre, failed to provide details of yearwise release of funds to States/UTs and expenditure incurred by them for the period under review.

However, 26 State/Union Territory level nodal agencies furnished such details as under whereas four State nodal agencies did not provide the same.

| (Rupees in crore) | | | | | |
|--------------------|-----------------|-------------------------|----------------------|-----------------|------------------------------|
| Year | Opening balance | Funds received from GOI | Expenditure incurred | Closing balance | Percentage of funds utilised |
| 1993-94 | — | 33.19 | 19.14 | 14.05 | 57.66 |
| 1994-95 | 14.05 | 696.94 | 438.03 | 272.96 | 62.85 |
| 1995-96 | 272.96 | 687.25 | 503.46 | 456.75 | 73.25 |
| 1996-97 | 456.75 | 674.42 | 221.33 | 909.84 | 32.81 |
| (a) Sub-Total | | 2091.80 | 1181.96 | 909.84 | 56.50 |
| (b) For 4 States* | | 232.75 | 103.49 | 129.26 | 44.46 |
| Grand Total | | 2324.55 | 1285.45 | 1039.10 | 55.29 |

* Assam, Meghalaya, Punjab and Orissa.

It would be evident from the above that utilisation of funds during 1993-97 was only 55.29 per cent.

State/Union Territory wise details of funds received and expenditure incurred during 1993-94 to 1996-97 are given in Appendix-XIX.

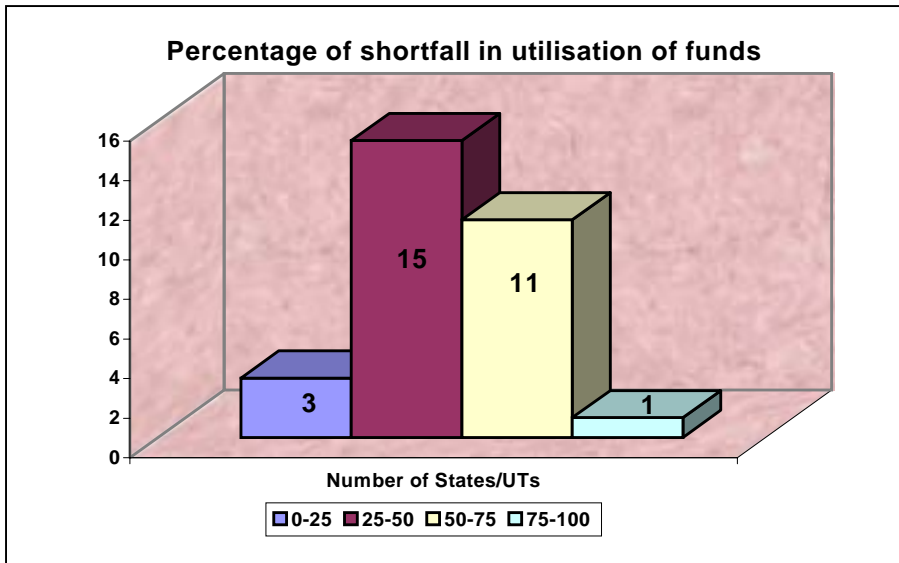
5.5.2 Shortfall in utilisation of funds

Against available funds of Rs 2324.55 crore only Rs 1285.45 crore were utilised leaving an unspent balance of Rs 1039.10 crore.

Heavy balance of Rs 1039.10 crore was lying unspent with the District Collectors as of March 1997 as detailed in Appendix XX. The major States having large unspent balances were Andhra Pradesh (Rs 98.74 crore), Bihar (Rs 100.64 crore), Gujarat (Rs 75.35 crore), Karnataka (Rs 69.95 crore), Kerala (Rs 57.50 crore), Maharashtra (Rs 109.83 crore), Orissa (Rs 56.83 crore), Tamil Nadu (Rs 74.04 crore), Uttar Pradesh (Rs 104.07 crore) and West Bengal (Rs 74.57 crore).

Percentage of shortfall in utilisation of funds ranged between 0.01 to 92.40 per cent in different States/Union Territories as detailed below:-

| S. No. | Percentage shortfall | Number of States/UTs | States/UTs |
|--------|----------------------|----------------------|---|
| 1. | 0-25 | 3 | Arunachal Pradesh, Haryana and Nagaland |
| 2. | 25-50 | 15 | Bihar, Himachal Pradesh, Madhya Pradesh, Mizoram, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, West Bengal, A & N Islands, D & N Haveli, Daman & Diu and Delhi. |
| 3. | 50-75 | 11 | Andhra Pradesh, Assam, Goa, Gujarat, Karnataka, Kerala, Maharashtra, Manipur, Meghalaya, Orissa and Chandigarh |
| 4. | 75-100 | 1 | Pondicherry |



5.5.3 Unspent balance shown as expenditure

In 158 districts of nine States the expenditure reported during 1993-97 included amounts not actually spent as under:-

The expenditure figures reported were erroneous

(Rupees in crore)

| Year | Total expenditure reported | Expenditure booked but not actually incurred |
|--------------|----------------------------|--|
| 1993-94 | 8.57 | 0.17 |
| 1994-95 | 232.18 | 35.33 |
| 1995-96 | 247.28 | 72.68 |
| 1996-97 | 100.99 | 60.00 |
| Total | 589.02 | 168.18 |

Year-wise break up is given in Appendix XXI.

5.5.4 Unspent balances not refunded by implementing agencies

Implementing agencies in 37 districts of eight States/UTs did not refund Rs 3.08 crore lying unspent with them as of March 1997 even though the works awarded were completed or cancelled or had not been taken up. The details are given in Appendix XXII.

Unspent amount of Rs 3.08 crore were not refunded by implementing agencies.

