Where the completed work of a contractor is found to be ‘poor’ or ‘average’, the contractor concerned shall be blacklisted by the State and no PMGSY works are to be given to such a contractor in future. The State Governments/Union Territory Administrations are to ensure that all the PMGSY road works qualify to be rated at least ‘good’ during implementation and ‘very good’ on completion.

Maintenance of rural roads is an issue to be seriously addressed. The State Governments are responsible for the maintenance of these roads for the first five years and Performance Guarantee for 5 years is invariably obtained from the contractors before placing Work Order for the PMGSY roads. Thereafter, the responsibility of maintenance is to be shouldered by the Panchayati Raj Institution concerned.

In order to achieve the objectives of the programme, the requirement of funds was initially estimated to be Rs. 60,000 crores. This includes about Rs. 50,000 crores for New Connectivity and about Rs. 10,000 crores for upgrading the existing roads at prices prevailing in the year 2000. After assessing the extent of connectivity required to be provided on the basis of the Core Networks, the requirement of funds has been revised to Rs. 1,32,000 crores, out of which Rs. 66,000 crores will be for the New Connectivity and the balance of Rs. 56,000 crores for purposes of upgrading.

According to the Central Road Fund Act, 50% of the Diesel Cess is for rural roads, and 50% of the Diesel Cess and the Petrol Cess constitutes one pool, of which 57.50% goes to the National Highway Authority of India (NHAI) for the development and maintenance of the National Highways; 12.50% to Railways for the development of under-ways, over-bridges and the erection of safety works at unmanned rail-road crossings; and the balance of 30% to the State Governments for developing other roads including those of inter-state and economic importance.

The Ministry of Rural Development has advised the State Governments to explore the possibility of leveraging the necessary resources for accelerated implementation of the PMGSY on the basis of their annual revenue stream equal roughly to the present PMGSY allocation.
The strategy being followed for financing the projects is as follows:
Stage 1 Use Diesel Cess directly
Stage 2 Use the World Bank/the Asian Development Bank (ADB)
Stage 3 Get the better off States to leverage their allocation under
PMGSY at the State level. Stage
4 Raise resources from the domestic capital market.

A web-based on-line management and monitoring system exists for monitoring the implementation of works under PMGSY. The details of each construction activity (road works) in every district, including the details of contractors, are required to be fed into the on-line system on a regular basis. In places where on-line system is not functional, the details are to be fed in using an off-line module developed for the purpose. These details are available on the website www.pmgsy.org and are accessible publicly.