

## CHAPTER VI: CONCLUSION AND RECOMMENDATIONS

### 6.1 CONCLUSION

The success of the projects funded through the NLCPR essentially depends on effective implementation of project activities, regular monitoring and efficient financial management. There were inadequacies in all these three key aspects, as has been brought out in this report.

The NLCPR was created in 1998-99 for the speedy development of both physical and social infrastructure in the North-Eastern Region. In the 10<sup>th</sup> Plan Period (2002-03 – 2006-07) and the first year of the 11<sup>th</sup> Plan (2007-08), the total expenditure/investment in the North-Eastern Region under various schemes was Rs. 90241.54 crore. This included funding from State Plan, Central Ministries, NEC and the NLCPR. During the same period viz. 2002-03 – 2007-08, NLCPR funding was Rs. 3755 crore which was approximately 4.15% of the total expenditure/investment in the North East. Therefore, NLCPR was not a significant source of funding for infrastructural development in the North East. Moreover, as mentioned earlier, no Reserve Fund on account of NLCPR was created in the Public Account as was originally envisaged.

Execution of projects under NLCPR was also not satisfactory, given that only 435 out of a total of 959 projects sanctioned (as of September 2008) had actually been completed by October 2008 and most of the projects were seriously delayed. While there are certain inherent difficulties involved in project execution in the North-Eastern Region, the current rate of progress raises questions as to whether the NLCPR has been able to achieve its stated objective of the speedy development of infrastructure in the North-Eastern Region. It may, therefore, be appropriate to review the position so as to assess whether the NLCPR needs to be continued in its present form. While the Ministry of DONER plays a significant advocacy role by focusing attention on the North-Eastern Region, it would need to specifically assess the functioning of the NLCPR from the view point of efficiency in operations and in the larger context of its contribution to overall investment in the North-Eastern Region.

## 6.2 RECOMMENDATIONS

- Ministry may review the further continuance of NLCPR scheme in view of the fact that NLCPR funding constitutes only around four *per cent* of the total expenditure in NE region, and the scheme has failed to achieve its objective of ensuring speedy development of infrastructure in NE States. The funds can still be made available to meet the same objectives either through State Plans or the Central Ministries.
- Pending a decision, the Ministry may in coordination with the State Governments analyze reasons for delayed and incomplete works so as to remove bottlenecks and ensure timely and efficient execution of the projects.
- The annual accruals under NLCPR are much higher in comparison to annual releases from the fund resulting in accumulation of huge surplus balance under NLCPR. Ministry in consultation with State Governments must develop a strategy to improve utilization of funds and accelerate the pace of development in NE region.
- The Ministry may insist upon the States to conduct gap analysis of Basic Minimum services (BMS) and Infrastructural development and submit the same with their proposals to facilitate prioritization in funding of such projects.
- The Ministry needs to strengthen financial management by close monitoring and follow up to ensure that there is no diversion or irregular utilization of NLCPR funds by the State Governments and/or implementing agencies.
- The Ministry/State governments should strengthen controls as well as the inspection and monitoring mechanism at all levels for effective implementation of the projects and ensure quality in work execution.

- Wide publicity must be given by State governments to the projects executed under NCPR to enhance transparency and awareness about such projects.
- Impact studies/surveys could be undertaken especially with reference to achievement of outcomes.

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**Dated**



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