

**Report of the
Comptroller and Auditor General of India
on
Mahatma Gandhi National Rural Employment
Guarantee Scheme (MGNREGS)**

for the year ended 31 March 2012

Government of Jharkhand

Report No. 4 of the year 2013

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Preface

The Stand Alone Report of the Comptroller and Auditor General of India (C&AG) for the period 2007-12 containing the results of Performance Audit of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has been prepared for submission to the Governor of Jharkhand under Article 151(2) of the Constitution.

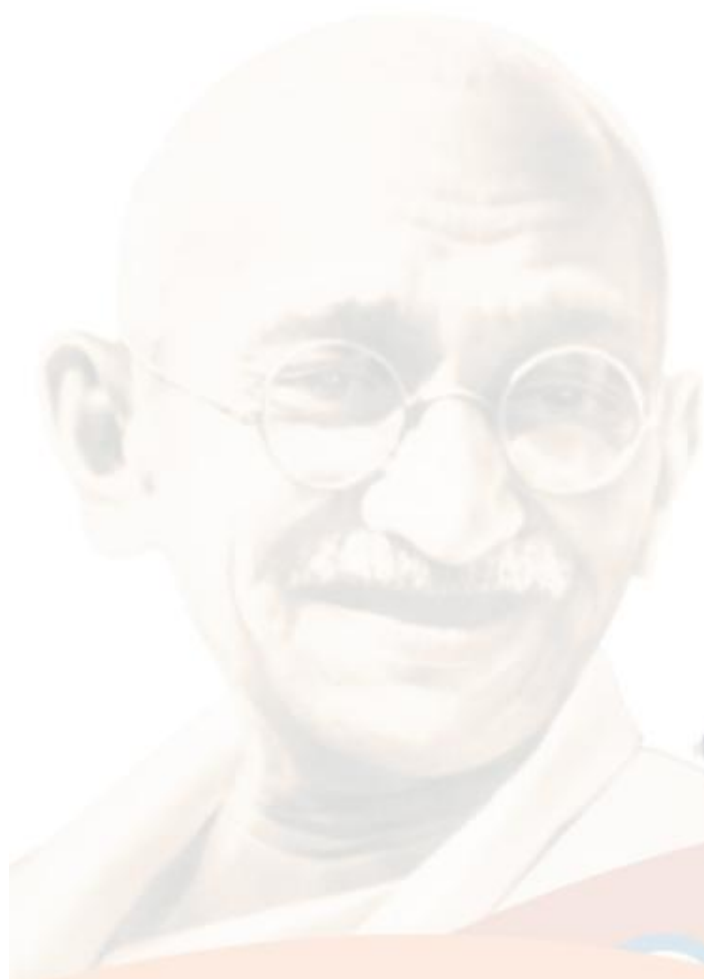
The performance audit was conducted through test check of records of the Rural Development Department (RDD), Government of Jharkhand and 190 (6 districts, 17 blocks and 167 Gram Panchayats) auditable entities/implementing agencies.

Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India based on the auditing standards of the International Organisation of Supreme Audit Institutions.

During the course of audit, the findings have been shared with the audited entities. An exit conference was held with the State Government on 25 July 2012. The replies furnished by the State Government in the exit conference have been considered and appropriately incorporated in the Report. The detailed reply of the Government is still awaited (April 2013).

EXECUTIVE SUMMARY

महात्मा गांधी राष्ट्रीय ग्रामीण रोजगार गारंटी अधिनियम
Mahatma Gandhi National Rural Employment Guarantee Act



महात्मा गांधी नरेगा

Mahatma Gandhi NREGA

ग्रामीण विकास मंत्रालय, भारत सरकार

Ministry of Rural Development, Govt. of India

Executive Summary

Rural Development Department

Performance Audit on Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

Executive Summary

The Government of India (GoI) passed the National Rural Employment Guarantee Act (NREGA) in September 2005, which was renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in October 2009. The Act provides for the enhancement of livelihood security of the households (HHs) in rural areas of India by providing at least 100 days of guaranteed wage employment in every financial year to each household whose adult members volunteer to do unskilled manual work. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was launched in Jharkhand in February 2006. A performance audit on implementation of MGNREGS in the State for the period April 2007 to March 2012 was conducted between March and August 2012 covering six out of 24 districts of the State.

Some of the major audit findings are discussed below:

Capacity Building

- The State scheme (NREGS-Jharkhand) was formulated in June 2007 after a delay of one year and nine months from the date of notification of the NREG Act. Similarly, State Employment Guarantee Council was also constituted after a delay of 11 months from the date of launching of the scheme.
- In six sampled districts, vacancies in the cadre of Programme Officers ranged between 19 and 50 *per cent*, and between 61 and 90 *per cent* in the cadre of Assistant Engineers except in Pakur district where vacancy was 100 *per cent*.
- The delay in formulation of rules and constitution of SEGEC by the State and inadequacy of manpower including technical resource staff adversely affected capacity building for proper implementation of the Scheme. Insufficient training meant that personnel would not be equipped to discharge their duties properly for effective implementation of the scheme.

Planning

- In absence of District Perspective Plan and improper preparation and delay in approval of Development Plans/Annual Action Plans the districts lacked a framework for implementation of the scheme properly. Further, execution of work without approval of the Gram Sabha indicated systemic weaknesses in the planning process.

Financial Management

- Budget estimation under MGNREGS was defective due to unrealistic preparation of labour budget by District Planning Committees. The State was deprived of Central share owing to slow pace of expenditure by the districts. Funds provided under the schemes to DPCs were not fully utilised.
- The State Employment Guarantee Fund was not created in any of the test checked blocks and GPs. SGRY and NFFWP funds were not merged with MGNREGS funds.

Registration and Employment

- During 2007-12, 13,000 households were deprived of employment though demanded. However, no unemployment allowance was paid to them. Out of the eligible registered households only one to three *per cent* households were provided 100 days of employment.
- Registration and employment of labourers suffered due to non-conducting of door-to-door survey. The job card register was not maintained properly. Adequate employment was not provided to labourers though demanded.

Muster rolls and payment of Wages

- Instances of utilisation of the MRs prior to the date of their issue by the Programme Officers and engagement of 238 labourers twice/thrice for the same period were noticed resulting in fraudulent wage payments.
- During the period 2009-12 wages amounting to ₹ 2.14 crore were paid to the labourers through Large Area Multi Purposes Society (LAMPS) which resulted in short payment of wages amounting to ₹ 8.81 lakh as service charges were deducted from the wages of the labourers.

- Timely and adequate payment of wages by issuing wage slips to labourers was not ensured. The beneficiaries were deprived of legally guaranteed employment as well as unemployment allowance.

Execution of Schemes

- During the period 2007-12 1,408 inadmissible *Mitti-murram* works were taken up for construction violating the prescribed norms.
- In three out of six test checked districts, works amounting to ₹ 1.72 crore were abandoned mid-way, rendering the entire expenditure on these works wasteful.
- The Government failed to create durable assets for the use of the community as 2,949 works sanctioned during the period 2007-12 remained incomplete even after lapse of time of upto five years due to improper planning, slow progress of work, engagement of GRS in multiple works etc., despite incurring expenditure of ₹ 27.91 crore.

Environment protection and Social aspect

- A sum of ₹ 11.93 crore of MGNREGS funds was spent during 2007-12 on procurement of materials such as boulder, metal, chips, *murram* etc. from unregistered suppliers who supplied the materials through illegal extraction. This would have adverse implications on the environment.
- Representation of SC/ST in implementation of the MGNREGS in the State was encouraging. However, the number of women who got employment under the scheme in 2011-12 was below the prescribed norms.

Convergence of MGNREGS with other programmes

- Only one scheme, construction of BNRGSK building, was converged under MGNREGS. The completion of construction of BNRGSK buildings in the test checked districts was only 11 *per cent* of the target for construction. Schemes from other sectors/programmes such as literacy and health missions were not converged with MGNREGS though provided in the Guidelines.

Monitoring and Evaluation

- The status of inspection of works was inadequate. State Quality Monitors and District Quality Monitors not appointed in the State and at district level as of July 2012.

- A Citizens' Charter was not prepared as a result of which MGNREGS was implemented without a specific document detailing the steps involved in implementation of the scheme and the minimum service levels to be provided by the officials.
- No meetings/inspections were held by the High level Coordination Committee. Thus the State was deprived of the benefits of supervision and directions which should have emanated from the Committee.
- There were large number of discrepancies between the data uploaded in the MIS and the information furnished in the Monthly Progress Report, rendering the data in respect of the scheme unreliable.

CHAPTER – 1

INTRODUCTION



Chapter 1

Introduction

1.1 Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

National Rural Employment Guarantee Scheme (NREGS), a Centrally Sponsored Scheme, was launched (February 2006) in 20 (out of 22) districts in Jharkhand¹ by merging (February 2006) the ongoing Sampoorna Gramin Rojgar Yojana (SGRY) and National Food for Work Programme (NFFWP). Subsequently two districts were covered from 1 April 2007 onwards². Presently, the State has 24 districts all of which are covered under NREGS. The name of the Act was changed to Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in October 2009³.

The objective of the scheme was to enhance livelihood security in rural areas by providing at least 100 days guaranteed wage employment demanded by registered adult household members. The Central Government was to bear 100 *per cent* wage cost of unskilled manual labour and 75 *per cent* of the material cost including the wages of skilled and semi-skilled workers. The wages for skilled and semi-skilled workers and material cost were to be shared in the ratio of 75:25 by the Government of India (GoI) and the State Government. Employment was to be provided within 15 days from the date of application for demand of work failing which the State Government was to pay daily un-employment allowance at the specified rate. The scheme also served auxiliary objectives such as generating productive assets, protecting the environment, empowering rural women and promoting social equity.

1.2 Organisational structure

In Jharkhand, the scheme is being implemented by the Rural Development Department (RDD) under the overall supervision of the Principal Secretary. The Employment Guarantee Commissioner (EGC) is responsible for implementation of the scheme at the State level, the Deputy Commissioner (DC), designated as District Programme Co-ordinator (DPC) at the district level, the Block Development Officers (BDOs), designated as Chief Block Programme Officers (CBPOs), and Block Programme Officers (BPOs) at the block level and Panchayat Sevaks (PS) and Gram Rozgar Sahayak (GRS) were made responsible for the implementation of the scheme at the Gram Panchayat⁴ (GP) level.

¹ Excluding the districts Deoghar and East Singhbhum

² Notification for implementation of scheme was issued on 26 March 2007

³ Vide notification no. J-1104/3/2009-NREGA dated 7 January 2010

⁴ Gram Panchayat Elections was held between December 2010 and January 2011 in the state of Jharkhand

1.3 *Audit objectives*

We conducted a Performance Audit of MGNREGS to assess whether:

- structural mechanisms have been put in place and adequate capacity building measures were taken by the State Government for implementation of the Act;
- the procedures for preparing Perspective and Annual Plan at different levels for estimating the likely demand for work and preparing shelf of projects were adequate and effective;
- funds were released, accounted for and utilised by the State Government in compliance with the provisions of the Act/Guidelines/Rules;
- there was an effective process of registration of households, allotment of job cards and allocation of employment in compliance with the Operational Guidelines;
- the primary objective of ensuring livelihood security by providing 100 days of annual employment to the targeted rural community at the specified wage rates was effectively achieved and unemployment allowance for inability to provide job on demand was paid in accordance with the Act and the Guidelines;
- MGNREGS works were properly planned and economically, efficiently and effectively executed in a timely manner and in compliance with the Act and the guidelines and durable assets were created and maintained;
- the auxiliary objective of empowering rural women was achieved;
- the convergence of the scheme with other rural development programmes as envisaged was effectively achieved in ensuring sustainable livelihood to the targeted rural community and improving the overall rural economy;
- all requisite records and data were maintained at various levels; and
- there was an effective mechanism to assess the impact of MGNREGS.

1.4 *Audit criteria*

The audit criteria for the performance audit were adopted from the following sources:

- NREG Act 2005 and amendments thereto;
- Notifications of National Rural Employment Guarantee Scheme issued by Government of Jharkhand in 2007 (NREGS, Jharkhand, 2007);
- Operational Guidelines, 2008 issued by the Ministry of Rural Development (MoRD), GoI;
- MGNREGA Works Field Manual;
- NREG Financial Rules 2009;
- Muster Roll Watch Guidelines 2006; and
- Jharkhand Financial Rules 2001, Jharkhand Public Works Department/Accounts Code 2001 and MGNREG Audit of Schemes Rules, 2011.

1.5 *Audit scope and methodology*

The performance audit of the implementation of MGNREGS in the State for the period 2007-2012 was conducted between March to August 2012 through test check of records in the office of the State Employment Guarantee Commissioner, six⁵ out of 24 implementing Districts /DRDAs, 17 blocks⁶ in the selected districts, 167 Gram Panchayats⁷ and detailed check of records and joint physical verification with the State officials of 1670 works⁸. Besides, we also interviewed 1670 beneficiaries under the scheme.

An entry conference was held (1 March 2012) with the Principal Secretary, Rural Development Department, Jharkhand wherein the audit objectives, criteria, scope and methodology were discussed. An exit conference with the Principal Secretary, RDD was held on 25 July 2012 wherein the audit findings along with the recommendations made by audit were discussed. The detailed reply of the State Government on the audit observations was awaited (March 2013). The audit findings are discussed in the succeeding chapters.

1.6 *Constraints faced by audit*

Paragraph 9.1 of the Operational Guidelines, 2008 stipulates maintenance of various important records⁹ at line department, district, block and GP level. However, during the course of audit we noticed that records were either not maintained at all or were maintained (*Appendix I*) improperly by the implementing agencies¹⁰. Thus, inadequacy in maintenance of records diluted the purpose of the Act as actual critical inputs, processes, outputs and outcomes of the scheme remained undisclosed.

⁵ Dumka, Gumla, Palamu, Pakur, Ranchi and West Singhbhum districts. Test checked line departments have also been included in the sampled districts

⁶ Angra, Bherno, Chaibasa Sadar, Chanhoo, Chainpur, Chakradharpur, Dumka Sadar, Gumla Sadar, Hiranpur, Jama, Jarmundi, Jhinkpani, Kanke, Lesliganj, Pakur Sadar, Palamu Sadar and Sisai blocks were selected

⁷ 10 Gram Panchayats were selected in each block except in Jhinkpani block of West Singhbhum district where all the seven existing GPs were selected

⁸ Ten works were selected per GP totalling to 1670 in number

⁹ Application Register, Job Card Register, Muster Roll Receipt Register, Asset Register, Complaint Register, Monthly Allotment and Utilisation Certificate Watch Register

¹⁰ Gumla, BDO Chainpur, Palamu, Panchayats of Chakradharpur, Jhinkpani block of West Singhbhum, Line department- NREP-2, Ranchi, DFO (East) Division Ranchi, DFO (SF) Division Ranchi, DFO (Afforestation) Division, Ranchi, DFO (North) Division, Palamu DFO (Afforestation) Division, Palamu, E.E NREP, Palamu BDO Kanke, BDO, Lesliganj (Palamu), BDO Sisai (Gumla)

CHAPTER – 2

CAPACITY BUILDING



Chapter 2

Capacity Building

2.1 *Introduction*

A key pre-requisite for the proper implementation of any scheme is that adequate capacities exist at all levels. For a large scheme like MGNREGS which requires Gram Panchayats (GPs) to carry out most of the implementation activities, providing and strengthening capacities at the lower levels assumes great importance. This fact has been recognised in the Act and the Operational Guidelines. Capacity building activities would consist of promulgating the necessary rules, setting up the required structures, manning these structures adequately and ensuring that personnel are adequately trained for proper implementation of the scheme.

During the performance audit of the scheme we found several shortcomings in the capacity building efforts of the State Government. Some of these are:

- Delay in formulation of State Employment Guarantee Scheme (SEGS) for implementation of the scheme.
- Delay in constitution of State Employment Guarantee Council (SEGC).
- Deployment of insufficient manpower and not investing enough effort towards training the available manpower.

These issues are discussed in the succeeding paragraphs:

2.2 *State Employment Guarantee Scheme (SEGS)*

As per section 4(i) of the NREGA 2005, the State Government shall, within six months from the date of commencement of the Act, by notification, make a Scheme for providing not less than 100 days of guaranteed employment in a financial year to every household in rural areas covered under the Scheme and whose adult members, by application, volunteer to do unskilled manual work. NREGA commenced in Jharkhand from 7 September 2005.

However, we noticed that SEGS named “NREGS, Jharkhand” was formulated in June 2007 after a delay of one year and nine months from the date of notification¹ of the Act.

Formulation of the required rules was crucial for effective implementation of the Scheme. In the absence of NREGS, Jharkhand, the scheme implementing authorities in the State were functioning without any State-specific directions from February 2006 when the scheme was launched in the State till June 2007.

2.3 *State Employment Guarantee Council (SEGC)*

Para 2.4 of the Operational Guidelines, 2008 stipulates that a State Employment Guarantee Council (SEGC) is to be set up by every State

SEGS was formulated in June 2007 after a delay of one year and nine months from the date of notification of the Act

¹ Notification No. 48 of 7th September 2005

SEGC was constituted after a delay of 11 months from the date of launching of the Scheme. The Council met only thrice during 2007-12

Government under Section 12 of NREGA. SEGC shall advise the State Government on the implementation of the Scheme and evaluate and monitor it. Other roles of the State Council include deciding on the "preferred works" to be implemented under NREGS and recommending the proposals of works to be submitted to the Central Government.

We noticed that SEGC in the State was constituted in January 2007 i.e. after a delay of 11 months from the date of launching of the Scheme. The Council met only thrice² during 2007-12 against the prescribed schedule³ of one meeting every six months. No meetings were held during the period 2008-11, reasons for which were not on record. In the absence of required meetings of the apex body at the State level, monitoring and reviewing of the implementation of MGNREGS at regular intervals did not take place and necessary corrective measures could not be implemented resulting in lesser employment generation (as discussed in paragraph no. 5.3.1).

During the exit conference (July 2012), while accepting the facts, the Principal Secretary did not furnish specific reasons for delay in formation of SEGC and non-convening of the required number of meetings.

2.4 Human Resources Development

2.4.1 Deployment of Manpower

As per the Act, it is mandatory for the State Government to provide necessary staff and technical support for effective implementation of the Scheme to the District Programme Coordinator (DPC) and the Programme Officer. NREGS, Jharkhand prescribed (June 2007) a separate machinery comprising of Programme Officer (PO), Assistant Engineer (AE), Junior Engineer (JE), Accounts Assistant and Computer Assistant to be put in place below the DPC at block level and Panchayat Sevak⁴ and Gram Rozgar Sahayak (GRS) at Gram Panchayat (GP) levels.

There were vacancies in the post of key functionaries. Besides, MGNREGS staff were deputed for other works

We, however, noticed that dedicated personnel at block and district level were not provided which indicates weak institutional arrangements. In the six sampled districts, vacancies in the post of POs were ranging between 19 and 50 *per cent* of the sanctioned strength while among AE it was between 61 and 100 *per cent*⁵. The shortage of Accounts Assistant ranged between 28 and 70 *per cent*, Computer Assistant between 33 to 80 *per cent* and GRS between 5 to 14 *per cent* except in Ranchi (*Appendix 2*).

We further noticed that in Ranchi and Pakur districts, GRSs were engaged in the work of economic and social survey by the State Government apart from performing their duties under MGNREGS.

² 22 June 2007, 18 February 2008 and 27 September 2011

³ Prescribed in clause 4 of Notification (55/3 January 2007) issued for constitution of SEGC

⁴ Panchayat Sevak also known as Panchayat Secretary

⁵ Range was 61 to 90 *per cent* except in Pakur where it was 100 *per cent*

Thus, due to the shortage of staff and deployment of the available personnel on other duties, the latter could not dedicate their full time towards their assigned duties like maintenance of various registers required under MGNREGS at the GP level.

In respect of engagement of GRSs in other work DPC, Ranchi (September 2012) accepted the fact and stated that it was noted for future guidance whereas DPC, Pakur stated (July 2012) that involvement of GRSs in other activities other than MGNREGS was very limited.

2.4.2 Technical Support

2.4.2.1 Non constitution of panels of accredited engineers

As per paragraph 13.2 and 13.3 of the Operational Guidelines, 2008, the State Government may constitute panels of accredited engineers at the district and block levels for the purpose of assisting with the estimation and measurement of works. The State Government shall prescribe the minimum qualifications of accredited engineers and the procedures for accreditation as well as cancellation of such accreditation. Further, the State Government was to ensure Technical Resource Support System at the State and district level to help in the process of planning, designing, monitoring, evaluation and to improve the quality and cost effectiveness of the schemes.

Panel of accredited engineers and Technical Resource Support System was not constituted in the State

We, however, noticed that a panel of accredited engineers had not been constituted in the State. Further, Technical Resource Support System at the State and in the test checked district was also not created. No reply was furnished in this regard by the Principal Secretary during exit conference.

Thus, in the absence of adequate technical support, the quality of work suffered as instances of execution of sub-standard work were noticed by audit (referred to paragraph 7.1.3).

2.4.3 Training

2.4.3.1 Shortfall in training of personnel

Training of personnel engaged for the implementation of the scheme is essential to ensure that they discharge their duties as envisaged in the Act and to ensure effective implementation of the scheme. According to paragraph 3.3.1 of the Operational Guidelines, 2008 all key agencies were to be trained in discharging their responsibilities under the Act. Basic training on core issues pertaining to the Act and Guidelines was to be arranged by the State Government and priority was to be accorded to its key functionaries, especially the District Programme Coordinator, the Programme Officer and the members of PRIs.