5.5.5 Non-submission of utilisation certificates

(i) The implementing agencies were required to submit utilisation certificates in prescribed forms to District Collectors after completion of works for onward submission to the Ministry.

Utilisation certificates for Rs 339.57 crore not submitted.

Utilisation certificates for Rs 339.57 crore had not been received as detailed in Appendix XXIII.

(ii) In Faridabad district of Haryana, against the actual expenditure of Rs 1.41 crore during 1993-96, ADC submitted utilisation certificates for Rs 1.81 crore.

5.5.6 Cases of suspected fraud

Cases of suspected fraud involving Rs 50 lakh were noticed

Test check disclosed 11 cases of suspected fraud involving Rs 50 lakh as per the details given below:-

(a) Nagaland:

- (i) DC, Kohima paid Rs 1.50 lakh in February 1995 for construction of a bridge over a seven feet nullah across a footpath in Khuzama village after approving the work recommended by the MP, without preparing any estimate. Examination of documents disclosed that the DC made payment on the basis of a certificate from the Block Development Officer, Kohima about completion of the bridge alongwith an attested photograph of the bridge which clearly indicated that the bridge consisted of only six local bamboo laid horizontally across the nullah alongwith side railings supported by wooden poles which *prima facie* could not be expected to cost more than Rs four to five thousand. The DC released the total payment of Rs 1.50 lakh without examining the correctness of the cost/claims.
- (ii) DC, Kohima sub-allotted and remitted Rs 39.50 lakh during 1995-96 to the ADC Dimapur. However, as per the latter's records only Rs 38.75 lakh were shown to have been received. Similarly, DC Kohima remitted Rs 5.75 lakh to DC Mon during the same year but in the latter's records only Rs 5.44 lakh were accounted for. The difference of Rs 1.06 lakh was suspected to have been misappropriated.

(b) Bihar

- (i) Block Development Officer, Nirsa in Dhanbad district paid Rs 1.05 lakh during June 1995 to July 1996 towards carriage charge of morrum for construction of two roads, one in Potdih village and another from Kurkuri gate to Patherkuia. Audit scrutiny through cross-verification of records in local transport office revealed that the truck numbers shown in vouchers for carriage of morrum were that of motor cycle and public bus. Thus, actual carriage of morrum was fictitious.
- (ii) Under the same works, BDO Nirsa paid Rs 0.30 lakh as hire charge of road roller to a driver of Rural Engineering Organisation Division, Dhanbad. However, there was no record of its receipt in the division.
- (iii) BDO Nirsa also paid Rs 1.25 lakh through muster rolls to 45 labourers working on the same date at two different places 12 km apart rendering the expenditure doubtful.

(c) Himachal Pradesh

Rs 0.70 lakh transferred in March 1995 by DRDA Shimla to BDO . Mashobra were not traceable in the books of the latter.

(d) Manipur

- (i) DRDA, Urkhul executed four works in 1995-96 through beneficiary committees. 380 muster roll labourers were shown to have been engaged but actual payees receipts were obtained in respect of 79 labourers only Payment of Rs 2.08 lakh to 301 labourers was not supported by payees receipts.
- (ii) During 1995-96, DRDA, Churachandpur executed 33 works through beneficiary committees. 1161 muster roll labourers were shown to have been engaged and Rs 10.35 lakh paid as wages. The payment was not supported by payees receipts.
- (iii) DRDA, Churachandpur withdrew Rs 5.08 lakh during November 1995 to April 1996. Of these, he disbursed only Rs 3.56 lakh The remaining amount of Rs 1.52 lakh was not accounted for.

(e) Karnataka

In Bidar district, out of Rs 102.30 lakh released to the Executive Engineer Zilla Panchayat Engineering Division, Rs 99.80 lakh only was accounted for and deposited into the bank account. There was no account of the remaining Rs 2.50 lakh.

(f) West Bengal

In two different cases, nine works costing Rs 5.14 lakh and four works costing Rs 1.95 lakh were shown as completed and the BDO Bijanbari furnished utilisation certificates to the DM Darjeeling. But entries recorded in the Measurement Books indicated that the works had not been completed at all and fake UCs were furnished.

5.5.7 Sharing of funds

According to provisions of Scheme, DCs were to undertake the works only against the funds provided for this Scheme. Resources of this Scheme or funds provided under other Schemes were not to be mixed for sharing the expenditure on any works. Test check, however, disclosed cases in nine States where expenditure on 66 projects was partly charged to this Scheme and partly met from other sources as indicated in Appendix XXIV.

The Scheme funds were shared with those of other Schemes in contravention of the provisions.

5.5.8 Supervision/centage charges

The Minister of State for Planning and Programme Implementation addressed a letter in August 1995 to all the Chief Ministers requesting them to consider MPLADS as an exception for levy of supervision/centage

charges by implementing departments. The Ministry reiterated this in the revised guidelines of February 1997.

Centage charges of Rs 3.90 crore at the rate ranging between one to 24 per cent were levied during 1993-97.

Test check, however, disclosed cases where centage charges of Rs 3.90 crore were charged at rates ranging from one to 24 per cent during 1993-97 as detailed in Appendix XXV.

