

Recommendation and Selection of Works

3.1 Recommendation of works under MPLAD scheme

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

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

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

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

(ii) **Delay in recommendation by MPs:** In respect of 34,023 works pertaining to 64 DAs out of 70 test-checked DAs in 15 States/UTs¹ (42.85 per cent of total recommended works in these districts), recommendations were furnished by MPs with delays beyond the prescribed time limit of 90 days from the commencement of the financial year (details in **Annex 3.1**) and the MPs continued recommending the works up to the end of the financial year.

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

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

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

3.2 Execution of works without recommendation of MP

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

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

Case studies

Recommendation of works by representative of the MP in Madhya Pradesh

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

Execution of works without recommendation of the MP: Meghalaya

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

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

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

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

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

3.3 Selection of prohibited works

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

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

Table 3.1: Execution of prohibited works

(₹ in crore)

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

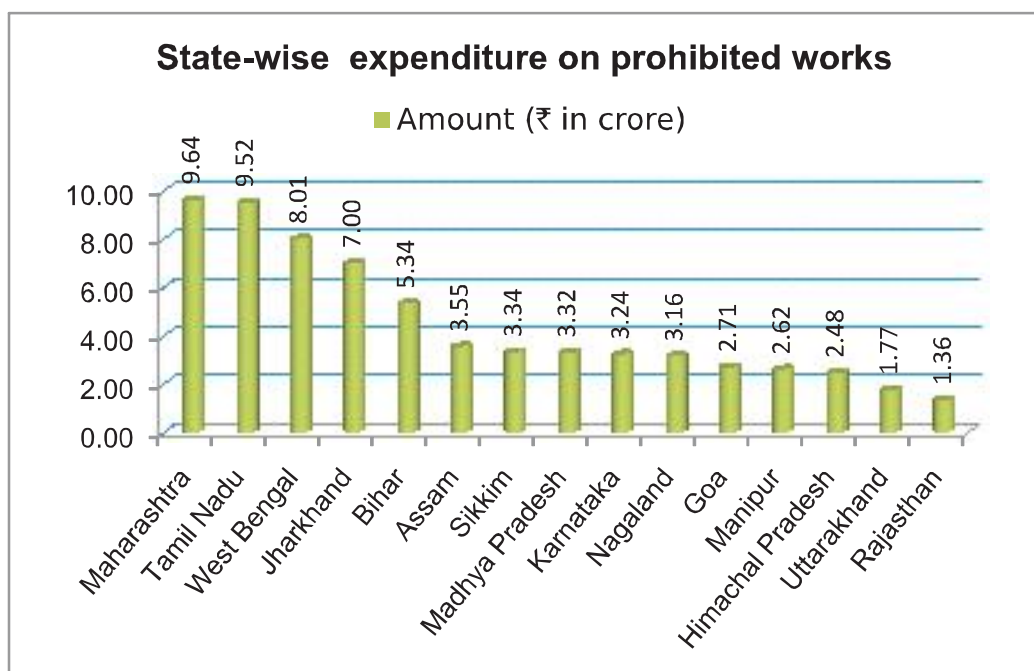
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Type of prohibited works undertaken by DAs on the recommendation of MPs	Details of execution of prohibited works		
	No. of States/UTs involved	No. of works	Cost of works
Purchase of air conditioners, furniture etc. for government offices, sports equipment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

(Source: Data extracted from records of DAs)

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

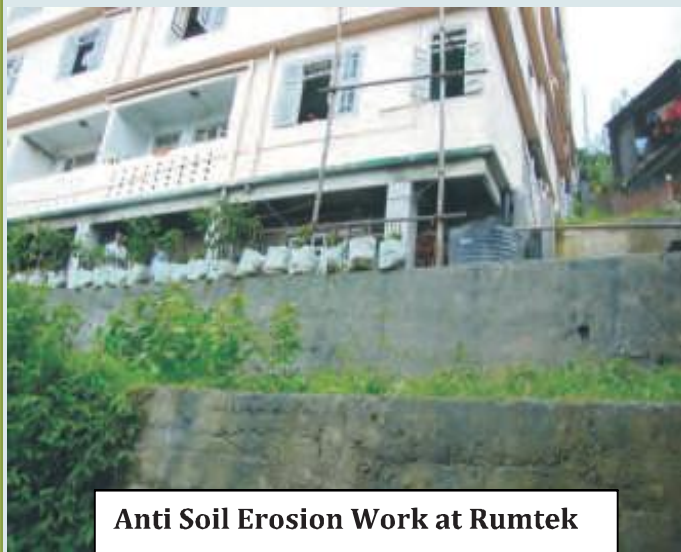


The execution of works prohibited under the Scheme indicated that the MPs had not kept the objectives and guidelines of the scheme in view while recommending works and the DAs had not verified the eligibility of these works before granting administrative approval and financial sanction.

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

Case study on inadmissible works under MPLADS

Works intended for private/family benefit in Sikkim



Anti Soil Erosion Work at Rumtek

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

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

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3.4 Execution of works for society/trust

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

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

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

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

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

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

3.5 Convergence of schemes

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

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

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

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

² Now renamed Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

Recommendations

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

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