We observed that the State Government designated (June 2007) State Institute of Rural Development (SIRD) for imparting training to various

There were shortages in imparting training in various cadres

stakeholders and key agencies of MGNREGS. As per the training calendar 2007-12 of SIRD, no training was provided to DPCs. Further, the shortfall in training imparted to key functionaries at block and GP levels ranged between two and 77 per cent of targets of trainings fixed by the DPCs.

During the exit conference the Principal Secretary stated (July 2012) that SIRD had been requested to provide training to middle level officers and so far as DPCs are concerned, there was no need to provide them training since they were already well informed about their duties owing to extensive training at Lal Bahadur Shastri National Administrative Academy.

2.4.3.2 Non providing training to mates

As per paragraph 6.5.5 of the Operational Guidelines, 2008 for supervision of the work and recording attendance at work site a mate may be designated for each work. Adequate number of mates should be trained to ensure availability of trained mates at all times. Every mate should receive several days of both “classroom” as well as “on-site” training.

No training was imparted to mates

Scrutiny of the training calendar for the period 2008-12 as furnished by SIRD revealed that no training had been imparted to mates. In the absence of required training of mates, authenticity of data in the muster rolls, the quality of work executed and general worksite supervision was adversely affected as evident from the records which indicated large number of cases of tampering (cutting and overwriting, omission or deletion of name, period of work etc.) in the MRs (as discussed in paragraph 6.1.1).

2.5 Conclusion

The delay in formulation of rules and constitution of SEGC by the State and inadequacy of manpower including technical resource staff adversely affected capacity building for proper implementation of the Scheme. Implementation of MGNREGS works suffered due to non constitution of a panel of accredited engineers and technical resource system. Further, insufficient training meant that personnel would not be properly equipped to discharge their duties properly for effective implementation of the scheme.

2.6 Recommendations

- To implement the scheme smoothly and achieve the intended objectives necessary support staff should be deployed;
- Accredited engineers in the State should be empanelled; and
- Adequate training should be imparted to the supporting staff at the district, block and GP levels.

CHAPTER – 3

PLANNING



Chapter 3

Planning

3.1 *Planning*

Planning is critical to the successful implementation of the MGNREGS. The key indicator of success is the timely generation of employment within 15 days of receipt of application for work while ensuring the design and selection of works are such that good quality assets are created. The need to act within a time limit necessitates advance planning. The basic aim of the planning process is to ensure that the district is prepared well in advance to offer productive employment on demand.

As per Paragraph 4.4 of the Operational Guidelines, 2008 the Panchayats at district, intermediate and village levels are the principal authorities for planning. The process of planning as laid down under Section 13 to 16 of MGNREG Act gives the power to make recommendations on the works to be taken up under MGNREGS to the Gram Sabha. The Gram Panchayat (GP) is required to prepare a development plan which is an annual work plan, comprising a Shelf of Projects (SoP) on the basis of the recommendations of the Gram Sabha. The GP has to forward the development plan indicating the priorities to the PO by 15 October each year. The PO will consolidate the plan into a block level plan and forward it to the DPC by 30 November. The District Panchayat has to approve the block-wise SoP and labour budget by 31 December. Further, a five year District Perspective Plan (DPP) was required to be prepared at the district level. The Annual Development Plan would be the working plan that would identify the activities to be taken up in a year while the Perspective Plan would provide the framework for facilitating this identification (paragraph 4.5.5 of the Operational Guidelines, 2008).

3.1.1 *District Perspective Plan*

As per paragraph 4.5 of the Operational Guidelines, 2008, a five year District Perspective Plan (DPP) is intended to facilitate advance planning and to provide a development perspective for the district. The aim is to identify types of MGNREGS works that should be encouraged in the district and the potential linkages between these works with long-term employment generation for sustained development. The five year plan will have the advantage of facilitating the annual labour budgets as a framework for long term planning besides, providing flexibility to respond to new emerging needs of any area.

We noticed that the DPP was not prepared in any of the six test checked districts during the period 2007-12. In Ranchi district, the preparation of DPP was outsourced to two agencies viz. Xavier Institute of Social Service (XISS), Ranchi and Gramin Vikash Trust, Ranchi (March 2006). XISS, Ranchi did not take up the work as no advance was paid to it while Gramin Vikash Trust, Ranchi, after getting initial payment of ₹ 4.70 lakh (December 2006), stopped the work due to payment dispute with DRDA. Thus, the expenditure of ₹ 4.70 lakh incurred for preparation of the Perspective Plan was rendered wasteful.

DPP was not prepared in any of the six test checked districts

During the exit conference the Principal Secretary accepted the audit observation (July 2012) and stated that in case of Ranchi district the payment made would be recovered from the concerned agency.

Non-preparation of DPP adversely affected the continuity of the planning process at the district level.

3.1.2 Development Plans/ Annual Action Plans

3.1.2.1 Improper preparation of development plan

Section 16 (3 and 4) of the Act stipulates that every Gram Panchayat shall prepare a development plan on the basis of the recommendations of the Gram Sabha and maintain a shelf of possible works and forward it to the Programme Officer for scrutiny and preliminary approval prior to the commencement of the year in which these works are proposed to be executed. As per paragraph 4.2 of the Operational Guidelines, 2008, the development plan is an Annual Work Plan that should comprise a shelf of projects for each village with administrative and technical approvals so that works can be started as soon as there is demand for work. The development plan should have the following components viz. assessment of labour demand, identification of works to meet the estimated labour demand, estimated cost of works and wages and benefits expected in terms of employment generated and asset creation.

In contravention to the above, we noticed the following deficiencies in preparation of the Development Plan:

Development plans prepared in the six test checked districts did not include necessary details

- In 167 test checked GPs in the six test checked districts annual plans were either not prepared or were prepared in an incomplete manner.
- The development plans prepared in the six test checked districts did not include order of priority of works, details of person days to be generated, enduring outcomes to be derived, use of seasonal crop pattern, assessment of labour demand etc. Further, administrative approvals to works were not accorded by DPCs while approving the development plans.

The DPCs accepted the observations (July 2012) and stated that administrative approval were accorded as and when works were selected for execution.

3.1.2.2 Delay in approval of development plans

As per paragraph 4.4.5 to 4.4.8 of Operational Guidelines, 2008, all the Gram Panchayat development plans must reach the PO by October 15th. Once all the Gram Panchayat plans have been received, the PO after scrutiny will consolidate all the GP proposals into a block plan and submit it to the DPC by 30th November, after getting approval of Intermediate Panchayat. The DPC will submit the block wise shelf of projects and the labour budget based on it to the district panchayat by 15 December. The district panchayat will approve the block wise shelf of projects and the labour budget by 31 December.

We observed that in Kanke block of Ranchi district, the development plan for the period 2007-12¹ was submitted to DPC after a delay of five to more than

¹ Except for the year 2009-10 there was no information in respect of submission of development plan.

There were delays in approval of the development plans by Prabandh Parishad

12 months. Delay in submission in the test checked 167 GPs could not be ascertained as related records / dates of submission of annual plans to blocks as maintenance of records at GPs level were inadequate (referred to in paragraph 1.6).

We further observed that in Palamu district there were delays ranging between 18 days and nine months during 2008-12 in approval of the development plans by *Prabandh Parishad*². Similarly in Ranchi district the delay in approval of development plans ranged between 19 days and 25 months during 2008-10. No information in respect of the remaining districts was made available to audit though called for (*Appendix 3*).

The DPCs accepted (July 2012) the observation and assured to maintain the time schedule in future.

3.1.2.3 Works taken up without unique identity number

Development plans prepared in the six test checked districts did not include unique identity number except in Ranchi district

As per paragraph 4.3(v) of the Operational Guidelines, 2008, each work taken up with a unique identity number has to be recorded in the Works register to be maintained at GP level to enable verification and prevent duplication. Further, paragraph 6.2.1 of the Operational Guidelines also stipulates that to avoid duplication, a unique identity number should be given to each work.

During scrutiny of the development plans in six test checked districts we observed that except in Ranchi district, the development plans prepared in the five test checked districts did not include the unique identity number. Further, in West Singhbhum district (Chakradharpur block and Zila Parishad) we noticed that schemes were taken up without giving unique identity number which had resulted in cancellation of 43 schemes during the period 2007-12 due to overlapping and duplication.

During the exit conference the Principal Secretary accepted (July 2012) the audit observation and stated that unique work code is being provided at the time of administrative approval of works by the DPCs as fund allotment was not assured for implementation of all projects.

The fact remains that had the unique code been allotted to the aforesaid works at the time of sanction/ preparation of the development plan, duplication and cancellation of the schemes could have been prevented.

3.1.2.4 Works taken up without recommendation of Gram Sabha

As per sections 16 (3) and 17 (2) of the NREG Act, Gram Sabha was responsible for recommending works to be taken up.

During audit we noticed that in five³ out of six test checked districts, 323 schemes amounting to ₹ 27.25 crore were executed during the period 2007-12 without prior recommendation/ approval of Gram Sabha though these schemes were sanctioned by the DPC as detailed in **Table 1**:

² Due to non holding of PRIs election and non existence of district Panchayats, the Annual Action Plans for the year 2007-12 were approved by the *Prabandh Parishad* which is a governing body of DRDAs headed by the DCs.

³ Dumka, Gumla, Palamu, Ranchi and West Singhbhum.

Table 1: Works executed without approval of Gram Sabha

Sl. No.	Name of District	Name of Block/ Implementing agency	Year	No. of Schemes executed without approval of Gram Sabha	Amount involved (₹ in lakh)
1.	Gumla	Forest Division/ NGO	2007-12	24	1979.72
		Sisai block	2009-11	4	14.50
2.	Ranchi	District board	2007-08	9	188.36
3.	Palamu	Lesliganj block	2007-11	7	41.10
		Chainpur block	2009-11	4	3.90
4.	Dumka	Jama block	2007-11	10	16.66
5.	West Singhbhum	Minor Irrigation	2007-10	264	404.38
		DFO Saranda Forest division	2008-11	1	76.00
Total				323	2724.62

Works were executed without approval of Gram Sabha

Execution of work without the approval of the Gram Sabha was indicative of a deficient planning process.

DDC, Gumla stated (June 2012) that certain irregularities have come to light for which FIRs have been lodged against the concerned parties besides filing certificate cases of recovery of Government money whereas Executive Engineer (EE), Minor Irrigation Division, West Singhbhum stated (August 2012) that responsibility for approval of works from Gram Sabha rests with the Programme Officer. The reply of the EE is not acceptable since approval of works by the Gram Sabha prior to their execution was required as stipulated in MGNREGS Guidelines.

Thus, due to non-preparation of District Perspective Plans and preparation of deficient Development Plans, total person days to be generated and funds required thereof for annual labour budget could not be assessed correctly, which resulted in preparation of unrealistic labour budget as discussed in Chapter 4 of this Report.

3.2 Conclusion

In absence of DPP and improper preparation and delay in approval of Development Plan/Annual Action Plan the districts lacked a framework for implementation of the scheme properly. Further, execution of work without approval of Gram Sabha indicated systemic weaknesses in the planning process.

3.3 Recommendations

- Preparation of Perspective Plan should be ensured; and
- Development plans should be prepared timely after ensuring a bottom up approach.

CHAPTER – 4

FINANCIAL MANAGEMENT



Chapter 4

Financial Management

4.1 *Funding pattern*

The Operational Guidelines, 2008 specify the financing pattern under MGNREGS. Funds are envisaged to be provided by the Central Government and the State Government for implementation of the scheme in the following manner:

Table 2: Funding Pattern

Central Share	State Share
Entire cost of wages for unskilled manual workers.	-
75 <i>per cent</i> of the cost of material and wages for skilled and semi-skilled workers.	25 <i>per cent</i> of the cost of material and wages for skilled and semi-skilled workers.
Administrative expenses as may be determined by the Central Government including <i>inter alia</i> the salary and allowances of Programme Officers (PO) and their support staff and work site facilities.	Unemployment allowance payable in case the State Government cannot provide wage employment within 15 days of application.
Administrative expenses of the Central Employment Guarantee Council.	Administrative expenses of the State Employment Guarantee Council.

4.1.1 *Release of funds*

As per the Operational Guidelines, 2008 (paragraph 8.3) the release of funds under the scheme is based on the State's proposals. The first release to a district, when it is notified under NREGA, as seed money to the district NREGS account, will be made as determined by the Ministry of Rural Development. Subsequent release will be made upon submission of the labour budget. Funds may flow from the district to the GPs directly under intimation to the POs.

4.1.2 *Labour Budget*

Section 14 sub section (6) Chapter IV of NREGA provides that the DPC shall prepare a labour budget for the next financial year projecting the details of anticipated demand for unskilled manual work in the district and the plan for engagement of labourers in the works covered under the scheme. MoRD will estimate the requirement of funds on the basis of projections and sanction funds after examining the labour budget and the utilisation of funds previously released.

In the labour budget, estimation of labour demand should be close to actual achievement trends of the previous year in terms of households demand, days of employment and expenditure. The labour budget will be based on a realistic estimate of the number and kind of works to be taken up as derived from the annual shelf of project in the development plan.

We noticed the following irregularities in preparation of the labour budgets:

4.1.2.1 Unrealistic preparation of labour budgets

The labour budgets prepared in the State was unrealistic

The effectiveness of the planning process has to be measured against the actual execution of planned labour budgets. The State submitted its first labour budget in the year 2008-09.

Analysis of the estimated demand as per labour budget with actual employment provided during the period 2008-12 in the State revealed shortfall/variation ranging between 40 and 59 *per cent* in the planned employment generation as shown in **Table 3**:

Table 3: Variation between estimated demand and actual execution of planned labour budget

(Person days in lakh)

Shortfall in actual employment generation against the planned employment			
Year	Estimated demand as per labour budget	Actual employment provided	Percentage of shortfall (Col. 3 to 4)
1	2	3	4
2008-09	NA	7.55	-
2009-10	20.53	8.42	59
2010-11	13.82	8.31	40
2011-12	9.46	4.70	50

Source: Information furnished by RDD

Similarly, in five¹ out of six test checked districts we noticed wide variations between estimated demands and actual provision of employment. The shortfall in actual person days generated ranged between 39 and 67 *per cent* of the estimated demand as detailed in **Table 4**:

Table 4: Details of estimated demand of employment and actual provision of employment

(Person days in lakh)

District	Period	Estimated demand as per labour budget	Actual employment provided	Percentage of shortfall (Col. 3 to 4)
1	2	3	4	5
Ranchi	2008-12	497.37	166.37	67
Dumka		262.81	160.35	39
Pakur		384.10	230.90	40
Palamu		330.36	129.84	61
Gumla		318.83	109.04	66
West Singhbhum		NA	163.74	--

Source: Information furnished by DPCs

The shortfall in actual person days generated ranged between 39 and 67 *per cent* of the estimated demand

The districts did not prepare the labour budget by following the actual achievement trends of the previous year in terms of households demand, days of employment demanded and expenditure incurred. Non-preparation of Perspective Plans and preparation of deficient development plans by the districts (as discussed in paragraphs 3.1.1 and 3.1.2 of Chapter 3) adversely affected the proper estimation of projected person days and estimation of required funds thereon.

This also led to sharp reduction in sanction of annual labour budget by MoRD as discussed below:

¹ Dumka, Gumla, Pakur, Palamu and Ranchi.

4.1.2.2 Sharp reduction in funds for annual labour budget

The State presented a total budget proposal for the period 2008-12 amounting to ₹ 13,953.95 crore. However, MoRD sanctioned ₹ 9,788.76 crore for the period. The details are given in **Table 5**:

Table 5: Details of budget proposed and actual generation of person days against projected person days

Year	Budget proposal (₹ in crore)	Labour Budget approval by GoI (₹ in crore)	Percentage of approval (Column 3 to 2)	Projected person days in approved labour budget (No. in crore)	Actual achievement in person days generation (No. in crore)	Achievement (In per cent) (Column 6 to 5)
1	2	3	4	5	6	7
2008-09	3510.42	2610.46	74	NA	7.55	-
2009-10	3194.17	3103.09	97	20.53	8.42	41
2010-11	2591.57	2277.00	88	13.82	8.30	60
2011-12	4657.79	1798.21	39	9.46	4.70	50
Total	13953.95	9788.76		43.81	28.97	

Source: Information furnished by RDD

It is evident from **Table 5** that generation of employment in the State during 2009-12 was only 41 to 60 *per cent* against the projected person days. Accordingly, approval of labour budget from MoRD also decreased from 97 to 39 *per cent*. Further, during 2011-12 the State proposed a higher labour budget of ₹ 4,657.79 crore, claiming that the funds would be utilised for drought relief works since the State was facing drought for two consecutive years. The Empowered Committee of MoRD, however, approved labour budget of ₹ 1,798.21 crore only.

During the exit conference (July 2012) the Principal Secretary stated that figures used for generation of person days during 2011-12 needs to be updated. The fact however remains that the figures for the year 2011-12 were supplied by the Department itself.

4.1.2.3 Loss of Central funds

The prescribed Central share under MGNREGS was 96 *per cent* of the approved labour budget from 2009-10 onwards while prior to 2009-10, it was 94 *per cent*. The remaining four *per cent* and six *per cent* was to be borne by the State Government.

The status of approved labour budget and release thereagainst during 2008-12 is detailed in **Table 6**:

Table 6: Approved labour budget and actual release

Year	Approved labour budget by MoRD	Central liability	Actual release	Loss of Central fund
2007-08	NA	NA	664.80	NA
2008-09	2610.46	2453.83	1790.38	663.45
2009-10	3103.09	3019.96 ²	803.94	2216.02
2010-11	2277.00	2185.92	962.87	1223.05
2011-12	1798.21	1726.28	1237.33	488.95
Total	9788.76	9385.99	4794.52	4591.47

Source: Information furnished by RDD

Approval of labour budgets of the State by MoRD decreased during 2009-12 as the State could not generate the projected person days

The State was deprived of Central share amounting to ₹ 4,591.47 crore during 2008-12 owing to slow pace of expenditure by the districts

It is evident from **Table 6** that during 2008-12 the release of Central share by MoRD was only ₹ 4794.52 crore against the liability of ₹ 9385.99 crore. Thus, the State was deprived of Central share amounting to ₹ 4,591.47 crore during 2008-12 owing to slow pace of expenditure by the districts as discussed in paragraph 4.1.3.

4.1.3 Receipt and utilisation of funds

Receipt and utilisation of funds in the six test checked districts during 2007-12 is detailed in **Table 7** below:

Table 7: Receipt and utilisation of funds during 2007-12

(₹ in crore)

Year	Opening Balance	GoI release	State release	Misc. receipts	Total fund available	Expenditure	Unspent Balance	Percentage of expenditure (Col. 7 to 6)
1	2	3	4	5	6	7	8	9
2007-08	139.85	298.94	67.20	17.59	523.58	362.15	161.43	69
2008-09	161.43	643.38	52.72	7.18	864.71	500.31	364.40	58
2009-10	364.40	273.84	20.74	25.50	684.48	478.54	205.94	70
2010-11	205.94	273.76	23.97	6.36	510.03	418.33	91.70	82
2011-12	91.70	301.33	28.87	28.36	450.26	310.68	139.58	69
Total	963.32	1791.25	193.50	84.99	3033.06³	2070.01	963.05⁴	

(Source: Information furnished by the DRDAs)

The test checked districts utilised the available funds ranging between 58 and 82 per cent during the period 2007-12

It may be seen from **Table 7** above that out of total available fund of ₹ 3033.06 crore, only ₹ 2,070.01 crore could be utilised by the DPCs in the six test checked districts during 2007-12.

Thus, DPCs utilised the available funds ranging between 58 and 82 per cent during the period 2007-08 to 2011-12. During audit we observed that:

- On cross verification of the allotment made to DRDA with the MoRD website, we noticed that in DRDA, Ranchi there was short receipt of funds amounting to ₹ 302.92 crore during 2008-09 and 2011-12 (**Appendix 4**). As per the information available on the website of MoRD under MGNREGS, the said amount was shown released to DPC, Ranchi, but it could not be traced in the DRDA's accounts.

On this being pointed out, DPC stated (September 2012) that matter has to be examined at the level of MoRD, GoI for getting clarification.

² Approved labour budget during 2009-10 was ₹ 3103.09 crore. Central liability (96 per cent) of approved budget works out to ₹ 2978.97 crore. Thus there was a difference of ₹ 40.99 crore in the figure furnished by RDD.

³ There was a difference of ₹ 38.35 crore in total available fund in the data furnished by the DRDAs of six test checked districts when compiled by audit.

⁴ There was a difference of ₹ 63.48 crore in unspent balance in the data furnished by the DRDAs of six test checked districts when compiled by audit.

- The permissible limit for administrative expenses was four *per cent* of total expenditure with effect from 1 April 2007 which was enhanced to six *per cent* from March 2009⁵. Contrary to the above, in Dumka district, an excess expenditure of ₹ 0.82 crore⁶ over the prescribed limit of four *per cent* was incurred as administrative expenses in 2007-08.

DPC, Dumka accepted the audit observation (July 2012) and stated that from 2008-09 onwards administrative expenses incurred have been within the prescribed limit.

4.1.3.1 Delay in release of State share

As per paragraph 8.4.4 of the Operational Guidelines, 2008, the State share was to be released within 15 days from the date of release of Central share by GoI. This provision was made in order to ensure that funds were available with the implementing agency at the right time.

The delays in release of State share ranged between 5 and 293 days during 2009-12

During audit we however noticed that in three⁷ out of six test checked districts there were delays in release of State share which ranged between 5 and 293 days during 2009-12 (*Appendix 5*). The reasons for delay were not on record.

The matter has been reported to the Government. Their reply is awaited (March 2013).

