

**MEMBER OF PARLIAMENT LOCAL
AREA DEVELOPMENT SCHEME
(MPLADS)**

[Action Taken by the Government on the Observations/Recommendations of
the Committee contained in their Fifty-fifth Report (15th Lok Sabha)]

**MINISTRY OF STATISTICS AND PROGRAMME
IMPLEMENTATION**

**PUBLIC ACCOUNTS
COMMITTEE
2015-2016**

THIRTY-FIRST REPORT

SIXTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

THIRTY-FIRST REPORT
PUBLIC ACCOUNTS COMMITTEE
(2015-2016)

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IMPLEMENTATION

Presented to Lok Sabha on 21.12.2015

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LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2015-2016)

Prof. K.V. Thomas — *Chairperson*

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| 1. Shri A.K. Singh | — | <i>Additional Secretary</i> |
| 2. Smt. Tirthankar Das | — | <i>Additional Director</i> |
| 3. Shri Deepankar Kamble | — | <i>Committee Officer</i> |

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2015-16), having been authorised by the Committee, do present this Thirty-first Report (Sixteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fifty-fifth Report (Fifteenth Lok Sabha) on '**Member of Parliament Local Area Development Scheme (MPLADS)**' relating to the Ministry of Statistics and Programme Implementation.

2. The Fifty-fifth Report was presented to Lok Sabha/laid in Rajya Sabha on 30th March, 2012. Replies of the Government to the Observations/Recommendations contained in the Report were received on 3rd May, 2013. The Public Accounts Committee considered and adopted the Thirty-first Report at their sitting held on 17th December, 2015. Minutes of the sitting are given at *Appendix-I*.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Fifty-fifth Report (Fifteenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;
21st December, 2015

30 Agraphayana, 1937 (Saka)

PROF. K.V. THOMAS
Chairperson,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Public Accounts Committee deals with Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fifty-fifth Report (Fifteenth Lok Sabha) on "**Member of Parliament Local Area Development Scheme (MPLADS)**" based on C&AG Report No. 31 of 2010-11 (Performance Audit), Union Government (Civil) relating to the Ministry of Statistics and Programme Implementation.

2. The Fifty-fifth Report (Fifteenth Lok Sabha) was presented to Lok Sabha/laid in Rajya Sabha on 30th March, 2012. It contained 33 Observations/Recommendations. Action Taken Notes in respect of all the Observations/Recommendations have been received from the Ministry of Statistics and Programme Implementation and categorized as under:—

- (i) Observations/Recommendations of the Committee which have been accepted by the Government:

Paragraph Nos. 1, 2, 4, 6, 7, 8, 9, 11-13, 17-23, 25-26, 31-32 and 33

Total: 22
Chapter- II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

Paragraph Nos. 15, 24, 27 and 28

Total: 04
Chapter-III

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which requires reiteration :

Paragraph Nos. 3, 10, 14, 16, 29 and 30

Total: 06
Chapter- IV

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies:

Paragraph No. 5

Total: 01
Chapter- V

3. The Committee desire that the Ministry of Statistics and Programme Implementation to furnish the final/conclusive Action Taken Notes on the Observation/Recommendation No. 5 of their Fifty-fifth Report (Fifteenth Lok Sabha) in respect of which the Ministry have furnished interim reply.

4. The Action Taken Notes furnished by the Ministry of Statistics and Programme Implementation on the Observations/Recommendations of the Committee contained in their Fifty-fifth Report (Fifteenth Lok Sabha) have been reproduced in the relevant Chapters of this Report. In the succeeding paragraphs, the Committee have dealt with the Action Taken by the Government on some of their Observations/Recommendations which either need reiteration or merit comments.

I. Observation/Recommendation Para No. 3 of 55th Report (15th Lok Sabha)

5. The Committee were highly concerned to note that 12 DAs of six States inflated the figures of expenditure by ₹ 7.35 crore by depicting the entire advance of ₹ 100.17 crore released to the Implementing Authorities as utilized. Not only that, the DAs had reported lesser amount of interest earned in their annual accounts and/or Monthly Progress Reports (MPRs) than those reported in the MPRs of the earlier months resulting in an understatement of interest of ₹ 5.60 crore in respect of 21 constituencies. Shockingly, in blatant violation of the General Financial Rules (GFR) 2005 DAs in some States were showing money given as advance as expenditure in the Utilisation Certificate (UC). Though the Ministry of S&PI hold the DAs/IAs responsible for properly maintaining the accounts of MPLADS funds as per the State/UT Governments yet they failed to obtain/examine necessary clarifications of the DAs/States concerned on the financial irregularities. Since the Ministry were still in the process of developing an integrated software incorporating District-wise MPLADS accounts and collating annual accounts and balance sheet of all the Districts and considering the importance and urgency of developing such an integrated software, the Committee impressed upon the Ministry to expedite development and installation of the software without further loss of time. The Committee were sanguine that the early installation of the desired integrated software would help capture all the relevant data and facilitate effective management and monitoring of the MPLAD Scheme both at micro and macro levels. The Committee also desired that the necessary explanations of the DAs concerned be obtained and examined by the Ministry without further loss of time so that requisite preventive and punitive measures were taken to observe strict fiscal discipline.

6. The Ministry in their Action Taken Notes have stated as under: —

“The District Authorities are advised from time to time to include only the actual expenditure incurred as expenditure figure. The Ministry has already initiated action for development of an integrated MPLADS website through NICS. The NICS has already started the process of development of the integrated website, which is likely to be put on trial during 2013.”

7. The Committee in their Fifty-fifth Report (Fifteenth Lok Sabha) had observed that some States had inflated the expenditure figures depicting the sum total as utilized thereby blatantly violating General Financial Rules (GFR), 2005. The Committee had desired necessary explanations of the DAs so that requisite preventive and punitive measures can be taken to ensure strict fiscal discipline. However, the Ministry, in their Action Taken Note did not reply on the said enquiry by the Committee and have stated that the DAs are advised from time to time to include actual expenditure incurred as expenditure figures. It seems that besides giving such advisories, the Ministry does not have any other monitoring mechanism at place. Hence, the Ministry did not provide the relevant details about the follow-up action taken by the concerned State Governments against malafide misreporting or any infringement of rules/guidelines. Therefore, the Committee exhort the Ministry to provide all the details about the action taken by the State Governments for ensuring financial regularity. Further, the development of integrated software for capturing relevant data for effective management and monitoring of the MPLAD Scheme was to be put on trial during 2013. The Committee, therefore, would like to be apprised of the status of the software likely to be developed and if developed whether the software has been put into use across the country for monitoring financial progress of the Scheme.

II. Observation/Recommendation Para No. 8 of 55th Report (15th Lok Sabha)

8. The Committee deprecated to note that proper records were not maintained by the Ministry to watch the progress of the receipt of the Annual Accounts and Utilisation Certificates from the DAs. Further, the Ministry had routinely been relaxing the conditions for submission of UCs and Audit Certificates by the DAs, before allowing the release of the second installment of funds. The Committee were surprised that the Ministry themselves were not maintaining proper records which were so vital for it to review overall fund utilization but expect the State Governments/DAs/IAs to be perfect in every respect just because Guidelines had been issued. The Committee were of the firm opinion that the Ministry had to first put their house in order and set an example for the State/UT Governments to emulate. They, therefore, recommended that the Ministry should urgently start maintaining MP-wise Grants-in-Aid Register with details of funds released, status of the receipt of the Monthly Progress Reports, Utilisation Certificates and Audit Certificates in a computerized format with complete data validation and place it on the official website of the Ministry for effective monitoring of the fund utilization as well as to bring in transparency and public scrutiny.

9. The Ministry in their Action Taken Notes have stated as under:—

“The Utilization Certificates and Audit Certificates are already being maintained in the Ministry in the individual files of the MPs on the basis of which release of funds is done. However, as advised, computerized format of Grants-in-aid Register has been finalized and is being made operational wherein the MP-wise details of release of funds, receipt of Utilisation Certificates (UCs) and Audit Certificates (ACs) would be maintained.”

10. The Committee note that the Ministry in their action taken notes have stated that the Utilization Certificates and Audit Certificates are already being maintained in the Ministry in the individual files of the MPs. They are also happy to note that computerized format of Grants-in-aid register, as desired, by the Committee, has been finalized and is being made operational wherein the MP-wise details of release of funds, receipts of Utilization Certificates and Audit Certificates would be maintained. However, the Ministry's reply is silent about uploading the Monthly Progress Report on the official website of the Ministry which, the Committee feel, is essential for effective monitoring of the fund utilization as well as to bring in transparency and public scrutiny. The Committee would, therefore, like to seek the details as to when was the computerized format finalized and when was it made operational. Further, the Committee would like to know whether the computerized Register has been maintained after incorporating each and every details of the scheme and whether it has been synchronized with the State Government's database. The Committee hope that such synchronization will enable both the Ministry and the DAs to arrest the existing loopholes in the implementation of MPLAD Schemes.

III. Observation/Recommendation Para No. 10 of 55th Report (15th Lok Sabha)

11. The Committee were worried to observe instances of doubtful expenditure which included non-existence of assets in West Bengal and Jharkhand, payments made on doubtful muster roll entries in Bihar and on doubtful vouchers in Mizoram and Jharkhand, leading to a combined financial irregularities of ₹ 40 lakh. Although the State Governments of West Bengal and Mizoram had furnished certain explanations on the matter including action taken thereon, the State Governments of Bihar and Jharkhand did not bother to even respond to the irregularities pointed out by Audit. The Committee desired that such indifferent attitude of the State Governments concerned be viewed seriously by the Ministry and the matter be taken up with utmost urgency at the Chief Minister/Chief Secretary level so that responsibility could be fixed on the delinquent officials.

12. The Ministry in their Action Taken Notes have stated as under:—

"This Ministry has received replies on doubtful expenditure from State of Bihar and Jharkhand. The replies received are given below:

- (a) Bihar — State Government has informed the following on concerning audit paras:—
 - (i) *Excess/avoidable expenditure* — Keeping in view the conditions at the location, during the execution of work, more payment was made than the scheduled rate due to increased compaction of Brick Bat, Balu, soil etc. for technical reasons. Besides, after work estimates, the additional payment was also made due to increase in the rates of wages by the Government. It has also been informed that action is being taken as per the audit provision and that it will be ensured that such lapses is not repeated in future However, provision for increase in payment is being made in the estimates.

- (ii) *Procedural lapses in the execution of works* — Taking cognizance of the Audit para, wages are being paid only after preparing the Muster Roll. It has also been informed that the payment under labour item is now being made on the basis of Muster roll for the projects in progress. In Compliance Report of RWD Masaurhi, it has been stated that in future, procedure would be followed and maintained and the material will be purchased by quotations and that Labour will be paid on Muster Roll.
- (b) Jharkhand — State Government has replied the following on the concerning audit paras as given below:—
 - (i) *Unfruitful expenditure on Works* — Work construction of Bharat Mata Kalyan Mandap has been completed. However, the same could not be transferred due to matter being sub-judice.
 - (ii) *Non-existence of assets* — In respect of work for installation of two solar water pump sets, FIR has been lodged against the firm M/s Kiran Energy Solution Private Ltd., Dhanbad.
 - (iii) *Payment made on doubtful voucher*—As regards installation of four high level tube well is concerned, it has been clarified that no irregularities were committed and payments were made on the basis of actual work. Rather the work was completed by incurring ₹ 1601 less than the estimated cost of work.

This Ministry has been requesting the concerned State Governments to take action against the concerned erring officials".

13. The Committee note that although the Ministry has received the replies on doubtful expenditure from the State of Bihar and Jharkhand, they find that the Ministry has not taken any concrete actions to see that responsibility could be fixed on the delinquent officials. They have simply requested the concerned State Governments to take action against the erring officials. The response of the State Government of Bihar, as furnished by the Ministry, states that more payment was made than scheduled rate due to increased compaction of Brick Bat, Balu, soil, etc. for technical reasons. The Committee have also come to understand that even after work estimates, the additional payment was also made due to increase in the rates of wages by the Government. The Committee are of the considered view that before finalization of works, either proper estimates were not prepared by taking into account various pragmatic considerations or due diligence was not followed for which additional payment was made. Therefore, the Committee desire that the respective State Governments prepare a proper estimate and conduct due diligence before finalizing works under the scheme so as to minimize additional payments and get the works completed within the scheduled time. Furthermore, the reply of the State Government of Jharkhand reveals varieties of irregularities such as unfruitful expenditure due to matter being sub-judice, non-existence of assets in respect of installation of two solar water pump sets and payment made on doubtful

voucher. The Committee view this phenomenon as a serious lapse in the past of the DAs thereby implying questionable conduct on their part. The Committee, therefore, exhort the Ministry and the State Governments to conduct proper survey of the land/project where work has been sanctioned under the scheme and should follow a more rigorous selection process for finalising the contractors to execute the works. The Committee may be apprised of the actions taken by the Ministry for ensuring the same.

IV. Observation/Recommendation Para No. 11 of 55th Report (15th Lok Sabha)

14. The Committee found that the above said doubtful expenditure occurred due to grossly inadequate monitoring of the projects by both the District Authorities and the Implementing Agencies, as corroborated by the Ministry in evidence. The Committee were of the considered view that mere lodging of an FIR against the Head Master of a particular school or the local head of the implementing agency would not suffice to check financial fraud and irregularities, unless supervisory officers, including those who check and sign the Utilization Certificates were held primarily responsible for any doubtful expenditure. The Committee, therefore, urged the Ministry to prevail upon the State Governments where such irregularities had been reported to further investigate the matter with a view to finding out whether there were larger conspiracies involved in the fraud and depending upon the findings, exemplary action be taken against the officers concerned. The Committee also desired that the practice of submitting vouchers on plain paper by the Implementing Agencies, as happens in some States, be discarded forthwith so that instances of payments on doubtful vouchers did not reoccur.

15. The Ministry in their Action Taken Notes have submitted as under:—

"The FIR lodged by the Nodal District, South 24 Parganas in West Bengal have been received. It has been informed that the District Authority is already pursuing the case to recover the fund spent on irregular works and disciplinary action is being initiated. The Ministry is in the process of development of an integrated software for MPLAD Scheme for monitoring funds release and expenditure both at Macro and Micro level which is expected to bring in more fiscal control and transparency in the system. Instructions have already been issued to all the concerned states/UTs administrators separately in each case to adhere to the provisions of GFR and state procedure while making payment to the contractor".

16. The Committee find that the Ministry, in their reply, have submitted that the FIR lodged by the Nodal District, South 24 Parganas in West Bengal have been received and the matter is being pursued by the District Authority to recover the fund spent on irregular works and disciplinary action is being initiated. The Committee desire to be apprised of the developments that have taken place in this matter. They would also like to know the present status of the developments of integrated software for MPLAD scheme. The Committee desire the Ministry to make all out efforts to impress upon the State Governments to carry out proper

investigation where cases of embezzlement of money come to their notice and prosecute the guilty so that an example can be set, which would act as a deterrent for such lapses in future.

V. Observation/Recommendation Para No. 14 of 55th Report (15th Lok Sabha)

17. The Committee were shocked to note that nine DAs in eight States executed 700 works costing ₹ 9.45 crore without formal recommendations of the MPs concerned. In addition, three DAs in three States executed 150 works amounting to ₹ 2.44 crore, recommended by the representatives of the MPs. It was really incomprehensible that on the plea of urgency of work and assurance of the local MLA to make available funds from the MPLAD Scheme, the District Authorities had sanctioned the work in anticipation of the MP's recommendation. As per the provisions of para 3.12 of the Guidelines, the implementation of the works under the MPLAD Scheme should start only after the receipt of the recommendation of work from the MPs. This was to be scrupulously followed by the District Authorities and if any deviation occurred, the State Government could take disciplinary action against the DAs. But the Committee were perturbed to observe that no disciplinary action had been taken against the erring DAs even after a lapse of five/six years and the Additional Secretary, Ministry of Statistics and Programme Implementation, though submitted before the Committee that the Ministry did not support such kind of action on the part of the DAs and it called for disciplinary action, the Ministry had not taken up the matter at the appropriate level. In view of the fact that award/implementation of works without formal recommendation from the MPs was a clear violation of the provisions of the MPLADS Guidelines and tantamount to gross irregularities, the Committee urged the Ministry to bring the irregularities committed by the DAs concerned immediately to the notice of the Union Department of Personnel and Training and also to the Chief Secretary of the State Government concerned for initiating disciplinary action against the defaulting officers. The Committee were of the firm opinion that such an action on the part of the Ministry was imperative so as to convey in unambiguous terms that irregularities of such nature would not be brooked or allowed to go unpunished. The Committee further desired that as soon as the MPs recommended a particular work, the same should have been intimated by the IAs to the beneficiaries.

18. The Ministry in their Action Taken Notes have submitted as under:—

"As and when any irregularities committed by the District Authorities would be brought/come to the notice of the Ministry, the same would be taken up with the Chief Secretary of the State Government/Administrator of the UT on case to case basis for taking appropriate action against the defaulting officers. In case of All India Service Officers, after taking up with Chief Secretary and obtaining his replies, the serious irregularities will be brought to the notice of DoPT for appropriate action if felt necessary. Regarding intimation by IAs to the beneficiaries, it is mentioned that as per the prescribed procedure, the implementing agencies are assigned works only after sanction is accorded by the district authorities of the works recommended by the MPs. Therefore it is

not feasible for the IAs to intimate details of recommended works to the beneficiaries. However, in the new software being developed by the Ministry, the details of the works recommended by an MP will be reflected. This information will be available in the public domain and can be viewed by one and all."

19. The Committee find that the reply of the Ministry does not have any specific reference to the issues raised by them in their recommendation. The Committee are surprised to note that instead of mentioning about concrete steps taken by them in pursuance of the Committee's recommendation, the Ministry have just intimated about the general principles of law. Issues such as execution of MPLAD works by the DAs without the formal recommendations of the MPs or sanction of work by DAs in anticipation of the MPs recommendation or even execution of work recommend by representatives of the MPs speak eloquently of an unholy nexus between the DAs and the vested interests. The Committee are of the considered view that instances of such lapse should be taken seriously by the Ministry. The Committee, therefore, reiterate their earlier recommendation and desire that the Ministry make concerted efforts to pursue the matter with the concerned State Governments and take punitive action against the erring officials. They also hope that the Ministry will also take preventive steps to safeguard against such lapses in future.

