9.1 NRRDA has identified in consultation with each State Government, reputed Technical institutions, designated as **State Technical Agencies (STA)** to provide outsourced technical support to the PIUs. The STAs would vet the District Roads Plan and Core Network, check the CNCPL and CUPL and scrutinise the DPRs prepared under the Annual proposals. The coordination of activities of the STAs would be performed by the NRRDA, who may add to or delete institutions from the list, as well as to entrust specific tasks to them. NRRDA may from time to time identify additional technically qualified agencies to provide these services to the State Governments and to perform such other functions as may be necessary in the interest of the Scheme.

NRRDA will also designate reputed Technical and Research Institutions such as the Indian Institutes of Technology as **Principal Technical Agencies (PTA)** for groups of States. The PTAs will provide technical support, take up research projects, study and evaluate different technologies and advise on measures to improve the quality and cost norms of Rural Roads. The Principal Technical Agencies shall also coordinate the work of the STAs in their jurisdiction.

9.2 After making entries in the On-line Management, Monitoring and Accounting System (OMMAS) Software (see para 16.1), the PIU will forward the proposals along with the Detailed Project Reports to the STAs for scrutiny of the design and estimates. The prescribed **Proformae F-1 to F-8** will form part of the DPR.

9.3 After verifying that the DPRs have been entered in the OMMAS, the DPRs are to be scrutinised by the STA in the light of the PMGSY Guidelines, IRC specifications as contained in the Rural Roads Manual (IRC SP20:2002) and where necessary the Hill Road Manual, and the applicable Schedule of Rates. In doing so, it shall be ensured that no lead charges would be payable for transportation of soil (except in case of Black Cotton Soil / Sodic soil or in village portions). The STA will in particular check the following:

i. certificate of land availability;

ii. proceedings of the transect walk;

iii. conformation to CNCPL / CUPL;

iv. full justification in case projected traffic for new construction exceeds 45 CVPD;

v. separate DPR where bridge span exceeds 15 meters;

vi. economy of design, including use of gravel surfacing, local materials and fly ash;

vii. preparation of estimates for 5-year routine maintenance and periodic renewal of the Through Route as per Para 8.6 of the Guidelines.

The STA will countersign the Proformae, make confirmatory entry in the
OMMAS software and return the scrutinised DPR to the PIU, whereupon the PIU will forward the scrutinised DPRs to the SRRDA through the prescribed channel.

9.4 The SRRDA will consolidate the proposals from the PIUs, after verifying that they have been duly scrutinised by the respective STAs. They will then prepare the State Abstract on proforma specified, and send all the Project proposals to the NRRDA along with the proformae MP-I, MP-II and MP-III.

9.5 The NRRDA will thereupon scrutinise the proposals received from the SRRDA to ensure that the proposals have been made duly keeping in view the Programme Guidelines and that they have been duly verified by the STAs. The proposals for each State would then be put up before the Empowered Committee for consideration.

10. EMPOWERED COMMITTEE

10.1 At the Central level, the Annual Project proposals received from the State Governments by NRRDA would be considered by Empowered Committee, to be chaired by Secretary, Department of Rural Development. The representatives of the State Government whose proposals are being considered by the Empowered Committee may be invited to attend the Meetings, as and when required. The Empowered Committee will review the intuitional preparedness of the State executional machinery, particularly with respect to technical and quality issues, and the contacting capacity available and the State’s ability to maintain the already created assets. The recommendations of the Empowered Committee would, thereafter, be submitted to the Minister of Rural Development and in case the proposals meet the programme requirements, they will be cleared.

10.2 The Ministry will communicate the clearance of the Proposals to the State Government. It may, however, be noted that clearance by the Ministry does not imply Administrative or Technical sanction of the proposals. The procedures of the State Government / SRRDA in this regard would be followed. The authorised officer of the Executing Agency would have to record the Technical Sanction on each DPR before action is taken to tender the works.

10.3 Once approved, the alignment of the road should not be changed without obtaining the concurrence of the District Panchayat, the STA and the SLSC.

11. TENDERING OF WORKS

11.1 After the project proposals have been cleared and Technical Sanction has been accorded, the Executing Agency would invite tenders. The well-established procedure for tendering, through competitive bidding, would be followed for all projects. All the projects scrutinised by the STA and cleared by the Ministry, will be tendered as such, and no changes shall be made in the work without the prior approval of the NRRDA. The States will follow the Standard Bidding Document (SBD), prescribed by the NRRDA, for all the tenders.

11.2 Since PMGSY places high emphasis on time and quality, States shall take
steps to increase competition and to realistically assess Bid capacity. To this end States shall ensure that all Tender notices are put out on the Internet under the OMMAS. Centralised evaluation of Bid capacity will be done to give effect to the provision of the SBD. States may empower the SRRDA to call and decide tenders in the interest of speeding up the process.

