

Executive Summary

Introduction

Rural road connectivity is a critical component in the socio-economic development of rural population by providing access to amenities like education, health, marketing, etc. It is also vital in ensuring sustainable poverty reduction which demands permanent rural connectivity, encompassing a high level of quality of construction followed by continuous post-construction maintenance of the road asset and in fact of the entire network.

The Pradhan Mantri Gram Sadak Yojana (PMGSY), a centrally sponsored flagship scheme of the Government of India, was introduced on 25 December 2000 to provide all-weather rural road connectivity and to access eligible unconnected habitations as a strategy for poverty alleviation and to overcome deficiencies in rural road planning, inadequacy and unpredictability of funds and lack of maintenance of rural roads.

Why did we conduct this performance audit?

The Pradhan Mantri Gram Sadak Yojana (PMGSY) was reviewed between January 2005 and June 2005 covering the period April 2000 to March 2005; the audit findings were incorporated in the C & AG's Report No. 13 of 2006. Audit observed deficiencies in physical and financial planning, fund utilisation, implementation, tendering process, quality assurance, maintenance of roads, monitoring and efficacy of the online management and monitoring system¹ (OMMS). Since then, expenditure on the programme has increased manifold. States had utilized ₹ 63,877.78 crore on implementation of the programme during performance audit period (2010-15). With a view to review the progress, it was decided to take up the performance audit of the programme. This performance audit covered the period from April 2010 to March 2015 covering 4,417 packages involving expenditure of ₹ 7,734.93 crore in 176 districts of 29 states.

¹ IT system developed as a mechanism for monitoring the programme and intended to serve the requirements of decision making authorities at various levels.

Main Findings

Planning

In seven states (**Andhra Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Meghalaya, Mizoram and Telangana**), discrepancies in District Rural Road Plan such as absence of basic information on population of habitations, status of connectivity, road inventory and maps, non-approval by District *Panchayat*, taking village instead of habitation as unit of connectivity, etc., were observed.

(Para- 3.2.1)

In 19 states (**Andhra Pradesh, Assam, Bihar, Gujarat, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Manipur, Meghalaya, Odisha, Rajasthan, Sikkim, Telangana, Tripura, Uttar Pradesh, Uttarakhand and West Bengal**), discrepancies such as unconnected habitations shown as connected, eligible habitations not included, habitations placed in wrong population size, etc., were observed in Core Networks (CNWs).

(Para- 3.3.1)

In seven states (**Andhra Pradesh, Jammu & Kashmir, Kerala, Meghalaya, Punjab, Tripura and Uttar Pradesh**), CNWs were not approved in selected districts either by Block level *Panchayat* or District *Panchayat* or State Level Agency.

(Para- 3.3.3)

In nine states (**Bihar, Gujarat, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Odisha, Sikkim, Tamil Nadu and Uttarakhand**), road projects of less than 500 metres in plain areas and 1.5 km in hilly areas were included in CNWs. In **Meghalaya**, 22 habitations lying within 1.5 km from an all weather road/connected habitations were included in the CNW.

(Para- 3.3.5)

In 11 states (**Arunachal Pradesh, Bihar, Himachal Pradesh, Jharkhand, Manipur, Meghalaya, Nagaland, Sikkim, Tripura, Uttar Pradesh and Uttarakhand**), deficiencies such as inclusion of road projects both in Comprehensive New Connectivity Priority List (CNCPL) and Comprehensive Upgradation Priority List (CUPL), exclusion of road projects, inclusion of ineligible habitations, etc., were observed in preparation of CNCPL and CUPL.

(Para- 3.5)

In 13 states (**Andhra Pradesh, Arunachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Manipur, Meghalaya, Mizoram, Telangana, Tripura and Uttarakhand**), annual proposals were not prepared in selected districts.

(Para- 3.6.1)

The Ministry cleared proposals valued much more than indicative allocations of fund.

(Para- 3.6.3)

In 12 states (**Arunachal Pradesh, Assam, Bihar, Jammu & Kashmir, Karnataka, Kerala, Manipur, Meghalaya, Rajasthan, Sikkim, Tripura and Uttar Pradesh**), 109 road works were selected beyond CNW.

(Para- 3.6.4)

Programme Implementation

372 works in 11 states (**Andhra Pradesh, Assam, Chhattisgarh, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Rajasthan, Telangana, Uttar Pradesh and West Bengal**), were abandoned/proposed to be abandoned mid-way due to non-availability of land or land disputes after incurring expenditure of ₹ 280.01 crore.

(Para- 4.2.2)

In five states (**Bihar, Himachal Pradesh, Tripura, Uttar Pradesh and Uttarakhand**), 490 road works were executed/upgraded with incorrect technical specifications.

