

## Preface

This Report of the Comptroller and Auditor General of India for the year ended March 2009 containing the results of the Performance Audit of the implementation of the “Member of Parliament Local Area Development Scheme” has been prepared for submission to the President of India under Article 151 of the Constitution.

The Performance Audit was conducted between April 2009 and December 2009 through test check of records of the Ministry of Statistics and Programme Implementation, State nodal departments, the District Authorities and the Implementing Agencies covering the period 2004-05 to 2008-09.

## Executive Summary

### I. Brief overview of the Scheme

The Member of Parliament Local Area Development Scheme (MPLADS) was introduced on 23 December 1993 to enable Members of Parliament (MPs) to identify small works of capital nature to meet local needs in their constituencies. The MPLADS is a Plan Scheme fully funded by the Government of India and the funds released under the scheme are non-lapsable. The Scheme provides that Members of Lok Sabha may select works for implementation in his/her constituency while Members of Rajya Sabha may select works for implementation in one or more districts of his/her choice in the State from which he/she has been elected. Since 1998-99, ₹ 2.00 crore per annum is being allotted to each MP. Between 2004-05 and 2008-09, ₹ 7245.95 crore had been released and ₹ 9836.53 crore was available with various District Authorities (which included opening balance of ₹ 2404.26 crore as of 01 April 2004 and interest of ₹ 186.32 crore accrued on unspent balances during 2004-09). Against this, an expenditure of ₹ 8048.53 crore had been incurred leaving an unspent balance of ₹ 1788.00 crore as on 31 March 2009.

The Scheme is administered by the Ministry of Statistics and Programme Implementation, which is responsible for policy formulation, release of funds and also for prescribing a monitoring mechanism for its implementation. At the State level, a Department is designated as the Nodal Department with the overall responsibility for supervision, monitoring and coordination of MPLADS implementation with the districts and other line Departments. Decision making powers in regard to technical, financial and administrative sanctions to be accorded under the Scheme vest in the district level functionaries, viz. the District Authorities (DAs).

### II. Why did we take up this Audit?

The scheme was earlier reviewed by us in 1998 and in 2001. The Audit Reports (1998 and 2001) on MPLADS which were placed in the Parliament had pointed out various weaknesses and lapses in the implementation of the Scheme. Action Taken Notes (ATNs) on these Reviews was submitted by the Ministry after a lapse of ten and eight years respectively i.e. in 2009.

The Ministry, in their ATN, stated that most of the State Governments had stated that necessary efforts were being made to achieve timely completion of work in future which included preparation of model estimates, fixing target date of completion etc. The current Report reveals that many of the shortcomings pointed out in those two reports still persist.

### III. Report layout

The performance audit covered 128 District Authorities of 35 States/UTs for the period from 2004-05 to 2008-09. Chapter 1 and 2 of this Report gives brief overview of the Scheme, implementation framework and the Audit Approach. In chapter 3 we have narrated the Audit findings relating to recommendation and selection of work under the Scheme. Chapter 4 details the lapses in execution of work and chapter 5 deals with maintenance of assets created under the Scheme. Chapter 6 highlights fund management including financial monitoring and maintenance of accounts. Chapter 7 deals with lacunae in monitoring and controls at Centre, State and District levels and Chapter 8 is the conclusive chapter.

### IV. Major Audit Findings

- (i) Under the Scheme, works were to be recommended by the MP concerned and sanctioned and executed by the District Authorities. The Scheme design did not ensure participation of various constituents in an MP's constituency such as active resident forums, local bodies, NGOs etc., in determining works responsive to locally felt needs.

(Paragraph 3.1)

- (ii) There were weaknesses in the process of sanction of works. In the sampled districts of eight States, DAs executed 700 works costing ₹ 9.45 crore without receiving any recommendations from the MPs concerned. In three States DAs executed 150 works costing ₹ 2.44 crore on the recommendation of the representatives of the MPs rather than the MPs themselves. In seven States, 10 DAs sanctioned 260 works whose cost exceeded the cost indicated by the concerned MP by ₹ 2.49 crore.

(Paragraph 3.2)

- (iii) The Scheme guidelines prohibited the execution of certain types of work such as construction of office and residential buildings of Government departments and cooperative societies, all works benefiting commercial organizations, an individual or a family, works within the premises of religious institutions, all works of renovation, repair and maintenance. Yet, in 100 sampled districts of 29 States/UTs, expenditure of ₹ 73.76 crore was incurred on 2340 such works during 2004-09.

(Paragraph 3.3)

- (iv) In 10 States, ₹ 14.40 crore was sanctioned for works pertaining to 34 trusts/societies, which exceeded the ceiling of ₹ 25 lakh per trust/society fixed under the Scheme by Rs 5.90 crore. In seven states, DAs sanctioned ₹ 5.94 crore to 145 Trusts/Societies, which were either ineligible as per the Scheme guidelines or whose eligibility had not been verified by the DAs.

(Paragraph 3.4)

- (v) The District Authority, after verifying the eligibility and technical feasibility of each recommended work, was to get the works technically approved. There were several instances of delays in sanctioning works as well as sanctioning works without adhering to stipulated scheme procedures.

(Paragraph 4.2.1)

- (vi) MPs had been assigned no role in the selection of implementing agencies (IAs) as per the guidelines. Yet, in nine States/UTs, the MPs had recommended the names of IAs along with their recommendations and/or recommended the release of funds directly to the user agency for execution of 8,746 works.

(Paragraph 4.2.2)

- (vii) In 11 States/UTs, 305 incomplete works of ₹ 8.50 crore had been abandoned or suspended, thereby rendering the expenditure incurred on these works unfruitful.

(Paragraph 4.3.iv)

- (viii) Basic internal control records such as asset registers, works registers etc. underpinning accountability structures within the Scheme were missing in a number of instances with 90 *per cent* of the audited DAs not maintaining asset/works registers.

(Paragraph 5.1)

- (ix) In five States/UTs, 17 works completed at a cost of ₹ 1.47 crore had not been put to intended use and in six districts of five States, 10 assets created at a cost of ₹ 1.48 crore were not being utilized for the purpose for which these were sanctioned.

(Paragraphs 5.2.5.2.1)



- (x) The utilization of funds ranged between 37.43 and 52.44 percent of the funds available with the DAs during the last five years (2004-09) leaving substantial closing balances (₹ 1788 crore to ₹ 2137 crore) in various bank accounts outside the Consolidated Fund of the Union and/or States. The expenditure under the Scheme had a propensity to increase at the times close to elections, while during the intermediary period, funds tended to accumulate.

(Paragraph 6.1)

- (xi) While many IAs did not furnish Utilisation Certificates (UCs) to the DAs, 12 DAs of six States depicted the entire advance released to IAs as utilized in their UCs, thus inflating the figures of expenditure. The Ministry had not been closely monitoring the receipt of UCs and routinely relaxing the condition that required the submission of UCs and Audit Certificates by the DAs, before allowing the release of the second instalment of funds.

(Paragraphs 6.2.1. 6.2.2)

- (xii) The release of funds to DAs by the Ministry was not always in accordance with the conditions laid down in the guidelines. Funds were released to many DAs despite substantial unspent balances in their accounts resulting in excess release of funds.

(Paragraph 6.2.4)

- (xiii) The unspent balances of ₹ 82.54 crore left by predecessor Rajya Sabha MPs in 10 states had not been distributed among the successor Rajya Sabha MPs of that State, rendering them idle.

(Paragraphs 6.3)

- (xiv) Audit noticed cases that included diversion of funds, release of advances to Implementing Agencies in excess of the prescribed limit, non-refund of unspent balances by Implementing Agencies.

(Paragraphs 6.4, 6.5. 6.6)

- (xv) The Ministry could not ensure proper and timely receipt of Monthly Progress Reports (MPRs), which were required to be used for strategic planning and to prepare the details of fund release and expenditure. About 58 per cent of the MPRs available with the Ministry were more than two months old.

(Paragraph 7.1.1)

(xvi) The Scheme guidelines stipulated e-monitoring, using the MPLADS web portal. However, as of 31 March 2009, details of only 43 *per cent* of completed works were uploaded on the website of MPLADS by the DAs. This database, too, was characterised by a number of omissions and errors rendering it unreliable.

(Paragraphs 7.1.2, 7.1.3)

(xvii) At the State level, the Monitoring Committee to review the progress in MPLADS had not been constituted in three States/UTs. In 14 States/UTs, where committees were constituted, they never met. In the remaining 18 States/UTs, it did not meet annually.

(Paragraph 7.2.1)

(xviii) While the DAs were required to inspect at least 10 per cent of the sanctioned works, 86 DAs of 23 States/UTs that were audited had not inspected any work during 2004-05 to 2008-09.

(Paragraph 7.3.1)

## V. Summary of Recommendations

- *The Ministry should maintain an MP-wise Grants-in-aid Register with details on funds released, status of receipt of MPRs, UCs and Audit Certificates in a computerised format with complete data validation and place it on the official website of the Ministry for monitoring the fund utilisation under the Scheme.*
- *The Ministry should build capacity of its MPLADS division by strengthening internal controls and financial discipline in release and expenditure under the Scheme for timely remedial action.*
- *The Ministry should ensure complete documentation at all levels. Maintenance of records such as works registers, muster rolls, measurement books, works completion reports, cash book etc. at DA/IA level as required under PWD manuals should be monitored closely.*
- *The Ministry should ensure that DAs forward the UCs regularly. Fund flow should be linked to complete accounting of the funds released.*
- *The cases of excess/avoidable/doubtful payments pointed out in this Report may be examined and recoveries made from individuals/ agencies responsible for overpayment. In the cases of delayed completion of works, where the Scheme guidelines stipulate the levy of a penalty, it should be imposed.*

- *DAs should be held accountable for taking up works that are not permitted under the Scheme.*
- *Suitable action may be taken against the agencies responsible for incomplete or delayed works, especially in cases where non-completion has resulted in abandonment of works.*

## Introduction

### 1.1 Introduction

The Member of Parliament Local Area Development Scheme (MPLADS) was introduced on 23 December 1993 to enable Members of Parliament (MPs) to create durable community assets based on local requirements in their constituencies.

The implementation of MPLADS is governed by guidelines initially issued in February 1994, which were revised from time to time, the last time in November 2005. The Scheme provides that a Member of Lok Sabha may select works for implementation in his/her constituency while a Member of Rajya Sabha may select works for implementation in one or more districts of his/her choice in the State from which he/she has been elected. Nominated MPs may select works for implementation in one or more districts of any State/Union Territory of their choice. The annual allotment to each MP is ₹ 2 crore from 1998-99. The MPLADS is a Plan Scheme fully funded by the Government of India and the funds released under the scheme are non-lapsable.

### 1.2 Objectives of the scheme:

The main objectives of the Scheme are to:

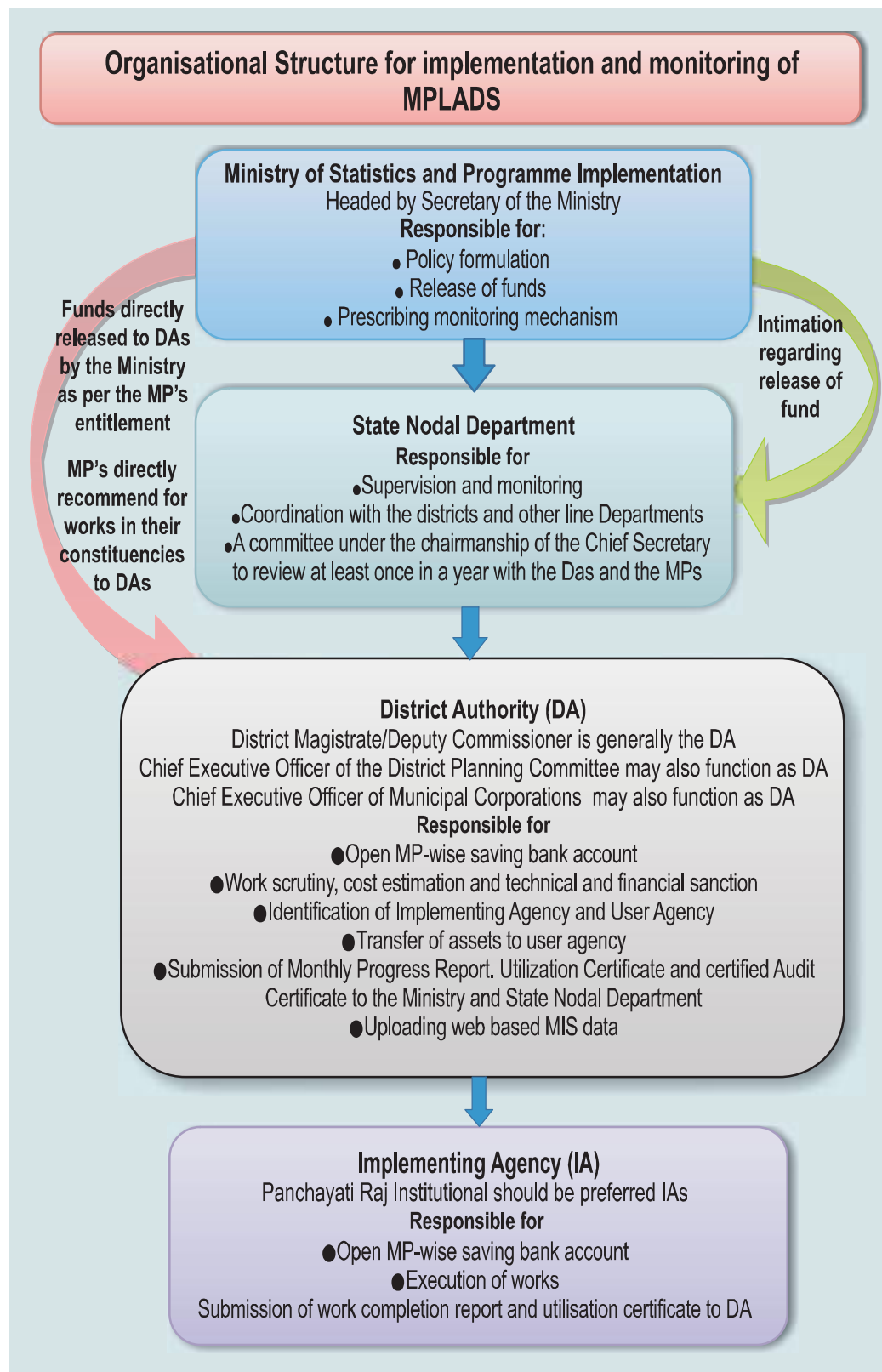
- (i) Carry out works of a developmental nature always available for public use, based on locally felt needs;
- (ii) Undertake works in areas affected by natural calamities;
- (iii) Give special focus to areas inhabited by Scheduled Caste (SC) and Scheduled Tribes (ST) population respectively;
- (iv) Construct community infrastructure and public utility buildings and works for a registered society/trust, subject to certain conditions.

### 1.3 Scheme implementation

At the Central level, the Scheme is administered by the Ministry of Statistics and Programme Implementation (henceforth referred to as the Ministry). A chart depicting the role of various authorities at Central, State and District level is given below:

Chapter-1

Introduction



## 1.4 Financial Management

### 1.4.1 Release of funds

Chapter-1

Introduction

The Central Government releases funds of ₹ 2.00 crore per annum in two equal instalments of ₹ one crore, each directly to the DA under intimation to the State/UT Nodal Department and to the MP concerned. The DA and the IA deposit the funds in a nationalized bank with separate accounts being opened for each MP.

Funds released to the DA are non-lapsable and can be carried forward for utilization in the subsequent years. Further, the funds not released by the Government of India to the DAs till the end of financial year are surrendered/lapsed.

The interest accrued on the funds released under the scheme, is to be used for permissible works recommended by the MP concerned.

### 1.4.2 Budget estimates and expenditure

Under the Scheme, Government of India has released ₹ 19,425.75 crore from 1993-94 to 2008-09. Against total fund of ₹ 19,845.91 crore available with DAs (including ₹ 420.16 crore accrued as interest), an expenditure of ₹ 18,057.91 (91 *per cent*) was incurred. Annual budget allocations, funds released total funds available with the District Authorities, annual expenditure and unspent balances under the scheme during the five years' period (2004-05 to 2008-09) are contained in Table 1.1:

**Table 1.1: Budget estimates, funds released, expenditure and unspent balance**

(₹ in crore)

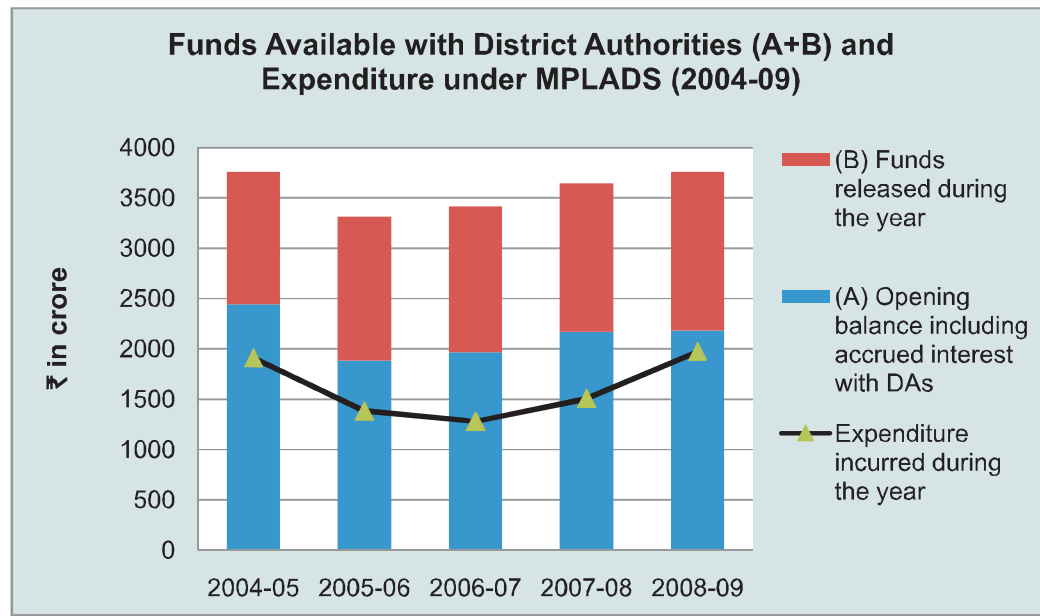
Year	Budget estimates	Funds released	Unspent balance of previous year available with DAs	Interest earned on unspent balance	Total funds available with the DAs	Expenditure incurred during the year	Closing Balance	Per cent utilisation of available funds
(1)	(2)	(3)	(4)	(5)	(6)= (3)+(4)+(5)	(7)	(8)= (6)-(7)	(9)= (7)*100/(6)
2004-05	1,580.00	1,310.00	2,404.26	42.35	3,756.61	1,909.11	1,847.50	50.82
2005-06	1,580.00	1,433.90	1,847.50	34.29	3,315.69	1,382.63	1,933.06	41.70
2006-07	1,580.00	1,451.50	1,933.06	31.57	3,416.13	1,278.71	2,137.42	37.43
2007-08	1,580.00	1,470.55	2,137.42	35.12	3,643.09	1,506.45	2,136.64	41.35
2008-09	1,580.00	1,580.00	2,136.64	42.99	3,759.63	1,971.63	1,788.00	52.44

(Source: Ministry of Statistics and Programme Implementation)

## Chapter-1

## Introduction

The year-wise position of utilisation out of the total funds available during the year (sum of opening balance, funds released during the year and interest accrued on unspent balance) and expenditure incurred there-against is graphically depicted below, which suggests that expenditure was even less than the opening balance and interest earned thereon in each year. Release of funds was thus not regulated on the basis of fund availability with the DAs.



## Audit Approach, Previous Audit Findings and Organisation of Current Audit Findings



### 2.1 Audit approach

#### 2.1.1 Audit objectives

The Performance audit was taken up with the objective of verifying whether

- MPLADS met the principal objective of fulfilling the constituents' request to the MPs for basic facilities, including community infrastructure of development nature, with emphasis on creation of durable community assets in their areas in a sustainable manner;
- the process of selection of the works was transparent; the control procedures ensured that the works approved by the MPs were consistent with the guidelines, avoided duplication and overlapping and were guided by their merit and relative priority within the area for each MP;
- the DAs and the IAs processed the works promptly in accordance with the provisions of the MPLADS guidelines and relevant rules ensuring competitive bids, quality assurance, schedule of rates and checks ensuring reasonableness of the cost/rates, consistent with the cost of similar works under other programmes;
- the accountability for maintenance and upkeep of assets created were ensured and the standards and quality of the assets created were maintained properly;
- the physical and financial performance reports were free from misstatements and in particular, the utilization certificates and status of the works/projects reports fairly represented utilization of MPLADS funds;
- the up-to-date and comprehensive list of community assets created was transparently displayed;
- the internal control, management and performance monitoring systems and procedures ensured output/outcome-oriented monitoring of the scheme, which were sensitive to error signals; and
- the Ministry established a system of corrective action for the Scheme as a whole.



## Chapter-2

Audit  
Approach,  
Previous  
Audit  
Findings and  
Organisation  
of current  
Audit  
Findings

### 2.1.2 Audit scope and sample

The performance audit covered 28 States and seven Union Territories (UTs) for the period from 2004-05 to 2008-09. The audit sample covered 128 DAs. Twenty five *per cent* of the DAs in each State subject to minimum of two DAs were selected by using Simple Random Sampling without Replacement (SRSWOR) method. Details of the audit sample are indicated in **Annex 2.1**.

**2.1.3 Audit criteria** used to benchmark the implementation of the scheme were drawn from:

- i. MPLADS operational guidelines and instructions issued from time to time;
- ii. Compliance with general financial rules, administrative rules and procedures.

### 2.1.4 Audit methodology

The Performance Audit of the Scheme commenced with an entry conference with the Ministry in May 2009, in which the audit methodology, scope, objectives and criteria were explained. Simultaneously, in each State an entry conference was held by the (Principal) Accountant General with the Chief Secretary/Development Commissioner/Additional Chief Secretary of the State/UTs. Records relating to the scheme were examined:

- by the Director General of Audit, Central Expenditure in the Ministry between April 2009 and October 2009;
- by the Accountants General (Audit) in the State nodal departments, DAs and IAs between April 2009 and December 2009.

The draft audit report was issued to the Ministry in February 2010 and their reply was received in May 2010. The reply of the Ministry has been duly incorporated in this report at relevant places. The results of the performance audit were discussed with the Ministry in an exit conference on 25 May 2010. Similarly, in each State audit findings were discussed with the State nodal departments in exit conferences conducted by the Accountants General.

We appreciate the co-operation of the Ministry, State nodal departments, the District Authorities and the Implementing Agencies in preparation of the Report.

## 2.2 Previous audit findings

The scheme was earlier reviewed by the Comptroller and Auditor General of India in 1998 and in 2001. A brief account of main findings of the CAG's Report No. 3A of 2001 (Union Government – Performance Appraisal) is as follows:

- The DAs incurred an expenditure of ₹ 3.97 crore on 570 works not recommended by the MPs.

- 3,397 works at an estimated cost of ₹ 35.79 crore were taken up for execution without technical sanction.
- DAs spent ₹ 53.74 crore on works inadmissible under the Scheme.
- There were delays in completion of works 568 works costing ₹ 7.30 crore. In some cases delay was up to five years.
- The IAs did not take up 775 sanctioned works of total estimated cost of ₹ 10.18 crore.
- 99 works on which ₹ 1.10 crore had already spent, were either abandoned or left incomplete midway due to various reasons.
- 1688 contracts with an estimated cost of ₹ 35.74 crore were awarded by the DAs irregularly.
- In 70.2 *per cent* cases DAs did not obtain utilisation certificates (UCs) for works costing over ₹ 161 crore from the IAs.
- The IAs did not refund ₹ 8.13 crore to DAs, which remained unspent due to cancellation of works, completion of works at lower than estimated cost, non-commencement of works for some reasons.
- The DAs reported advance released to IAs as expenditure, ignoring the basic requirement of checking the utilisation of funds.
- Instance of loss of interest aggregating ₹ 0.99 crore were noticed on various counts.

The Ministry submitted complete Action Taken Notes (ATNs) only in November 2009 and December 2009 in respect of the two Audit Reports (1998 and 2001) after delay of more than 10 years and eight years respectively. The gist of ATNs submitted by the Ministry is given in **Annex 2.2** which reveals that even this response was based on compiled data received from the States. The Ministry did not furnish any reply to the conclusion drawn in the last Audit Report presented in 2001 that in its present form, the scheme, which was in operation since December 1993 had hardly served its main objective and the Central Government needed to have a thorough review of the arrangements for the implementation of the scheme.

### 2.3 Reporting methodology

The results of audit at both the Central and the State level were taken into account for arriving at of the conclusions. The audit findings, conclusions and recommendations on each stated objective of the Performance Audit have been discussed in Chapter 3 to Chapter 7. Chapter 3 deals with our Audit Objectives I and II, while Chapter 4, 5 and 6 deals with Audit Objectives III, IV and V respectively and Chapter 7 deals with Audit Objectives VI, VII and VIII. Chapter 8 is the conclusion.

## Recommendation and Selection of Works

### 3.1 Recommendation of works under MPLAD scheme

Each MP was required to recommend, a prioritised list of works for execution, to the DA up to the annual fund entitlement, preferably within 90 days of the commencement of the financial year. In this regard, Audit observed the following:

(i) **Absence of mechanism to ascertain local needs:** Audit observed that the design of the scheme did not specify the mechanism to be adopted by an MP to ensure participation of the various constituents, such as active forums of residents, local bodies, NGOs etc., in an MP's constituency, in determining and recommending works responsive to locally felt needs. There was no record to indicate that local requirements were considered systematically with relative importance being explored and weighed properly. The process of selection of works lacked transparency and objectivity to that extent.

The Ministry stated that the MPs recommended the work brought to their notice by the constituents in their particular area, explored and weighed on the basis of sufferings faced during the past.

The reply of the Ministry, however, should be seen in view of the fact that the absence of a monitorable and participatory mechanism to prioritise needs of the MP's constituency opened the scope of utilisation of MPLADS funds on non-priority areas.