11.3 The tendering and contracting process and time periods will be as per the SBD (Para 13.1 also refers). The State shall at all times update the OMMAS tendering module to enable downloading of tender documents. Details of contracts entered into shall also be immediately entered into database.

11.4 Within 15 days of the date of Work Order, signboards along with the Logo of the PMGSY should be erected at the site of road works. The Signboards should indicate the name of the Programme (PMGSY), name of the road, its length, estimated cost, date of commencement and due date of completion of construction and name of the executing contractor. It is desirable that after completion of construction, this is in the form of a permanent brick-masonry/concrete structure at both ends of the road.

11.5* With the use of annual State Schedule of Rates it is expected that on average the tendered value would approximate the estimated value. All costs due to time over run, arbitration/judicial award shall be borne by the State Government. In case the value of tenders received is above the estimate that has been cleared by the Ministry, the difference (tender premium) pooled for the entire District State for works cleared in a phase/batch will be borne by the State Government. Corresponding data changes in OMMAS should be endorsed by the SRRDA.

In case there is material change in the scope of work or quantities, prior approval of NRRDA shall be obtained and difference absorbed in the District level surplus within the phase/batch failing which net savings at State level within the phase/batch will be used for the purpose. Data change in OMMAS in such cases would be made with NRRDA’s authorisation.


12. PROGRAMME IMPLEMENTATION UNITS

12.1 At the District level, the Programme will be co-ordinated, and implemented through a dedicated Programme Implementation Unit (PIU). All PIUs will be manned by competent technical personnel from amongst the available staff or through deputationists. In exceptional cases and with the prior approval of NRRDA, Consultants may be engaged to build up or enhance capacity. NRRDA’s Model documents shall be used for the purpose.

12.2# All staff costs will be borne by the State Government. The Pradhan Mantri Gram Sadak Yojana does not provide for any staff costs. However, the administrative and Travel Expenses of PIUs and SRRDA costs will be met to the
following extent, with the State Government bearing any additional costs:

<table>
<thead>
<tr>
<th>ITEM</th>
<th>% of Annual Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Admin. Expenses for PIUs</td>
<td>1.00%</td>
</tr>
<tr>
<td>(b) Travel Expenses of PIUs</td>
<td>0.50%</td>
</tr>
<tr>
<td>(c) Admin. &amp; Travel expenses (SRRDA)*</td>
<td>0.25%(Rs. 75 lakh maximum)*</td>
</tr>
<tr>
<td>(d) Independent Quality Monitoring 2nd tier</td>
<td>0.50%</td>
</tr>
</tbody>
</table>

*Excluding cost of procurement of computer hardwares and laboratory equipment. The ceiling of the item Admin. & Travel expenses (SRRDA) has been enhanced from Rs. 50 lakh to Rs. 75 lakh vide Circular No. P-12014/1/2014-RC dated 20.5.2014.


For this purpose:

(i) Administrative expenses shall, in addition to usual office expenses, include all expenses incurred in relation to the operation of the OMMAS computers and their maintenance, including internet charges and data entry costs. Amounts paid on account of outsourcing of execution and management related functions may also be paid out of administrative expenses within the limits prescribed. However, expenditure on purchase of vehicles, payment of salaries & wages and purchase or construction of buildings is not permissible.

(ii) Upgradation/replacement of computer hardware of the SRRDAs and PIUs as well as provision of hardware to the newly established PIUs for operationalisation of OMMAS would be a permissible item of administrative expenditure.

(iii) Procurement of laboratory equipments for the newly established laboratories at the district, regional and State level as well as for strengthening of the existing laboratories at these levels would also be an admissible item of expenditure under administrative expenses.

(iv) Procurement of computer hardware and laboratory equipment as suggested above would be allowed within the limit of 1.75% of funds released to the SRRDAs and the PIUs for their administrative and travel expenses. However, 0.50% of funds which has been provided for the second tier quality monitoring should not be used for this purpose.

(v) The ceiling of Rs.75 lakhs for administrative and travel expenses of SRRDA is exclusive of expenditure incurred on procurement of computer hardware for the SRRDA/PIUs and procurement of laboratory equipment for district, regional, State level laboratories.

(vi) The amounts shall be released to the SRRDA along with programme fund
releases. The SRRDA shall further allocate the amounts (by way of limits set by the Empowered Officer) in respect of Sl. No. (a) & (b) to PIUs generally in proportion to the funds released to them, also keeping in view the actual pace of work and requirements in the PIUs.

(vii) In case works lapse or are dropped at a later stage, necessary adjustment will be made while releasing the next tranche of expenses.

(viii) Funds for the purpose will be kept in a separate account ‘Administrative Expenses Fund Account’ operated in a manner similar to the Programme Fund Account (see Para 18). State Government funds for administrative expenses and incomes of the Agency used for administrative purposes may also be kept in the same account, but no other funds shall be credited to the account nor shall the account be used other than for defraying admissible administrative, travel and quality monitoring expenses.