VI. Observation/Recommendation Para No. 16 of 55th Report (15th Lok Sabha)

20. The Committee noted that in 10 States, ₹ 14.40 crores were sanctioned and released for works pertaining to 34 Trusts/Societies, which exceeded the ceiling of ₹ 25 lakh per Trust/Society as fixed under the Scheme Guidelines. The Committee further noted that in seven States, the DAs sanctioned ₹ 5.94 crore to 145 Trusts/Societies which were either not eligible as per the Guidelines or whose eligibility were not verified by the DAs. The Ministry had attributed reasons like non-obtaining of declarations from the Trusts/Societies by the DAs, lack of interaction amongst the DAs and lack of transparency due to non-availability of records of the Trusts/Societies online, for the above cited irregularities in the States of West Bengal, Meghalaya and Jharkhand whereas no response had been received from other States like Jharkhand, Goa, Maharashtra and Rajasthan. The Committee deplored the sorry state of affairs leading to blatant violation of the provisions of the Guidelines and the resultant siphoning away of public funds. They desired that the Ministry expeditiously obtain the clarifications from those States which had not yet responded to the lapses, examine the explanations of all the States concerned and prevail upon them to investigate the matter for initiating necessary and appropriate action against the erring officials and the Committee be apprised of the specific measures taken in this regard. The Committee also desired that a Central database containing district-wise list of all the eligible Trusts/Societies be maintained by the Ministry so as to avoid recurrence of lapses and to facilitate timely recoupment of funds.

21. The Ministry in their Action Taken Notes have submitted as under:—

"It is informed that clarifications have been received from all the concerned States, except Jharkhand, which is reminded periodically. With regard to Central-database of Trusts/Societies, it may be mentioned that it will not be possible to maintain Central database. However, Ministry is asking the District Authorities to maintain district-wise data base in respect of Trusts/Societies to whom work is allocated".

22. The Committee express their displeasure over the Ministry's response with regard to the non-committal attitude of State Government of Jharkhand for furnishing reply about the exceeding of ceiling by Trusts/Societies. The Committee view this as a serious lapse on part of the Jharkhand Government and feel that the State Government has little interest in the prosecuting the guilty. Moreover, the Committee are also surprised to note the Ministry's submission regarding their inability to maintain a central database. The Committee wonder when a central database is not available in the Ministry, how it can monitor, review and implement the scheme as per the mandate of the Ministry. As per the Ministry's reply, DAs are being asked to maintain district-wise data base in respect of Trust/Societies to whom works is allocated. Thus, the Committee exhort the Ministry to maintain a central data base as well as direct the states to built comprehensive, all encompassing data base so that the review and monitoring of the works under the Scheme could be more transparent and could render much more efficiency in terms of execution of the works within the prescribed time frame.

VII. Observation/Recommendation Para No. 18 of 55th Report (15th Lok Sabha)

23. Although the MPLADS Guidelines stipulated that the time limit for completion of works should generally not exceed one year, the Committee noted that percentage of works remaining incomplete ranged from 48.23 percent in 2004-05 to 59.28 percent in 2006-07 reportedly due to various reasons which *inter alia* included late receipt of recommendation of work from the MPs, selection of inadmissible work, non- identification of land, local disputes, delay in tendering procedure, imposition of election code of conduct and shortage of staff in DRDA/ Nodal Agency in the District. The Committee were also unhappy to note that 33 States/UTs had not yet reported the action taken against the Implementing Agencies who failed to complete the work within the stipulated time mentioned in the sanction letter. To make the matter worse, the Ministry were not in a position to effectively monitor the incomplete works as according to their own admission they did not get the reports about the completion or non- completion of the projects due to insufficient updation of the information by the DAs. Even then, the Ministry were just in the thinking stage of developing a single portal whereby they could get the status of work on real time basis. The Committee felt that it was high time the Ministry rose to the occasion and considered setting up of an effective institutional mechanism for regular and concurrent monitoring of the ongoing works in view of the fact that the cumulative number of works is increasing every year. Needless to stress that the upkeep of data on the implementation of the MPLAD Scheme required

tremendous improvement. In fact, the implementation process, right from sanction of works till their completion must be IT enabled and a comprehensive software portal was an absolute must for effective data compilation, management and monitoring. The Committee, therefore, emphasized that urgent centralized efforts at the level of the Ministry be made to develop a single portal, if required by outsourcing reputed IT firms, for streamlining the data base management system and obtaining data on real time basis so that not only the assets created under the scheme were highlighted for public awareness and scrutiny but also requisite corrective measures were taken as and when warranted. The Committee further desired that the Ministry should appropriately take up with the State Governments the matters of procedural impediments like non-identification of land, local disputes, delay in tendering procedure etc. so that timely action was taken and delay in implementation/execution of works was avoided. It was also imperative on the part of the Ministry to unfailingly bring to the notice of the Chief Secretaries of those States who had not yet clarified the delays on their part in the execution of MPLADS works. Even after that, if the State Governments concerned failed to comply, the matter should be brought to the notice of the Chief Ministers so that responsibility was fixed on the errant officials and action taken against the defaulting Implementing Agencies.

24. The Ministry in their Action Taken Notes have submitted as under:—

"From the replies received from the State Nodal Authorities/UTs Authorities, it has been seen that most of works were pending either have been completed or cancelled except those cases who are held up due to court cases. Ministry is aware about the undue delay on the part of the State Government/UTs and have directed all the States/UTs to look into matter and investigate and initiate disciplinary cases against the erring officials of District Authorities found responsible for irregular sanction and further invoking the penalty clause against the Implementing agencies who failed to complete the work in time as stipulated in the Guidelines. The Ministry of Statistics & Programme Implementation has already initiated the process of development of an integrated MPLAD Scheme system for monitoring MPLAD Scheme funds release, funds monitoring, Monitoring of expenditure incurred at Macro and Micro level through NICS. The proposed system will be a dynamic user friendly web application and will be a single portal of reference for all the stake holders. The portal will ensure Micro (works), Macro (release and expenditure level) reporting and monitoring of timely utilization of funds".

25. The Committee are happy to note that the Ministry have directed all the State Governments to look into the matter with respect to undue delay on their part and investigate and initiate disciplinary cases against the erring officials of District Authorities found responsible for irregular sanction and to invoke the penalty clause against the implementing agencies who failed to complete the work in time as stipulated in the Guidelines. However, the reply is silent about the action taken by the States/UTs against the erring officials. The Committee, therefore, exhort

the Ministry to pursue the matter with the State Government authorities to see that the erring officials be identified and suitable punitive steps be taken against them. Besides, anticipating the successful development of the integrated software for monitoring the MPLAD scheme, the Committee also request the Ministry for early implementation of the software related programmes for monitoring release of funds, expenditure incurred and timely utilization of funds. They would also like to be apprised of the development in this regard.

VIII. Observation/Recommendation Para No. 29 of 55th Report (15th Lok Sabha)

26. The Committee observed that the State level Monitoring Committee headed by the Chief Secretary/Divisional Commissioner, which was to hold annual meeting with DAs & MPs to review the progress of implementation of MPLADS, had not even been constituted in three States/UTs. In other States, the Monitoring Committee either failed to meet annually or never held any meeting. The Committee expressed their serious displeasure on this pathetic state of affairs and recommended that the Monitoring Committee at the State level under the Chairmanship of the Chief Secretary/Divisional Commissioner/Additional Chief Secretary be constituted expeditiously and the meetings of such Committees be convened at least once in a year with wider participation of MPs to enhance the accountability of the DAs. The Ministry should ask for regular compliance reports in this regard in their biannual meetings with the State authorities so that corrective measures were taken as and when required. As assured in evidence, the Committee would like the Ministry to involve the Minister to write to the Chief Ministers so that the officers responsible for dereliction of duty could be taken to task.

27. The Ministry in their Action Taken Notes have submitted as under:—

“As per para 6.3 (i) of the Guidelines, meeting under the Chairmanship of Chief Secretary/Development Commissioner should be held to review implementation of the MPLAD Scheme with District Authorities and MPs at least once in a year. District Authority is required to review and monitor the Progress of the Scheme on quarterly basis in which MPs are also to be called. However, during the recently held Bi-annual Review Meetings on MPLADS, the District Authorities informed that despite their repeated requests to the MPs to attend such meetings, some of the MPs are not attending the review meetings nor do they send any reply to the notice of the meeting. The District Authorities have however been asked to continue to invite the MPs in the meetings. All the State Government/UTs administration have been advised to hold Monitoring Committee Meetings at least once in a year and furnish the Minutes to the Ministry.”

28. The Committee had observed that the Monitoring Committee either failed to meet annually or never held any meetings. The Ministry in their reply, quoting Para 6.3 (i) of the Guidelines, have stated that a review meeting is to be held at least once in a year and on a quarterly basis by DAs. The Committee desire to be apprised about the number of sittings held till date State-wise and Minutes of such meetings, since the MPs are also required to attend these meetings. The

Committee find that the reply of the Ministry is silent about asking for periodic compliance reports from the State Governments. The Committee are of the view that such compliance reports will enable the Ministry to evaluate the progress of the MPLAD works and take corrective measures as and when required. They hope that the Ministry will take necessary steps in this regard without further loss of time under intimation to the Committee.

IX. Observation/Recommendation Para No. 30 of 55th Report (15th Lok Sabha)

29. The Committee were concerned to note that in 18 States/UTs, only 13.69 percent of MPLADS funds were sanctioned for areas inhabited by the SC/ST community against the requirement of 22.5 percent as per the Guidelines. It shall be the responsibility of the DAs to enforce the provisions of the Guidelines in this regard. Although the Guidelines had recently been amplified to give ample flexibility to the MPs to go beyond the list of shelf of Projects in order to meet the needs of the SC/ST people, the Ministry had not collated the data on expenditure under the Scheme for the benefit of the SC/ST people on the plea of inadequate manpower. The Committee were not satisfied with the reply of the Ministry. They desired that the Ministry must compile and collate on an annual basis the expenditure under the MPLADS for SC/ST population, either utilizing the available resources or by augmenting them, so that any aberrations/slippages on the part of the DAs were rectified. The Committee specifically desired that in case a constituency does not have ST inhabited area, the 22.5 percent earmarked funds may be utilized in SC inhabited areas and *vice-versa*, in consonance with the provisions contained in the Guidelines.

30. The Ministry in their Action Taken Notes have submitted as under:—

"The works are recommended by the Hon'ble MPs to the District Authorities. As per para 2.5 of the Guidelines, the MPs are expected to recommend every year works costing at least 15% of MPLADS fund for areas inhabited by Scheduled Caste population and 7.5% for areas inhabited by Scheduled Tribe population. Provision already exists in the Guidelines that in case, a constituency does not have ST inhabited area, such fund may be utilized in SC inhabited areas and *vice-versa*. It is the responsibility of the District Authority to enforce this provision of the Guidelines. The Guidelines have recently been amplified to include para 3.27 which provides availability of Shelf of Projects including projects for SC/ST inhabited areas to MPs. Though the Shelf of Projects is only suggestive, it gives ample flexibilities to the MP to go beyond the list in order to meet the needs of the people."

31. While the Committee, in their Report, had observed that in 18 States/UTs, only 14 percent of MPLADS funds were sanctioned for SC/ST inhabited areas as against the requirement of 22.5 percent as per the Guidelines, the Ministry in their reply, however, quoted Para 2.5 and Para 3.27 of the guidelines but did not provide any relevant data in connection with the Committee's observation. The Committee reiterate that the guidelines on MPLAD Scheme are quite clear but

much is desired to be enforced by the nodal Ministry and the implementing DAs. The Committee desire that the Ministry provide a comprehensive data about the funds allocation, implementation and completion of works under the Scheme in SC/ST inhabited areas so that a comprehensive and a pragmatic view can be taken in this regard.

X. Observation/Recommendation Para No. 31 of 55th Report (15th Lok Sabha)

32. The Committee were shocked to note that neither the Ministry nor 17 States/UTs had made any arrangements for an internal audit of the MPLAD Scheme. Much to the chagrin of the Committee, the internal audit wing of the Ministry had submitted that internal audit of the Scheme had never been conducted since the inception of the Scheme. In view of the fact that internal and concurrent audit was an integral part of a strong internal control and monitoring system, the Committee impressed upon the Ministry to put in place forthwith a robust internal auditing mechanism and ask the State/UT Governments to engage the office of the C&AG of India at the State level for periodically auditing the MPLADS account of each individual MP. In this context, the Committee would like the Ministry to take into consideration the suggestions of the Institute of Chartered Accountants of India regarding changes in the Guidelines relating to Accounting procedures, improvements in quality of audit, guidance note on the conduct of audit on MPLADS funds etc. which have already been communicated to the Ministry by the ICAI.

33. The Ministry in their Action Taken Notes have submitted as under:—

"In order to consider changes in regard to audit accounts related matters under MPLADS, a committee was constituted in the year 2008. The report was received in the Ministry and was to be discussed in the presence of the representative from the Ministry of Finance (D/o Expenditure). The report was forwarded to Ministry of Finance, JS (PF-II) on 03.02.2012. The representative was also invited to the meeting held on 07.03.2012 and 12.4.2012 but no one attended the meeting from the Ministry of Finance nor their comments received. The Internal Audit Division of the Ministry in the meeting informed that as per Rule 6 (1) and (2) of the GFR, any change in these procedures/formats should have the approval of the M/Finance (D/o Expenditure). The Comments of the Ministry of Finance (D/o Expenditure) is still awaited. At present, 'Internal Audit Wing' of Principal Accounts Office is conducting internal audit of two Ministries *i.e.* Planning and Statistics & Programme Implementation. However, it has been requested to the Office of the CGA to create 27 posts (01 DCA, 02 Sr. AO, 06 A.A.O, 12 Accountant, 03 LDC and 03 MTs) in Internal Audit Wing to strengthen the internal Audit in the Ministry of Planning, Statistics and Programme Implementation. As soon as the posts are created and the staff are positioned, the work on the Internal Audit for the scheme as MPLAD etc. will be taken up. The Ministry has also separately moved a proposal for creation of posts in the MPLADS Division as well as for posts for MPLADS accounts work. However, recently, Department of Expenditure, Ministry of Finance has issued Economy

Instructions wherein ban has been imposed on creation of new posts and the proposal of this Ministry was returned with advice to resubmit after the ban is lifted. However, this Ministry had requested Department of Expenditure to consider the proposal for creation of post of this Ministry as a special case."

34. The Committee express their displeasure regarding the reported absence of Ministry of Finance during the meetings held on 07.03.2012 and 12.04.2012 scheduled to discuss the report of the Committee constituted to consider changes in regard to audited accounts relating to matters under MPLAD. The Ministry in their reply have stated that the comments of Ministry of Finance, Department of Expenditure are still awaited on the issue. The Committee would therefore desire the Ministry to seek the comments at the earliest and provide them to the Committee. The Ministry have stated that Internal Audit Wing of Principal Accounts office is conducting audit of Ministry of Planning and Statistics and Programme Implementation. As per the Ministry's submission, the Committee would like to be apprised about the present status regarding the creation of 27 posts in Internal Audit Wing to strengthen the internal audit where the Ministry had requested the Department of Expenditure to consider the proposal as a special case. Also, the Committee desire to know the actions taken by the Controller of Accounts regarding the internal audit of the concerned Ministries. Also, the Committee would like to be apprised about the response of Chief Secretaries of the States/UTs regarding C&AG audit of the said scheme. Further, the Committee also desire about the implementation of the recommendations as suggested by the special Group of ICAI. The Committee also desire to know the status of seven posts created for accounts as requested by Controller of Accounts.

XI. Observation/Recommendation Para No. 32 of 55th Report (15th Lok Sabha)

35. The Committee noted that many of the systemic weaknesses affecting the implementation of the MPLAD Scheme were brought to the notice of the Ministry by the C&AG in two earlier performance Audit Reports in 1998 and 2001. Based on the suggestions of the C&AG for devising a robust monitoring mechanism, strengthening internal controls and impose greater financial discipline for the release and expenditure of MPLADS funds, the Ministry had reportedly modified the Release and Expenditure Guidelines in August, 2011 in consultation with the Department of Expenditure. What, however, concerned the Committee was the inordinate delay on the part of the State/UT Governments in furnishing Action Taken Notes to the Audit observations. For example, while partial replies to the Audit comments contained in their Report of 2010 had been received from most of the States/UTs, a single reply had not yet been received from eight States/UTs *i.e.* Arunachal Pradesh, Bihar, Dadra and Nagar Haveli, Goa, Gujarat, Jharkhand, Kerala and Nagaland. The Ministry, on their part, were just sending reminders. In view of the fact that Audit observations were meant to plug the loopholes and foster good governance, they ought to be taken with the seriousness they deserved. The Committee, therefore, desired that the Ministry should take up the matter at the Chief Secretary/Chief Minister level so that the State/UT authorities resort to

adequate and timely preventive and punitive measures on the Audit observations in their own interest.

36. The Ministry in their Action Taken Notes have submitted as under:—

"The Ministry has already taken up the with the Hon'ble Chief Minister of the concerned State. This has resulted in receiving the reply from the States of Arunachal Pradesh, Jharkhand and Nagaland. However reply from UT of Dadra & Nagar Haveli is still awaited despite following up the matter vigorously with the Administrator, UT of DNH. Suitable action will be taken against the concerned in case of non-compliance."

37. In their Report, Committee had noted many systemic weaknesses in implementation of MPLAD scheme as brought out by the C&AG. The Ministry in their reply have stated that replies from Arunachal Pradesh, Jharkhand and Nagaland Governments have been received. The Ministry further have stated that the reply from the UT of Dadra & Nagar Haveli is still awaited and is being pursued with the Administrator, UT of Dadra & Nagar Haveli. In this regard, the Committee desire to be apprised of the status of the receipt of replies from Dadra & Nagar Haveli. The Ministry in their Action Taken Note had stated that suitable action would be taken against the concerned States in case of non-compliance. The Committee would like to know the measures taken/proposed to be taken in this connection and would like to be apprised of the replies received from the State Governments/UTs.

NEW DELHI;
21st December, 2015
30 Agrahayana, 1937 (Saka)

PROF. K. V. THOMAS
Chairperson,
Public Accounts Committee.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Observations/Recommendations

1. The Member of Parliament Local Area Development Scheme (MPLADS), introduced on 23 December 1993 to enable the Members of Parliament (MPs) to identify small works of capital nature to meet local needs in their constituencies, is a Plan Scheme fully funded by the Government of India. The funds released under the Scheme are non-lapsable. 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. The Scheme is administered by the Union 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). The Audit had earlier reviewed the scheme in 1998 and also in 2001 wherein it had pointed out several weaknesses/lapses in the implementation of the Scheme. Based on the current review of the scheme by the C&AG for the period between April 2009 and December 2009, through test check of records of the Ministry, States/UTs and DAs, covering the period 2004-05 to 2008-09, the examination of the subject by the Committee has revealed several deficiencies in sanction and execution of work, utilization of funds, maintenance of various records and monitoring of the implementation of MPLAD Scheme at both Central and State levels as discussed in the succeeding paragraphs.