(ii) **Delay in recommendation by MPs:** In respect of 34,023 works pertaining to 64 DAs out of 70 test-checked DAs in 15 States/UTs<sup>1</sup> (42.85 per cent of total recommended works in these districts), recommendations were furnished by MPs with delays beyond the prescribed time limit of 90 days from the commencement of the financial year (details in **Annex 3.1**) and the MPs continued recommending the works up to the end of the financial year.

The Ministry stated that the MPs were not bound by the restriction of the time limit and guidelines in this regard are of suggestive nature.

<sup>1</sup> Gujarat, Haryana, Jammu and Kashmir, Jharkhand, Dadra and Nagar Haveli, Madhya Pradesh, Uttarakhand, Rajasthan, Mizoram, Andhra Pradesh, Assam, Nagaland, Tamil Nadu, Uttar Pradesh, West Bengal

## Chapter-3

Recommendation  
and selection of  
works

However, the non-observance of the suggestion prescribed in the guidelines by the MPs and continued recommendation of works by them throughout the financial year has led to slow utilisation of annual entitlement of MPs. The Ministry had also raised the same concern vide letter no. C/9/98-MPLADS dated 21 October 1999 addressed to MPs wherein it was stated that giving recommendations at fag end of the financial year causes administrative problems affecting smooth implementation of works resulting in slow utilisation of funds.

### 3.2 Execution of works without recommendation of MP

As per the scheme guidelines, each MP was required to recommend works on his letter head, duly signed by him/her. Recommendations by representative(s) of MPs were not permissible.

However, nine DAs in eight States, executed 700 works amounting to ₹ 9.45 crore without a formal recommendation of the MP. Besides, three DAs in three states executed 150 works amounting to ₹ 2.44 crore, recommended by the representatives of the MPs, such as the Personal Secretary of the MP, Zonal President of the concerned political party etc. Details are given in **Annex 3.2**.

#### Case studies

##### Recommendation of works by representative of the MP in Madhya Pradesh

DA Shajapur sanctioned 99 road works costing ₹ 1.78 crore during 2005-07 on the recommendation of the Personal Secretary (PS) of the MP, Lok Sabha. These recommendations were made on the official letter head of the MP concerned on which the PS stated that these were “as per orders of the Hon'ble MP”. These recommendations did not carry the signature of the MP, which was necessary as per format prescribed for recommending eligible works.

##### Execution of works without recommendation of the MP: Meghalaya

In West Garo Hills District (Tura), five works were executed by the IA (BDO, Batasing) costing ₹ 0.07 crore without receiving any recommendation from the MP. It is pertinent that these works pertained to construction of staff quarter for Junior Engineer and Accountant and renovation of BDO's office, which are prohibited as per the Scheme guidelines.

Further, in seven States/UTs, 10 DAs accorded sanction to 260 works involving ₹ 10.75 crore during 2004-09, though the actual cost of these works exceeded, by ₹ 2.49 crore, of the cost indicated by the concerned MPs. The consent of the MPs concerned was not obtained for the excess amount sanctioned and the excess expenditure were met from unspent balance of

other works, interest accrued on unspent balances etc., without recommendation of the MP concerned, details of which are in **Annex 3.2**.

Thus, the execution of works by the DAs from the MPLADS funds, without receiving recommendations from the MPs concerned and over and above the amount indicated by an MP for a particular work violated the Scheme guidelines and resulted in unauthorized expenditure of ₹ 14.38 crore.

The Ministry stated that it was contemplating to investigate the violation of Scheme guidelines by the DAs and fix the responsibilities for the alleged irregularities.

### 3.3 Selection of prohibited works

As per the Scheme guidelines effective from November 2005, all works which meet the locally felt community infrastructure and developmental needs are permissible under MPLADS, except those prohibited under the guidelines (**Annex 3.3**).

However, it was noticed that in 100 sampled districts of 29 States/UTs (78 per cent of sample DAs), expenditure of ₹ 73.76 crore was incurred during 2004-09 on 2,340 works which were not permitted as per the Scheme guidelines, as detailed in Table 3.1 (State-wise details in **Annex 3.4**):

**Table 3.1: Execution of prohibited works**

(₹ in crore)

Type of prohibited works undertaken by DAs on the recommendation of MPs	Details of execution of prohibited works		
	No. of States/UTs involved	No. of works	Cost of works
Construction of buildings for government offices, renovation of government offices, hospitals, construction at railway stations, government hospitals, jail premises, panchayat bhawans etc.	19	194	8.27
Construction works for clubs, manufacturing units, bus stations for State Transport Corporations (commercial units), works belonging to cooperative societies, private institutions	17	520	14.53
Construction works within the premises of temples, churches, madarsas and construction works for religious purposes	16	348	10.02
Various renovation and repair and maintenance works for roads, buildings, parks, gardens, ponds, tanks, tourist huts, water supply infrastructure etc.	25	886	20.82

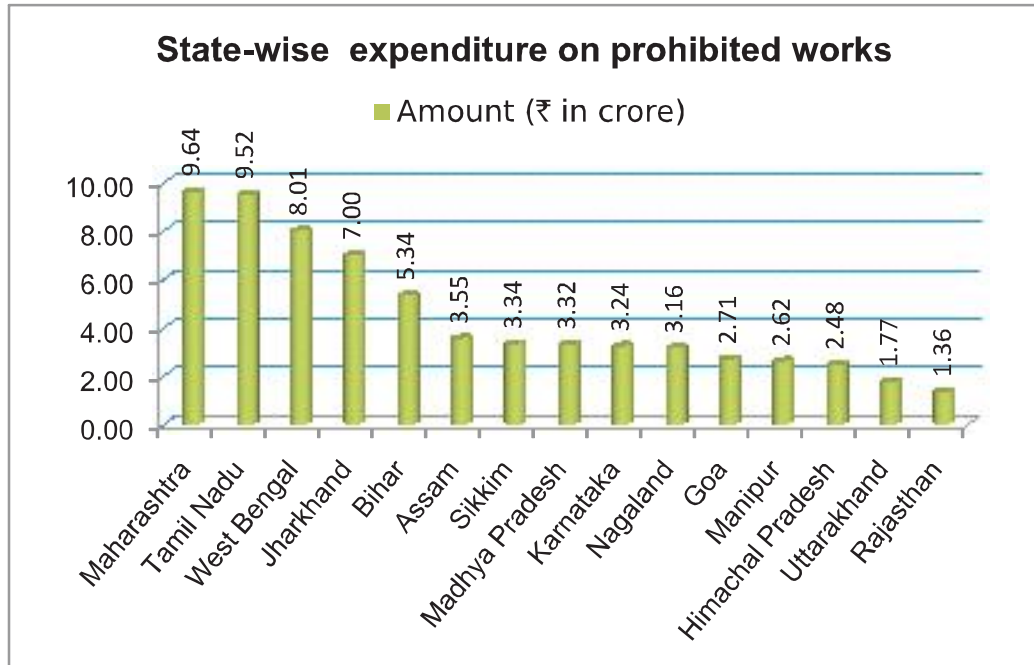
## Chapter-3

Recommendation  
and selection of  
work

Type of prohibited works undertaken by DAs on the recommendation of MPs	Details of execution of prohibited works		
	No. of States/UTs involved	No. of works	Cost of works
Purchase of air conditioners, furniture etc. for government offices, sports equipment for Society/Trust run schools, vehicles for societies/trusts, ambulances for hospitals run by NGOs/trusts, water tankers, audio visual aids for aided educational institutes etc.	14	174	5.94
Construction of buildings named after prominent persons	6	37	6.81
Funds paid to Prime Minister's/Chief Minister's relief fund, works for individual benefit, organizing sports competitions and various inadmissible works in three States etc.	11	181	7.37
<b>TOTAL</b>	<b>29</b>	<b>2,340</b>	<b>73.76</b>

(Source: Data extracted from records of DAs)

The States where expenditure on prohibited works was more than 1.00 crore are indicated in the following chart:

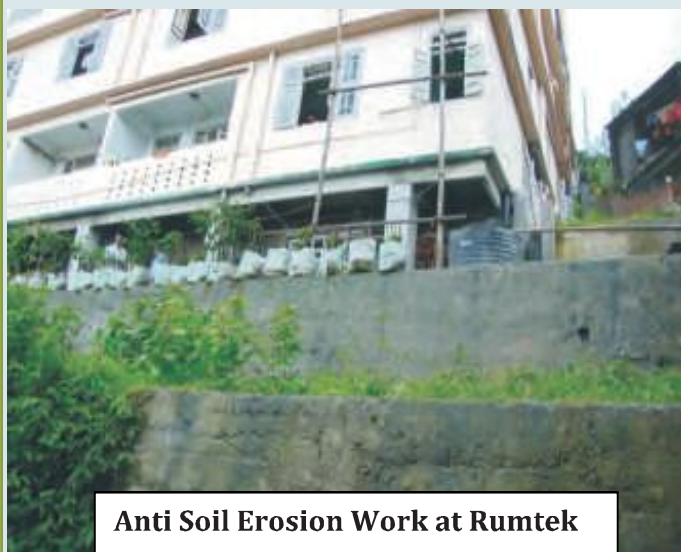


The execution of works prohibited under the Scheme indicated that the MPs had not kept the objectives and guidelines of the scheme in view while recommending works and the DAs had not verified the eligibility of these works before granting administrative approval and financial sanction.



The Ministry stated that it would collect details on inadmissible works taken up by the DAs for initiating suitable action.

## Chapter-3

**Case study on inadmissible works under MPLADS****Works intended for private/family benefit in Sikkim**

**Anti Soil Erosion Work at Rumtek**

In East District (DA) of Sikkim, 43 schemes were sanctioned for construction of anti erosion work, protective/retaining wall, jhora training work and drainage system involving ₹ 2.65 crore. During physical verification of 22 such works in presence of the departmental officers

and respective gram panchayats, it was noticed that in 21 cases works were executed on private individual land at an expenditure of ₹ 1.39 crore. Further, the contractors engaged in executing 12 cases costing ₹ 0.59 crore were the land owners themselves or the land belonged to their family members.

**Recommendation  
and selection of  
works**

**3.4 Execution of works for society/trust**

Community infrastructure and public utility building works are permissible for registered societies/trusts under the Scheme, provided the society/trust has been in existence for the preceding three years and engaged in social service/welfare activities. The scheme also specifies that not more than ₹ 0.25 crore may be spent from the MPLADS fund for one or more works of a particular society/trust. However, following instances were noted in Audit:

(i) **Excess funds sanctioned for societies/trusts:** In 10 States, ₹ 14.40 crore was sanctioned and released for works pertaining to 34 trusts/societies, which exceeded the ceiling of ₹ 0.25 crore per trust/society fixed under the Scheme guidelines by ₹ 5.90 crore. The State wise details are given in **Annex 3.5**.

(ii) **Funds sanction to ineligible trusts/societies:** In seven States, DAs sanctioned ₹ 5.94 crore to 145 trusts/societies, which were either not eligible as per the Scheme guidelines or whose eligibility had not been verified by the DAs, details of which are given in **Annex 3.5**.

## Chapter-3

Recommendation  
and selection of  
works

This indicated that the DAs had not established an effective mechanism to ensure transfer of funds only to the eligible trusts/societies. Further, it rendered the use of MPLADS funds for locally felt need of the constituencies doubtful.

The Ministry stated that it had instructed all State/UT nodal departments and all DAs that when funds are recommended for a society/trust by an MP, the eligibility of the society/trust should be verified in a time bound manner. The Ministry further stated that it would collect details on aforesaid cases from the DAs for initiating suitable action.

The reply yet again highlights lack of ownership and helplessness in ensuring compliance to guidelines/instructions.

### 3.5 Convergence of schemes

The Scheme guidelines provide that the MPLAD Scheme may be converged with the Central and State Government schemes, provided such works satisfy the eligibility criteria under MPLADS. Funds from local bodies may also be pooled for MPLADS works, but whenever such pooling is done, funds from other sources should be used first and the MPLADS funds should be released later, so that the MPLADS funds are constructively used for completing the work. The Ministry also clarified in September 2008 that convergence of MPLADS fund into National Rural Employment Guarantee Scheme (NREGS)<sup>2</sup> does not meet the eligibility criteria under MPLAD Scheme.

However, in three States (Tripura, Karnataka and Sikkim), it was noticed that other schemes were not converged with MPLADS in accordance with Scheme guidelines. MPLADS funds amounting to ₹ 1.04 crore were used before utilizing the funds available under other schemes. In Madhya Pradesh, schemes which were not to be converged with MPLADS were also taken up for convergence by using MPLADS funds of ₹ 2.15 crore. The details are given in **Annex 3.6**.

This indicated that the execution of works in convergence with other schemes was made without ensuring the viability or availability of funding from the other sources. This led to either abandonment of work midway or delays occasioned by delayed release of funds.

The Ministry stated that necessary action would be taken with the DAs for recoupment of funds including initiating suitable action against officials found responsible for alleged irregularities to avoid recurrence of such lapses in future.

<sup>2</sup> Now renamed Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)



**Recommendations**

- *The Ministry may provide a cut-off date in a financial year for accepting recommendation of works by MPs. Works recommended thereafter can be carried forward to the next financial year.*
- *The Ministry should ensure that technical support is provided to MPs for accurately estimating the cost of works recommended by them to enable them to allocate funds effectively and judiciously to projects.*
- *DAs should be held accountable for taking up works that are not permitted under the Scheme.*

**Chapter-3**

Recommendation  
and selection of  
works

## Execution of Works

### 4.1 Status of works completed

The MPLADS guidelines stipulated that the time limits for completion of works should generally not exceed one year. However, at the beginning of 2004-05, there were 1,51,423 incomplete works under MPLADS and 3,66,820 works were sanctioned during 2004-09. Against a total of 5,18,243 works, 4,09,662 works were complete at the end of 2008-09 leaving 1,08,581 incomplete works (21 *per cent* of total works). The percentage of works remaining incomplete ranged from 48.23 *per cent* in 2004-05 to 59.28 *per cent* in 2006-07. The year-wise break up is as under:

**Table 4.1: Works sanctioned and completed during 2004-09**

Year	Opening balance of incomplete works	Works sanctioned during the year	Total works	Works completed during the year	Incomplete works at the end of the year	Percentage of works remaining incomplete out of total works
2004-05	1,51,423	65,356	2,16,779	1,12,225	1,04,554	48.23
2005-06	1,04,554	77,045	1,81,599	77,617	1,03,982	57.26
2006-07	1,03,982	66,682	1,70,664	69,486	1,01,178	59.28
2007-08	1,01,178	66,039	1,67,217	69,509	97,708	58.43
2008-09	97,708	91,698	1,89,406	80,825	1,08,581	57.33

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

The State-wise summary of works sanctioned and completed during 2004-09 is given in **Annex 4.1**. It may be seen that the number of incomplete works had come down from 1,51,423 as on 01 April 2004 to 1,08,581 as on 31 March 2009. However, just as in the case of funds utilization, reported in paragraph 1.4.2 of this report, information on incomplete works was deficient, as no age-wise analysis of incomplete works was available with the Ministry. While the Ministry maintained data on incomplete works on cumulative basis, the monitoring software developed by the Ministry for capturing details on each sanctioned works under the Scheme since its inception, was totally unreliable (as given in paragraph 7.1.3 of the Report).

## Chapter-4

## Execution of works

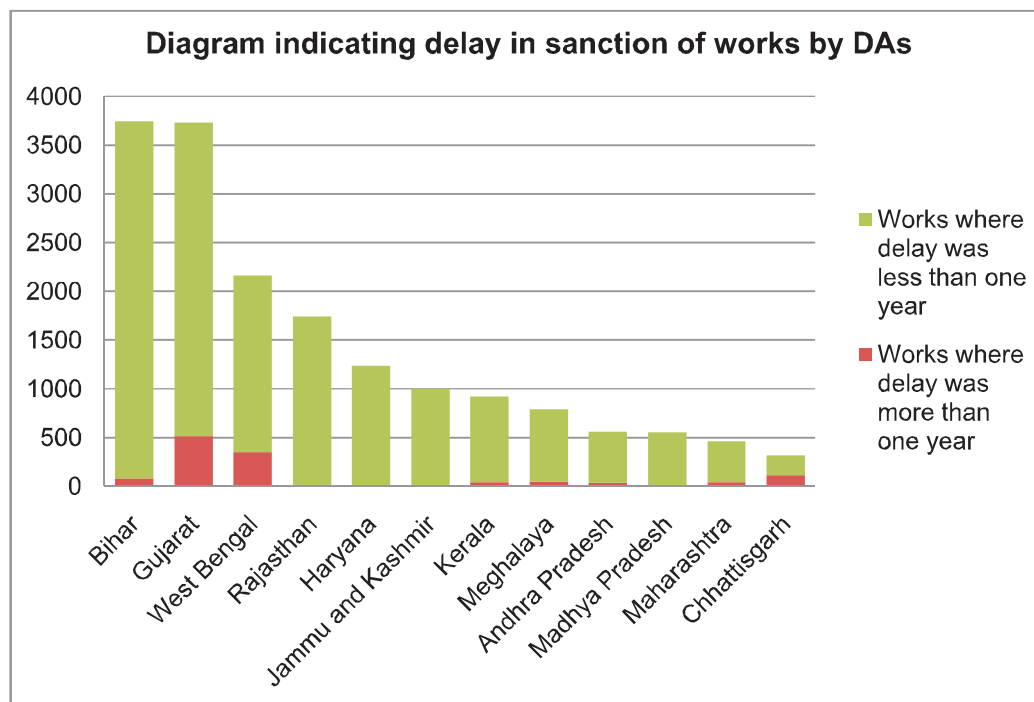
In view of the above, no meaningful analysis of the backlog in completion of works could be possible. The method of monitoring, thus, promotes slacks in implementation.

## 4.2 Processing and award of works

### 4.2.1 Sanction of works

MPLADS Guidelines stipulate that on receipt of the recommendation from the MP, the District Authority (DA) will verify the eligibility and technical feasibility of each recommended work, and get the works technically approved and financial estimates prepared by the Implementing Agencies (IAs). All such eligible works are to be sanctioned within 45 days from the date of receipt of recommendation. In this regard, Audit observed the following shortcomings:

(i) **Delay in sanction of works:** Delay in according sanction by DAs was observed in respect of 28,135 works out of 74,223 works (38 *per cent* of the test checked sanction orders) in 104 districts of 28 States/UTs<sup>3</sup>. Of this, in 18 States/UTs, sanction for 1,376 works (8 *per cent*) out of 17,763 works was accorded by the DAs with a delay of more than one year after receiving the recommendation from the MPs concerned, as given in **Annex 4.2**. A chart indicating States where cases of delay in sanction of works by DAs were prominent is depicted below.



<sup>3</sup> Andaman and Nicobar Islands, Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Dadra and Nagar Haveli, Daman and Diu, Delhi, Goa, Gujarat, Haryana, Jammu & Kashmir, Jharkhand, Kerala, Lakshadweep, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Punjab, Puducherry, Rajasthan, Uttarakhand, Uttar Pradesh, Tamil Nadu, Sikkim and West Bengal.

The delay in sanction by the DAs occurred mainly due to delay in initiating timely action to obtain the plans/estimates from the user/implementing agencies so as to complete the process of verification. The inefficient processing of sanctions delays the entire schedule for completion of work.

(ii) **Sanction of works without adhering to guidelines:** In 12 States/UTs, there were instances where administrative approval and financial sanctions were accorded by the DAs for 7,136 works (25.53 *per cent* of total works<sup>4</sup>) without following the procedure outlined in the Scheme guidelines, such as obtaining financial estimates from the IAs, conducting feasibility studies before commencing the work, obtaining technical clearance from the competent authorities etc. (details in **Annex 4.3**).

#### 4.2.2 Identification of the Implementing Agency

As per para 2.11 of the scheme guidelines, the DA was required to identify the agency for work execution and the PRIs and Urban Local Bodies (ULBs) were to be preferred as IAs in rural and urban areas respectively. The Ministry had also clarified in December 2006 that the guidelines on MPLADS did not allow MPs to select the executing agency and this was the responsibility of the DAs alone.

Test check in Audit, however, revealed that in nine States/UTs, the MPs had recommended the names of IAs along with their recommendations for works. Further, in some cases, the recommended IAs were also the user agency, to which the funds were released. In all, such instances were noticed in 8,746 works (Rajasthan-2,674, Uttar Pradesh-2,311, Mizoram-1,602, Manipur-1,039, Meghalaya-927 etc.). State-wise details are given in **Annex 4.4**. Besides, a case of West Bengal is given below.

##### Case study: Irregular selection of IAs in West Bengal

- In test checked districts, IAs were selected by the recommending MPs themselves in respect of all 6,158 works costing ₹ 187.58 crore sanctioned during 2004-09.
- In five selected districts (Hoogly, Kolkata, Paschim Medinipur, Purulia and South 24 Pargana), out of 6,091 works sanctioned during 2004-09, 1,573 works (25.82 *per cent*) were executed through private agencies.
- In case of recommendations for sanctioning funds for development of educational institutions, clubs, NGOs etc, the respective organizations being user agencies were also identified as IA by the MPs related to above five districts.

<sup>4</sup> Manipur-100 *per cent*, Mizoram-100 *per cent*, Himachal Pradesh-83.05 *per cent*, Rajasthan-51.41 *per cent*, Maharashtra-26.31 *per cent*, Haryana-25.05 *per cent*, Orissa-22.44 *per cent*

## Chapter-4

## Execution of works

¶ In case of 14 works amounting ₹ 1.12 crore, the IAs (PRIs), instead of executing the works, paid the entire amount of funds received from district authorities, to the user agencies, violating the scheme guidelines.

The DAs failed to apply the necessary checks and balances provided in the scheme guidelines for ensuring transparency and accountability in spendings under the scheme.

The Ministry stated that whereas the DA had the sole power to identify the IA, there is no doubt the MPs could have recommended the IAs. In this regard detailed report from the State/DAs would be obtained for necessary action.

#### 4.2.3 Award of works

As per MPLADS Guidelines, DA shall *inter alia* follow work estimates, tendering and administrative procedure of the State/UT Government.

It was, however, observed that award of contract for 703 works in four States involving ₹ 28.65 crore was not done in accordance with standard tendering procedures, as detailed below:

#### Best Practice

In Kerala and Lakshadweep, tendering procedures were transparent and all formalities of competitive bidding were observed.

**Table 4.2: Award of work without following tendering procedure**

Sl. No.	State	No of works	Audit findings	Amount (₹ in crore)
1	Nagaland	209	DAs executed works through IAs without inviting any tenders.	12.03
2	Arunachal Pradesh	238	Execution by IAs through private contractors during 2004-09 without following competitive bidding.	9.97
3	West Bengal	251	Tendering was not done for works costing ₹ 20000 or more as required by the West Bengal General Financial Rules. In the case of execution of works by educational institutions, clubs, etc, tendering procedures were not followed and labourers were engaged locally and materials were procured from the local market.	6.15
4	Orissa	5	Execution by IAs through private contractors without following competitive bidding.	0.50
<b>Total</b>		<b>703</b>		<b>28.65</b>

(Source: Data extracted from records of DAs)

On being pointed out in Audit, the Ministry stated that detailed report on each case would be obtained from the DAs for necessary action.

These instances of award of contract without adopting standard tendering processes and use of private contractors indicated dilution of checks and balances prescribed in the scheme to ensure accountability and the reply indicated complete lack of awareness about implementation details in absence of monitoring by the Ministry.

#### 4.2.4 Execution of works without administrative approval and sanction

The execution of work was to be preceded by financial sanction and administrative approval from the competent authority.

However, in four States, 363 works (26 *per cent*) out of 1363 works amounting ₹ 17.80 crore were executed either without administrative approval by the DAs or their execution was initiated without obtaining prior financial sanction, as detailed below:

**Table 4.3: Execution of works without administrative sanction**

(₹ in crore)

Sl. No.	State	Total no. of works executed	No. of works executed without sanction	Amount
1	Nagaland	344	209	12.03
2	Arunachal Pradesh	502	132	5.28
3	Mizoram	167	11	0.36
4	Tripura	350	11	0.13
<b>Total</b>		<b>1,363</b>	<b>363</b>	<b>17.80</b>

(Source: Data extracted from records of DAs)

Further, in two sampled districts of Assam (Kamrup (Metro) and Kamrup (Rural)), DAs released ₹ 0.89 crore to IAs against the sanctioned cost of ₹ 0.57 crore for execution of 14 works, resulting in overpayment of ₹ 0.32 crore.

The execution of works without financial sanction and administrative approval contravened the scheme guidelines.

The Ministry stated that detailed report on each case would be obtained from the DAs for necessary action.

#### 4.3 Delay in execution of works

The DA was required to verify the eligibility and technical feasibility of each work recommended by the MP concerned. Besides, before sanctioning the work, the DA had to ensure that all clearances for such works had been obtained from the competent authorities. The guidelines also prescribed that

## Chapter-4

## Execution of works

the sanction letter/order should stipulate a time frame for completion of works by the IAs. The time limits for completion of works should generally not exceed one year and the sanction letter/order was also to include a clause for suitable penal action against the IA in the event of its failure to complete the work within the stipulated time. In this regard, Audit observed the following shortcomings:

(i) **Non Commencement of works:** Audit observed that 389 works, for which an estimated cost of ₹ 9.17 crore was released by the DAs, could not be commenced during the period 2004-09 in nine States/UTs. Details of non-commenced works are in **Annex 4.5**. Besides, a case study of two works in Tamil Nadu is given below.