(ix) The releases of administrative and travel expenses shall be dependent on:

(a) continued updating of OMMAS modules;

(b) appropriate dedication of the PIU and its clear linkage to the SRRDA; and

(c) adequate institutional mechanism at the SRRDA level including nodal IT officer, State Quality Coordinator, Financial Controller and Empowered Officer.

(x) For strengthening the SRRDA and to standardise procedure of fund release under Administrative Expenses Funds the following procedures would be applicable:-

(a) The State's eligibility under Administrative Expenses Funds shall be decided based on their Annual Allocation of the State. The eligibility of the State shall be 2.25% of the Annual Allocation of the State subject to the item-wise ceiling and would be the integral part of the Annual Allocation.

(b) The releases under Administrative Expenses Funds shall be made available to the States Consolidated Fund in two installments. The first installment amounting to 50% after deducting the opening balance in the account of Administrative Expenses Funds with the State as on 1st April of the Financial Year (including interest accrued) shall be released in the beginning of the Financial Year. The second installment of balance 50% shall be released upon the utilization of 60% of the available funds subject to fulfillment of conditions, if any, stipulated in the previous release.

(c) The funds released under Administrative Expenses Funds shall be spent by the States maximum up to 2.25% of the expenditure incurred on programme component during the particular financial year subject
to the item-wise ceiling. The expenditure over and above the ceiling would be met out of the State share.

# (vide MoRD letter No. P-12014/1/2014-RC dated 20th May, 2014)

12.3 No Agency charges will be admissible for road works taken up under this Programme. In case Executing Agencies levy charges in any form, such as Centage charges etc., it would have to be borne by the State Government.

13. EXECUTION OF WORKS

13.1 The relevant projects would be executed by the PIUs and completed within a period of 9 months from the date of issue of the Work order. A Work Programme shall be obtained from the contractor for each work and approved by the PIU. Payment shall be made only after the approval of the work programme, deployment by the Contractor of the requisite number of engineers and setting up of the Quality Control Laboratory at site. In this connection, it is clarified that:

i. The period of 9 months shall comprise 9 working months. In case the period for execution is likely to be adversely affected by monsoon or other seasonal factors, the time period for execution may be suitably determined while approving the work programme, but shall not exceed 12 calendar months in any case.

ii. Where a package comprises more than one roadwork, the total time given for completion of the package shall not exceed 12 calendar months.

iii. Time limit up to 18 calendar months would be allowed for completion of Stage-I works of hill roads (in hill states). In respect of Hill State where the work may be executed in two stages, the time limit for completion of Stage-II works will remain the same as mentioned at (i) & (ii) above. Similarly, time period of 18-24 months would be allowed for completion of cross drainages work exceeding 25 meter length, depending on site conditions. In both cases. However, no extra liability, if any, on account of cost escalation shall be met from the programme funds provided by the Ministry of Rural Development. These conditions may be incorporated in the bid documents for bids to be invited for PMGSY projects in future.


iv. In case of selected tribal and backward districts, the time limit upto 24 calendar months would be allowed for completion of work. However, no extra liability, if any, on account of cost escalation shall be met from the programme fund provided by the Ministry of Rural Development, Govt. of India.

*(Modified vide MoRD Circular No. P-17017/1/2010-RC dated 16th November, 2011)*
(v) Time period provided in the Notice Inviting Tender (NIT) and the Work Programme shall be strictly enforced. Since time is the essence of the contract, action must be taken against the contractor in cases of delay, as per the contract provisions.

13.2 With the above schedule and considering 75 days as the average tendering time, all cleared works should be able to be reported as completed at the end of 15th month from clearance by the Ministry. The eligibility for release of second instalment of subsequent years’ cleared works will be determined accordingly. (refer to Para 19).

13.3 An important principle of the Pradhan Mantri Gram Sadak Yojana is the assured availability of funds, so as to facilitate timely completion of road works. It shall be the responsibility of the Executing Agencies to ensure timely payments to the contractors, subject to satisfactory execution of work. Delays in payment due should be avoided. Settlement of final bill with the contractor will be one of the parameters for monitoring the successful execution of works.

13.4 To maintain quality, ensure timely completion of works and encourage rural road network maintenance, the Ministry of Rural Development may lay down schemes of incentives / disincentives for the States.

14. NATIONAL RURAL ROADS DEVELOPMENT AGENCY

14.1 The Ministry of Rural Development have set up the National Rural Roads Development Agency (NRRDA) to provide Operational and Management support to the Programme. The NRRDA will provide support, inter alia, on the following:

i. Designs & Specifications and Cost norms.
ii. Technical Agencies
iii. District Rural Roads Plans and Core Network.
iv. Scrutiny of Project Proposals
v. Quality Monitoring
vi. Monitoring of progress, including online monitoring
vii. R&D
viii. Human Resource Development
ix. Communication

14.2 All State Governments will ensure timely furnishing of all necessary reports, data and information to the National Rural Roads Development Agency.