[Serial No. 01, Para 01 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

This is an introductory para on guidelines on the Member of Parliament Local Area Development Scheme (MPLADS) and requires no comments.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

2. The Committee note that the Government of India released Rs.19,425.75 crore between 1993-94 to 2008-09 towards the MPLAD Scheme. Against a total fund of Rs. 19,845.91 crore available with the DAs including Rs. 420.16 crore accrued as interest, an expenditure of Rs 18,057.91 crore (91 per cent) was incurred. On scrutiny of the budget allocation, funds released and previous years funds available with the DAs during the years 2004-05 to 2008-09 the Committee find that an amount of Rs. 17891.15 crore was available with the DAs whereas the actual expenditure incurred in all these years combindly was to the tune of Rs. 8084.53 crore, depicting significant shortfalls in the utilization of funds each year. The Ministry's explanation that in non-lapsable schemes they look at the expenditure on cumulative basis is untenable in view of less than 50 per cent cumulative expenditure during the above said five years. Further, the non-lapsable character of a particular Scheme and the resultant carry forward of the unspent balances to the next fiscal cannot be a ruse for non-completion of the projects/works within a given financial year and the given time lines. On the contrary, non-completion of projects and non-utilization of the earmarked funds defeats the very purpose for which the Scheme was conceived and funds allotted annually. Similarly, though it is a fact that the funds were released to different Lok Sabha constituencies and Rajya Sabha MPs at different points of time and unspent balances are bound to exist at any given point of time, the trend of fund utilization during each of the five years 2004-05 to 2008-09 is deplorable. As merely making provision in the guidelines would not be sufficient to maximize the funds utilization, the Committee urge the Ministry to take appropriate steps, including effective monitoring to ensure optimum utilization of the annual earmarked funds by the State Government/DAs so that the unspent balances are reduced to the barest minimum and the avowed objectives of the MPLAD Scheme are well served. The Committee hardly need to emphasize that the need for taking such pro-active measures on the part of the Ministry assumes far greater significance in view of the enhancement of the annual entitlement of an MP from Rs. 2 crore to Rs. 5 crore w.e.f. the financial year 2011-12.

[Serial No. 02, Para 02 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Under the MPLAD Scheme, incurring of expenditure and concomitant release of funds, takes place continuously, throughout the year on meeting the eligibility criteria as per provision of the Guidelines. Whenever the unspent balance in respect of a constituency/Rajya Sabha MP reduces below a certain

limit as per eligibility criteria, the second installment of funds is released to the concerned Nodal District. Thus, in view of the nature and dynamics of the scheme unspent balances would exist at any given point of time. However, in order to optimally utilize the funds by the District Authorities all the States/UTs have been requested to issue sanction and start work on eligible recommendations of the MPs without waiting for funds in view of non-lapsable nature of the scheme. This is likely to enable District Authorities to initiate more number of works by increasing the spread and likely to reduce unspent balance with District Authorities. The Ministry is also monitoring the progress of the implementation of the Scheme and constantly urging the Secretaries of State/UT nodal departments to take effective steps for increasing utilization of funds. Further the Guidelines stipulate review of the implementation of the works at the level of Chief Secretary/Nodal Secretary and also at District Authority level. Apart from the above, Ministry also undertakes Bi-Annual Review Meeting with the Nodal Secretaries of the States/UTs usually chaired by Hon'ble Minister of Statistics and Programme Implementation where the utilization of funds by the States and the UTs are reviewed. The scope of the Scheme has now been widened to cover more works in the scheme. With the enhancement of the annual entitlement of the MP from Rs. 2 crore to Rs. 5 crore under MPLADS from the financial year 2011-12, Para 4.3 of the Guidelines have been amended in consultation with Department of Expenditure, Ministry of Finance to tighten the fund release mechanism for achieving faster utilization of funds and to reduce the unspent funds with the District Authorities. As per amendment, the first installment of Rs. 2.5 crore will be released in the beginning of the first financial year without condition. But in the remaining years even the first installment will be released subject to the condition that the second installment of the previous year was released for the MP concerned and also subject to furnishing of the provisional Utilization Certificate of previous year covering at least 80% of the expenditure of the first installment of the previous year.

Vetting Comments

Reply of the Ministry is not acceptable as making provision in the Guidelines would not be sufficient to minimize the unspent balance with the DAs. Criteria mentioned in paragraph 4.3 of the revised Guidelines could lead to substantial unspent balance. As per revised Guidelines, the first installment of Rs. 2.5 crore will be released in the beginning of the financial year at the time of constitution of Lok Sabha or election of Rajya Sabha. Second installment will be released if the unspent fund with the MP is less than Rs.2.50 crore. In the remaining years, the first installment will be released in the beginning of the financial year subject to the condition that the second installment of the previous year was released for the MP concerned and also subject to furnishing of the provisional Utilization Certificate of previous year covering at least 80% of the expenditure of the first installment of the previous year. This could lead to

availability of unspent balance of anything less than Rs. 5.50 crore with an MP at a point of time.

Comments of the Ministry

The extant criteria for release of funds in the Guidelines of Members of Parliament Local Area Development Scheme (MPLADS) are as below :—

Para 4.1 : The annual entitlement of Rs. 5 crore shall be released, in two equal installments of Rs. 2.5 crore each, by Government of India directly to the District Authority of the Nodal District of the Member of Parliament concerned.

Para 4.2 : At the time of the constitution of Lok Sabha, and election of a Rajya Sabha Member, the first installment of Rs. 2.5 crore shall be released to the District Authority without the documents stipulated under para 4.3 below. The subsequent installments of the continuing Members of Rajya Sabha and Lok Sabha will be released as per eligibility criteria indicated in Paragraph 4.3.

Para 4.3 : The first installment of Rs. 2.5 crore at the time of constitution of Lok Sabha or election of Rajya Sabha Member will be released in the beginning of the financial year. In the remaining years, the first installment will be released in the beginning of the financial year subject to the condition that the second installment of the previous year was released for the MP concerned and also subject to furnishing of the provisional Utilization Certificate of previous year covering at least 80% of the expenditure of the first installment of the previous year. The second installment of the MPLADS funds will be released subject to the fulfillment of the following eligibility criteria:—

- (i) the un sanctioned balance amount available in the account of the District Authority after taking into account the cost of all the work sanctioned is less than Rs.1 crore;
- (ii) the unspent balance of fund of the MP concerned is less than Rs. 2.5 crore; and
- (iii) Utilization Certificate and Audit Certificate of the immediately concluded financial year ending 31st March have been furnished by District Authority (in format at Annexure viii & ix of the guidelines respectively).

The above stipulations will be calculated from the Monthly Progress Report for each sitting and former MP term-wise separately. The Monthly Progress Report is to be sent by the District Authorities in the format at Annexure.

The above provisions (Paras 4.1, 4.2 and 4.3) were incorporated in August 2011, with the concurrence of Ministry of Finance (Department of Expenditure).

Para 4.13 : The District Authority can sanction works up to the entitlement of the MP for that year without even physical availability of funds. Funds will be released by the Government as per the eligibility criteria stipulated in paragraphs 4.2, 4.3 and 4.5 above.

Para 4.15 : Release of Funds to Implementing Agency : The District Authority shall release funds to the Implementing Agency in accordance with the State Government rules/guidelines applicable for the purpose.

The scheme is presently operating as per the above-mentioned provisions.

The Ministry regularly emphasises upon the State Governments/District Authorities on the need for timely and regular utilization of funds and submission of necessary documents and certifications. In the review of MPLADS with State Government officers and District Magistrates held on 26.02.2013, also, it was *inter alia* emphasized as below:—

"Slow releases and slow utilization: It was emphasized that timely and regular utilization of funds is an essential requirement, the importance of which cannot be over emphasized. Implementation of the scheme is with the State Governments; it has to be ensured by them that the implementation is undertaken in a time-bound manner and that the necessary documents and certifications for release of funds are forthcoming in a regular manner.

The State Governments were requested to optimize the (a) utilization and (b) submission of necessary documents and certifications for further releases."

Vetting Comments

Ministry may inform PAC about the steps taken by the Ministry to maximize the utilization of funds under the Scheme under the revised Guidelines:

- (i) Whether the Ministry monitors the impact of inclusion of Para 4.13 allowing the sanction of works upto the entitlement of the MP for that year without even physical availability of funds.
- (ii) Whether improvements in funds utilization has been noticed after the revision of Guidelines, and status of funds utilized *vis-à-vis* funds available under the Scheme during 2009-10, 2010-11, 2011-12 and 2012-13.

Comments of the Ministry

MPLADS funds are non-lapsable funds; they are released by the Ministry on receipt of all requisite documents and certifications from the District Authorities/ State Governments. Guidelines of the Scheme are such that unspent balances (which also include interest accrued on the funds released) are bound to exist at any given point of time. When the unspent balance in a constituency accounts falls below Rs. 2.5 crore, the funds are released subject to receipt of required documents and certifications. The number of accounts are quite large (presently about 1775). The

District Authorities/State Governments are regularly requested by the Ministry for ensuring timely utilisation of funds and furnishing the required documents viz. MPRs, Utilization Certificates and Audit Certificates. Regarding Para 4.13 allowing the sanction of works upto the entitlement of the MP for that year without physical availability of funds, the State Government/District Authorities are regularly requested by this Ministry to process sanction/implementation of works upto the entitlement of the MP for the concerned year without waiting for physical availability of MPLADS funds. Status of funds utilized *vis-a-vis* funds available under the Scheme during 2009-10, 2010-11, 2011-12 and 2012-13 is given below:—

Financial Year	Funds Released (Rs. in Cr)	Funds utilized (Rs. in Cr)	Unspent funds (Rs. in Cr)	% unspent over release
(i) 2009-10	828.00	128.22	699.78	84.51
(ii) 2010-11	985.31	645.77	339.54	34.46
(iii) 2011-12	1170.69	1119.21	651.48	36.79
(iv) 2012-13	2618.00	2205.82	412.18	15.74

Sd/-

(S.S. Badhawan)

Joint Secretary Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

4. The Committee are dismayed to note that the unspent balances of the present and former Rajya Sabha MPs stood at Rs. 3186.75 crore as on 30th September, 2011, as per the Monthly Progress Reports received by the Ministry. It is a matter of serious concern that although there was a time line *i.e.* 31st December, 2010 for the States to complete the accounting process, some States had not distributed the unspent balances nor closed the accounts, even by the end of October, 2011. The Ministry admitted before the Committee that it happens a number of times that distribution of unspent balances does not take place on a regular basis and the Ministry are not sure whether the accounts have formally been closed or not in case of those States which have initiated the distribution process. It is a matter of little consolation that the Ministry keep on reiterating through circulars and review meetings for timely distribution of the unspent balances. In view of the huge proportion of the outstanding unspent balances as on 30th September, 2011, it is obvious that the Ministry's efforts are grossly inadequate. The Committee, therefore, recommend that the Ministry should intensify their monitoring mechanism, tighten the related provisions in the Guidelines and prescribe a definite time limit for the distribution of unspent balances of the Members of Parliament as well as for the

timely closure of the accounts. The Committee specifically desire that a sunset clause be incorporated in the Guidelines making it mandatory that if the States are unable to distribute the unspent balances within the prescribed time line, the funds would revert to the Centre.

[Serial No. 04, Para 04 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

As stipulated in the Guidelines the District Authorities are required to distribute the unspent amount of the former MPs, which is a continuous process. The Guidelines stipulate the provision of distribution of unspent balance of former Rajya Sabha MPs. Ministry also issues instructions to the District Authorities from time to time to ensure timely distribution of unspent amount. The position is also reviewed in the Bi-Annual Review Meetings with the States/UTs Government and during Review Meeting with the States/UTs. Defaulting states have been asked to complete the exercise and to take action against the officials who do not adhere to the instructions of the Ministry regarding distribution of unspent balance. With regard to prescribing the time limit of distribution of uncommitted/unspent MPLADS funds in respect of RS (MP) is concerned, this Ministry has already made provision in the new guidelines (Para 4.10.1) that the works of MPLADS shall be completed within 18 months from the date of demitting office in case of Rajya Sabha MPs or dissolution of the Lok Sabha. District Authorities shall settle and close the account of the concerned MP after completing all other formalities in another 3 months time, under intimation to Government of India and with detailed information in the Monthly Progress Report (MPR). If the District Authorities does not finish the projects within 18 months of demitting of an MP or dissolution of Lok Sabha, the District Authorities will be required to complete the balance work out of State/District funds. In no case, any extension will be given and District Authorities shall be held responsible in case of any lapse in this regard.

Vetted Comments

Ministry's reply is silent about the recommendation of the Committee regarding incorporation of "sunset clause in the Guidelines thereby making it mandatory for the States to revert the funds to centre in the event of their inability to utilize the unspent balances within prescribed time limit."

Comments of the Ministry

The extant provisions in the Guidelines are as below:—

Para 4.4 : Funds released to the District Authority by the Government of India are non- lapsable. Funds left in the district can be carried forward for utilization in the subsequent years. Further, the funds not released by the Government of India in a year will be carried forward for making releases in the subsequent years subject to the fulfillment of criteria stipulated in Paragraph 4.3.

- Para 4.7 :** In respect of elected Members of Lok Sabha, the balances of MPLADS funds left by the predecessor MP in a Lok Sabha constituency (funds not committed for works of the predecessor MP) would be passed on to the successor MP from that constituency. (In case of fresh delimitation, separate orders will be issued).
- Para 4.8 :** In respect of elected Members of Rajya Sabha, the balance of funds (funds not committed for the recommended works) left in the Nodal District by the predecessor Member in a particular State on his demitting office will be equally distributed by the State Government among the successor elected Rajya Sabha Members in that State. The unspent balance of even earlier elected Rajya Sabha MPs if not already distributed, will be equally distributed among the sitting Rajya Sabha Members of the States concerned by the State Government.
- Para 4.9:** The balance of funds (funds not committed for the recommended and sanctioned works) left by the nominated Members of Rajya Sabha in the Nodal District will be equally distributed amongst the successor nominated Members of Rajya Sabha by the State Government with the approval of Government of India.
- Para 4.10:** The balance of funds (funds not committed for the recommended and sanctioned works) left by Anglo-Indian nominated Lok Sabha MPs will be equally distributed among the successor Anglo-Indian nominated Lok Sabha MPs by the State Government with the approval of Government of India.
- Para 4.10.1:** The work of MPLADS shall be completed within 18 months from the date of demitting office in case of Rajya Sabha MPs or dissolution of the Lok Sabha. District Authorities shall settle and close the account of the concerned MP after completing all other formalities in another 3 months time, under intimation to the Govt. of India and with detailed information in the Monthly Progress Report (MPR). If the District Authority does not finish the projects within 18 months of demitting of an MP or dissolution of Lok Sabha, the District Authority will be required to complete the balance work out of State/District funds. In no case, any extension will be given and District Authority shall be held responsible in case of any lapse in this regard.

Para 4.10.1 was incorporated in January 2012 in the Guidelines.

The scheme is presently operating as per the above-mentioned provisions.

It would be seen that the flow of funds is non-lapsable and continuous (the basic intent and purpose of a 'sunset clause' are largely met).

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

6. Although the MPLADS Guidelines stipulate that the Implementing Agencies shall refund to the District Authorities the savings including interest, if any, at their disposal within one month and close the Bank Account opened for the purpose, the Committee find that in 24 States/UTs, unspent balances of Rs. 1.98 crore arising due to completion of works at lower than the sanctioned cost and interest accrued on balances of Rs. 4.71 crore have not been refunded by the IAs to the DAs after the completion of the works. The Ministry's statement that there are minimal chances of the unspent amount is left with the IAs is self-contradictory in view of their own admission that an amount of Rs. 127.50 lakh was the balance unspent amount lying with the IAs in various States/UTs. Needless to say, the two statements need to be reconciled by the Ministry. Although it is the responsibility of the DAs to coordinate and supervise the work being executed under MPLADS and ask the IAs to refund the unspent amount, yet if the DAs are found wanting in the effective discharge of their assigned duties, prudence warrants that the Ministry intervene appropriately. The Committee, therefore, desire the Ministry to monitor the expenditure closely and take up the matter with the State/UT Governments so that the IAs refund promptly the unspent amount including interest to the DAs as per the procedure laid down in the MPLADS Guidelines.

[Serial No. 06, Para 06 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Para 6.5 (iv) of the Guidelines stipulate that the Implementing Agencies shall refund to the District Authority the savings including interest, if any, at their disposal within one month and close the Bank Account opened for the purpose. Therefore, it is the responsibility of the District Authority to co-ordinate and supervise the work being executed under MPLADS and ensure that Implementing Agencies refund the unspent amount as the District has the direct control over the Implementing Agencies. District Authorities have reported that most of the unspent balances have been recovered or Instructions have been issued for refunding the unspent amount or have been adjusted in the sanction issued subsequently. No case of misappropriation of funds with regard to uncommitted and unspent balance lying with the Implementing Agencies has been reported to this Ministry.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

7. The Committee note that in 13 States/UTs, 35 DAs utilized an amount of Rs 1.30 crore on inadmissible items like payment of honorarium/wages/travelling expenses of staff, fuel for official vehicles, purchase of laptops etc. Further, six DAs in five States incurred excess expenditure on contingencies than the prescribed limit of 0.5 per cent of the amount spent on the completed project. The Ministry's statement that the DAs are expected to ensure that the expenses remain within the prescribed limit does not satisfy the Committee, as mere expectation without any preventive or punitive action, would not deter the DAs from incurring excess expenditure on contingencies. Now that the Administrative Expenses have been increased to 2 per cent of the amount spent on the completed project *w.e.f.* the financial year 2011-12, commensurate with the enhancement of the MPLAD fund allocation, the Committee recommend that a separate account for such expenditure incurred during a financial year be maintained and the MP concerned be informed in accord with the provisions stipulated in the Guidelines. Any deviations in this regard be viewed seriously and stringent action taken against the DAs in the event of incurring expenditure on inadmissible items or beyond the prescribed limit. The Committee would also like the Ministry to explore the feasibility of extending necessary assistance to the MPs for monitoring works recommended by them.