4.1.3.2 Non-creation of State Employment Guarantee Fund (SEGF)

Under Section 21 (1) of the Act the State Government may, by notification, establish a fund called the State Employment Guarantee Fund for the purpose of implementation of the scheme. The amount standing to the credit of the State fund shall be expended and administered as a revolving fund in such manner and subject to such conditions and limitations as may be prescribed by the State Government for the purposes of implementation of the Act. The operational guidelines (para 8.2.3) also provide for establishing similar revolving fund at the district, block and Gram Panchayat levels. The SEGF funds were to be established at the State and district levels by 1 March 2006.

SEGF was not created in any of the test checked blocks and GPs

We however, noticed that though the notification for establishment of the fund was issued (August 2009), SEGF became operational only in March 2012. SEGF was not created in any of the test checked blocks and GPs.

During the exit conference, the Principal Secretary accepted (July 2012) the delayed formation of SEGF; however, specific reasons for delay were not stated. As regards SEGF, the Department stated that as it had already been established at district level, there was no need to establish SEGF at block and panchayat levels.

⁵ MORD letter no. J-11011/18/2007-NREGA date : March 2009.

⁶ Total scheme expenditure ₹ 37.26 crore, Admissible administrative expenditure (4 *per cent*) = ₹ 1.49 crore. Actual administrative expenditure ₹ 2.31 crore – Admissible administrative expenditure ₹ 1.49 crore = Excess expenditure ₹ 0.82 crore.

⁷ Palamu, Ranchi and West Singhbhum.

The reply of the Department in respect of formation of SEGF at block and Panchayat level was not in conformity with the MGNREGS operational guidelines (paragraph 8.2.3).

4.1.4 SGRY funds not merged with MGNREGS

As per paragraph 14.1.2 of the Operational Guidelines, 2008, funds available with PRIs from other sources (such as National Finance Commission, State Finance Commission, State Departments) and other Central or Centrally Sponsored Schemes (such as the Swarnjayanti Gram Swarozgar Yojana (SGSY), Drought Prone Areas Programme (DPAP), Desert Development Programme (DDP), Backward Area Grant etc.) can also be dovetailed with NREGA funds for the construction of durable community assets/works permissible under NREGA but not *vice versa*. Further, GoI, MoRD directed (June 2009) the Secretary, Rural Development Department, GoI, Ranchi to merge SGRY funds with MGNREGS.

In Ranchi, Palamu and Gumla districts ₹ 4.43 crore pertaining to SGRY fund was not merged with MGNREGS fund

During scrutiny of records of six test checked districts we observed that in three districts (Ranchi, Palamu and Gumla), ₹ 4.43 crore pertaining to SGRY fund (Handling and Transportation of food grains) and National Food For Work Programme (NFFWP) was not merged with MGNREGS as shown in **Table 8:**

Table 8: SGRY funds not merged with MGNREGS fund

Sl. No.	Name of test-checked district	District/Block	Scheme	Amount (₹ in crore)
1.	Ranchi	Ranchi district level	SGRY (Handling and Transportation of food grains)	1.91
2.	Palamu	Palamu district level		1.90
		Lesliganj block		0.03
3.	Gumla	Sisai block		0.06
		NREP Division		0.07
			NFFWP	0.46
Total				4.43

(Source: Information furnished by DPCs)

In Ranchi district, SGRY funds were required to be merged from 2 February 2006. Despite this, the district continued to provide budget separately under SGRY and incurred expenditure under SGRY up to March 2008. Consequently, GoI also objected to the non-merger of SGRY funds with MGNREGS and clarifications were sought before further release of GoI fund relating to 2008-10.

On this being pointed out in audit, the DPCs accepted (August 2012) the facts and assured to take necessary action in this regard.

4.1.5 Diversion of fund

As per paragraphs 8.2.6 and 8.4.4 of the Operational Guidelines, 2008 funds provided under MGNREGS cannot be diverted to other schemes/purposes and to this effect DPCs were required to furnish a certificate in respect of non-diversion of funds to MoRD.

In Ranchi and Dumka districts MGNREGS funds were diverted to other schemes/ purposes

We however noticed that in Kanke block of Ranchi district, ₹ 75 lakh was diverted (January 2010) to Indira Awaas Yojana (IAY) from MGNREGS

funds⁸ during 2009-10 by DRDA, Ranchi. Similarly, in Dumka district, a sum of ₹ 1.05 lakh⁹ was diverted (February 2011) from MGNREGS fund to pay audit fee for 2009-10 to Chartered Accountants for MPLAD, DPAP and IAY schemes and the said amount had not been recouped as of July 2012.

In reply BDO, Kanke stated that matter is being examined (August 2012) whereas no reply was furnished by DPC, Dumka.

4.1.6 Parking of funds in non-interest bearing account

As per rule 9 (3) (e) (vi) of NREG Financial Rules 2009, a certificate of the District Programme Coordinator that all funds received have been credited to Savings Bank Account is required for release of the Central Funds from National Fund to State Fund.

During scrutiny of bank records of four implementing agencies¹⁰ of Ranchi and West Singhbhum districts, we noticed that the agencies had deposited funds amounting to ₹ 65.37 crore received under MGNREGS during 2007-12, in the current account instead of savings bank account.

Similarly, in Sadar Medininagar block of Palamu district, funds amounting to ₹ 11.08 crore¹¹ were kept in current account of SBI during the period 2007-12 in violation of the rules resulting in loss of interest to MGNREGS fund.

The DPCs West Singhbhum and Palamu districts (July – August 2012) accepted the observation and assured to take necessary action in this regard. During the exit conference the Principal Secretary accepted (July 2012) that funds should have been kept in savings accounts.

4.1.7 Transparency and accuracy in management of funds

Paragraph 8.6 of Operational Guidelines, 2008 envisages ‘Monthly Squaring of Accounts’ to reduce the risk of financial leakages and to promote transparency and accuracy in fund management. This consists of verifying all the money released under the Scheme being accounted for under three heads viz. assessment of money held in bank accounts at various levels, depiction of the details of the advances to implementing agencies and referencing of vouchers of actual expenses.

⁸ ₹ One crore was provided to Kanke block by DPC Ranchi under MGNREGA which was credited in the related bank account of scheme (Bank of India, Pithauria A/c No. 494610100005752) on 11.12.2009. Out of this, ₹75 lakh was diverted into Indira Awaas Yojana (IAY) which was credited into IAY bank account (Bank of India, Pithauria A/c No. 494610100004159).

⁹ Out of ₹ 1.82 lakh paid to CA firm as audit fees, ₹ 0.77 lakh pertains to MGNREGS.

¹⁰ DFO, Social Forestry Division Ranchi - ₹ 3.33 crore for the period May 2007 to March 2012 in Canara Bank A/C No.- 1642201001310 and Bank Of India A/c No. 490920110000305 ; BDO Chanhoo- ₹ 1.02 crore for the period February 2008 to March 2012 in Jharkhand Gramin Bank, Tangar and Choreya branch Chanhoo A/C No. C/D-2 and C/D-9; Minor Irrigation Division, Chaibasa, West Singhbhum, Punjab National Bank ₹ 34.82 crore; NREP Division, West Singhbhum- PNB, Chaibasa ₹ 26.20 crore in A/c No.1073000100143961.

¹¹ BDO, Sadar (Palamu)- ₹ 11.08 crore (SBI A/C No. 30491133662).

In Ranchi, West Singhbhum and Palamu districts MGNREGS funds were deposited in current accounts resulting in loss of interest

Further, according to Rule 100 of Jharkhand Public Works Accounts (JPWA) Code, temporary advances are required to be given to subordinate officers (not below the rank of Assistant Engineers) against passed vouchers. Subsequent advances are to be sanctioned only after adjustment of the previous outstanding advances only.

During scrutiny we observed that the prescribed norms/codal provisions/operational guidelines regarding monthly squaring of accounts was not carried out uniformly in the test checked districts which resulted in several discrepancies in fund management as discussed in the succeeding paragraphs:

- Funds released to five implementing agencies¹² at Gumla and Ranchi districts were not accounted for properly and monthly squaring of accounts was not carried out. Scrutiny of the cheque register maintained by the divisions also revealed that MGNREGS fund of ₹ 18.04 crore was provided during 2007-12 to the divisions but no cash book was maintained by the concerned divisions. Only the cheque receipt and issue register were maintained. Besides, MIS also revealed that a sum of ₹ 1.07 crore was received in the Forest East Division, Ranchi in the year 2010-11 on account of miscellaneous fund including interest but the same was not found in the divisional records. Pass-books and up-to-date bank reconciliation statements were not produced to audit. Further, out of ₹ 18.04 crore a sum of ₹ 11.63 crore was advanced during the period 2007-12 to Range Forest Officers (RFOs) of the aforesaid mentioned divisions as temporary advance to execute works under MGNREGS, without recording the same in the cash book.

This was in contravention of the above rule, as subsequent advances were granted by the divisions¹³ without demanding adjustment vouchers from the RFOs for previous advances.

On this being pointed out, the DFOs replied that adjustment of advances would be done after the receipt of adjustment vouchers (May 2012).

- In three line departments¹⁴ ₹ 16.59 crore was provided as temporary advance to 10 JEs during 2007-12 for MNREGS works. The amount remained unadjusted (July 2012) even after delays ranging between two and seven years. Executive Engineer, NREP Division stated (August 2012) that detailed enquiries were under progress against the concerned JEs for recovery of advances. In case of Zila Parishad, West Singhbhum FIRs were lodged (August 2011) against three JEs for recovery of advances.

¹² Forest East Division, Ranchi and Social Forestry Division Ranchi- ₹ 12.79 crore, Gumla Forest Division, Gumla ₹ 4.11 crore, DFO Afforestation, Ranchi- ₹ 0.63 crore, DFO, Wild life Division, Ranchi- ₹ 0.51 crore.

¹³ Forest East Division, Ranchi and Social Forestry Division Ranchi, Gumla Forest Division, Gumla, DFO Afforestation, Ranchi, DFO, Wild life Division, Ranchi

¹⁴ MESO and Zila Parishad of West Singhbhum, NREP Division, Gumla

- In Zila Parishad, West Singhbhum a sum of ₹ 30.03 crore was shown adjusted against advance of ₹ 31.68 crore during the period 2007-11. Adjustment vouchers and concerned measurement books for ₹ 30.03 crore were not produced to audit. The Chartered Accountant also certified on the cash book dated 24 October 2011 that no supporting vouchers and measurement books were furnished to him for verification. Hence, the possibility of misappropriation of funds cannot be ruled out.
- As per Rule 93 of JPWA Code the disbursing officer should check all the entries in the cash book as soon as possible. The cash book should be signed by him at the end of the month and such signature should ensure that all the entries were accurate including the closing balance. In NREP-II division Ranchi, closing balance on 31 May 2011 was ₹ 3,28,06,401.75 which was reduced to ₹ 3,20,72,871.58 in the opening balance of 21 June 2011.

Opening and closing balances in the cash books had been altered without recording any reasons in the cash books

Similarly, the closing balance as on 21 June 2011 was ₹ 3,20,72,871.58. However, though no transactions were made between 22 June 2011 and 30 June 2011, the opening balance as on 1 July 2011 was reduced from ₹ 3,20,72,871.58 to ₹ 1,16,53,681.33. The circumstances under which the sum of ₹ 2,04,19,190.25 was reduced from the cash book without any adjustment of vouchers could not be ascertained by audit. As such possibility of misappropriation of ₹ 2.12 crore (₹ 2,04,19,190 + ₹ 7,33,530) due to alterations in the cash book cannot be ruled out.

On this being pointed out in audit, the EE accepted (March 2012) the observation and stated that without actual adjustment, the amount in the cash book was reduced on the basis of the Chartered Accountant's certificate. However, adjustment will be made in future.

The reply of the EE was not in order as no measurement books were produced to audit and without getting the vouchers reducing the amount in the cash book was highly irregular. Hence, possibility of manipulation in cash book in future also cannot be ruled out.

- In Bharno block of Gumla district, ₹ 5 lakh was advanced to 20 beneficiaries for 20 schemes (at the rate of ₹ 25,000 per schemes) for completion of the works within three months¹⁵ during 2007-08 and the same was treated as final expenditure.

We noticed that all these schemes were incomplete (June 2012). Action to recover the advances was however, not taken by the competent authority. Thus, misappropriation of Government money could not be ruled out. BDO, Bharno accepted (June 2012) the fact and stated that necessary legal action would be initiated to recover the amount.

¹⁵ 20 October 2007 to 31 March 2008

- In Sisai block, Gumla during test check of the cash book we noticed that ₹ 1.86 lakh was drawn on self cheque by the BDO and in the names of two block personnel¹⁶ between April 2008 and August 2009. However, neither was the amount entered in the advance register nor were any vouchers in support of the payment maintained.

Similarly, in Bharno block, ₹ 27.07 lakh was drawn through 45 cheques in favour of beneficiaries, committees, bank, post office and Large Area Multipurpose Societies (LAMPS) between November 2007 and October 2011 for construction of ponds, wells and roads etc. However, no vouchers in support of the payments made were available with the block. As such, misappropriation of Government money cannot be ruled out.

On this being pointed out, the concerned BDOs stated (June and July 2012) that necessary action will be taken and the concerned officials will be asked to furnish the vouchers.

Thus, in absence of proper accounting of funds in accordance with the procedure defined under the scheme guidelines, scheme funds are at the risk of being misappropriated.

4.1.8 Other irregularities in financial management

During audit we noticed other instances of financial irregularities which are discussed in the succeeding paragraphs:

- In Zila Parishad, West Singhbhum, an amount of ₹ 1.07 crore was irregularly advanced (September 2008) to four Junior Engineers¹⁷ (JE) posted in another division¹⁸ by the then Executive Engineer, Rural Development Special Division, Chaibasa who had additional charge of the post of District Engineer. These schemes were not even administratively approved by the DPC, West Singhbhum. On this being informed by the district, MGNREGS Commissioner, Jharkhand ordered (October 2008) to recover penal interest from the concerned JEs besides initiating departmental/criminal proceedings against them.

We noticed that out of ₹ 1.07 crore, cheques amounting to ₹ 63 lakh (related to two JEs) could not be encashed. The remaining cheques amounting to ₹ 44 lakh were however got encashed by the two JEs (Anjani Kumar and Satish Prasad) on 26 September 2008 which were refunded by them after a delay of 35 to 640 days without penal interest of ₹ 1.16 lakh. Thus, neither was penal interest recovered from the two JEs nor was any departmental/criminal proceedings initiated (June 2012).

- As per Jharkhand Financial Rules 2001, materials above ₹ 15,000 are required to be procured by inviting tenders. In Zila Parishad, West Singhbhum, an estimate of ₹ 12.51 lakh for furnishing of a conference hall in Collectorate building was prepared in January 2009. DPC accorded

¹⁶ John Khalkho, Cashier (Nazir), Md Husain Khan, GRS

¹⁷ Anjani Kumar, Satish Prasad, Satrugan Singh, Anil Kumar Srivastava

¹⁸ RDSD, Chaibasa, West Singhbhum

(February 2009) Administrative Approval and provided an allotment of ₹ 12.52 lakh. The work was allotted to the JE in February 2009.

We noticed the following irregularities:

- There was no provision in MGNREGS for furnishing of conference hall from MGNREGS fund.
- The estimate was prepared in January 2009 and AA was accorded in February 2009. However, supply of different furnishing material along with electrical works was made in December 2008 itself.
- Supply of material, furnishing work and electrification was carried out by M/s. Sunrise Roadlines Construction Division, Chaibasa. However no records relating to selection of agency by inviting tenders were produced to audit.
- Bills were neither passed for payment by the competent authority nor were payment certificates recorded in any of the bills.

4.2 Conclusion

Budget estimation under MGNREGS was defective due to unrealistic preparation of labour budget by DPCs. The State was deprived of Central share owing to slow pace of expenditure by the districts. Funds provided under the Scheme to DPCs were not fully utilised. There was delay in release of State share by the State Government. Though the notification for establishment of the SEG fund was issued (August 2009) by the Government, it became operational only in March 2012. Further, SEGF was not created in any of the test checked Blocks and GPs. SGRY and NFFWP funds were not merged with MGNREGS funds. Various deficiencies viz. diversion of fund, loss of interest due to parking of funds in non-interest bearing accounts, non adjustment of advances, alteration of figures in cash book, etc. were observed. The Government could not ensure adherence to the prescribed financial norms/provisions of guidelines of monthly squaring of accounts as a result of which transparency and accuracy in management of scheme funds suffered.

4.3 Recommendations

- Preparation of realistic labour budget at the district level should be ensured;
- Monthly squaring of accounts should be ensured at different levels to maintain financial accountability and transparency; and
- Strict financial discipline in utilisation of scheme funds should be enforced.

CHAPTER – 5

REGISTRATION AND EMPLOYMENT



Chapter 5

Registration and Employment

5.1 Registration

The MGNREG scheme is open to all rural households. All adult members of a household willing to do manual work will have to apply for work either through a written application or orally. The MGNREGS Guidelines envisage a door-to-door survey to identify persons willing to be registered under the Act. The Gram Panchayat will issue job cards to every registered household which will contain registration details and photographs of all eligible members. All the particulars of beneficiaries will be entered in the job card register which was to be updated every year.

According to the information furnished by the State Government and DPCs, during the period 2007-12, 40.20 lakh households were shown registered in the State while the number of registered households in the six test checked districts was 13.30 lakh. The details are given in **Table 9** below:

Table 9: Number of registered households in the State and six test checked districts

Year	Cumulative no. of Households registered	
	State	Districts
2007-08	30.30	10.40
2008-09	33.76	11.59
2009-10	36.97	12.50
2010-11	39.21	13.04
2011-12	40.20	13.30

Source: Information from State and DRDAs

In course of audit instances of deficiencies in registration, issue of job cards and maintenance of job card register, existence of fictitious job cards, ghost labourers etc. were noticed which are discussed in the succeeding paragraphs:

5.1.1 Absence of household survey

As per paragraph 5.2.5 of the Operational Guidelines, 2008, a door-to-door survey was required to be undertaken to identify persons willing to be registered under the Act.

Door-to-door survey was not conducted in the test checked districts

During scrutiny of records in the six test checked districts we noticed that no door-to-door survey to identify the beneficiaries willing to get registered under the Act was conducted during the period 2007-12. Households under MGNREGS were registered either on the basis of oral requests or applications of beneficiaries received through Panchayat Sevaks/Gram Rozgar Sahayaks. The Chief Secretary, Government of Jharkhand expressed his displeasure over non-registration of beneficiaries through door-to-door survey and instructed (May 2010) all DPCs to conduct door-to-door survey for identification of beneficiaries along with categories of works required to be undertaken in the State.

During the beneficiary survey conducted by audit in the test checked districts 1,241 out of 1,670 respondents stated that registration was done on the basis of oral requests and not through door-to-door survey.

DPCs (Dumka, Gumla, Palamu, Pakur, Ranchi) accepted (July-September 2012) the fact while DPC, West Singhbhum did not have the information about door- to- door survey conducted in his district.

Thus, in absence of proper survey of beneficiaries the genuineness of data/information available at districts/blocks level in respect of total number and details of households, number of households seeking employment under the Act etc. could not be vouchsafed.

5.2 Job cards and job card register

5.2.1 Deficiencies in job cards and irregular maintenance of the job card register

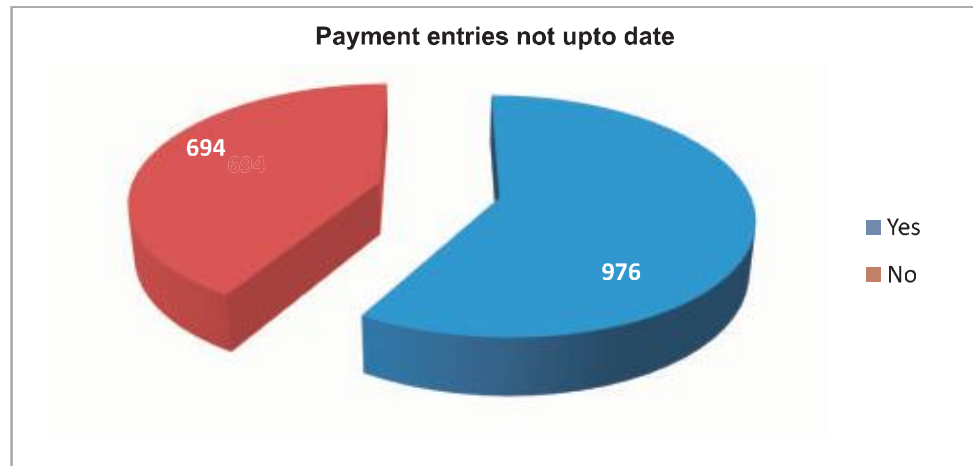
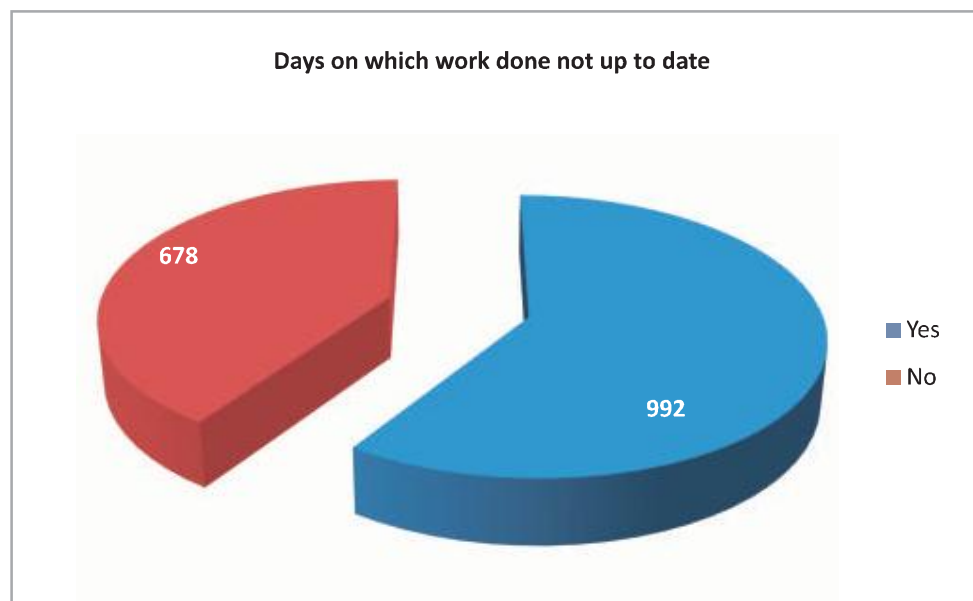
As per paragraph 2.1.3 of the Operational Guidelines, 2008, Gram Panchayat will issue job cards to every registered household. Gram Sabha shall be convened for the purpose of explaining the provisions of the Act. Job cards should be issued within a fortnight of receipt of the application for registration. Photographs of adult member applicants along with all suitable details of registered persons should be incorporated in the job cards. Particulars of registered labourers were also to be sent to Programme Officer regularly, for planning, tracking and recording in the job card register to be maintained at PO level.