15. QUALITY CONTROL AND SUPERVISION OF WORKS

15.1 Ensuring the quality of the road works is the responsibility of the State
Governments, who are implementing the Programme. To this end, all works will be effectively supervised. The NRRDA will issue general guidelines on Quality Control and prescribe a Quality Control Handbook to regulate the quality control process at works level. Quality Control Registers containing the results of tests prescribed in the Quality Control Handbook shall invariably be maintained for each of the road works. A site Quality Control Laboratory will be set up by the Contractor for each package. Payments shall not be made to the Contractor unless the Laboratory has been duly set up and equipped, quality control tests are regularly conducted, recorded and have been found to be successful. The Standard Bidding Document (see Para 11.1) shall incorporate suitable clauses for ensuring Quality Control and a Performance Guarantee by the Contractor, which should be discharged only after consulting the Panchayati Raj Institutions responsible for maintenance.

15.2 A three-tier Quality Control mechanism is envisaged under the Pradhan Mantri Gram Sadak Yojana. The State Governments would be responsible for the first two tiers of the Quality Control Structure. The PIU will be the first tier, whose primary responsibility will be to ensure that all the materials utilised and the workmanship conform to the prescribed specifications. As the first tier, the PIU will supervise the site quality control laboratory to be set up by the contractor. It shall also ensure that all the tests prescribed are carried out at the specified time and place by the specified person/authority.

15.3 As the Second tier of the Quality Control structure, periodic inspections of works will be carried out by Quality Control Units, set up / engaged by the State Government, independent of the Executive Engineers / PIUs. These officers / Agencies (who may be called State Quality Monitors) would be expected to carry out regular inspections and also get samples of material used tested in laboratories of the State Government as well as, in certain cases, independent laboratories, say those of the State Technical Agencies. The State Governments will issue the requisite guidelines in this regard.

15.4 Each State Government will appoint a senior Engineer (not below the rank of Superintending Engineer) to function as State Quality Coordinator (SQC) at the State level. His function will be to oversee the satisfactory functioning of the Quality control mechanism within the State. This function would also involve overseeing the follow up action on the reports of the National Quality Monitors. The Quality Coordinator should be part of the SRRDA. *State Quality Coordinators should be appointed keeping in view the following:—

(i) He/She should be graduate Civil Engineer not below the rank of Superintending Engineer.

(ii) He/She must possess field experience of working for construction of roads for at least five years in last ten years. Also in the last five years he/she should have worked for at least two years in the field of construction/maintenance of road works.
15.5 As the third tier of the Quality Control Structure, the NRRDA will engage Independent Monitors (Individuals / Agency) for inspection, at random, of the road works under the Programme. These persons may be designated as National Quality Monitors (NQM). It will be the responsibility of the PIU to facilitate the inspection of works by the NQM, who shall be given free access to all administrative, technical and financial records.

15.6 The National Quality Monitors shall inspect the road works with particular reference to Quality. They may take samples from the site and get them examined by any competent Technical Agency / Institution. They shall also report on the general functioning of the Quality Control mechanism in the District. The Monitors shall submit their report to the NRRDA. The reports of the NQMs will be sent by NRRDA to the State Quality Coordinator for appropriate action within a period to be specified. In case quality check by SQM or NQM reveals 'unsatisfactory' work, the PIU shall ensure that the contractor replaces the material or rectifies the workmanship (as the case may be) within the time period stipulated. In respect of NQM Reports, the SQC shall, each month, report on the action taken on each of the pending Reports. All works rated 'unsatisfactory' shall be re-inspected by an SQM or NQM after a rectification report has been received from the State Quality Coordinator.

15.7 Recurrent adverse reports about quality of road works in a given District / State might entail suspension of the Programme in that area till the underlying causes of defective work have been addressed.

15.8 The State Quality Coordinator/ Head of PIU shall be the authority to receive and inquire into complaints/representations in respect of quality of works and they would be responsible for sending a reply, after proper investigation to the complainant within 30 days. The SRRDA, for this purpose, shall ensure the following:

i. The name, address and other details of the State Quality Coordinator will be given adequate publicity in the State (including tender notices, websites, etc.) as the authority empowered to receive complaints.

ii. The State Quality Coordinator shall register all complaints and will get them enquired into by the PIU or if circumstances so require, by deputing a State Quality Monitor.

iii. All complaints shall be acknowledged on receipt (giving registration no.) and likely date of reply shall be indicated. On receipt of the report, the complainant shall be informed of the outcome and the action taken / proposed.

iv. Action on anonymous / pseudonymous complaints will be taken as per extant instructions of the State Government.
v. Complaints received through the Ministry of Rural Development / NRRDA will normally be sent to the State Quality Coordinator for enquiry and necessary action. In case report from an SQM is desired, this shall be furnished within the time specified. In case an adequate response is not received within the stated time schedule, the NRRDA may depute an NQM and further processing will be done only on the basis of NQM report.

vi. The SQC shall make a monthly report to the State Nodal Department / State Rural Roads Agency (in a prescribed format) and the status of action on complaints shall be discussed in the State-level Standing Committee.