#### Case study: Delayed commencement of works in Tamil Nadu

- Construction of a bridge to link Mehtanagar Singarayar street with Venkatachalapathi street in ward numbers 72 and 73 was to be implemented by the Chennai Municipal Corporation. It was recommended by the Lok Sabha MP of Chennai Central during the year 2004-05. However, the work had not been started due to change in the alignment of the bridge and frequent revision (four times during 2004-09) of estimates. This led to cost escalation from ₹ 1.50 crore to ₹ 5 crore. The work was still at the tendering stage as of August 2009.
- Widening of the Road Over-Bridge (ROB) at railway road, Perambur Loco Works in division 54 was to be implemented by the Southern Railway. It was sanctioned in 2006-07 by Chennai Municipal Corporation. However, it had not commenced till August 2009 due to frequent revision of estimates (three times during 2006-10). The revision of estimates was attributed to the establishment charges, supervision charges, departmental charges and maintenance charges aggregating to ₹ 1.99 crore demanded by the Southern Railway, which was not admissible under the MPLADS. Subsequently the estimated cost of the work had escalated from the proposed ₹ 3.00 crore to ₹ 8.41 crore in 2009-10. The work had not yet started despite the release of the entire escalated cost to the IA in 2008-09 and 2009-10.

(ii) **Delayed completion of works:** 3,490 works costing ₹ 108.65 crore in respect of 47 out of 53 DAs of 15 States/UTs, were completed beyond the stipulated period of one year. State-wise details are given in **Annex 4.6**.

(iii) **Incomplete works:** 12,006 works amounting to ₹ 279.99 crore remained incomplete in respect of 71 out of 75 DAs of 16 States/UTs, for periods ranging from one year to five years and in some cases up to 15 years. State-wise details are given in **Annex 4.7**. A case study of five districts in West Bengal is given below.



**Case study: Incomplete works in West Bengal**

In five test checked districts (Hooghly, Kolkata, Paschim Medinipur, Purulia and South 24 Paragna), out of 20,385 works costing ₹ 378.08 crore sanctioned during 1993-94 to 2007-08, 1,499 works costing ₹ 57.01 crore remained incomplete for one to three years. 1,004 works costing ₹ 24.14 crore remained incomplete for four to six years. 311 works costing ₹ 10.29 crore remained incomplete for seven to nine years and 194 works of ₹ 2.80 crore remained incomplete for 10 to 14 years. The DAs did not maintain records regarding non-commencement of works by IAs after release of funds to them. No action was taken to obtain refund of unutilised funds even though the IAs did not report the status of works for years. DMs of Hooghly and South 24 Parganas stated (June 2009) that they were unable to monitor such large number of works due to lack of adequate infrastructure.

(iv) **Unfruitful expenditure on works:** In 11 States/UTs 305 incomplete works, on which ₹ 8.50 crore was spent, had been abandoned, suspended or were at standstill thereby rendering the expenditure incurred on these works unfruitful. The state-wise details of unfruitful expenditure are in **Annex 4.8**. A case study of Andaman and Nicobar Islands is given below.

**Case study: Unfruitful expenditure of ₹ 5.40 crore on abandoned works in Andaman and Nicobar Islands**

- The 'Construction of Model Senior Secondary School' and 'Construction of Transit Hostel for 50 persons' was initiated under the Tsunami Rehabilitation Programme. It was sanctioned in 2006-07, with target dates of completion in April 2007 and January 2007 respectively. After incurring expenditure of ₹ 5.07 crore the works were kept on hold, rendering the expenditure unfruitful. Reasons for non-completion were not on record in respect of the first work. Delays for the second work were attributed to non-selection of the work site before release of fund to the IA. Further, there was a cost escalation of 67 and 51 *per cent* respectively as of August 2009. The DA did not provide for the escalated amount of ₹ 4.67 crore demanded by the IA.
- Under the Tsunami Rehabilitation Programme, work on construction of a work-shed at Bambooflat Jetty area was suspended mid-way. This was due to the fact that the permission for demolishing two godowns had not been obtained as the Deputy Commissioner could not identify the competent authority for according the necessary clearance. Though ₹ 0.33 crore was released to the IA (Zilla Parishad) in July 2006 for this work, only half the work had been completed and this too was subsequently damaged due to leakage of water in the re-enforcement work.



Chapter-4

Execution of works

Abandoned/suspended works in Orissa and Tripura



Haler Nalla near  
Khairapadar, Orissa  
Year of sanction:  
2003-04  
Estimated Cost:  
₹ 0.25 crore  
Expenditure incurred:  
₹ 0.17 crore  
Status: Incomplete as  
of September 2009  
due to theft of steel  
rods from the work  
site



Town Hall at  
Kumarghat of North  
Tripura District  
Estimated cost:  
₹ 0.20 crore  
Month of sanction:  
August 2001  
Status: After incurring  
expenditure of  
₹ 0.12 crore the work  
was suspended  
(August 2002) due to  
land dispute.



Construction of class  
room at  
Dharmanagar  
College, North  
Tripura District  
Estimated cost:  
₹ 0.14 crore  
Expenditure incurred:  
₹ 0.10 crore  
Status: Work  
remained suspended  
for want of allotment  
of final instalment of  
funds.

Reasons for delays in execution of works were not found on record in Goa and Gujarat. However, in cases where varied reasons were recorded, these included:

## Chapter-4

## Execution of works

- land disputes, non-availability of land, poor site conditions and public hindrances: [Non-commencement of works in Himachal Pradesh (102 works), Andhra Pradesh (17 works), Tripura (six works), Bihar (55 works), Karnataka (14 works) and abandoned works in Tripura (four works), Orissa (two works), Haryana (seven works), Jharkhand (21 works), Maharashtra (eight works), Himachal Pradesh (17 works), Andaman and Nicobar Island (one work)]
- lack of required technical clearance from concerned authorities before initiation of work: [Non-commencement of works in Punjab (30 works), Andaman and Nicobar Islands (six works) and abandoned works in Tamil Nadu (two works), Andaman and Nicobar Island (one work)]
- inadequate financial estimates, cost escalation and shortage of funds: [Non-commencement of works in Tamil Nadu (two works) and abandoned works in Tripura (five works), Andaman and Nicobar Island (four works), West Bengal (47 works), Assam (five works)]
- no response to tenders: [Non-commencement of 30 works in Kerala ]
- Part completion of works by some firms and non-commencement by others in case of works where multiple agencies were involved: [One abandoned work in Tripura]
- technical non-feasibility of works: [One abandoned work in Tripura]
- work awarded without competent bidding: [One abandoned work in Tripura]

These cases of delays in initiating as well as completing the works, and incomplete and abandoned works indicated that the DAs did not always assess the feasibility of a project/work and plan for necessary approvals before according administrative approval and financial sanction. It resulted in idling of funds released to IAs for these works. DAs and IAs also failed to take suitable penal action against the erring agencies as per provisions of the Scheme. In many cases, the clause outlining penalties or suitable action against the concerned agency in cases of delay was not incorporated in the sanction letter.

The Ministry stated that information on each case would be obtained from the DAs for necessary action. The works which have not yet been started would be cancelled. In case of irregularities, necessary instructions would be issued to DAs for fixing the responsibilities and suitable disciplinary action.

## Chapter-4

## Execution of works

**4.4 Doubtful expenditure**

Test-check of records at the State and district levels revealed instances of doubtful expenditure amounting to ₹ 0.40 crore indicating suspected misappropriation of funds, which needed further investigation by the Government. Details of such instances are discussed in succeeding paragraphs:

**4.4.1 Non-existence of assets**

(i) In West Bengal, DM, South 24 Parganas released ₹ 0.05 crore in May 2008 to the Secretary, Taldi-I Village Education Committee for construction of a classroom at Rajapur Free Primary School at Taldi-I under Canning-I Block. Though the DM had received the Utilisation Certificate (UC) for the entire amount of ₹ 0.05 crore, Audit found in July 2009 that the classroom was not constructed. At the instance of Audit, the DM of South 24 Parganas directed the Block Development Officer, Canning-I to investigate the matter. The DA confirmed (October 2009) the misappropriation of funds by the Secretary, Talidi-I and in-charge of Rajapur Free Primary School, against whom, the First Investigation Report was lodged. Further developments were awaited.

(ii) In Jharkhand, an M.P. of the Rajya Sabha in July 2004 had recommended the installation of two solar water pump sets<sup>5</sup> at an estimated cost of ₹ 0.20 crore. The work was awarded to the firm M/s Kiran Energy Solution Pvt. Ltd, Dhanbad by inviting tender. The DA (Deputy Commissioner cum Nodal officer, Deoghar) paid ₹ 0.08 crore in July 2005 as an advance to the firm for supply and installation of the pump sets. Even after a lapse of four years, the firm had not supplied solar water pumps, as confirmed in the joint field verification conducted by the audit team and the DRDA, Deoghar officials. Thus ₹ 0.08 crore was retained by the firm, without supplying the solar pumps. However, the DA had taken no action till date.

**4.4.2 Payments made on doubtful muster roll entries**

In Bihar, the IA, National Rural Employment Programme (NREP), Patna, engaged labourers on six works<sup>6</sup> which had already been completed and UCs for them had also been submitted to the DA. While four were shown as completed on 31 July 2006, muster rolls for ₹ 0.06 crore were booked up to 5 December 2006. Similarly, two works had been completed on 30 September 2006 but Muster Rolls for ₹ 0.15 lakh were booked up to 26 December 2006. Thus, the expenditure of ₹ 0.06 crore was doubtful. The Executive Engineer concerned stated (July 2009) that the works were completed out of unspent balances of other works and after receiving the second instalment, the Muster

<sup>5</sup> Haribandh and Dumaria, Deoghar

<sup>6</sup> Two works of Kaccha road construction, two works of renovation of Ahar and two works of construction of community hall.

Rolls and other accounts had been prepared. However, booking of Muster Rolls after completion of works and submission of UCs indicated that the expenditure incurred on labourers was doubtful.

#### 4.4.3 Payment made on doubtful vouchers

(i) In Mizoram, in 18 test checked works, vouchers were submitted to the DA, Aizwal by the IAs on plain paper in support of material purchased worth ₹ 0.19 crore as detailed in **Annex 4.9**. The dates of purchase of material were after the completion of works in some cases. The payment made on such vouchers was doubtful.

(ii) In Deoghar district of Jharkhand, construction of four works<sup>7</sup> of High Yield Tube Wells at an estimated cost of ₹ 0.22 crore were executed departmentally in Kawaria Path on the recommendation of the Rajya Sabha MP and sanctioned by the DC, Deoghar (May 2006). However, scrutiny of the Measurement Books and vouchers revealed that out of ₹ 0.22 crore shown as expenditure incurred and reported to the DA, only ₹ 0.20 crore was actually spent on these works. The balance of ₹ 0.02 crore was suspected to be misappropriated by the IAs.

The Ministry stated that information on each case of doubtful expenditure would be obtained from DAs for necessary action.

#### 4.5 Other shortcomings in execution of works

##### 4.5.1 Sub-standard works

(i) In Delhi during 2004-09, the MCD executed 28 works of “providing and laying 25 mm thick bitumen mastic wearing course” for improvement/strengthening of roads by laying mastic asphalt through contractors. In all the cases, the contractors used a lower quantity of bitumen, i.e. 5.86 kg/sqm as against the required quantity of 8.79kg/sqm leading to excess payment of ₹ 0.66 crore to the contractors.

(ii) In Uttar Pradesh (Jalaun district), four works of construction of cement concrete (CC) roads were sanctioned during 2005-07 at a cost of ₹ 0.09 crore. The roads were found sub-standard by the DRDA and their rectification was technically not feasible as the crust thickness of roads was less by one to seven cm from the prescribed norm of 20 cm.

(iii) In another work of construction of a CC road, sanctioned at a cost ₹ 0.01 crore during 2006-07, 40 mm grit was to be used in the base coat of the road and 20 mm grit was to be used in the topcoat as per specifications. In this regard, the DM’s inspection report pointed out that instead of laying the two layers separately, the grits of different size were mixed and used for

<sup>7</sup> Construction of H.Y.T. Well near Kedar Nath building No. 11 in Dumka, near Mangleshwar building shed No. 5, near Somnath building shed No. 6 and near Kalkatiya building.



## Chapter-4

## Execution of works

laying the total 10 cm crust of the road, resulting in an uneven road surface and substandard quality of the work. However, no action has been taken against the IA. This showed lack of supervision and monitoring by the DA.

#### 4.5.2 Excess/avoidable expenditure

(i) In Bihar, works under the scheme were executed on the basis of estimates prepared on existing schedules of rates in which contractors' profit (CP) at the rate of 10 percent were included. For departmentally executed works, contractors' profit was to be deducted from the total estimated cost of the work. 46 works were executed departmentally by six executing agencies<sup>8</sup>. However the contractors' profit was allowed to the concerned officials without deducting it from the estimates. Thus, excess payment of ₹ 0.08 crore was made by the executing agency.

(ii) In the case of six executing agencies in Bihar, an excess payment of ₹ 0.55 crore<sup>9</sup> was made during 2005-08 by allowing higher rates on compaction of brick bats, provision of excess lead, excess payment to labourers etc. than those provided in the estimates.

#### 4.5.3 Incorrect estimation of works

(i) In Mizoram, construction of a Playground at Mualpui was recommended by the concerned MP (RS) at an estimated cost of ₹ 0.50 crore with a volume of work of 38475 cum to be completed in four parts. All parts of the work pertained to earth excavation, i.e. formation cutting. However, as per the report of the Inspecting Officer (the only authentic record available in the absence of Measurement Books), supported by the verification report of the Sub-Divisional Magistrate, the volume of actual execution of work done was in excess of the volume of work as per estimates. At the completion of the second part of the work, excavation of 53,087.40 cu.m. was complete which was over and above the total work estimates. At the conclusion of fourth part of the work, excavation of 70,548.26 cu.m was done. Thus, the DA had sanctioned the last two parts of the work without checking the primary records of the parts of the work already done resulting in excess expenditure of ₹ 0.33 crore<sup>10</sup>.

<sup>8</sup> Rural Works Division (RWD)-2, Madhepura (₹ 0.02 crore), Begusarai (₹ 0.01 crore), Khagaria (₹ 0.01 crore), Rohtas (₹ 0.11 lakh). NREP Siwan (₹ 0.03 crore) and Rohtas (₹ 0.50 lakh)

<sup>9</sup> NREP Patna (₹ 0.01 crore), Purnea (₹ 0.01 crore), PWD-2 Masurhi (₹ 0.14 crore), Patna (₹ 0.35 crore), Rohtas (₹ 0.01 crore) and District Board Begusarai (₹ 0.04 crore)

<sup>10</sup> Volume of work done vide first two sanctions = 7,680 + 53,087.40 = 60,767.40 cu.m.  
Total expenditure vide first two sanctions = ₹ 5,00,000 + ₹ 20,00,000 = ₹ 25,00,000  
Rate of expenditure = ₹ 20,00,000/53,087.40 cu.m = ₹ 37.60 per cu.m  
Amount required for (38,475-7,680) = 30,795 cum of work = ₹ 11,75,892  
Total Amount required for 38,475 cum = ₹ 5,00,000 + ₹ 11,75,892 = ₹ 16,75,892  
Excess expenditure = ₹ 49,62,700 – ₹ 16,75,892 = ₹ 32,86,808

(ii) Out of the 10 ambulances purchased from MPLADS funds during 2008-09 in Andaman and Nicobar Islands, the MP recommended the issue of three ambulances to the Salvation Fellowship Trust, Port Blair, the Director of Transport Service, Port Blair and the Primary Health Centre (PHC), Long Islands. However, while the ambulances were not issued to the first two agencies/institutions, since these fell under prohibited items under the MPLAD scheme, the PHC, Long Islands refused to take the ambulance citing lack of requirement as there was no motorable road and garage. Subsequently, the ambulances were distributed to three different PHCs of the UT without receiving any recommendation from the MP and without assessing the requirements of the PHCs. This indicated that the DA did not identify the requirement/eligibility of the user agencies before according sanction to the MP's recommendation leading to unplanned purchase and distribution of assets.

The Ministry stated that information on these cases would be obtained from DAs for necessary action.

#### 4.6 Procedural lapses in the execution of works

As per the scheme, the work and the site selected for the work's execution by the MP were not to be changed, except with the concurrence of the MP concerned. In Tamil Nadu, eight works in two nodal districts and one implementing district executed at a cost of ₹ 0.69 crore differed from the recommendations of the MPs concerned.

Audit test checks revealed instances where important rules, particularly of the State Works Manual, were not followed during the execution of works under the Scheme. The procedural lapses included:

- Execution of works on piece-meal basis, instead of combining them so as to obtain competitive rates;
- Increase in Bill of Quantity without receiving approval of the competent authority;
- Purchase of materials through hand-receipts and from the open market without getting competitive rates;
- Payment of labourers without maintaining Muster Rolls; and
- Use of inferior quality and illegally felled timber in works.

A few instances of lapses seen in six States are mentioned in **Annex 4.10**.

The Ministry stated that information on each case of procedural lapse in execution of work would be obtained from DAs for necessary action.

Chapter-4

Execution of  
works

**Recommendations**

- *Suitable action may be taken against the agencies responsible for incomplete or delayed works, especially in cases where non-completion has resulted in abandonment of works.*
- *The cases of excess/avoidable/doubtful payments pointed out in this Report may be examined and recoveries made from individuals/ agencies responsible for overpayment. In the cases of delayed completion of works, where the Scheme guidelines stipulate the levy of a penalty, it should be imposed.*
- *The Ministry should ensure complete documentation at all levels. Maintenance of records such as works registers, muster rolls, measurement books, works completion reports, cash book etc. at DA/IA level as required under PWD manuals should be monitored closely.*

## Maintenance of Assets

### 5.1 Non-maintenance of works register and assets register

The scheme guidelines provide that the DA will maintain work-registers indicating the position of each work recommended by the MPs and also a register of all the assets created with the scheme funds and subsequently transferred to user agencies.

The works registers were, however, not being maintained in 16 DAs of eight States (Manipur, Meghalaya, Nagaland, Andaman and Nicobar Islands, Daman and Diu, Jammu and Kashmir, Goa and Assam). Further, registers maintained in 22 DAs of five States/UTs (Dadra and Nagar Haveli, Gujarat, Madhya Pradesh, Orissa and Punjab) were found to be incomplete.

Similarly, assets registers had not been maintained in 115 DAs of 31 States/UTs<sup>11</sup> (90 *per cent* of the sample). In the absence of assets register, custody of assets and their maintenance could not be ensured.

The Ministry stated that information on each case would be obtained from DAs for necessary action.

### 5.2 Handing over of assets to the user agency/Assets not put to use

The scheme guidelines provided that as soon as a work was completed, it should be transferred to the user agency. As soon as a work was completed, assets created should be put to public use.

In seven States/UTs, out of 15,049 sample works created during 2004-09, formal handing over/taking over of assets was not on record for 14,828 works (98.53 *per cent*) worth ₹ 251.91 crore as per details given below. In six out of seven of these States/UTs, assets of none of the completed work transferred to the user agency were documented.

<sup>11</sup> Andhra Pradesh, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, West Bengal, Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu, Delhi, Uttarakhand, Puducherry, Assam and Jharkhand



**Table 5.1: Works where handing over of assets to user agency was not on record***(₹ in crore)***Chapter-5****Maintenance of Assets**

Sl. No.	States/UTs	Number of works completed (2004-09)	Works for which handing over was not on record	
			Number	Cost
1	Arunachal Pradesh	336	336	14.74
2	Andhra Pradesh	7,352	7,352	100.55
3	Assam	2,778	2,778	58.48
4	Haryana	1,696	1,696	24.93
5	Jharkhand	1,921	1,921	31.07
6	Manipur	740	740	21.7
7	Puducherry	226	5	0.44
<b>Total:</b>		<b>15,049</b>	<b>14,828</b>	<b>251.91</b>

*(Source: Data extracted from records of DAs)*

In the absence of formal handing over, use of assets for the intended purpose and their maintenance could not be ensured.

Further, in five States/UTs (Maharashtra, Jharkhand, Kerala, Tamil Nadu and Delhi), 17 works completed at a cost of ₹ 1.48 crore between September 2006 and March 2009 and were either had not been put to use by the user agencies or were not handed over to any user agency despite their completion, as detailed in **Annex 5.1**. These assets could not be put to use for want of electrical connection, water supply, proper flooring and furnishings, computers, identification of user agency, hospital staff and equipment etc.



Community hall  
at Ngairangbam,  
Imphal West,  
Manipur  
Cost: ₹ 0.03  
crore  
Date of  
completion: 07  
June 2006  
Current status:  
Asset not  
handed over to  
any user agency  
and being used  
by the stray  
cattle

### 5.2.1 Misuse of assets

Audit found that in six<sup>12</sup> districts of five States, ten assets created at a cost of ₹ 1.48 crore were not being utilized for the purpose for which these were sanctioned. These were being used by private trusts/societies for running Bachelor of Computer Application (BCA), Bachelor of Computer Science (BCS) courses, English medium schools and offices of the societies etc. as per details given in **Annex 5.2**.

The Ministry stated that information on each case of misuse of assets would be obtained from DAs for necessary action which shows complete lack of ownership and monitoring by the Ministry.

Illustrations of misuse of assets Tareythang Junior High School, Sikkim	
	Newly constructed room being used as staff recreation room
	Dilapidated old room being used as Class room

<sup>12</sup> Nagpur, Parbhani (Maharashtra) Vellore(Tamil Nadu), East district(Sikkim), Shillong (Meghalaya) and Deogarh (Jharkhand)

### 5.3 Commitment for maintenance and upkeep of assets

#### Chapter-5

#### Maintenance of Assets

The MPLADS framework requires that before sanctioning works, the DAs execute agreements with user/beneficiary agencies for the maintenance of assets created out of scheme funds following their consequent use by the public for specified purposes. However, in 64 test-checked districts (50 per cent of sample) of 18 States/UTs<sup>13</sup>, no commitment for maintenance of the assets was taken from the user agencies nor any agreement signed before issue of sanction orders and commencement of work.

#### 5.3.1 Maintenance and upkeep of assets

The DA was to get, in advance, a firm commitment from the concerned User Agency for the upkeep and maintenance of the proposed asset before the sanction and execution of the work.

Test-check and joint physical verification by Audit and district functionaries revealed that four assets in three States/UT costing ₹ 0.45 crore were not maintained properly to ensure their efficient use, as detailed in **Annex 5.3**. The assets were found in dilapidated condition, there were cases of theft of materials and facilities such as tube wells and water fountains were not working properly due to improper upkeep.

The Ministry stated that information on each case of improper maintenance of assets would be obtained from DAs for necessary action.

#### Recommendations

- *The Ministry should put in place an effective mechanism to monitor and track the assets created from MPLADS funds and their expeditious handing over to the identified agencies.*
- *The documentation in respect of handing over of MPLADS works and maintenance of records such as assets registers and works registers may be streamlined at the DA level by effective supervision and monitoring.*
- *The Ministry may devise a format of formal agreement between the DA and the user agency having clauses for the purpose for which the assets should be used and commitment for maintenance of the asset. Failure to maintain the asset should also invite some penal action.*

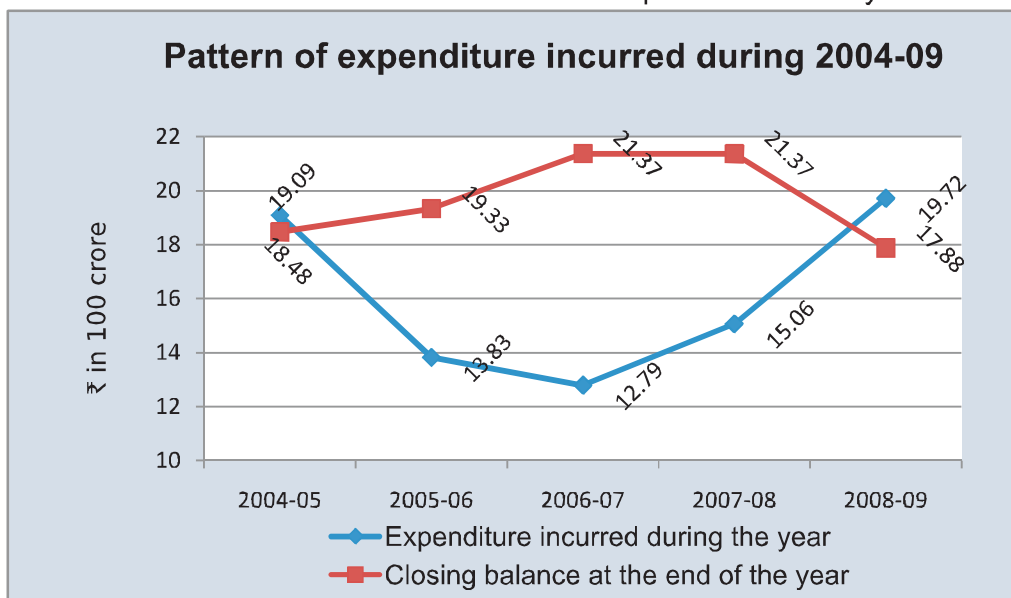
<sup>13</sup> Andhra Pradesh, Bihar, Haryana, Jammu and Kashmir, Mizoram, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tripura, Andaman and Nicobar Islands, Daman and Diu, Uttar Pradesh, West Bengal, Tamil Nadu, Arunachal Pradesh and Manipur

## Funds Management

### 6.1 Pattern of funds utilisation

The expenditure incurred against funds available with the DAs country-wide during the last five years indicated that the utilization of funds ranged between 37.43 *per cent* and 52.44 *per cent* of the available funds as already detailed in paragraph 1.4.2 of this Report. The closing balance at the end of 2008-09 was reduced by 25.63 *per cent* vis-à-vis the opening balance at the beginning of 2004-05, from ₹ 1,909 crore to ₹ 1,788 crore indicating overall improvement in utilisation of funds. However, substantial balances ranging from ₹ 1,788 crore to ₹ 2,137 crore still remained accumulated in various bank accounts opened for the MPLADS by the DAs. These funds remained outside the Consolidated Fund of the Union and/or States.

Further, the graphical presentation of year-wise expenditure incurred during 2004-09 showed that to some extent the expenditure under the Scheme had a propensity to increase at the times close to elections, while during the intermediary period, funds tended to accumulate. The two peaks in the expenditure incurred during 2004-05 and 2008-09, were coterminous with the beginning and close of the 14<sup>th</sup> Lok Sabha and the pre-election years of the 15<sup>th</sup> Lok Sabha respectively. Consequently, the closing balances available with DAs increased between 2004-05 and 2006-07 and declined in 2008-09, as utilization increased. The acceleration of expenditure in the year close to



## Chapter-6

Funds  
Management

the elections indicated administrative lethargy during the period between two elections due to non-lapsable nature of unspent balances of previous years.