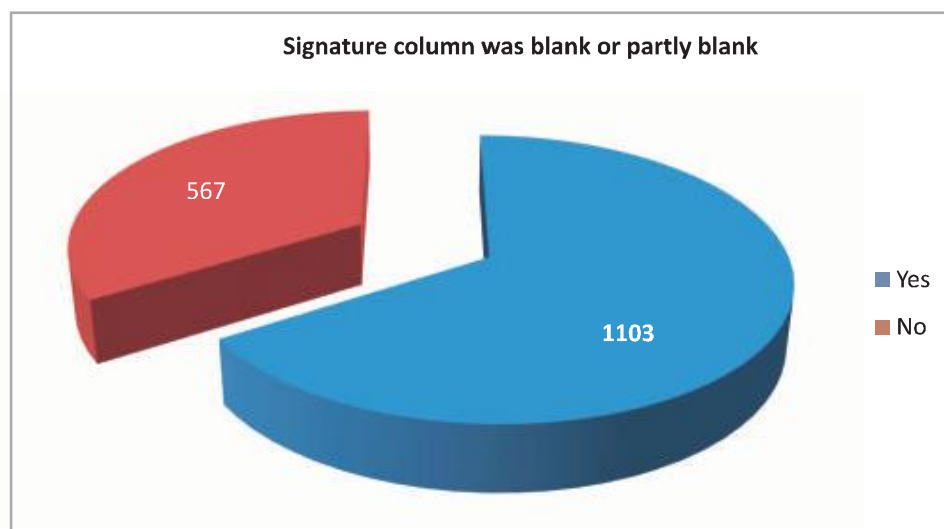
During examination of the job cards of beneficiaries during the beneficiary survey we observed several deficiencies in the job cards. Some instances are given below:

- No photographs of the registered workers were affixed on 291 out of 1670 job cards test checked during the survey.
- 41 out of 1670 beneficiaries stated that job cards were not in their personal custody.
- Two beneficiaries complained that they had to pay ₹ 10 each for issuance of job cards in Arsande GP of Kanke block in Ranchi.

Certain deficiencies in the job cards were noticed during beneficiary survey

Discrepancies in job cards emerging from the beneficiary survey is depicted in the following pie-charts:





Source: Beneficiary survey conducted by audit during March to July 2012

- We observed that in GP Chiyanki under Medininagar block of Palamu district the job card number (Registration number of family) was not mentioned in 599 cases, photographs were not affixed in 247 cases and signatures of applicants were not taken in 90 cases in the job card register while issuing the job cards out of 1,166 cases test checked by audit. In 41 cases, job cards were issued to other persons as signature of recipients were different from the names of applicants for issue of job cards. Similarly, in Sarja GP of Sadar Medininagar block, 66 job cards were issued after a delay of 11 to 197 days.

DPC, Palamu accepted (July 2012) the audit observations and assured to take necessary action in this regard.

- Paragraph 9.1 of the Operational Guidelines, 2008 further stipulates that the Job card register¹ was to be maintained at both PO as well as GP level and should contain all registration details, photographs and thumb impression/signatures of the job card holders.

During scrutiny of the records in the test checked blocks and GPs we however, observed that job card registers were not maintained at POs level properly while in the sampled GPs, though job card registers were maintained, most of them did not contain paging certificate, photographs of labourers, thumb impression/ signature of beneficiaries etc. Thus, improperly maintained job cards and job card registers left scope for misuse of the scheme and extension of undue benefit to ineligible persons as discussed in the succeeding paragraphs:

¹ Proforma as per Annexure B-8 MGNREGS guidelines.

5.2.2 *Doubtful job cards and fictitious registrations*

During course of audit at blocks/GPs level some instances of duplicate job cards, ghost workers, fake registration, etc. were noticed which are discussed below:

- As per information furnished by DPC, in Ranchi district, 2,88,668 job cards were shown issued up to 2010-11 to households against the existing 2,73,904 rural households creating doubt over issuance of 14,764 duplicate job cards.

DPC, Ranchi stated (September 2012) that the total number of rural households as per the Census was 2,59,690 but by clerical mistake it was mentioned as 2,73,904. Further, the number of job card holders registered is more than the total households because the figure of households was taken from Census 2001. The reply of DPC is self-contradictory as on the one hand it was stated that the figure of households was taken from Census 2001 and on the other hand it was stated to be a clerical mistake.

- In Rampur GP of Sadar block, Dumka District two job cards² were shown issued in the name of Manoj Hansda, while in two other two job cards³, one card was issued in the name of Sokol Hansda (Job card no. JH 11001023-011/122) and in the other job card (No. JH 11001023-011/40) the name of Sokol Hansda was shown as a family member. The name of the wife of Sokol Hansda was shown as Fulmuni Murmu which was incorporated in both the job cards mentioned above. We noticed that wages earned by Fulmuni Murmu was credited in the same account in Kurua Post Office (A/c no. 111302020) whereas wages earned by Sokol Hansda was credited in different accounts in the same post office (A/c no. 1248275 & a/c no. 111302020).

DPC accepted (July 2012) the audit observation and stated that the case would be examined.

- Scrutiny of records of Ghaghara GP in Sisai block of Gumla District revealed that two job cards (Job card number JH 03007007-004/41 and JH 03007007-004/24) were issued in the name of Kapura Devi, wife of Chaitu Oroan. Wages relating to both job cards were credited in two separate accounts⁴ in the Post Office. However the job card register was not produced to audit for verification of the fact. Thus, the genuineness of the job cards mentioned above could not be verified in audit.

BDO, Sisai sought clarification⁵ from the concerned Panchayat Sevak after the matter was reported to him. However, further compliance is awaited.

² Manoj Hansda, Job card number JH 11001023-011/35 and JH 11001023-011/101 with post office account no. 1248261 and 111304175.

³ Sokol Hansda wife name Fulmuni Murmu Job card no. JH 11001023-011/122 and JH 11001023-011/40 with post office account no. 1248275, 1113020.

⁴ Account No. 1589057 for JH 03007007-004/41 and Account no. 1592118 for job card no. JH 03007007-004/24.

⁵ Letter No. 66 (i) date 6 July 2012.

- Similarly, in Kanke block of Ranchi district, two job cards⁶ (Number JH-01-007-001-001/259 and JH-01-007-001-001/276) were found issued in the name of Prakash Oraon, son of Gayni Oraon, under Arsandey GP. Wages earned on both job cards were credited in one bank account (Account no. 6145) of Jharkhand Gramin Bank, Boreya.

BDO, Kanke stated (August 2012) that the matter is being investigated and reply will be furnished to audit.

- The name of a person, Laltu Sekh⁷ of Sitapahari GP of Sadar Block, Pakur district, was found in 18 job cards either as the head of the household or as a family member.

DPC, Pakur accepted (July 2012) the audit observation and assured that separate meetings with registered workers would be called for soon.

620 duplicate job cards were issued in 10 sampled GPs of Jama Block in Dumka district

- 620 duplicate job cards were issued in 10 sampled GPs of Jama block in Dumka district as disclosed through verification in MIS by audit.

BDO, Jama accepted (June 2012) the observation and stated that action will be taken after verification of all such job cards which appeared in the MIS.

5.3 Employment

As per paragraph 1.1 of the Operational Guidelines, 2008, every registered household is entitled to 100 days guaranteed employment in a financial year. The GP/PO shall be responsible for providing wage employment to the applicant within 15 days of the date of receipt of the application or from the date on which employment has been sought, subject to a maximum of 100 days in a year per household, failing which unemployment allowance was to be paid to the applicants.

Scrutiny of records revealed cases of non-provision of employment and shortfall in provision of employment as discussed in the succeeding paragraph:

5.3.1 Non-provision of employment and shortfall in 100 days employment generation

NREGA, 2005 ensures guaranteed wage employment in a financial year to every household to enhance livelihood security in rural areas. If a worker who applied for work under NREGA is not provided employment within 15 days from the date on which work is requested, an unemployment allowance shall be payable by the State Government.

Scrutiny of the records of six test checked districts revealed that 29.88 lakh households were provided employment during 2007-12, though the number of households which demanded employment during the aforesaid period was 30.01 lakh. Thus, 13,000 households were deprived of employment though

⁶ One job card was issued in the name of Prakash Oraon and in the second job card he was shown as a family member.

⁷ With slight difference in spelling but same pronunciation in Hindi.

In six test checked districts 13000 households were deprived of employment though demanded by them

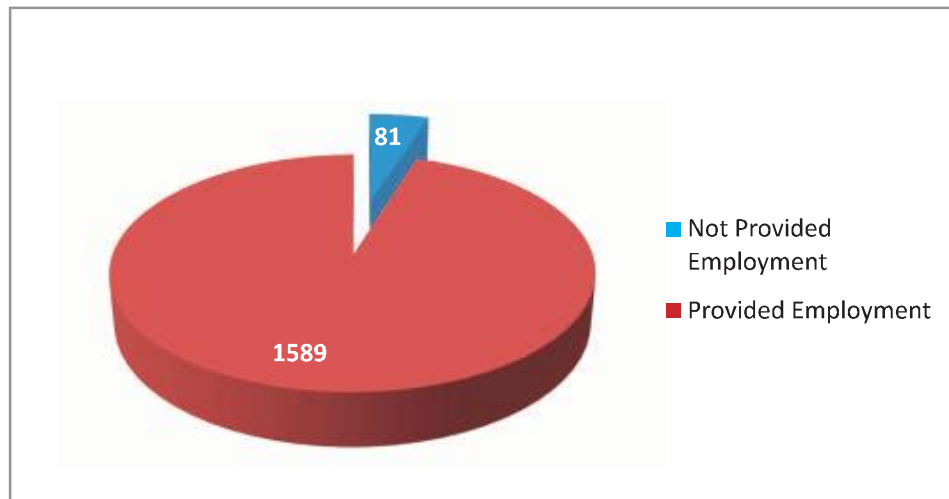
demanding by them. However, as per information furnished by the districts no unemployment allowance was paid. Further, out of the eligible registered households, only one to three *per cent* households were provided 100 days of employment during the period 2007-12. The details are given in **Table 10:**

Table 10: Number of households provided 100 days employment in test checked districts

<i>(In number)</i>			
Year	Households registered	Number of Households not completed 100 days	100 days employment provided (in <i>per cent</i>)
1	2	3	4
2007-08	1040853	1027558	1
2008-09	1158620	1129801	2
2009-10	1249618	1209267	3
2010-11	1303863	1258885	3
2011-12	1330440	1318524	1

(Source: Records of DRDAs)

In the beneficiary survey conducted in six test checked districts, 81 persons out of 1,670 stated that they were not provided employment though demanded by them.



Source: Response of Beneficiaries in beneficiary survey conducted by audit during April to June 2012

Reasons for shortfall as analysed by Audit were mainly selection of material intensive works, cancellation/ abandonment of a large number of works, decrease in employment demand and delay in payment of wages (as referred in Chapter 7).

5.4 Conclusion

Registration and employment of labourers suffered due to non-conducting of door-to-door survey. The job card register was not maintained properly. Adequate employment was not provided to labourers though demanded.

5.5	Recommendations
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- Registration of labourers through door to door survey should be ensured;
- Adherence to prescribed procedures in issuance of job cards and maintenance of job card register should be ensured to avoid registration of fictitious labourers; and
- Provision of adequate employment on demand should be ensured.

CHAPTER – 6

MUSTER ROLLS AND PAYMENT OF WAGES

Chapter 6

Muster Rolls and Payment of Wages

6.1 Muster Rolls

As per paragraph 9.4 of the Operational Guidelines, 2008, a Muster Roll (MR) with an unique identity number will be issued by the Programme Officer (PO) to the Gram Panchayats and all executing agencies. Muster rolls were to be maintained by the GPs and other executing agencies containing, *inter alia*, information in respect of names of the persons engaged at the worksite, job card number, days of presence and absence and amount of wages paid. The original MR will form part of the expenditure record of the executing agency. However, photocopies of the MR will be kept/ sent for data co-ordination and for public inspection in every GP and to the office of the PO. Any MR that is not issued from the office of the PO shall be considered unauthorised.

6.1.1 Irregularities in Muster Rolls

Scrutiny of records in six test checked districts revealed deficiencies in the use of MRs. Some instances are as under:

Use of muster rolls prior to issue from POs resulted in unauthorised wage payment of ₹ 9.20 lakh

- In nine test checked GPs¹ of Sadar blocks of Pakur and Dumka districts, MRs were utilised prior to the date of their issue from the POs. This had resulted in unauthorised payment of wages of ₹ 9.20 lakh against 250 MRs².
- In two GPs³ of Jama Block in Dumka district, wages amounting to ₹ 31,624 were paid through seven MRs whose unique serial numbers were tampered by cutting and overwriting, while in MESO, West Singhbhum district, expenditure of ₹ 0.76 lakh was incurred on six MRs during May 2008 to August 2009 although the unique identity number of MRs was not mentioned.
- In 55 MRs relating to 11 GPs⁴ of four districts, 238 numbers of workers were shown to have been engaged twice/thrice for the same period resulting in fraudulent wage payment of ₹ 2.11 lakh.

BDOs (Chakardharpur, West Singhbhum, Sadar block, Dumka and Bharno, Gumla) in June 2012 stated that matter would be examined. However, reply from BDO, Sadar block Palamu was not received.

- In Bondo GP of Sisai block in Gumla district, two copies of the same MRs with the same unique number were used twice for the same period with the same labourers for the same work. The second payment of ₹ 3,840 was

¹ Madanmohanpur, Sitapahari, Nawada, Kumarpur, Bhawanipur, Kalidaspur and Rahaspur in Pakur district and Haripur, Lakhi Kundi in Dumka district

² Pakur Sadar block (7 GPs, ₹ 8.66 lakh, 240 MRs) and Dumka Sadar block (2 GPs, ₹ 0.54 lakh, 10 MRs)

³ GPs: Thanpur and Simra.

⁴ Four GPs of Chakradharpur block of West Singhbhum district, one GP of Sadar block of Palamu district, one GP of Sadar block of Dumka district and five GPs of Bharno block of Gumla district.

Several other deficiencies in Muster rolls were observed during test check Blocks and GPs

paid fraudulently. Similarly, in Polpol GP of Sadar block in Palamu district, two copies of similar MRs were used twice for the same period under the same work but with different set of labourers and ₹ 10,098 was paid to them leading to fraudulent payment. Thus, the total payment of ₹ 13,938 made appears to have been drawn fraudulently.

- In Sitapahari GP of Sadar block in Pakur district, the names of 55 labourers, mentioned in three advices prepared by GRS for payment in Post Office, Nagar Nabi were different from the names of 163 labourers entered in 46 MRs. This resulted in fraudulent payment of ₹ 2.19 lakh to 55 other persons besides non-payment of wages to 163 labourers. Similarly, in Rampur GP of Sadar block of Dumka district, ₹ 8,784 was fraudulently paid to six persons as per the advice to Post Office, Kurwa which were different from 20 other names mentioned in four MRs.

- In seven GPs⁵, signature/thumb impressions in 95 cases were not found on the 29 MRs though ₹ 0.52 lakh were paid to the labourers.

The BDOs (Jarmundi and Kanke) accepted (June-August 2012) the audit observations.

- In 21 GPs of five blocks⁶, ₹ 22.08 lakh was paid to labourers through 376 numbers of MRs which did not contain signatures of the competent authorities (Panchayat Sevak and Mukhiya) authenticating the payment.
- In Kaseera GP⁷, ₹ 65,640 was paid against 17 MRs for 17 labourers whose names were not recorded on the MRs.
- In 46 GPs⁸ and two line departments (DFO, Pakur and DFO (Territorial), Dumka), tampering of important information in 331 MRs like names of labourers, job card numbers and period of engagement of labourers was done by using correction fluid and cutting/overwriting, without any authentication, involving ₹ 18.48 lakh paid towards wages. DFO (Pakur) in August 2012 stated that matter would be examined while DFO Territorial Dumka accepted the observations and stated (August 2012) that the persons responsible for maintenance of MRs were Forest Guards/Mates who were not having sufficient educational qualification.

⁵ GPs Thekcha Ghongha, Singhni, Shankarpur (block Jarmundi of district Dumka), Jodapokhar and Choya (Jhinkpani block of W. Singhbhum district) and Arsande (Kanke block, Ranchi district) and Angara GP of Angara block of Ranchi

⁶ Sisai, Bharno (Gumla district), Palamu Sadar, Chainpur (Palamu district), Boreya (Kanke block, Ranchi)

⁷ Sadar Block of Gumla district.

⁸ Five GPs of Chainpur block (Palamu), 4 GPs of Lesligunj block (Palamu), 3 GPs of Sadar block of Palamu district, 9 GPs of Bharno, 7 GPs of Sisai, 3 GPs respectively of Gumla district, Sadar block (Gumla), 4 GPs of Kanke block (Ranchi), 5 GPs of Jama Sadar (Dumka), 3 GPs of Pakur Sadar (Pakur), 3 GPs of Chakradharpur block (W. Singhbhum).

- In 12 GPs⁹ of four districts, ₹ 5.35 lakh was paid through 85 MRs without mentioning the period of engagement of labourers.
- As per the Operational Guidelines, 2008 (paragraph 9.4.1) MRs should be in the prescribed format¹⁰ having seven days columns for marking attendance with a printed instruction on the top of MRs that “workers may put their signature or LTI below the day’s column”.

We, however, observed that in Pakur and West Singhbhum districts, MRs with 15-days column for presence of labourers were printed and used, instead of 7-days column. Similarly, in two districts¹¹, the instruction “to mark attendance workers may put their signature or LTI below the day’s column” was neither printed on MRs nor signature/ thumb impression were taken as proof of their presence. The space provided for daily signature/thumb impression was not adequate and only ‘P’ or ‘1, 2, 3’ were written¹² on these columns violating the prescribed format of the guidelines.

Similarly in Dumka district, the column for Bank/Post office account number of labourers was not printed on the MRs¹³ utilised during the period 2007-12 in violation of the Operational Guidelines, 2008. As such transparency in payment of wages could not be maintained.

- In three GPs¹⁴ of Jarmundi Block in Dumka district, persondays as mentioned in the MRs did not tally with the persondays as measured by the Junior Engineer in Measurement Books.

The irregularities noticed in the MRs were discussed with DPCs (Dumka, Gumla, Pakur, Palamu and West Singhbhum) in the exit conferences held during July to August 2012. All the DPCs accepted the irregularities of MRs and stated that the cases would be examined except DPC, West Singhbhum who did not furnish any reply.

6.2 *Payment of wages*

As per the Act, every person working under the Scheme shall be entitled to wages at the minimum wage rate fixed by the State Government. Payment of wages will be made through Bank/Post Offices by issuing pay orders addressed to the Branch Manager/Post Master of the concerned Banks/Post Offices, requesting him to make payment to the workers on demand. A wage slip for labourers will also be generated for intimation of payment. The

⁹ Tutugutu GP of Jhinkpani block of West Singhbhum, Theckcha Ghongha GP of Jarmundi block and 3 GPs of Jama block of Dumka, Chianki GP of Palamu Sadar block of Palamu, Arsande, Malsiring, Boreya, Gagi Kanke block of Ranchi, 2 GPs of chakradharpur block of West Singhbhum.

¹⁰ According to the Annexure B-3 of Operational Guidelines, 2008

¹¹ Pakur for 2007-12, Dumka from M.R. No.17,001-3,98,000

¹² Instead of marking signature or LTI only "P" (Short form for Presence) or 1,2,3 was marked.

¹³ MR Serial No. 163126 to 163876.

¹⁴ Hathnama, Putlidaber and Kharbilla

amount should be disbursed to the worker only on production of wage slip by the labourer or his authorised representative.

Scrutiny of records in the six test checked district revealed various instances of discrepancies in wage payments, as detailed in the following paragraphs:

6.2.1 Non-payment of wages

As per paragraph 7.1.5 of Operational Guidelines, 2008, it is essential to ensure that wages are paid on time. Workers are entitled to being paid on a weekly basis and in any case within a fortnight of the date on which work was done (NREGA, Section 3(3)). In the event of any delay in wage payment workers are entitled to compensation.