The NRRDA shall monitor the working of the mechanism.

15.9 Quality Control expenses of the 2nd tier will be borne by the PMGSY in respect of identified independent Monitors / monitoring agencies and for expenses and testing fee, etc., admissible as per PMGSY monitoring Guidelines. An amount upto 0.50% of the cleared project cost shall be released to the SRRDA for the purpose, as a proportion of the programme fund released. The funds shall be credited to the Administrative Fund Account of the SRRDA (see Para 12.2)

15.10.1.* The Superintending Engineer concerned of the Zone/region will request the MP and Zilla Pramukh representing that zone/region once in six months to select any PMGSY project(s) for joint inspection. The schedule of joint inspection will be fixed as per the convenience of the MP/Zilla Pramukh.

15.10.2.* The executive Engineer in-charge of a division will request the MLA/Chairperson of the Intermediate Panchayat concerned once in three months for joint inspection of any PMGSY project(s) as per their choice and according to their convenience.

15.10.3.* Similarly, the Assistant Engineer in charge of the sub-division will request the concerned Sarpanch of the Gram Panchayat once in two months to select any PMGSY project(s) for joint inspection. Joint inspection of the project(s) may be arranged as per their convenience.


15.11 In sum, the PIU as the first level of quality control is directly responsible for quality management, i.e ensuring that at all times the contractor is delivering quality in materials and workmanship in accordance with the specifications of the DPR and conditions of the contract. The second level of quality control of SQMs under the SQC are responsible for Quality control i.e ensuring that the contractor and the PIUs are working to achieve quality standards as per the prescribed standards. The third level of quality control is in reality a quality assurance mechanism. The NQMs are expected to randomly inspect works to
ensure that the State Quality control systems are working satisfactorily and will deliver the requisite quality. The three sub-systems are thus not interchangeable, and need to work in tandem.

16. MONITORING

16.1 Effective monitoring of the Programme being critical, the State Governments will ensure that the officials are prompt in sending the requisite reports/information to the SRRDA as well as the NRRDA. The On-line Management, Monitoring and Accounting System (OMMAS), developed for the purpose, will be the chief mechanism for monitoring the Programme. To this end, the officials are required to furnish, ‘On-line', all the data and information, as may be prescribed by the NRRDA from time to time, in the relevant module of the OMMAS. They shall be responsible for uninterrupted maintenance of the Computer Hardware and Software as well as the Internet connectivity. The Software for the OMMAS developed by the NRRDA shall not be modified at any level in the States; any requirement or suggestion for change shall be intimated to the NRRDA.

16.2 The State Government should provide necessary manpower, space and facilities to set up the Computer Hardware at the District and State Level. Since the data would reside on the State Servers, the State level Agency must ensure that the State Server is functional all 24 hours.

16.3 It shall be the responsibility of the Executive Engineer / Head of the PIU to ensure effective up-time and Internet connectivity of the computers at the PIU / District level. He shall be responsible for ensuring placement of all Master data including the Rural Roads Plan in the database and for the constant updating and accuracy of data relating to the progress of road works, record of Quality control tests as well as the payments made. Principal Secretary/Secretary In-Charge of PMGSY shall also ensure regular updating of data on OMMAS. In case of continued failure to update data on the OMMAS, further releases to the State / District concerned would be affected.

16.4 Each State Government would identify one officer of sufficient seniority and having adequate knowledge of Information Technology to function as State IT Nodal Officer. His function will be to oversee the regularity and accuracy of the data being furnished by the Districts. The IT Nodal Officer, who shall form part of the SRRDA, shall also be responsible to oversee the upkeep of the Hardware and Software as well as the computer training requirements of the personnel dealing with the PMGSY.

16.5 The District Vigilance and Monitoring Committee set up by the Ministry will also monitor the progress and exercise vigilance in respect of PMGSY.

