Report of the Comptroller and Auditor General of India on Performance Audit of Mahatma Gandhi National Rural Employment Guarantee Scheme



Government of Karnataka

Report No.7 of the year 2013

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Preface

1. This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor under Article 151 of the Constitution.

2. The Report contains the results of performance audit of implementation of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

3. The performance audit covered the period from April 2007 to March 2012. The audit was conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



Executive Summary

The Mahatma Gandhi National Rural Employment Guarantee Act was notified and enacted in the year 2005 with the objective of enhancing livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year, to every registered household whose adult members volunteered to do unskilled manual work. The Act initially came into force in five districts of the State with effect from 2 February 2006 and was expanded to cover all the districts by 1 April 2008. According to the Act, rural households have a right to register themselves with the local Gram Panchayats, and seek employment. Work is to be provided within 15 days from the date of demand, failing which the State Government will have to pay unemployment allowance at the stipulated rates.

This is the second performance audit of the Scheme. The first performance audit was undertaken in 2007-08 and covered the period from February 2006 to March 2007. The present performance audit covered the period from April 2007 to March 2012. Implementation of the Scheme was checked in 157 Gram Panchayats in eight districts of the State.

The performance audit showed the following deficiencies:

- Analysis of the data related to the Scheme showed that there has been significant decline in the number of households who demanded employment and persondays generated in the last two years. The number of households who demanded employment had declined from 36.26 lakh in 2009-10 to 16.64 lakh in 2011-12. During the same period the persondays generated declined from 20.04 crore to 7.00 crore. The share of both Scheduled Castes (SCs) and Scheduled Tribes (STs) showed a declining trend, with the share of STs declining from 19 to 8 *per cent* and that of SCs from 30 to 16 *per cent* during the period from 2007-08 to 2011-12.

- An analysis of the works taken up under the Scheme showed that while the number of works taken up increased year after year (with the exception of 2010-11), the number of works completed declined by 63 *per cent* in 2011-12 with reference to the previous year and stood at 14 *per cent* of the total works undertaken in 2011-12. Evidently the focus was on taking up more works rather than completing works already taken up.

- An analysis of the Management Information System (MIS) data sets of 30 districts showed that 3.49 lakh job cards and 8.23 lakh individuals had been permanently deleted during 2008-12 on grounds of wrong entries. However, as per the data available in the MIS, wages aggregating ₹22.48 crore had been disbursed in respect of permanently deleted job cards and ₹2.90 crore in respect of deleted individuals till the date of deletion.

- The District Perspective Plans were not prepared and the Annual Plans prepared by Gram Panchayats were driven by the cost of works than the need to create durable assets.

- The State Employment Guarantee Council, Governing Council and Executive Council constituted to oversee the implementation of the Scheme did not meet regularly.

- The Technical Resource Support Group at all the levels was not appointed to assist the implementation of the Scheme.

- The State Government had not drawn up any Information, Education and Communication Plan which had an adverse effect on the awareness levels of the beneficiaries.

- The maintenance of basic records at all levels was poor and erroneous entries were made in the data uploaded in the MIS. This indicated the lack of reliability and authenticity of the reported figures. In addition, the MIS suffered from missing validation controls.

- There were cases of delayed payment of wages for which no compensation was paid. Unemployment allowance was not paid in cases where work was not provided within 15 days from the date of demand for work.

- The financial management was deficient as monthly squaring and reconciliation of accounts at all levels was not done.

- Monitoring of the implementation of the Scheme was not adequate. The status of inspection of work and holding of Gram Sabha to conduct Social Audit Forum was not up to the mark.

Chapter - 1
An overview

1.1 Introduction

Employment generation programmes had always been important Government interventions for reducing poverty and a staple of the planning initiative. The expansion in both the size and number of such programmes ultimately culminated in the National Rural Employment Guarantee Act (NREGA), which was notified on 7 September 2005.

The objective of NREGA was enhancement of livelihood security of households in rural areas of the country by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteered for unskilled manual work. Creation of durable assets and strengthening the livelihood resource base of the rural poor were other important objectives of the Scheme. The name of NREGA was changed to Mahatma Gandhi National Rural Employment Guarantee Act (the Act) in October 2009.

The principal implementing agencies under the Act were the Gram Panchayats (GPs). The Act also emphasised community participation in planning, implementation, Social Audit and transparency. Another important feature of the Act was that it placed a complete ban on the use of contractors. It also laid emphasis on labour-intensive works for water conservation, drought and flood-proofing as priority works under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

1.2 Coverage of MGNREGS

Starting with five districts[1] across the State in Phase-I during 2006–07, MGNREGS was extended to six additional districts[2] in Phase-II during 2007–08. The remaining districts were notified with effect from 1 April 2008.

As a district was notified under the Act (*i.e.*, it was covered under MGNREGS), two existing schemes, namely, Sampoorna Grameen Rozgar Yojana (SGRY) and the National Food for Work Programme (NFFWP) were automatically merged in MGNREGS. Hence, SGRY and NFFWP fully ceased to exist with effect from 1 April 2008, after MGNREGS covered all the districts.

1.3 Funding pattern

The bulk of the expenditure for implementation of the Scheme was borne by Central Government in the form of grants-in-aid. The funding pattern of the Scheme is depicted in **Table 1**:

[1] Bidar, Chitradurga, Davanagere, Gulbarga and Raichur
[2] Belgaum, Bellary, Chickmagalur, Hassan, Kodagu and Shimoga

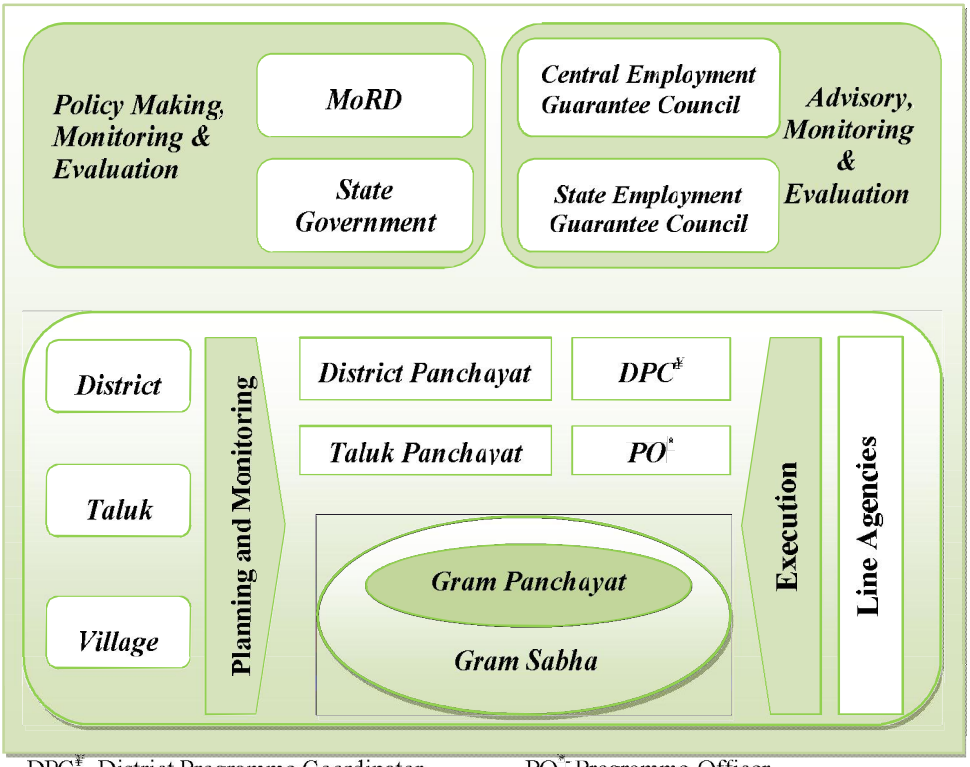
Table 1: Funding pattern

Component	Central share	State share
Wages for unskilled labour	100 *per cent*	-
Wages for skilled and semi- skilled labour and cost of material	75 *per cent*	25 *per cent*
Other components	Administrative expenses as may be determined by the Central Government	Unemployment allowance payable in case wage employment was not provided within 15 days of application
Employment Guarantee Council	Administrative expenses of the Central Employment Guarantee Council	Administrative expenses of the State Employment Guarantee Council

1.4 Organisational structure

The nodal Ministry in the Government of India (GoI) for MGNREGS was the Ministry of Rural Development (MoRD) and nodal department in Karnataka was Rural Development and Panchayat Raj (RDPR) department. **Chart 1** depicts the role of the various authorities at the Central and State level in planning, execution and monitoring of the Scheme.