[Serial No. 07, Para 07 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

The Para 4.17 of the latest Guidelines (August, 2012) now stipulate that a separate account for such expenditure incurred during a year under MPLAD Scheme shall be maintained and MP concerned shall be kept informed besides making available the details for scrutiny by Audit. District Authority is expected to take action as per this provision and ensure that the expenses remain within the prescribed limit. After the decision to allow administrative expense of 2% of the MPLADS funds outlay, the Ministry has clearly laid down the items on which the administrative expenses be incurred.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

8. The Committee deprecate to note that proper records are not maintained by the Ministry to watch the progress of the receipt of the Annual Accounts and Utilisation Certificates from the DAs. Further, the Ministry have routinely been relaxing the conditions for submission of UCs and Audit Certificates by the DAs, before allowing the release of the second installment of funds. The Committee are surprised that the Ministry themselves are not maintaining proper records which

are so vital for it to review overall fund utilization but expect the State Governments/DAs/IAs to be perfect in every respect just because Guidelines have been issued. The Committee are of the firm opinion that the Ministry have to first put their house in order and set an example for the State/UT Governments to emulate. They, therefore, recommend that the Ministry should urgently start maintaining MP-wise Grants-in-aid Register with details of funds released, status of the receipt of the Monthly Progress Reports, Utilisation Certificates and Audit Certificates in a computerized format with complete data validation and place it on the official website of the Ministry for effective monitoring of the fund utilization as well as to bring in transparency and public scrutiny.

[Serial No. 08, Para 08 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

The Utilisation Certificates and Audit Certificates are already being maintained in the Ministry in the individual files of the MPs on the basis of which release of funds is done. However, as advised, computerized format of Grants-in-aid Register has been finalized and is being made operational wherein the MP-wise details of release of funds, receipt of Utilisation Certificates (UCs) and Audit Certificates (ACs) would be maintained.

Vetting Comments

Ministry's reply is silent regarding upload of complete data relating to receipt of UC, AC and MPR on the official website of the Ministry for effective monitoring of the fund utilization as well as to bring in transparency and public scrutiny.

Comments of the Ministry

The computerized format of Grants-in-aid Register has been finalized and made operational wherein the MP-wise details of release of funds and receipt of Utilisation Certificates (UCs) and Audit Certificates (ACs) are being regularly updated. The uploading of data on the Ministry's website is a continuous exercise. So that data is regularly uploaded by the Districts, the District Authorities have been authorized to engage Data Entry Operators from the Administrative Expenses admissible under Para 4.17 of the Guidelines. It is required and expected of the District Authorities that they load and maintain up-to-date data on the website.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Comments of the Committee

Please see Para No. 10 of Chapter I.

Observations/Recommendations

9. The Committee take due note of the explanation of the Ministry that the decision to relax the conditions for submission of UCs and ACs by the DAs was taken on the basis of review of release position to ensure that the works recommended by the MPs and sanctioned by the Districts did not suffer for want of funds. While appreciating the concern of the Ministry, the Committee would, however, like to caution that such relaxations in the conditions for submission of UCs must be discouraged so that proper fiscal discipline is maintained while ensuring smooth progress of the Scheme. Having said that, the Committee are of the view that timely furnishing of the UCs by the DAs/IAs should be ensured so that subsequent release of installment of funds do not get delayed.

[Serial No. 09, Para 09 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

This Ministry did not relax the condition of UC/AC after constitution of 15th Lok Sabha (*i.e.* 2009-10 onwards). The primary condition of unsanctioned balance being less than Rs. 50 lakh and unspent balance being less than Rs. 1 crore for release of the 2nd installment of the funds was never relaxed, while only relaxing the condition of furnishing of the Utilization Certificates and Audit Certificates at the fog end of the financial years during 2006 to 2009. However, this was further subject to condition that the next installment *i.e.* 1st installment of the succeeding year would be released only on receipt of these Utilisation Certificates and Audit Certificates. In no case the 1st installment of the succeeding year was released without obtaining the Utilisation Certificate and Audit Certificate required for release of previous installment. Thus in a true sense, the furnishing of Utilization Certificates and Audit Certificates was only deferred and not waived. This decision too was taken by the Ministry to ensure that the works recommended by the MPs and sanctioned by the Districts do not suffer for want of funds. The Ministry has been regularly emphasizing the need to furnish the Audit Certificates and Utilisation Certificates in the bi-annual Review Meeting on MPLADS and other various meetings as well as during training programme. Now in consultation with Department of Expenditure more stringent financial discipline has been put in place through the amendment of Para 4.3 of the guidelines. As per amendment of the Guidelines, the first installment of Rs. 2.5 crore will be released in the beginning of the financial year subject to the condition that the second installment of the previous year was released for the MP concerned and also subject to furnishing of the provisional Utilization Certificate of previous year covering at least 80% of the expenditure of the first installment of the previous year which is in line with the GFR. Utilisation Certificates are received, duly signed/certified by the ADC/PD, DRDA/Collector, by the Ministry. Funds are released only after receipt of complete documents.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation, Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

11. The Committee find that the above said doubtful expenditure occurred due to grossly inadequate monitoring of the projects by both the District Authorities and the Implementing Agencies, as corroborated by the Ministry in evidence. The Committee are of the considered view that mere lodging of an FIR against the Head Master of a particular school or the local head of the implementing agency would not suffice to check financial fraud and irregularities, unless supervisory officers, including those who check and sign the Utilization Certificates are held primarily responsible for any doubtful expenditure. The Committee, therefore, urge the Ministry to prevail upon the State Governments where such irregularities have been reported to further investigate the matter with a view to finding out whether there are larger conspiracies involved in the fraud and depending upon the findings, exemplary action be taken against the officers concerned. The Committee also desire that the practice of submitting vouchers on plain paper by the Implementing Agencies, as happens in some States, be discarded forthwith so that instances of payments on doubtful vouchers do not re-occur.

[Serial No. 11, Para 11 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

The FIR lodged by the Nodal District, South 24 Parganas in West Bengal have been received. It has been informed that the District Authority is already pursuing the case to recover the fund spent on irregular works and disciplinary action is being initiated. The Ministry is in the process of development of an integrated software for MPLAD Scheme for monitoring funds release and expenditure both at Macro and Micro level which is expected to bring in more fiscal control and transparency in the system. Instructions have already been issued to all the concerned States/UTs administrators separately in each case to adhere to the provisions of GFR and state procedure while making payment to the contractor.

Vetting Comments

DA has confirmed (October 2009) the misappropriation of funds by the Secretary Talidi-1 and In-charge of Rajapur Free Primary School, against whom, the FIR was lodged. No further action/investigation has been reported by the Ministry after lodging of FIR.

Comments by the Ministry

In the review of MPLADS with State Government officers and District Magistrates held on 26.02.2012 it was *inter alia* directed as below:—

"Pending CAG audit paras: Attention was specifically drawn to one important aspects that many of the CAG audit paras enumerate facts that points towards

malafide violations of guidelines and financial malfeasance. It bears emphasis that in such cases the CAG has already seen the record and also given opportunity to explain before recording such facts. It therefore becomes important to immediately examine such reports for appropriate action, which could include action in any or all of the following three domains—(a) criminal culpability, (b) departmental action and (c) civil action for recovery. Delaying or diluting action in such cases has to be avoided.

"The State Governments were requested to expedite (a) necessary action to get the paras settled as per rules and (b) in case of facts pointing towards *malafide* violations of guidelines and financial malfeasance, to take appropriate action under law and report on action taken in a time-bound manner.

In the said review, it was *inter alia* also emphasized as under:—

"**FIRs:** It was mentioned by **West Bengal** (24 Parganas South) and **Uttar Pradesh** (Auraiya) that they have registered/ordered FIRs in respect of criminal culpability in implementation of the Scheme. It was emphasized that the matter could not end with registering of FIRs; the next steps, of investigation and prosecution, etc., should also be undertaken on time-bound priority."

The minutes were sent to all State Governments for necessary action. (The minutes had been approved by Hon'ble Minister for Programme Implementation, Government of India.)

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation, Office Memorandum No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Comments of the Committee

Please see Para No. 16 of Chapter I

Observations/Recommendations

12. The Committee note that the objective of the MPLAD Scheme is to enable the MPs to recommend works of developmental nature with emphasis on the creation of durable community assets based on the locally felt needs in their constituencies. As per the provisions of the Guidelines, the Panchayati Raj Institutions are the preferable Implementing Agencies and according to the Ministry it is expected that an MP during his constituency tour should consult the PRIs. But the Committee feel that the design of the Scheme itself should specify the mechanism to be adopted by the MPs to ensure participation of various constituents like active resident forums, local bodies and NGOs in determining and recommending the works responsive to locally felt needs and

according to the priority of the MP's constituency. With a view to involving the local bodies/communities effectively in the planning and implementation of the Scheme, the Committee recommend that the Implementing Agencies should be advised/counselled to involve local people/bodies while conceiving, designing and implementing works/projects under the MPLADS so that a sense of belonging and participatory approach is generated.

[Serial No. 12, Para 12 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

As per the Guidelines, the Scheme is so designed to give complete freedom to MPs to choose location and projects subject to the basic objective and provision of the Guidelines. The objective of the scheme is to enable MPs to recommend works of developmental nature with emphasis on the creation of durable community assets based on the locally felt needs in their Constituencies. The MP during his tours of his constituency contact the people of his constituency about the work to be executed for the welfare of the public at large in a particular area. It is open to the MPs to consult the constituents of his locality. However, in order to facilitate MPs, the District Authorities have been asked to provide shelf of projects based on local needs. The Ministry has also circulated an illustrative list of projects/works.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation, Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Comments of the Committee

Please see Para No. 16 of Chapter I

Observations/Recommendations

13. One of the peculiar characteristics of the MPLAD Scheme is that it is unlike other Centrally Sponsored Schemes where action plan is made in the early part of the financial year. As the MPs frequently tour their constituencies and make recommendations, sometimes as late as February and March of the financial years, based on the locally felt needs, the Ministry have amended para 2.6 of the guidelines to enable the MPs to make recommendations throughout the financial year. In this context, the Committee find that in respect of 34,023 works pertaining to 64 DAs in 15 States/UTs, recommendations were furnished by the MPs with delays beyond the prescribed limit of 90 days from the commencement of the financial year and such recommendations continued upto the end of the financial year, thus extending the period of utilization of funds. The Committee appreciated the concerns and steps taken by the Ministry in enabling the MPs to continue recommending works throughout the financial year, as funds do not lapse at the end of the fiscal under

the Scheme. But, in view of the urgency of the projects in some sectors like education, drinking water supply, health and family welfare, drainage etc. which have a direct utility impact on the people and a greater outreach for long term sustainable benefits, the Committee desire that the Ministry may advise the MPs to timely recommend as far as practicable, the works pertaining to such sectors so that both short term and long term benefits are extended to the people and time and cost overrun is avoided. The Committee also desire that a system needs to be evolved wherein the DAs, after evaluating the locally felt needs of the people, can suggest comparatively lead activities to be taken up at the beginning of the financial year so as to facilitate the timely recommendation of works by the MPs. The Committee would further like the Ministry to explore the feasibility of the provision of issuance of structural safety certificate by the local/competent authority for very old aided school buildings, where building plans are not available, with a view to enabling the MPs to recommend works for such educational institutions.

[Serial No. 13, Para 13 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

As per Para 2.6 of the MPLADS Guidelines, each MP will recommend works up to the annual entitlement during the financial year in the format at Annex-III to the concerned District Authority. Para 3.12 also stipulates that all recommended eligible works should be sanctioned within 75 days from the date of receipt of the recommendation, after completing all formalities, the District Authority shall, however, inform MPs regarding rejection, if any, within 45 days from the date of receipt of recommendations, with reasons thereof. These provisions have been made in order to facilitate MPs to recommend works at any time during the financial year depending upon the felt needs of the public at large, whereas the DAs are bound to examine such recommended works within a maximum period of 75 days. With regard to the suggestion of the Committee to advise MPs to timely recommend as far as practicable, the works pertaining to sectors like education, drinking water supply, health and family welfare, drainage etc. so that both short term and long term benefits are extended to the people and time and cost overrun is avoided, it may be mentioned that it is prerogative of the MPs to recommend works based on the locally felt needs of the people and therefore it may not be desirable to put some restrictive time frame in view of the spirit of the guidelines. In Addition, it may be stated that the guidelines have been recently amended to require the District Authority to maintain a suggested "Shelf of Projects" which will be only suggestive and not binding (Para 3.37 of the Guidelines) and may be of help to the MP in choosing useful projects as per local demand. Regarding exploring the feasibility of the provision of issuance of structural safety certificate by the local/competent authority for very old aided school buildings, where building plans are not available, it would be for departments of the State Govt./UT to take necessary action in this regard.

Sd/-
(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

17. The Committee recommend that the ceiling of Rs. 25 lakh per Trust/Society as per the Scheme Guidelines should be doubled commensurate with the increase of the MPLAD fund from Rs. 2 crore to Rs. 5 crore per MP. They also desire that in view of the highly commendable works done by some Trusts/Societies of national/international repute, the allocation of the prescribed MPLAD fund to them should not be a onetime affair. In other words, based on the periodic assessment of the performance of the Trusts/Societies, they may be allocated funds at regular intervals, say every five/six years.

[Serial No. 17, Para 17 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Under the existing guidelines on the MPLAD Scheme, Para 3.21 deals with the issue pertaining to registered societies/trust. Till recently not more than Rs. 25 lakhs could be spent from MPLADS funds for one or more works of a particular societies/trust. If a society has however availed of MPLADS funds up to Rs. 25 lakhs no more work could be recommended to that society/trust under the scheme. This particular provision has recently been modified retaining the limit of Rs. 25 lakhs but authorizing MPs to recommend funds only up to Rs. 50 lakhs in a financial year from the MPLADS funds in consultation with both the Committees of Parliament on MPLADS. Several MPs have also represented to remove the ceiling of 50 lakhs that an MP can recommend in a financial year. The matter was examined in consultation with both the Committees of Parliament on MPLADS. Both the Committees have suggested to remove the ceiling of Rs. 50 lakhs that an MP can recommend to trusts/societies in a financial year. However, the Ministry has solicited comments of the Committees on Para 60 and 71 of the report of the Committee to inquire into the allegation of improper conduct of some members in implementation of MPLADS. The comments are still awaited from Lok Sabha Committee. On receipt of the same from them, the Ministry will like to examine the matter further.

Vetting Comments

Further progress may be mentioned in the ATN.

Comments by the Ministry

This Ministry has amended para 3.21.2 of the Guidelines of MPLADS *vide* this Ministry's Circular No. RG 9/12 dated 30.11.2012 wherein it has been stipulated that: "Not more than Rs. 50 lakh can be spent from MPLADS Funds for one or more

works of a particular Society/Trust in the lifetime of that Society/Trust. If a society has already availed of MPLADS funds upto Rs. 50 lakh, no more funds can be recommended for that Society/Trust under the Scheme. From the financial year 2012-13, an MP can recommend funds only upto Rs. one crore in all in a financial year from MPLADS funds for works to Societies/Trusts. The recommendation made by Hon'ble MPs for the period prior to the financial year 2012-13 is to be regulated as per the guidelines existing during that period."

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

18. Although the MPLADS Guidelines stipulate that the time limit for completion of works should generally not exceed one year, the Committee note that percentage of works remaining incomplete ranged from 48.23 percent in 2004-05 to 59.28 percent in 2006-07 reportedly due to various reasons which *inter-alia* include late receipt of recommendation of work from the MPs, selection of inadmissible work, non-identification of land, local disputes, delay in tendering procedure, imposition of election code of conduct and shortage of staff in DRDA/Nodal Agency in the District. The Committee are also unhappy to note that 33 States/UTs have not yet reported the action taken against the Implementing Agencies who failed to complete the work within the stipulated time mentioned in the sanction letter. To make the matter worse, the Ministry are not in a position to effectively monitor the incomplete works as according to their own admission they do not get the reports about the completion or non-completion of the projects due to insufficient updation of the information by the DAs. Even then the Ministry are just in the thinking stage of developing a single portal whereby they could get the status of work on real time basis. The Committee feel that it is high time the Ministry rose to the occasion and considered setting up of an effective institutional mechanism for regular and concurrent monitoring of the ongoing works in view of the fact that the cumulative number of works is increasing every year. Needless to stress that the upkeep of data on the implementation of the MPLAD Scheme requires tremendous improvement. In fact, the implementation process, right from sanction of works till their completion must be IT enabled and a comprehensive software portal is an absolute must for effective data compilation, management and monitoring. The Committee, therefore, emphasize that urgent centralized efforts at the level of the Ministry be made to develop a single portal, if required by outsourcing reputed IT firms, for streamlining the data base management system and obtaining data on real time basis so that not only the assets created under the scheme are highlighted for public awareness and scrutiny but also requisite corrective measures are taken as and when warranted. The Committee further desire that the Ministry should appropriately take up with the State Governments the matters of procedural

impediments like non-identification of land, local disputes, delay in tendering procedure etc. so that timely action is taken and delay in implementation/execution of works is avoided. It is also imperative on the part of the Ministry to unfailingly bring to the notice of the Chief Secretaries of those State who have not yet clarified the delays on their part in the execution of MPLADS works. Even after that, if the State Governments concerned fail to comply, the matter should be brought to the notice of the Chief Ministers so that responsibility is fixed on the errant officials and action taken against the defaulting Implementing Agencies.

[Serial No. 18, Para 18 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

From the replies received from the State Nodal Authorities/UTs Authorities, it has been seen that most of works were pending either have been completed or cancelled except those cases who are held up due to court cases. Ministry is aware about the undue delay on the part of the State Government/UTs and have directed all the States/UTs to look into matter and investigate and initiate disciplinary cases against the erring officials of District Authorities found responsible for irregular sanction and further invoking the penalty clause against the Implementing agencies who failed to complete the work in time as stipulated in the Guidelines. The Ministry of Statistics & Programme Implementation has already initiated the process of development of an integrated MPLAD Scheme system for monitoring MPLAD Scheme funds release, funds monitoring, Monitoring of expenditure incurred at Macro and Micro level through NICS. The proposed system will be a dynamic user friendly web application and will be a single portal of reference for all the stake holders. The portal will ensure Micro (works), Macro (release and expenditure level) reporting and monitoring of timely utilization of funds.