17. MAINTENANCE OF RURAL ROADS
17.1 PMGSY is a huge central investment in the State sector as part of a poverty reduction strategy. This investment in essentially the 'last mile' connectivity is likely to be useful only if the main rural road network, particularly the rural Core Network is maintained in good condition. In the context of a farm to market connectivity, proper maintenance is essential if risks of long term investments, on-farm as well as off-farm, are to be taken by the rural entrepreneur. Accordingly, the putting in place of institutional measures to ensure systematic maintenance and providing adequate funding for maintenance of the rural core network, particularly the Through Routes, will be key to the continuance of the PMGSY programme in the State. To this end, State Governments will take steps to build up capacity in the District Panchayats and shall endeavor to devolve the funds and functionaries onto these Panchayats in order to be able to manage maintenance contracts for rural roads.

17.2 All PMGSY roads (including associated Main Rural Links / Through Routes of PMGSY link routes) will be covered by 5-year maintenance contracts, (see Para 8.6) to be entered into along with the construction contract, with the same contractor, as per the Standard Bidding Document. Maintenance funds to service the contract will be budgeted by the State Government and placed at the disposal of the SRRDA in a separate Maintenance Fund Account within the stipulated time i.e 50% by 31st May and remaining 50% by 30th November of each financial year.


17.3 Since rural Through Routes / Main Rural Links carry comparatively larger traffic and keeping them in good condition is particularly important, Through Routes (whether upgraded under PMGSY or subjected to maintenance contract as an associated Through Route of a PMGSY link route as per Para 6.6.2) on expiry of 5-year post-construction maintenance (see Para 8.6 and 17.2) shall be placed under Zonal maintenance contracts consisting of 5-year maintenance including renewal as per cycle. The State Government will make the necessary budget provision and place the funds to service the zonal maintenance contracts at the disposal of the SRRDA in the Maintenance Fund Account.

17.4 Till such time as District Panchayats take over maintenance functions, the PIUs will continue to be responsible for administration of post-construction and zonal maintenance contracts on PMGSY roads.

17.5 State Governments shall endeavor to develop sustainable sources of funding for maintenance of rural roads and shall ensure that the SRRDA

a. Prepares and submits to the State Nodal Department and NRRDA an annual estimate of funds for proper maintenance of the Rural Core Network;

b. Enforces a prioritization criteria for allocation of budgeted maintenance funds. The criteria may be developed in consultation with NRRDA, based on the Pavement Condition Index (PCI), giving
weightage to conditions like traffic/population;

c. Liaises with the executing agencies receiving maintenance funding for rural roads to ensure coordinated application of the prioritization criteria.

17.6 Rural Roads Safety - Since rural roads are generally low traffic volume roads and accident rates are presently quite low, safety issues relate mainly to design and construction features and road safety consciousness of local residents. At the Central level, these issues will be addressed through coordination with the Road Safety Mission of the Ministry of Road Transport & Highways. At the State level, the State Quality Coordinator at State level and the Head of the DPIU at District level shall be tasked by the State Governments to coordinate with the State Governments road safety mechanisms and programmes, in particular through membership of the State Road Safety Council and District Road Safety Committees respectively created as per provision of Section 215 of the Motor Vehicles Act, 1988 (Act No.59 of 1988).

17.7 As part of the rural road development and maintenance programmes, the State Government shall ensure road safety audit of PMGSY works along with quality monitoring. It shall also ensure adequate involvement of Panchayat Raj Institutions in road safety awareness programmes. Awareness raising activities including publication of pamphlets, audio-visuals, interactive programmes, etc. will be funded on the basis of annual proposals to be forwarded for clearance of the Empowered Committee along with the road proposals.
PART III - FLOW OF FUNDS, PROCEDURE FOR RELEASE AND AUDIT

18. FLOW OF FUNDS

18.1 The SRRDA shall select a Bank branch with internet connectivity at the State Headquarters, of any Public Sector Bank or Institution based Bank for maintaining the Programme Fund Account, Administrative Fund Account and Maintenance Fund Account under the Pradhan Mantri Gram Sadak Yojana. Once selected, the Account shall not be changed to any other Branch or Bank without concurrence of Ministry of Rural Development. There will be a written undertaking from the Bank that it will follow the Guidelines of Government of India for payments from the PMGSY Funds. The concerned branch will maintain internet connectivity and enter the data into the relevant module of OMMAS.

18.2 The SRRDA will communicate to the NRRDA and to the Ministry the details of the Bank branch and the Account numbers. The Ministry of Rural Development shall release the programme funds and the administrative and travel expenses and quality control funds respectively into the Programme and Administrative Fund Account.

18.3 The State Government shall credit the Administrative Fund Account with funds for the proper functioning of the SRRDA. Funds for administration of maintenance contracts of PMGSY roads shall be credited to the Maintenance Fund Account of the SRRDA. The State Government shall credit the Programme Fund Account with funds in order to meet works related expenses not found eligible to be funded by the Ministry under the PMGSY, and to meet cost escalation, tender premium and other programme expenses which are the responsibility of the State Government.