We however noticed from the records¹⁵ that in four out of six test checked districts workers were not paid wages of ₹ 4.92 lakh even after 15 days of completion of work as of May 2012 as per details given in **Table 11**:

Table 11: Non-payment of wages to workers

District	Block	No. of GP	Schemes	Wages required to be paid (₹ in lakh)
Gumla	Sisai	8	31	1.94
	Lesliganj ¹⁶	0	2	0.80
Palamu	Sadar	2	5	1.30
Pakur	Sadar	1	3	0.24
Dumka	Sadar block	4	4	0.40
	Jama	1	1	0.24
		16	46	4.92

The DPCs further stated that no compensation was paid. This indicated systemic inefficiency which needs to be addressed.

The DPCs, Dumka and Pakur stated (July 2012) that the matter will be examined whereas the other concerned DPCs did not furnish any reply.

6.2.2 Delay in payment of wages

Paragraph 7.1 of the Operational Guidelines, 2008, provides for payment of wages on a weekly basis, and in no case more than a fortnight from the date of work. In the event of any delay in wage payments, workers are entitled to compensation as per the provisions of the Payment of Wages Act, 1936 (NREGA, Schedule II, Section 30) which shall be borne by the State Government.

Contrary to the above, during audit in six test checked districts we noticed that in 79 GPs payment of wages amounting to ₹ 2.15 crore was made to labourers in 324 works during 2007-12 after delays ranging between 1 and 468 days. However, in terms of provisions of the Act, no compensation was paid to the labourers by the State which was in contravention of the Act (**Appendix 6**).

During the beneficiary survey conducted during April to June 2012, 601 out of 1,670 beneficiaries had also confirmed delay in payment of wages.

Besides, during audit we observed that delayed payment of wages was one of the reasons for declining trend of demand for employment in the State of

¹⁵ Scheme records, Muster Rolls, Bank / Post Office payment advice.

¹⁶ Lesliganj is a block.

Jharkhand as evident from the fact that number of households which demanded employment during the year 2007-08 was 17.21 lakh which declined to 15.69 lakh during the year 2011-12. Similarly, in the test checked districts during the same period, the number of households demanding employment decreased from 6.09 lakh to 5.30 lakh. Thus, in absence of timely payment of wages the objective of ensuring livelihood security could not be achieved.

The matter was discussed with DPCs¹⁷ in the exit conferences held during July to August 2012. DPCs (Gumla, Palamu and West Singhbhum) accepted the delay in payment of wages (July-August 2012) while others did not furnish any reply.

6.2.3 Short payment of wages to labourers

As per paragraph 7.1.1 of the Operational Guidelines, 2008 every person working under the Scheme is entitled to wages at the minimum wage rate fixed by the State Government to be paid through Banks or Post Offices. During scrutiny of records we noticed that:

- The Government notified revision of wage rates thrice¹⁸ during the period 2007-12. In the test checked 16¹⁹ GPs of five blocks²⁰ and in five line departments,²¹ labourers were paid less wages amounting to ₹ 2.28 lakh against 33,205 person days²² during the period 2008-11 due to non-adherence to the revised wage rate notified by the Government from time to time.
- Scrutiny of records in Sisai and Bharno blocks of Gumla district revealed that during the period 2009-12, wages amounting to ₹ 2.14 crore were paid through “Large Area Multipurpose Society²³ (LAMPS)” to labourers. LAMPS deducted service charges at the rate of four to five *per cent* from the wages. This resulted in short payment of wages to labourers amounting to ₹ 8.81 lakh.

Payment of wages to the labourers through LAMPS resulted in short payment of wages to labourers amounting to ₹ 8.81 lakh

During the exit conference, the Principal Secretary accepted (July 2012) the audit observation and stated that recovery of service charges by LAMPS was irregular.

¹⁷ Dumka, Gumla, Pakur, Palamu and West Singhbhum.

¹⁸ ₹ 76 from 2005-06; ₹ 92 w.e.f. 1 January 2009; ₹ 99 w.e.f. 2 June 2009; ₹ 120 w.e.f. 1 January 2011.

¹⁹ Sikitia, Lagla, Arsande, Boreya, Gagi, Ornar, Itor, Hathiya, Gopinathpur, Baipi, Kulitorang, Bondo, Bargaon (North), Rerwa, Lekiya and Nagar (in GPs wages paid at the rate of ₹ 90 to ₹ 100 instead of ₹ 92 to ₹ 120).

²⁰ Chainpur, Chakradharpur, Jama, Kanke and Sisai blocks.

²¹ Zila Parishad, Dumka; MI Division, Gumla; RDS, Gumla; DFO, Pakur; Zila Parishad, Ranchi.

²² 10178 person days in 16 GPs and 23027 person days in 5 line departments.

²³ Large Area Multipurpose Society (LAMPS) is a society registered under Jharkhand Cooperative Societies Act, 1935. The aim of the society is to help and promote its members in agricultural activities etc.

The payment of wages to mates less than the wages paid to unskilled labourers

6.2.4 Short payment of wages to mates

As per paragraph 6.4.4 of the Operational Guidelines, 2008, the wages of mates should generally be similar to those of semi-skilled workers and in any case not less than those of unskilled workers.

We however noticed in three sampled blocks²⁴ and in Forest Division, Pakur, that payment of wages to mates was made at the rate of ₹ 103.57 per day while unskilled labourers were being paid wages at the rate of ₹ 120 per day (from January 2011). Thus, the payment of wages to mates was made at lesser rates than what was paid to unskilled labourers.

DPC Dumka stated that wages were paid as per the approved rate of the Government while DPC Pakur accepted the audit observations (July 2012). No reply was furnished by DPC West Singhbhum.

The reply of DPC Dumka was unacceptable since as per Guidelines mates were to be paid wages of semi skilled workers but not lesser than unskilled workers.

6.2.5 Payment of wages of more than one job card into single account

As per paragraph 7.2 of the Operational Guidelines, 2008 payment of wages are required to be made through bank or post office accounts opened on behalf of the concerned labourers/job card holders.

However, in contravention to the provision, in 10 GPs of Sadar block of Dumka district and in one GP of Sadar block of Pakur district, separate post office accounts for each job card holder are not opened for payment of wages. As a result, payment of wages of ₹ 1.19 lakh relating to 89 job cards holders were sent to 44 accounts in the post office (Dumka) instead of 89 bank/post office accounts. Similarly, payment of wages of ₹ 0.11 lakh relating to 12 job cards were sent to five accounts of post offices in Pakur district instead of 12 bank/post office account.

Thus, the payments procedures need to be examined to rule out irregular or fraudulent payments.

DPCs (Pakur and Dumka) accepted (July 2012) the audit observation and stated that each individual labour should have either joint or separate account.

6.2.6 Payment of wages without issue of wage slips

As per paragraph 7.2 of the Operational Guidelines, 2008 payment should be made through pay orders issued to banks/post offices, as the case may be. Besides a wage slip is also to be generated for intimation to the workers. The amount should be disbursed only on production of wage slips and the withdrawal slip by the worker or his authorised representative.

²⁴ Chakradharpur: ₹ 2,856 (16 cases), Jama block, Dumka and Sadar block, Pakur: ₹ 16,167 (27 cases)

No wage slips to workers were issued in all the test checked districts. In absence of wage slips, payment of wages is fraught with the risk of payments being made to ineligible persons

During audit we however, noticed that no wage slips to workers were issued in the 167 GPs test checked districts. In absence of wage slips, payment of wages is fraught with the risk of payment to other persons as noticed in the following instances:

- In Jhinkpani block of West Singhbhum district, bank advices of 10 labourers was sent to banks²⁵, but as per Muster Roll No. 02785 only nine labourers were engaged in the work during July 2010²⁶. Had wage slips been issued to the labourers, fictitious payment of ₹ 600 could have been avoided.
- In Dumka district, payments on different job cards were credited into a single account which could have been prevented by generation of wage slip.

DPCs (Dumka and West Singhbhum) accepted (July-August 2012) the audit observations in respect of wage slips.

6.3 Employment Generation

6.3.1 Non-payment of unemployment allowances

As per paragraph 1.4 (vi) of the Operational Guidelines, 2008 employment is to be provided within 15 days of application for work. If this is not done, then daily unemployment allowance as per the Act has to be paid. The liability of payment of unemployment allowance is on the State.

We however noticed that in three districts²⁷, 206 workers were provided employment after a delay of 33 to 1218 days. However, unemployment allowance amounting to ₹ 22.63 lakh was not paid to them during 2007-11. Thus, beneficiaries were deprived of legally guaranteed employment as well as unemployment allowance.

In reply the DPC, Ranchi stated (September 2012) that the concerned blocks have been asked to furnish the reasons. BDO, Chainpur accepted the audit observations whereas BDO, Bharno stated that concerned Panchayat Secretary was asked to furnish clarification.

6.4 Conclusion

The rules prescribed for handling of muster rolls (MRs) were not strictly adhered to which led to deficiencies such as use of MRs prior to their issue by the Programme Officer, use of irregular format of MRs, fraudulent payment, etc. Timely and adequate payment of wages by issuing wage slips to labourers was also not ensured. The beneficiaries were deprived of legally guaranteed employment as well as unemployment allowance.

²⁵ Punjab National Bank, Jhinkpani – Wage amount of 9 labourers and Jharkhand Gramin Bank, Jorapokhar – wage amount of 1 labour

²⁶ Period from 4 July 2010 to 10 July 2010.

²⁷ Gumla, Palamu and Ranchi.

6.5	<i>Recommendations</i>
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- Prescribed norms for Muster Rolls should be strictly followed to ensure transparency and accountability in payment of wages;
- Government should ensure timely payment of wages failing which compensation should be paid;
- Issue of wage slips to labourers should be ensured as per the scheme guidelines; and
- Government should ensure provision of employment on demand failing which unemployment allowance should be granted.

CHAPTER – 7

EXECUTION OF SCHEMES

Chapter 7

Execution of Schemes

7.1 Works Execution

MGNREGS ensures basic employment guarantee in rural areas to strengthen the livelihood resource base of the rural people. The focus of the scheme is on works such as water conservation, drought proofing (including afforestation and tree plantation), minor irrigation works, provision of irrigation facility to land owned by weaker sections, etc. Creation of durable assets is another important objective of MGNREGS. As per the Operational Guidelines the ratio of wage costs to material costs should not be less than the minimum norm of 60:40 stipulated in the Act. This ratio is to be applied at all levels¹. Further, the Operational Guidelines, 2008 prescribes that the State Government should devise a mechanism for transparent method of purchase of materials to be used under the Scheme.

As per information furnished (April 2012) by the Rural Development Department (RDD), a total of 9.84 lakh works were taken up under MGNREGS during the period 2007-12, out of which 2.69 lakh works were reported to have been completed. Actual completion of works against those taken up during 2007-12, ranged between 13 and 47 *per cent* (**Appendix 7 A**). Similarly, in the six test checked districts, out of 3.40 lakh works taken up for construction during 2007-12, 1.11 lakh works were reported to have been completed. Actual completion of works against those taken up during 2007-12 ranged between 14 and 48 *per cent* (**Appendix 7 B**).

During audit we noticed several deficiencies in execution of work such as violation of wage material ratio, execution of inadmissible works, sub-standard works, procurement of materials without tender and quotation, wasteful expenditure on abandoned works, etc. which are discussed in the succeeding paragraphs:

7.1.1 Violation of the norms of wage material ratio

As per Guidelines of Rural Development Department, GoJ, model estimates were required to be prepared to remove any anomaly in measurement and amount for similar kinds of works executed within the State, and to bring uniformity in construction work within the scheme in the State.

Scrutiny of records in the RDD as well as in the test checked districts revealed that while preparing the model estimates for construction of wells and Grade I roads, fixed for wages and material ratio had been violated. The proportion of wage material ratio under these estimates is described in **Table 12**:

¹ GPs, Blocks and Districts

Table 12: Particulars of model estimates relating to well and grade-I road

Particular of Model estimate	Estimated cost (₹ in lakh)	Ratio of wage component (in percentage)	Ratio of material component (In percentage)
Well of (12'x35') Stone masonry	1.397	51.05	48.95
Well of (12'x35') Brick masonry	1.520	45.24	54.76
Well of (15'x35') Stone masonry	1.790	53.43	46.57
Well of (15'x35') Brick masonry	1.948	46.50	53.50
Grade I Road	5.33	21.92	78.08

Violation of the 60:40 norms of wage material ratio resulted in lesser generation of 38.73 lakh extra person days

It would be seen from the above that against the prescribed ratio of 60 *per cent* on wages, ratio on wages provided ranged between 22 and 53 *per cent*. Thus, execution of works on such model estimates resulted in violation of the norms at each level during execution. Specific instances are discussed below:

- Out of the six test checked districts, in West Singhbhum and Pakur districts wage material ratio during 2007-10 ranged between 35 and 56.31 *per cent* (wage) and 43.68 to 65 *per cent* (material). Excess expenditure on material component was ₹ 33.22 crore. Had the prescribed ratio been maintained by the two districts, 38.73 lakh extra persondays could have been generated (*Appendix 8 A*).

The matter was discussed with the concerned DPCs in the exit conference during which DPC, Pakur accepted (July 2012) the fact and stated that due to material intensive works the ratio was compromised. No reply was furnished by the other DPC.

- In 80 test checked schemes relating to 34 GPs and two blocks,² due to non-maintaining the prescribed wage material ratio, ₹ 50.06 lakh was spent on material component in excess of the prescribed ratio, which could have been utilised on creation of 0.42 lakh person days³ (at the rate of ₹ 120 per day) of employment (*Appendix 8 B*).

In reply BDOs Chainpur, Jama, Lesliganj and Sadar block Gumla accepted the audit observations (June-August 2012).

- In NREP, Dumka, 348 schemes of ₹ 21.15 crore were taken up during 2007-10 of which 318 schemes were completed after incurring expenditure of ₹ 15.95 crore. It was noticed from the divisional records that expenditure on material component was ₹ 7.81 crore instead of ₹ 6.38 crore⁴ permissible as per norms. Thus, excess expenditure of ₹ 1.43 crore was incurred on material component which could have been utilised on creation of 1.19 lakh⁵ person

² Chainpur and Lesliganj

³ ₹ 50.06 lakh ÷ ₹ 120 (labour rate) = 41717 persondays

⁴ ₹ 15.95 crore x 40 *per cent* = ₹ 6.38 crore

⁵ ₹ 1.43 crore ÷ ₹ 120 (labour rate) = 1,19,166 persondays

days (at the rate of ₹ 120 per day) of employment. The Executive Engineer, NREP division Dumka stated that works executed by the division were sanctioned by the district (August 2012).

The reply is not acceptable since the wage material ratio of 60:40 should have been maintained while taking up the MNREGS works.

7.1.2 Execution of inadmissible work

As per paragraph 4 (viii- e) of MGNREGA Works Field Manual, works of Earthen and *Mitti-Murram* roads were inadmissible since they become muddy in the rainy season and dusty in the summer season. Therefore, they are non-durable and are not fit for all weather use.

Scrutiny of records of 16 blocks and five line departments of the six test checked districts however, revealed that during 2007-12, 1,408 *Mitti-Murram* works amounting to ₹ 50.57 crore were taken up for construction and ₹ 33.74 crore was spent thereby violating the prescribed norms. Thus, Government failed to create any durable asset despite incurring expenditure of ₹ 33.74 crore (*Appendix 9*).

During the exit conference the Principal Secretary stated that if the guidelines do not provide for *Mitti-Murram* roads necessary instructions will be issued to DPCs not to undertake *Mitti-Murram* roads in future.

7.1.3 Execution of sub-standard work

Paragraph 1.2 (b) of the Operational Guidelines, 2008 envisages that all assets created under the scheme must be productive and durable, and should conform to the prescribed standards. As per paragraph 4 (iv) 1 of MGNREGA Works Field Manual, the design for the construction of a pond must include inlet and outlet with reference to catchment, rainfall and topography, leaving proper berm, breaking clods and dressing with required slide slopes.

During scrutiny of records as well as during joint physical verification with Junior Engineer / Panchayat Secretary / Mukhiya, several instances of execution of sub-standard works in the test checked districts were noticed which are discussed below:

Ponds

- In Minor Irrigation Division, West Singhbhum, 77 ponds were sanctioned for construction at a cost of ₹ 11.62 crore. A sum of ₹ 4.65 crore was released for construction and renovation of Ponds (September 2009) as first instalment. However, construction of inlet and outlet of ponds was not included in the estimate. Thus, the estimates approved by the Executive Engineer for the Ponds were faulty. During audit we noticed that after incurring expenditure of ₹ 2.08 crore (April 2012) on partially constructed ponds based on such sub-standard estimate, the remaining ₹ 2 crore was surrendered on the instruction of DC by the division (March 2011). Since then all the 77 ponds were left incomplete resulting in siltation and non completion of the ponds (August 2012). Thus, the entire expenditure of ₹ 2.08 crore incurred was rendered

Expenditure of ₹ 33.74 crore was made on inadmissible works under MGNREGS

Partially constructed 77 ponds resulted in unfruitful expenditure of ₹ 2.08 crore

unfruitful. Besides, in all the test checked districts, the codal provisions were also not followed while constructing the ponds/tanks.

In reply the DC, West Singhbhum stated (August 2012) that sometimes works remain incomplete due to selection of improper worksites and land disputes.



Photograph showing pond without inlet and outlet in Kumarpur Panchayat in Sadar block of Pakur

Irrigation wells

- As per paragraph 4 (iv) 1 of MGNREGA Works Field Manual, dug well should be sanctioned and constructed on the advice of the Ground Water Department for ascertaining the availability of water and well-to-well spacing. Peep holes packed with grit should be constructed/ provided to ease outside pressure and facilitate entry of clean water into the well and a recharge structure should be part of the estimate to be constructed simultaneously at least five feet away from the wells.

However, during joint physical verification of works with the JEs/Panchyat Sevaks carried out by audit in Dumka and Pakur districts works were found carried out without adhering to the prescribed specifications.



Photograph showing well without recharge well at Kalidaspur GP at Pakur

During joint physical verification of irrigation wells at Dumka Sadar block (60 wells) and Sadar Block at Pakur (31 wells) it was seen that the depth of the well was less than the depth as recorded in Measurement Book by 2'6" to 6'3" in Dumka (two cases) and in Pakur (three cases). The diameter was less by 3" to 1'6" at Dumka (in three cases) and Pakur (in one case). The details are as given in **Table 13**:

Table 13: Results of physical verification of irrigation wells

Sl. No.	Scheme No.	Measurement Book	Physical Verification	Difference
1.	4/11-12, Nashipur, Pakur sadar Block, 15'x35'	Depth 30'3"	Depth 24'0"	6'3"
2.	4/11-12, Madanmohanpur, Pakur sadar block, 15'x35'	Depth 34'6"	Depth 32'0"	2'6"
3.	29/11-12, Kumarpur, Pakur Sadar block, 15'x35'	Depth 35'0"	Depth 32'0"	3'
4.	4/11-12, Madanmohanpur, Pakur Sadar block, 15'x 35'	Diameter 15'0"	Diameter 14'8"	4"
5.	6/10-11, Bartalli, Dumka Sadar Block, 15'x 30'	Diameter 15'	Diameter 14'9"	3"
6.	8/08-09 Kerabani Dumka Sadar Block 15'x 30'	Diameter 15'	Diameter 14'7"	5"
7.	16/08-09 Bartalli Dumka Sadar Block, 15'x30'	Diameter 15'	Diameter 13'6"	1'6"
8.	16/08-09 Bartalli Dumka Sadar Block, 15'x30'	Depth 30'	Depth 24'	6'
9.	54/10-11 Haripur Dumka Sadar Block 15'x30'	Depth 27'.6"	Depth 24'.5"	3'1"

Source: Results of joint physical verification.

During joint physical verification of wells at Pakur and Dumka districts, it was seen that the depth and diameter was less than that recorded in the MBs, as indicated in **Table 13**. Further, test check of files disclosed that the model estimate did not include the provision of recharge structure, though it should have

been given due care while framing the model estimate for irrigation wells. These are essential to keep the well recharged for a longer period and to overcome depletion of ground water level. The advice of the concerned Ground Water Department for availability of water and well-to-well spacing was also not obtained, considered and documented in the work files. Irrigation wells were sanctioned without giving due care, to these factors.

We observed that the total depth of five wells recorded in the MB was 157'3" whereas joint physical verification of the wells revealed that the actual depth was only 136'5". Thus, ₹ 1.49 lakh⁶ was paid in excess for 20'10" (157'3"-136'5") of depth which was not actually dug.

DPC, Pakur accepted the observations (July 2012) and directed the BDOs to recover the excess payment while DPC, Dumka stated (July 2012) that works were carried out on the basis of model estimate. The reply of DPC Dumka was not acceptable as execution of work on model estimates does not mean execution of inferior quality of work.

Roads

As per paragraph 6.1(ix) of the Operational Guidelines, 2008, material intensive works (pucca works) should not be taken up. However, Plain Cement Concrete (PCC) roads were constructed in Pakur district. As per the MB (scheme no. 2/07-08), P.C.C road (Dimension 700'x6'x0'6") was constructed in Sitapahari GP of Pakur Block. The width of the road was found between 4'9" and 5'0" (approx 300 feet) during physical verification (June 2012) as against the estimated width of 6 feet.

We observed that ₹ 0.10 lakh was paid in excess in respect of construction of PCC road to the executing agency for the work (4.24 M³) which was not actually carried out.

Besides, earthen-*murram* road (estimated provision 1300'x10'x3", scheme no. 1/10-11) was to be constructed at Hiranandpur Panchayat in Pakur Sadar block. During joint physical verification the width of the entire road was found to be between 3' and 4' which was less than those booked in the MB (Dimension 1410'x 6'x 3").

The DPC, Pakur accepted the observations (July 2012).