Chart 1: Organisational structure of MGNREGS



DPC* - District Programme Coordinator PO* - Programme Officer

1.5 Financial outlay and physical performance

A summary of expenditure reported on MGNREGS along with some performance parameters during the period 2007-08 to 2011-12 is given below:

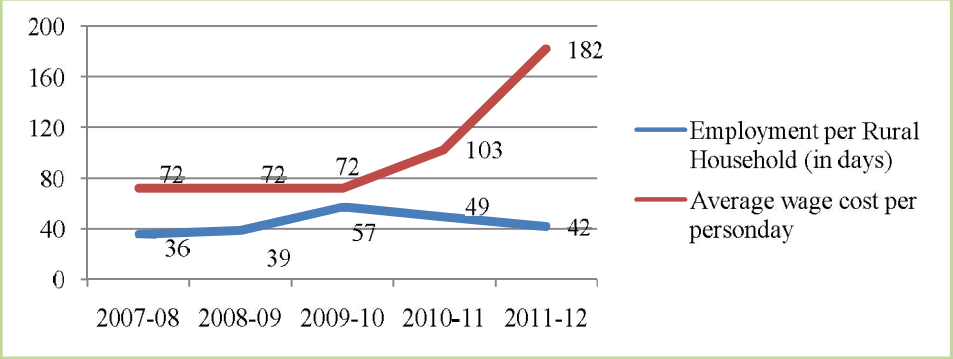
Table 2: Performance parameters of MGNREGS

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Total expenditure (₹ in crore)	236.51	373.61	2216.93	1,860.47	1,640.99
Persondays of employment generated (Number in crore)	1.98	2.75	20.04	10.98	7.00
Average expenditure per personday	119	136	111	169	234
Average wage cost per personday	72	72	72	103	182
Employment generated per household (in days)	36	39	57	49	42

Source: Information furnished by the RDPR department

The above table shows that expenditure on the Scheme had increased significantly during the year 2009-10 and declined during 2010-12. **Chart 2** below also indicates that even though the average wage cost or wages paid was rising, the benefits to a rural household were negated by the decline in employment provided per household.

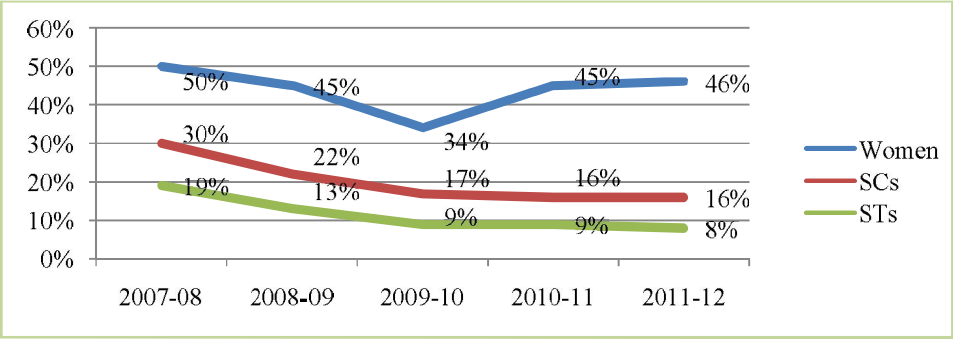
Chart 2: Average wages (in ₹) and employment per household



Source: Information furnished by the RDPR department

The **Chart 3** shows the share of Scheduled Castes (SCs), Scheduled Tribes (STs) and women in the employment provided under the Scheme. As per the data, women were fairly represented at around 45 *per cent* during the last two years. However, the share of both SCs and STs showed a declining trend, with the share of STs declining from 19 to 8 *per cent* and that of SCs from 30 to 16 *per cent* during the period from 2007-08 to 2011-12.

Chart 3: Share of SC, ST and Women in Employment Generation

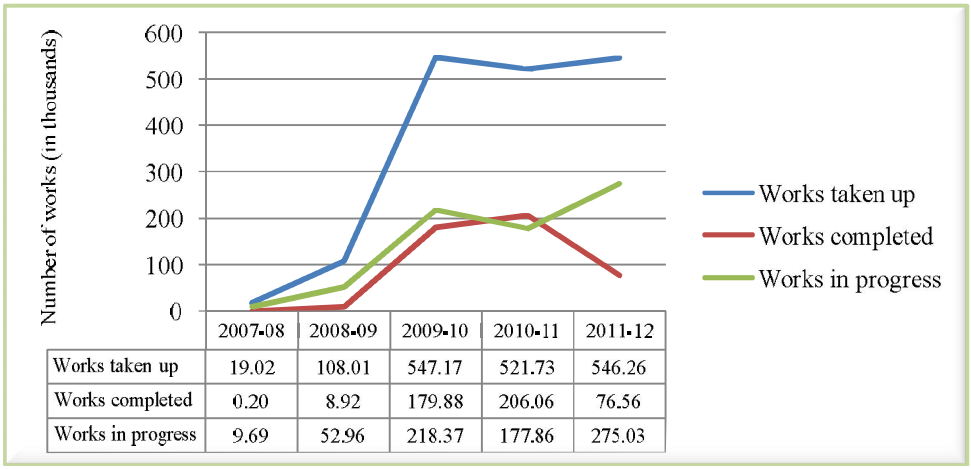


Source: Information furnished by the RDPR department

An analysis of the works taken up under the Scheme showed that while the number of works taken up increased year after year (with the exception of 2010-11), the number of works completed declined by 63 *per cent* in 2011-12 with reference to the previous year and stood at 14 *per cent* of the total works undertaken in 2011-12 (depicted in **Chart 4**). Evidently the focus was on taking up more works rather than completing works already taken up.

The decline in household employment generation and in the completion of work indicated inadequacies in achieving the primary objective of the Scheme *i.e.*, providing livelihood security and creation of assets.

Chart 4: Works taken up under MGNREGS



	2007-08	2008-09	2009-10	2010-11	2011-12
Works taken up	19.02	108.01	547.17	521.73	546.26
Works completed	0.20	8.92	179.88	206.06	76.56
Works in progress	9.69	52.96	218.37	177.86	275.03

Source: Information furnished by the RDPR department

Chapter - 2
Audit approach and previous audit findings

2.1 Audit approach

2.1.1 Audit methodology

In order to assess the economy, efficiency and effectiveness of processes related to the implementation of MGNREGS, the audit procedure included inspection of various records, procedures and also physical inspection of selected works at the GP level. A beneficiary survey was also conducted with the help of a structured questionnaire designed to capture the perception of the beneficiaries about the Scheme. The Performance Audit started with an Entry Conference held on 10 April 2012 with the Principal Secretary, RDPR department, where audit methodology, scope, objectives and criteria were discussed. The field audit of the relevant records of the State Government, Zilla Panchayats (ZPs), Taluk Panchayats (TPs) and GP offices was conducted between April and June 2012.

An Exit Conference was held with the Principal Secretary, RDPR department on 8 January 2013 to discuss the audit findings. Out of eight[3] test-checked districts, the State Government furnished (January 2013) replies in respect of three districts (Bijapur, Chamarajanagar and Hassan), which have been incorporated appropriately.

National Informatics Centre (NIC) was engaged (2005) by the MoRD to develop a web-enabled Management Information System (MIS) (www.nrega.nic.in) for tracking processes and outcomes of MGNREGS. The website architecture is based on the processes envisaged in the Act which includes (a) village-wise registration and job cards details (b) demand and allocation of work, (c) muster rolls and their payment details (d) details of work planned (e) fund management.

In addition to the data sets for the year 2007-12 provided by NIC, the MIS data sets were also obtained from the RDPR department. Both the data sets relating to 30 districts were analysed and the audit findings have been incorporated in this Report at appropriate places.