Vetting Comments

Ministry's reply is silent about the action taken by the States/UTs against the erring officials. Ministry has initiated the process of development of an integrated system for the Scheme. However, no time-frame has been intimated by the Ministry by which time the work is expected to be completed and by which time data in respect of completion/non-completion of the projects is expected to be uploaded on the portal.

Comments of the Ministry

The works under MPLADS are executed by the State Government/District Authority through the Implementing Agency. The extant guidelines in this regard are as below:—

Para 3.12: All recommended eligible work should be sanctioned within 75 days from the date of receipt of the recommendation, after completing all formalities. The District Authority shall, however, inform MPs

regarding rejection, if any, within 45 days from the date of receipt of recommendations with reasons thereof.

In case of time limits mentioned in the section falling with the period of operation of model code of conduct notifying by the Election Commission, then such period as notified by model code of conduct will be included in the reckoning of time limits.

Para 3.13: The sanction letter/order shall stipulate a time limit for completion of the work to the Implementing Agency. The time limit for completion of the work should generally not exceed one year. In exceptional cases, where the implementation time exceed one year, specific reasons for the same shall be incorporated in the sanction letter/order. The sanction letter/order shall also include a clause for suitable action against the Implementing Agency in the event of their failure to complete the work within the stipulated time as per the State Government Procedure. A copy of the sanction letter/order shall be sent to the MP concerned.

In case of delays, the State Government/District Authority have to take action against the District Authority/Implementing Agency, including action against the erring officials. In case any specific case of undue/gross delay comes to notice of the Ministry, the Ministry take-up and follows-up the matter with the State Government/District Authority concerned and monitors that appropriate action is taken by the State Government/District Authority. Till the necessary appropriate action is taken by the State Government/District Authority, the matter is not treated as settled by the Ministry. The work on the new integrated MPLADS Software is progressing, and some of the modules developed are at testing stage. The Ministry is taking steps to put in place the new software at the earliest.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Comments of the Committee

Please *see* Para No. 25 of Chapter I.

Observations/Recommendations

19. The Committee are concerned to note that 391 works at an estimated cost of Rs. 18.08 crore, already released by the DAs, could not be commenced during the period 2004-09 in 10 States/UTs. Further, 2006 works amounting to Rs. 279.99 crore in 16 States/UTs remained incomplete for periods ranging from one year to five years and in some cases even upto 15 years. Not only that, 307 works on which Rs. 13.90 crore was spent were abandoned or at stand still in 11 States/UTs. Such a

large number of works involving huge sum of money remaining incomplete, non-starters and stand still belie the Ministry's assurance that they do review the physical and financial performance of the MPLAD Scheme in their biannual and monitoring meetings with the State Governments/DAs. In fact, as per their own admission before the Committee, the Ministry initiate action and give appropriate directions only on receipt of specific complaints, if any, in a particular District. The Committee are of the considered opinion that in a Centrally Sponsored Scheme like MPLADS, the Ministry cannot and should not remain content by merely issuing the Guidelines and expecting the State Governments/DAs to perform according to the provisions contained therein. As an ounce of practice is worth more than tonnes of preachings, the Ministry ought to strengthen their own monitoring mechanism, take serious note of the inordinate delays in the commencement and completion of the projects under the Scheme and resort to corrective measures *viz.* stopping further release of funds and bringing the non-performance of the Officers/Agencies concerned to the notice of the Central/State Government Authorities for initiating necessary disciplinary action.

[Serial No. 19, Para 19 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

This Ministry monitors the MPLADS work through Monthly Progress reports, Utilisation Certificates and the Audit Certificates submitted by the District Authorities. Physical and financial progress is reviewed in Biannual Review Meetings wherein State Nodal Secretaries of the States/UTs participate. Senior Officers of the Ministry from time to time visit States/UTs to review MPLADS works and provide the training to the States/UTs Government Officials for better utilization and effective monitoring. The State/UT Nodal Authorities/District Authorities are instructed to strictly adhere to the provisions of the guidelines to avoid recurrence of lapses. The major handicap in effective monitoring at the Ministry level is lack of staff for monitoring. The case has been taken up with Ministry of Finance, Department of Expenditure for creation of posts for a Monitoring Cell in MPLADS. As regard incomplete works is concerned, it has been ascertained from the reply received from the States/UTs, the works have either been completed or in case the work is abandoned due to one reason or the other, the funds have been recouped.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

20. The Committee find that one of the main reasons for a substantial number of projects, especially immovable, remaining incomplete is that a large sum cannot

be sanctioned at one go under MPLAD Scheme and projects like school buildings cannot be normally completed in one season. The Committee would, therefore, like the Ministry, as also assured by the Secretary in evidence, to examine the feasibility of obtaining commitment from the MPs that the subsequent amount would also follow for completion of the projects. To be fair to the District Authorities who are primarily responsible for execution of works under the MPLADS, a mechanism should be devised whereby the DAs could get written assurance from the MPs regarding timely and subsequent release for funds so that they can take into account the cost of the projects, the pattern of release of funds, the tenure of the MPs concerned etc. for smooth completion of the projects within a definite time-frame. The Committee also desire that a concurrent monitoring mechanism for the ongoing projects may be interduced in the guidelines to resolve various issues including delay in release of instalment of funds so that time and cost overrun in the execution of projects are avoided.

[Serial No. 20, Para 20 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

As per Para 3.9 of the MPLADS guidelines, the work should be sanctioned and executed only if the MP concerned has allocated the full estimated cost of the work in the year. If the commitment for the full estimated amount is not forthcoming and the amount recommended by the MP is less than the estimates for the work and there are not other sources from which the deficit can be made good, then the work should not be sanctioned, as in such an eventuality, the project will remain incomplete for want of sufficient funds. The shortfall in the estimated cost *vis-a-vis* the one recommended by the MP should be intimated to the MP as early as possible but not later than 45 days of the receipt of the proposal and the district authority is not supposed to sanction any work for which financial clause is not complete, *i.e.* total resources are not tied up. In view of the clear provision already available in the guidelines, there is no need to further amend the guidelines.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 5 September, 2013]

Observations/Recommendations

21. Although the guidelines stipulate the time-frame for sanction and completion of eligible works under the MPLADS, the Committee note that there has been no provision for the completion of abandoned/suspended works. The Ministry have clarified that as the implementation of the Scheme is the responsibility of the DAs, the State Governments are expected to complete the abandoned/suspended works from their own funds. The Committee desire that a suitable provision to this effect be incorporated in the guidelines so that if it becomes mandatory for the

State/UT Governments to complete the abandoned/suspended projects from their own funds, they would certainly take action against the DAs/IAs who abandon works after incurring expenditure on them.

[Serial No. 21, Para 21 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

The Ministry has incorporated a provision, as per Para 3.3.1 of the Revised Guidelines that in case there is still any abandoned/suspended MPLADS work under the Scheme, it shall be completed by the State Government from their own funds. The Government will also fix responsibility and take necessary disciplinary action against of the erring officials. District Authority (DA) may ensure that the funds must have been utilized as sanctioned earlier so that duplication of allocation of funds does not arise.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

22. The Committee note that the Ministry themselves have not assessed the adverse impact of the delay in execution of works under the MPLAD Scheme. They have, however, assigned to NABARD Consultancy Service Pvt. Ltd. (NABCONS) the job of having an independent/ monitoring review of the works completed under the MPLADS, the NABCONS accordingly carried out its study in three phases in the years 2007-08 to 2009-10 covering 30, 43 and 60 Districts respectively. The Committee's perusal of the NABCONS 2009-10 report covering 60 Districts in 24 States/UTs has revealed that the Consultancy Service has given some very useful suggestions/recommendations in the effective implantation of the MPLAD Scheme. The Committee desire that the Ministry should appropriately consider the suggestions made by the NABCONS for implementation in the smooth functioning of the Scheme. They also recommend that more Agencies like the NABCONS be engaged in such independent assessment of the Scheme so that more and more Districts are covered and corrective action taken to make the Scheme fruitful.

[Serial No. 22, Para 22 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Based on reports received from the NABCONS, this Ministry has already taken up the issue of irregularities/shortcomings observed with the concerned Districts and the States/UTs Governments and the corrective action that needs to be taken in this regard. The Ministry also takes up these issues in the Biannual

Review meetings held with the State Nodal Secretaries of all States/UTs. Besides, the monitoring meetings are also held with State/District Authorities concerned during the visit of senior officials of the Ministry. Training is also imparted to the States/Districts officials on the MPLADS Guidelines for effective implementation and monitoring of the Scheme. As far as the suggestion of the PAC for engaging more agencies like NABCONS for independent assessment through physical monitoring is concerned, it is mentioned that the Ministry has now assigned the physical monitoring third party physical monitoring work of 50 districts each in North and West Zones to independent agency *viz.* Agriculture Finance Corporation (AFC). The selection of agencies for East and South Zone (50 districts each Zone) is under process.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

23. The MPLADS Guidelines provide that all the eligible works under the Scheme are to be sanctioned within 45 days of the receipt of the recommendations from the MPs. But, the Committee note that there were delays, in many cases even upto one year, in according sanction by the DAs in respect of 28,135 works in 104 Districts of 28 States/UTs. The Ministry have furnished reasons for the inordinate delay in sanction of works which inter-alia include delay in administrative and tendering procedures, non-submission of the estimates from the IAs in time, non-identification of land and work place, dependency on engineering/other officers for technical estimates of the recommended works, non-fulfillment of formalities by the IAs, lack of additional infrastructure and manpower, imposition of model code of conduct of elections and change in design on the recommendation of the MPs as per demand of the public. Taking into account the reasons given by the State Governments, the Ministry have reportedly emphasized that rejection of the works, if any, has to be made within 45 days from the date of receipt of the proposal and approval has to be accorded after obtaining all the clearances within 75 days. The Committee are unhappy with the reasons adduced for the delay in sanction of works and they are not convinced with the rationale on which the Ministry have given 30 days more to the State Governments for sanction of work when the Guidelines clearly stipulate that all the eligible works under the Scheme are to be sanctioned within 45 days of the receipt of the recommendations from the MPs. The Committee, therefore, stress that the timeline prescribed between the recommendation and sanction of works under the Scheme be strictly adhered to and the DAs be impressed upon to resolve the administrative impediments in coordination with the other departments concerned so as to timely overcome the procedural shortcomings like delay in tendering process, non-identification of land/site, non-fulfillment of formalities by the IAs etc. The Committee specifically emphasise that no work

should be awarded without requisite administrative approval or without following proper tendering procedure as any deviations in this regard would lead to irregularities. The Committee also desire that the Ministry should take up with the State Governments the matter of strengthening the staff position at the DA level, who are primarily responsible for the overall implementation of the MPLADS. In fact, there is an urgent need for and assessment of the ideal staffing pattern and redesigning of job specifications of the staff at the DA level with a view to facilitating creation of dedicated cell for MPLADS in each DA's office with appropriate staff and adequate infrastructure for effective inspection and implementation of the Scheme.

[Serial No. 23, Para 23 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

The time period for sanction of the recommended works was raised to 75 days from 45 days taking into account that the district authorities were finding it difficult to complete various requirements like obtaining of technical estimates, clearances from various authorities, identification of land/site, ascertaining of title deeds in respect of land in question, etc. within the stipulated 45 days. However, in case of rejection, the time period of 45 days was retained in the guidelines. With regard to the suggestion of the Committee that no work should be awarded without administrative approval and without proper tendering process, it may be mentioned that the provisions of the MPLADS guidelines are very clear as district authorities are required to follow the established work scrutiny, technical work estimation, tendering and administrative procedure of State/UT Government in matter of execution. As and when any deviation is brought to Ministry's notice, appropriate disciplinary action including recoupment of fund is suggested to the State Government. For creation of dedicated cell in the DA's office for MPLADS a provision has been made under administrative expenses of 2% for hiring of service/consultants for handling accounts, data entry, uploading of data on website. As far as inspection of works is concerned, provision also exists in Paras 6.3 and 6.4 of the MPLADS guidelines.

Vetting Comments

Reply of the Ministry is silent about disciplinary action taken by it and about the amount of recoupment of fund suggested to the State Government.

Comments of the Ministry

Implementation of the works under the MPLADS is to be undertaken by the State Governments/District Authorities, in accordance with the MPLADS' guidelines and the State Government's administrative, financial and technical rules. The State Government/District Authorities are required and expected to take appropriate action in case of infringements of rules, guidelines and norms. The action taken may include disciplinary action, wherever required/appropriate. In case of infringements

of guidelines or rules, which come to notice from time to time (including through CAG reports), the Ministry takes-up and follows-up the matter with the State Government/District Authority Concerned and monitors that appropriate action is taken by the State Government/District Authority. Till the necessary appropriate action is taken by the State Government/District Authority, the matter is not treated as settled by the Ministry.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

25. The Committee are highly concerned to note some instances of the MPs recommending the names of the Implementing Agencies along with their recommendations for works, although the Guidelines debar the MPs from making such recommendations. Worse, in some cases the recommended IAs were found to be the used agencies, to whom the funds, were released. Explaining the position, the Ministry have clarified that wherever the DAs, who shall identify the IAs under the provisions of the Guidelines, deviate from the prescribed procedure, the Ministry writes to the States for taking necessary action against the officials concerned. In this context, the Committee feels that the Ministry should periodically advise and remind the MPs not to recommend the names of the IAs which is strictly prohibited under MPLADS guidelines. However, before identifying the IAs to carry out the works, the DAs may have informal consultations with the MPs, to short list IAs having done exemplary work in specific areas and have expertise in certain types of works. Thereafter, the DAs should exercise due diligence in scrutinizing the suggestions of the MPs, in accord with the provisions contained in the Guidelines, failing which responsibility be fixed on the DAs for non-adherence to the prescribed procedure.

[Serial No. 25, Para 25 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

A free hand has been given in Guidelines to the District Authority to identify the agency through which a particular work recommended by the MP should be executed. The executing agency so identified by the District Authority is the implementing agency. District Authorities are required to adhere to the Guidelines while selecting the Implementing Agencies. Wherever District Authorities are found responsible for non-adherence of Guidelines in this regard, Ministry writes to the States for taking necessary action against the concerned officials. In order to obviate any irregularities, this Ministry hold meetings in the States and also at the centre at least twice in a year to review the implementation of MPLAD Scheme. Besides, this

Ministry conducts training of district officers on MPLADS at regular intervals for effective implementation and execution of Guidelines. It is expected that the State Government will make all efforts to implement the scheme in letter and spirit. The District Authorities have been requesting in writing to the Hon'ble MPs for desisting from the practice of nominating the Implementing Agency while recommending the works. This measures help and make aware the MPs regarding the provision of the Guidelines in the area of selection of Implementing agencies. The advice of the PAC in this regard is being communicated to Hon'ble MPs.

Sd/-
(S.S. Badhawan)

Joint Secretary to Government of India

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

26. As per the Guidelines the District Authorities are required to maintain Works Register indicating the position of each work recommended by the MPs. They are also required to maintain the Assets Register showing the assets created under the Scheme funds. But, much to the consternation of the Committee, cases of either non-maintenance or incomplete Work and Asset Registers have come to the notice. The Ministry have reportedly been requesting the State/UT nodal authorities to direct all the DAs to ensure maintenance of Work and Asset Registers. Even after that, there are slippages for which the Ministry is planning to have an integrated system to monitor the maintenance of such Registers. Since non-maintenance of Work and Asset Registers is a serious flaw, as also agreed to by the Ministry in evidence, which greatly impedes proper inspection and effective monitoring of the ongoing works and assets created, the Committee urge the Ministry to expeditiously develop a comprehensive integrated system, as under their consideration, so that scrupulous maintenance of the Registers by the DAs is effectively monitored and appropriate action taken in case of aberrations.

[Serial No. 26, Para 26 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

As per paras 6.4 (iii) & (iv) of the Guidelines, the District Authority shall maintain the work-registers indicating the position of each work recommended by the MPs. The District Authority shall also maintain a register of assets created with the Scheme funds. It is, therefore, mandatory to maintain the work Register and asset Register indicating the position of the work recommended by the MPs and record of assets created with funds scheme. This will facilitate the process of monitoring of MPLADS work. Maintenance of Work & Asset Register was also discussed in the Bi-annual Review Meeting held on 06 February, 2012 and the need for effective monitoring of works created under MPLADS was emphasised. All the States/UTs have again been urged to maintain the Assets and Works Registers at the District level as well as Implementing Agencies level. In the replied received from

the State Government/UTs Authorities, it has been mentioned that Work Register and Assets Registers are being maintained at the District level as well as Implementing Agencies level. The States/UTs who were not maintaining the assets registers at the district level have intimated that directions have been issued for maintenance of Work and Asset Register at the district level and ensured compliance.

Vetting Comments

Ministry's reply is silent regarding development of a comprehensive integrated system. Ministry has not mentioned as to how many States/UTs DA's are maintaining/not maintaining the work and assets register.

Comments of the Ministry

The 'Integrated MPLADS computer software' for monitoring implementation of the MPLADS Scheme is under development by NICSI. The system will also include information maintained through works and assets registers, that is, it will give the position of the works recommended by the MPs and have a record of the assets created under the MPLAD Scheme. Work on the software is progressing Well. Some modules are at testing stage. The Ministry is taking all possible steps to put in place the new software at the earliest. Works and Assets registers are provided for in paras 6.4 (iii) and (iv) of the Guidelines of MPLADS:—

Para 6.4 (iii): The District Authority shall maintain the work-registers indicating the position of each work recommended by the MPs and shall furnished work details along with a photograph of each work costing Rs. 5 lakh or more, to the Ministry in the prescribed format and hoist the same on MPLAD Website.

Para 6.4 (iv): The District Authority shall also maintain a register of all the assets created with the Scheme funds and subsequently transferred to the User Agencies. Implementation of the work under the MPLADS is undertaken by the State Governments/District Authorities. The State Governments/District Authorities are required and expected to adhere to the Guidelines. The Ministry regularly emphasises upon the State Governments/District Authorities to adhere to the provisions of the Guidelines, including those relating to works and assets registers. In cases of infringements coming to notice, the Ministry takes up and follows up the matter with the State Government/District Authority concerned and monitors that appropriate action is taken by the State Government/District Authority. Till the necessary appropriate action is taken by the State Government/District Authority, the matter is not treated as settled by the Ministry.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

31. The Committee are shocked to note that neither the Ministry nor 17 States/UTs have made any arrangements for an internal audit of the MPLAD Scheme. Much to the chagrin of the Committee, the internal audit wing of the Ministry have submitted that internal audit of the Scheme has never been conducted since the inception of the Scheme. In view of the fact that internal and concurrent audit is an integral part of a strong internal control and monitoring system, the Committee impress upon the Ministry to put in place forthwith a robust internal auditing mechanism and ask the State/UT Governments to engage the office of the C&AG of India at the State level for periodically auditing the MPLADS account of each individual MP. In this context, the Committee would like the Ministry to take into consideration the suggestions of the Institute of Chartered Accountants of India regarding changes in the Guidelines relating to Accounting procedures, improvements in quality of audit, guidance note on the conduct of audit on MPLADS funds etc. which have already been communicated to the Ministry by the ICAI.