⁶ Dumka Sadar Block (2 schemes; ₹ 0.46 lakh), Pakur Sadar Block (3 schemes ₹ 1.03 lakh)= ₹ 1.49 lakh.



Photograph showing sub standard PCC road at Sitapahari GP in Pakur district



Photograph showing sub-standard Earthen- murrum road at Pakur district Hiranandpur GP

7.1.4 Procurement of material without floating tender and quotation

Rule 131 (C and D) of Jharkhand Financial Rules, 2001 prescribes purchase of goods above ₹ 15,000 on the basis of inviting quotations/tenders. RDD, GOJ also directed (May 2010) to purchase all material to be utilised under MGNREGS costing up to ₹ 50,000 through inviting quotation/open tenders and directed DPCs to fix the rate of material at the district level after inviting open tenders. Names of block wise panel of agencies/firms were to be made available to BDOs thereafter. All implementing agencies including line departments had to purchase material from the empanelled firms only.

Material worth ₹ 4.37 crore was purchased from registered/ un-registered suppliers without inviting tenders

Scrutiny of records in four blocks⁷ (in 26 GPs) and ten⁸ line departments in the six test checked districts however, revealed that during the period 2007-12, the aforesaid norms were not followed and materials were purchased without inviting

⁷ Jarmundi, Jama, Hiranpur and Lesliganj

⁸ Zila Parishad, Gumla and Ranchi, RDSD, Dumka, and Pakur; RDSD, Gumla, DFO, Pakur, DFO (Tasar), Dumka, DFO (Territorial), Dumka, DFO Social Forestry, Dumka, NREP, Dumka.

quotation/ open tenders, as a result of which material worth ₹ 4.37 crore was purchased from registered/ un-registered suppliers without inviting tenders by violating the norms.

The matter was discussed with DPCs concerned and DPC Ranchi stated that tender has been published in the newspaper but no tenderers turned up while DPCs (Palamu, Pakur, Dumka and Gumla) accepted the audit observations (July-August 2012).

7.1.5 Wasteful expenditure

MGNREGA Works Field Manual prescribes that to avoid failure of wells and optimum utilisation of expenditure made, a certificate from the concerned Ground Water Department for the availability of water and well-to-well distance to be maintained should be taken before sanctioning the work. Further, as per the model estimate of the well, proper survey and investigation of the work site was required to be carried out to avoid detection of rocks during execution and to decide the suitability of the site as per work requirements.

Scrutiny of records revealed that during the period 2007-12, a sum of ₹ 1.72 crore⁹ was rendered wasteful on collapsed/ abandoned irrigation wells (2472 works) in Dumka district and in 244 GPs of two test checked blocks¹⁰ of Ranchi and West Singhbhum districts. The primary reasons for these were emergence of hard rock strata, land disputes and delay in issue of work order during execution. Expenditure incurred on incomplete schemes was rendered wasteful due to poor site selection. Thus, the objective of the scheme to provide durable assets to communities remained un-fulfilled despite incurring of expenditure.

The BDO Kanke accepted the audit observations (August 2012) and stated reasons of high rainfall and delay in carriage of material, while the DDC Dumka stated (June 2012) that due to land dispute, emergence of hard rock and delay in issue of work order, schemes were closed pre-maturely.

7.1.6 Expenditure incurred in excess of estimated cost

Scrutiny of the records relating to four works of three GPs¹¹ revealed that against the estimated cost of ₹ 24.24 lakh expenditure amounting to ₹ 28.10 lakh was incurred due to excess expenditure of ₹ 3.86 lakh on material component. No reasons for excess expenditure were found on record.

A sum of ₹ 1.72 crore was rendered wasteful on collapsed /abandoned irrigation wells

⁹ Kanke block of Ranchi district (198 scheme ₹ 70.99 lakh); Dumka district (2250 scheme ₹ 92.76 lakh); Chakradharpur block of West Singhbhum district (24 schemes ₹ 8.35 lakh) = ₹ 172.10 lakh or say ₹ 1.72 crore.

¹⁰ Chakradharpur block of West Singhbhum district and Kanke blocks of Ranchi district.

¹¹ Atkora, Dumbo and Karaundajor Panchayat of Bharno block of Gumla district.

7.1.7 Execution of works without measurement

As per paragraph 6.7.5 of the Operational Guidelines, 2008 measurement will be recorded in the Measurement Books (MB) maintained by qualified technical personnel in charge of the worksite. Verification should be done by qualified personnel a week before payment of wages. Measurement should be done on a daily basis and in a transparent manner.

₹ 9.16 crore was paid to labourers and suppliers in 587 works without recording measurements in MBs

- We however, noticed that in Angara block of Ranchi district, 587 works were executed under 20 GPs at ₹ 9.16 crore during 2007-12 in which measurement had not been recorded by the JEs in the MBs. Thus, ₹ 9.16 crore paid to labourers and suppliers against estimated value of ₹ 18.07 crore was irregular as works and services executed by them were not verified by qualified technical persons.
- As per RDD resolution issued in January 2001, measurement of a work is required to be finally approved by the Executive Engineer if the value of work is more than ₹ one lakh. However, we observed that in Bharno Block, district Gumla, ₹ 19.19 lakh was paid to an executing agency without the approval of the competent authority.

The BDO, Bharno accepted the mistake and stated that the building was physically complete and the signature of the Executive Engineer is awaited.

- Further, in five GPs¹² of Bharno block and Minor Irrigation division of Gumla district, an expenditure of ₹ 9.68 lakh was incurred on purchase of material in 12 schemes after final measurement recorded between June 2008 and July 2011. However, the same has been stated to have been utilised in the said schemes between September 2008 and March 2012 i.e. after three to twelve months from the date of completion of the work. DPC, Gumla accepted the audit observation (August 2012).

7.1.8 Non-maintenance of created assets

As per paragraph 1.2 (b) of the Operational Guidelines, 2008, through the process of providing employment on works that address causes of chronic poverty, such as drought, deforestation and soil erosion, the Act seeks to strengthen the natural resource base of rural livelihood and create durable assets in rural areas. The maintenance of assets created under the Scheme (including protection of afforested land) was a permissible work under MGNREGS. Further, as per paragraph 9.1 (viii) of Operational Guidelines, 2008 an Asset Register containing details of the asset, its cost, location, current status, benefits derivable and the details of works which have been taken on the asset is required to be maintained by the PO/GP/other implementing agencies.

¹² Atakora, Marashili, Karaundajor, South Bharno and North Bharno.

Neither funds were provided for maintenance of created assets nor were the asset registers maintained in the test checked districts in prescribed formats

During audit we observed that no funds for the maintenance of created assets were provided to any of the test checked districts since budget provision for maintenance of assets was not made by the State Government. None of the test checked districts, blocks and GPs maintained the Assets Registers in the prescribed format. However, as per the information furnished to audit by the six test checked districts, 1,02,727 assets were shown to have been created during 2007-12 after incurring an expenditure of ₹ 553.32 crore. Thus, due to non-maintenance of assets register in the prescribed format, the current status of the created assets could not be ascertained and hence pre-mature loss of 1.03 lakh assets created due to wear and tear and onslaught of weather cannot be ruled out.

In reply, the DPCs accepted (July-August 2012) the audit observations, and assured to take necessary action in this regard.

7.1.9 Maintenance of plantation work

According to paragraph 6.1.3 of the Operational Guidelines, 2008, the maintenance of assets created under the scheme including protection of afforested land was to be considered as permissible works under MGNREGS.

₹ 13 crore was rendered infructuous as plantation works allotted to 18 NGOs remained incomplete

We noticed that in Gumla district, 18 Non Government Organisations (NGO) were allotted 24 works relating to plantation of Mango trees, Jatropha, different kinds of fruit plantation, mixed intensive lac orchard, *Safed Musli* and Stevia in 10435.419 acres, at an estimated cost of ₹ 19.41 crore under MGNREGS during 2007-08. We noticed that DRDA, Gumla released ₹ 13 crore for completion of the plantation work. The balance amount was to be released during successive years for maintenance of the plantation. In this connection we observed the following:

- Works like Stevia Crop Plantation and *Safed Musli* cultivation were not to be carried out as per clarification of MoRD.
- None of the 24 plantation works were approved by the Gram Sabha but were approved by DPC.
- Works of Stevia crop plantation and *Safed Musli* were awarded on contract basis to M/s Brahmanand Farms and Research Center, Jamshedpur for ₹ 4.92 crore against which ₹ 4.86 crore were released in contravention of the provisions of the Act.
- ₹ 59 lakh against the estimated cost of ₹ 69 lakh for Jatropha plantation in 679.34 acres were released to an NGO.
- The district administration cancelled all MOUs and agreements with the agencies and lodged FIRs (July 2008) against them (except NGO 'Pradan') for fake purchase of compost. Thereafter physical verification were conducted by the Department (August 2008 to February 2009) and it was found that plantations on only 2433.74 acres (23 per cent) were done, against the approved area of 10435.419 acres. During physical verification survival of 13 lakh plants as against 74.73 lakh plants sanctioned, were reported.

- Consequent to the verification, cases were filed against all agencies for recovery of ₹ 10.13 crore paid to them. The amount was not recovered till June 2012.

DDC, Gumla stated that FIRs had been lodged against the NGOs and certificate cases¹³ had also been filed for recovery of Government money. Notwithstanding the post-facto action initiated by the district administration, the entire amount of ₹ 13 crore released was rendered infructuous.

2949 works remained incomplete though ₹ 27.91 crore was incurred on them

7.1.10 Incomplete Schemes

We during audit noticed that in 117 test checked GPs of six sampled districts, 2,949 works which were sanctioned during 2007-12 remained incomplete after a lapse of time of upto five years due to improper planning, slow progress of work, engagement of GRS in multiple works etc. Expenditure on incomplete works was ₹ 27.91 crore. Thus, the State failed to create durable assets with respect to the incomplete works for the use of community, despite incurring huge expenditure.

The DPC, Gumla accepted the audit observations and stated (August 2012) that most of the schemes are physically complete and some schemes are being shown as incomplete due to non-entry of data in MIS. However, he assured to take necessary corrective measures. DPC, Pakur (July 2012) stated that necessary action would be taken to complete the schemes.

7.1.11 Non/short deduction of Royalty and Sales tax

7.1.11.1 Non /short deduction of royalty

As per Rule 55 of the Jharkhand Minor Mineral Concession (JMMC) Rules 2004, purchase of minor minerals can be made from lessees/permit holders and authorised dealers only for which submission of challans along with affidavits in form 'O' and particulars in form 'P' is required. Claim of payment will be inclusive of the details of sources of purchase of minerals, the prices paid and the quantities procured, along with the bills. Photocopies of forms 'O' and 'P' so obtained will be submitted to the Mining Department by the implementing agency for verification of the details furnished. If the details furnished were found to be false, either wholly or partly, it was to be presumed that the minerals were obtained by illegal mining and the defaulters were liable to pay the royalty at double the rate as penalty.

We noticed that although minerals were procured without challans and affidavits in the requisite forms, royalty at the prescribed rates were not deducted. This had resulted in short deduction of royalty. Instances are as discussed below:

¹³ Certificate Case means recovery case under State Public Demand Recovery Act.

There was short deduction of royalty amounting to ₹ 12.07 lakh and non deduction of royalty amounting to ₹ 4.12 lakh

During test check of 25 GPs of six sampled districts and in three line departments¹⁴ in 90 works, there was short deduction of royalty amounting to ₹ 12.07 lakh (2007-12). Similarly, in test checked 11 GPs and three line departments¹⁵ of two districts (Dumka and Pakur), royalty amounting to ₹ 4.12 lakh was not deducted in 45 works.

On this being pointed out the concerned officers stated that action would be taken in this respect.

7.1.11.2 Non-deduction of Sales tax

Under the provision of Jharkhand Value Added Tax, 2005 and notification¹⁶ issued thereunder, sales tax is deductible at the time of payment at the prescribed rate in respect of the sale or supply of taxable goods to Government departments for any other body/authority of the Government. Guidelines of MGNREGS prescribes that vouchers of materials containing supply of more than ₹ 5,000 will bear the TIN¹⁷ of suppliers.

Sales tax amounting to ₹ 8.37 lakh was not deducted

In four line departments¹⁸ materials amounting to ₹ 2.44 crore were procured from unregistered suppliers and sales tax was not deducted. This had resulted in non-deduction of sales tax amounting to ₹ 8.37 lakh¹⁹.

Executive Engineer, RDS division Gumla, District Engineer, Zila Parishad, Gumla and DFO, Saranda division West Singhbhum accepted the audit observations, while MI Division, Dumka stated that matter would be examined (July-August 2012).

7.1.11.3 Non-deposit of revenue in treasury

As per financial norms prescribed by the Government any revenue collected on behalf of the Government should be deposited into the proper head of account soon after its collection.

A sum of ₹ 22.03 lakh deducted as royalty and sales tax was not remitted into the treasury

Contrary to these instructions, in Zila Parishad, West Singhbhum, ₹ 22.03 lakh in the shape of royalty and sales tax collected from different implementing agencies during the period 2008-11 was not remitted into the treasury for which no reasons were found on records. No reply was furnished by Zila Parishad though called for (July 2012).

¹⁴ Zila Parishad, Ranchi, RDS Division, Gumla, RDSD, Dumka

¹⁵ DFO (Tasar), Dumka, DFO(Territorial), Dumka, DFO (Social forestry), Dumka

¹⁶ Letter no. SO 209 Dated 31 March 2006

¹⁷ Tax Identification Number

¹⁸ RDS Division, Gumla, Zila Parishad, Gumla, DFO, Saranda, Forest Division, West Singhbhum and MI, Division Dumka

¹⁹ RDS Division, Gumla (₹ 3.59 lakh), Zila Parishad, Gumla (₹ 3.74 lakh) and DFO, Saranda, Forest Division, West Singhbhum (₹ 0.14 lakh) and MI, Division Dumka(₹ 0.90 lakh)

Similarly in three blocks (Lesliganj, Sisai and Bharno) of Palamu and Gumla districts, ₹ 8.04 lakh ²⁰ deducted as royalty during 2007-10 was not remitted/deposited into Government account (as of June 2012), the reasons for which were not available on the record.

In reply the concerned BDOs stated that action will be taken to remit the Government revenue (May-June 2012).

7.2 Conclusion

Execution of works suffered from several deficiencies such as execution of inadmissible works, sub-standard works and non-adherence of procedures /norms devised for purchase of materials. The Government failed to create durable assets for the use of the community as 2,949 works sanctioned during the period 2007-12 remained incomplete even after lapse of time of upto five years due to improper planning, slow progress of work, engagement of GRS in multiple works etc., despite incurring expenditure of ₹ 27.91 crore.

7.3 Recommendations

- Execution of qualitative works and maintenance of created assets should be ensured;
- Prompt action to deposit the Government receipts in the Government account should be ensured; and
- Efforts should be made to get the incomplete works completed at the earliest to create durable assets for the use of community.

²⁰ BDO Lesliganj (₹ 2.15 lakh), BDO Sisai (₹ 2.28 lakh) and BDO, Bharno (₹ 3.61 lakh)

CHAPTER – 8

ENVIRONMENT PROTECTION AND SOCIAL ASPECT

Chapter 8

Environment protection and Social aspect

8.1 *Environment protection*

MGNREGS is suppose to address issues of water conservation and water harvesting since it mandates that the works ought to augment the ground water level. Keeping in view the vulnerable hydrological situation of the State, the State Government identified (June 2008) water conservation and water harvesting, as priority works. As per MGNREGA Works Field Manual,¹ a pucca recharge structure should be part of the well estimate and should be constructed at least 5' away from the well. The recharge structure should be a pucca chamber and for filtering purpose, the boulders should be at the bottom, thereafter grit should be put and finally sand on the top.

8.1.1 *Decline in ground water level*

As per information furnished to audit by DPCs in the six test checked districts, 84,294 water conservation works and 1,40,646 irrigation works were targeted for construction under MGNREGS during the period 2007-12, out of which 34,503 (41 per cent) water conservation works and 32,867 (23 per cent) irrigation works were completed after incurring expenditure of ₹ 3.19 crore² (March 2012). Besides providing irrigation facilities, the long term objective of such schemes was to recharge ground water level to improve the depleting water table. Further, according to an independent study published in February 2011 on Jharkhand's water table by an NGO, "Judav", many districts of Jharkhand were facing acute water shortage and the water table had depleted by three meters i.e. from 17 metres to 20 metres between 2009 and 2010 which was also confirmed by the Groundwater Directorate. The main cause was stated to be the adoption of non-scientific methods in construction work which was confirmed by research in 60 villages in Khunti district where drought-proofing measures had failed.

Scrutiny of the model estimates pertaining to construction of wells under MGNREGS in the State revealed that the estimates were prepared without provision of pucca recharge structure. Thus, despite substantial expenditure on water conservation and irrigation works the objective of the scheme to recharge ground water level remained unfulfilled due to non-recharging of ground water level.

During the exit conference the Principal Secretary stated (July 2012) that non-construction of recharge structure along with wells was due to avoiding taking up material intensive works under the scheme.

¹ MGNREGA Works Field Manual of G.N.Sharma, Nodal Expert, Consultant (Works), MGNREGA Division, MoRD, GoI

² Irrigation works ₹ 164.92 lakh and Water conservations ₹ 154.38 lakh = ₹ 319.30 lakh

The fact remains that construction of the recharge structure along with the well was necessary as per paragraph number 4(iv) 1 MNREGA Works Field Manual.

Procurement of material was from unregistered suppliers who supplied minerals extracted illegally

8.1.2 Irregular procurement of materials from illegal mining

As per paragraph 1.2 (b) of the Operational Guidelines, 2008 one of the objectives of MGNREGS was to serve as a growth engine for sustainable development of the agricultural economy by providing employment on works that address causes of chronic poverty such as drought, deforestation and soil erosion.

During scrutiny of records in 47 GPs of Ranchi and West Singhbhum districts we noticed that a sum of ₹ 11.93 crore of MGNREGS fund was spent during the period 2007-12 on procurement of materials such as boulder, metal, chips, *murram* etc. from unregistered suppliers who supplied the above materials through illegal extraction as evidenced by the fact that they did not submit the Forms O & P³, transport challans, etc. This also resulted in harming the environment due to unauthorised extraction of minerals.

DPC Ranchi accepted the facts and stated (September 2012) that tender has been published in the daily newspapers for procurement of material but no tenderers had turned up. However, the audit observation was noted for future guidance. DPC West Singhbhum stated (August 2012) that since double the rate of royalty amount is being paid to Mining department hence the procurement cannot be treated as irregular.

The reply of DPC West Singhbhum is not acceptable since in terms of Jharkhand Minor Minerals Concession Rules 2004 under section 54 (i & viii) any person transporting minerals from unauthorised quarries would be treated as an illegal miner and he would be liable to pay penalty up to the cost of minerals.

8.2 Social aspects

One of objectives of MGNREGS is to provide a strong social safety net for vulnerable groups like Scheduled Castes (SCs) and Scheduled Tribes (STs). Paragraph 5.5.9 of the Operational Guidelines, 2008 also stipulates priority in provision of employment to women so that one-third of the total beneficiaries are women who have registered for work under the scheme.

8.2.1 Representation of SC, ST and Women to foster social equality

Representation of SC, ST and women in implementation of MGNREGS in the State as per information furnished by the Department is given in **Table 14**:

³ As per Jharkhand Minor Minerals Concession Rules 2004 any person transporting minerals from authorised quarries is liable to furnish an affidavit in form "O" and details of supply in form "P" prescribed by the Mining department to implementing officer/agency for verification by Mining Department.

Table 14: Representation of SC, ST and women in total person days generated during 2007-12*(Number in lakh)*

Year	Total person days generated	SC person days with percentage	ST person days with percentage	Women person days with percentage
2007-08	754.46	155.34 (21)	316.99 (42)	204.62 (27)
2008-09	755.25	137.35 (18)	300.31 (40)	214.99 (28)
2009-10	842.47	135.15 (16)	362.12 (43)	288.53 (34)
2010-11	830.77	111.70 (13)	349.57(42)	278.05(33)
2011-12	470.90	59.52 (13)	182.36 (39)	145.80 (31)

Source: RDD

It was evident that representation of SCs and STs was 13 to 21 *per cent* and 39 to 43 *per cent* of the total person days of employment generated during 2007-08 to 2011-12 which was encouraging, considering the fact that SCs and STs constituted 11 *per cent* and 27 *per cent* of the population of the State. However, the percentage of SC, ST and women getting employment has registered a decline since 2010-11 and women who got employment were less than the stipulated one-third of the total beneficiaries in 2011-12.

8.2.2 *Rashtriya Swasthya Bima Yojana*

MoRD, GoI advised (September 2008) the Government of Jharkhand to ensure that the MGNREGS workforce is covered under the 'Rashtriya Swasthya Bima Yojana (RSBY)' as physical health is their basic capital and bodily labour is their instrument for livelihood. RSBY is a scheme of the Ministry of Labour and Employment. The main objective of this scheme was to provide health insurance cover to the below poverty line (BPL) workers and their families in the unorganised sector, and to improve cashless access of BPL families to quality medical care for treatment of diseases involving hospitalisation and surgery, through an identified network of health care providers.

There was inadequate coverage of MGNREGS workers under Rashtriya Swasthya Bima Yojana

We noticed that the Secretary, RDD, GoJ directed (October 2008) the DPCs to provide the list of MGNREGS workers who work for at least 14 days in a financial year, as they become entitled to health insurance under Rashtriya Swasthya Bima Yojana (RSBY), to the Department of Labour and Employment so that they can be benefited under RSBY.