2.1.2 Audit objectives

The main audit objectives of the performance audit were to ascertain whether

- Structural mechanisms were put in place by the State Government for implementation of the Act;

[3] Bellary, Bijapur, Chikkaballapur, Chamarajanagar, Gadag, Hassan, Raichur and Shimoga

- The procedure for preparing perspective and Annual Plan at different levels for estimating the likely demand for work and preparing a shelf of projects were adequate and effective;
- The process of registration of households, allotment of job cards and allocation of employment in compliance with the Act and rules was effective;
- Works under the Scheme were properly planned and executed in compliance with the Act and rules, durable assets were created and properly accounted for;
- Funds released for the Scheme were accounted and utilised in compliance with the provisions of the Act and other extant rules;
- Wages and unemployment allowance were paid in accordance with the Act and the intended objective of providing 100 days of employment in a year at the specified wage rates was effectively achieved;
- There was an adequate and effective mechanism at different levels for monitoring and evaluation;
- There was an adequate and effective mechanism for Social Audit and grievance redressal; and
- MIS controls were adequate and working to achieve safeguarding of data integrity, confidentiality, reliability and availability.

2.1.3 Audit criteria

The main sources of audit criteria for the performance audit were as under:

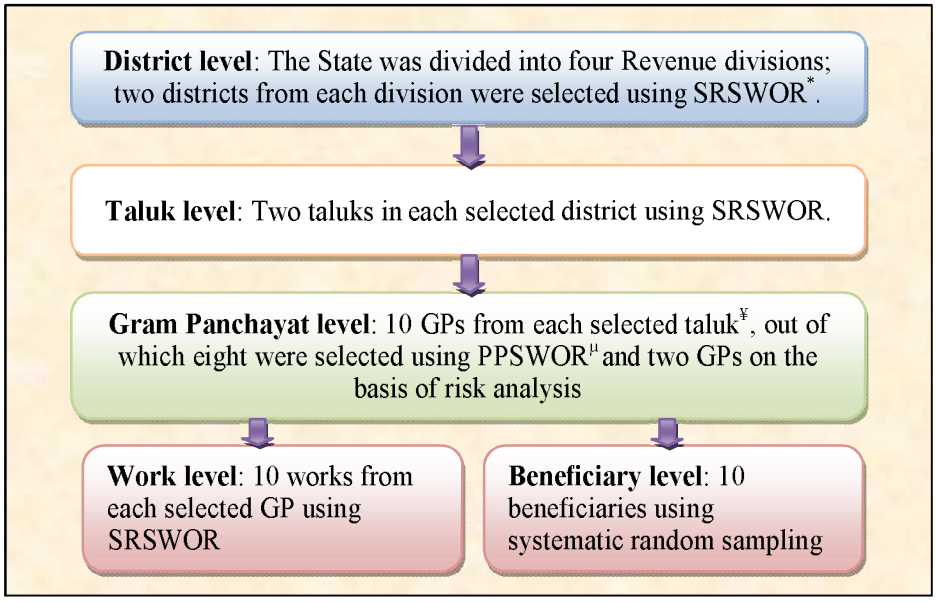
- The MGNREG Act, 2005 and amendments thereto;
- The Operational Guidelines, 2008 issued by the MoRD, GoI;
- Circulars and letters issued by MoRD, GoI and RDPR department, Karnataka;
- Karnataka Transparency in Public Procurements Act, 1999; and
- NREGA data sets provided by NIC, New Delhi and RDPR department.

2.1.4 Audit scope and sample

The scope of audit was restricted to eight out of the 30 districts implementing MGNREGS in Karnataka. The period of audit coverage was from 2007-08 to 2011-12.

The sample was selected using stratified multi stage sampling design *i.e.*, selection was at district, taluk, GP, works and beneficiary level. The sampling plan used is shown in **Chart 5**.

Chart 5: Sampling Plan



* SRSWOR: Simple Random Sampling without Replacement
μ PPSWOR: Probability Proportional to Size without Replacement
¥ except Gudibande taluk in Chikkaballapur district which has only seven GPs

As a result of sampling plan, the total sample size comprised eight districts, 16 taluks within the selected districts and 157 GPs within the selected taluks. The list of the selected districts, taluks and GPs are given in the **Appendix 1.** Audit conducted a survey of 1,553 beneficiaries in 157 test-checked GPs (10 beneficiaries in each GP[4]).

2.2 Previous audit findings

Performance audit of MGNREGS for the period February 2006 to March 2007 was conducted in 2007-08 and the findings were included in the Report of the Comptroller and Auditor General of India (Panchayat Raj Institutions) for the year ended 31 March 2007.

While discussing the Report on MGNREGS for the year ended 2006-07, the Committee on Panchayat Raj Institutions (PRIs) and Local Bodies in its Report (2010-11), *inter alia*, had recommended the following:

- Preparation of District Perspective Plan;
- Preparation of realistic labour budget;
- Timely release of funds for the Scheme;
- Proper survey to identify the beneficiaries before issue of job cards;
- Proper maintenance of Employment Registers by GPs;
- Timely payment of wages; and

[4] Out of sampled 1,570 beneficiaries, 17 beneficiaries in three ZPs (Chikkaballapur-four, Gadag-four and Hassan-nine) could not be interviewed as they were not available.

- Organising Social Audit in Gram Sabha

The Action Taken Report was awaited from the State Government (April 2013).

2.3 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the State Government, PRIs and their officials at various stages for conduct of the performance audit.

Chapter - 3
Planning

The obligation to provide employment within 15 days of receipt of application necessitates advance planning. The basic aim of the planning process is to ensure that district is prepared well in advance to offer productive employment on demand. To adequately match the demand for work, prior assessment of the quantum of work likely to be demanded as well as the timing of this demand is required. The Act and the Operational Guidelines require the implementing agencies to draw up two types of plans- the perspective plan, which attempts to integrate work priorities with the long term strategy, and the development plan, which is an annual work plan.

3.1 District Perspective Plan

The Operational Guidelines stipulated preparation of a five year District Perspective Plan (DPP) to facilitate planning in advance and provide a development perspective of the district. The aim was to identify the types of MGNREGS works that should be encouraged in the district, and the potential linkages between these works and long-term employment generation. However, none of the test-checked ZPs had prepared this plan. Non-preparation of DPP deprived the State Government of the opportunity of adopting a project approach to works and providing a development perspective for the district.

The State Government (January 2013) stated that although most of the districts prepared DPP, the same were not submitted to the Government for approval. In order to maintain uniformity and prevent inconsistency in features of the DPP, the State Government entrusted (March 2012) the task of the preparation of a model perspective plan for 10 selected GPs to a private agency at a cost of ₹4.88 lakh; the plan was yet to be submitted (January 2013).

3.2 Annual Plan

The annual work plan identifies the activities to be taken up in a year. It is to comprise four components:

- 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 generation and assets creation.

The first step in the planning process pertains to the Gram Sabhas, which ensure the participation and mutual cooperation of the villagers in developmental activities. Meetings of the Gram Sabha should be held on 2 October each year for identification and prioritisation of implementable works during the following financial year. Under section 16 (3) of the Act, every GP is required to prepare annual plan (AP) on the basis of

recommendations of the Gram Sabha. The process for preparation of the AP is shown in **Chart 6** below:

Chart 6: Process for preparation of Annual Plan



The following are the audit observations in this regard:

- Of the 157 GPs test-checked, only 28 GPs had conducted Gram Sabhas on 2 October. In the remaining 128 GPs, there was no evidence for having conducted the Gram Sabha on 2 October during 2007-12. Hadli GP in Naragund Taluk of Gadag district did not produce records.
- The questions on Gram Sabha meetings received a mixed response from the sampled beneficiaries during the survey. While 46 *per cent* stated that Gram Sabha meetings had been held two times last year, nine *per cent* stated that Gram Sabha had met only once. Though 58 *per cent* of the workers claimed to have attended the meetings, only 47 *per cent* of them spoke at these meetings. While 59 *per cent* of those at the meetings did not speak because they did not have anything important to say, another 15 *per cent* did not speak as they were not important persons in the villages. However, 89 *per cent* of the workers who attended the Gram Sabha

meetings confirmed that Scheme works had been discussed in the meetings and another 66 *per cent* stated that the details of the works were pasted or written on public and Panchayat office walls.