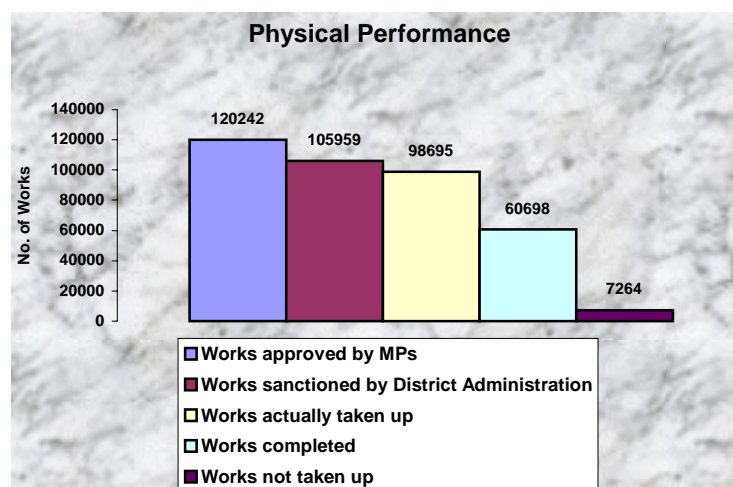
The Ministry stated, in March 1998, that some of the States/UTs like Andhra Pradesh, A & N Islands, Himachal Pradesh, Meghalaya, Mizoram, etc. had acceded to their request whereas some others had expressed their inability to do so. Some had, however, reduced their centage charges. The levy of supervision/centage charges reduced the funds available for use on the Scheme.

5.6 Physical performance

(a) The Scheme envisaged that works taken up should be such as could be completed in one or two working seasons. Examination of documents disclosed the following:

In 122 districts of 12 States and two UTs, where the value of works were available, the MPs recommended 44151 works at an estimated cost of Rs 463.52 crore during 1993-97. The District Collectors sanctioned 38564 works at an estimated cost of Rs 408.68 crore which works out to 88.16 per cent of value of the works recommended by MPs. The number of works actually taken up was 35694 at an estimated cost of Rs 368.58 crore which was 90.19 per cent of value of total works sanctioned.

Only 20219 works costing Rs 220.93 crore were completed as of March 1997 representing 54.07 per cent of value of total works sanctioned. 2870 works at expected value of Rs 39.02 crore were not taken up as of March 1997, though these were recommended by MPs and sanctioned by DCs concerned. The Statewise details are given in Appendix XXVI (A).



(b) In another 210 districts of 12 States and four UTs, where the values were not available, MPs recommended 76091 works during 1993-97, against which 67395 works (88.57 per cent) were sanctioned by the

District authorities. 63001 works (93.48 per cent of sanctioned works) were taken up for execution and only 40479 works (60.06 per cent of sanctioned works) were completed and 4394 works could not be taken up for execution as of March 1997. The details are given in Appendix XXVI (B).

5.6.1 Incomplete/abandoned works

During the period 1994-97, 802 works in 33 selected districts of 15 States were either abandoned or left incomplete midway due to dispute over title to land, insufficient provision of funds, wrong selection of executing agency, etc. An amount of Rs 5.75 crore had been spent as shown in Appendix XXVII on these works prior to their abandonment.

Works were abandoned after spending Rs 5.75 crore on them.

Scrutiny revealed that with this expenditure no durable asset, as required under the Scheme, was created and the entire expenditure was a waste.

5.7 Entrustment of works to contractors

The guidelines prohibit engagement of contractors. DCs are required to get the works done departmentally except where the established procedures of the respective State Governments permit engagement of contractors.

Rs.2.72 crore spent on 182 works entrusted to contractors sponsored by MPs/DCs.

Test check disclosed 182 cases valued at Rs 2.72 crore where the works were entrusted to the contractors, some of them sponsored by MPs as under.

(Rupees in crore)

| SI. No. | State | District | No. of works | Year | Expenditure | Remarks |
|--------------|----------------|--------------|--------------|---------|-------------|---|
| 1. | Bihar | Dumka | 43 | 1994-97 | 0.64 | Works allocated by the Collector to contractors. |
| | | Katihar | 39 | 1994-97 | 0.58 | |
| | | Madhepura | 17 | 1994-97 | 0.40 | |
| | | Madhubani | 1 | 1994-97 | 0.29 | |
| | | Ranchi | 60 | 1994-97 | 0.47 | |
| 2. | Andhra Pradesh | Medak | 2 | 1994-95 | 0.07 | Works were sanctioned by the collector in February 1995 and entrusted to the contractors sponsored by MP. |
| | | Adilabad | 8 | 1994-97 | 0.15 | |
| 3. | Tamil Nadu | Sivaganga | 6 | 1994-96 | 0.09 | Works were entrusted to private individuals recommended by MP. |
| 4. | Orissa | Bhawanipatna | 6 | 1995-96 | 0.03 | Works were awarded to contractors recommended by MP. |
| Total | | 9 | 182 | | 2.72 | |

Rs 51.52 crore spent by DCs on 4569 works not recommended by MPs.

5.7.1 Works executed without recommendation by MPs

Works, permissible under the Scheme, recommended by MPs are only to be taken up for execution by DCs concerned. In 28 districts in 13 States, DCs incurred an expenditure of Rs 51.52 crore on execution of 4569 works, which were not recommended by MPs concerned. The details of such works are as under:

| (Rupees in lakh) | | | | | | |
|------------------|------------------|----------------|--------------|---------|----------------------|--|
| Sl. No. | State/UT | District | No. of works | Year | Expenditure incurred | Nature of work |
| 1. | Andhra Pradesh | Kurnool | 11 | 1995-96 | 5.75 | Providing additional distribution transformers. |
| 2. | Bihar | Patna | 13 | 1996-97 | 52.70 | Renovation of roads, special repair to Dargah path etc. |
| 3. | Harayana | Ambala | 84 | 1994-95 | 97.64 | Drilling and commissioning of tube wells, renovation of old water supply line, providing new sewerage line, etc. |
| | | Gurgaon | 30 | 1995-96 | 46.48 | Construction of school buildings, cricket pavilion, Panchayat Ghar, metalled road, pavement of streets etc. |
| 4. | Himachal Pradesh | Shimla | 10 | 1995-96 | 12.75 | Water supply scheme, mahila mandal/yuvak mandal bhavans, roads, etc. |
| | | Solan | 1 | 1995-96 | 1.00 | Water supply scheme |
| 5. | Mizoram | Saiha | 12 | 1994-95 | 10.35 | Jeepable roads, irrigation channels, school buildings, etc. |
| 6. | Manipur | Ukhrul | 3 | 1994-95 | 3.00 | Construction of playground, youth club, village authority court, etc. |
| 7. | Maharashtra | Nanded | 2 | 1995-96 | 0.96 | Construction of bridges and approach roads. |
| | | Mumbai city | 3 | 1995-96 | 9.61 | Beautification of Custom House building. |
| 8. | Orissa | Cuttack | 144 | 1995-96 | 36.20 | Improvements of roads, construction of buildings of cultural centres, library cum community centres, high schools and colleges, etc. |
| | | Khurda | 32 | 1995-96 | 100.00 | Construction of roads, drains, drinking water supply schemes, etc. |
| 9. | Punjab | Patiala | 8 | 1994-95 | 43.92 | Construction of roads and bridges. |
| 10. | Tamil Nadu | Tiruchirapalli | 4 | 1995-97 | 9.19 | Construction of school buildings, etc. |