18.4 The Programme, Administrative and Maintenance expenditure will be regulated as follows:

i. As indicated in Para 12.1 above, the Executive Engineers of PIUs / Heads of PIUs (who are the drawing and disbursing officers of the PIU) will be declared as the ex-officio members / officers of the SRRDA, so as to enable them to draw on the funds of the SRRDA from the three Accounts. They shall be the Authorised signatories for issuing cheques. The PIUs shall not open separate bank accounts.

ii. The SRRDA shall nominate one of its senior officers, generally of the rank of a Chief Engineer, as the Empowered Officer. It shall be open only to the Empowered Officer to inform the Bank of the names of Authorised Signatories, for issuing cheques on the Agency's bank accounts.

iii. The Empowered Officer will furnish this list of Authorised Signatories (Executive Engineers of Districts / Heads of PIUs) to the Bank,
periodically verify it to ensure its accuracy and inform the Bank of any changes. The Bank will issue separate Cheque Books to each of the Authorised Signatories, and will keep their signatures on record.

iv. The Empowered Officer will also inform the Bank of the names of Authorised Payees (contractors and suppliers with whom Agreements have been duly entered into, as well as Statutory Authorities, such as ITO etc) and their designated payee accounts, and also the amounts that are admissible against each of the Contractors and suppliers in respect of each account. This will be in conformity with the Work Agreements. The Empowered Officer may lay down suitable limits on monthly / quarterly payments in line with the agreed Works Programme for the respective packages. Standing instructions will be issued to the Bank Branches by the Empowered Officer in this regard.

v. The Authorised Signatories will make payments, as per the established procedure, by Account Payee cheque mentioning the designated payee accounts. They will immediately enter the cheque and payee details in the Payment Module of the OMMAS.

vi. On presentation of the cheque, the Bank would satisfy itself that the payment details have been entered in the Payment Module, and that the cheque meets with all other requirements, including, signatures agreeing with specimen signatures, the cheque amount being within the balance authorised limit, and the payee being the authorised payee, payee account details being fully and correctly specified, etc.

vii. The Bank will not allow the funds to be used by any person other than the authorised signatories and for any purpose other than the authorised payment for Works taken up under the PMGSY. Nor will it be open to the SRRDA to invest these funds in any other Bank / Branch, whether for short or medium term, including under Fixed Deposits.

viii. The Bank will render monthly account, in respect of PMGSY Funds, to the PIU, the State level Agency and whenever requested, to the National Rural Roads Development Agency.

ix. *In addition to the existing system of bank authorization, State Rural Roads Development Agency (SRRDA) may adopt an alternative system in which each PIU will prepare an authorization statement on the basis of bills passed by it every fortnight and send to the SRRDA. The authorization statement shall contain the details of the payment namely name of work and package number, name of authorized payee and his bank account number, sanctioned amount of the project, expenditure on the project up to previous fortnight and amount payable to him during the current fortnight for each package. Based on the authorization statement, the SRRDA shall issue an
authority letter/online payment instructions to the bank to credit the amounts in the accounts of the payees mentioned in the authorization statement under intimation to the PIU for making necessary entries in the cash book.


18.5 A tripartite Memorandum of Understanding will be entered into between the Bank, SRRDA and the NRRDA wherein the parties would agree to abide by the provisions of the Guidelines. In particular, the Bank will agree to abide by the instructions issued, from time to time, by the Ministry of Rural Development /National Rural Roads Development Agency (NRRDA) regarding the operation of the Accounts.

18.6 The Ministry of Rural Development/ NRRDA may, from time to time, issue such directives as necessary for smooth flow of funds and effectiveness of the Programme.

18.7 The Accounting System, to be prescribed by the NRRDA, would be based on the well-established Public Works Accounting system, with its own Chart of Accounts and Balance Sheet. The OMMAS software would support the Accounting System and would be enabled so that PIUs, SRRDAs and Bank branch concerned can make data entry on line for their respective transaction.

18.8# Interest accrued on Programme and Administrative funds released by the Ministry for implementation of PMGSY projects in the States shall be considered as part of unspent balance available as on 1st April of every financial year and shall be used as programme and Administrative fund respectively. Such interest accruals shall be adjusted against the first release of funds due to State/UT Government during the financial year.


19. PROCEDURE FOR RELEASE OF FUNDS TO THE STATE LEVEL AGENCY

19.1 The PMGSY has adopted a project approach where road works have to be completed within a stipulated time. The funds for the cleared projects will be made available to the State Consolidated Fund* in two installments. The State Government shall transfer these funds to SRRDA within 3 working days from the receipt of the funds. The first installment amounting to 50% of the cleared value of projects, (or annual allocation whichever is lower) shall be released subject to fulfilment of conditions, if any, stipulated earlier.