- The annual plans prepared by the test-checked GPs exhibited only the works proposed to be taken up, their estimated costs and estimated benefits. These plans did not provide information such as (a) physical improvement envisaged measurable in specific units and (b) benefits to the community, as envisaged in the Operational Guidelines.

  The State Government stated (January 2013) that the detailed estimate making was a time consuming exercise and could not be completed physically between 2 October and 31 December; hence it was being resolved by computerised template-based estimate making. It was also stated that benefit to community, asset quality, asset creation, *etc.*, did not suffer on this account as works were selected in Gram Sabhas and community oriented works were taken up. The reply was not acceptable as the annual plans were not prepared as stipulated in the Operational Guidelines, lacked specific indicators and thus the projected benefits to the community were not realistic.

- The test-checked GPs did not have the requisite resource support and the estimates for the works approved in the development plan were sanctioned subsequently by the line departments. The estimated costs of works so sanctioned by the line departments were invariably the same as those shown in the approved plan. The technical sanctions were, thus, driven by the cost of works as per the approved plan and not by the need to create durable assets while taking up an activity to meet the demand for labour.

  The State Government stated (January 2013) that the cost as per the approved plan and the sanctioned estimate being one and the same did not mean that the need to create durable assets was defeated. It was further stated that major items in the estimates were necessity based and as per technical requirements. The reply was not acceptable as no efforts had been made to ascertain the needs of the villages by convening the Gram Sabhas before including the works in the development plans. As these works had been included on an *ad hoc* basis, sanctioning the estimates subsequently for these works for the same amounts showed that planning incorporating an assessment of the labour demand, identification of the works to meet the demand and creating durable assets had been given a complete go-by.

- Due to non-availability of dates of forwarding the development plans by the GPs to the Programme Officers (POs) and by POs to the District Programme Coordinator (DPC), it was not possible to verify whether the development plans had been consolidated timely by POs and DPCs. The test-checked ZPs also did not furnish dates of approval of the developmental plans.

- As the Register of Works had either not been maintained or partially maintained in all the test-checked GPs, it was not possible to assess the delays in according technical sanctions and their impact on

implementation of the Scheme. However, analysis of the MIS data for 2007-12 indicated that technical sanctions in 4.01 lakh cases out of 17.42 lakh works had been delayed as late as October to March every year and technical sanctions had not been entered in another 1,032 cases, which had an adverse impact on the completion of works.

The State Government stated (January 2013) that instructions would be issued to avoid the delay in according sanctions to the estimates.

3.3 Labour Budget

3.3.1 Delay in submitting labour budget

After approving the development plan of the district, the DPC is to annually prepare a labour budget for the next financial year containing 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. The Operational Guidelines note that the sequence of approvals laid down under the Act necessitates time-bound coordination among different levels, so that the spirit and intent of the Act is maintained. It also prescribes the time schedule as shown earlier in **Chart 6**. Till 2008-09, there was no systematic procedure followed in the preparation and consolidation of labour budgets in the State. There was no consolidated labour budget available for the years 2007-09 as some of the districts had not prepared the labour budget. Till 2008-09, labour budgets from the districts were forwarded to the MoRD as and when received.

Further, it was observed that though the target date for submission of labour budget to the MoRD was 31 January, there were persistent delays during 2009-12 as shown in **Table 3** below:

Table 3: Delays in forwarding labour budgets

Year	Date on which labour budget was sent to the MoRD	Date of approval of labour budget by the MoRD
2009-10	March 2009	27 April 2009
2010-11	26 March 2010	11 May 2010
2011-12	14 March 2011	30 March 2011

Source: Information furnished by RDPR department

The State Government, while agreeing to adhere to the schedule henceforth, stated (January 2013) that during the first three years some of the districts had not submitted proposals in time and funds were released on *ad hoc* basis. Hence, there was inconsistency during that period. After the creation of State Employment Guarantee Fund in 2009-10, submission of labour budget proposals to Government of India was done every year regularly and systematically.

3.3.2 Unrealistic labour budget projections

The labour budget is to be based on realistic estimate and close to actual achievement trends of the previous year in terms of household's demand, days of employment demanded and expenditure. If a sharp rise in the employment demand is estimated, proper justification should be presented by the district. As compared to previous year's actuals, there were abnormal increases in

labour budget projections ranging up to 473 *per cent* and 346 *per cent* during the years 2010-11 and 2011-12 respectively. The details are given in **Appendix 2**. In all these cases, no justification for such huge increases had been furnished.

The expenditure incurred was lower than the labour budget by 0.5 to 97 *per cent* in 17 districts during 2009-10, 7 to 81 *per cent* in all the 30 districts during 2010-11 and up to 97 *per cent* in 16 districts during 2011-12. It was higher than the labour budget by 3 to 218 *per cent* in 12 districts during 2009-10 and 1 to 89 *per cent* in 13 districts during 2011-12 (detailed in **Appendix 3**).

There were variations between the projection of persondays as per the approved labour budgets and those actually generated. The actual persondays constituted 24 to 440 *per cent* of the estimated persondays during 2009-10, 4 to 79 *per cent* during 2010-11 and 8 to 138 *per cent* during 2011-12. The details are given in **Appendix 4**.

The State Government stated (January 2013) that labour budget projections of the next year did not square up with the actual implementation as this was a demand driven programme and action would be taken to standardise the projections henceforth. Audit while noting the reply however, observes that as the demand for labour is dependent on several factors and will thus vary, it was incumbent on the State Government to link the labour budget to MIS and online progress, as set out in the Operational Guidelines. The huge variations between the projected and actual labour budget, as stated above, points to the fact that the linkage was not strictly monitored and in turn affected the GoI's mid-year review of the State's performance against its own labour budget estimates.

Chapter - 4
Structural mechanism and capacity building

4.1 Framing of Rules

The Act provides for the State Government making rules for carrying out the provisions of the Act. The rules framed by the Government and their dates of notification are detailed in **Table 4** below:

Table 4: Rules framed by the Government

Particulars	Date of notification
Karnataka State Employment Guarantee Council Rules, 2006	13 June 2006
Karnataka State payment of unemployment allowance Rules, 2006	13 June 2006
Karnataka State Employment Guarantee Fund Rules, 2008	31 July 2008
Karnataka National Rural Employment Guarantee (Grievance Redressal) Rules, 2009	13 March 2009
MGNREG Scheme implementation of Social Audit Rules, 2011	10 January 2012

Source: Gazette notifications

4.2 State Employment Guarantee Council

The Act stipulates that State Governments should set up a State Employment Guarantee Council (SEGC), which was to be responsible for advising the State Government on the implementation, evaluation and monitoring of the Scheme, preparing an Annual Report on the Scheme to be presented to the State Legislature, *etc.* Though the State Government had set up (June 2006) the SEGC, it met only four times[5] as of 31 March 2012. The Karnataka State Employment Guarantee Council Rules, 2006 under which SEGC had been constituted did not also prescribe the interval at which SEGC was to meet. The SEGC was, thus, functioning in an unstructured manner. Further, SEGC did not constitute any Sub-committees though four such Committees[6] were to be constituted to assist SEGC in discharge of its duties and functions. The members of these Sub-committees were to include officers from State Accounts department, Panchayat Raj Engineering department, Labour department, Forest, Ecology and Environment department, *etc.* Even experts could have been nominated to these Sub-committees. SEGC did not appoint any expert group for providing technical support and advice to improve the quality of implementation of the Act. The Annual Reports on the Scheme for

[5] during July 2006, March 2007, January 2009 and September 2009

[6] Committee on preferred works, Committee on finalisation of proposals under Clause 1 (x) of the Act, Finance and Audit Committee, Committee on wage and labour standards.

the years 2006-07 to 2011-12 had also not been laid before the State Legislature.

The State Government stated (January 2013) that the points mentioned would be complied with and adhered to as per the provisions of MGNREGS. In respect of Sub-committees, it was stated that the Executive Council and officers of the State Government were fully assisting SEGC in discharge of its duties and functions. The reply was not acceptable as the Rules stipulated constitution of the Sub-committees. It was not clear as to how in the absence of such technical support groups the SEGC was ensuring the quality of implementation.