| Sl. No. | State/UT | District | No. of works | Year | Expenditure incurred | Nature of work |
|--------------|----------------|---|--------------|---------|----------------------|---|
| | | Madurai | 17 | 1995-96 | 18.23 | Construction of school buildings, metalling of roads, etc. |
| 11. | West Bengal | Calcutta | 4 | 1993-94 | 12.00 | Construction of library, indoor sports complex, health centre and repair work of school building. |
| 12. | Madhya Pradesh | 11 Districts (Bhopal, Sehore, Indore, Ujjain, Chhindwara, Jabalpur, Satna, Bilaspur, Raipur, Bastar, Gwalior) | 4123 | 1993-97 | 4522.94 | Yearwise Break up Year Works Rs in lakh 1993-94 116 91.26 1994-95 1768 1977.48 1995-96 1846 1995.38 1996-97 393 458.82 Totals 4123 4522.94 |
| 13. | Sikkim | Gangtok | 68 | 1994-97 | 168.91 | Construction of link roads, minor irrigation channel, footpath, etc. |
| Total | | 28 | 4569 | | 5151.63 | |

The Collector, Patna in Bihar sanctioned 13 Schemes unauthorisedly during 17 January 1997 to 12 May 1997 at an estimated cost of Rs 95.86 lakh and released Rs 52.70 lakh during 08 April 1997 to 28 May 1997 to the executing agency i.e. Executive Engineer, Road Division, Patna City, out of funds received for 1996-97 for Shri I. K. Gujral MP Rajya Sabha though the MP had not recommended these Schemes. The Chief Minister performed the foundation laying ceremony for these Schemes on which the DM spent Rs 5.30 lakh during January and February 1997 from funds received by him under Urban Basic Service for Poor Scheme.

5.7.2 Works recommended by MPs representatives

Under the Scheme recommendations made by the MP on his letter head and under his signature alone is to be entertained by DCs and recommendations made by any representative of the MP is not to be considered even if such representative may have been authorised by the MP concerned.

Rs 24.89 crore were Sanctioned on recommendations of representatives of MPs in violation of the guidelines of the Scheme.

It was, however, noticed that in following five States works amounting to Rs 24.89 crore were sanctioned by the DCs on the recommendation of the representatives of the MPs. Details are given below.

5.7.2.1 Maharashtra

Nine works involving expenditure of Rs 33 lakh were recommended by Shri Ashok Chavan on behalf of his father Shri S. B. Chavan, MP Rajya Sabha during 1994-95. The works were accepted and approved by the Collector, Nanded.

5.7.2.2 Haryana

Shri Dinesh Singh, MP, Rajya Sabha authorised the Chief Minister, Haryana to utilise Rs one crore released for 1994-95 anywhere and on any works. The Chief Minister recommended works at estimated cost of Rs 51 lakh in Ambala district and authorised five MLAs of Ambala district to suggest works for the remaining amount of Rs 49 lakh against which an expenditure of Rs 46.44 lakh had been incurred.

5.7.2.3 Orissa

- (i) In Cuttack district Rs 36.20 lakh were sanctioned during 1995-96 by the Collector, Cuttack for 144 works on the recommendation of MLAs, ex-ministers and ex-speaker of Orissa Legislative Assembly on behalf of Shri Narendra Pradhan, MP, Rajya Sabha.
- (ii) The Collector, Khurda sanctioned (1994-95) works worth Rs one crore forwarded by the Resident Commissioner, Government of Orissa on behalf of Shri S. R. Bommai, Member Rajya Sabha, though the same did not bear the signature of Shri Bommai. The Collector released funds to various implementing agencies for execution of 28 out of 32 projects forwarded to him.

5.7.2.4 Tamil Nadu

Seventeen works for Rs 18.30 lakh suggested by Shri K. V. V. Rajamanickam MLA on behalf of Shri A. G. S. Rambabu MP Lok Sabha were sanctioned by DC Madurai in 1995-96 and were completed at a cost of Rs 18.23 lakh.

5.7.2.5 Uttar Pradesh

The District Magistrates of Allahabad, Lucknow and Sonbhadra sanctioned 920 works costing Rs 22.01 crore on the basis of recommendations made by representatives of the MPs concerned.

5.8 Accounting procedure

The Scheme came into existence from December 1993. The accounting formats for the Scheme were to be finalised by the office of the Controller General of Accounts in consultation with the office of the Comptroller & Auditor General of India. The accounting procedure has not yet been finalised.

The Ministry stated, in October 1997, that an inter-departmental committee had been constituted for the purpose which had its first meeting in September 1997. Further progress was awaited.