19.2 Since the cost of only the contracted works have to be paid, the second instalment would be calculated on this basis, and would be equal to the balance due on the cost of the awarded works. Release would be subject to utilization of 60% of the available funds and completion of at least 80% of the road works
awarded in the year previous to the preceding year and 100% of the awarded works of all the years preceding that year, and fulfilment of other conditions, if any, stipulated while releasing the previous instalment. Works cleared and not awarded by the time of the 2nd instalment would be deemed as lapsed. Available funds will be the funds available with the SRRDA on 1st April of the Financial Year (including interest accrued) plus the amount of the instalment released, if any, during the Financial Year.

19.3 The release of the second instalment in a year shall be subject to submission of the following documents:

i. Utilisation Certificate for the funds released earlier, year-wise in the form prescribed.

ii. Certificate by the Bank Manager indicating the balance amount on date of issue of the Certificate and the interest credited.

iii. A Certificate regarding the requisite physical completion of works.

iv. For all releases after October of a year, production of an Audited Statement of Accounts and a Balance Sheet and related Statements, duly certified by the Chartered Accountant for the accounts of the previous financial year.

v. Outputs of the relevant modules of the OMMAS, duly certified by the SRRDA as being correct.

vi. A certificate from CEO of SRRDA that Maintenance funds required as per maintenance contracts in force had been spent during the previous financial year. For release after May of an year, the certificate should also include that 50% of such maintenance fund requirements for the current Financial Year has been released by the State, whereas for releases after November the certificate should be for 100% of such fund.\(^6\)

\(^6\)Substituted vide letter No. H-12014/1/2010-RC dated 9\(^{th}\) September, 2010

19.4 For the purpose of releasing funds, the State would be taken as a Unit.

20. AUDIT

20.1 The SRRDA will ensure that the accounts are audited by a Chartered Accountant selected from a panel approved by the C&AG, within six months of the close of the financial year. This account will be supported by a statement of reconciliation with the accounts of PIUs and a certificate of the Chartered Accountant on its accuracy.

20.2 In addition to the Audit by the Chartered Accountant, the works under this Programme would be subject to audit by the Office of the Comptroller and Auditor-General of India (C&AG). The Audit of the work done by the C&AG may cover aspects of quality, in addition to financial audit.
20.3 Both the State level Agency and the PIUs must provide all relevant information to District Level Vigilance and Monitoring Committees.

21. CONVERGENCE

21.1 Rural connectivity is not an end in itself. It is a means. It is expected that the connectivity will improve indicators of education, health, rural incomes etc., provided as a follow up, and in consultation with the local Panchayati Raj Institutions, convergence is achieved with other ongoing Programmes in these sectors. It is expected that the District Panchayat will focus on these issues. Before the start of work on Rural Roads, the bench mark development indicators may be measured and attached to the detailed project report.

21.2 Planting of fruit bearing and other suitable trees, on both sides of PMGSY roads, shall be taken up by the State Governments / Panchayats from their own funds or through convergence with other rural development programmes like Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). The Ministry of Rural Development shall prepare an Action Plan for road side plantation under convergence with MGNREGS. PMGSY roads for taking up plantation work shall be identified by PMGSY field officers in the PIUs in consultation with Gram Panchayat/Zilla Panchayat and MGNREGA officers. The Ministry of Rural Development in consultation with Indian Road Congress have issued a detailed guidelines for road side plantation on PMGSY roads (IRC:SP:103-2014).

21.3 The NRRDA will provide 100% assistance for independent Studies to establish the impact of the new rural connectivity in a District from time to time.

22. MISCELLANEOUS

22.1 The National Rural Roads Development Agency may, in co-operation with the State level Agency, organize suitable Training Programmes for the PIU personnel as well as Contractors engineers.

22.2 In order to promote cost-effective and fast construction technologies in the construction of rural roads, using New materials / Waste materials / Locally available materials, NRRDA has issued ‘Guidelines on Technology Initiatives’, in May 2013. The States are required to propose at least 10% of the length of annual proposals using any of the new technologies, for which specifications of Indian Roads Congress (IRC) are already available and an additional length of 5% of annual proposals with any of the new technologies for which specifications of Indian Roads Congress are not available, including materials accredited by IRC. Other important features of these guidelines are as under:

(i) Identification of Roads and Technologies to be used in consultation with State Technical Agencies (STAs);

(ii) Performance Evaluation Roads constructed using New
Technologies atleast for a period of 18 months, thorough third party;

(iii) Training of officers of States and also of State Technical Agencies for use of various new technologies; through Central Roads Research Institute Delhi and other Principal Technical Agencies (PTAs);

(iv) Capacity building of Second and Third Tier quality management systems;

(v) Mapping of Locally available materials on GIS platform;

(vi) Necessary modifications in the bidding documents;

(vii) Preparation of Manuals and Handouts for new Technologies;

(viii) System of Awards for users of New Technologies.

22.3 The Ministry of Rural Development may, from time to time, issue such directions as may be necessary for smooth implementation of the Programme.

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