4.3 Executive Council and Governing Council

4.3.1 Executive Council

An Executive Council (EC) was constituted (July 2008) to oversee the function of the State Employment Guarantee Fund (SEGF). The Principal Secretary, RDPR department is the Chairman and Secretary (RDPR department), Director (MGNREGS), Director (Panchayat Raj) are the members. The Chief (Finance and Accounts), MGNREGS is the Member Secretary of the Council. As per the bye-laws of the SEGF which was registered as a society, the EC was required to meet once in three months or as and when necessary.

4.3.2 Governing Council

The Governing Council (GC) was constituted on 31 August 2009 for supervision and maintenance of SEGF. The GC comprises eight permanent and eight nominated members headed by the Chairman who is the Principal Secretary, RDPR department. The GC has to hold Annual General Meeting every year. The Audit Reports pertaining to the previous financial year were to be placed before the GC in every Annual General Meeting.

Audit observed from the records that the EC had met only once on 18 March 2011 and GC had met only two times during the period 2009-12 (12 October 2009 and 3 May 2011), thereby limiting the roles of Councils in the release and management of funds.

The State Government accepted (January 2013) that the meetings were not convened regularly and stated that all the files were routed through Principal Secretary, RDPR department who was the Chairperson of the Executive Council. It was further stated that the EC and GC also met on 8 August 2012 to oversee the implementation of MGNREGS and henceforth this would be scrupulously followed.

While the assurance provided now by the Government is appreciated, the fact, however, remained that the meetings were not convened as stipulated and opinions of other members of the Councils were not obtained and kept on record.

4.4 Resource support

4.4.1 Personnel support

The Act recognises the crucial role of adequate manpower support for implementation of the Scheme. The Act requires the State Government to designate a full time dedicated PO at the taluk level. It also makes mandatory for the State Government to make available to these officials necessary staff and technical support required for the effective implementation of the Scheme. The Operational Guidelines suggested appointment of one Employment Guarantee Assistant or Gram Rozgar Sevak (GRS) in each GP.

The PO was responsible for implementation of the Scheme at taluk level, consolidation of GP plans, monitoring and supervision, ensuring that regular Social Audit of all works are carried out and that prompt action is taken on the objections raised, *etc.* However, the existing Executive Officers (EOs) at the taluk level were appointed as POs and given additional charge of the Scheme.

At village level, the GRS was required to assist the GP in the implementation of the Scheme. GRS assumes particular importance in view of the fact that GPs are the focus of the Scheme. However, in 156 test-checked GPs[7], the GRS had not been appointed. As per the information furnished by the RDPR department, only 4,532 posts of Administrative Assistants had been filled up as against 5,628 posts required to be filled up. In addition to these Administrative Assistants, the State Government was to create the post of full time Panchayat Development Officer (PDO) in each GP. As of March 2012, only 3,312 GPs (59 *per cent*) had PDOs and the recruitment of PDOs for the remaining GPs was in progress.

The State Government had approved (June 2009) outsourcing of the professional services required for implementation of MGNREGS at various levels of PRIs. However, there were vacancies ranging from 13 to 97 *per cent* in these posts as of March 2012. Large number of vacancies in posts related to critical areas of functioning, especially at the GP level, would have an adverse effect on implementation of Scheme.

The State Government stated (January 2013) that steps had been taken to put in place the dedicated full time personnel through outsourcing within the administrative expenditure limit of six *per cent*. It was further stated that an Assistant Director had now been posted at each taluk level to assist POs.

While the step taken to increase personnel is noteworthy, the fact remained that it was delayed and such a move should have been initiated when MGNREGS was rolled out in all the districts of the State.

4.4.2 Technical support

The Act recognised creation of durable assets as an important objective of the Scheme. The main implementing agency under MGNREGS was the GP

[7] One GP (Hadli) in Naragund taluk, Gadag district did not produce any records.

which did not have any dedicated technical resource for supporting the planning and execution of works required for creation of such assets. Therefore, the Operational Guidelines required the State Government to constitute panels of accredited engineers at the district and taluk levels for the purpose of assisting in estimation and measurement of works. It was seen that the State Government had not constituted any such panels of accredited engineers. Moreover, 82 (1,172) to 97 (1,380) *per cent* of the posts of technical assistants created (June 2009) by the State Government through outsourcing had remained vacant as of March 2012. Thus, the technical support for the proper implementation of the Scheme was inadequate which adversely impacted the planning and execution of works.

4.5 Information, Education and Communication (IEC) of MGNREGS

MGNREGS is envisioned as a demand driven employment generation programme. Thus, awareness of potential beneficiaries and other stakeholders is key to ensuring that they are able to articulate their demand and claim their entitlements. The Operational Guidelines provide for the State Government drawing up an IEC plan and taking up an intensive IEC exercise. This exercise was to target workers, rural households, PRIs, and special attention was to be paid to deprived areas and marginalised communities. The IEC activity was to be taken up at the beginning of the Scheme as well as at regular intervals.

Audit scrutiny showed that the State Government had not drawn up any IEC plan. The IEC activities taken up were limited and consisted of street plays, radio programmes, pamphlets and wall writing in public places, for which the State Government had incurred a sum of ₹74.78 lakh during 2007-12. The State Government engaged consultants for IEC activities since June 2010 and paid an amount of ₹1.50 crore as of March 2012.

The lack of IEC activities resulted in ineffective communication strategy and this was reflected in the survey of 1,553 beneficiaries by Audit in the test-checked GPs which indicated poor awareness levels of entitlements under MGNREGS. Lack of awareness on the basic entitlements under MGNREGS is a key barrier for access to rights-based employment. Considering that the Scheme had been in operation for the past seven years, the awareness level indicated a large gap.

The State Government stated (January 2013) that various IEC activities were conducted through All India Radio, Doordarshan, newspapers and street dramas from 2010-11 onwards. It was also stated that additional efforts would be made to generate more awareness of Scheme entitlements.

While the efforts stated to be made by the Government are appreciated, the Government, however, did not draw up any IEC plan which could have enabled a systematic approach in creation of awareness among the rural poor willing to register under the Scheme.

Chapter - 5
Financial management

5.1 Funding of the Scheme

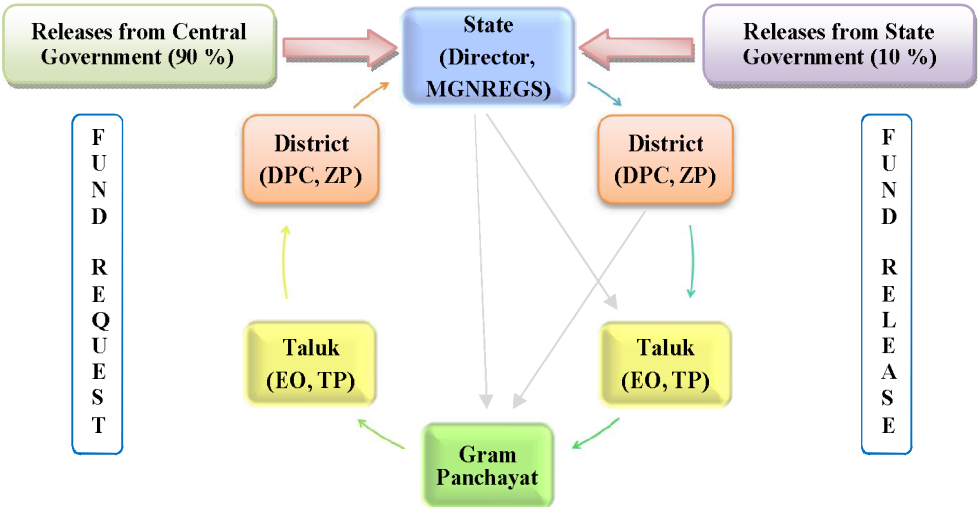
Funding under the Scheme is regulated by the 'National Employment Guarantee Fund Rules 2006' and the 'Karnataka State Employment Guarantee Fund Rules, 2008'. The MGNREGS is a Centrally Sponsored Scheme (CSS) with the cost sharing between the Centre and the State in the ratio of 90:10. The funding pattern of the Scheme is summarised in **Table 1** (***Paragraph 1.3***).