5.8.1 Loss of interest

Test check disclosed large number of cases in 40 districts of 15 States/UTs, indicating operation of non-interest bearing account, non-refunding of interest earned by executing agencies to the Scheme funds, transfer of funds to Revenue Deposits/Civil Deposits of State Governments on the instruction of State Government which resulted in loss of interest aggregating Rs 3.67 crore during 1993-97. (Andhra Pradesh:Rs 80.09 lakh in six districts; Assam:Rs 2.12 lakh in two districts; Haryana:Rs 9.35 lakh in three districts; Kerala: Rs 57.82 lakh in five districts; Maharashtra: Rs 55.31 lakh in four districts; Meghalaya: Rs 2.28 lakh in two districts; Mizoram: Rs 8.23 lakh in two districts; Tamil Nadu: Rs 18.17 lakh in six districts; West Bengal: Rs 70.79 lakh in five districts and Delhi Rs 52.33 lakh). Details are given in Appendix XXVIII.

Operation of non-interest bearing accounts, non-refunding of interest by implementing agencies etc. resulted in loss of interest of Rs 3.67 crore.

5.8.2 Interest accrued and its utilisation

The Ministry issued instructions that interest accrued on the funds released under the Scheme should not be utilised till a decision was taken by the Government in that regard.

Rs 46.70 lakh, out of interest earned, were utilised, though prohibited.

In three Union Territories and 72 districts of nine states, Rs 11.06 crore was earned as interest on the Scheme funds during 1993-97. Details are given in Appendix XXIX.

Information regarding accrual of interest on Scheme funds during 1993-97 in remaining States was neither provided by Ministry nor by the concerned State nodal agencies.

Test check disclosed that out of the interest, Rs 46.70 lakh were utilised as under in 15 districts of nine States in contravention of the instructions of the Ministry.

(Rupees in lakh)

| Sl. No. | State/UT | Name of the Districts | Period | Amount | Purpose |
|---------|-------------------|-----------------------|---------|--------|---|
| 1. | Arunachal Pradesh | Lohit (Tezu) | 1995-96 | 4.44 | Utilised towards construction of boys' hostel on the recommendation of MP. |
| 2. | Assam | Kamrup | 1994-96 | 4.65 | Details not provided by the DC office. |
| | | Nagaon | 1994-96 | 0.30 | Purchase of petty articles in DC office without approval from Mp. |
| 3. | Karnataka | Bidar | 1996-97 | 1.82 | On the tour programme of Prime Minister in August 1996 on order of DC and without MP's recommendations. |
| 4. | Kerala | Alappuzha | 1995-96 | 5.24 | Purchase of two jeeps in Collectorate on the order of DC without MP's approval. |

| Sl. No. | State/UT | Name of the Districts | Period | Amount | Purpose |
|--------------|---------------|-----------------------|----------|--------------|--|
| | | | | 0.10 | Installation of telephone in the Collectorate on the orders of DC without MP's approval. |
| 5. | Manipur | Imphal | 1994-97 | 1.20 | Utilised as office contingencies on orders of DC. |
| | | Bishnupur | 1994-97 | 0.68 | Utilised as office contingencies on orders of DC. |
| 6. | Orissa | Cuttack | 1995-96 | 2.00 | Construction of TLC building approved by DC and not by MP. |
| | | Jharsuguda | 1995-96 | 1.49 | Construction of Sanchaya Bhavan/temporary residence for Collector approved by DC and not by MP. |
| | | Phulbani | 1996-97 | 3.40 | Construction of stand posts, purchase of pump set, establishment of book bank, repair of furniture in circuit house etc. |
| 7. | Tamil Nadu | Chengai Anna | 1995-97 | 7.52 | Construction of roads on the recommendation of MP. |
| 8. | Uttar Pradesh | Jaunpur | 1995-96 | 0.65 | Construction of Sumitra Nandan park without approval from MP. |
| | | Ghazipur | 1996-97 | 4.10 | On purchase of Gypsy and its maintenance without approval from MP. |
| 9. | West Bengal | Murshidabad | 1994-96 | 8.75 | Purchase of furniture and other accessories for conference hall in administrative block without approval from MP. |
| | | Burdwan | 1995-96 | 0.36 | Construction charges to meet the expenses of meetings at block level, no approval was obtained from concerned MP. |
| Total | 15 | | - | 46.70 | |

5.9 Execution of works not covered under the Scheme

In the following cases works not permissible under the Scheme were carried out:-

5.9.1 Construction of office buildings, residential buildings, etc.

Rs 4.06 crore was spent on inadmissible works of construction of office/residential buildings.

Funds released under the Scheme were not to be utilised for construction of office buildings, residential buildings and other buildings relating to Central or State Governments, agencies or organisations. In the test check districts, Rs 4.06 crore was spent on 229 works relating to construction of residential units for weaker sections. Gram Panchayat office buildings, shopping complex, building for village extension office, guard's room attached to DC's Inspection Bungalow, rest houses, Railway rest houses, buildings for Bar Association, Camp office for District Magistrate, etc. The details are given in Appendix XXX.

5.9.2 Works relating to commercial organisations, trusts, registered societies, private institutions or cooperative institutions

Expenditure on works belonging to commercial organisations, trusts, cooperative institutions, registered societies etc. were not allowed under the Scheme. It was, however, noticed that an amount of Rs 1.53 crore was spent in 17 districts selected in seven States on 93 such works as detailed below. All the works except the works in Kurnool district of Andhra Pradesh, were recommended by the MP concerned.

Rs 1.53 crore was spent on works belonging to commercial organisations, trusts etc. in violation of the guidelines.