According to the information furnished by the Department of Labour, Employment and Training, GoJ, the number of households enrolled under RSBY till March 2012 was 41,343 in four⁴ test checked districts out of 1.90 lakh MGNREGS households in these districts. Thus only 22 *per cent* of the households was covered under RSBY. We further noticed that no household was covered under RSBY in the remaining two districts (Gumla and Palamu) against 0.90 lakh⁵ MGNREGS households.

⁴ Dumka (Enrolment 25971: Household 61590), Pakur (Enrolment 1242: Household 41329), Ranchi (Enrolment 13953: Household 30622) and West Singhbhum (Enrolment 177: Household 56136)

⁵ Gumla (Enrolment Nil: Household 41946) and Palamu (Enrolment Nil: Household 48432)

In reply, the State Rural Employment Guarantee Commissioner, Jharkhand stated (June 2012) that directions to all districts have been given by his office many a time to provide a list of such NREGA workers. The districts were again being informed for furnishing such information and the same would be provided to audit after compilation.

The reply itself indicates that RDD, GoJ was also not aware about the number of registered households covered under RSBY. Thus, due to inadequate coverage the objective of covering MGNREGS workers under health insurance scheme was defeated.

8.3 Conclusion

Construction of wells without recharge structure and non-adoption of scientific methods in construction works were reasons for depleting ground water level in the State. Further, coverage of MGNREGS households under RSBY health insurance scheme was inadequate.

8.4 Recommendations

- MGNREGA Works Field Manual may be adhered to for preparing estimates and in construction works; and
- Adequate coverage of MGNREGS households under RSBY may be ensured.

CHAPTER – 9

CONVERGENCE

Chapter 9

Convergence

9.1 *Convergence of MGNREGS with other programmes*

As per paragraph 14.1 and 14.2 of the Operational Guidelines, 2008 convergence of MGNREGS funds with funds from other sources for the creation of durable assets is permissible. However, it was to be ensured that MGNREGS funds did not substitute for resources from other sectors or schemes. Social Sector programmes such as literacy and health missions can be converged with this Scheme to extend the benefits of these programmes to MGNREGS workers. State Government issued directions to DPCs in November 2009¹ for convergence of other schemes with MGNREGS.

We noticed that in the test checked districts only construction of Bharat Nirman Rajeev Gandhi Sewa Kendra (BNRGSK) scheme was taken up for construction under convergence with MGNREGS. No other social sector programmes such as literacy and health missions were converged with MGNREGS.

9.1.1 *Construction of Bharat Nirman Rajiv Gandhi Sewa Kendra (BNRGSK)*

MoRD, GoI has expanded the scope of works under schedule 1 Para 1(g) to include construction of BNRGSK at the GP and Block level to strengthen the infrastructure at the Gram Panchayat and the Programme Office level. The objective of this scheme was to enable an efficient implementation of MGNREGA and for operationalisation of Information, Communication and Training (ICT) facilities to support GPs and block offices as well as public access to information and online transactions related to the development process. For the Backward Region Grant Fund (BRGF) districts, the material component was to be met from BRGF and the labour component from MGNREGS. In case the material resource support from BRGF was inadequate, the same could be incurred under MGNREGS, provided the material component did not exceed 40 *per cent* at the district level.

The following deficiencies in construction of *Seva Kendras* were noticed:

- While scrutinising the information furnished by the DPCs we noticed that in the six test checked districts, against the targeted 920² building only 98 BNRGSK buildings were completed as of March 2012 which was merely 11 *per cent* of the target. Thus, the infrastructure for smooth functioning of PRI both at Panchayat and programme officer level could not be created till March 2012 despite availability of sufficient fund.
- In Ranchi district, to construct 18 numbers of BNRGSK buildings in 18 blocks, Administrative Approval for ₹ 4.45 crore was accorded by DPC (July 2010) without defining the share of cost on labour and material components, to be met from MGNREGS and BRGF. However, in the

¹ Letter No. 8295 dated 23 November 2009

² 380 and 540 for 2010-11 and 2011-12 respectively.

technical sanction, the ratio of labour and material component was fixed as 20:80 (₹ 89,06,400 for labour ₹ 3,56,25,600 for material component).

A sum of ₹ 2.68 crore was diverted from MGNREGS fund for incurring expenditure on material component where as the material component was to be met from BRGF funds

We observed that ₹ 3.35 crore was spent in 18 blocks of Ranchi district entirely from MGNREGS to construct 18 BNRGSK without allocating cost of construction between MGNREGS and BRGF. We further noticed that sufficient funds (₹ 12.47 crore and ₹ 11.05 crore at the close of 2009-10 and 2010-11 respectively) were available under BRGF. Out of this, a sum of ₹ 2.68³ crore was diverted from MGNREGS fund for incurring expenditure on material component. The expenditure on material components should have been met from BRGF but the expenditure was incurred on material by diverting fund from MGNREGS which was irregular as Ranchi was covered by BRGF and cost of material was made from BRGF.

Further, during joint physical verification (June 2012) of the newly constructed BNRGSK building in Kanke block of Ranchi district with BPOs and Panchayat Sevak of Arsandey Panchayat, we observed that an office of the Sub-Registrar, Urban Area 3, Kanke, Ranchi was functioning at the Kendra. This defeated the objective of the scheme to provide space to rural people to facilitate effective and efficient implementation of MGNREGS.



Photographs showing BNRGSK building running as Office of the Sub Registrar, Urban Area, Kanke, Ranchi

³ Total expenditure from MGNREGS fund ₹ 335.36 lakh x 80 per cent of material component = ₹ 268.28 lakh or say ₹ 2.68 crore.

9.2 ***Conclusion***

Only one scheme, construction of BNRGSK building, was converged under MGNREGS. The completion of construction of BNRGSK buildings in the test checked districts was only 11 *per cent* of the target for construction. Schemes from other sectors/programmes such as literacy and health missions were not converged with MGNREGS though provided under the Guidelines.

9.3 ***Recommendation***

- Social sector programmes such as literacy and health missions may be converged with MGNREGS to extend the benefits of these programmes to its beneficiaries.

CHAPTER – 10

MONITORING AND EVALUATION



Chapter 10

Monitoring and Evaluation

10.1 Monitoring

Effective monitoring is essential for the success of any scheme, as it provides reasonable assurance that operations are being carried out effectively and efficiently. Along with inspection, field visits and sample checks were also required to be performed on a regular basis to ensure comprehensive and continuous assessment of the scheme as per the Act. Proper maintenance of records is also one of the critical success factors in the implementation of the Scheme especially with a view to bring in transparency and accountability.

However, contrary to the provisions of the Scheme, we found that the monitoring system at the State, district and GP level was improper and inadequate. During audit of the scheme several deficiencies were noticed, as discussed below:

10.1.1 Inspection of works

Paragraph 10.3 of the Operational Guidelines, 2008 prescribes 2, 10 and 100 *per cent* internal verification of works at the field level by the State, district and block level officers respectively.

Information furnished by DPCs in five¹ out of the six test checked districts regarding status of inspection of works carried out by the State, district and block level officers was as detailed in **Table 15**:

Table 15 Inspections carried out by State/District/Block level authorities during 2007-12

Year	Total sanctioned works	Inspection of works					
		State level		District level		Block level	
		Required	Conducted	Required	Conducted	Required	Conducted
2007-12	1,86,809	3,736	Nil	18,680	31,087	1,86,809	1,08,052
Shortfall (in <i>per cent</i>)		NA		Nil		42	

Source: DRDAs

No inspections were carried out by the State level officer whereas shortfall in inspections by block level officers was 42 *per cent*

As can be seen from **Table 15**, inspections carried out by the State level authorities during 2007-12 was shown as 'Nil' since the districts did not have any information in respect of inspections carried out by the State level officers, whereas inspections by district level officers were reported to have been more than the requirement. However, shortfall in inspections carried out by block level officers was 42 *per cent*.

¹ Dumka, Pakur, Palamu, Ranchi and West Singhbhum

We noticed that no records of inspection carried out were available at district and block levels. Thus, the effectiveness of the inspections cannot be vouchsafed in the absence of documented directions and their follow up.

DPC, Ranchi stated (September 2012) that inspections have been carried out but records of inspection are not available. DPCs Pakur, Dumka and Gumla accepted the audit observations.

10.1.2 State and District Quality Monitors

Paragraph 10.3.2 of the Operational Guidelines, 2008, envisages appointment of State and District Quality Monitors, a mechanism for grievance redressal and Social Audit for quality and transparent monitoring system.

State Quality Monitors (SQM) at the State level and District Quality Monitors (DQM) at district level were to be designated with the approval of the State Government for quality monitoring.

SQM and DQMs were not appointed at State and districts levels for quality monitoring

We however, noticed that SQM and DQMs were not appointed in the State and at districts level as of July 2012. In the absence of SQM and DQMs, regular monitoring and quality concerns of the assets created could not be addressed as audit found cases of substandard works in the test checked districts (refer to para 7.1.3).

During the exit conference, the Principal Secretary accepted (July 2012) the facts and assured to appoint SQM and DQMs shortly.

10.1.3 Slow disposal of complaints

As per Section 23 (6) of MGNREG Act, the programme officer shall enter every complaint in a complaint register maintained by him and shall dispose of the disputes and complaints within seven days of their receipt. However, the State Government, in July 2010, fixed a maximum time limit of one month for disposal of complaints. In this connection, the following observations are made:

Out of 964 complaints made, only 150 complaints (16 per cent) were disposed of during 2007-12

- As per information furnished to audit by RDD, 964 were complaints received by the State Government during the period 2007-12, out of which only 150 (16 per cent) were disposed within a year (March 2012). The reasons for delay in disposal were not on record.
- In Ranchi district, 91 cases of complaints relating to 13 blocks of the district were lodged in MGNREGS MIS during May 2009 to July 2010. There was delay in disposal of complaints ranging between 25 days to more than one year against the permissible seven to 30 days.

The DPC, Ranchi accepted the observation and stated (September 2012) that clarifications are being sought from the concerned POs. In other districts complaint registers were not found maintained.

- A public hearing (*Jan Sunwai*) at Sadar-Medininagar block, Palamu district was organised on 19 May 2012 which was chaired by *Pramukha, Panchayat Samiti*. The public hearing was attended by the representatives of *Panchayat Samiti* and officials of the block. We however, noticed that the public hearing was completed without the involvement of rural people, though notice for the said programme was circulated to all citizens in April 2012. This fact has been incorporated in the minutes² of *Jan Sunwai* provided to audit.



Photograph showing non-participation of rural people in Jan Sunwai organised at Sadar block in Palamu district held on 19 May 2012

Thus, grievances of the people remained unaddressed due to delay in disposal of complaints and without adequate people's participation.

10.1.4 Citizens' Charter

As per 11.6 of the Operational Guidelines, 2008 a model 'Citizens' Charter' was to be developed covering all aspects of the duties of Panchayats and officials under the Act. The Citizens' Charter should describe the specific steps involved in implementing the provisions of the Act, and lay down the minimum service levels mandated by these provisions on the Panchayats and the officers concerned.

Citizens' Charter was not prepared in the State

However, as per information furnished to audit by the Department, the Citizens' Charter was not prepared in the State. As a result MGNREGS in the State had been implemented without specific duties and timeframes for execution.

During the exit conference the Principal Secretary accepted (July 2012) the fact and instructed his officials to prepare the Citizen's Charter and upload it on the official website.

² Jointly signed by *Pramukha, up-Pramukha* of Panchayat Samitee, Sadar Block, Palamu and BDO, Sadar Block

10.1.5 Social Audit

Out of 11786, only 5660 nos. of social audit (48 per cent) were conducted during 2007-12

As per paragraph 12.4 of the Operational Guidelines, 2008, Social Audit was required to be conducted at least once in every six months in every GP.

We noticed that in the six test checked districts, against the prescribed 11,786 social audits, only 5,660 (48 *per cent*) were conducted during the period 2007-12. Out of the six test checked districts, in four³ districts 10,747 objections involving money value of ₹ 47.43 lakh was raised during the course of social audit against which 22 FIRs were lodged, and disciplinary action was initiated against defaulting officials.

During the Social Audit held between July and August 2009 in West Singhbhum district, charges of preparation of bogus muster rolls and non-payment of wages were leveled against different officers/ officials.⁴ Subsequently charges were proved by the Special Investigation Team (SIT) constituted by DPC. SIT also imposed penalties amounting to ₹ 1,000 on three erring officers under section 25 of the Act and recommended suspension of two concerned officers to their controlling departments i.e. Agriculture and Panchayati Raj. However, due to lackadaisical attitude of the district authorities, neither was the amount recovered from the erring officers nor was format K⁵ furnished to the concerned controlling department for suspension of the concerned officials.

In reply DDC, West Singhbhum stated (August 2012) that action had been initiated to recover the amount from the persons concerned and Proforma K would be framed against the concerned officers (June 2012).

³ Dumka, Pakur, Palamu and West Singhbhum

⁴ 1-Shri Swapan Kumar Kar, Junior Engineer, Zila Parishad; 2-Shri Anand Kishore, Block Agriculture Officer Jhinkpani; 3-Shri Sona Ram Gop Panchayat Sevak, Dopai Panchayat Khutpani; 4-Shri Nagendra Prasad Singh, Junior Engineer, Minor Irrigation Division, Chaibasa; 5-Shri Niraj Marshal Soy, Panchayat Sevak, Bara Guntia, Khutpani; 6-Shri Abhimanyu Barik, Panchayat Sevak, Khutpani.

⁵ Format K is designed to frame charge sheet.

10.1.5.1 Non constitution of District Internal Audit Cell

As per 11.3.6 of the Operational Guidelines, 2008, in order to process reports of social audit by the Gram Sabha, a District Internal Audit Cell in the office of the District Programme Coordinator (DPC) was to be constituted to scrutinise the reports of the Gram Sabha and to conduct special audit, if necessary.

As per information furnished (January 2012) by the RDD, no internal cell for examining social audit records was constituted in any of the districts of State. Thus, non-compliance with the provision of the guidelines posed limitations to the role of social audit as a means of continuous public vigilance and ensuring transparency and accountability.

10.1.6 Non-functional High Level Inter-departmental Coordination Committee

MoRD, GoI (February 2009) directed to set up a high level inter-departmental coordination committee for overall monitoring and supervision of the scheme and video documentation of the proceedings of all Gram Sabhas including social audit.

Under the direction of MoRD, GoI (February 2009), RDD, GoJ constituted a High Level Coordination Committee in July 2009⁶ under the Chairmanship of Chief Secretary consisting of Secretaries of Rural Development Department, Finance, Agriculture & Sugarcane, Forest, Fisheries, Home, Human Resources Development, Welfare, Tribal Welfare, Convener SLBC and Chief Post Master General as members. The Commissioner, MGNREGA was nominated as convener of the committee.

However, we noticed that no meetings/ inspections were held by the Committee (March 2012), reasons for which were not on record. Thus, the State was deprived of the benefits of supervision and directions emanating from high level monitoring and inspection of schemes which would have brought effectiveness in implementation of the scheme at the ground level, particularly in the area of convergence with the other schemes.

During the exit conference the Principal Secretary accepted (July 2012) the fact regarding non-convening of meeting during 2009-12. However, he stated that a meeting was held after March 2012.

No meetings / inspections were held by the High Level Inter-departmental Coordination Committee during 2009-12

⁶ Notification number 4903 dated 1 July 2009

10.1.7 Video documentation of the Gram Sabha proceedings

Proceeding of Gram Sabhas were not video-graphed in test checked districts, blocks and GPs

MoRD vide instructions issued in (February 2009) stressed the need for video documentation of the proceedings of all Gram Sabhas including Social Audit. Copies of the video footage (tape, CD or any other media) were to be properly coded and kept at GP, BPO and DPC level. Video footage was to be utilised to ensure enforcement of decisions of the Gram Sabhas and proper implementation of the Act.

However, on scrutiny of records of the test checked districts, blocks and GPs we noticed that proceedings of Gram Sabhas were not video-graphed, indicating lack of transparency in implementation of the scheme.

DPCs (Palamu, Pakur, Dumka, Gumla & West Singhbhum) accepted the audit observations during the exit conference held between July and August 2012.

10.1.8 Irregular maintenance of records

10.1.8.1 Discrepancies in records

There was variation between opening balances and closing balances in Utilisation Certificates, Audit Report of Chartered Accountants and MPRs

As per paragraph 11.3.4 of the Operational Guidelines, 2008 the DPCs were required to ensure that the amount shown in the opening and closing balances included in both the Audit Report of the Chartered Accountants (CA) and the Utilisation Certificate (UC) tally. In case of variation due to any unavoidable reason, it has to be clearly explained to the satisfaction of the Ministry of Rural Development, duly supported with the documentary evidences, if any, failing which MoRD may stop further release of funds in the next year.

Scrutiny of utilisation certificates, Audit Reports of Chartered Accountants and Monthly Progress Reports of five⁷ test-checked districts revealed variations between the opening balances and closing balances during 2007-12, without any proper justification on record (*Appendix 10*). Thus, in absence of any reconciliation of accounts, financial accountability and transparency in records in the districts had been affected.

DPC, Ranchi accepted (September 2012) the fact and stated that matter is being reviewed with the concerned CA.

⁷ Dumka, Palamu, Pakur, Ranchi and West Singhbhum.

10.1.9 Monitoring Information System (MIS)

10.1.9.1 Deficiency in Monitoring Information System

MoRD had implemented a web based Monitoring Information System-NREGA Soft for data entry and consolidating the information related to the financial and physical aspect of the scheme at State and district levels. With a large and complex scheme such as MGNREGS, the use of computerised MIS was not just a facilitator but the only meaningful way of consolidating the information generated in the basic records. The MIS was to be used as a tool for monitoring the implementation of the scheme and to bring in transparency by ensuring wider dissemination of the collected information.

Large numbers of discrepancies were noticed between MIS and MPR

Information furnished by the RDD disclosed a large number of discrepancies between the data uploaded in the MIS and the information furnished in the Monthly Progress Report (MPR). These discrepancies were noticed in various records such as number of households registered, number of job cards issued, job card number, employment demanded, employment provided, number of works etc. (*Appendix 11*).

10.2 Evaluation

Para 10.4 of the Operational Guidelines, 2008 stipulates that the objective of MGNREGS is the creation of durable assets and strengthening the livelihood resource. Investments made under the Scheme were expected to generate employment and raise purchasing power, increase economic productivity, promote women's participation in the workforce, strengthen the rural infrastructure through the creation of durable assets, reduce distress migration, and contribute to the regeneration of natural resources. Thus evaluation is necessary to assess the outcomes of scheme.

10.2.1 Impact assessment

No action was taken by SEGC at the State level to assess the performance of the scheme and its impact

As per paragraph 10.4 of the Operational Guidelines, 2008, State Employment Guarantee Council (SEGC) was required to develop its own evaluation system in collaboration with research institutions of repute and review evaluations conducted by other agencies. District-wise studies and Block-wise evaluation were required to be ensured by SEGC and DPCs respectively. Regular evaluations and sample surveys of specific NREGS works were to be conducted to assess outcomes.

We however, observed that no action was taken by SEGC at the State level to assess the performance of the scheme and its impact on individual life. In the test-checked districts no such assessment was made till July 2012.

During the exit conference the Principal Secretary stated (July 2012) that State Institute of Rural Development (SIRD) had been entrusted with the impact assessment study.

10.2.2 *Sensitivity to error signals*

Every organisation needs to have an effective mechanism to respond to error signals to rectify the persisting irregularities. We, however, found that such a mechanism was largely absent in the implementation of schemes. Several irregularities viz. non-payment of wages, non-payment of unemployment allowances, diversion of funds, irregularities in muster rolls and job cards, etc. were pointed out in para no.3.1 of Comptroller and Auditor General's State Civil Audit Reports for the year ending 31 March 2007 on the Implementation of National Rural Employment Guarantee Scheme. However, in the absence of corrective steps from the Department, similar irregularities still persisted (July 2012).

10.3 *Conclusion*

The status of inspection of works and social audit was inadequate. SQMs and DQMs were not appointed in the State and at district level as of July 2012. A Citizens' charter was not prepared as a result of which MGNREGS was implemented without specific duties and timeframe in the State. No meetings/inspections were held by the High level coordination committee. Thus the State was deprived of the benefits of supervision and directions emanating from the committee. Delayed disposal of the complaints defeated the very purpose of the Act of conferring statutory rights of the rural people. There were discrepancies between the data available in the MIS and that depicted in the MPR rendering the information generated unreliable. Corrective measures against error signals were not taken. Due to deficient monitoring and evaluation system the objectives of the scheme could not be achieved.

10.4	Recommendations
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- The required number of inspections of the schemes at each level should be ensured;
- State and District Quality Monitors may be appointed and required number of social audits may be ensured;
- Proper maintenance of records should be ensured; and
- Independent evaluation of implementation of schemes for assessment of its impact/ benefits may be conducted.