[Serial No. 31, Para 31 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

In order to consider changes in regard to audit accounts related matters under MPLADS, a Committee was constituted in the year 2008. The report was received in the Ministry and was to be discussed in the presence of the representative from the Ministry of Finance (D/o Expenditure). The report was forwarded to Ministry of Finance, JS (PF-II) on 03.02.2012. The representative was also invited to the meeting held on 07.03.2012 and 12.04.2012 but no one attended the meeting from the Ministry of Finance nor their comments received. The Internal Audit Division of the Ministry in the meeting informed that as per Rule 6(1) and (2) of the GFR, any change in these procedures/formats should have the approval of the M/O Finance (D/o Expenditure). The Comments of the Ministry of Finance (D/o Expenditure) is still awaited. At present, 'Internal Audit Wing' of Principal Accounts office is conducting internal audit of two Ministries i.e. Planning and Statistics and Programme Implementation. However, it has been requested to the Office of the CGA to create 27 posts (01 DCA, 02 Sr. AO, 06 A.A.O., 12 Accountant, 03 LDC and 03 MTs) in Internal Audit Wing to strengthen the Internal Audit in the Ministry of Planning, Statistics and Programme Implementation. As soon as the posts are created and the staff are positioned, the work on the Internal Audit for the scheme as MPLAD etc. will be taken up. The Ministry has also separately moved a proposal for creation of posts in the MPLADS Division as well as for posts for MPLADS accounts work. However, recently, Department of Expenditure, Ministry of Finance has issued Economy Instructions wherein ban has been imposed on creation of new posts and the proposal of this Ministry was returned with advice to resubmit after the ban is lifted. However, this Ministry had requested Department of Expenditure to consider the proposal for creation of post of this Ministry as a special case.

Vetting Comments

Ministry may mention after getting the comments on report submitted to M/o Finance (Department of Expenditure) regarding the changes related to matters on audit and accounts under MPLADS.

Comments of the Ministry

A meeting was taken on 10.06.2013 by Secretary, S&PI to discuss the recommendations contained in para 31 of the Fifty-fifth Report of PAC, 2011-12, 15th Lok Sabha, on MPLADS, and the following decisions were taken:

"Internal Audit

3. For conducting internal audit, there is a constraint of staff with the Controller of Accounts Wing. The Ministry has already sent a proposal for creation of additional posts in the Accounts Wing, which is under consideration in Department of Expenditure, Ministry of Finance.

3.1 It was, however, decided that Controller of Accounts will immediately start Internal Audit as feasible with the available staff. If required, the Controller of Accounts may also engage consultants for providing assistance in Internal Audit, for which the funds will be provided by the Ministry. If and when a decision is taken to create additional posts in the Accounts Wing, the volume/frequency of Internal Audit will be correspondingly enhanced.

3.2 To facilitate the Controller of Accounts in taking informed decision on selection of the districts/constituencies of carrying out Internal Audit, a copy of the Report of C&AG of India, Union Government (Civil) No. 31 of 2010-11 on Performance Audit of Members of Parliament Local Area Development Scheme and copies of all unsettled complaints on corruption, irregularities, malpractices, financial malfeasance, etc. will be sent to the Controller of Accounts by MPLADS Division. Complaints received during subsequent months will also be forwarded to the Controller of Accounts by the first week of the following month. These would *inter alia* be considered by the Controller of Accounts while selecting the districts for Internal Audit."

"C & AG Audit

4. It was also decided that the observations of the Public Accounts Committee will be sent to the C&AG for taking necessary action.

4.1 They will also be sent to all the Chief Secretaries with request to engage the office of the C&AG/State AGs at the State Level for the audit of the MPLADS and to develop a mechanism for periodic, regular audit of MPLADS in each constituency/district.

4.2 Secretary (S&PI) would write to C&AG of India and to all Chief Secretaries in this regard."

"Action on ICAI Recommendations relating to Accounting Procedure

5. Special Group of ICAI has recommended the following changes in the MPLADS Guidelines relating to Accounting Procedures:

Chapter V of the Guidelines 'Accounting Procedures' may be amended to include the following:

- (a) To prescribe Books of Account and Registers to be maintained on uniform basis.
- (b) To prescribe formats for financial statements, Auditor's Report and Utilization certificate (UCs)
- (c) To prescribe procedures, contents and certification of the works done by the DAs/IAs.
- (d) To prescribe certification of compliance by the Nodal District Authority."

5.1 The report on review of Guidelines of the MPLADS Scheme relating to accounts and audit submitted by the Special group of ICAI was sent to Internal Finance Division of the Ministry as well as to the Department of expenditure, Ministry of Finance. Their comments are as under:—

Integrated Finance Division of the Ministry: "It is stated that in general terms, the recommendations of the Special Group are agreed by the IFD of this Ministry but specific formats/procedures need to be worked out."

Department of Expenditure: "The suggestions made by the special Group are indeed well taken. Detailed books of accounts/registers formats for financial statement etc. have been prescribed. The format for balance sheet, receipt and payments accounts. Income and expenditure statements, Auditors' Report, work completion report have been drawn up. The Ministry may carry out an internal assessment of the modification considered desirable and depending on the changes in the accounting procedure and documentation that are finally decided upon, the proposed system may be forwarded for vetting by D/Expenditure."

5.2 The changes in the accounting procedures and firming up of the formats of various accounting documents suggested by the Special Group of ICAI are required to be duly examined by the Controller of Accounts Wing, which has specialized knowledge, and to be duly acted upon, with or without amendments.

5.3 It was decided that the Controller of Accounts will take necessary action in this regard.

5.4 If required, he may engage consultants with domain knowledge, for which funds will be provided by the Ministry.

5.5 It was also decided that action on developing the formats/accounting procedures will be taken up **immediately** and the formats/accounting procedures will be included in the Guidelines of MPLADS after vetting by Department of Expenditure and approval of the Competent Authority on time-bound priority."

Action is being taken accordingly.

D/o. letter dated 27.06.2013 has been issued to C&AG as per para 4.

D/o. letter dated 27.06.2013 have been issued to all Chief Secretaries, as per para 4.1

Vetting Comments

As regards "Internal Audit", the Ministry may share annual audit plan depicting number and percentage of District Authority State Nodal Departments to be covered by internal audit during the year 2013-14.

Comments of the Ministry

In line with the decision taken in the meeting held on 10.06.2013, the Controller of Accounts has been requested to taken immediate action to start internal audit of MPLADS. The Controller of Accounts has also been requested to take immediate steps to fill up the newly created seven (07) posts for accounts unit as conveyed recently by the Department of Expenditure, Ministry of Finance, *vide* ID No. 91493/ECI/2013 dated 27.06.2013.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics and Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Comments of the Committee

Please *see* Para No. 34 of Chapter I.

Observations/Recommendations

32. The Committee note that many of the systemic weaknesses affecting the implementation of the MPLAD Scheme were brought to the notice of the Ministry by the C&AG in two earlier performance Audit Reports in 1998 and 2001. Based on the suggestions of the C&AG for devising a robust monitoring mechanism, strengthening internal controls and impose grater financial discipline for the release and expenditure of MPLADS funds, the Ministry have reportedly modified the Release and Expenditure Guidelines in August, 2011 in consultation with the Department of Expenditure. What, however, concerns the Committee is the inordinate delay on the part of the State/UT Governments in furnishing Action Taken Notes to the Audit observations. For example, while partial replies to the Audit comments contained in their Report of 2010 have been received from most of the States/UTs, a single reply has not yet been received from eight States/UTs i.e. Arunachal Pradesh, Bihar, Dadra and Nagar Haveli, Goa, Gujarat, Jharkhand, Kerala and Nagaland. The Ministry, on their part, are just sending reminders. In view of the fact that Audit observations are meant to plug the loopholes and foster good governance, they ought to be taken with the seriousness they deserve. The Committee, therefore,

desire that the Ministry should take up the matter at the Chief Secretary/Chief Minister level so that the State/UT Authorities resort to adequate and timely preventive and punitive measures on the Audit observations in their own interest.

[Serial No. 32, Para 32 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

The Ministry has already taken up the with the Hon'ble Minister of the concerned state. This has resulted in receiving the reply from the state of **Arunachal Pradesh, Jharkhand and Nagaland**. However reply from UT of **Dadra & Nagar Haveli** is still awaited despite following up the matter vigorously with the Administrator, UT of DNH. Suitable action will be taken against the concerned in case of non-compliance.

Vetting Comments

Ministry may mention about the steps taken or proposed to be taken to avoid such lapses in future. Ministry may also mention about the efforts taken to getting the replies from remaining state governments and the status thereon.

Comments of the Ministry

The implementation of works under the Members of Parliament Local Area Development Scheme (MPLADS) is undertaken by the State Governments/District Authorities, in accordance with the State Government's administrative, technical and financial rules. The State Governments have been asked to furnish action taken notes/replies to the CAG audit paras, and the matter in being regularly followed - up at various levels. The matter was also taken up in the review of MPLADS with State Government officers and District Magistrates held on 26.02.2013, wherein it was *inter alia* directed as below:—

"Pending CAG audit paras: Attention was specifically drawn to one important aspects that may of the CAG audit paras enumerate facts that points towards malafide violations of guidelines and financial malfeasance. It bears emphasis that in such cases the CAG has already seen the record and also given opportunity to explain before recording such facts. It therefore becomes important to immediately examined such reports for appropriate action, which could include action in any or all of the following three domains— **(a)** criminal culpability, **(b)** departmental action, and **(c)** civil action for recovery. Delaying or diluting action in such cases has to be avoided.

The State Governments were requested to expedite **(a)** necessary action to get the paras settled as per rules and **(b)** in case of facts pointing towards malafide violations of guidelines and financial malfeasance, to take appropriate action under law and report on action taken in a time-bound manner.

A copy of these minutes may be sent to all State Government for necessary action."

These minutes have been approved by Hon'ble Minister for Programme Implementation, Government of India."

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum No C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Comments of the Committee

Please *see* Para No. 37 of Chapter I.

Observations/Recommendations

33. To sum up, the Committee find that many basic flaws and fundamental weaknesses have been plaguing the MPLAD Scheme primarily due to inadequate monitoring of the Scheme at various levels. As regular monitoring at all the three levels i.e. Central, State and District is a powerful tool and an essential sine qua non for overcoming the shortcomings that bedevil the proper and effective implementation of the Scheme, the Committee exhort the Ministry to take note of their considered suggestions/recommendations, as highlighted in the preceding paragraphs.

[Serial No. 33, Para 33 of the 55th Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken

The Ministry has taken note of the various suggestions/recommendations of the Committee. Regular monitoring at all three levels i.e. Central, State and District of MPLADS works is a priority with the Ministry. At the Central level the Ministry is in the process of developing an integrated MPLADS website through which micro and macro level monitoring of all releases, expenditure, work status will be monitored. The Ministry also has taken steps to strengthen third party physical monitoring through independent agencies. The Department of Expenditure, Ministry of Finance has also been requested to sanction posts for creation of a dedicated monitoring cell in the MPLADS Division of the Ministry to enable exhaustive and extensive monitoring of MPLADS works at Central level. In addition the Ministry organizes bi-annual review meetings of Nodal Secretaries on implementation of MPLADS. The senior officers of the Ministry also undertake field visits from time to time to review proper implementation. At the State level provision of monitoring has been prescribed in the MPLADS Guidelines and the Nodal Departments in the State Governments have also been allowed to use 2% administrative expenses amount for undertaking third party inspection, physical audit, quality checks etc. At the district level various items of expenditure have been allowed to be incurred

out of 2% of MPLADS funds earmarked for administrative expenses to facilitate monitoring of MPLADS works.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE GOVERNMENT

Observations/Recommendations

15. The Committee note that the Ministry have issued the illustrative list of eligible works under the MPLAD Scheme to all the States/UTs. Despite that, the Committee note that during the period from 2004 to 2009, an expenditure of Rs. 73.76 crore was incurred on 2340 works which are prohibited as per the Scheme Guidelines. It is the responsibility of the DAs to examine and sanction only eligible works recommended by the MPs. Therefore, the explanation of the Ministry that sometimes due to compelling circumstances the DAs have to act on the recommendations of the MPs for one reason or the other beyond their control, resulting in execution of prohibited works is not acceptable to the Committee. Though the Ministry have reported that they have been taking action wherever such irregularities are pointed out and asking for recoupment of funds. Yet the exact amount of funds recouped from the defaulting authorities in the States/UTs concerned is yet to be known to the Ministry. Since award of prohibited works is illegitimate under the Guidelines, the Committee impress upon the Ministry to urgently take up the matter with the State Governments concerned so that funds are recouped with interest, wherever prohibited works have been awarded/implemented, as per the provisions contained in the Guidelines. The Committee wish to emphasize that it is incumbent upon the DAs to bring to the notice of the MPs the distinction between the eligible and prohibited works in terms of the Guidelines and to stand firm to ensure that under no circumstance or condition prohibited works are executed. It also need to be made abundantly clear that responsibility shall be fixed on the DAs and exemplary action taken against them if any deviation is made by them from the approved Guidelines.

[Serial No. 15, Para 15 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

It is the responsibility of District Authority to examine and sanction only eligible works recommended by the Hon'ble MPs. In case of violation of the Guidelines, States/UTs Government are requested to investigate the matter for initiating necessary disciplinary action against the District Authorities/officials found responsible and for recoupment of funds for irregular works. In order to have better appreciation and implementation of Guidelines, the Ministry provides regular training to the State/District officials. This Ministry has also been regularly requesting the

State/UT Governments to adhere to the provisions of the Guidelines to avoid recurrence of such lapses. The chief Secretaries/Administrators UTs have been requested to send the details of the District Officials, who were responsible for the irregular implementation of MPLADS works in violation of the Guidelines and corrective measures taken to avoid recurrence of irregularities including necessary action taken against the erring officials found responsible and recoupment of funds spent for irregular/prohibited works. From the replies received from the State Government/UTs, it has been observed that the work has been completed and the assets have been handed over to the user agencies. Action against the erring officials found responsible for executing irregular/prohibited works are being initiated. The Ministry has been emphasizing the concerned States Government/UTs through letters to State Nodal Authorities to direct all the district authorities to recoup the funds incurred on the prohibited works.

Vetting Comments

The Ministry have reported that they have been taking action wherever such irregularities are pointed out and asking for recoupment of funds. Yet, the exact amount of funds recouped from the defaulting authorities in the States/UTs concerned is yet to be known to the Ministry.

Comments by the Ministry

The implementation of works under the Member of Parliament Local Area Development Scheme (MPLADS) is undertaken by the State Governments/District Authorities, in accordance with the State Government's administrative, technical and financial rules. State Governments/District Authorities are required and expected to take appropriate action in case of infringements of rules, guidelines and norms, including utilization of funds for ineligible works: in case of utilization for funds for ineligible works, the action would include restoration of funds back to the MPLADS and action against the erring officers. In case of infringements of rules, guidelines and norms, including utilization of funds for ineligible works, which come to notice from time to time (including through CAG reports), the Ministry takes-up and follows-up the matter with the State Government/District Authority concerned and monitors that appropriate action is taken by the State Government/District Authority. Till the necessary appropriate action is taken by the State Government/District Authority, the matter is not treated as settled by the Ministry. It may be mentioned that in the review of MPLADS on 26.02.2013 with State Government officers and District Magistrates, on the one hand it was *inter-alia* directed that; "**Pending CAG audit paras**": Attention was specifically drawn to one important aspects that many of the CAG audit paras enumerate facts that points towards malafide violations of guidelines and financial malfeasance. It bears emphasis that in such cases the CAG has already seen the record and also given opportunity to explain before recording such facts. It therefore becomes important to immediately examined such reports for appropriate action, which could, include action in any or all of the following three domains—(a) criminal culpability

(b) departmental action and (c) civil action for recovery. Delaying or diluting action in such cases has to be avoided.

"The State Governments were requested to expedite (a) necessary action to get the paras settled as per rules, and (b) in case of facts pointing towards malafide violations of guidelines and financial malfeasance, to take appropriate action under law and report on action taken in a time-bound manner."

On the other hand, however, it was also *inter-alia* directed that: "**Bonafide Infringement of guidelines in public good/interest'**: It was pointed out that there are certain specific instances in which State Government/district administration officers had acted in a bonafide manner in public good/interest but there has been some infringements of the guidelines.

"It was felt that if the action taken is (a) on the recommendation of the Hon'ble MP concerned, (b) in a bonafide manner, without any malafide, (c) in public good/interest, where, (d) there has been no financial malfeasance or corruption, and (e) relevant State Government financial and administrative rule have been followed in the implementation, it could be examined whether the infringement of MPLADS guidelines needs to be condoned *ex-post facto* (or not)."

"It was thus felt that wherever the State Government feel that a justified case is accordingly made out, they may send their speaking recommendation, from the level of Chief Secretary, for the Ministry to consider *ex-post facto* condonation of the infringement."

"It was emphasized that the afore should not be taken as a standing permission to violate guidelines in future and to then request for *ex-post facto* condonation. It is only meant to settle earlier actions undertaken in good faith and the in public interest/good where the facts and situations are such that the infringements merit to be condoned *ex-post facto*. And, as already stated earlier, such requests have to be made from the level of Chief Secretary, and the Ministry would consider such requests on a case-to-case basis, on merit, in consultation with Internal Finance, for an appropriate decision at the competent level."

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

24. Instances of sub-standard works under the MPLAD Scheme in Delhi and Uttar Pradesh have come to the notice of the Committee during the course of the examination of the subject. While the Delhi Government have explained the position

i.e. difference in specification in the scheduled items and the job mix formula leading to a financial implication of Rs. 66 lakh, the report from the UP Government is still awaited in the Ministry. In order to maintain the quality and credibility of the assets created out of MPLAD funds, the Committee impress upon the Ministry to introduce and operationalise an effective quality control mechanism for the MPLADS, in line with other CPWD/PWD works, the Committee also recommend that the DAs should carry out regular and surprise monitoring of the ongoing and completed projects so that in case of any quality compromise action could be taken against the Implementing Agencies. The Ministry/State Government authorities should also take periodic stock of the position during their field visits so that appropriate action could be initiated against the District Authorities, if found wanting in their assigned roles and responsibilities. The Committee further recommend that the Ministry should obtain and compile periodical reports/returns from the DAs indicating the total number of works undertaken in their respective Districts and the number of inspections carried out by them as per the provisions of the Guidelines so that effective checks and corrective measures, wherever needed, could be initiated concurrently.