The Ministry stated that since the unspent balances, which included a sizeable amount of interest accrued, under the MPLADS were non-lapsable, these were bound to exist as the DAs kept 50 *per cent* of funds for each work with them for releasing the second instalment to the IAs. Further, the Ministry was strictly adhering to the guidelines while releasing the funds to the DAs, which were linked with the utilisation of previously released grants.

The reply of the Ministry is not as per the compendium on instructions/clarifications issued on MPLADS guidelines by the Ministry. The DAs were not required to keep funds for payment of second instalment to the IAs with them, as the same was to be paid after receiving the second instalment of MPLADS grants from the Ministry. Further, while the Ministry was generally adhering to criteria mentioned in paragraph 4.3 of the Scheme guidelines while releasing the funds to the DAs, the criteria itself could lead to substantial unspent balances. As per the guidelines, the second instalment of ₹ 1.00 crore for a particular year could be released if the total unspent funds with the MP were less than ₹ 1.00 crore. Further, the first instalment of ₹ 1.00 crore for a particular year could be automatically released if the second instalment of the previous year was released to the MP. This could lead to availability of unspent balance of anything less than ₹ 3.00 crore with an MP at a point of time.

## 6.2 Financial reporting and monitoring

### 6.2.1 Annual accounts and utilization certificates (UCs)

In order to implement the Scheme with a degree of accountability, the Ministry was to monitor the receipt of UCs and audit certificates from the DAs and review issues arising out of them so as to take necessary timely corrective action.

However, proper register/records were not maintained by the Ministry to watch the progress of receipt of the annual accounts and UCs from the DAs. The UCs, and audit certificates that were received, were simply kept on record and not analyzed by the Ministry to obtain an assurance regarding utilization of funds. The Ministry had also not conducted any review on issues arising out of audit certificates and UCs. Thus, a comprehensive picture of fund utilisation under the Scheme could not be ascertained by Audit.

It was also observed that the Ministry had been relaxing the condition of furnishing the UCs and Audit Certificates by the DAs before the release of second instalment of funds every year in a routine manner. In all such cases, second instalment was released to the DAs with the condition that first instalment of succeeding year would be released only on the receipt of these UCs.



The Ministry, while accepting the observation, stated that the decision to relax the condition was taken on the basis of release position vis-à-vis budget for the Scheme so as to ensure that the works recommended by the MPs and sanctioned by the DAs did not suffer for want of funds. The Ministry also stated that though it was maintaining register for UCs and Audit Certificates received from the DAs, there were chances that due to shortage of staff, the entries had not been made. Further, the Audit Certificates furnished by the DAs could not be examined properly because officials responsible for examining them did not have expertise in commercial accounting.

However, the reply of the Ministry should be seen in the context that under the MPLADS, most of the DAs always had sufficient funds, as the total unspent balance available with them at the end of the year during 2004-05 to 2008-09 ranged between ₹ 1,788 crore to ₹ 2,137 crore. The Ministry should have been aware of these unspent balances had they been monitoring the UCs and other Management Information System (MIS) from the States. Further, it was noticed that the relaxation was not made on the basis of specific requests from the DAs but with a view to show expenditure against the amounts budgeted. Also while there was no vacancy against the sanctioned posts in the MPLADS Division, the officials could have been suitably trained for carrying out the work entrusted to them. The Ministry failed to do so. Further, the register of UCs and Audit Certificates maintained by the Ministry did not contain information on pending UCs and Audit Certificates; as a result, it was not an effective tool for monitoring receipt of these certificates. Even after 17 years since implementation, no capacity building for effective monitoring was evident.

### 6.2.2 Incorrect reporting of financial progress by the DAs

Audit noticed that the DAs reported inflated figures of expenditure to the Ministry, by treating the amount released to the IAs as the final expenditure, without ascertaining the actual expenditure incurred.

In 12 districts of six States/UTs (Chhattisgarh, Jharkhand, Lakshadweep, Nagaland, Tripura and Sikkim), ₹ 100.17 crore was released as advance to the IAs for execution of works during the years 2004-09, out of which ₹ 65.18 crore only had actually been spent by the IAs. Instead of reporting the actual expenditure to the Ministry, the DAs depicted the entire advance of ₹ 100.18 crore as utilized in their UCs, thus inflating the figures of expenditure by ₹ 35 crore, and presenting an incorrect picture of fund utilization under the Scheme. The State-wise details are in **Annex 6.1**.

Scrutiny of MPRs and Annual Accounts in 21 constituencies including two RS MPs of ten States/UTs further disclosed that the DAs had reported lesser amounts of interest earned in their annual accounts and/or MPRs than those reported in the MPRs of the earlier months resulting in understatement of interest of ₹ 5.60 crore as given in **Annex 6.2**.

The Ministry stated that information on reported irregularities would be obtained from DAs for taking necessary action.

## Chapter-6

Funds  
Management**Case study: Incorrect reporting of financial progress by West Siang DA of Arunachal Pradesh**

The nodal DA, West Siang reported inflated expenditure of ₹ 2.48 crore to the Government of India and the State Government on the basis of the funds released to the DAs without ascertaining the actual expenditure incurred by the IAs. The DA also stated (October 2009) that the fund released to the IA had to be treated as expenditure, since the actual expenditure statements were generally received after actual completion of work which took at least 4 to 12 months or above from the time of release of funds. However, the contention is not correct, as mere release of funds should not be treated as expenditure.

**6.2.3 Discrepancies in figures in MPRs, UCs and annual accounts**

Test check<sup>14</sup> of Monthly Progress Reports (MPRs), annual accounts and UCs, however, showed a number of discrepancies in the figures detailed in these basic records for 30 constituencies in 11 States/UTs pertaining to the period from 2004-05 to 2008-09 as outlined below (details according to nature of discrepancy in **Annex 6.3**):

- In 20 cases, three different expenditure figures of the same financial year were mentioned in the three records, viz. the MPR, the annual accounts and the UCs.
- In two cases, expenditure figures of the annual accounts and the UCs did not match, in three cases expenditure figures of the annual accounts and the MPRs of March of the same financial year did not tally and in seven cases, expenditure figures of the UCs and the MPRs of March of the same financial year did not tally.
- In 22 cases, the closing balance of the annual accounts and the MPRs of March of the same financial year did not match; in five cases, the closing balance of the UCs and the MPRs of March of the same financial year and in 16 cases, closing balance of the UCs and the annual accounts of the same financial year did not match.
- In three cases, the figures of interest mentioned in the annual accounts did not match with the figures mentioned in the UCs of the same accounting period.

<sup>14</sup>

As the Ministry did not maintain records containing consolidated figures of MPRs, UCs and audited accounts, separate files of about 250 constituencies had been test checked by Audit.



- In two cases, the opening balance of the UC did not match with the closing balance mentioned in the annual accounts of preceding year.

The discrepancies in the MPLADS figures in three basic accounting records, which should invariably match, indicated weak internal controls at the DA's level. In this scenario there cannot be any assurance of the expenditure incurred, interest earned as also unspent balances with DAs and IAs. The Ministry has failed to scrutinize these records and take action, as required under the Scheme guidelines.

The Ministry stated that due to paucity of staff in the MPLADS Division, these discrepancies were not verified for the purpose of release of funds. Further, discrepancies in figures of MPRs, UCs and Annual Accounts would be ascertained from DAs for taking necessary action.

#### 6.2.4 Deficient verification of MPRs resulting in excess release

While implementing the MPLADS, the second instalment of the annual grant amounting to ₹ 1.00 crore was to be released to the DAs subject to the condition that the unspent balance of funds of the MP concerned was less than ₹ one crore.

However, the Ministry released grants worth ₹ 18.00 crore to two Rajya Sabha MPs and six Lok Sabha constituencies of seven States/UTs in contravention of the scheme provisions, as detailed below:

- In 12 cases involving five LS constituencies and one case of RS MP (details in **Annex 6.4**), although the available balance in their corresponding MPRs was shown by the respective DAs, to be between ₹ 0.53 crore and ₹ 0.98 crore, audit test checks revealed that the actual balances available with the DAs ranged between ₹ 1.00 crore and ₹ 3.08 crore at corresponding points of time. The second instalment of ₹ 1.00 crore was released to these constituencies on the basis of incorrect information furnished in the MPRs.
- In the case of another RS MP (Bihar), the Ministry released the first and second instalments of 2004-05 and first instalment of 2005-06 in January-March 2008, despite having differences between the figures of unspent balance given in the UC and Annual Accounts for 2006-07 and the MPR for March 2007.
- In one constituency (Jaunpur, Uttar Pradesh), the unspent balance available with the DA was ₹ 1.88 crore as per the Monthly Progress Report (MPR) of October 2008, but the second instalment of ₹ 1.00 crore for 2008-09 was released in November 2008.
- In case of a RS MP (Jammu and Kashmir), a grant of ₹ 1.00 crore was released in September 2006 after the resignation of the MP in April

2006, which was not backed by any recommendation received from the MP up to the last day of his tenure.

## Chapter-6

Funds  
Management

The Ministry stated that it should not be blamed for the incorrect information provided by the DAs. Despite the shortage of staff in the MPLADS Division, the Ministry had always tried to verify the main points as per guidelines, before releasing the funds hoping that information supplied by the DAs were correct.

The reply of the Ministry is not acceptable. As per the information provided by the Ministry, there was no shortage of staff vis-à-vis sanctioned strength in the MPLADS Division. Further, it was the responsibility of the Ministry to monitor the overall position of funds released, funds spent, receipt and verification of UCs and Audit Certificates and exercise due diligence in processing the proposals from the DAs before sanctioning and releasing funds. The failure to do so should be viewed as a serious lapse by the officials concerned.

### 6.2.5 Non submission of UCs for funds for natural calamities

The scheme guidelines stated that in the event of calamity of a severe nature in any part of the country, the MP may recommend works up to a maximum of ₹ 0.50 crore for the affected district.

Audit observed that 12 DAs of eight States (Himachal Pradesh, Haryana, Chhattisgarh, Madhya Pradesh, Meghalaya, Mizoram, Rajasthan and West Bengal), released ₹ 6.61 crore to Andaman and Nicobar Islands, Puducherry and Tamil Nadu (Kanyakumari) during 2005-07 for the tsunami rehabilitation works. However, the UCs for expenditure incurred from these funds had not been sent to the DAs releasing the funds by the DAs who had received the funds, as was required under the scheme guidelines.

The Ministry stated that information was being collected from the DAs concerned regarding non-submission of UCs from the IAs in respect of expenditure incurred for Tsunami rehabilitation work.

The failure to monitor the receipt of UCs pertaining to 2005-07 points to absence of internal control mechanism in this regard.

### 6.2.6 Non-submission of UCs by IAs

Under the MPLADS, the IAs were required to submit utilisation certificates (UCs) in the prescribed format to DAs after completion of the works for onward transmission to the Ministry.

However, IAs receiving advances from 80 DAs (63 *per cent* of sample) of 23 States/UTs, did not furnish UCs for ₹ 369.97 crore (41.32 *per cent* of the total funds released to IAs) pertaining to 19,540 works (41.10 *per cent* of total works), out of a total of 47,533 works, completed during the period 2004-09 (State-wise details in **Annex 6.5**). In three States (Assam, Jammu and

Kashmir and Maharashtra) IAs did not furnish any UC for the entire amount of advance released to them.

Further, in Assam UCs of ₹ 6.77 crore were not sent by seven districts to three nodal DAs out of ₹ 7.98 crore released to them during 2004-09.

The Ministry stated that it was the responsibility of the DAs to ask for UCs from the IAs and information on reported irregularities would be obtained from DAs for taking necessary action.

The Ministry, however, has failed to explain as to how it was accounting for funds released and processing further proposals for release in the absence of UCs.

### 6.3 Distribution of funds of ex-Rajya Sabha (RS) MPs

The scheme stipulates that the unspent balances under MPLADS left by the predecessor elected RS MPs in a particular State would be equally distributed amongst the successor RS MPs in that particular State<sup>15</sup>.

Audit revealed that unspent balances of ₹ 82.54 crore left by predecessor RS MPs in 10 states had not been distributed among the successor RS MPs of that State. The details are as given below:

**Table 6.1: Non-distribution of funds of ex-RS MPs**

(₹ in crore)

States/UTs	Amount	States/UTs	Amount
Maharashtra	39.67	Jammu and Kashmir	10.25
Gujarat	9.67	West Bengal	8.48
Haryana	8.46	Goa	1.85
Tamil Nadu	1.77	Orissa	1.26
Uttarakhand	1.08	Assam	0.05
<b>Total</b>			<b>82.54</b>

(Source: Files of State Nodal Departments)

In Chhattisgarh, the unspent balance of ₹ 0.62 crore left by predecessor RS MPs was to be equally distributed among five successor RS MPs. Instead, the DA Bilaspur distributed the unspent amount equally between only two RS MPs, Sh. Ramdhar Kashyap and Smt. Kamla Manhar, in contravention of the provisions of the scheme.

The Ministry stated that reasons for non-distribution of unspent funds left over by the ex-MPs (RS) was being obtained from the States concerned. Further, this issue was invariably being discussed in biennial MPLADS Review Meetings.

<sup>15</sup> This distribution of unspent funds of ex-RS MPs to successor RS MPs is in addition to their entitlement of ₹ 2 crore per year.

## 6.4 Diversion of funds

### Chapter-6

#### Funds Management

Funds were required to be spent for the intended purposes under the MPLADS but in seven States, ₹ 4.67 crore was diverted to other schemes of State and Central Governments by 22 DAs, as detailed in **Annex 6.6**.

While in Andhra Pradesh and Orissa, a portion of the MPLADS funds diverted to other schemes was subsequently recouped by the DAs, in the remaining States MPLADS funds had been spent for purposes other than those intended under the scheme. The diversion of funds indicated that internal controls and financial management needed to be strengthened at DA level and Ministry level.

The Ministry stated that the audit finding was being ascertained from the DAs concerned.

## 6.5 Release of advances in excess of prescribed limits

The MPLADS guidelines envisage that the DA may release advances up to 75 *per cent* (for projects sanctioned up to October 2005) and 50 *per cent* (for projects sanctioned after October 2005) of the estimated amount of a sanctioned work to the IA.

However in 13 States/UTs, 35 DAs gave advances of ₹ 80.00 crore for execution of 4,653 works where only ₹ 48.92 crore was admissible resulting in excess releases of ₹ 31.08 crore to the IAs (detailed in **Annex 6.7**). Out of these 13 States/UTs, in three States/UTs (Kerala, Lakshadweep and Madhya Pradesh), nine DAs released 100 *per cent* i.e. the sanctioned cost as advance.

Besides, in Andaman and Nicobar Islands, advances at the rate of 75 *per cent* of the sanctioned cost were released for 27 works during February 2006 to March 2006 by the DA to IAs resulting in excess release of ₹ 0.80 crore. The DA stated that due to delay in receipt of guidelines on MPLADS issued by the Ministry in November 2005, older guidelines were followed. This indicated lack of coordination between the Ministry and the DAs.

The Ministry stated that the audit finding was being ascertained from the DAs concerned for necessary action.

## 6.6 Refund of unspent balances by IAs

The MPLADS guidelines stipulate that the IAs refund to the DA, the unspent balance including interest, if any, at their disposal within one month of the completion of the work and close the bank account opened for the purpose. However, the Scheme guidelines did not incorporate any provision for refund of the unspent balances/advances available with IAs in cases where works could not be started by them due to various reasons.

Audit observed that in 24 States/UTs, unspent balances of ₹ 1.98 crore arising due to completion of works at lower than sanctioned cost and interest accrued on balances of ₹ 4.71 crore had not been refunded by the IAs after completion of the work. Further, in 12 States/UTs, ₹ 12.14 crore was lying with various IAs as unspent balances pertaining to 679 works which could not be taken up for implementation. State-wise details are given in **Annex 6.8**.

The DAs failed to follow up with the IAs to refund the unspent balances lying with them indicated deficient monitoring and accountal of funds. This resulted in blocking of funds and may also lead to misappropriation in cases of non-refund after completion of projects.

The Ministry stated that the audit finding was being ascertained from the DAs concerned for necessary action.

The fact that the Ministry was not aware speaks of poor monitoring and financial control.

## 6.7 Contingency Expenses

The MPLADS guidelines provide that the DA can utilize up to 0.5 *per cent* of the amount spent on completed projects in a year as 'contingency expenses'. However, the guidelines prohibit the DA from levying any administrative charges, salary, travel cost, etc., for their services in respect of preparatory work for implementation and supervision of projects/works.

It was, however, noticed that in 13 States/UTs, 35 DAs had utilized an amount of ₹ 1.30 crore on payment of honorarium/wages/travelling expenses of staff, refreshments for staff, electrification of office building, fuel for official vehicles, purchase of laptops, office furniture, supervision charges etc., which were inadmissible. Further, six DAs in five States had spent ₹ 0.29 crore on contingencies against the admissible amount of ₹ 0.17 crore thereby incurring excess expenditure on contingencies by ₹ 0.12 crore. Details are given in **Annex 6.9**.

The Ministry stated that the audit finding was being ascertained from the DAs concerned for necessary action, as this was a gross violation of the Scheme guidelines.

## 6.8 Improper maintenance of Accounts

### 6.8.1 Banking arrangements

The scheme envisaged that the DAs and the IAs open separate savings accounts for each MP in nationalized bank. A monthly bank reconciliation of the cash book and pass book balances was to be carried out. Scrutiny of records of DAs and IAs disclosed the following discrepancies:

## Chapter-6

Funds  
Management

- In 10 States/UTs<sup>16</sup>, seven DAs and 68 IAs had not maintained a separate bank account for each MP. Instead, their funds under the scheme were clubbed with funds in the accounts of other MPs.
- In seven States/UTs<sup>17</sup>, 55 IAs had clubbed funds available under MPLADS with the funds of other schemes making it difficult to segregate the interest accrued on MPLADS funds.
- In four States (Karnataka, Kerala, Maharashtra and Uttar Pradesh), 13 DAs and one IA had opened more than one account for each MP.
- In 15 States/UTs<sup>18</sup>, 4 DAs and 105 IAs had kept the scheme funds in accounts such as fixed deposits, current accounts, Personal Ledger Accounts, Government treasury, etc. instead of saving accounts in a public sector bank.
- In 16 States/UTs<sup>19</sup>, 45 DAs had not reconciled the figures of the cash book and bank pass-book as prescribed.
- DAs in West Bengal did maintain separate bank accounts for each MP but IAs did not do so. Instead, IAs maintained a single savings bank account for transactions involving MPLADS funds. In case of release of funds to institutions such as schools, colleges, clubs, societies, and other non-government organizations, where such institutions were the users as well as IAs, MPLADS funds were kept in the bank accounts of such institutions where funds from other sources were also deposited.

The Ministry stated that the audit finding was being ascertained from the DAs concerned regarding violation of the Scheme guidelines for necessary action.

### 6.8.2 Discrepancy in accounts

The DAs and IAs were to maintain the accounts of MPLADS funds, MP-wise. The cash book and other books of accounts were to be maintained as per the State/UT government procedure. The books of accounts were to be audited by chartered accountants or the local fund auditors or other statutory auditors, as per the procedure outlined by the State/UT.

<sup>16</sup> Bihar, Haryana, Himachal Pradesh, Jammu and Kashmir, Orissa, Maharashtra, Meghalaya, Puducherry, Uttarakhand and Tamil Nadu.

<sup>17</sup> Arunachal Pradesh, Bihar, Karnataka, Orissa, Tripura, Uttar Pradesh and Uttarakhand.

<sup>18</sup> Arunachal Pradesh, Bihar, Daman and Diu, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Maharashtra, Madhya Pradesh, Orissa, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh and Uttarakhand.

<sup>19</sup> Andaman and Nicobar Islands, Andhra Pradesh, Daman and Diu, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Mizoram, Nagaland, Orissa, Puducherry, Rajasthan, Uttar Pradesh and Uttarakhand.



A test check by Audit, however, showed the following discrepancies in accounts:

- In 14 States/UTs<sup>20</sup>, Chartered Accountants had not periodically audited the accounts of various LS and RS constituencies of 40 DAs, as detailed in **Annex 6.10**. Audit of accounts of one DA each in two States/UTs [Jammu and Kashmir (Poonch) and Lakshadweep] had never been conducted since the inception of the Scheme.
- In 12 States/UTs<sup>21</sup>, 14 DAs and 56 IAs had not maintained MP-wise separate cash books, and five DAs and one IA had not maintained any cash book for scheme funds at all.
- In Jharkhand and Bihar, advance/temporary advance of ₹ 6.18 crore and ₹ 0.13 crore, given to eight and five departmental officers respectively were unadjusted, despite the transfer and/or superannuation of the officers concerned.
- In the six LS constituencies of Delhi, the Audit Reports of the CA stated that vouchers pertaining to expenditure of ₹ 1.52 crore were missing and the amount was certified on the basis of certificates issued by the DDOs/IAs concerned. The veracity of these audit reports was, therefore, doubtful. The Ministry stated that the matter had been taken up with the Municipal Corporation of Delhi (MCD) for fixing accountability for missing vouchers.
- DA Kamrup (Metro) in Assam could not produce vouchers of payment of ₹ 0.51 crore to a Club, an NGO and six registered societies between December 2007 and February 2009.

These lacunae in banking arrangements and accounting procedures indicated that internal controls at the DAs and the IAs as also in the Ministry were weak exposing MPLAD funds to the risk of misuse, fraud and corruption.

The Ministry stated that the reported irregularities were being ascertained from the DAs concerned for necessary action.

<sup>20</sup> Andhra Pradesh, Arunachal Pradesh, Daman and Diu, Dadra and Nagar Haveli, Gujarat, Jammu and Kashmir, Kerala, Lakshadweep, Nagaland, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand and West Bengal

<sup>21</sup> Arunachal Pradesh, Daman and Diu, Gujarat, Haryana, Jammu and Kashmir, Karnataka, Maharashtra, Madhya Pradesh, Meghalaya, Nagaland, Orissa and West Bengal.

**Recommendations**

- *The Ministry should amend the paragraph 4.3 of the guidelines so as to delink the release of first instalment of a year from the release of the second instalment of the previous year. Instead, the first instalment or part thereof should be released considering the status of unspent balance and unsanctioned balance available in the account of DA for the MP concerned to minimise the accumulation of funds with DAs.*
- *The Ministry should maintain an MP-wise Grants-in-aid Register with details on funds released, status of receipt of MPRs, UCs and Audit Certificates in a computerised format with complete data validation and place it on the official website of the Ministry for monitoring the fund utilisation under the Scheme.*
- *The Ministry should build capacity of its MPLADS division by strengthening internal controls and financial discipline in release and expenditure under the Scheme for timely remedial action.*
- *The Ministry should ensure that DAs forward the UCs regularly. Fund flow should be linked to complete accounting of the funds released.*

## Monitoring and Controls

### 7.1 Inadequate monitoring by the Ministry

#### 7.1.1 Progress Reports

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Positive development

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

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

#### 7.1.3 Ineffective monitoring software

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

<sup>23</sup>

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

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

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

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

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

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

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

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

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



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

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

## Chapter-7

Monitoring  
and Controls

#### 7.1.4 Response to previous audit findings

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

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

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

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

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

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

## Chapter-7

Monitoring  
and Controls

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

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

## 7.2 Inadequate monitoring by the State Nodal Department

### 7.2.1 Monitoring committee meetings

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

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

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

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

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

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

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

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

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

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

### 7.2.2 Training of District Officers

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

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

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

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

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

### 7.3 Inadequate monitoring at the district level

#### Chapter-7

#### Monitoring and Controls

#### 7.3.1 Inspection of works

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

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

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

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

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

#### Good Practices

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

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

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

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

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

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

### 7.3.3 Absence of plaques carrying inscriptions

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

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

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

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

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

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

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

## Chapter-7

Monitoring  
and Controls

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

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

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

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

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

### 7.5 Internal Audit

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

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

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



**Recommendations**

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

**Chapter-7****Monitoring  
and Controls**

## Conclusion

The MPLADS, a Plan Scheme fully funded by the Government of India, aims at enabling Members of Parliament (MPs) to cater to local requirements through the creation of assets in their respective constituencies. However, implementation of the Scheme was marked by various serious shortcomings and lapses. The expenditure under the Scheme as per data available increased in periods close to elections, and in the intervening period, funds were allowed to accumulate.

The execution of substantial number of inadmissible works by the DAs on MP's recommendations indicates inadequate systemic arrangement for ensuring effective use of funds for creation of community based assets.

The implementation of works was further characterised by delays, non-adherence to the rules/guidelines, unfruitful expenditure, abandonment of works or non-utilisation, poor maintenance and misuse of assets created.

The State Governments have a limited role in implementation of the Scheme and the responsibility for monitoring its execution by District Authorities lies primarily with the Ministry. The Ministry, however, failed to obtain and analyse basic records such as the Utilisation Certificates and audited accounts received from District Authorities. The database on the progress of the Scheme available with the Ministry and uploaded by DAs was incomplete, out-of-date and characterised by numerous discrepancies and omissions, making it of little use in the monitoring of the Scheme.

The District Authorities are responsible for implementing the Scheme but are not accountable to an immediate monitoring authority. At the same time, the Ministry has the responsibility for Scheme monitoring but without the requisite authority to enforce compliance. Effective arrangements to ensure accountability of the DAs towards State Nodal Department in respect of execution of works have not been defined under the Scheme Guidelines. Monitoring of the Scheme by the State Government remained limited to the annual meetings of Monitoring Committee under chairmanship of Chief Secretary, which too were either not held or not held regularly in many States/UTs. It is pertinent to note that in response to most of the audit findings on shortcomings in execution of works, the Ministry has stated that information would be obtained from respective DAs for further action. This

indicated not only lack of ownership but also absence of a robust monitoring framework.