(Para- 4.3.1)

In nine states (**Arunachal Pradesh, Chhattisgarh, Jharkhand, Manipur, Odisha, Sikkim, Telangana, Tripura and Uttar Pradesh**), irregularities in award of contract such as award of work to ineligible contractor, change in criteria to assess bid capacity, non-finalisation of works within validity period, award of work without tendering process, non-obtaining of additional performance security for unbalanced bid, etc., were observed.

(Para- 4.3.3)

In five states (**Assam, Bihar, Himachal Pradesh, Mizoram and Sikkim**), ₹ 1.80 crore on account of mobilisation and equipment advance in respect of eight road works/packages remained unrecovered. In four states (**Haryana, Jammu & Kashmir, Jharkhand and Uttar Pradesh**), ₹ 9.46 crore was not recovered even after the initial scheduled dates for completion of works.

(Para- 4.4.2)

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Road works were completed without required bridges or cross drainage structures thereby depriving targeted habitations with all weather road connectivity.

(Para- 4.4.5)

In 26 states, 4,496 works were delayed for period ranging from one month to 129 months due to land disputes, non-receiving of forest clearance, paucity of funds, non-availability/difficulty in transportation of material, shortage of labour, delay in mining permission, etc.

(Para- 4.4.8)

In 16 states, in 459 works/packages, recoveries of liquidated damages amounting to ₹ 131.56 crore were not imposed.

(Para- 4.4.9)

In seven states (**Bihar, Gujarat, Jharkhand, Madhya Pradesh, Tamil Nadu, Tripura and West Bengal**), 73 road works were executed and shown as completed without providing complete connectivity to the targeted habitations. Out of this, 72 road works were executed at a cost of ₹ 120.03 crore.

(Para- 4.4.11)

In five states (**Assam, Himachal Pradesh, Jammu & Kashmir, Jharkhand and Madhya Pradesh**), ₹ 132.20 crore spent on 68 works remained unfruitful as targeted habitations were not provided with all weather road connectivity due to land disputes, non-clearance from forest department, damaged by flood, contractors' defaults, etc.

(Para- 4.4.12)

In nine states (**Arunachal Pradesh, Gujarat, Jammu & Kashmir, Jharkhand, Karnataka, Nagaland, Rajasthan, Uttar Pradesh and West Bengal**), 36 habitations were provided with more than one connectivity. Out of this, 31 habitations were provided multiple connectivity at a cost of ₹ 29.49 crore.

(Para- 4.4.16)

In seven states (**Andhra Pradesh, Assam, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand and Tripura**), less than 50 *per cent* of the maintenance fund required was used.

(Para- 4.5.1)

In three states (**Himachal Pradesh, Tripura and Uttarakhand**), ₹ 33.72 crore was transferred from maintenance funds to programme funds and also to maintain roads not constructed under the programme.

(Para- 4.5.2)

In 12 states, maintenance of roads during defect liability period was not carried out in 1,590 road works. Further, in 18 states, zonal maintenance contracts were not entered into after expiry of five years of defect liability period.

(Para- 4.5.3 and 4.5.4)

Fund Management

Cases of non/short/delayed release of funds to the states due to non-availability of funds, non/late submission of documents by the states, non-fulfillment of the conditions laid down for release of second instalment and slow progress of road works were observed.

(Para- 5.5)

In six states (**Himachal Pradesh, Jammu & Kashmir, Odisha, Punjab, Tripura and Uttarakhand**), due to non-availing of income tax exemption, TDS amounting to ₹ 45.30 crore on interest receipts earned by State Rural Road Development Agencies (SRRDAs) was deducted by the banks.

(Para- 5.9)

In eight states (**Haryana, Karnataka, Kerala, Mizoram, Sikkim, Tamil Nadu, Uttar Pradesh and Uttarakhand**), programme fund of ₹ 25.15 crore was diverted towards maintenance fund, administrative expenses fund, salary and wages, restoration of damaged properties, etc. Further, in five states (**Kerala, Manipur, Tamil Nadu, Tripura and Uttarakhand**), administrative funds of ₹ 11.78 crore were diverted towards inadmissible items.

(Para- 5.10)

Quality Control, Monitoring and Evaluation

In 12 states, {**Assam, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Mizoram (four districts), Rajasthan, Tamil Nadu, Telangana, Tripura, Uttarakhand and West Bengal**}, irregularities such as non-establishment of field laboratories, non-availability of equipments, non-deployment of trained manpower and non-conducting of required tests were observed.

(Para- 6.1.1)

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State Quality Monitors did not carry out the prescribed inspections uniformly.

(Para- 6.2.1)

In 14 states (**Arunachal Pradesh, Chhattisgarh, Gujarat, Haryana, Jammu & Kashmir, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Sikkim, Telangana, Tripura, Uttar Pradesh and Uttarakhand**), out of 6,288 Action Taken Reports on the inspections carried out by the State Quality Monitors, 1,411 were pending for action.