[Serial No 24, Para 24 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

As per MPLADS guidelines, the district authorities are mandated to inspect at least 10% of the works under implementation every year, involving MPs in the inspection of projects to the extent feasible. Additionally the State Nodal department are also required to inspect a minimum of 1% of the MPLADS work in a district every year. An Inspection Register is required to be maintained at State level and Follow up Action is required to be taken on the findings during these inspections. With regards to obtaining reports regarding number of works undertaken and number of inspections carried out from the district authorities, a column No. III (k) already exist in the MPR under which, the district authorities are required to indicate the number of inspections undertaken during the month as well as the cumulative number. Senior officer of the Ministry also from time to time make field visits.

Vetting Comments

Ministry's reply is silent about the data compilation received in respect of number of inspection made by the DAs. there is provision of inspection of work in the guidelines and DAs are required to send data to the Ministry through MPR. However, in a test check of 86 DAs (out of sample 128), 23 States/UTs had not inspected any work during 2004-09. Ministry may mention about the appropriate action that has been taken against erring DAs.

Comments of the Ministry

The 'Integrated MPLADS computer software' for monitoring the implementation of the MPLAD Scheme is under development by NICS. The system

will also include monitoring of inspection of works by State Governments/District Authorities. Work on the software is progressing well. Some modules are at testing stage. The Ministry is taking all possible steps to put in place the new software at the earliest. Inspections on the part of the State Governments/District Authorities are provided for in paras 6.3 (vi) and 6.4(i), (v) and (vi) of the Guidelines of the MPLADS:—

Para 6.3(vi)—State/UT Government may authorize its officers not below the rank of Deputy Secretary/Executive Engineer to inspect MPLADS works as and when they make official fields visits. It may also check and review the number of MPLADS works inspected by the District Authorities. The Districts Authority shall mandatorily maintain inspection registers. One for details of inspections of works carried out by trusts/societies under para 3.21 and the second for showing details of works given to other implementing agencies, including NGOs as implementing agencies. State Nodal Officials should inspect a minimum of 1% of the MPLADS works in a District every year and an inspection register should be maintained at State Level and follow up action should also be taken on the findings during those inspections.

Para 6.4: Roles of District Authority—The role of the District Authority on Coordination and Supervision is indicated below:—

- (i) The District Authority would be responsible for overall coordination and supervision of the works under the Scheme at the district level, and inspect at least 10% of the works under implementation every year. The District Authority should involve the MPs in the inspections of projects to the extent feasible.
- (ii) The District Authority will inspect all works executed by/for societies and trusts under MPLADS and ensure that the agreement conditions are being complied with. In case of violation of any of the provisions of the agreement, action as per the agreement shall be taken by the District Authority.
- (iii) the District Authority shall review every months and in any case at least once in every quarter MPLADS works implementation with the Implementing Agencies. The District Authority shall invite the MPs concerned to such review meetings, and send a report of such a review meetings to Ministry of Statistics and Programme Implementation.

A column No. III (k) exists in the MPR under which the District Authorities are required to indicate the number of work inspections undertaken during the month as well as the cumulative number of inspections during the year. Implementation of the works under the MPLADS is undertaken by the State Governments/District Authorities. State Governments/District Authorities are required and expected to adhere to the Guidelines. The Ministry regularly emphasizes upon the State Governments/District Authorities to adhere to the provisions of the Guidelines, including those relating to inspections of works. The Government of India in the

Ministry of Statistics and Programme Implementation has also put into place a system of third party physical monitoring of MPLADS works. Follow-up action is duly taken on the findings of the inspections/physical monitoring reports. In case of infringements of guidelines or rules covering to notice, the Ministry takes up and follows up the matter with the State Government/District Authority concerned and monitors that appropriate action is taken by the State Government/District Authority. Till the necessary appropriate action is taken by the State Government/District Authority, the matter is not treated as settled by the Ministry.

Sd/-

(S. S. Badhawan)

Joint Secretary to Government of India

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

27. The DAs are expected to get in advance a firm commitment about the operation, upkeep and maintenance of the proposed assets from the user agency concerned before the execution of the work is sanctioned. But, the Committee observe that in practice many cases on non-use or misuse of the assets are there. Although, based on the replies received from some of the States concerned, the Ministry have informed that no case of misuse has been reported so far, the Committee desire the Ministry to investigate the reported cases of misuse of assets in view of the Audit observation with photographic evidences in some cases. Based on the findings of such investigation, action should be initiated against the persons responsible for misuse of assets. They also desire that documentation in respect of handing over of assets created under MPLAD be streamlined at the DA level by effective supervision and monitoring.

[Serial No. 27, Para 27 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Para 3.6 of the Guidelines stipulates that the District Authority should get in advance a firm commitment about the operations, upkeep and maintenance of the proposed assets from the User Agency concerned before the execution of the work is sanctioned. Once the assets are created under the MPLAD Scheme, these are handed over to the User Agencies. It is the responsibility of the User Agency for upkeep, maintenance and use of the purpose for which it was created. The Ministry also undertakes the third party independent monitoring of the scheme under which proper utilization of the assets created is being examined and reported. The State Nodal Authorities/UTs Administrator have intimated that instructions have been issued to all the District Authorities to adhere to the Guidelines and upkeep and maintenance of the assets created is ensured by the User Agencies. This Ministry has already taken up the issue with the State Nodal Authorities with a copy to Nodal District for entering into agreement with the User Agencies for upkeep and

maintenance of the assets. The replies received from the State Nodal Authorities indicate that instructions have been issued to all the Nodal Districts for proper implementation of the provision of the Guidelines. Nodal District Authorities have indicated in their replies that they have started taking agreement from the User Agencies ensuring proper implementation of the scheme.

Vetting Comments

Ministry's reply is silent regarding committee's recommendation to investigate the reported cases of misuse of assets in view of the audit observations.

Comments of the Ministry

Para 3.6 of the Guidelines of MPLADS provides for advance commitment of operation, upkeep and maintenance of the proposed assets from the User Agencies:—

Para 3.6: The District Authority should get in advance a firm commitment about the operation, upkeep and maintenance of proposed asset from the User Agency concerned before execution of the work is sanctioned. Implementation of the works under the MPLADS is undertaken by the State Governments/District Authorities. State Governments/District Authorities are required and expected to adhere to the Guidelines. The Ministry regularly emphasizes upon the State Governments/District Authorities to adhere to the provisions of the Guidelines, including those relating to operation, upkeep and maintenance of assets. In cases of infringements of Guidelines or rules coming to notice, including disuse/misuse of assets, the Ministry takes-up and follows-up the matter with the State Government/District Authority concerned and monitors that appropriate action is taken by the State Government/District Authority. Till the necessary appropriate action is taken by the State Government/District Authority, the matter is not treated as settled by the Ministry.

Sd/-

(S.S.Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Observations/Recommendations

28. The Committee note that the assets created by utilizing the MPLADS funds are handed over to User Agency and thereafter it is the responsibility of the User Agency to maintain/upkeep these assets. The Committee are, however, informed that there is no provision under the Scheme for use of MPLADS funds for the maintenance or replacement of assets created under the Scheme. In view of the fact that some assets such as vehicles, ambulances, medical equipments or machines have a limited life span after which such assets wear away and maintenance of these assets cannot be done or may not be economical, the Committee feel that in

such cases, existing Guidelines of the Scheme is not helpful in replacement of such assets. The Committee are of the view that the Guidelines should be suitably reviewed by the Ministry with a view to re-examining the existing provisions of the maintenance of assets so that adequate provisions are incorporated which would allow the MPLADS funds to be utilized for maintenance, repair and replacement of the assets. The Committee would also like the Ministry to explore that Public Private Partnership model for the maintenance of assets like roads created under the MPLADS.

[Serial No. 28, Para 28 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

The main objective of the MPLAD Scheme is to enable MPs to recommended works of developmental nature with emphasis on the creation of durable community assets based on the locally felt needs to be taken up in their Constituencies. Accordingly, right from inception of the Scheme, durable assets of national priorities viz. drinking water, primary education, public health, sanitation and roads, etc. are being created. Maintenance, repair and replacement of the assets created under the MPLADS are not permissible. If we allow such activities under the MPLADS, the very purpose for which the scheme has been conceived will be defeated. It may, however, be stated that for maintenance, the responsibility rests with the State Authority to whom the assets have been handed over. For replacement of assets, it may be stated that once useful life of assets is over as per State rules, then, new assets can be created under the MPLADS if so recommended afresh by any MP out of his/her MPLADS funds. The condemned vehicles are required to be auctioned as per State procedure and the proceeds remain with the State Authorities.

Vetting Comments

Ministry's reply is silent on exploring the Public Private Partnership model for the maintenance of assets like roads created under the MPLADS.

Comments of the Ministry

There is no provision in the Guidelines of MPLADS for maintenance of assets. The responsibility of maintenance rests with the State Government department/organisation/agency for whom the assets have been created and to whom the assets have been handed over. In case of support to trusts/societies for community infrastructure and public utility buildings works, the maintenance is the responsibility of the trust/society concerned. The various mechanisms for maintenance, including exploring Public Private Partnership models, have to be considered by the State Government concerned.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 5 September, 2013]

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Observations/Recommendations

3. The Committee are highly concerned to note that 12 DAs of six States inflated the figures of expenditure by Rs. 35 crore by depicting the entire advance of Rs. 100.17 crore released to the Implementing Authorities as utilized. Not only that, the DAs had reported lesser amount of interest earned in their annual accounts and/or Monthly Progress Reports (MPRs) than those reported in the MPRs of the earlier months resulting in an understatement of interest of Rs. 5.60 crore in respect of 21 constituencies. Shockingly, in blatant violation of the General Financial Rules (GFR), 2005 DAs in some States are showing money given as advance as expenditure in the Utilization Certificate (UC). Though the Ministry of S&PI hold the DAs/IAs responsible for properly maintaining the accounts of MPLADS funds as per the State/UT Governments yet they failed to obtain/examine necessary clarifications of the DAs/States concerned on the financial irregularities. Since the Ministry are still in the process of developing an integrated software incorporating District-wise MPLADS accounts and collating annual accounts and balance sheet of all the Districts and considering the importance and urgency of developing such an integrated software, the Committee impress upon the Ministry to expedite development and installation of the software without further loss of time. The Committee are sanguine that the early installation of the desired integrated software would help capture all the relevant data and facilitate effective management and monitoring of the MPLAD Scheme both at micro and macro levels. The Committee also desire that the necessary explanations of the DAs concerned be obtained and examined by the Ministry without further loss of time so that requisite preventive and punitive measures are taken to observe strict fiscal discipline.

[Serial No. 03, Para 03 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

The District Authorities are advised from time to time to include only the actual expenditure incurred as expenditure figure. The Ministry has already initiated action for development of an integrated MPLADS website through NICS. The NICS has already started the process of development of the integrated website, which is likely to be put on trial during 2013.

Vetted Comments

Ministry's reply is silent regarding the action taken to obtain/examine necessary clarifications of the DAs/States concerned on the financial irregularities. The work for development of integrated MPLADS website is not completed yet.

Comments of the Ministry

Implementation of the works under the MPLADS is undertaken by the State Government/District Authorities, in accordance with the State Government's administrative, financial and technical rules. This Ministry continuously monitors financial progress, including utilization certificates, audit certificates and monthly progress reports. In case of any clerical errors, etc. in tabulation/reporting, the State Governments/District Authorities correct the errors by sending revised statements (this is normal and routine in all schemes, including MPLADS). In case, however, any deliberate (*malafide*) misreporting or wrong certification, etc. or any infringement of the guidelines/rules comes to notice, the Ministry takes-up and follows-up the matter with the State Government/District Authority concerned and monitors that appropriate action is taken by the State Government/District Authority. Till the necessary appropriate action is taken by the State Government/District Authority, the matter is not treated as settled by the Ministry. The work on the new integrated MPLADS software is progressing, and some of the modules developed are at testing stage. The Ministry is taking steps to put in place the new software at the earliest.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Comments of the Committee

Please see Para No. 7 of Chapter I.

Observations/Recommendations

10. The Committee are worried to observe instances of doubtful expenditure which include non-existence of assets in West Bengal and Jharkhand, payments made on doubtful muster roll entries in Bihar and on doubtful vouchers in Mizoram and Jharkhand, leading to a combined financial irregularities of Rs. 40 lakh. Although the State Governments of West Bengal and Mizoram have furnished certain explanations on the matter including action taken thereon, the State Governments of Bihar and Jharkhand did not bother to even respond to the irregularities pointed out by Audit. The Committee desire that such indifferent attitude of the State Government concerned be viewed seriously by the Ministry and the matter be taken up with utmost urgency at the Chief Minister/Chief Secretary level so that responsibility could be fixed on the delinquent officials.

[Serial No. 10, Para 10 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

This Ministry has received replies on doubtful expenditure from State of Bihar and Jharkhand. The replies received are given below:—

(a) **Bihar**—State Government has informed the following on concerning audit paras:—

- (i) *Excess/avoidable expenditure*—Keeping in view the conditions at the location, during the execution of work, more payment was made than the scheduled rate due to increased compaction of Brick Bat, Balu, soil etc. for technical reasons. Besides, after work estimates, the additional payment was also made due to increase in the rates of wages by the Government. It has also been informed that action is being taken as per the audit provision and that it will be ensured that such lapses is not repeated in future However, provision for increase in payment is being made in the estimates.
- (ii) *Procedural lapses in the execution of works*—Taking cognizance of the Audit para, wages are being paid only after preparing the Muster Roll. It has also been informed that the payment under labour item is now being made on the basis of Muster roll for the projects in progress. In Compliance Report of RWD Masaurhi, it has been stated that in future, procedure would be followed and maintained and the material will be purchased by quotations and that Labour will be paid on Muster Roll.

(b) *Jharkhand*—State Government has replied the following on the concerning audit paras as given below:—

- (i) *Unfruitful expenditure on Works*—Work construction of Bharat Mata Kalyan Mandap has been compelted. However, the same could not be transferred due to matter being sub-judice
- (ii) *Non-existence of assets*—In respect of work for installation of two solar water pump sets, FIR has been lodged against the firm M/s Kiran Energy Solution Private Ltd., Dhanbad.
- (iii) *Payment made on doubtful voucher*—As regards installation of four high level tubewell as concerned, it has been clarified that no irregularities were committed and payments were made on the basis of actual work. Rathar the work was completed by incurring Rs. 1601 less than the estimated cost of work.

This Ministry has been requesting the concerned States Governments to take action against the concerned erring officials.

Vetting Comments

Bihar

Ministry may mention about the action taken/responsibility fixed by the state government against the delinquent officials.

Jharkhand

1. *Unfruitful expenditure on works* — Results of matter which is sub-judice may be mentioned.
2. *Non-existence of asset* — Result of FIR against the firm M/s Kiran Energy Solution Private Ltd., Dhanbad may be mentioned.
3. *Payment made on doubtful voucher* — Reply of the Ministry is not tenable as IA reported to DA that Rs. 0.22 crore was incurred, however, only Rs. 0.20 crore was actually spent on these works.

Comments of the Ministry

The implementation of works under the Members of Parliament Local Area Development Scheme (MPLADS) is undertaken by the State Governments/District Authorities, in accordance with the State Government's administrative, technical and financial rules.

The State Governments have been asked to furnish action taken notes/replies to the CAG audit paras, and the matter is being regularly followed-up at various levels. **Specifically, the matters relate to Bihar and Jharkhand are also being regularly followed-up.**

The matters are not treated as settled till the State Governments/District Authorities take the necessary appropriate action that is warranted and essential in the cases (including in the cases of Bihar and Jharkhand).

This subject was also taken up in the review of MPLADS with State Government officers and District Magistrates held on 26.02.2013, wherein it was *inter alia* directed as below:—

"Pending CAG audit paras: Attention was specifically drawn to one important aspects that many of the CAG audit paras enumerate facts that points towards *malafide* violations of guidelines and financial malfeasance. It bears emphasis that in such cases the CAG has already seen the record and also given opportunity to explain before recording such facts. It therefore becomes important to immediately examined such reports for appropriate action, which could include action in any or all of the following three domains—(a) criminal culpability, (b) departmental action and (c) civil action for recovery. Delaying or diluting action in such cases has to be avoided.

The State Governments were requested to expedite (a) necessary action to get the paras settled as per rules and (b) in case of facts pointing towards

malafide violations of guidelines and financial malfeasance, to take appropriate action under law and report on action taken in a time-bound manner."

The minutes were sent to all State Governments for necessary action (the minutes had been approved by Hon'ble Minister for Programme Implementation, Government of India).

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Comments of the Committee

Please *see* Para No. 13 of Chapter I.

Observations/Recommendations

14. The Committee are shocked to note that nine DAs in eight States executed 700 works costing Rs 9.45 crore without formal recommendations of the MPs concerned. In addition, three DAs in three States executed 150 works amounting to Rs 2.44 crore, recommended by the representatives of the MPs. It is really incomprehensible that on the plea of urgency of work and assurance of the local MLA to make available funds from the MPLAD Scheme, the District Authorities had sanctioned the work in anticipation of the MP's recommendation. As per the provisions of para 3.12 of the Guidelines, the implementation of the works under the MPLAD Scheme should start only after the receipt of the recommendation of work from the MPs. This is to be scrupulously followed by the District Authorities and if any deviation occurs, the State Government can take disciplinary action against the DAs. But the Committee are perturbed to observe that no disciplinary action has been taken against the erring DAs even after a lapse of five/six years and the Additional Secretary, Ministry of Statistics and Programme Implementation, though submitted before the Committee that the Ministry do not support such kind of action on the part of the DAs and it calls for disciplinary action, the Ministry have not taken up the matter at the appropriate level. In view of the fact that award/implementation of works without formal recommendation from the MPs is a clear violation of the provisions of the MPLADS Guidelines and tantamount to gross irregularities, the Committee urge the Ministry to bring the irregularities committed by the DAs concerned immediately to the notice of the Union Department of Personnel and Training and also to the Chief Secretary of the State Government concerned for initiating disciplinary action against the defaulting officers. The Committee are of the firm opinion that such an action on the part of the Ministry is imperative so as to convey in unambiguous terms that irregularities of such nature would not be brooked or allowed to go unpunished. The Committee further desires that as soon as the MPs recommend a particular work, the same should be intimated by the IAs to the beneficiaries.