The Operational Guidelines stipulate release of Central funds to the State in two tranches. The first tranche is proportional to the percentage of persondays projected for the first six months of the year (up to September) in the labour budget but should not exceed 50 *per cent* of the total amount approved in the labour budget.

5.2 Fund flow

As envisaged in the Act, the State Government framed (July 2008) the Karnataka State Employment Guarantee Fund Rules, 2008 and SEGF was registered (March 2009) as a society under the Karnataka Societies Registration Act, 1960. This fund was to be administered and expended as a revolving fund. The releases from the GoI and the State Government for implementation of the Act were parked in the bank account of this fund and distributed subsequently as advances to PRIs. The fund flow of the Scheme is depicted in **Chart 7**.

Chart 7: Fund flow under MGNREGS



The GPs could receive funds either directly from the fund at the State level or from ZP or from the TP. Thus there was no uniformity in flow of funds to GPs which resulted in inadequate monitoring of the GP accounts.

The State Government explained (January 2013) that initially the funds were released directly to GPs from the State fund. At times, due to dearth of funds, the amounts were released to ZPs for need based transfer to GPs. Thus uniformity in flow of funds could not be maintained because it led to locking up of funds. The situation would improve as electronic Funds Management System (eFMS) was being introduced throughout the State.

The fact remained that there was lack of monitoring and uniformity in flow of funds during the period of audit.

5.3 Financial position

5.3.1 As per the information furnished (January 2013) by the RDPR department, the financial position for the period of audit was as shown in **Table 5**.

Table 5: Financial position under MGNREGS for the years 2007-12

(₹ in crore)

Year	Opening Balance	Releases		Misc. receipts	Total fund availability	Expenditure	Closing Balance
		Central Govt	State Govt				
2007-08	124.63	268.52	25.54	0.56	419.25	236.51	182.74
2008-09	250.71	399.39	54.90	22.33	727.33	373.61	353.72
2009-10	353.42	2,407.08	253.72	24.58	3,038.80	2,216.93	821.87
2010-11	821.87	1,941.55	143.53	49.46	2,956.41	1,860.47	1,095.94
2011-12	1,095.93	662.88	159.06	37.82	1,955.69	1,640.99	314.70
Total	**2,646.56**	**5,679.42**	**636.75**	**134.75**	**9,097.48**	**6,328.51**	**2,768.97**

Source: As furnished by the RDPR department

The expenditure incurred under the Scheme increased significantly during the year 2009-10 and declined thereafter. The decline in expenditure would have an aggravated effect on employment generation in view of the progressive increase in wage rates over the years.

Audit noted that there were differences between the closing balance and opening balance adopted for the succeeding year which were attributed (June 2013) to carry forward of unspent balances of closed schemes *viz.*, SGRY and NFFWP. As per the statement furnished (July 2012) by RDPR department on an earlier occasion, the total availability of funds during 2007-12 was ₹9,065.71 crore and expenditure incurred was ₹6,271.82 crore. It was also seen that there were huge differences in reporting of funds availability and expenditure at the district levels as detailed in **Appendix 5** and **Appendix 6** respectively. The RDPR department did not have any independent data other than the MIS data. The reasons for the variation were not furnished.

5.3.2 The details of releases, expenditure and unspent balances of test-checked districts during 2007-12 as per MIS are given in **Table 6**.

Table 6: Financial position in test-checked districts for the years 2007-12

(₹ in crore)

Year	Opening Balance	Releases	Miscellaneous receipts	Total fund availability	Expenditure	Closing Balance
2007-08	20.09	90.85	0.00	**110.94**	**37.80**	73.14
2008-09	78.63	101.93	0.00	**180.56**	**80.94**	99.62
2009-10	107.98	454.01	6.55	**568.54**	**573.24**	-4.70
2010-11	123.43	477.80	1.57	**602.80**	**513.38**	89.42
2011-12	120.36	334.90	2.95	**458.21**	**544.18**	-85.97
Total		**1,459.49**	**11.07**	**1921.05**	**1,749.54**	

Source: MIS and Annual Reports (2007-08 and 2008-09), RDPR department

Audit observed that there were negative closing balances during the years 2009-10 and 2011-12 due to booking of anticipated expenditure (expenditure in pipeline). The State Government stated (June 2013) that these discrepancies were rectified.

5.4 Transfer of funds

5.4.1 Differences in amounts transferred to PRIs

The funds were transferred to the concerned ZPs/TPs/GPs through Scheduled Banks and Rural Banks through electronic means[8] from the fund account directly by the State Bank of Mysore (G-seva branch), Bangalore on the advice of the RDPR department. A review of the Scheme records and Chartered Accountants (CA) reports for the years 2009-11 showed that there were differences in the funds transferred and fund accounted for as shown in **Table 7**.

Table 7: Differences in funds transferred

(₹ in crore)

Year	As per SEGF Accounts	As per CA reports of ZPs	Difference
2009-10	2,364.23	2,358.88	5.35
2010-11	1,922.93	1,920.40	2.53

Source: Scheme records and CA reports for the years 2009-11

During 2009-10, ₹7.06 crore was transferred to nine ZPs[9] from State Fund but as per CA reports of ZPs but only ₹2.16 crore was credited to their bank accounts. The balance of ₹4.90 crore was not credited.

Gulbarga ZP had accounted (2009-10) ₹1.25 crore as other receipts received on-line from the State Government though there was no corresponding transfer from the State fund.

[8] National Electronic Fund Transfer (NEFT) and Real time Gross Settlement (RTGS)

[9] Bangalore Rural, Belgaum, Bellary, Bijapur, Chikkaballapur, Hassan, Ramanagara, Shimoga and Tumkur

A sum of ₹1.85 crore transferred (2009-10) from SEGF account to nine ZPs[10] was not credited to their bank accounts. Further, huge variations were noticed in the test-checked GPs between the balances exhibited in the cash book and the balances exhibited in the MIS.

The State Government attributed (January 2013) these to wrong account numbers, incorrect IFSC[11] and stated that action had been taken to get the correct account numbers and switch over to MIS based electronic payment system.

5.4.2 Non-reconciliation of balances in the Fund

Scrutiny of the SEGF cash book and bank pass sheets for the period from 2009-10 to 2011-12 at the State level showed that huge amounts transferred to the bank accounts at districts had been credited back to the Fund due to a variety of reasons such as wrong account number, wrong IFSC, *etc*. The details of the amounts credited back to the fund account are given in **Table 8**.

Table 8: Details of amounts credited back to the Fund

(₹ in crore)

Year	Total amount transferred	Total amount credited back to the Fund	Percentage
2009-10	2,364.23	125.70	5.32
2010-11	1,922.93	171.35	8.91
2011-12	1,410.82	144.78	10.26
Total	**5,697.98**	**441.83**	**7.75**

Source: Information collected from the CA reports and pass sheets

The State Government stated (January 2013) that amounts were credited back due to wrong account numbers, incorrect branch codes and non communication of RTGS returns by the bank representatives. It was also stated that action had been taken to obtain the details of RTGS returns and bank authorities had been instructed not to re-transfer the amounts without the knowledge of the Directorate, MGNREGS. The fact, however, remained that implementing agencies were deprived of the funds required for taking up the works as per the approved plans which would have adversely impacted the implementation of the Scheme.

The SEGF balances as per the cash book had never been reconciled with those of the bank pass sheets. The differences between the closing balances as per cash book and bank pass sheet during 2009-12 are shown in **Table 9**.

Table 9: Differences between cash book and bank pass sheet

(₹ in crore)

Year	Balance as per		Difference
	Cash book	Bank pass sheet	
2009-10	395.78	404.02	(-) 8.24
2010-11	582.82	589.98	(-) 7.16
2011-12	0.76	13.43	(-) 12.67

Source: Cash books and bank pass sheet

[10] Bagalkote, Chamarajanagar, Dharwad, Gadag, Gulbarga, Kodagu, Mandya, Mysore and Uttara Kannada

[11] IFSC- Indian Financial System Code under which each bank branch is assigned unique code

The State Government stated (January 2013) that the differences between bank pass sheet balances and the cash book balances occurred primarily due to non-reconciliation of GPs' accounts with their respective banks. Instructions had been issued for regular reconciliation of GP accounts with balances at banks. It was also stated that the differences between the bank pass sheet balances and cash book balances were arrived at and a decision was taken (August 2012) to raise the cash book balance. Accordingly, entries were made in the cash book.