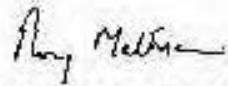
Chapter-8

Conclusion

Many of the systemic weaknesses affecting the implementation of the MPLADS had been persisting since its inception 17 years ago. The lapses were brought to the notice of the Ministry by the CAG in two earlier performance audit reports (1998 and 2001). Submission of ATNs (Action Taken Notes) on the Report of 2001 after a lapse of eight years (2009) speaks volumes about the monitoring methods.

Given that many of these weaknesses noted in this audit have been persisting over the years notwithstanding the corrective actions confirmed by the Ministry in the ATNs, any drastic improvement in implementation of the scheme appears unlikely. It is thus recommended that the Ministry should carefully review and evaluate the benefits of the scheme, keeping in view its objectives, operational guidelines, actual implementation and our recommendations in this Report for taking a view regarding continued implementation of the Scheme.

New Delhi  
Dated: 8-3-2011

  
(Roy Mathrani)  
Director General of Audit  
Central Expenditure

Countersigned

New Delhi  
Dated: 9-3-2011

  
(Vinod Rai)  
Comptroller and Auditor General of India

**Annex 2.1**  
**(Refers to paragraph 2.1.2)**  
**List of sample DAs**

Sl. No.	Name of the State/UT	Name of the DA
1.	Andaman and Nicobar Islands	1. A and N Island
2.	Andhra Pradesh	2. Anantapur, 3. Cuddapah, 4. Hyderabad, 5. Kurnool, 6. Nellore, 7. Srikakulam,
3.	Arunachal Pradesh	8. Papumpare, 9. West Siang
4.	Assam	10. Dhubri, 11. Kamrup, 12. Kamrup Metropolitan, 13. Lakhimpur
5.	Bihar	14. Banka, 15. Begusarai, 16. Khagaria, 17. Madhepura, 18. Patna, 19. Purnea, 20. Rohtas, 21. Siwan (Chhapra)
6.	Chandigarh	22. Chandigarh
7.	Chhattisgarh	23. Bilaspur, 24. Jashpur, 25. Raipur
8.	Dadra and Nagar Haveli	26. D and N Haveli
9.	Daman and Diu	27. Daman and Diu
10.	Delhi	28. Delhi
11.	Goa	29. North Goa, 30. South Goa
12.	Gujarat	31. Amreli, 32. Anand, 33. Broach, 34. Junagadh, 35. Navsari, 36. Valsad
13.	Haryana	37. Ambala, 38. Bhiwani, 39. Sonipat
14.	Himachal Pradesh	40. Hamirpur, 41. Kangra
15.	Jammu and Kashmir	42. Anantnag, 43. Poonch
16.	Jharkhand	44. Deogarh, 45. Dhanbad, 46. Hazaribagh, 47. Lohardaga
17.	Karnataka	48. Bagalkot, 49. Bangalore Rural, 50. Dharwar, 51. Hassan, 52. Haveri, 53. Kolar
18.	Kerala	54. Kannur, 55. Kottayam, 56. Thiruvananthapuram
19.	Lakshadweep	57. Lakshadweep
20.	Madhya Pradesh	58. Balaghat, 59. Damoh, 60. Hoshangabad, 61. Sagar, 62. Shahdol, 63. Shajapur, 64. Ujjain
21.	Maharashtra	65. Bhandara, 66. Kolhapur, 67. Mumbai, 68. Nagpur, 69. Nanded, 70. Nashik, 71. Parbhani, 72. Raigad, 73. Solapur
22.	Manipur	74. Imphal West, 75. Senapati
23.	Meghalaya	76. East Khasi Hills, 77. West Garo Hills
24.	Mizoram	78. Aizawl

Sl. No.	Name of the State/UT	Name of the DA
25.	Nagaland	79. Dimapur, 80. Kohima
26.	Orissa	81. Baragarh, 82. Bhadrak, 83. Jaipur, 84. Kalahandi, 85. Khurda
27.	Puducherry	86. Puducherry
28.	Punjab	87. Faridkot, 88. Fatehgarh, 89. Hoshiarpur
29.	Rajasthan	90. Bharatpur, 91. Bikaner, 92. Pali, 93. Sikar, 94. Sriganganagar, 95. Tonk
30.	Sikkim	96. East District
31.	Tamil Nadu	97. Chennai, 98. Erode, 99. Kanyakumari, 100. Karur, 101. Krishnagiri, 102. Vellore, 103. Virudhunagar
32.	Tripura	104. North Tripura, 105. West Tripura
33.	Uttarakhand	106. Bageshwar, 107. Pithoragarh, 108. Udham Singhnagar
34.	Uttar Pradesh	109. Ambedkarnagar, 110. Balia, 111. Barabanki, 112. Bijnora, 113. Badaun, 114. Etawah, 115. Gonda, 116. Jalaun, 117. Kannauj, 118. Kushinagar, 119. Marajganj, 120. Mirzapur, 121. Shahjahanpur, 122. Siddharthnagar, 123. Sultanpur
35.	West Bengal	124. Hooghly, 125. Kolkata, 126. Paschim Medinipur, 127. Purulia, 128. South 24 Parganas

**Annex-2.2****(Refers to paragraph 2.2)****Gist of ATN submitted by the Ministry in respect of CAG's performance audit report (Report no. 3A of 2001) on MPLADS**

Brief of Audit Findings	Gist of Action Taken Note of the Ministry
The DAs incurred an expenditure of ₹ 3.97 crore on 570 works not recommended by the MPs.	While three State Governments (Haryana, Mizoram and Sikkim) had stated that formal recommendation from the MPs concerned had since been obtained, five State Governments (Assam, Bihar, Madhya Pradesh and Sikkim) stated that no such case was noticed by them.
3397 works at an estimated cost of ₹ 35.79 crore were taken up for execution without technical sanction.	While some State Governments had stated that necessary sanction had since been obtained, mostly before the final payment for the work, some State Governments had stated that there was no such instance and there might be case that the sanction order could not be shown to the team at the time of audit.
DAs spent ₹ 53.74 crore on works inadmissible under the Scheme such as construction of office buildings, panchayat ghars, works for private and commercial organisations, works on private land and within the premises of religious worship, repair and maintenance works, purchase of stores etc.	In some cases, State Governments had stated that inadmissible works were taken up on the recommendation of MPs and no such work would be taken up in future. In some cases, the funds used for inadmissible works had been recovered from the user agencies and credited to MPLADS accounts, while in few cases the recovery was under process. In many cases, the State Government stated that though the works were executed within the premises of Government office or commercial/cooperative body, the assets so created were being used by the general public. In some cases inadmissible works were recommended by the MPs in the wake of huge public demand. In some cases user agency of the asset was changed to make the work admissible. In some cases, works executed were not within the premise of office building/commercial entity/place of religious worship, but in their close vicinity and the name of work was attached with them so as to demarcate their locality clearly, hence were not inadmissible. As regards repair and maintenance works, the State Governments stated that these were mainly cases of special repair and maintenance and were undertaken in order to renovate the existing assets and make them durable. As regards execution of works on private land, in some cases the title of land had subsequently been transferred to the Government, while in other cases proper 'No Objection Certificate' was obtained. As regards purchase of ambulance/stores for inadmissible purposes, the same has been recovered from the user agencies in some cases, while in other cases



Brief of Audit Findings	Gist of Action Taken Note of the Ministry
	recovery was not possible as the assets were being used by the reputed NGOs/agencies for welfare of the public.
There were delays in sanctioning works by the DAs.	Most of the State Governments had stated that delay in sanctioning works by the DA was mainly due to late receipt of cost estimates from the IAs, non-availability of budget, late receipt of necessary documents from the beneficiary agencies, land disputes, procedural time required for finalising tenders, code of conduct prevalent at election times etc. Some States had taken efforts to reduce the time required for sanction, while some had initiated action against officials responsible for delay in sanction. Some State Governments stated that all the works for which sanction was delayed had since been completed.
There were delays in completion of works 568 works costing ₹ 7.30 crore. In some cases delay was up to five years.	Most of the State Governments had stated that necessary efforts were being made to achieve timely completion of work in future, which included preparation of model estimates, fixing target date of completion etc. All the pending works mentioned in the report had since been completed. The reasons for delay in completion of work included remoteness of site of work in hilly areas, natural calamities like flood, scarcity of technical manpower, land disputes, delayed submission of estimates as well as UCs by the IAs, non-availability of labourers during agricultural season etc. Government of Rajasthan had initiated administrative action against officials
The IAs did not take up 775 sanctioned works of total estimated cost of ₹ 10.18 crore.	Most of the works had since been completed, while some works had been cancelled for various reasons.
99 works on which ₹ 1.10 crore was already spent, were either abandoned or left incomplete midway due to various reasons.	Most of the State Governments had stated that all the incomplete works mentioned in the audit report had since been completed.
1688 contracts were awarded by the DCs irregularly involving works costing ₹ 35.74 crore.	Most of the State Governments had stated that works were awarded mainly to Government agencies, community based construction committees, reputed NGOs, village councils, panchayati raj institutions etc. and hence, tendering process was not followed. Andhra Pradesh and Orissa Governments had stated that the agency was selected without tendering on the recommendation of the MPs concerned. Meghalaya

Brief of Audit Findings	Gist of Action Taken Note of the Ministry
	and Orissa Governments had assured to avoid recurrence of such lapses.
Supervision/ centage charges of ₹ 2.79 crore were charged in 480 cases by the IAs, in contravention to the Scheme guidelines.	While in some States/DAs the supervision charges/centage paid to executing agencies had since been recovered from them and recouped to MPLADS accounts, the process of recovery in a few States were under progress. In some States supervision/centage charges were initially allowed but finally not paid to the executing agencies. Some States/DAs stated that though supervision charges were allowed in the past, the practice had since been discontinued and necessary instructions had been issued in this regard.
In 70.2 per cent cases DAs did not obtain utilisation certificates (UCs) from the IAs. The amount involved for the works not supported by the UCs was over ₹ 161 crore.	As per reports received from the concerned DAs, UCs for all the completed works had since been obtained from the IAs. As a remedial measure, the State Government in Meghalaya had instructed the DAs to UCs of the first instalment before release of second instalment of funds to the IAs. In Punjab, necessary action against the officers responsible for transferring funds for purposes other than those sanctioned had been initiated.
The IAs did not refund ₹ 8.13 crore to DAs, which remained unspent due to cancellation of works, completion of works at lower than estimated cost, non-commencement of works for some reasons.	As regards unspent balances pertaining to cancelled works, the same had been recovered from the IAs in most of the cases, while in some cases the unspent balances had been used or would be used for execution of other works on the recommendation of the MP. As regards unspent balances pertaining to works completed at the cost lower than the estimates, the same had been recovered from the IAs or had been diverted for execution of other sanctioned works. In some cases, though the process of recovery had been started, the actual recovery was awaited. As regards the unspent balances in respect of works not been started, the same had since been started and completed by the IAs, while in some cases the work had been cancelled and the unspent balances recovered from the IAs.
The DAs reported advance released to IAs as expenditure, ignoring the basic requirement of checking the utilisation of funds.	While Government of Assam and Goa stated that non-inclusion of advances to IAs as expenditure had been noted for strict compliance, the DA of Gujarat stated that the advances were shown as expenditure inadvertently. Haryana, Kerala and Sikkim stated that advances reported as expenditure had since been settled. Madhya Pradesh stated that financial status was reported on the basis of reports on status of work received from IAs, while Andaman and Nicobar Islands stated that expenditure was being

Brief of Audit Findings	Gist of Action Taken Note of the Ministry
	reported as per sanction issued and actual utilisation was being watched through the UCs.
Instance of loss of interest aggregating ₹ 0.99 crore were noticed in various counts	Most of the State Governments had stated that saving bank accounts had since been opened for MPLADS funds to earn interest on unspent balances. Kerala Government had stated that interest earned on advances given to certain societies had been recouped. Orissa and Chandigarh Governments had stated that interest was lost due to delay in receipt of bank draft by the executing agencies.
The nodal agencies mostly did not maintain assets registers, as required in the MPLADS.	Most of the State Governments had stated that instructions in this regard had been circulated to all the concerned and Asset Register had since been maintained for recording completed works.

**Annex -3.1****(Refers to paragraph 3.1(ii))****(Delay in recommendation of works beyond the prescribed period of 90 days)**

Sl. No.	State/UT	No. of DAs	Total No. of works recommended	No. of works where delay in recommendation
1.	Andhra Pradesh	6	9073	4700
2.	Assam	4	3407	702
3.	D and N Haveli	1	61	49
4.	Gujarat	6	33915	6811
5.	Haryana	3	2216	1081
6.	Jammu and Kashmir	2	1149	786
7.	Jharkhand	4	2804	2264
8.	Madhya Pradesh	5	6217	5109
9.	Mizoram	1	1602	1419
10.	Nagaland	2	367	367
11.	Rajasthan	6	4230	2349
12.	Tamil Nadu	7	6952	2022
13.	Uttarakhand	3	233	233
14.	Uttar Pradesh	9	3041	2391
15.	West Bengal	5	4133	3740
<b>Total</b>		<b>64</b>	<b>79400</b>	<b>34023</b>

*(Source: Data extracted from records of DAs)*

## Annex-3.2

(Refers to paragraph 3.2)

## Execution of works without recommendation of MPs

(₹ in crore)

Sl. No.	State	DAs	No. of works	Amount
<b>Execution without formal recommendation of MP</b>				
1.	Assam	1	87	0.79
2.	Bihar	1	1	0.30
3.	Jammu and Kashmir	1	558	4.48
4.	Jharkhand	2	9	2.45
5.	Manipur	1	38	1.31
6.	Tamil Nadu	1	1	0.04
7.	Orissa	1	1	0.01
8.	Meghalaya	1	5	0.07
<b>Total</b>		<b>9</b>	<b>700</b>	<b>9.45</b>
<b>Execution on recommendation of representatives of MP</b>				
9.	Jammu and Kashmir	1	47	0.60
10.	Madhya Pradesh	1	99	1.78
11.	Uttar Pradesh	1	4	0.06
<b>Total</b>		<b>3</b>	<b>150</b>	<b>2.44</b>
<b>Grand Total</b>			<b>850</b>	<b>11.89</b>

## Sanction of works over and above the amount indicated by the MP

(₹ in crore)

Sl. No.	State/UT	DAs	No. of works	Cost		Sanction amount exceeding MP's recommendation
				Recommended by MP	Sanctioned by DAs	
1	Bihar	2	236	6.66	7.92	1.26
2	Goa	1	2	0.35	0.55	0.20
3	Madhya Pradesh	2	5	0.17	0.43	0.26
4	Uttar Pradesh	1	6	0.07	0.13	0.06
5	Jammu and Kashmir	1	2	0.03	0.04	0.01
6	Assam	1	7	0.18	0.23	0.05
7	Andaman and Nicobar Islands	2	2	0.80	1.45	0.65
<b>Total</b>		<b>10</b>	<b>260</b>	<b>8.26</b>	<b>10.75</b>	<b>2.49</b>

(Source: Data extracted from records of DAs)

**Annex-3.3**  
**(Refers to paragraph 3.3)**  
**List of prohibited works as per MPLADS guidelines**

1. Office and residential buildings belonging to Central, and State Governments, their Departments, Government Agencies/ Organizations and Public Sector Undertakings.
2. Office and residential buildings, and other works belonging to private, cooperative and commercial organizations.
3. All works involving commercial establishments/units.
4. All maintenance works of any type.
5. All renovation, and repair works **except** heritage and archeological monuments and buildings with specific permission available from the Archeological Survey of India.
6. Grants and loans, contribution to any Central and State/UT Relief Funds.
7. Assets to be named after any person.
8. Purchase of all movable items **except** vehicles, earth movers, and equipments meant for hospital, educational, sports, drinking water and sanitation purposes belonging to Central, State, UT and Local Self Governments. (This will be subject to 10% of the Capital Cost of the work for which such items are proposed)
9. Acquisition of land or any compensation for land acquired.
10. Reimbursement of any type of completed or partly completed works or items.
11. Assets for individual/family benefits.
12. All revenue and recurring expenditure.
13. Works within the places of religious worship and on land belonging to or owned by religious faith/group.



**Annex 3.4**  
(Refers to paragraph 3.3)  
**Selection of prohibited works under the MPLADS during 2004-09**

(₹ in crore)

Sl. No.	States/UTs	No. of DAs	Works for office and residential buildings of Central/State Government		Works for office and residential buildings for cooperative, private organization and any work for commercial body		Works for religious purposes and works within the premises of religious body		All works of renovation, repair and maintenance		Purchase of prohibited movable items		Creation of assets named after person		Miscellaneous inadmissible works		Total	
			No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount
1	A and N Islands	1	0	0.00	1	0.13	1	0.23	0	0.00	0	0.00	0	0.00	0	0.00	2	0.36
2	Andhra Pradesh	6	1	0.03	0	0.00	3	0.19	31	0.18	0	0.00	0	0.00	9	0.26	44	0.66
3	Arunachal Pradesh	2	3	0.15	1	0.01	0	0.00	10	0.28	0	0.00	0	0.00	0	0.00	14	0.44
4	Assam	4	1	0.01	5	0.12	45	1.06	37	1.00	19	0.73	5	0.21	8	0.43 <sup>32</sup>	120	3.55
5	Bihar	6	19	0.97	0	0.00	2	0.01	188	2.83	2	0.68	6	0.11	10	0.74 <sup>33</sup>	227	5.34
6	Chhattisgarh	1	1	0.01	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1	0.01
7	Goa	2	0	0.00	1	0.29	5	0.91	1	0.11	10	0.87	0	0.00	3	0.52 <sup>34</sup>	20	2.71
8	Gujarat	4	0	0.00	1	0.09	0	0.00	1	0.02	5	0.21	0	0.00	0	0.00	7	0.32

<sup>32</sup>

Family benefit, PM package

<sup>33</sup>

Cleanliness of tanks, ponds etc., CM Relief fund

<sup>34</sup>

Works on private land/title

Sl. No.	States/UTs	No. of DAs	Works for office and residential buildings of Central/State Government		Works for office and residential buildings for cooperative, private organization and any work for commercial body		Works for religious purposes and works within the premises of religious body		All works of renovation, repair and maintenance		Purchase of prohibited movable items		Creation of assets named after person		Miscellaneous inadmissible works		Total	
			No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount
9	Haryana	3	1	0.17	0	0.00	0	0.00	94	0.70	0	0.00	0	0.00	0	0.00	95	0.87
10	Himachal Pradesh	5	0	0.00	27	0.95	48	0.69	11	0.05	0	0.00	0	0.00	73	0.79 <sup>35</sup>	159	2.48
11	Jammu and Kashmir	1	0	0.00	0	0.00	0	0.00	18	0.60	0	0.00	0	0.00	0	0.00	18	0.60
12	Jharkhand	3	0	0.00	0	0.00	0	0.00	50	0.64	8	0.27	3	6.09	1	0.01 <sup>33</sup>	62	7.00
13	Karnataka	6	17	0.63	0	0.00	94	1.84	35	0.52	0	0.00	17	0.25	0	0.00	163	3.24
14	Kerala	2	1	0.05	1	0.05	0	0.00	0	0.00	1	0.05	0	0.00	0	0.00	3	0.15
15	Madhya Pradesh	7	38	1.53	9	0.41	3	0.03	57	1.34	0	0.00	0	0.00	0	0.00	107	3.32
16	Maharashtra	8	16	1.62	6	0.20	127	4.20	52	2.84	21	0.33	2	0.13	3	0.32 <sup>37</sup>	227	9.64
17	Manipur	2	0	0.00	19	0.83	0	0.00	33	0.73	1	0.04	0	0.00	24	1.02	77	2.62
18	Meghalaya	2	15	0.20	1	0.01	7	0.09	7	0.07	1	0.03	4	0.03	0	0.00	35	0.42
19	Nagaland	2	6	0.07	45	2.12	1	0.01	3	0.07	7	0.67	0	0.00	3	0.22 <sup>38</sup>	65	3.16

<sup>35</sup> Various inadmissible works<sup>36</sup> Medicines for Civil Surgeon<sup>37</sup> State relief fund; Organizing sports competitions<sup>38</sup> Various inadmissible works

Sl. No.	States/UTs	No. of DAs	Works for office and residential buildings of Central/State Government		Works for office and residential buildings for cooperative, private organization and any work for commercial body		Works for religious purposes and works within the premises of religious body		All works of renovation, repair and maintenance		Purchase of prohibited movable items		Creation of assets named after person		Miscellaneous inadmissible works		Total	
			No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount
20	Orissa	4	0	0.00	0	0.00	4	0.07	25	0.32	0	0.00	0	0.00	0	0.00	29	0.39
21	Puducherry	1	0	0.00	0	0.00	2	0.37	1	0.01	0	0.00	0	0.00	0	0.00	3	0.38
22	Punjab	3	5	0.22	0	0.00	0	0.00	21	0.20	0	0.00	0	0.00	0	0.00	26	0.41
23	Rajasthan	5	43	0.82	6	0.20	0	0.00	3	0.12	6	0.21	0	0.00	0	0.00	58	1.36
24	Sikkim	1	1	0.002	0	0.00	3	0.26	3	0.13	0	0.00	0	0.00	46	2.95 <sup>39</sup>	53	3.34
25	Tamil Nadu	4	16	1.06	67	1.40	0	0.00	177	6.93	49	0.13	0	0.00	0	0.00	309	9.52
26	Tripura	2	2	0.31	6	0.36	0	0.00	1	0.11	0	0.00	0	0.00	0	0.00	9	0.78
27	Uttar Pradesh	5	5	0.21	0	0.00	1	0.04	7	0.40	1	0.25	0	0.00	0	0.00	14	0.90
28	Uttarakhand	3	0	0.00	109	1.75	2	0.02	0	0.00	0	0.00	0	0.00	0	0.00	111	1.77
29	West Bengal	5	3	0.21	215	5.60	0	0.00	20	0.61	43	1.48	0	0.00	1	0.11 <sup>40</sup>	282	8.01
<b>Total</b>		<b>100</b>	<b>194</b>	<b>8.27</b>	<b>520</b>	<b>14.53</b>	<b>348</b>	<b>10.02</b>	<b>886</b>	<b>20.82</b>	<b>174</b>	<b>5.94</b>	<b>37</b>	<b>6.81</b>	<b>181</b>	<b>7.37</b>	<b>2,340</b>	<b>73.76</b>

(Source: Data extracted from records of DAs)

<sup>39</sup> Works for individual/ family benefit<sup>40</sup> PM relief fund for Tsunami

**Annex 3.5**  
**(Refers to paragraph 3.4(i))**  
**Excess funds sanctioned for societies/trusts**

(₹ in crore)

Sl. No.	States	DAs involved	No. of societies/trusts	Amount admissible	Actual amount sanctioned	Excess amount sanctioned
1	Orissa	Khurda, Kalahandi	2	0.50	0.92	0.42
2	Jharkhand	Dhanbad	5	1.25	1.83	0.58
3	Goa	North Goa, South Goa	5	1.25	1.70	0.45
4	Madhya Pradesh	Shahdol, Balaghat, Shajapur	3	0.75	1.23	0.48
5	Maharashtra	Mumbai (Suburban), Prabhani, Solapur	4	1.00	1.31	0.31
6	Meghalaya	Shillong, Tura	4	1.00	1.93	0.93
7	Mizoram	Aizwal	1	0.25	1.10	0.85
8	Rajasthan	Pali, Tonk, Bharatpur	3	0.75	1.26	0.51
9	Uttar Pradesh	Gonda	1	0.25	0.36	0.11
10	West Bengal	24 Pargana, Paschim Medinipur, Hoogly, Purulia	6	1.50	2.76	1.26
<b>Total</b>			<b>34</b>	<b>8.50</b>	<b>14.40</b>	<b>5.90</b>

(Source: Data extracted from records of DAs)

**(Refers to paragraph 3.4(ii))**  
**Funds sanction to trusts/societies without verifying records**

(₹ in crore)

Sl. No.	State/UT	DAs involved	No. of Trusts/Societies	Reasons for which Trust/Society was not eligible for MPLADS funding	Amount
1	Orissa	Khurda, Kalahandi	55	DAs neither verified the records of societies nor obtained commitment on future maintenance of assets.	2.47
2	Assam	Dhubri, Kamrup (M), Kamrup (R), Lakhimpur	34	Name and existence of societies/trusts including registration certificate, byelaws etc. were not available on record. Thus, Audit could not ascertain veracity of releases	1.93

Sl. No.	State/UT	DAs involved	No. of Trusts/ Societies	Reasons for which Trust/Society was not eligible for MPLADS funding	Amount
				made to these trusts/societies.	
3	Tamil Nadu	Kanyakumari, Karur, Krishnagiri, Vellore	46	DAs neither verified the eligibility of the user agency nor executed an agreement with them before sanctioning the work.	0.93
4	Himachal Pradesh	Kangra, Hamirpur	4	DAs did not ascertain the activities carried out by Societies.	0.28
5	Maharashtra	Solapur	1	DA sanctioned work for the school building without receiving permission for opening the school from the competent authority.	0.20
6	Chhattisgarh	DPSO Raipur	2	Societies were not functioning for the minimum period of three prior years as per rules.	0.07
7	Kerala	Thiruvananthapuram, Kannur	3	Works sanctioned without executing any agreements.	0.06
<b>Total</b>			<b>145</b>		<b>5.94</b>

(Source: Data extracted from records of DAs)

**Annex 3.6**  
**(Refers to paragraph 3.5)**  
**Convergence of other schemes with MPLADS**

(₹ in crore)