(Rupees in lakh)

| Sl. No. | State/UT | District | No. of works | Amount | Year | Name of Trust/commercial institutions etc. |
|---------|----------------|-----------------|--------------|--------|---------|---|
| 1. | Andhra Pradesh | Kurnool | 2 | 10.90 | 1995-96 | Work relating to Nandyal Cooperative Sugars Ltd. was done without the approval of MP. |
| | | Medak | 1 | 0.48 | 1994-95 | Labour Service Cooperative Society. |
| 2. | Assam | Kamrup | 25 | 25.34 | 1993-97 | Works for private institutions. |
| | | Sibsagar | 16 | 16.55 | 1993-97 | Private institutions like Sanghas, Clubs, Ashrams etc. |
| 3. | Mizoram | Aizawal Lunglei | 13 | 34.30 | 1994-97 | Construction of buildings for Registered Society & Private Christian Hospital. |
| 4. | Maharashtra | Latur | 1 | 10.00 | 1995-96 | Work relating to charitable trust hospital buildings. |
| | | Pune | 3 | 10.60 | 1996-97 | Roads of a Housing Society. |
| 5. | Orissa | Balasore | 2 | 0.34 | 1995-96 | Building at Sai Nritya Sangeet Vidyalaya at Padhuenpada and Fishermen's cooperative house at Kashpal (Commercial institutes). |
| | | Cuttack | 18 | 2.37 | 1995-96 | Construction of Private club Bahuda Das club, Jawahar youth club, Netaji Sangram club, etc. |
| 6. | Punjab | Ferozepur | 1 | 10.00 | 1995-96 | Construction of cane yard at Kissan Sugar Mill Ltd., a commercial unit. |
| | | Amritsar | 1 | 5.00 | 1994-95 | Building for cultural and sports activities of Aviation club at Raja Sansi International Airport. |
| | | Ludhiana | 2 | 7.00 | 1995-97 | Library of District Bar Association, Bhagwan Ram Charitable Trust Hospital. |
| 7. | Tamil Nadu | Coimbatore | 3 | 11.52 | 1995-97 | Post literacy cum vocational training centre at Vaikalpalayam, a registered charitable trust. |
| | | Madurai | 2 | 2.75 | 1995-97 | Mandapam at Vadipati owned by Temple Trust Board. |

| SI. No. | State/UT | District | No. of works | Amount | Year | Name of Trust/commercial institutions etc. |
|--------------|----------|-------------|--------------|---------------|---------|--|
| | | South Aroot | 2 | 4.50 | 1995-97 | Godown at Perumathur for handloom weavers cooperative society & fishermen cooperative society. |
| | | Chennai | 1 | 1.56 | 1995-97 | Compound wall to YMCA playground at Gray nagar, a private institutions. |
| Total | 7 | 17 | 93 | 153.21 | | |

5.9.3 Repair and maintenance works

Rs 4.86 crore was spent on repair and maintenance works which were not permissible.

Expenditure on repair and maintenance works of any type other than special repairs for restoration/upgradation of any durable asset is not permissible under the Scheme. In 45 districts in 13 States expenditure of Rs 4.86 crore was incurred for repair and maintenance of 675 works as detailed in Appendix XXXI in disregard of the guidelines. The works done included repairs of roads, resurfacing of roads, maintenance work of metalling of roads, repair of irrigation channels and drains, repair of drinking water supply lines etc.

5.9.4 Grants and loans

Grants and loans amounting to Rs 17.02 crore were sanctioned out of MPLADS fund.

The Scheme prohibits the utilisation of funds for giving loans/grants to other organisations. However, in the following cases, DCs sanctioned loans/grants in contravention of Scheme provisions.

- (i) The Deputy Commissioner, Imphal, Manipur paid Rs 10 lakh to Project Officer, IWDP in January 1995 and Rs 2.77 lakh to the Project Officer, Jawahar Rozgar Yojna (JRY) in March 1995 as a short term loan. The loans, however, were received back on 30 March 1995 .
- (ii) In Tamil Nadu, DCs of Kancheepuram, Trichy, Coimbatore, Sivaganga and Madurai diverted Rs 16.09 crore to various other Schemes like Jawahar Velai Vaipu Thittam (JVVT), Integrated Rural Development Programme (IRDP), SIDA assisted projects etc. during 1993-97. Rs 13.46 crore was, however, recouped after 20 days to 19 months leaving an amount of Rs 2.63 crore unrecouped as of March 1997.
- (iii) In Andhra Pradesh, DC, Chittoor, based on the recommendations of MPs from Tirupati and Chittoor, sanctioned a grant of Rs 19.90 lakh during 1996-97 for the purchase of computers to two private educational institutes run by a Trust at A Rangampeta.
- (iv) In Nagaland, grant of Rs 59.70 lakh was given to different institutions, cultural, sports, student bodies and cash relief to poor and sick etc.

5.9.5 Purchase of stock

Purchase of store or stock was not permissible under the Scheme In 29 districts of 14 States, Rs 2.05 crore were spent on the purchase of generators, submersible pumpsets, stabilizers, furniture items, fixtures with tube lights and lamps, water cooler, tractor with dozer, boats, books, TV, VCR, duplicating machine, electric typewriter, deep freezer, air conditioner etc. as per details given in Appendix XXXII.

Store/stock costing Rs 2.05 crore were purchased in violation of guidelines.

5.9.6 Places of religious worship

Incurring of expenditure on places of religious worship is not permissible under the Scheme. 64 works costing Rs 58.75 lakh in 14 districts of six States relating to religious places were carried out in violation of the provisions as per details given below.

Rs 58.75 lakh was spent on works relating to religious places.