[Serial No. 14, Para 14 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

As and when any irregularities committed by the District Authorities would be brought/come to the notice of the Ministry, the same would be taken up with the Chief Secretary of the State Government/Administrator of the UT on case to case basis for taking appropriate action against the defaulting officers. In case of All Indian Service Officers, after taking up with Chief Secretary and obtaining his replies, the serious irregularities will be brought to the notice of DoPT for appropriate action if felt necessary. Regarding intimation by IAs to the beneficiaries, it is mentioned that as per the prescribed procedure, the implementing agencies are assigned works only after sanction is accorded by the district authorities of the works recommended by the MPs. Therefore it is not feasible for the IAs to intimate details of recommended works to the beneficiaries. However, in the new software being developed by the Ministry, the details of the works recommended by an MP will be reflected. This information will be available in the public domain and can be viewed by one and all.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Comments of the Committee

Please *see* Para No. 19 of Chapter I.

Observations/Recommendations

16. The Committee note that in 10 States, Rs 14.40 crores were sanctioned and released for works pertaining to 34 Trusts/Societies, which exceeded the ceiling of Rs. 25 lakh per Trust/Society as fixed under the Scheme Guidelines. The Committee further note that in seven States, the DAs sanctioned Rs. 5.94 crore to 145 Trusts/Societies which were either not eligible as per the Guidelines or whose eligibility were not verified by the DAs. The Ministry have attributed reasons like non-obtaining of declarations from the Trusts/Societies by the DAs, lack of interaction amongst the DAs and lack of transparency due to non-availability of records of the Trusts/Societies online, for the above cited irregularities in the States of West Bengal, Meghalaya and Jharkhand whereas no response has been received from other States like Jharkhand, Goa, Maharashtra and Rajasthan. The Committee deplore the sorry state of affairs leading to blatant violation of the provisions of the Guidelines and the resultant siphoning away of public funds. They desire that the Ministry expeditiously obtain the clarifications from those States which have not yet responded to the lapses, examine the explanations of all the States concerned and prevail upon them to investigate the matter for initiating necessary and appropriate action against the erring officials and the Committee be apprised of the specific measures taken in this regard. The Committee also desire that a Central

database containing district-wise list of all the eligible Trusts/Societies be maintained by the Ministry so as to avoid recurrence of lapses and to facilitate timely recoupment of funds.

[Serial No. 16, Para 16 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

It is informed that clarifications have been received from all the concerned States, except Jharkhand, which is reminded periodically. With regard to Central-data base of Trusts/Societies, it may be mentioned that it will not be possible to maintain Central data base. However, Ministry is asking the District Authorities to maintain district-wise data base in respect of Trusts/Societies to whom work is allocated.

Vetting Comments

Ministry may mention the action taken on the clarifications received from the States/UTs. Clarification should be taken from remaining State Govt. of Jharkhand. Ministry has stated that Distt. Authorities has been asked to maintain district-wise data base in respect of Trust/Societies to whom works is allocated. Further progress may be mentioned in the ATN.

Comments of the Ministry

Implementation of the works under the MPLADS is undertaken by the State Governments/District Authorities, in accordance with MPLADS' guidelines and the State Government's administrative, financial and technical rules.

State Governments/District Authorities are required and expected to take appropriate action in case of infringements of rules, guidelines and norms, including that of release of excess funds to trusts/societies (in such cases, the action taken would include recoupment of the excess funds with interest and action against the erring officers).

In cases of infringements of guidelines or rules, including release of excess funds to trusts/societies, which come to notice from time to time (including through CAG reports), the Ministry takes-up and follows-up the matter with the State Government/District Authority concerned and monitors that appropriate action is taken by the State Government/District Authority. Till the necessary appropriate action is taken by the State Government/District Authority, the matter is not treated as settled by the Ministry.

The subject was also taken up in the review of MPLADS with State Government officers and District Magistrates held on 26.02.2013, wherein it was *inter alia* directed as below:—

"Pending CAG audit paras: Attention was specifically drawn to one important aspects that many of the CAG audit paras enumerate facts that points towards malafide violations of guidelines and financial malfeasance. It bears emphasis

that in such cases the CAG has already seen the record and also given opportunity to explain before recording such facts. It, therefore, becomes important to immediately examine such reports for appropriate action, which could include action in any or all of the following three domains— (a) criminal culpability, (b) departmental action and (c) civil action for recovery. Delaying or diluting action in such cases has to be avoided.

The State Governments were requested to expedite (a) necessary action to get the paras settled as per rules and (b) in case of facts pointing towards malafide violations of guidelines and financial malfeasance, to take appropriate action under law and report on action taken in a time-bound manner."

The minutes were sent to all State Governments for necessary action (the minutes had been approved by Hon'ble Minister for Programme Implementation, Government of India).

As regards clarifications from Jharkhand, the reply from the State Government is still awaited. The Government of Jharkhand has again been requested to expedite its reply. As already stated above, the matter will not be treated as settled till the necessary appropriate action is taken by the State Government/District Authority. As regard database of trusts/societies, it may not be feasible for the Ministry to create and maintain a country-wide database of all eligible trusts/societies. It may be mentioned that as per para 3.21 of the guidelines of MPLADS, the bonafide and eligibility of the trusts/societies have to be assessed by the District Authorities. And the District Authorities are required and expected to maintain a database of all trusts/societies to whom MPLADS funds have been released.

Sd/-

(S.S Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation, Office Memorandum No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Comments of the Committee

Please *see* Para No. 22 of Chapter I.

Observations/Recommendations

29. The Committee observe that the State level Monitoring Committee headed by the Chief Secretary/Divisional Commissioner, which is to hold annual meeting with DAs & MPs to review the progress of implementation of MPLADS, have not even been constituted in three States/UTs. In other States, the Monitoring Committee either failed to meet annually or never held any meeting. The Committee express their serious displeasure on this pathetic state of affairs and recommend that the Monitoring Committee at the State level under the Chairmanship of the Chief Secretary/Divisional Commissioner/Additional Chief Secretary be constituted expeditiously and the meetings of such Committees be convened at least once in a year with wider participation of MPs to enhance the accountability of the DAs. The

Ministry should ask for regular compliance reports in this regard in their biannual meetings with the State authorities so that corrective measures are taken as and when required. As assured in evidence, the Committee would like the Ministry to involve the Minister to write to the Chief Ministers so that the officers responsible for dereliction of duty could be taken to task.

[Serial No. 29, Para 29 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

As per para 6.3 (i) of the guidelines, meeting under the Chairmanship of Chief Secretary/Development Commissioner should be held to review implementation of the MPLAD Scheme with District Authorities and MPs at least once in a year. District Authority is required to review and monitor the Progress of the Scheme on quarterly basis in which MPs are also to be called. However, during the recently held Biannual Review Meetings on MPLADS, the District Authorities informed that despite their repeated requests to the MPs to attend such meetings, some of the MPs are not attending the review meetings nor do they send any reply to the notice of the meeting. The District Authorities have however been asked to continue to invite the MPs in the meetings. All the State Governments/UTs administration have been advised to hold Monitoring Committee Meetings at least once in a year and furnish the Minutes to the Ministry.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation, Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Comments of the Committee

Please *see* Para No. 28 of Chapter I.

Observations/Recommendations

30. The Committee are concerned to note that in 18 States/UTs, only 13.69 per cent of MPLADS funds were sanctioned for areas inhabited by the SC/ST community against the requirement of 22.5 per cent as per the Guidelines. It shall be the responsibility of the DAs to enforce the provisions of the Guidelines in this regard. Although the Guidelines have recently been amplified to give ample flexibility to the MPs to go beyond the list of shelf of Projects in order to meet the needs of the SC/ST people, the Ministry have not collated the data on expenditure under the Scheme for the benefit of the SC/ST people on the plea of inadequate manpower. The Committee are not satisfied with the reply of the Ministry. They desire that the Ministry must compile and collate on an annual basis the expenditure under the MPLADS for SC/ST population, either utilizing the available resources or by augmenting them, so that any aberrations/slippages on the part of the DAs are rectified. The Committee specifically desire that in case a constituency does not

have ST inhabited area, the 22.5 per cent earmarked funds may be utilized in SC inhabited areas and vice-versa, in consonance with the provisions contained in the Guidelines.

[Serial No. 30, Para 30 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

The works are recommended by the Hon'ble MPs to the District Authorities. As per para 2.5 of the Guidelines, the MPs are expected to recommend every year works costing at least 15% of MPLADS fund for areas inhabited by Scheduled Caste population and 7.5% for areas inhabited by Scheduled Tribe population. Provision already exists in the Guidelines that in case, a constituency does not have ST inhabited area, such fund may be utilized in SC inhabited areas and *vice-versa*. It is the responsibility of the District Authority to enforce this provision of the Guidelines. The Guidelines have recently been amplified to include para 3.27 which provides availability of shelf of Projects including projects for SC/ST inhabited areas to MPs. Though the Shelf of Projects is only suggestive, it gives ample flexibilities to the MP to go beyond the list in order to meet the needs of the people.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation, Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

Comments of the Committee

Please see Para No. 31 of Chapter I.

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH THE GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Observations/Recommendations

5. Diversion of funds meant of MPLAD Scheme to other Schemes of the Central and State Governments is another area of serious concern. The Committee find that Rs. 4.67 crores of the MPLAD funds were diverted to other Schemes by 22 DAs of seven States, although the DAs are not authorized to do so. What further irks the Committee is the fact that the Ministry, instead of taking prompt action when the irregularities were pointed out by Audit, are yet to write to the State Governments for taking action against the DAs concerned. Since diversion of funds meant for MPLAD Scheme to other Schemes is a clear violation of rules notwithstanding the fact that in some cases diverted funds have been received back, the Committee exhort the Ministry to impress upon the State Governments concerned to initiate disciplinary action against the DAs involved in such irregularities. The Committee also recommend that the Ministry, in consultation and coordination with the State Governments, should resort to foolproof measures with a view to ensuring that under no circumstances funds meant for MPLAD Scheme are diverted, even temporarily, to any other Schemes.

[Serial No. 05, Para 05 of the 55th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

District Authorities are not authorised to divert funds meant for MPLADS to any other schemes. Ministry has issued strict instructions to the District Authorities from time to time to adhere to the provision of the Guidelines. Whenever such diversion is reported, Ministry directs the States/UTs Government for taking remedial action including action against the erring officials. This Ministry has sent letters to all the Nodal States Authorities/UTs Administration to initiate action against the erring officials for violation of Guidelines.

Vetting Comments

Ministry's reply is silent regarding action taken by the States/UTs Government against the erring officials.

Comments of the Ministry

Implementation of the works under the MPLADS is undertaken by the State Governments/District Authorities, in accordance with the State Government's administrative, financial and technical rules. State Governments/District Authorities

are required and expected to take appropriate action in case of infringements of rules, guidelines and norms, including diversion of funds; in case of diversion of funds, the action would include restoration of funds back to the MPLADS and action against the erring officers. In cases of infringements of guidelines or rules, including diversion of funds, which come to notice from time to time (including through CAG reports), the Ministry takes-up and follows-up the matter with the State Government/District Authority concerned and monitors that appropriate action is taken by the State Government/District Authority. Till the necessary appropriate action is taken by the State Government/District Authority, the matter is not treated as settled by the Ministry.

Sd/-

(S.S. Badhawan)

Joint Secretary to Government of India.

[Ministry of Statistics & Programme Implementation Office Memorandum
No. C-16/2011-MPLADS/55th PAC Report dated 05 September, 2013]

NEW DELHI;
21st December, 2015
30 Agrahayana, 1937 (Saka)

PROF. K.V. THOMAS
Chairperson,
Public Accounts Committee.

APPENDIX I

MINUTES OF THE SIXTEENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2015-16) HELD ON 17TH DECEMBER, 2015

The Committee sat from 1000 hrs. to 1100 hrs. on 17th December, 2015 in Room No. "51", Parliament House, New Delhi.

PRESENT

Prof. K.V. Thomas — *Chairperson*

MEMBERS

Lok Sabha

2. Shri Nishikant Dubey
3. Shri Bhartruhari Mahtab
4. Shri Janardan Singh Sigriwal
5. Dr. Kirit Somaiya
6. Dr. P. Venugopal
7. Shri Ramesh Pokhriyal "Nishank"
8. Shri Dushyant Singh
9. Shri S.S. Ahluwalia
10. Shri Gajanan Kirtikar
11. Shri Shiv Kumar Udasi

Rajya Sabha

12. Shri Bhubaneswar Kalita

SECRETARIAT

1. Shri A.K. Singh — *Additional Secretary*
2. Shri T. Jayakumar — *Director*
3. Shri Tirthankar Das — *Additional Director*
4. Smt. Bharti Tuteja — *Deputy Secretary*

Representatives from the office of the comptroller and Auditor General of India

1. Shri Rakesh Jain — Deputy C&AG (RC)
2. Ms. Shubha Kumar — Director General of Audit (RC)
3. Shri Parag Prakash — Director General of Audit (ADS)
4. Shri Mukesh P. Singh — Director General of Audit (ACE)
5. Shri Manish Kumar — Principal Director of Audit (PAC)

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. Thereafter, the Committee took up the following draft Reports for consideration:

- | | | | | |
|------|------|------|------|------|
| (i) | **** | **** | **** | **** |
| (ii) | **** | **** | **** | **** |

(iii) Draft Report on Action Taken by the Government on the Observations/ Recommendations contained in the 55th Report of PAC (15th Lok Sabha) on the **subject "Member of Parliament Local Area Development Scheme (MPLADS)."**

3. The Chairperson invited suggestions of the Members on the above mentioned draft Reports. After discussing the contents of these draft Reports, the Committee adopted the draft Reports at Sl. No. (i) with some changes/modifications which are indicated in the enclosed Annexure. The Committee then adopted the draft Report at Sl. No. (iii) without any changes/modifications. The Committee, however, decided to postpone the adoption of draft Report at Sl. No. (ii) for the want of further examination of the subject.

4. The Committee authorized the Chairperson to finalise these Reports in the light of verbal discussion and consequential changes arising out of factual verification by the Audit and present the same to Parliament.

The Committee then adjourned.

APPENDIX II

(Vide Paragraph 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR FIFTY-FIFTH REPORT (FIFTEENTH LOK SABHA)

(i) Total number of Observations/Recommendations	33
(ii) Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 1, 2,4, 6-9, 11-13, 17-23, 25,26, 31-32 and 33	Total : 22 Percentage : 66.66%
(iii) Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government: Para Nos. 15, 24, 27 and 28	Total : 04 Percentage : 12.12%
(iv) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: Para Nos. 3, 10, 14, 16, 29 and 30	Total : 06 Percentage : 18.18%
(v) Observations/Recommendations in respect of which the Government have furnished interim replies: Para No. 5	Total : 01 Percentage: 3.03%

PARLIAMENTARY PUBLICATIONS CAN ALSO BE OBTAINED FROM THE FOLLOWING AUTHORISED AGENTS:—

Sl.No.	Name of Agent	Sl.No.	Name of Agent
ANDHRA PRADESH		13.	M/s. Jayna Book Depot, Chowk Chhapparwala, Bank Street, Karol Bagh, New Delhi-110 005.
1.	M/s. Ashok Book Centre, Benz Circle, Vasavya Nagar, Vijaywada-520 006 (AP).	14.	M/s. Standard Book Co., 125, Municipal Market, Connaught Place, P.B. No. 708, New Delhi-110 001. (T. No. 23411919)
BIHAR		15.	M/s. D.K. Agencies (P) Ltd., A/15-17, Mohan Garden, Najafgarh Road, New Delhi-110 059.
2.	M/s. Progressive Book Centre, Zila School, Pani Tanki Chowk, Ramna, Muzaffarpur-842 002. (Bihar).	16.	M/s. Vijay Book Service, C-D/123/C, Pitam Pura, New Delhi-110 034.
DELHI		MADHYA PRADESH	
3.	M/s. Jain Book Agency, C-9, Prem House, Connaught Place, P.B. No. 1113, New Delhi-110 001.	17.	M/s. Suvidha Law House, 28, Malviya Nagar, Roshanpura, Bhopal-462 003.
4.	M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110 009.	MAHARASHTRA	
5.	M/s. Rajendra Book Agency, IV-D-50, Lajpat Nagar, Old Double Storey, New Delhi-110 024. (T. Nos. 26412362 & 26412131)	18.	M/s. Usha Book Depot, 585/A, Chitra Bazar, Khan House, P.B. No. 2671, Mumbai-400 002.
6.	M/s. Central News Agency Pvt. Ltd., P-23, Connaught Circus, New Delhi-110 001.	19.	M/s. Jaina Book Agency (India), 649-A, Girgaum Road, Opp. 2nd Dhobi Talao Lane, Mumbai-400 002.
7.	The Manager, M/s. Books India Corporation, Publishers, Importers & Exporters, L-27, Shastri Nagar, Delhi-110 052.	PUDUCHERRY	
8.	M/s. Sangam Book Depot, LG-3, Akarshan Bhawan, 23, Ansari Road, Darya Ganj, New Delhi-110 002.	20.	Editor of Debates, Legislative Assembly Department, Puducherry-605 001.
9.	M/s. Biblia Impex Pvt. Ltd., 2/18, Ansari Road, New Delhi-110 002. (T.No. 23262515)	TAMIL NADU	
10.	M/s. Universal Book Traders, 80, Gokhale Market, Opp. New Courts, Delhi-110 054. (T. No. 23911966)	21.	M/s. M.M. Subscription Agencies, 123, Third Street, Tatabad, Coimbatore-641 012.
11.	M/s. Seth & Co., Room No. 31 D, Block-B, Delhi High Court, Sher Shah Road, New Delhi-110 003.	22.	M/s. C. Sitaraman & Co., 73/37, Royappettah High Road, Chennai-600 014.
12.	M/s. Dhanwantra Medical & Law House, 592, Lajpat Rai Market, Delhi-110 006. (T. No. 23866768)	UTTAR PRADESH	
		23.	M/s. Law Publishers, Sardar Patel Marg, P.B. No. 1077, Allahabad (UP).
		24.	M/s. Ram Advani Bookseller, Mayfair Building Hazrat Ganj, GPO Box No. 154, Lucknow-226 001.