Sl. No.	State	Audit finding	Amount
1.	Madhya Pradesh	<p>(i) In six nodal districts, 222 works for construction of cement concrete roads, Community Hall and primary schools during 2004-05 were carried out duly recommended by MPs based on the recommendation of the XI<sup>th</sup> Finance Commission on a cost-sharing basis. 25 per cent cost of construction, i.e. ₹ 1.37 crore was to be shared by public and Community. However, the same was incorrectly met from MPLAD funds on the commendation of the Mps concerned. which contravened the guidelines that MPLAD funds should not be used to substitute the public and community contribution on any Central/State Government Programme. The DA, Shajapur stated that necessary investigation would be made, while other five DAs stated that convergence was allowed under MPLADS. The reply is incorrect because public and Community contribution cannot be substituted from MPLAD fund.</p> <p>(ii) DA, Damoh and Shahdol sanctioned ₹ 0.73 crore for convergence of MPLAD funds into NREGS for execution of 37 works. taken up under NREGS programme. This was in contravention of the Ministry's clarification that convergence of MPLAD fund in to NREGS did not meet the eligibility criteria under MPLAD Scheme.</p> <p>(iii) Construction of Tilwada Stop Dam in Ujjain district was sanctioned for ₹ 0.12 crore under Janbhagidari Yojana. The share of the MPLAD contribution was ₹ 0.05 crore while ₹ 0.07 crore was to be met out by the MLA fund and public contributions. The Implementing Agency utilized the MPLAD funds and thereafter the work could not be continued due to non-collection of public contribution of ₹ 0.01 crore, rendering ₹ 0.05 crore spent from MPLADS unfruitful.</p>	2.15
2.	Tripura	MPLAD funds amounting to ₹ 0.49 crore were sanctioned (between October 2004 and April 2008) for four works which constituted only a part of the cost ( ₹ 2.17 crore) of these projects to be executed under other Central schemes. However, contrary to the provisions of the scheme, MPLAD funds were released and utilized ahead of funds sanctioned from the other converged schemes. Out of four works, two works for which ₹ 0.20 crore was released from MPLADS funds during 2004-07 remained incomplete for want of funds from other sources.	0.49
3.	Karnataka	MPLAD funds of ₹ 0.35 crore were released for the construction of Samudhaya Bhavans in Bangalore (Rural). Release of funds by the Das, prior to the utilization of funds from other sources resulted in	0.35



Sl. No.	State	Audit finding	Amount
		unfruitful expenditure. The work remained incomplete even after lapse of a year due to non-receipt of funds from other sources.	
4.	Sikkim	MPLAD funds of ₹ 0.20 crore were sanctioned in August 2007 for construction of fountains at Ridge park and Hydrangia park at Gangtok at a cost of ₹ 0.22 crore. However, contrary to the provisions of the scheme, MPLAD funds were released and utilised ahead of contribution of ₹ 0.02 crore from other converged schemes.	0.20
<b>Total</b>			<b>3.19</b>

*(Source: Data extracted from records of DAs)*

## Annex 4.1

(Refers to paragraph 4.1)

**State-wise summary of opening balance of incomplete works, works sanctioned and completed during 2004-09 in respect of Lok Sabha and Rajya Sabha MPs**

Sl. No.	Name of State	Opening balance of incomplete works as on 01.04.2005	Works sanctioned during the year 2004-05 to 2008-09	Total works	Works completed during the year 2004-05 to 2008-09	Incomplete works at the end of 31.3.2009	Percentage of works incomplete out of total works
1	Nominated	804	1,599	2,403	1,287	1,116	46.44
2	Andhra Pradesh	15,591	36,361	51,952	39,517	12,435	23.94
3	Arunachal Pradesh	108	614	722	615	107	14.82
4	Assam	6,507	14,989	21,496	16,997	4,499	20.93
5	Bihar	7,179	16,522	23,701	16,161	7,540	31.81
6	Goa	277	288	565	391	174	30.80
7	Gujarat	9,342	29,652	38,994	32,487	6,507	16.69
8	Haryana	2,351	9,798	12,149	9,071	3,078	25.34
9	Himachal Pradesh	7,604	6,994	14,598	9,745	4,853	33.24
10	Jammu & Kashmir	1,976	7,260	9,236	7,174	2,062	22.33
11	Karnataka	9,903	18,117	28,020	21,177	6,843	24.42
12	Kerala	3,558	8,261	11,819	8,197	3,622	30.65
13	Madhya Pradesh	7,008	27,103	34,111	26,071	8,040	23.57
14	Maharashtra	7,458	18,273	25,731	19,189	6,542	25.42
15	Manipur	649	744	1,393	776	617	44.29
16	Meghalaya	976	1,933	2,909	2,430	479	16.47
17	Mizoram	51	1,469	1,520	1,440	80	5.26
18	Nagaland	70	634	704	704	0	0.00
19	Orissa	12,240	23,784	36,024	31,260	4,764	13.22
20	Punjab	14,549	20,870	35,419	28,999	6,420	18.13
21	Rajasthan	5,453	21,388	26,841	22,976	3,865	14.40
22	Sikkim	90	376	466	418	48	10.30
23	Tamil Nadu	3,853	21,588	25,441	22,856	2,585	10.16
24	Tripura	93	561	654	527	127	19.42
25	Uttar Pradesh	11,481	35,827	47,308	39,902	7,406	15.65

Sl. No.	Name of State	Opening balance of incomplete works as on 01.04.2005	Works sanctioned during the year 2004-05 to 2008-09	Total works	Works completed during the year 2004-05 to 2008-09	Incomplete works at the end of 31.3.2009	Percentage of works incomplete out of total works
26	West Bengal	15,948	16,339	32,287	23,973	8,314	25.75
27	Andaman & Nicobar Islands	168	276	444	390	54	12.16
28	Chandigarh	128	248	376	295	81	21.54
29	Dadra & Nagar Haveli	216	-71	145	129	16	11.03
30	Daman & Diu	65	61	126	77	49	38.89
31	Delhi	-1,708	1,620	-88	-583	495	-562.50
32	Lakshadweep	41	-17	24	7	17	70.83
33	Puducherry	124	231	355	267	88	24.79
34	Chhattisgarh	3,252	8,238	11,490	9,460	2,030	17.67
35	Uttarakhand	1,434	6,422	7,856	6,030	1,826	23.24
36	Jharkhand	2,584	8,468	11,052	9,250	1,802	16.30
<b>Total (All India)</b>		<b>1,51,423</b>	<b>3,66,820</b>	<b>5,18,243</b>	<b>4,09,662</b>	<b>1,08,581</b>	<b>20.95</b>

**Note:** The above table has been compiled from the 'Summary Statement for Release/ Expenditure of Lok Sabha and Rajya Sabha MPs' as of 31 March of 2004 to 2009, made available by the Ministry. The above table indicates that there are five adverse entries in respect of Opening balance of incomplete works as on 01.04.2004, Works sanctioned during the year 2004-05 to 2008-09, Total works and Works completed during the year 2004-05 to 2008-09 pertaining to Dadra & Nagar Haveli, Delhi and Lakshadweep. The reasons for these adverse entries were called for from the Ministry. Their reply was awaited as of January 2011.

## Annex 4.2

(Refers to paragraph 4.2.1(i))

Works for which sanction was delayed by more than one year

(₹ in crore)

Sl. No.	States/UTs	Works where delay in sanction of works	Works where delay of more than one year	Cost of work
1	Andaman and Nicobar Islands	46	19	2.57
2	Andhra Pradesh	560	38	0.74
3	Assam	200	7	0.30
4	Bihar	3,743	83	3.17
5	Chhattisgarh	317	117	2.33
6	Daman and Diu	75	18	1.89
7	Goa	16	11	1.42
8	Gujarat	3,728	517	7.39
9	Haryana	1,235	8	0.19
10	Jammu and Kashmir	1,000	3	0.06
11	Kerala	919	42	2.95
12	Lakshadweep	21	8	3.45
13	Madhya Pradesh	556	11	0.07
14	Maharashtra	463	45	2.72
15	Meghalaya	791	51	0.82
16	Puducherry	192	38	1.63
17	Rajasthan	1,740	11	0.27
18	West Bengal	2,161	349	13.13
<b>Total</b>		<b>17,763</b>	<b>1,376</b>	<b>45.11</b>

(Source: Data extracted from records of DAs)

**Annex 4.3**  
**(Refers to paragraph 4.2.1(ii))**  
**Sanction of works without following the MPLADS guidelines**

Sl.No.	State/UT	Audit findings	No. of works
1	Himachal Pradesh	For 1,592 works costing ₹ 9.79 crore, estimates were not prepared by the seven implementing agencies (BDOs) during 2004-09 on the plea that due to large number of works/rush of work it was not possible to prepare estimate for each work.	1,592
2	Assam	The DA, Kamrup (Metro) sanctioned ₹ 2.96 crore during 2005-09 against 34 works for execution by PWD Building Division-II Dispur, Guwahati and released ₹ 2.94 crore to the division without obtaining technical sanction of the competent authority as required under the Assam PWD Manual.	34
3	Uttar Pradesh	In Kushinagar district, the Executive Engineer of the IA prepared estimates without preparing the analysis of rates of different items of works for two works costing ₹ 0.11 crore.	2
4	Punjab	For five works costing ₹ 0.06 crore, the DA of Hoshiarpur did not approve estimates.	5
5	Orissa	In 1,066 out of 1,092 cases (97.62 <i>per cent</i> ) test checked in five districts, land particulars/clearance certificate from revenue authorities were not obtained. In 1041 cases, feasibility reports were not prepared before sanction of the project/work.	1,066
6	Haryana	Only rough cost estimates of the works were prepared for all 555 audited works in three test-checked districts during 2004-09.	555
7	Manipur	No feasibility study was conducted before commencement of work in all 115 test checked cases.	115
8	Mizoram	No feasibility study was conducted before commencement of work in all 167 test checked cases.	167
9	A and N Islands	No specification and cost of the works was mentioned in the sanction letter in all 17 test checked cases costing ₹ 5.87 crore.	17
10	Rajasthan	Out of total 4,044 works sanctioned for ₹ 82.40 crore, feasibility study was not conducted for 2,079 works costing ₹ 37.58 crore (Bharatpur: 1,471 works of ₹ 27.15 crore; Sikar: 608 works of ₹ 10.43 crore).	2,079
11	Nagaland	No feasibility study was conducted before commencement of 367 recommended work of ₹ 19.00 crore.	367

Sl.No.	State/UT	Audit findings	No. of works
12	Maharashtra	<p>(i) During 2005-09, District Collector, Mumbai Suburban accorded administrative approval for 1,118 works, which were of dissimilar nature, costing ₹ 62.62 crore on the basis of block estimates submitted by implementing agencies, without obtaining financial estimates from them for each work.</p> <p>The Ministry stated that clarification would be sought from the Nodal district Mumbai.</p> <p>(ii) Three<sup>41</sup> District Collectors accorded sanction for 17 works aggregating ₹ 2.40 crore by splitting the work into 37 items to avoid tendering procedures required under State Government's rules etc.</p> <p>In the case of 17 works, the Ministry stated that in these cases the works were done as per procedure of the State and there seemed to be no violation of guidelines.</p> <p>The reply of the Ministry should, however, be seen in light of the fact that splitting of work orders to avoid the requirement of tendering was against the provision of the General Financial Rules.</p> <p>(iii) A school building for Jyothi Sikshan Prasarak Mandol was sanctioned for ₹ 0.20 crore in Solapur District in September 2008, though permission for setting up the school from Department of Education itself had been received only in September 2009.</p> <p>The Ministry stated that the instant case was a violation of the guidelines and the funds would be recouped after receiving report from the State Government.</p> <p>(iv) Sabha mandap in Akulj (Solapur District) was already sanctioned through Member of Legislative Committee (MLC) fund in November 2006, but the same work was again sanctioned under MPLADS in December 2006 for ₹ 0.10 crore.</p> <p>The Ministry stated that this case was a violation of the guidelines and the funds would be recouped after receiving report from the State Government.</p>	1,137
<b>Total:</b>			<b>7,136</b>

*(Source: Data extracted from records of DAs)*

<sup>41</sup> Mumbai Suburban, Nagpur and Nanded



**Annex 4.4**  
**(Refers to paragraph 4.2.2)**  
**Identification of Implementing Agencies by the MP**

Sl. No.	State/ UTs	Audit findings	Number of works
1	Assam	The MP representing Kamrup (Rural) recommended 34 works for ₹ 0.70 crore during 2004-07 for execution through sitting MLAs and one ex-MLA. The DA released ₹ 0.35 crore to six MLAs of their respective localities. The DA, however, failed to produce records showing execution of the works by the MLAs.	34
2	Daman and Diu	The MP recommended the name of the implementing agency (1A) for 15 test-checked works.	15
3	Jharkhand	In Hazaribagh district, works were allotted to Labhuk Samittees (beneficiary groups) without assessing their capability of executing the work. Test check revealed that works of "Construction of Law College Building" of Vinoba Bhave University at an estimated cost of ₹ 0.25 crore and "Construction of Community Hall" in Badam at an estimated cost of ₹ 0.15 crore was allotted to the Labhuk Samittee. However, members of the stated Labhuk Samittees were not beneficiaries of the work.	2
4	Manipur	For all 1,039 test checked works costing ₹ 29.87 crore, MPs recommended the Implementing Agency and the DA got the works executed by the recommended agency, without following tendering process.	1,039
5	Meghalaya	Based on estimates prepared by user/beneficiaries identified by the MP, the DAs executed agreements with them for maintenance of assets and issued sanction orders to the IAs for implementation of these works. Accordingly, funds for 927 works costing ₹ 16.39 crore were released in a phased manner to the user agencies like Trusts, NGOs, Headman of village Durbar <sup>42</sup> , secretaries of schools/colleges, local bodies etc. for execution of the works. The DA, Shillong stated in October 2009 that there was no scope to award works through tendering process as the MPs in their recommendations, had mentioned the names of executing agencies.	927
6	Mizoram	For 1,602 works costing ₹ 19.74 crore, MPs recommended the Implementing Agency and the DA got the works executed by the recommended agency, without following tendering process.	1,602
7	Nagaland	During 2004-09, 142 works costing ₹ 8.86 crore were awarded to contractors/agencies on the recommendation of MPs.	142
8	Rajasthan	The executing agencies were identified/selected by the	2674

<sup>42</sup> A civil society/organization of Meghalaya, which falls under VI Schedule of the Constitution of India.

Sl. No.	State/ UTs	Audit findings	Number of works
		recommending MPs for 2674 works of ₹ 53.93 crore in six test-checked districts (Bikaner, Sikar, Tonk, Sriganganagar, Pali and Bharatpur) during 2004-09. Further, the Lok Sabha MPs, Bayana and Bharatpur recommended a NGO (Lupin Human Welfare and Research Foundation, Bharatpur) as IA, for 122 works of ₹ 3.02 crore during 2004-09 in the areas of PRIs and ULBs.	
9	Uttar Pradesh	For 2,311 works in 14 test checked districts costing ₹ 72.85 crore, MPs recommended the Implementing Agency and the DA got the works executed by the recommended agency, without following tendering process.	2,311
<b>Total:</b>			<b>8,746</b>

*(Source: Data extracted from records of DAs)*

**Annex 4.5**  
**(Refers to paragraph 4.3 (i))**  
**Non-commencement of work**

(₹ in crore)

Sl. No.	State/UT	No of works	Reasons for delay	Estimated cost
1	Kerala	30	Works for construction of buildings sanctioned in Thiruvananthapuram district during 2004-07 had not been started so far (August 2009) due to reluctance of contractors to take up building works even after repeated tendering.	2.70
2	Himachal Pradesh	155	Eight audited IAs intimated that land for 102 works costing ₹ 1.23 crore was not available. In the remaining 53 cases (cost: ₹ 0.53 crore) no cogent reasons were intimated by the three implementing agencies.	1.76
3	Haryana	72	Works sanctioned during 2004-09 were not started as of June 2009 despite release of funds to the implementing agencies due to land dispute.	1.09
4	Andhra Pradesh	17	Works sanctioned during 2004-08 were not started as of October 2009 despite release of funds to the implementing agencies land dispute.	0.29
5	Tripura	10	Works had not been taken up for execution as of March 2009 due to reasons such as land disputes, non availability of site, non availability of suitable water bearing strata, site problems etc.	0.89
6	Karnataka	14	Works had not been taken up due to land disputes.	0.60
7	Bihar	55	Works were sanctioned during 2004-09 without obtaining a technical feasibility report from the concerned authorities and could not be started due to non-availability of land.	1.10
8	Punjab	30		0.25
9	A and N Islands	6		0.49
<b>Total</b>		<b>389</b>		<b>9.17</b>

(Source: Data extracted from records of DAs)

**Annex 4.6**  
**(Refers to paragraph 4.3(ii))**  
**Delayed completion of works**

Sl. No.	State/UTs	DAs	No. of works	Cost of works (₹ in crore)
1.	Chandigarh	1	38	1.09
2.	Dadra & Nagar Haveli	1	6	0.69
3.	Goa	1	2	0.34
4.	Gujarat	6	517	7.39
5.	Haryana	3	178	2.43
6.	Kerala <sup>43</sup>	3	86	3.22
7.	Maharashtra	4	478	15.86
8.	Puducherry	1	14	0.92
9.	Punjab	3	205	1.48
10.	Rajasthan	6	404	7.72
11.	Sikkim	1	9	1.01
12.	Tamil Nadu	7	509	25.38
13.	Tripura	2	248	16.81
14.	Uttarakhand	3	476	6.56
15.	West Bengal	5	320	17.75
<b>Total:</b>		<b>47</b>	<b>3,490</b>	<b>108.65</b>

*(Source: Data extracted from records of DAs)*

<sup>43</sup> Fine of ₹ 25,600/- was levied on contractors for the delay in completion of works in Kottayam district.

**Annex 4.7**  
**(Refers to paragraph 4.3(iii))**  
**Incomplete works**

Sl. No.	State/UTs	DAs	No. of works	Cost of works (₹ in crore)	No. of Years for which works remained incomplete
1.	Andhra Pradesh	6	1,963	41.31	1 to 4 years
2.	A and N Island	1	27	2.76	1 to 6 years
3.	Assam <sup>44</sup>	3	147	3.19	1 to 4 years
4.	Chandigarh	1	20	1.57	1 to 4 years
5.	Chhattisgarh	3	595	9.94	1 to 4 years
6.	Goa		9	1.42	2 to 8 years
7.	Jharkhand	4	883	18.72	1 to 4 years
8.	Karnataka	6	2,538	31.7	1 to 4 years
9.	Lakshadweep	1	3	5.76	2 to 3 years
10.	Madhya Pradesh	7	1,128	17.92	1 to 4 years
11.	Manipur	1	255	7.92	1 to 5 years
12.	Orissa	5	157	2.68	1 to 4 years
13.	Rajasthan	5	178	1.91	1 to 4 years
14.	Tamil Nadu	8	649	23.7	1 to 4 years
15.	Uttar Pradesh	15	446	15.25	1 to 4 years
16.	West Bengal	5	3,008	94.24	1 to 15 years
<b>Total</b>		<b>71</b>	<b>12,006</b>	<b>279.99</b>	

*(Source: Data extracted from records of DAs)*

<sup>44</sup> This includes 75 works for ₹ 1.15 crore for the years 2004-08 which remained incomplete though these reported as complete in the progress report.

**Annex 4.8**  
**(Refers to paragraph 4.3(iv))**  
**Unfruitful expenditure on works**

(₹ in crore)

Sl. No.	State/ UT	Audit findings	No. of works	Amount spent
1	Tamil Nadu	<p>(i) Work of construction of a reading room and library at the court campus at Tirupattur, sanctioned in October 2004, had to be stopped after incurring an expenditure of ₹ 0.05 crore, as requisite permission and concurrence of the District Judge was not obtained before commencement of the work.</p> <p>(ii) Work of construction of a community hall at B. Durgam village of Krishnagiri district, sanctioned in January 2006, was cancelled after incurring an expenditure of ₹ 0.01 crore, as prior permission of the Forest Department was not obtained.</p>	2	0.06
2	Tripura	<p>(i) Work for construction of a Town Hall at Kumarghat, sanctioned in August 2001, was suspended with effect from August 2002 after incurring an expenditure of ₹ 0.12 crore, as an injunction was imposed by the Hon'ble High Court due to a land dispute,</p> <p>(ii) Two works for construction of a community hall at Salema and Manik Bhandar in Dhalai district, sanctioned during 2000-02, were suspended with effect from June 2008 after incurring an expenditure of ₹ 0.52 crore for want of fresh allotment of funds in view of time and cost overrun.</p> <p>(iii) Three works, sanctioned between 2000-01 and 2005-06, were suspended after incurring an expenditure of ₹ 0.46 crore for want of allotment of the second instalment of funds.</p> <p>(iv) Work on construction of an irrigation plant, sanctioned in July 2007 without preparing estimates, was abandoned after incurring an expenditure of ₹ 0.40 lakh due to technical non-feasibility.</p> <p>(v) Three works costing ₹ 0.22 crore, sanctioned between May 2007 and May 2008, had not been started as of September 2009 due to non-selection of sites or site disputes. Even before finalization of the sites, the IAs had</p>	14	1.21



Sl. No.	State/ UT	Audit findings	No. of works	Amount spent
		<p>procured the required materials (Cement, M. Steel, GCI Sheets etc.) between October 2007 and June 2008 at a cost of ₹ 0.08 crore and these remained idle in stores for one to two years. The IAs also retained the balance funds of ₹ 0.14 crore in cash.</p> <p>(vi) Out of 11 deed firms to whom the work of construction of a pucca drain near the fish shed at G. B. Bazar was awarded in April 2006, only six firms had completed their portion of work by November 2006. The remaining five firms had not executed the works as of September 2009, leading to expenditure of ₹ 0.02 crore incurred on the project remaining unfruitful.</p>		
3	Andaman & Nicobar Islands	<p>(i) Work on construction of a building for the Pranab Kanya Sangha, an organization of Port Blair, sanctioned in March 2002, was abandoned in October 2007 after incurring an expenditure of ₹ 0.10 crore due to delay in commencement of the work, unrealistic financial estimates and subsequent detection of gross irregularities in the functioning of the beneficiary organization.</p> <p>(ii) Work for development of a fish market at Bambooflat, sanctioned in 2005-06, was suspended since April 2007 after incurring an expenditure of ₹ 0.09 crore. While the work was in progress, the road level in front of the proposed fish market was raised by the PWD, which necessitated dismantling of the partially completed MPLADS work for raising it above the level of adjoining road and required fresh allotment of funds for further works.</p> <p>(iii) Work of renovation of ponds near Dhobi Ghat at an expenditure of ₹ 0.09 crore remained incomplete since 2003.</p>	3	0.28
4	Orissa	<p>(i) The contractor abandoned the work of construction of 'Biju Patnaik Kalyan Mandap at Mangalpur' to be built at an estimated cost of ₹ 0.40 crore. The work was awarded (February 2004) to the contractor without following competitive bidding and ₹ 0.36 crore was paid (April 2008) through various running account bills. Further, the concerned BDO</p>	3	0.55

Sl. No.	State/ UT	Audit findings	No. of works	Amount spent
		(Dasarathpur) did not deduct 10 <i>per cent</i> security deposit of the contractor from running account bills. (ii) Two works for the Construction of a bridge over Haler Nalla near Khairapadar and 'Construction of Chilipa High School at Dharmagarh' taken up during 2003-04 and 2004-05 respectively were left incomplete after incurring an expenditure of ₹ 0.19 crore due to a land dispute (Chilipa School) and theft of steel rods from the foundation and piers (Haler Nalla),.		
5	West Bengal	47 test-checked works in five districts remained incomplete due to shortage of funds after spending the entire MPLADS funds, due to preparation of incorrect financial estimates and failure of DAs to secure funds for escalated costs.	47	2.82
6	Meghalaya	Advance of ₹ 2.06 crore was released to 18 IAs for 178 test-checked works, sanctioned during 2003-09, in Shillong and Tura, which was distributed among user agencies for execution of works. There was no record available either with the DAs or with the IAs in support of commencement of these works although 5 to 95 per-cent physical progress was recorded in the Monthly Progress Reports (MPRs). The MPRs were prepared without any basis as the user agencies/IAs did not furnish any utilisation certificate in support of physical/financial progress in these cases. Nine IAs stated (September 2009) that the user agencies / beneficiaries would be asked to furnish the details showing physical progress of these works with documentary evidence.	178	2.06
7	Assam	Five works costing ₹ 0.28 crore for which ₹ 0.16 crore was released as the first instalment to NGOs and construction committees during 2004-09 by the DA, Kamrup (Metro) were cancelled due to non-submission of UCs by the IAs, rendering the expenditure from first instalment wasteful.	5	0.16

Sl. No.	State/ UT	Audit findings	No. of works	Amount spent
8	Haryana	During 2004-09, seven works were abandoned or left incomplete due to land disputes.	7	0.15
9	Jharkhand	21 works were abandoned or left incomplete due to land disputes and public hindrances in two districts (Deoghar and Dhanbad) during 2005-08.	21	0.35
10	Maharashtra	8 works were abandoned or left incomplete due to land disputes, encroachment on land, excess expenditure etc.	8	0.76
11	Himachal Pradesh	17 works were abandoned or left incomplete due to land disputes.	17	0.10
<b>Total</b>			<b>305</b>	<b>8.50</b>

*(Source: Data extracted from records of DAs)*

**Annex 4.9**  
**(Refers to paragraph 4.4.3 (i))**  
**Payment made on doubtful vouchers in Mizoram**

Sl. No.	Name of work	Year of work	Implementing Agency	Remarks	Amount (₹ in lakh)
1.	Costruction of public waiting shed at Zemabawk	2004-05	Student self support unit, Aizawl	Work was executed from 1-18 October 2004, however IA submitted voucher dated 25.10.2008 for ₹ 32,050.	0.32
2.	Construction of footsteps at Tuikhualtang	2004-05	Mizoram Upa Pawl	Voucher of ₹ 27,600 on plain paper	0.28
3.	Construction of Government primary School I at Aizawl	2004-05	Building Committee Government Republic Veng P/S-I	Voucher of ₹ 1,67,180 date not mentioned	1.67
4.	Construction of pavilion at Seling playground	2004-05	Games & Sports Association, Seling	Voucher of ₹ 74,938/- on plain paper & date not mentioned	0.75
5.	Construction of public library, at saikhamakawn	2004-05	YMA Saikhamakawn branch	voucher of ₹ 78,70/- on plain paper	0.08
6.	Construction of jeepable road from Tlawng Road Pu Lianhluna Kawmchhak, Mission Vengthlang	2004-05	Village Council/ourt Mission Vengthlang	Voucher of ₹ 33,799/- on plain paper & date not mentioned	0.34
7.	Construction of public water point below Thlanual Kawng at Government Complex Luanmual	2004-05	YMA Government complex branch	Voucher of ₹ 31,500/- on plain paper	0.32
8.	Construction of public library at Kelish	2004-05	YMA Kelish branch	Voucher of ₹ 13,140 on plain paper	0.13
9.	Construction of Indoor stadium at Bawngkawn	2004-05	Stadium cum committee hall, Bawngkawn	On voucher of ₹ 2,92,000 date not mentioned	2.92