The reply was not acceptable as documentary evidence in support of the reply was not produced and adopting the bank pass sheet balances in the cash book without reconciliation was not only highly objectionable but was also fraught with the risk of misappropriation.

5.4.3 Non-reconciliation of funds transferred within PRIs

Scrutiny of financial statements of ZPs showed transfer of funds within the PRIs on a substantial scale. Such transfer of funds from ZPs to TPs, from TPs to GPs and *vice versa* needed to be properly tracked and reconciled to ensure that there were no missing credit/transfers. Proper controls and tracking system were not in place as seven ZPs had transferred ₹99.14 crore and eight ZPs had transferred ₹178.47 crore to other ZPs during 2009-10 and 2010-11 respectively, without the approval of RDPR department. Further, during 2010-11 eight ZPs did not account for inter-ZP transfer of funds correctly, resulting in short and excess accounting of receipts of ₹47.96 lakh and ₹83.42 lakh, respectively.

The State Government stated (January 2013) that the State fund was created during 2009-10 and districts were asked to return the amount to the State fund as there was delay in getting funds from the Centre. Thus, seven districts had transferred a total sum of ₹99.14 crore to the State fund account. It was also stated that the concerned ZPs had been directed to reconcile the figures. The reply was not acceptable as the failure pointed out in audit was one of unauthorised inter-ZP transfer of funds.

5.4.4 In respect of nine GPs [12] in Shirahatti taluk (Gadag district), discrepancies ranging from ₹0.43 lakh to ₹44.12 lakh were noticed between the figures of receipts/expenditure exhibited in the MIS and cash book.

The State Government stated (January 2013) that discrepancies had since been rectified in the MIS and cash book. However, documentary evidence in support of the reply was not produced.

5.5 Irregular investment of funds

According to the Operational Guidelines, funds received from Central and State Government are to be kept in Savings Bank account only and these are not to be invested in fixed or term deposit. However, Belgaum ZP had invested ₹ five crore in term deposit during 2008-09 and Deputy Conservator

[12] Adarakatti, Balehosur, Bannikoppa, Bellatti, Doddur, Koganur, Magadi, Shigli and Vadavi

of Forest, Social Forestry under Bangalore Rural, ZP had kept ₹30 lakh in fixed deposits during 2010-11.

The State Government stated (January 2013) that such instances happened at the initial stage of Scheme implementation. The said amounts were subsequently withdrawn from the fixed deposit and proceeds were credited to MGNREGS account of the respective districts. It was also stated that such practice had been strictly stopped and there was no such case since then.

5.6 Non-remittance of statutory recoveries

The CA had observed in the annual accounts of SEGF account for the year 2009-10 that out of ₹5.09 crore recovered towards statutory deductions (Income tax, royalty, *etc*.) by the implementing agencies, only ₹3.17 crore was remitted to the concerned heads of accounts, resulting in non-remittance of ₹1.92 crore.

The State Government stated (January 2013) that action would be taken to remit the statutory recoveries.

5.7 Financial audit

The Operational Guidelines stipulate that the accounts of MGNREGS should be audited by the Local Fund Auditors or the CAs and the Utilisation Certificate (UC) along with the Audit Report of the previous year should be submitted by the State Government to the GoI latest by 30 September next year. The State Government had appointed CAs for the audit of accounts of ZPs (including TPs and GPs) and also for SEGF account. There were delays in submission of UCs and Audit Reports of the fund account for the years 2009-10 and 2010-11. These were submitted to the GoI by the RDPR department during February 2011 and January 2012 respectively.

The State Government stated (January 2013) that the delay was due to verification and consolidation of financial statements/UCs submitted by the implementing agencies.

The reply was not acceptable as the implementing agencies were required to close the annual accounts within three months from the closure of the financial year, as stipulated in ZP (Finance and Accounts) Rules, 1996.

5.8 Drawal of funds on self cheques

The codal provisions[13] prohibit the drawal of Scheme funds through self cheques. It was, however, seen that an amount of ₹19.30 lakh was drawn on self cheques in three[14] test-checked GPs. Drawal of funds on self cheques was fraught with the risk of misuse.

[13] Paragraph 72 of Karnataka Financial Code

[14] GP Honnavara (Hassan ZP) – ₹2.02 lakh; GP Hosur Sampekatte (Shimoga ZP) – ₹12.55 lakh; and GP Manur (Bijapur ZP) – ₹4.73 lakh

5.9 Unaccounted expenditure

The Operational Guidelines provide for the practice of 'monthly squaring of accounts' to reduce the risk of financial leakages, and to promote transparency and accuracy in fund management. This consists of verifying that all the money released under MGNREGS is accounted for under the three heads *viz.*, money held in bank accounts at various levels, advances to implementing or payment agencies, and vouchers of actual expenses. Audit scrutiny showed that GPs, Manur and Chattaraki of Sindagi taluk (Bijapur district) had issued cheques aggregating ₹12.61 lakh to four individuals during May 2009 to March 2010. However, no documents were available in support of these payments. The possibility of misappropriation cannot be ruled out.

Eight cheques aggregating ₹8.13 lakh issued (March 2011) by GP, Rampura, Sindagi taluk, Bijapur district had been credited by the bank to a suspense account, instead of paying to the parties concerned. Verification of the cash book for the period did not indicate the payees and the purposes for which these cheques had been issued. Only the cheque numbers and the amounts had been written in the cash book. In the absence of these details, Audit could not verify the purpose for which these cheques had been issued.

As seen from the pass book of the bank account of GP, Tirumani, Gudibande taluk, Chikkaballapur district, a sum of ₹9.48 lakh had been transferred to unknown accounts in 15 transactions during 2010-12. However, these transactions had not been entered in the cash book of GP and also no supporting documents were furnished to Audit. The possibility of misappropriation of Scheme funds could not be ruled out. The Secretary of the GP accepted (May 2012) that records in support of these transactions were not available in the GP.

The State Government stated (January 2013) that action had been initiated to recover the amount. It was also stated that the amount of ₹8.13 lakh credited to a suspense account in GP, Rampura of Sindagi Taluk had been transferred to the respective parties' accounts and reply from the Chief Executive Officer (CEO), ZP, Chikkaballapur was awaited. However, instructions had been given to take action in the matter. It was further stated that Karnataka was switching to full scale electronic payment system *i.e.* eFMS, whereby such cases would be eliminated.

The reply was silent as to why a suspense account was required at all and details of clearance of the balances from the suspense account were not made available to Audit.

Audit also pointed out that the expenditure charged to administrative expenses in RDPR department included travel expenses (flight tickets) of ₹11.79 lakh towards MGNREGS mela conducted (February 2011) at Delhi, for which tickets and boarding passes were not made available to it. The fact remains that audit could not vouchsafe the expenditure in the absence of supporting documents. The State Government accepted (January 2013) this fact.

5.10 Unauthorised administrative expenses

The Act provides for incurring of administrative expenses on items contingent to administration and monitoring of the Scheme. Audit noted in RDPR department and two test-checked ZPs (Bijapur and Chikkaballapur) that expenditure of ₹30.45 lakh[15] was incurred on items such as tour expenses, purchase of computers, furniture, *etc.*, which were not part of the Scheme contingencies.

The State Government stated (January 2013) that the expenditure was incurred with the approval of the competent authority. The reply was not acceptable as administrative expenses are to be confined to only those items which bear a direct and logical link to the objectives of the Scheme.

5.11 Non-transparency in procurement

As per Karnataka Transparency in Public Procurements Act, 1999 (KTPP Act) purchases exceeding ₹ one lakh should be made on tender basis. In contravention, purchase of computers, laptops and other peripherals amounting to ₹12.54 lakh was made by ZP, Chikkaballapur without calling for tenders.

The State Government stated (January 2013) that purchases in Chikkaballapur district were made at different stages, based on the requirement. Hence all the purchases were not made at a single stretch. The reply was not acceptable as the provisions of KTPP Act were not followed.