(Rupees in lakh)

| SI. No. | State/UT | District | No. of works | Amount | Year | Remarks |
|---------|----------------|----------------|--------------|--------|---------|--|
| 1. | Andhra Pradesh | Adilabad | 1 | 0.32 | 1996-97 | The work "construction of compound wall to Edgah" in Nirmal Town was recommended by MP of Adilabad Lok Sabha constituency. |
| | | Medak | 1 | 0.25 | 1995-97 | The work "construction of platform to Edgah" at Medak town was sanctioned by DC on the recommendation of MP of Medak Lok Sabha constituency. |
| 2. | Manipur | Imphal | 1 | 1.00 | 1994-95 | "Construction of community Hall" in the complex of ISKON (a religious body) was recommended by an MP. |
| 3. | Nagaland | Kohima | 3 | 10.64 | 1993-97 | Construction of churches, approach roads and boundary walls for churches recommended by MP. |
| 4. | Orissa | Mon Mokokchung | | | | |
| | | Balasore | 21 | 1.88 | 1994-96 | Construction of compound wall of Sahaspur Mosque. Construction of Sankeswar Mahadev Temple. Construction of Alekh Brahma Math at Khurda. Construction of Mahalakshmi Mandap. Construction of Kali Temple at Tikrapada etc. |
| | | Cuttack | 11 | 8.05 | 1995-96 | Construction of Mandap near Hansanath Temple. Dharamshala near Nilakantha Mahadev Pandal near Bodhkant Mandir. Sri Ram Dharamshala |

| SI. No. | State/UT | District | No. of works | Amount | Year | Remarks |
|--------------|---------------|-----------|--------------|--------------|---------|--|
| | | Phulbani | 4 | 3.60 | 1995-96 | Construction of boundary wall of Mahadev Bari, Kailashahar. Construction of community centre at Jagannath Mandir, Phulbani. Community centre near Rama Mandir at Hatapada. |
| 5. | Tripura | DM-North | 2 | 2.53 | 1995-96 | Construction of Manipuri Mandap at Ichabpur. |
| | | DM-West | 14 | 24.09 | 1995-96 | Construction pucca ghatla on the tank of Manipuri Nat mandir at Radhnagar. Block at Kumilla Iswar Pathsala Agartala. Protection wall at Balak Baba Anath Seva Ashram Bishalgarh etc. |
| | | DM-South | 1 | 1.55 | 1995-96 | Construction of community hall in the Mahalaxmi Tilla Budhist Temple complex. |
| | | DM-Dhalai | 4 | 4.04 | 1995-96 | Community hall at Anantha Ashram building Boundary wall at Anantha Ashram Community hall at Kamapur Kalibari. |
| 6. | Uttar Pradesh | Almora | 1 | 0.80 | 1995-96 | Beautification of Ram Mandir. |
| Total | | 14 | 64 | 58.75 | | |

5.10 Failure to maintain asset register

The works undertaken under the Scheme were to be of developmental nature, based on the locally felt needs which should lead to creation of durable assets. In support of the existence of assets created, nodal authorities are required to maintain an Asset Register. In 23 States/UTs, asset registers were not maintained for the completed works as detailed below:-

| (Rupees in crore) | | | | |
|-------------------|----------------|---------------|------------------------|--------|
| SI. No. | State/UT | District | No. of completed works | Amount |
| 1. | Andhra Pradesh | Adilabad | 162 | 2.02 |
| | | Chitoor | 421 | 1.99 |
| | | Kurnool | 144 | 3.56 |
| | | West Godavari | 279 | 3.06 |
| | | Medak | 214 | 2.55 |
| 2. | Assam | Barpeta | 10 | 0.05 |
| | | Sonitpur | 12 | 0.15 |

| SI. No. | State/UT | District | No. of completed works | Amount |
|---------|------------------|---|------------------------|--------|
| | | Nagaon | 14 | 0.12 |
| 3. | Bihar | 11 districts | 1915 | * |
| 4. | Daman & Diu | 1 | 25 | 0.72 |
| 5. | Delhi | 2 | 129 | * |
| 6. | Gujarat | 4 districts | 2995 | 9.78 |
| 7. | Goa | North Goa, South Goa. | 21 | 1.05 |
| 8. | Haryana | Ambala | 167 | 0.93 |
| | | Faridabad | 386 | 2.81 |
| | | Karnal | 668 | 2.38 |
| | | Hissar | 555 | 2.79 |
| | | Sirsa | 171 | 2.08 |
| 9. | Himachal Pradesh | 10 districts | 650 | 3.42 |
| 10. | Karnataka | Banglore rural, Bellary, Shimoga | * | 8.23 |
| 11. | Kerala | 8 districts | 816 | 0.16 |
| 12. | Manipur | 8 districts | 758 | 2.51 |
| 13. | Meghalaya | East Khasi Hills, Shillong, West Garo Hills, Tura. | 336 | - |
| 14. | Madhya Pradesh | 40districts | 8331 | 94.54 |
| 15. | Nagaland | 7districts | 686 | 5.06 |
| 16. | Punjab | Amritsar, Ferozepur, Hoshiarpur, Ludhiana, Patiala. | 1112 | * |
| 17. | Pondicherry | 1 | 5 | 0.07 |
| 18. | Rajasthan | 12 districts | 1876 | 22.15 |
| 19. | Sikkim | East Gangtok | 90 | 2.11 |
| 20. | Tripura | West Tripura, South Tripura, North Tripura, Dhalai. | 370 | 3.22 |
| 21. | Tamil Nadu | Chennai | 446 | 5.12 |
| | | Chengai Anna | 752 | 8.18 |
| | | Villupuram | 269 | 4.03 |
| | | Coimbatore | 537 | 7.28 |
| | | Trichy | 655 | 7.06 |
| | | Madurai | 781 | 3.75 |
| | | Sivaganga | 575 | 6.60 |

| SI. No. | State/UT | District | No. of completed works | Amount |
|---------|---------------|--------------|------------------------|--------|
| 22. | Uttar Pradesh | 14 districts | 15266 | * |
| 23. | West Bengal | 11 districts | 1990 | 32.25 |

* Information not available with nodal agencies.

5.11 Miscellaneous shortcomings

2190 works with total estimated cost of Rs 20.44 crore were executed without technical/administrative approval.