Sl. No.	Name of work	Year of work	Implementing Agency	Remarks	Amount (₹ in lakh)
10.	Construction of waiting shed and internal steps at Aizawl Civil Hospital	2005-06		Voucher of ₹ 1,77,139 on plain paper and date not mentioned.	1.77
11.	Construction of link drain at Ramhlum south	2006-07	Village council/court ramhlum, South	Work was executed from 2 July to 5 August 2007 however IA submitted voucher dated 18.8.2008 to 10.11.2007 for ₹ 2,20,898/-	2.20
12.	Construction of water tank at Mual Veng Durtlang	2007-08	Mual Veng Welfare Committee	Voucher of ₹ 1,79,930 on plain paper date not mentioned	1.80
13.	Construction of road & water reservoir at Leimak Ram Horticulture Project	2008-09	Integrated Farming Society, Leimak, Ram	Work was executed from 8 September to 4 October, 2008, however IA submitted voucher on plain paper dated 8.10.2008 for ₹ 1,00,798/-	1.01
14.	Construction of footpath to primary school II at Sairang	2008-09	YMA Sairang, branch	Voucher of ₹ 12,550 on plain paper and date not mentioned	0.13
15.	Completion of Thlanmual Inn & YMA run at Republic Vengthlang	2008-09	YMA Vengthlang branch	Voucher of ₹ 16,200 on plain paper and date not mentioned	0.16
16.	Construction of civil pensioners house at Electric Veng	2008-09	Chanmari 'W' Vengchhak Welfare committee	Voucher of ₹ 10,650 on plain paper	0.11
17.	Construction of footpath & hand railing at Hunthar Veng	2008-09	Village Council/Court Hunthar	Voucher of ₹ 47,500 on plain paper	0.48
18.	Construction of Government Aizawl College Auditorium	2008-09	Building Committee Government College, Aizawl	Work was executed from 1.4.2008 to 21.5.2008 however IA submitted voucher dated 2.6.2008 for ₹ 4,60,120/-	4.60
<b>Total</b>					<b>19.07</b>

(Source: Data extracted from records of DAs)

**Annex 4.10**  
**(Refers to paragraph 4.6)**  
**Procedural lapses in execution of works**

Sl. No.	State	Audit findings
1	Delhi	<ul style="list-style-type: none"> <li>▪ As per para 23.1 of CPWD Manual variation up to 30 percent in the quantity of work can be sanctioned by the Executive Engineer, up to 60 percent by Superintending Engineer and thereafter by the Chief Engineer. However, scrutiny of works revealed that in 136 out of 622 works (22 <i>per cent</i>), the quantities of items used during execution of works were varied from the Bill of Quantity (BOQ) ranged from 30 <i>per cent</i> to 2,312 <i>per cent</i>. These variations had not been got approved by the competent authority, violating the provision of CPWD Manual.</li> <li>▪ Construction of two manholes as per BOQ was estimated by the Executive Engineer (M) SP Zone. But the payment was made for 27 manholes. These variations had not been got approved by the competent authority, violating the provision of CPWD Manual.</li> <li>▪ Joint physical inspection in September 2009 of one site in the North East Division, Yamuna Vihar, showed 15 manholes raised at the site while payment was made for 25 manholes by the department leading to excess payments to the contractor.</li> </ul>
2	Jharkhand	In test-checked districts (Deogarh, Dhanbagh, Hazaribagh and Lohardaga), neither were vouchers, muster rolls etc. maintained as per the Works Code nor were materials purchased on a quotation basis from registered identifiable suppliers. The AEs/JEs made all payments to suppliers in cash. Thus, correctness and authenticity of execution of 252 works worth ₹ 8.71 crore could not be ascertained in Audit.
3	Madhya Pradesh	In seven districts, 1,533 works amounting to ₹ 20.28 crore were executed during 2007-09 by Government Agencies on piece meal basis/departmentally, without any prior approval of the competent authority (Chief Engineer) and without obtaining competitive rates through wide publicity, as prescribed in the PWD Manual.
4	Bihar	Six executing agencies <sup>45</sup> paid ₹ 2.02 crore to labourers and purchased materials through hand receipts during 2005-09, in contravention of the State PWD Code, which stated that payment to labourers should be made on the basis of the Muster Roll detailing the nature and period of work executed, sanction order of the estimate and number of labourers engaged.

<sup>45</sup> RWD-2, Masaurhi, RWD-2, Patna, NREP, Patna, RWD-2 Madhepura, RWD-2 Khagaria and NREP, Rohtas

Sl. No.	State	Audit findings
5	Jammu and Kashmir	<p>(i) During 2004-05, purchase of key materials such as angle iron, channel iron, PCC poles, cross channel iron etc. of ₹ 0.16 crore was made by the Executive Engineer, Anantnag Division, Power Development Department from the open market without inviting tenders and/or ascertaining the reasonability of rates. The department stated in July 2009 that due to non-availability of material at the central stores, procurement was made from Small Scale Industries units after doing a market survey. However, the reply needs to be seen in the context that competitive rates had not been obtained by floating tenders for the purchase of key materials.</p> <p>(ii) Timber worth ₹ 0.04 crore was used in 36 works executed by various DDOs<sup>46</sup> located near forest areas without obtaining Form No. 25/NOC from the Forest Department or without indicating any authentic source from whom the timber had been purchased. Though the Assistant Commissioner Development, Anantnag had recorded clear instructions in the administrative approval that payment for works where timber was used should be disbursed only on production of Form 25/NOC from the Forest Department, payments were released in contravention of his instructions.</p>
6	Mizoram	In test checked works, it was noticed that technical officials certified the completion of works without recording the progress of works in the measurement books and recommended for final payment to the executing agencies. In view of the non-maintenance of measurement books, the veracity of payments made to the IAs by the DAs could not be checked by Audit.

**(Source: Data extracted from records of DAs)**

<sup>46</sup> Drawing and Disbursing Officers



**Annex 5.1**  
**(Refers to paragraph 5.2)**  
**Assets not put to use**

(₹ in crore)

Sl. No.	States/UTs	Audit findings	Amount involved
1	Maharashtra	<p>(i) An allopathic dispensary building and operation theatre at Wadi, Nagpur constructed by March 2009 at a cost of ₹ 0.09 crore and handed over to village Panchayat, was not put to use by the user agency (Zilla Parishad), as hospital staff, machinery and equipment were not in place.</p> <p>(ii) A water supply system at Ruyad Tal Kuhi, Nagpur, constructed in September 2006 at a cost of ₹ 0.06 crore, was not being used by Gram Panchayat, Digdoh for the last three years (as of September 2009) due to non-availability of a water source.</p> <p>(iii) The construction of a library building and classrooms at the Bhalaji Pendharkar Cultural Centre, Kolhapur at a cost of ₹ 0.25 crore was reported as complete in December 2007 and handed over to the user agency. However, the joint physical verification<sup>47</sup> disclosed that paving, flooring, painting and arrangements for water supply and sanitation had not been completed so far. Thus the incomplete building was handed over to the user agency leaving the asset unused.</p> <p>(iv) Construction of a school building costing ₹ 0.24 crore for Nutan Vidyalaya run by Shikshan Prasarak Mandal, Mangloor, district Solapur was handed over to the user agency, but was not put to use till September 2009.</p> <p>(v) A classroom constructed at a cost of ₹ 0.10 crore for the Sindhi Girls Primary School run by the Sindhi Social Service Society Zaripataka, Nagpur was handed over to the user agency (October 2007). The joint physical verification revealed that work only up to column, beam slab and brickworks etc. had been completed. Thus, an incomplete work was handed over to the user agency, which could not be used for the intended purpose.</p>	0.74
2	Jharkhand	<p>(i) A Multipurpose Community Centre, sanctioned in 2005-06 and constructed at a cost of ₹ 0.25 crore at Jhansagarhi, Deoghar was completed in March 2007, but was not handed over to the user agency due to land disputes.</p> <p>(ii) A Mahila Vikas Kendra, constructed in 2007 at Baimari, Lohardaga at a cost of ₹ 0.02 crore was lying abandoned due to its remote location.</p>	0.27

<sup>47</sup>

A joint physical verification was conducted in Maharashtra by the audit team and concerned District Authority to verify that assets created under the MPLADS were being used properly.

Sl. No.	States/UTs	Audit findings	Amount involved
3	Kerala	A mortuary building for Government Hospital, Kuthuparamba in Kannur district completed in August 2008 at a cost of ₹ 0.07 crore was not put to use even a year after for want of an electrical connection (August 2009).	0.07
4	Delhi	The construction of OPD-Block in Panchkarma Hospital in Karol Bagh was completed in March 2008 at a cost of ₹ 0.16 crore but could not be put to use because of not taking up electrical works.	0.16
5	Tamil Nadu	(i) In Karur district, six works of community hall costing ₹ 0.20 crore was declared as complete during 2006-08, but could not be used by the user agencies (Panchayat Union) due to non-supply of electricity, furniture, vessels, water supply etc. (ii) In Vellore district a fair price shop and a computer room for an elementary school were constructed during 2007-08 at a cost of ₹ 0.04 crore. The fair price shop had not been put to use, as the user agency had not requested for the asset. The computer room was also non-functional for want of computers. It is pertinent that the MP had recommended for computer room as well as computers, but the DA had accorded sanction only for computer room.	0.24
Total			1.48

(Source: Data extracted from records of DAs)

**Annex 5.2**  
**(Refers to paragraph 5.2.1)**  
**Misuse of assets**

(₹ in crore)

Sl. No.	States/UTs	Audit findings	Amount involved
1	Maharashtra	<p>(i) The school building for Varad Ganesh Primary School, Belewashar Nagar Parabhani, created at a cost of ₹ 0.10 crore was handed over to the Municipal Council. The joint physical verification<sup>48</sup> revealed that the asset was being used by Shri Beleshwar Shikshan Sanstha for running BCA, BCS courses and not by the primary school for which the asset was created.</p> <p>(ii) The building for Dr. Ram Rodage D Ed College and Shikshan Sanstha at Shelu District, Parabhani was completed at a cost of ₹ 0.20 crore and handed over to the user agency. Joint physical verification by the audit team and concerned departmental authority revealed that the D Ed College was not in existence; and the building was being used for other purposes such as auditorium and computer lab.</p> <p>(iii) A Marathi Medium Primary School was constructed at a cost of ₹ 0.15 crore and handed over to the Municipal Council. Joint physical verification of the asset revealed that an English medium school was functioning from the new building; whereas the Marathi medium school continued to function in the original old building. Thus, the asset was not used for the purpose by the user agency for which it was sanctioned but by a private education society.</p> <p>(iv) A library building at NARCOD, Shankar Nagar Chowk, Nagpur was constructed at a cost of ₹ 0.07 crore and handed over to the user agency. Joint physical verification revealed that rooms constructed for library were being used as a gymnasium, OPD etc. The District Collector stated that steps to take over the asset and necessary action against defaulter user agency would be taken.</p> <p>(v) The joint physical verification of asset 'Cultural hall at Rahul Nagar, Parabhani' executed at a cost of ₹ 0.07 crore showed that the construction was incomplete. Only the column and slab work had been completed within the sanctioned amount. The incomplete work was handed over to the user agency (March 2008) and the asset was being used as a cattle shelter.</p> <p>(vi) The boys' hostel at Mahatma Phule Education Society, Parabhani was created at a cost of ₹ 0.13 crore and handed over to the user agency in 2005-06. In a joint</p>	0.72

<sup>48</sup>

A joint physical verification was conducted in Maharashtra by the audit team and concerned District Authority to verify that assets created under the MPLADS were being used properly.

Sl. No.	States/UTs	Audit findings	Amount involved
		physical verification, it was noticed that the asset was being used as a godown.	
2	Sikkim	A four roomed school building at Bering Secondary School sanctioned for ₹ 0.15 crore was completed in April 2008 and a three roomed school building at Tareythang Junior High School was completed in January 2009 at a cost of ₹ 0.12 crore were being used as staff recreation room, staff room and office rather than for classrooms. In both the cases classes were running in old existing rooms which were in a dilapidated condition.	0.27
3	Jharkhand	A Multipurpose Community Centre, sanctioned in 2005-06 and constructed in January 2007 at a cost of ₹ 0.25 crore at Sonaryadih, Deoghar was not handed over to the user agency and had been used as the office of Block Development Officer.	0.25
4	Meghalaya	A Hostel building for Border Area College, Mawsynram completed at a cost of ₹ 0.22 crore between April 2006 and September 2007 was being used as a classroom as on September 2009.	0.22
5	Tamil Nadu	A library building constructed during 2003-04 at a cost of ₹ 0.02 crore at Katteri Panchayat of Jolarpet Panchayat Union in Vellore district was rented out to an NGO for running their office.	0.02
<b>Total:</b>			<b>1.48</b>

*(Source: Data extracted from records of DAs)*

**Annex 5.3**  
**(Refers to paragraph 5.3.1)**  
**Maintenance and upkeep of assets**

(₹ in crore)

Sl. No.	States/ UTs	Audit findings	Amount involved
1	Sikkim	<p>(i) A water fountain at Ridge Park, Gangtok completed in January 2008 at a cost of ₹ 0.11 crore was not functional since March 2009 due to lack of a permanent water connection and defects in electric connection and sequencer programmed controller. Despite its locational importance for tourism promotion, neither had any action been initiated by the Department to make it functional nor was a provision made for its regular maintenance and upkeep.</p> <p>(ii) The work on anti erosion work at the Bank of Rani Khola, Ranipool (₹ 0.10 crore) and a cement concrete footpath at Nazey Busty to Nampong (₹ 0.05 crore) were executed in October 2006 and August 2008 respectively. Physical verification of assets by departmental officers at the instance of audit revealed that the works were in a dilapidated condition due to lack of upkeep and maintenance.</p>	0.26
2	Delhi	The joint physical verification by audit and departmental officers of five tube wells installed at a cost of ₹ 0.23 crore in Sangam Vihar area disclosed that pump at I-2 Block was not energized even after eight months of its installation and the water discharge of the K-19 Block pump was stated to be very poor by the residents.	0.09
3	Maharashtra	Dr. Babasaheb Ambedkar Cultural Hall Pandharpur, Solapur completed at a cost of ₹ 0.10 crore in March 2007 was not handed over to the user agency. Joint physical verification revealed that the asset was without any watch and wards arrangement resulting in the theft of pipes, doors, windows, grills and damage to brickwork and floorings.	0.10
<b>Total</b>			<b>0.45</b>

(Source: Data extracted from records of DAs)

**Annex 6.1**  
**(Refers to paragraph 6.2.2)**  
**Reporting of financial progress of work by the DAs**

(₹ in crore)

Sl. No.	State	DA	Year	Expenditure shown in the UC	Actual expenditure incurred by agencies	Over statement of expenditure	Percentage of overstated expenditure to the actual expenditure
1	Chattisgarh	Raipur	2004-05	3.83	3.62	0.21	5.80
			2006-07	3.81	3.55	0.26	7.32
			2007-08	3.51	3.09	0.42	13.59
		Bilaspur	2005-06	8.19	7.39	0.8	10.83
			2006-07	6.25	5.44	0.81	14.89
			2007-08	8.51	6.79	1.72	25.33
2	Jharkhand	Deoghar	2005-06	1.06	0.00	1.06	100.00
			2006-07	2.36	2.26	0.1	4.42
			2007-08	1.47	1.42	0.05	3.52
		Dhanbad	2005-06	5.79	3.47	2.32	66.86
			2006-07	5.66	5.29	0.37	6.99
		Lohardaga	2006-07	2.96	0.62	2.34	377.42
		Hazaribagh	2004-05	1.36	1.09	0.27	24.77
			2005-06	3.43	2.70	0.73	27.04
			2006-07	2.15	1.90	0.25	13.16
3	Lakshadweep	Lakshadweep	2004-09	9.00	4.20	4.8	114.29
4	Nagaland	Dimapur and Kohima	2004-09	18.00	7.42	10.58	142.59
5	Tripura	North and West	2004-09	0.28	0.13	0.15	115.38
6	Sikkim	East District	2005-06	0.23	0.00	0.23	100.00
			2006-07	2.25	0.79	1.46	184.81
			2007-08	4.44	1.24	3.2	258.06
			2008-09	5.64	2.77	2.87	103.61
Total				100.18	65.18	35.00	53.70

(Source: Data extracted from records of DAs and the Ministry)

**Annex 6.2**  
**(Refers to paragraph 6.2.2)**  
**Discrepancies in reporting of interest earned on unutilized balances**

(₹ in crore)

Sl. No.	Name of State	Constituency	Remarks	Amount of interest understated
1	Andhra Pradesh	Srikakulam	As per the MPR <sup>49</sup> for May 2008, the amount of interest accrued on funds available was ₹ 1.05 crore but this amount was shown as ₹ 0.13 crore in next available MPR for October 2008, without any explanation	0.93
		Secunderabad	Interest earned up to 31.03.2006 was reported at ₹ 1.91 crore but in the MPR for 28.01.2009 interest amount was reduced to ₹ 0.89 crore.	1.02
		Tirupati	As per annual accounts interest earned during 2006-07 and 2007-08 was ₹ 1.75 lakh but MPR for April 2008 showed only ₹ 0.34 lakh as interest earned during that period	0.01
2	Bihar	Bhagalpur	As per MPR interest earned up to July 2005 was ₹ 0.25 crore and the interest earned during 2006-08 was ₹ 0.25 crore. The total comes to ₹ 0.50 crore but in the MPR (August 2008) it was shown as ₹ 0.25 crore.	0.25
		Araria	As per annual accounts ₹ 0.19 crore were earned as interest during 2004-05 to 2006-07 but MPR showed ₹ 0.14 crore as interest during the same period	0.05
		Shri Prem Chand Gupta (RS)	Interest earned as per Audit Certificate for the year 2005-07 was ₹ 6.38 lakh but it was shown as ₹ 6.18 lakh in the MPR of March 2008.	0.002
3	Meghalaya	Shillong	As per annual accounts for the period 1994-95 to 2004-05 interest of ₹ 0.70 crore was earned but in the MPR of 14.7.05 it was shown as ₹ 0.03 crore.	0.67



Sl. No.	Name of State	Constituency	Remarks	Amount of interest understated
4	Assam	Dibrugarh	DA depicted interest as ₹ 0.32 crore (MPR August 2008) instead of ₹ 0.42 crore (Audit Certificates 1998-99 to 2006-07).	0.10
5	Karnataka	Chitradurga	As per annual Accounts, an amount of ₹ 0.13 crore was earned as interest during the years 2004-05 to 2007-08 but in the MPR of October 2008, interest earned during the period was shown as ₹ 0.08 crore only.	0.05
			As per pass book interest accrued during 2004-09 was ₹ 2.02 crore. However, this was depicted in the MPR ₹ 1.90 crore. Interest of ₹ 0.67 crore accrued in the accounts of the implementing agencies was also not taken into account while depicting the interest accrued in the MPR.	0.12 0.67
6	Kerala	Prof. Kurian P.J. (RS MP)	As per annual Accounts for the year 2006-07, an amount of ₹ 0.06 crore was earned as interest during the year 2006-07 but in the MPR of March 2008, interest earned during the year was shown as NIL.	0.06
7	Delhi	Sadar	As per MPR for the month of March 2004 interest worth ₹ 0.35 crore was earned by the DA during the period 1993-94 to 2003-04 and as per annual accounts for the years 2004-05 to 2006-07, interest worth ₹ 0.43 crore was earned. Thus total interest earned by the DA up to 31.3.2007 was ₹ 0.78 crore but the DA showed interest of ₹ 0.65 crore only in the MPR for the month of March 2007.	0.13
		East Delhi	As per MPR for the month of March 2004 interest worth ₹ 0.41 crore was earned and during the year 2004-05 to 2006-07 an interest of ₹ 0.41 crore was earned. However as per the MPR for the month of March 2007 it was shown only ₹ 0.69 crore.	0.13

Sl. No.	Name of State	Constituency	Remarks	Amount of interest understated
		Chandni Chowk	As per MPR for the month of March 2004 interest worth ₹ 0.51 crore was earned and during the year 2004-05 to 2006-07 interest worth ₹ 0.36 crore was earned. However as per MPR for the month of March 2007 it was shown only as ₹ 0.75 crore.	0.13
8	Orissa	Bhubaneswar	Interest accrued as per MPR for the month of October 2004 was ₹ 0.20 crore but it was depicted as ₹ 0.18 crore in the MPR of September 2006.	0.02
		Bhadrak	As per MPR for the month of October 2008 interest worth ₹ 0.18 crore was earned but in the cash book it was shown only ₹ 0.12 crore	0.06
9	Jammu and Kashmir	Ladakh	As per MPR for the month of October 2007 interest worth ₹ 0.08 crore was earned but it was shown as ₹ 0.06 crore in the MPR (August 2008).	0.02
10	Madhya Pradesh	Balaghat, Damoh, Hoshangabad, Sagar and Shajapur	Interest accrued on deposits of ₹ 1.18 crore (Balaghat, Damoh, Hoshangabad, Sagar and Shajapur) was not found recorded in the MPR.	1.18
<b>Total</b>				<b>5.60</b>

*(Source: Data extracted from records of DAs and the Ministry)*

**Annex 6.3**  
(Refers to paragraph 6.2.3)

**Difference in the figures of UCs, annual accounts and MPRs**

**A. Discrepancies in expenditure figures among the MPR, the annual accounts and the UCs in Madhya Pradesh**

*(₹ in crore)*

Sl. No.	Constituency	Annual accounts		Utilisation Certificate		MPR	
		Year	Amount	Year	Amount	Month	Amount
1.	Balaghat	2005-06	1.79	2005-06	2.00	March 2006	2.02
2.		2006-07	1.23	2006-07	0.69	March 2007	1.41
3.		2007-08	1.80	2007-08	2.00	March 2008	1.88
4.		2008-09	3.02	2008-09	2.00	March 2009	3.34
5.	Damoh	2005-06	2.01	2005-06	2.00	March 2006	1.77
6.		2006-07	2.72	2006-07	2.00	March 2007	1.88
7.	Sagar	2004-05	0.73	2004-05	0.79	March 2005	2.91
8.		2005-06	2.71	2005-06	2.25	March 2006	2.75
9.		2006-07	2.16	2006-07	1.46	March 2007	1.93
10.	Shahdol	2004-05	2.16	2004-05	2.06	March 2005	2.05
11.		2005-06	1.45	2005-06	2.14	March 2006	1.73
12.		2006-07	2.61	2006-07	2.14	March 2007	2.54
13.		2007-08	2.50	2007-08	2.33	March 2008	2.33
14.	Shajapur	2004-05	1.53	2004-05	1.30	March 2005	1.91
15.		2005-06	1.96	2005-06	2.67	March 2006	2.09
16.		2006-07	1.54	2006-07	2.05	March 2007	2.04
17.		2007-08	1.82	2007-08	1.74	March 2008	2.14
18.	Ujjain	2004-05	1.06	2004-05	1.06	March 2005	2.03
19.		2005-06	1.81	2005-06	1.81	March 2006	2.08
20.		2006-07	1.57	2006-07	1.57	March 2007	2.11

**B. Discrepancies in expenditure figures between the annual accounts and the UCs in Karnataka**

*(₹ in crore)*

Sl. No.	Constituency	Annual accounts		Utilisation Certificate	
		Year	Amount	Year	Amount
1.	Chitradurga	2004-05	0.58	2004-05	1.65
2.		2005-06	1.17	2005-06	1.16

**C Discrepancies in expenditure figures between the annual accounts and the MPRs in Madhya Pradesh**

(₹ in crore)

Sl. No.	Constituency	Annual accounts		MPR	
		Year	Amount	Month	Amount
1.	Balaghat	2004-05	1.91	March 2005	1.58
2.	Damoh	2004-05	0.85	March 2005	1.48
3.		2007-08	1.23	March 2008	1.28

**D Discrepancies in expenditure figures between the UCs and the MPRs in Madhya Pradesh**

(₹ in crore)

Sl. No.	Constituency	Utilisation Certificate		MPR	
		Year	Amount	Month	Amount
1.	Hoshangabad	2004-05	1.89	March 2005	0.93
2.		2005-06	1.51	March 2006	1.55
3.		2006-07	1.33	March 2007	1.77
4.		2007-08	2.15	March 2008	2.15
5.	Sagar	2007-08	2.00	March 2008	1.86
6.	Shajapur	2008-09	1.02	March 2009	2.08
7.	Ujjain	2007-08	3.27	March 2008	2.07

**E Discrepancies in closing balance figures between the Annual Accounts and the MPRs**

(₹ in crore)

Sl. No.	Name of State	Constituency	Annual accounts		MPR	
			Year	Amount	Month	Amount
1.	Bihar	Bettiah	2005-06	0.82	March 2006	0.94
2.		Barh-	2006-07	0.43	March 2007	0.88
3.	Andhra Pradesh	Srikakulam	2005-06	0.88	March 2007	0.80
4.	Uttar Pradesh	Kairana	2005-06	1.59	March 2006	1.33
5.	Delhi	New Delhi	2005-06	4.66	March 2006	2.63
6.		South Delhi	2004-05	2.08	March 2005	1.85
7.			2005-06	2.65	March 2006	2.45
8.			2006-07	2.24	March 2007	2.00
9.		Delhi Sadar	2003-04	2.73	March 2004	2.49
10.			2004-05	2.34	March 2005	1.87
11.			2006-07	4.16	March 2007	3.73
12.		East Delhi	2004-05	2.20	March 2005	2.03
13.			2005-06	3.49	March 2006	3.21
14.			2006-07	3.83	March 2007	3.56