(Para- 6.2.2)

In 17 states (**Andhra Pradesh, Arunachal Pradesh, Bihar, Gujarat, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Meghalaya, Mizoram, Odisha, Punjab, Sikkim, Telangana, Uttar Pradesh and Uttarakhand**), joint inspections of the PMGSY works with the public representatives were not carried out during 2010-11 to 2014-15.

(Para- 6.2.4)

National Quality Monitors (NQMs) carried out 16,856 inspections during 2010-11 to 2014-15, of which, 6,452 works were graded 'Unsatisfactory' or 'Satisfactory Requiring Improvement'. Remedial action on 1,938 was pending with states.

(Para- 6.3.3)

In 10 states (**Arunachal Pradesh, Gujarat, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Meghalaya, Tripura, Uttar Pradesh and Uttarakhand**), State Level Standing Committee meetings were not held regularly to monitor the implementation of the programme.

(Para- 6.4)

In 10 states {**Arunachal Pradesh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Meghalaya** (Prior to April 2012), **Tripura, Uttarakhand and West Bengal**}, no grievance redressal mechanism was in place.

(Para- 6.6)

The concept of social audit was still to be incorporated in the programme guidelines.

(Para- 6.7)

Findings of Joint Physical Verification

Joint physical verification of completed roads showed cases of multiple-connectivity, mid-way abandonment of works, work shown completed without providing full connectivity, poor maintenance of roads, roads not functional for traffic, conclusion of contracts without rectification of defects, non-planting of fruit bearing trees on both sides of PMGSY roads, etc.

(Chapter-7)

IT Audit of OMMAS

Out of 14 modules, Online Fund Processing (OFP) and Analysis of Rate for Rural Roads (ARRR) Module had not been implemented in any state. Receipt & Payment Bank Module to link banks with Programme Implementation Units (PIUs) for transactions and reconciliation had been implemented only in six states.

(Para-8.4)

Even after 13 years of introduction of OMMAS, the Ministry still relied on manual Monthly Progress Reports for decision making, as the basic requirement of data updating on OMMAS was not achieved. MIS reports generated through the system were inaccurate and unreliable.

(Para-8.5)

Lack of validation controls in OMMAS application led to incorrect data entries which resulted in generation of unreliable MIS reports.

(Para-8.6)

IT Nodal Officers were not appointed in three states (**Gujarat, Karnataka** and **Jammu & Kashmir**). In four states (**Arunachal Pradesh, Karnataka, Tamil Nadu** and **Uttar Pradesh**), there were no supervisory controls for verification/authentication of data entry.

(Para-8.7)

Conclusion

The audit disclosed instances of non-adherence to planning procedure. Ineligible habitations were covered under the programme while eligible habitations were either left out or incorrectly shown as connected. The Ministry sanctioned project proposals of some states beyond the admissible indicative allocation limits. Execution of works was deficient as instances of inefficient contract management, non-recovery of liquidated damages and mobilisation/machinery advances, etc., were observed. Works were abandoned or remained incomplete due to incorrect alignment, land disputes, etc. States did not provide and utilize the maintenance fund as required. Programme funds and Administrative Expenses funds were diverted towards inadmissible items. Monitoring was not effective despite an elaborate mechanism prescribed at all the levels under the programme. The concept of social audit was not incorporated in the programme guidelines. The Online Management, Monitoring and Accounting System

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(OMMAS)² software, an online web-based system was not effective due to absence of application controls leading to invalid data entry.

Recommendations

Ministry may ensure that deficiencies in District Rural Road Plan and Core Network are removed by the states so that all eligible unconnected habitations are covered under the programme. The Ministry may also ensure creation of Geographical Information System data base of Rural Roads Information System for each state. Annual proposals of works may be cleared with reference to the indicative allocation of funds to the states.

Ministry may impress upon the state governments that Detailed Project Reports are prepared with due diligence and by adopting proper laid down procedures. The Ministry may ensure that works are completed in all respects with required bridges and cross drainages structure so as to provide desired all weather road connectivity. The programme implementing authorities should be made responsible for every case of undue advantage to contractors, poor execution of work and delay in completion of works. Maintenance of constructed roads may be ensured for their optimum use.

State governments may ensure that funds released for specific purpose are not diverted. States should try to meet annual financial and physical targets and efforts should be made to optimise the retained excess or unutilised funds. Ministry may put in a system in place to reconcile the data of funds released and expenditure with the states.

Ministry may review the systemic flaws in the quality control system to address deficiencies. A mechanism may be devised to fix responsibility and accountability on the erring agencies and individuals and corrective action taken. The concept of social audit may be incorporated in the programme guidelines.

Ministry may ensure that deficiencies in the operationalisation of OMMAS are rectified so that it may serve an effective tool for monitoring and decision making in implementation of the programme.

² Online Management and Monitoring System (OMMS) was introduced in November 2002. Online Accounting Module was incorporated in this system in the year 2004 and it was renamed as Online Management, Monitoring and Accounting System (OMMAS).