5.11.1 Irregular sanction of works

In 28 districts of 10 States, 2190 works with total outlay of Rs 20.44 crore were carried out without technical sanction and administrative approval. The details are given below:

(Rupees in lakh)

| SI. No. | State/UT | Name of the District | Year | No. of works | Amount | Remarks |
|--------------|----------------|--|---------|--------------|----------------|--|
| 1. | Assam | 4district (Nagaon, Sonitpur, Barpeta & Kamrup). | 1994-97 | 105 | 90.39 | Without administrative sanction. |
| 2. | Harayana | 5 district (Hissar, Sirsa, Ambala, Karnal, Faridabad). | 1994-96 | 750 | 618.00 | Without obtaining technical sanction. |
| 3. | Maharashtra | 1 district (Nagpur) | - | 5 | 71.70 | -do- |
| 4. | Madhya Pradesh | 2 districts (Raipur, Ujjain) | - | 709 | 337.48 | -do- |
| 5. | Mizoram | 2 districts (Chamka, Lunglei) | 1995-96 | 2 | 18.00 | Without soil testing & technical sanction. |
| 6. | Rajasthan | 2 districts (Bikaner, Rajasamand) | 1993-97 | 155 | 234.00 | Without technical sanction. |
| 7. | Sikkim | 4 districts (East, West, North & South) | 1994-97 | 177 | 448.89 | Without administrative and technical sanction. |
| 8. | Karnataka | 4 districts (Banglore rural, Bidar, Dharwar & Tumkur) | 1995-97 | 12 | 20.35 | -do- |
| 9. | Meghalaya | 1 district (East Khasi Hills) | 1996-97 | 13 | 8.79 | -do- |
| 10. | Tripura | 3 districts (North Tripura, South Tripura, Dhalai). | 1995-97 | 262 | 196.80 | -do- |
| Total | 28 | | | 2190 | 2044.40 | |

5.11.2 Transfer of land not ensured

The Scheme provided for construction of building for Government aided educational institutions subject to the ownership of land being transferred in favour of Government during the life of the building. DM, West Tripura sanctioned Rs 58.98 lakh to 15 Government aided schools between June 1995 and March 1996. In no case, the ownership of land was transferred to the Government as required in the Scheme.

Director of School Education stated, in July 1997, that the department had asked the schools concerned to hand over the land to the Government.

5.11.3 Works completed but not useful in providing drinking water

Four Schemes to provide drinking water were taken up during October 1995 to April 1996 at an estimated cost of Rs 24.78 lakh in Bangalore (Urban) district in Karnataka. The works were completed during 1996-97 at a cost of Rs 16.95 lakh. However, the water was not supplied to the locality due to insufficient water to conduct hydraulic testing, incomplete linking works, lack of feeder mains etc. rendering the expenditure on the works infructuous.

5.12 Monitoring, Evaluation and Reporting

5.12.1 Monitoring

The Department of Programme Implementation, Government of India is the nodal authority for this Scheme at the Centre. For effective implementation of the Scheme, each State Government/UT Administration was required to designate one nodal department for physical monitoring through field inspections and for coordination with the Department of Programme Implementation.

The DCs were required to visit and inspect atleast 10 *per cent* of works under the Scheme every year. Senior officers of implementing agencies, were to visit work spots regularly to ensure satisfactory progress. Officers of the districts at sub-division and block level were required to closely monitor implementation through visits to work sites.

The DCs were to involve the Member of Parliament in such inspections and monitoring to the extent possible. They were also required to furnish monitoring reports once in two months to the MPs and to the Department of Programme Implementation. A schedule of inspections prescribing the minimum number of field visits for each supervisory level functionary of the implementing agencies was to be drawn up by the Department of Programme Implementation.

The DCs were required to communicate information on the progress of works under the Scheme on the internet for which connectivity was available in the Parliament. Copies of such reports were also to be forwarded to MPs. Software required for reporting were to be furnished by the Department of Programme Implementation in co-ordination with the Lok Sabha Secretariat and Rajya Sabha Secretariat for instantaneous monitoring of the Scheme.

A senior Commissioner level officer at the State Headquarters was to conduct an annual meeting involving DCs and MPs to assess the progress of works once in a year.

Despite the above envisaged mechanism for monitoring the Scheme, test check of records in the Ministry and various States revealed following weaknesses/shortcomings :-

- ◆ Nodal department was not designated in the States of Meghalaya, Manipur, Arunachal Pradesh, Himachal Pradesh, West Bengal and Mizoram.
- ◆ Inspection of 10 *per cent* of works every year by DCs was either not conducted or relevant records of such inspection not maintained/furnished in test checked districts. In four States of Maharashtra, Bihar, Tamil Nadu and Orissa, it was stated that necessary inspections were conducted but no supporting records could be made available to audit.
- ◆ The Department of Programme Implementation has not laid down schedule of inspection prescribing the minimum number of field visits for each supervisory level functionary of the implementing agency as envisaged in the Scheme though the Scheme is in operation for more than three years.

5.12.2 Reporting

Initially six monitoring formats were devised by the Department of Programme Implementation for the purpose of reporting by the DCs. On the district authorities expressing reservations, the Department later prescribed two forms for reporting. The reports in the revised proforma were not submitted regularly. The Department, however, stated that a net work based information system has been devised wherein the details of each work would be directly entered into the computers at NIC District Cells. The same would be transmitted to them as well as to the concerned States through NIC net work.

The system was still at pilot testing stage.

5.12.3 Evaluation

The Scheme has been in operation since 1993-94 but no evaluation has been done on achievement of the objectives of the Scheme.

The Department stated, in March 1998, that a detailed proposal was formulated to get the MPLADS evaluated through a reputed organisation but neither the Finance Ministry nor the Planning Commission had agreed to provide additional resources for the review.