Ranchi
The

(MRIDULA SAPRU)
Principal Accountant General (Audit)
Jharkhand

Countersigned

New Delhi
The

(VINOD RAI)
Comptroller and Auditor General of India

APPENDICES

Appendix – 1
(Reference to paragraph: 1.6; page 3)

Statement showing non / improper maintenance of Records

Sl. No.	Name of District	Block/GPs	Job card Application Register	Job card Register	Employment Register	Assets Register	MR Issue/ Receipt Register	Complaint Register	Work Register	Monthly UC watch register	Stock Register of MRS
1	Ranchi	Kanke block	*	*	*	*	*	*	*	*	*
2		Barhu GP /Kanke	*	*	*	*	*	*	*	*	*
3		Uperkonki GP/Kanke	*	*	*	*	I	I	*	*	*
4		Urguttu GP/Kanke	*	*	*	*	I	*	I	*	*
5		Pthoriya GP/Kanke	*	I	*	*	*	*	I	*	*
6		Kamre GP/Kanke	I	I	I	*	I	*	I	*	*
7		Boreya GP/Kanke	I	I	I	I	I	*	I	*	*
8		Gagi GP/Kanke	*	*	*	*	I	*	*	*	*
9		Arsande GP/Kanke	*	I	I	*	I	*	*	*	*
10		Sukurhuttu GP/Kanke	*	I	*	*	*	*	*	*	*
11		Malsiring GP/Kanke	*	*	*	*	*	*	*	*	*
12		Angara block	I	I	I	*	*	*	*	*	*
13		10 GPs / Angara block	I	I	I	I	*	*	*	*	*
14		Chanho block	I	I	I	*	*	*	*	*	*
15		10 GPs / Chanho block	I	I	I	*	*	*	*	*	*
16	Palamu	Sadar block	*	*	*	*	*	*	*	*	*
17		10 GPs / Sadar block	*	*	*	*	*	*	*	*	*
18		Lesliganj block	*	*	*	*	*	*	*	*	*
19		10 GPs / Lesliganj block	*	*	*	*	*	*	*	*	*
20		Chainpur Block	*	*	*	*	*	*	*	*	*
21	West Singhbhum	10 GPs / Chainpur block	I	I	I	I	I	I	I	I	I
22		Chakradharpur block	*	*	*	*	*	*	*	*	*
23		10 GPs /Chakradharpur block	I	I	I	I	I	I	I	I	I
24		Jhainkpani block	*	*	*	*	*	*	*	*	*
25		Choya GP/Jhainkpani block	I	I	*	*	I	*	I	*	*

26	West Singhbhum	Tutuguitu GP/Jhainkpani block	I	I	I	I	I	*	I	*	I	*	I	*	*
27		Asura GP/Jhainkpani block	I	I	I	I	I	*	I	*	I	*	I	*	*
28		Kelende GP/Jhainkpani block	I	I	I	I	I	I	I	I	I	I	I	I	*
29		Jorapokhar GP/Jhainkpani block	*	I	I	*	*	*	I	I	I	*	*	*	*
30		Kudahatu GP/Jhainkpani block	*	*	*	*	*	*	*	I	*	*	*	*	*
31		Nawagaon GP/Jhainkpani block	I	I	I	I	I	I	I	I	I	I	I	I	I
32		Sadar block Chaibasa	I	*	*	*	*	I	*	I	*	I	I	I	I
33		10 GPs/Sadar block Chaibasa	I	*	*	*	*	I	*	I	*	I	I	I	I
34	Gumla	Sisai Block	*	*	*	*	*	I	*	I	*	*	*	*	*
35		10 GPs/Sisai Block	*	*	*	*	*	*	*	*	*	*	*	*	*
36		Bherno Block	I	I	I	I	I	I	I	I	I	I	I	I	I
37		10 GPs/Bherno Block	I	I	I	I	I	I	I	I	I	I	I	I	I
38		Sadar Block	I	I	I	I	I	I	I	I	I	I	I	I	I
39		10 GPs/ Sadar Gumla	I	I	I	I	I	I	I	I	I	I	I	I	I
40	Pakur	Sadar block/Pakur	I	I	I	I	I	I	I	I	I	I	*	*	I
41		10 GPs/SadarBlock, Pakur	I	I	I	I	I	I	I	I	I	I	*	*	I
42		Hiranpur Block	I	I	I	I	I	I	I	I	I	I	I	I	I
43		10 GPs/ Hiranpur block	I	I	I	I	I	I	I	I	I	I	I	I	I
44	Dumka	Jama block	I	I	I	I	I	I	I	I	I	I	I	I	I
45		10 GPs /Jama Block	I	I	I	I	I	I	I	I	I	I	I	I	I
46		Jarmundi block	I	I	I	I	I	I	I	I	I	I	I	I	I
47		10 GPs/ Jarmundi block	I	I	I	I	I	I	I	I	I	I	I	I	I
48		Sadar Block/ Dumka	I	I	I	I	I	I	I	I	I	I	I	I	I
49		10 GPs/ Dumka block	I	I	I	I	I	I	I	I	I	I	I	I	I
Notes: * = Not maintained; I = Improper Maintenance															
	Records Not Maintained	Blocks	7	8	8	8	8	8	10	8	9	10	9	10	9
	Records Improper Maintained	GP's	40	46	50	54	62	65	75	86	96	106	116	126	136
	Records Improper Maintained	Blocks	10	9	9	9	9	7	7	9	8	7	8	7	8
	Records Improper Maintained	GP's	127	121	117	113	105	102	92	101	111	92	101	92	101

Appendix – 2

(Reference to paragraph: 2.4.1; page 6)

Statement showing shortage of personnel in districts

District	Post	Sanctioned strength	Men in position	Vacancy (in per cent)
Palamu	Programme Officer	40	20	20 (50)
	Asstt Engineer	20	2	18 (90)
	Junior Engineer	58	7	51 (88)
	Accounts Assistant	20	9	11 (55)
	Computer Assistant	20	6	14 (70)
	Gram Rozgar Sahayak	283	251	32 (11)
West Singhbhum	Programme Officer	36	22	14 (39)
	Asstt Engineer	18	3	15 (83)
	Junior Engineer	43	10	33 (77)
	Accounts Assistant	18	10	8 (44)
	Computer Assistant	18	7	11 (61)
	Gram Rozgar Sahayak	260	246	14 (5)
Ranchi	Programme Officer	36	29	7 (19)
	Asstt Engineer	18	7	11 (61)
	Junior Engineer	60	27	33 (55)
	Accounts Assistant	18	13	5 (28)
	Computer Assistant	18	9	9 (50)
	Gram Rozgar Sahayak	303	303	0
Dumka	Programme Officer	20	11	9 (45)
	Asstt Engineer	10	1	9 (90)
	Junior Engineer	22	12	10 (45)
	Accounts Assistant	10	3	7 (70)
	Computer Assistant	10	2	8 (80)
	Gram Rozgar Sahayak	206	177	29 (14)
Pakur	Programme Officer	12	9	3 (25)
	Asstt Engineer	6	0	6 (100)
	Junior Engineer	13	4	9 (69)
	Accounts Assistant	6	3	3 (50)
	Computer Assistant	6	2	4 (67)
	Gram Rozgar Sahayak	128	115	13 (10)
Gumla	Programme Officer	24	13	11 (46)
	Asstt Engineer	12	4	8 (67)
	Junior Engineer	32	5	27 (84)
	Accounts Assistant	12	8	4 (33)
	Computer Assistant	12	8	4 (33)
	Gram Rozgar Sahayak	159	145	14 (9)

(Source: DRDAs of concerned district)

Appendix-3

(Reference to paragraph: 3.1.2.2; page 11)

**Statement showing delay in approval of development plan by *Prabandh*
Parishad of DRDAs**

Name of Districts	Year	Due date of approval	Date of approval	Delay	Remarks
Palamu	2008-09	31.12.2007	24.5.2008	4 months and 24 days	----
	2009-10	31.12.2008	19.10.2009	9 months and 19 days	
	2010-11	31.12.2009	29.5.2010	4 months and 29 days	
	2011-12	31.12.2010	18.1.2011	18 days	
Ranchi	2008-09	31.12.2007	20.2.2010	25 months and 19 days	In Ranchi respective records for the year 2007-08, 2010-11 and 2011-12 were not available
	2009-10	31.12.2008	20.2.2010	13 months and 20 days	

Appendix – 4

(Reference to paragraph: 4.1.3; page 16)

Statement showing short receipt of funds in DRDA, Ranchi

Year	Allotment order Number of MoRD	Cheque No. and date from which fund sent by MoRD	Date of release of fund by MoRD	Fund released by MoRD but not traced in DRDA, Ranchi (₹ in lakh)
2008-09	M-13012/2/2008/ NREGA/2987	116814/26.12.2008	27.12.2008	0.52
2008-09	V/24011/47/2005- 06/07/NREGA	143103/26.3.2009	23.8.2008 to 30.3.2009	100.00
2011-12	J-12021/01/2011/ MGNREGA-596	163244/17.3.2012	17.3.2012	6700.00
2011-12	J-12021/01/2011/ MGNREGA-558	163238/13.3.2012	13.3.2012	3491.86
2011-12	J-12021/01/2011/ MGNREGA-557	163220/9.3.2012	9.3.2012	20000.00
	Total			30292.38

Appendix – 5

(Reference to paragraph: 4.1.3.1; page 17)

Statement showing delay in release of State Share

(₹ in lakh)

District	Year	Central Share		State Share			Delay in days
		Date	Amount of Central Share	To be released by the date	Actual date of release	Amount of State Share	
Palamu	2010-11	18-4-2010	1448.26	4-5-2010	6-9-2010	390.09	123
		20-7-2010	2062.54	5-8-2010	11-3-2011	83.72	216
		7-3-2011	753.52	23-3-2011	31-3-2011	40.20	6
	2011-12	4-5-2011	2736.24	20-5-2011	27-8-2011	222.40	97
Ranchi	2009-10	31-8-2009	5000.00	16-9-2009	16-2-2010	59.55	152
	2010-11	26-4-2010	2009.88	12-5-2010	17-9-2010	223.32	126
		21-10-2010	887.93	6-11-2010	11-11-2010	98.65	5
		19-2-2011	2900.54	7-3-2011	12-3-2011	322.33	5
	2011-12	29-9-2011	3699.43	15-10-2011	28-11-2011	411.05	44
West Singhbhum	2010-11	7-5-2010	2838.24	22.5.2010	10.3.2011	315.36	293

Appendix – 6
(Reference to paragraph: 6.2.2; page 36)
Statement showing delay in payment of wages

(₹ in lakh)

District	Block	No. of GP	Period	No. of mandays	Wage required to paid	Delay
Gumla	Sisai	10	2007-11	25717	27.63	2 to 365 days
	Bharno	6	2009-11	6798	6.90	33 to 290 days
	Sadar	5	2009-10 to 2010-11	2846	3.40	10 to 252 days
Palamu	Lesliganj	6	2008-11	38344	41.35	6 to 195 days
	Sadar	9	2009-12	0	17.18	3 to 146 days
Pakur	Hiranpur	9	2007-12	64087	67.12	1 to 468 days
	Sadar block	7	2008-12	21123	20.90	5 to 287 days
Dumka	Jarmundi	8	2007-12	12819	12.14	2 to 149 days
	Jama	6	2007-11	6082	5.59	1 to 125 days
	Sadar	2	2007-10	1479	1.30	2 to 56 days
West Singhbhum	Chakradharpur	4	2007-12	7121	6.78	2 to 80 days
	Jhinkpani	5	2009-12	4213	4.38	8 to 89 days
Ranchi	Kanke block	2	2008-12	684	0.70	5 to 409 days
Total		79		191313	215.37	

Appendix – 7

(Reference to paragraph: 7.1; page 41)

(A) Statement showing status of works completed in the State

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	Remarks
Total numbers of works taken up	163917	160011	160813	252890	246449	Total numbers of works taken up are inclusive of opening balance
Total number of completed works	51647	64614	75767	43232	33991	
Ongoing works	112270	95397	85046	209658	212458	
Rate of completion	32 <i>per cent</i>	40 <i>per cent</i>	47 <i>per cent</i>	17 <i>per cent</i>	13 <i>per cent</i>	

(B) Statement showing status of works completed in six test checked districts

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	Remarks
Total numbers of works taken up	73150	69048	55426	71440	71242	Total numbers of works taken up are inclusive of opening balance
Total number of completed works	25697	31457	26817	17501	9742	
Ongoing works	47453	37591	28609	53939	61500	
Rate of completion	35 <i>per cent</i>	46 <i>per cent</i>	48 <i>per cent</i>	24 <i>per cent</i>	14 <i>per cent</i>	

Appendix – 8
(Reference to paragraph: 7.1.1; page 42)
Statement showing violation in wage material ratio

(A) In test-checked Districts

District	Year	Total Expenditure	Actual Expenditure on wage (percentage in bracket)	Expenditure on material (percentage in bracket)	60 per cent of Total Expenditure as per norms (column 3)	Excess expenditure on material component (6-4)	Prevalent labour rate (in ₹)	Total less person-days generated (Nos. in lakh) (7/8)
1	2	3	4	5	6	7	8	9
West Singhbhum	2008-09	10455.48	3659.73 (35)	6795.75 (65)	6273.29	2613.56	86.40	30.25
	2009-10	9974.18	5617.35 (56.31)	4356.83 (43.68)	5984.51	367.16	92.00	3.99
Pakur	2007-08	3549.96	1788.78 (50.38)	1761.18 (49.61)	2129.98	341.20	76.00	4.49
					Total	3321.92		38.73

(B) In test-checked Blocks and Gram Panchayats

District	Block	No. of block involved	No. of GP involved	No. of schemes	Total Expenditure on schemes	Actual Expenditure on wage component	Actual Expenditure on material component	Sixty percentage of total amount of scheme as per norms (60 per cent of 6)	Excess expenditure on material component (9-7)
1	2	3	4	5	6	7	8	9	10
Dumka	Jama		5	10	14.32	6.11	8.21	8.59	2.48
Gumla	Bharno		4	13	42.43	13.24	29.19	25.46	12.22
Gumla	Sisai		3	4	4.19	1.70	2.49	2.51	0.81
Palamu	Chainpur	1	5	15	88.91	33.61	55.30	53.35	19.74
Palamu	Lesliganj	1	2	11	51.63	22.10	29.53	30.97	8.87
Gumla	Sadar		3	4	7.14	3.65	3.48	4.28	0.63
Dumka	Jarmundi		6	10	14.95	6.3	8.65	8.97	2.67
Palamu	Palamu Sadar		5	12	10.24	4.49	5.75	6.14	1.65
Ranchi	Kanke		1	1	5.61	2.38	3.23	3.37	0.99
Total		2	34	80	239.42	93.58	145.83	143.64	50.06

Appendix – 9

(Reference to paragraph:7.1.2; page 43)

Statement showing inadmissible works

Sl No.	District	Block	Panchayat	Schemes	Estimated cost (₹ in lakh)	Expenditure incurred (₹ in lakh)
1	Dumka	Jarmundi	6	8	25.79	22.71
2	Dumka	Sadar	2	4	15.01	13.28
3	Dumka	Jama Block	0	184	805.46	423.58
4	Dumka	Sadar Block	0	57	213.27	87.23
5	W.Singhbhum	Chaibasa Sadar	10	70	157.02	85.71
6	W.Singhbhum	Chakradharpur	21	119	354.73	169.54
7	W.Singhbhum	Jhinkpani	7	51	124.78	61.08
8	W.Singhbhum	Jhinkpani Block	0	7	19.17	9.61
9	Pakur	Sadar	7	15	27.82	15.65
10	Palamu	Chainpur	5	8	24.92	21.96
11	Palamu	Sadar	7	13	25.44	13.15
12	Palamu	Lesliganj	10	134	205.37	145.83
13	Gumla	Sisai	10	78	176	140.05
14	Gumla	Sadar	26	194	382.11	382.03
15	Gumla	Bharno	9	30	99.36	86.35
16	Ranchi	Chanho	15	71	264.34	146.26
17	Ranchi	Angara	21	87	389.63	213.55
18	Ranchi	Kanke	4	30	170.16	86.88
19	Ranchi	Kanke	5	16	65.20	18.70
Total			165	1176	3545.58	2143.15
20	Dumka	NREP	--	184	1097.62	862.09
21.	Gumla	NREP Division	--	15	127.57	115.03
22.	Gumla	District board	--	4	36.76	7.31
23.	Gumla	RDS Division	--	9	105.79	102.62
24.	Pakur	REO	--	20	143.74	143.74
Total				232	1511.48	1230.79
Grand Total				1408	5057.06	3373.94

Appendix – 10

(Reference to paragraph 10.1.8.1; page 68)

Statement showing details of variation in Opening and Closing balances

(₹ in crore)

Districts	Year	As per Utilisation Certificate		As per Audit Report		As per MPR	
		OB	CB	OB	CB	OB	CB
Dumka	2007-08	456.296	567.73	456.29	567.73	450.22	0.350
	2008-09	567.73	6155.47	567.73	6155.47	0.35	5466.57
	2009-10	6155.47	1688.13	6155.47	1688.13	5658.71	1790.70
	2010-11	1387.92	1341.39	1387.92	1489.01	1387.92	1370.77
	2011-12	NA	NA	NA	NA	NA	NA
Ranchi	2007-08	5851.92	7163.16	4692.62	7163.16	5891.92	1050.98
	2008-09	7163.16	9217.77	7163.16	7016.47	7163.16	9217.76
	2009-10	7016.46	5103.43	7016.46	5103.43	7738.01	5633.28
	2010-11	5103.43	3220.33	5103.43	3242.05	5103.00	3390.99
	2011-12	-	-	-	-	3242.04	1049.54
Palamu	2007-08	1989.69	2154.96	1989.69	2154.96	1989.69	2154.96
	2008-09	2154.96	2229.58	1719.57	1843.67	2154.96	2229.58
	2009-10	2229.58	1734.25	2229.58	1256.29	2229.58	1256.29
	2010-11	1256.29	1793.40	1256.29	1097.81	1256.29	1290.25
	2011-12	1097.80	1070.10	NA	NA	1097.80	2194.91
West Singhbhum	2007-08	2772.22	1663.87	929.41	219.60	2772.22	1113.15
	2008-09	1663.87	14801.18	219.60	6601.98	1113.15	13990.74
	2009-10	14801.18	5000.93	6601.98	233.91	13990.74	3882.04
	2010-11	5000.93	1935.17	233.91	196.99	3882.04	483.08
	2011-12	NA	NA	196.99	429.71	483.08	1134.62
Pakur	2007-08	1989.20	1526.21	1989.20	1526.21	1989.20	165.25
	2008-09	1526.21	1868.97	1526.21	1868.97	1526.21	1427.12
	2009-10	1868.97	5837.48	1868.97	5837.48	1868.97	6749.64
	2010-11	5837.48	1000.65	5837.48	1000.65	5838.23	1261.96
	2011-12	NA	NA	NA	NA	1000.65	5100.36

Appendix – 11

(Reference to paragraph 10.1.9.1; page 69)

Statement showing deficiency in Monitoring Information System (MIS)

Sl. No	Particulars	MPR		MIS		State/ District
		(Nos. in lakh)	(₹ in lakh)	(Nos. in lakh)	(₹ in lakh)	
1.	Cumulative numbers of Job Cards issued	13.37	--	13.25	--	6 districts
2.	Cumulative persondays generated during 2008-12	974.67	--	885.38	--	6 districts
3.	Cumulative households completed 100 days during 2008-12	1.51	--	1.59	--	6 districts
4.	Cumulative households demanded employment during 2008-12 (State level)	69.61	--	63.83	--	State level
5.	Cumulative households demanded employment during 2008-12 (district level)	22.25	--	21.20	--	6 districts
6.	Cumulative households provided employment during 2008-12 (State level)	69.56	--	63.53	--	State level
7.	Cumulative households provided employment during 2008-12 (district level)	22.22	--	21.09	--	6 districts
8.	Expenditure on wages during 2008-12	--	97421.43	--	89244.23	6 districts
9.	Expenditure over material during 2008-12	--	61132.19	--	64491.90	6 districts
10.	Total expenditure during 2008-12 in Gumla district	--	22548.14	--	21523.92	1 district
11.	Total expenditure during 2008-12 in Palamu district	--	20061.93	--	17276.64	1 district
12.	Total expenditure during 2008-12 in West Singhbhum district	--	31190.82	--	29506.17	1 district
13.	Total expenditure during 2008-12 in sampled districts	--	163769.54	--	159401.29	6 districts
14.	Total expenditure during 2008-12 (at State level)	--	514533.91	--	491360.10	24 districts

Source: Information furnished by the State

GLOSSARY

Glossary

AE	Assistant Engineer
BDO	Block Development Officer
BNRGSK	Bharat Nirman Rajiv Gandhi Sewa Kendra
BPL	Below Poverty Line
BPO	Block Programme Officer
BRGF	Backward Region Grant Fund
CA	Chartered Accountant
CBPO	Chief Block Programme Officer
DDP	Desert Development Programme
DFO	Divisional Forest Officer
DPAP	Drought Prone Area Programme
DPC	District Programme Coordinator
DPP	District Perspective Plan
DQM	District Quality Monitor
DRDA	District Rural Development Agency
EE	Executive Engineer
EGC	Employment Guarantee Commissioner
GoI	Government of India
GP	Gram Panchayat
GRS	Gram Rozgar Sahayak
ICT	Information Communication and Training
JE	Junior Engineer
JPWA	Jharkhand Public Works Accounts
LAMPS	Larger Area Multipurpose Society
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MIS	Monitoring Information System
MoRD	Ministry of Rural Development
MoU	Memorandum of Understanding
MR	Muster Roll
NFFWP	National Food For Work Programme
NGO	Non Government Organisation
NREGS	National Rural Employment Guarantee Scheme
OG	Operational Guidelines
PO	Programme Officer
PRI	Panchayati Raj Institutions
PS	Panchayat Sevak
RDD	Rural Development Department
RSBY	Rashtriya Swasthya Bima yojna
SC	Scheduled Caste
SEGC	State Employment Guarantee Council
SEGF	State Employment Guarantee Fund
SEGS	State Employment Guarantee Scheme

SGRY	Swarn Jayanti Gram Swarozgar Yojana
SIRD	State Institute of Rural Development
SIT	Special Investigation Team
SoP	Shelf of Project
SQM	State Quality Monitor
ST	Scheduled Tribe
TIN	Tax Identification Number
UC	Utilisation Certificate
XISS	Xavier Institute of Social Service