Sl. No.	Name of State	Constituency	Annual accounts		MPR	
			Year	Amount	Month	Amount
15.		Karol Bagh	2003-04	2.29	March 2004	1.56
16.			2004-05	2.33	March 2005	1.55
17.			2005-06	3.53	March 2006	2.57
18.			2006-07	3.34	March 2007	2.53
19.		Chandni Chowk	2003-04	2.14	March 2004	1.55
20.			2006-07	4.24	March 2007	3.45
21.	Madhya Pradesh	Morena	2004-05	1.64	March 2005	1.26
22.			2005-06	1.38	March 2006	0.88

**F Discrepancies in closing balance figures between the UCs and the MPRs**

(₹ in crore)

Sl. No.	Name of State	Constituency	Utilisation Certificate		MPR	
			Year	Amount	Month	Amount
1.	Uttar Pradesh	Jalesar	2004-05	0.52	March 2005	1.16
2.			2005-06	0.13	March 2006	0.66
3.			2006-07	0.53	March 2007	1.76
4.	Andaman and Nicobar Islands	Andaman and Nicobar Islands	2004-05	1.35	March 2005	0.08
5.	Orissa	Bolangir	2007-08	3.60	March 2008	0.98

**G Discrepancies in closing balance figures between the UCs and the Annual Accounts**

(₹ in crore)

Sl. No.	Name of State	Constituency	Annual accounts		Utilisation Certificate	
			Year	Amount	Year	Amount
1.	Jammu and Kashmir	Srinagar	2005-06	0.85	2005-06	1.87
2.	Karnataka	Chitradurga	2004-05	1.42	2004-05	0.35
3.			2005-06	2.31	2005-06	1.19
4.		Mysore	2004-05	0.51	2004-05	0.49
5.			2005-06	1.32	2005-06	0.64
6.	Mizoram	Aizwal	2004-05	0.94	2004-05	Nil
7.			2005-06	1.02	2005-06	Nil
8.			2006-07	1.59	2006-07	Nil

Sl. No.	Name of State	Constituency	Annual accounts		Utilisation Certificate	
			Year	Amount	Year	Amount
9.	Assam	Lakhimpur	2004-05	0.02	2004-05	0.01
10.			2005-06	0.02	2005-06	0.03
11.			2006-07	0.02	2006-07	0.02
12.			2007-08	0.01	2007-08	0.02
13.	Tamil Nadu	Salem	2004-05	0.53	2004-05	0.24
14.			2005-06	0.69	2005-06	0.49
15.			2006-07	2.09	2006-07	0.78
16.		Ramanathpuram	2004-05	0.29	2004-05	0.20

**H Discrepancies in interest figures between the UCs and the Annual Accounts in Tamil Nadu**

(₹ in crore)

Sl. No.	Constituency	Annual accounts		Utilisation Certificate	
		Year	Amount	Year	Amount
1.	Salem	2004-05	0.03	2004-05	0.02
2.		2005-06	0.02	2005-06	0.02
3.		2006-07	0.06	2006-07	0.04

**I. Discrepancies in figures between the closing balance of the Annual Accounts and opening balance of the UC of the subsequent year**

(₹ in crore)

Sl. No.	Name of State	Constituency	Closing balance as per Annual accounts		Opening balance as per Utilisation Certificate	
			Year	Amount	Year	Amount
1.	Bihar	Bettiah	2006-07	0.67	2007-08	1.23
2.	Andhra Pradesh	Secunderabad	2006-07	3.18	2007-08	1.35

(Source: Data extracted from records of Ministry)

**Annex 6.4**  
**(Refers to paragraph 6.2.4)**  
**Excess release of grant**

(₹ in crore)

Sl. No.	Constituency and State	Amount	Instalment	Released in	Concerned Monthly Progress Report		
					Month	Closing Balance	Actual balance as per audit check
1.	Kannauj, Uttar Pradesh	1.00	I/2004-05	07/2004	05/2004	0.97	3.08
		1.00	II/2006-07	03/2008	03/2008	0.96	1.47
		1.00	II/2007-08	12/2008	11/2008	0.94	2.83
2.	Shillong, Meghalaya	1.00	II/2004-05	12/2005	10/2005	0.61	1.27
		1.00	II/2005-06	10/2006	10/2006	0.53	1.20
		1.00	II/2006-07	01/2008	11/2007	0.58	1.25
		1.00	II/2007-08	08/2008	08/2008	0.83	1.50
		1.00	II/2008-09	12/2008	10/2008	0.78	1.44
3.	Ladakh, Jammu and Kashmir	1.00	II/2006-07	01/2009	08/2008	0.98	1.00
4.	Outer Delhi, Delhi	1.00	I/2003-04	02/2005	12/2004	0.65	1.33
		1.00	II/2004-05	03/2006	10/2005	0.83	1.83
5.	Chitradurga, Karnataka	1.00	II/2007-08	03/2008	02/2008	0.97	2.90
6.	Sh. PC Gupta MP (RS) Bihar	1.00	II/2003-04	04/2007	02/2007	0.98	1.57

(Source: Data extracted from records of Ministry)



**Annex 6.5**  
**(Refers to paragraph 6.2.6)**  
**Non-submission of UCs by Implementing Agencies**

(₹ in crore)

Sl. No.	State/UTs	Districts	Total works completed	Total amount released to IAs	Works for which UC not submitted by IA to DA		Percentage of works for which UCs not submitted by IAs to DAs	
					Number	Amount	Works	Amount
1.	A and N Island	1	135	8.58	46	3.72	34.07	43.36
2.	Andhra Pradesh	6	7,352	100.55	3212	43.60	43.69	43.36
3.	Arunachal Pradesh	2	336	14.74	87	3.35	25.89	22.73
4.	Assam	4	2,778	58.47	2,778	58.47	100	100
5.	Bihar	5	3,172	84.53	2,164	52.93	68.22	62.62
6.	Chhattisgarh	3	1,910	39.14	559	11.84	29.27	30.25
7.	Gujarat	6	5,180	57.02	1,755	20.87	33.88	36.60
8.	Haryana	2	1,352	17.73	139	1.60	10.28	9.02
9.	Jammu and Kashmir	2	961	2.40	961	2.40	100	100
10.	Karnataka	6	2,265	36.67	380	7.60	16.78	20.73
11.	Kerala	3	826	24.92	826	24.92	100	100
12.	Madhya Pradesh	7	3,900	52.07	1,349	21.47	34.59	41.23
13.	Maharashtra	3	1,078	18.60	356	10.40	33.02	55.91
14.	Manipur	1	372	12.15	372	12.15	100	100
15.	Mizoram	1	1,602	19.74	665	7.97	41.51	40.37
16.	Nagaland	2	195	10.58	195	10.58	100	100
17.	Orissa	4	1,985	17.41	240	4.12	12.09	23.66
18.	Puducherry	1	226	13.33	30	2.39	13.27	17.93
19.	Punjab	2	2,017	16.29	1,011	6.48	50.12	39.78
20.	Rajasthan	6	3,750	73.43	744	14.96	19.84	20.37
21.	Tamil Nadu	3	3,449	136.84	741	27.34	21.48	19.98
22.	Uttar Pradesh	7	2,324	75.39	732	17.99	31.50	23.86
23.	Uttarakhand	3	368	4.63	198	2.82	53.80	60.91
<b>Total:</b>		<b>80</b>	<b>47,533</b>	<b>895.21</b>	<b>19,540</b>	<b>369.97</b>	<b>41.10</b>	<b>41.32</b>

(Source: Data extracted from records of DAs)

**Annex 6.6**  
(Refers to paragraph 6.4)  
**Diversion of funds**

(₹ in crore)

Sl. No.	States	No. of DAs	Name of DA	Nature of diversion of funds	Amount diverted
1	Andhra Pradesh	4	Hyderabad, Kadapa, Kurnool, Nellore	MPLADS funds were temporarily diverted to other schemes such as, National Old Age Pension Scheme, Integrated Novel Development in Rural Areas and Model Municipal Areas NREGS etc. of which ₹ 0.53 lakh remained unadjusted as of October 2009.	0.01
2	Assam	1	Dhubri	Funds were diverted to Sampooran Gramin Rojgar Yojana (₹ 1.17 crore) and Remote Village Electrification Programme (₹ 0.14 crore)	1.31
3	Bihar	2	IA-Barh, Danapur	Block Development Officers, Barh and Danapur diverted (2005-06) ₹ 0.02 crore towards execution of other schemes (₹ 0.01 crore) and payment for panchayat elections (₹ 0.01 crore). The diverted amount was not recouped as of October 2009.	0.02
4	Jharkhand	3	Dhanbad, Lohardaga, Hazaribagh	Funds were diverted to other schemes such as Mukhya Mantri Gram Setu Yojna (₹ 0.03 crore) and MLA schemes (₹ 0.06 crore). Further, MPLADS (RS) funds (₹ 0.27 lakh) were diverted to MPLADS (LS). Further, MPLADS (LS) funds (₹ 0.27 lakh) was diverted to MPLADS (RS) in 2004-05, which was recouped in 2007-08.	0.09
5	Orissa	5	Bhadrak, Bargarh, Kalahandi, Khurda, Jajpur	Funds were diverted from MPLADS to schemes such as Sampooran Gramin Rojgar Yojana, Mid Day Meal scheme, OAP, FDR and IAY. ₹ 0.44 crore of the diverted funds were not recouped as of August 2009.	0.44
6	Rajasthan	1	Sikar	The DA Sikar booked expenditure of ₹ 0.14 crore from MPLADS funds against the loan given to MLALADS due to late receipt of funds in MLALADS during 2005-06 and 2006-07. The DA accepted the audit finding.	0.14
7	Tamil Nadu	6	Vellore, Krishnagiri, Kanyakumari, Virudhunagar, Karur, Erode	Funds were diverted to State schemes (₹ 0.04 crore), for contribution to the cement fund for the purchase of cement (₹ 2.60 crore) and to the general fund of a local body (₹ 0.02 crore).	2.66
<b>TOTAL</b>		<b>22</b>			<b>4.67</b>

(Source: Data extracted from records of DAs)

**Annex 6.7**  
**(Refers to paragraph 6.5)**  
**Release of advances to IAs by DAs**

(₹ in crore)

Sl. No.	States/UTs	No. of DAs	No. of Works	Sanctioned cost	Advance admissible	Advance given	Excess released as advance	
							Amount	Per cent
1.	Kerala	1	1	0.39	0.195	0.39	0.195	100.00
2.	Lakshadweep	1	2	0.18	0.09	0.18	0.09	100.00
3.	Madhya Pradesh	7	587	3.78	1.89	3.78	1.89	100.00
4.	Punjab	3	160	1.22	0.82	1.22	0.40	48.78
5.	Chhattisgarh	2	159	2.03	1.02	1.92	0.90	88.24
6.	Delhi	1	4	1.75	0.88	1.63	0.75	85.23
7.	Jharkhand	2	192	3.14	1.97	2.53	0.56	28.43
8.	Karnataka	1	14	0.75	0.38	0.60	0.22	57.89
9.	Meghalaya	2	189	2.58	1.29	2.18	0.89	68.99
10.	Nagaland	1	3	0.90	0.45	0.52	0.07	15.56
11.	Rajasthan	5	944	25.72	12.86	18.21	5.35	41.60
12.	Tamil Nadu	6	2,042	47.06	25.01	43.77	18.76	75.01
13.	Uttarakhand	3	356	4.12	2.06	3.07	1.01	49.03
<b>Total</b>		<b>35</b>	<b>4,653</b>	<b>93.62</b>	<b>48.915</b>	<b>80.00</b>	<b>31.085</b>	<b>63.53</b>

(Source: Data extracted from records of DAs)

**Annex 6.8**  
**(Refers to para no. 6.6)**  
**Non-refund of unspent balances by the IAs**

(₹ in crore)

S. No.	State/UT	Unspent balance of completed works	Amount of interest not refunded by IAs	Unspent funds due to works not being started		Total
				No. of works	Amount	
1.	Andaman & Nicobar Islands	0.15	0.00	16	1.31	1.46
2.	Andhra Pradesh	0.31	0.00	32	0.64	0.95
3.	Arunachal Pradesh	0.00	0.08	0	0.00	0.08
4.	Assam	0.10	0.00	0	0.00	0.10
5.	Bihar	0.00	0.37	0	0.00	0.37
6.	Chandigarh	0.04	0.00	1	0.21	0.25
7.	Goa	0.00	0.02	0	0.00	0.02
8.	Gujarat	0.12	0.00	99	1.54	1.66
9.	Haryana	0.28	0.19	0	0.00	0.46
10.	Himachal Pradesh	0.02	1.37	155	1.76	3.15
11.	Jammu and Kashmir	0.04	0.00	0	0.00	0.04
12.	Jharkhand	0.02	0.00	2	0.01	0.03
13.	Karnataka	0.25	0.67	0	0.00	0.92
14.	Madhya Pradesh	0.00	0.65	0	0.00	0.65
15.	Maharashtra	0.05	0.00	120	2.66	2.71
16.	Meghalaya	0.00	0.20	0	0.00	0.20
17.	Orissa	0.04	0.49	0	0.00	0.53
18.	Puducherry	0.07	0.00	1	0.02	0.10
19.	Punjab	0.00	0.00	169	2.99	2.99
20.	Rajasthan	0.00	0.01	15	0.15	0.16
21.	Sikkim	0.00	0.13	0	0.00	0.13
22.	Tamil Nadu	0.12	0.29	67	0.66	1.07
23.	Tripura	0.08	0.00	2	0.19	0.26
24.	Uttar Pradesh	0.03	0.00	0	0.00	0.03
25.	West Bengal	0.27	0.24	0	0.00	0.51
<b>Total</b>		<b>1.98</b>	<b>4.71</b>	<b>679</b>	<b>12.14</b>	<b>18.83</b>

(Source: Data extracted from records of DAs)

**Annex 6.9**  
(Refers to paragraph 6.7)  
**Inadmissible Administrative charges**

(₹ in crore)

Sl. No.	States	DAs	Name of DA	Amount
1	Arunachal Pradesh	2	Paumpare, West Siang	0.01
2	Assam	3	Kamrup, Kamrup(Metro), Dhubri	0.05
3	Bihar	2	Patna, Begusarai	0.04
4	Himachal Pradesh	1	Kangra	0.07
5	Karnataka	3	Bagalkot, Dharwad, Haveri	0.29
6	Manipur	1	Churachandpur	0.00
7	Madhya Pradesh	5	Balaghat, Hoshangabad, Sagar, Sahdol, Ujjain	0.14
8	Meghalaya	1	Tura	0.08
9	Nagaland	2	Dimapur, Kohima	0.03
10	Orissa	5	Baragarh, Bhadrak, Jajpur, Kalahandi, Khurda	0.26
11	Tamil Nadu	6	Erode, Kanyakumari, Karur, Krishnagiri, Vellore, Virudhunagar	0.24
12	Uttar Pradesh	2	Etawah, Siddarthnagar	0.06
13	West Bengal	2	South 24 Parganas, Kolkata	0.03
<b>Total</b>		<b>35</b>		<b>1.30</b>

(Source: Data extracted from records of DAs)

**Excess expenditure on contingencies**

(₹ in lakh)

Sl. No.	States	Name of DA	Amount admissible	Amount allowed	Per cent of contingency allowed	Excess expenditure
1	Manipur	Imphal West	4.78	5.00	0.52	0.22
2	Mizoram	Aizawl	1.84	2.46	0.67	0.62
3	Jammu & Kashmir	Anantnag	1.45	3.63	1.25	2.18
4	Nagaland	Kohima, Dimapur	5.50	11.27	1.02	5.77
5	Orissa	Jajpur	3.55	6.28	0.88	2.73
<b>Total</b>			<b>17.12</b>	<b>28.64</b>		<b>11.52</b>

(Source: Data extracted from records of DAs)

**Annex 6.10**  
**(Refers to paragraph 6.8.2)**  
**Status of the Chartered Accountants' (CA) audit of MPLADS accounts**

Sl. No.	State	Number of DAs	Audit by the CA pending since					
			Since inception	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Andhra Pradesh	3		1			1	1
2.	Arunachal Pradesh	2				1	1	
3.	Daman and Diu	1					1	
4.	Dadra and Nagar Haveli	1						1
5.	Gujarat	6					3	3
6.	Jammu and Kashmir	2	1				1	
7.	Kerala	1				1*	3*	1*
8.	Lakshadweep	1	1					
9.	Nagaland	2		1#		1#		
10.	Tamil Nadu@	1			1	2	2	
11.	Tripura	2			1			1
12.	Uttar Pradesh	14					3	11
13.	Uttarakhand	2					1	1
14.	West Bengal^	2		1	2	1	2	
<b>Total</b>		<b>40</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>14</b>	<b>19</b>

**(Source: Data extracted from records of DAs)**

**Note:** \* In Thiruvananthapuram district, the accounts of the MP of Chirayinkil Lok Sabha constituency were audited up to 2005-06 only. Accounts of the MP of Thiruvananthapuram Lok Sabha constituency were audited up to 2006-07 and that of the Rajya Sabha MP in the district up to 2007-08.

# The Audit Report and Audit Certificate from 2004-05 to 2008-09 and from 2006-07 to 2008-09 for the Lok Sabha and Rajya Sabha MPs respectively had not been prepared by the Chartered Accountant till September 2009.

@ In DA Chennai, audit by the CA had not been conducted in the following constituencies and RS MP's MPLADS accounts from the period indicated in brackets: Chennai South LS (2005-06), Chennai North LS (2006-07), Shri K. Malaisamy, RS (2006-07), Shri M.S. Swaminathan and Ms. Kanimozhi Karunanidhi RS (2007-08).

^Seven Lok Sabha constituencies in two DAs; Diamond Harbour (2004-05), Joynagar (2005-06), Mathurapur (2005-06) and Jadavpur (2006-07) of South 24 Parganas DA and Serampore, Hooghly and Arambag (all since 2007-08) of Hooghly DA.

**Annex 7.1**  
**(Refer to paragraph 7.1.2)**  
**Uploading of details of works taken up from Scheme inception to March**  
**2009 on the website of MPLADS**

Sl. No.	State/UTs	No. of DAs	No. of works sanctioned since inception of the scheme to March 2009	No. of works uploaded up to March 2009	No. of works not uploaded up to March 2009	Per cent of works not uploaded up to March 2009
1.	A and N Island	1	662	327	335	50.60
2.	Andhra Pradesh	23	1,09,112	41,384	67,728	62.07
3.	Arunachal Pradesh	3	1,882	943	939	49.89
4.	Assam	15	44,903	26,571	18,332	40.83
5.	Bihar	28	51,945	4,570	47,375	91.20
6.	Chhattisgarh	11	28,478	9,745	18,733	65.78
7.	Dadra and Nagar Haveli	1	911	74	837	91.88
8.	Daman and Diu	1	574	106	468	81.53
9.	Delhi	2	6,928	2,931	3,997	57.69
10.	Goa	2	855	650	205	23.98
11.	Gujarat	22	90,732	34,469	56,263	62.01
12.	Haryana	13	30,061	13,565	16,496	54.88
13.	Himachal Pradesh	6	20,134	5,518	14,616	72.59
14.	Jammu and Kashmir	5	13,772	819	12,953	94.05
15.	Jharkhand	14	21,151	6,735	14,416	68.16
16.	Karnataka	25	51,195	18,293	32,902	64.27
17.	Kerala	13	22,202	7,978	14,224	64.07
18.	Madhya Pradesh	29	75,886	21,284	54,602	71.95
19.	Maharashtra	35	57,650	29,764	27,886	48.37
20.	Manipur	1	4,983	268	4,715	94.62
21.	Meghalaya	3	4,896	4,576	320	6.54
22.	Mizoram	1	4,450	131	4,319	97.06
23.	Nagaland	-	1,775	0	1,775	100.00
24.	Orissa	21	76,933	47,602	29,331	38.13
25.	Pondicherry	1	1,104	173	931	84.33



Sl. No.	State/UTs	No. of DAs	No. of works sanctioned since inception of the scheme to March 2009	No. of works uploaded up to March 2009	No. of works not uploaded up to March 2009	Per cent of works not uploaded up to March 2009
26.	Punjab	15	58,966	58,648	318	0.54
27.	Rajasthan	24	65,419	16,692	48,727	74.48
28.	Sikkim	1	1,024	162	862	84.18
29.	Tamil Nadu	30	68,971	17,664	51,307	74.39
30.	Tripura	2	1,523	268	1,255	82.40
31.	Uttar Pradesh	65	1,26,539	55,497	71,042	56.14
32.	Uttarakhand	7	15,350	2,993	12,357	80.50
33.	West Bengal	19	62,254	52,733	9,521	15.29
34.	Nominated		5,353	229	5,124	95.72
<b>Total</b>		<b>439</b>	<b>11,28,573</b>	<b>4,83,362</b>	<b>6,45,211</b>	<b>57.17</b>

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

**Annex 7.2**  
**(Refer to paragraph 7.3.3)**  
**Plaques carrying the inscriptions not erected**

(₹ in crore)

Sl. No.	State/UT	DAs	No. of works	Expenditure incurred
1.	Arunachal Pradesh	2	35	1.57
2.	Chhattisgarh	3	51	4.03
3.	Daman and Diu <sup>50</sup>	1	103	7.35
4.	Haryana	2	988	17.42
5.	Himachal Pradesh	5	1,083	7.35
6.	Jammu and Kashmir	2	1,131	13.26
7.	Meghalaya	2	725	11.92
8.	Mizoram	1	167	5.00
9.	Nagaland	2	344	18.00
10.	Orissa	5	73	2.36
11.	Rajasthan	1	43	1.63
12.	West Bengal	5	175	10.31
<b>TOTAL</b>		<b>31</b>	<b>4,918</b>	<b>100.20</b>

(Source: Data extracted from records of DAs)

<sup>50</sup> Plaques were erected but did not contain details such as cost of work, date of commencement and date of completion etc.

**Annex 7.3**  
**(Refer to paragraph 7.4)**  
**(Sanction of funds for areas inhabited by SC/ST population during the period 2005-06 to 2008-09)**

(₹ in crore)

Sl. No.	States/UTs	No. of DAs involved	Amount of total works sanctioned	Amount to be sanctioned in SC/ST areas	Actual amount sanctioned for SC/ST areas	Amount short sanctioned	Per cent of amount short sanctioned to the amount to be sanctioned for SC/ST areas
1.	A and N Islands	1	5.45	1.23	0.51	0.72	58.54
2.	Andhra Pradesh	6	103.72	23.34	14.99	8.35	35.78
3.	Bihar	8	168.5	37.91	21.61	16.3	43
4.	Chandigarh	1	8.5	1.91	0.00	1.91	100
5.	Daman and Diu	1	5.7	1.28	0.00	1.28	100
6.	Haryana	3	20.79	4.68	2.27	2.41	51.50
7.	Himachal Pradesh	2	32.15	7.23	0.00	7.23	100
8.	Jammu and Kashmir	2	8.49	1.91	0.65	1.26	65.97
9.	Jharkhand	4	39.77	8.95	3.63	5.32	59.44
10.	Karnataka	4	38.33	8.62	5.15	3.47	40.26
11.	Kerala	3	39.9	8.98	5.19	3.79	42.2
12.	Madhya Pradesh	7	69.99	15.75	14.84	0.91	5.78
13.	Punjab	3	60.86	13.69	13.38	0.31	2.26
14.	Rajasthan	3	43	9.68	6.01	3.67	37.91
15.	Tamil Nadu	7	95.69	21.53	16.23	5.3	24.62
16.	Uttar Pradesh	13	111.45	25.08	19.05	6.03	24.04
17.	Uttarakhand	3	15.95	3.59	1.35	2.24	62.40
18.	West Bengal	5	192.47	43.31	20.35	22.96	53.01
<b>Total</b>		<b>76</b>	<b>1,060.71</b>	<b>238.67</b>	<b>145.21</b>	<b>93.46</b>	<b>39.16</b>

(Source: Data extracted from records of DAs)

## List of Abbreviations

A and N Islands	Andaman and Nicobar Islands
AE	Assistant Engineer
ATN	Action Taken Note
BCA	Bachelor of Computer Application
BCS	Bachelor of Computer Science
BDO	Block Development Officer
BOQ	Bill of Quantity
CA	Chartered Accountant
CAG	Comptroller and Auditor General of India
CC	Cement Concrete
cm	Centimetre
CPWD	Central Public Works Department
cum	Cubic metre
D and N Haveli	Dadra and Nagar Haveli
DA	District Authority
DC	Deputy Collector
DDO	Drawing and Disbursing Officer
DEd	Diploma in Education
Distt.	District
DM	District Magistrate
DPO	District Planning Officer
DRDA	District Rural Development Authority
GCI Sheets	Galvanised Corrugated Iron Sheets
GFRs	General Financial Rules
IA	Implementing Agency
IAY	Indira Awas Yojana
JE	Junior Engineer
Kg/sqm	Kilogram per square meter
LS	Lok Sabha
M. Steel	Mild Steel
MCD	Municipal Corporation of Delhi
MIS	Management Information System
MLA	Member of Legislative Assembly
MLALADS	Member of Legislative Assembly Local Area Development Scheme
mm	Millimetre
MP	Member of Parliament
MPLADS	Member of Parliament Local Area Development Scheme
MPR	Monthly Progress Report
NGO	Non Government Organization

NOC	No Objection Certificate
NREGS	National Rural Employment Guarantee Scheme
NREP	National Rural Employment Programme
OPD	Out Patient Department
PCC	Pucca Cement Concrete
PHC	Primary Health Centre
Pr.	Principal
PRI	Panchayati Raj Institution
PWD	Public Works Department/Division
RCD	Road Construction Division
ROB	Road Over Bridge
RS	Rajya Sabha
RWD	Rural Works Division
SC	Scheduled Caste
SP Zone	Sadar Paharganj Zone
SRSWOR	Simple Random Sampling Without Replacement
SSI	Small Scale Industry
ST	Scheduled Tribe
UC	Utilisation Certificate
ULB	Urban Local Bodies
UT	Union Territory
WCR	Work Completion Report