Scrutiny of records of ZP, Chamarajanagar showed that 41 GPs had purchased 1,452 name boards during 2010-11 at a cost of ₹31.22 lakh without following the prescribed purchase procedure besides making an excess payment of ₹17.76 lakh. It was also seen that five kits had been purchased by five GPs during 2010-11 at a cost of ₹2.22 lakh without following prescribed purchase procedure. CEO, ZP, Chamarajanagar found (December 2011) that the rate paid for these kits was very high and fixed a lower rate, necessitating recovery of ₹1.28 lakh from the persons responsible for irregular purchases.

The State Government stated (January 2013) that a sum of ₹16.55 lakh had been recovered and action would be taken to recover the balance of ₹2.49 lakh. It was further stated that entire expenditure under MGNREGS (including administration) was planned to be brought under eFMS which would resolve such issues in future.

5.12 Doubtful payments

Four test-checked taluks debited an expenditure of ₹2.13 crore[16] to the material component under the Scheme during 2009-12; however, none of the

[15] Bijapur-₹14.18 lakh; Chikkaballapur-₹10.88 lakh; RDPR department-₹5.39 lakh

[16] Bagepalli (Chikkaballapur district)- ₹10.75 lakh, Belur (Hassan district)- ₹86.59 lakh, Devdurga (Raichur district)- ₹5.16 lakh and Gudibande (Chikkaballapur district)- ₹110.55 lakh

selected GPs had maintained stock and issue register of materials and supporting vouchers for having made the purchases. In the absence of these, the genuineness of materials purchased or utilised on works could not be assessed in audit.

In Gudibande taluk, ₹93.30 lakh had been paid to only one supplier and ₹31.28 lakh in GP, Varlakonda was disbursed (2009-11) to two Bill Collectors working in the GP office. No supplies had also been received from these persons as there were no supporting vouchers for materials supplied. Further, these two Bill Collectors had also been engaged as labourers in four works executed during 2009-10 and wages of ₹0.36 lakh credited to their accounts.

The State Government stated (January 2013) that the GPs of Belur taluk had maintained stock register of materials, but no register was maintained in respect of purchases made locally. The reply of the department is, however, silent about the supporting vouchers for purchases made which is mandatory for ensuring the genuineness of purchases.

It was seen from the CA's report of ZP, Bidar that vouchers for an expenditure of ₹2.90 crore, incurred during the year 2010-11, had not been furnished for verification.

The State Government stated (January 2013) that instructions had been issued to the CEO, ZP to take necessary action.

5.13 Points noticed in Information System audit–Financial management

The details of the bills relating to procurement of material are also captured on the MIS. The audit observations in this regard are as follows:

- In 4,004 material bills relating to 2011-12, payment of ₹13.79 crore had been made for materials where bills were not available in the material purchases table.

- The product of rate and quantity did not match the amount for individual items in 3,562 material bills. The amount in 2,362 bills was lower than the product of rate and quantity by ₹198.55 crore and higher than the product of rate and quantity by ₹39.20 lakh in the case of the remaining 1,200 bills.

  In the test-checked districts, the amount in 642 bills was lower than the product of rate and quantity by ₹41.40 crore and higher than the product of rate and quantity by ₹14.44 lakh in another 370 bills.

- Though MIS has provision for entering the names of the suppliers which facilitate availability of details of vendor-wise payments and the monitoring of such payments, the vendors' details had not been entered in 12.41 lakh bills involving ₹1,717.17 crore. Instead, the vendor's ID has been entered as 'local'. Of these bills, the vendor's ID had been edited and changed to 'local' in 8.50 lakh bills for which an amount of ₹1,290.93 crore had been paid.

In the test-checked districts, vendors' details had not been entered in 3.32 lakh bills involving ₹446.45 crore.

The State Government stated (January 2013) that in case of materials purchased from departments like Horticulture, Forest, *etc.*, the vendor name was considered as local. The reply was not acceptable as the authenticity of purchases and payments made could not be ensured in the absence of vendor's details.

- In eight test-checked districts, there were 555 bills for supply of materials, for which ₹1.63 crore had been paid during 2009-12. These had been deleted from the MIS after payment. These deletions had been made after 0 to 379 days of payment.

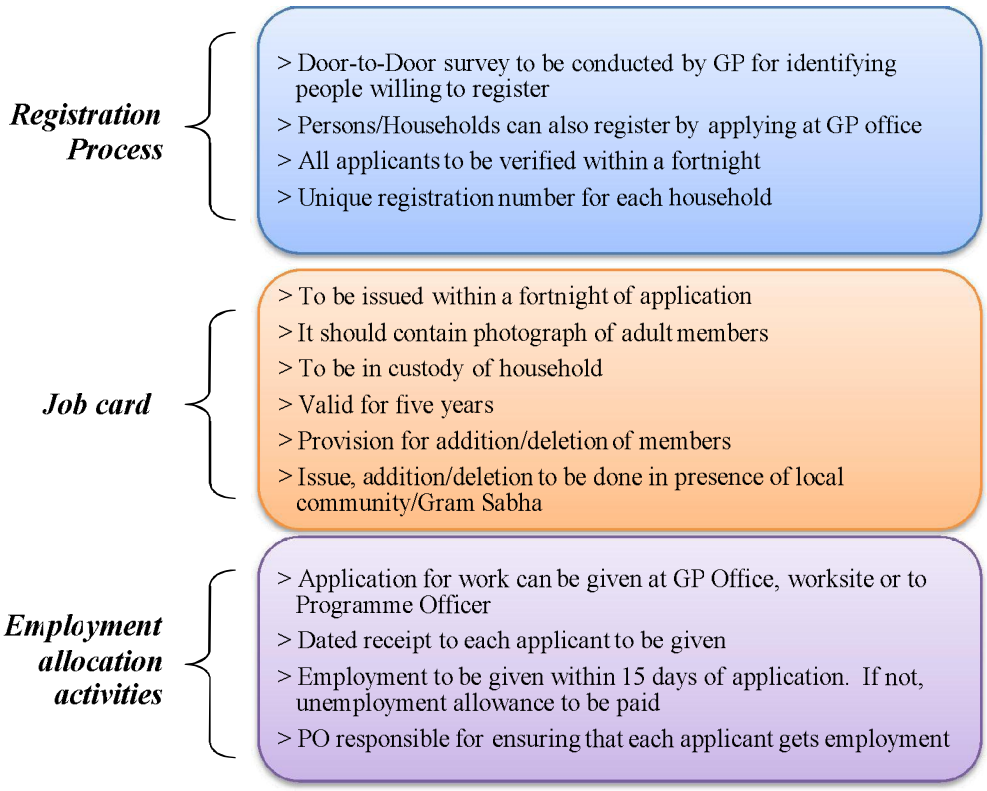
- In respect of 1,819 material bills, payment of ₹6.69 crore had been entered in the MIS towards supply of materials in eight test-checked districts but the unique codes of works against which these payments were entered could not be traced to works master table or materials purchase table. As a result, the genuineness of the payments could not be assessed in audit.

Chapter - 6
Registration and issue of job cards

6.1 Introduction

The first step in guaranteeing the beneficiary's right to 100 days of employment under the Scheme was ensuring registration of the household with the GP. It was the duty of the GP to register the household after making suitable enquiries, and issue a job card. The application for the job card could be given on plain paper to the GP or an individual can make an oral request. The process for registration of households, issue of job cards and employment allocation are detailed in **Chart 8** below:

Chart 8: Registration process, Job card and Employment allocation



The introductory Gram Sabha meeting at the time of commencement of the Act should be convened for the purpose of explaining the provisions of the Act, mobilising applications for registration and conducting verifications. However, no documentary evidence of such a meeting having been convened was available in any of the test-checked GPs. There was also no documentary evidence for having conducted the door-to-door survey in the test-checked GPs to identify persons willing to register. A door-to-door survey was necessary for wider communication to ensure that no potential beneficiary was left out.

6.2 Issue of job cards

6.2.1 The Operational Guidelines envisage that the GPs, after due verification, should issue a job card to the registered beneficiaries. Job cards were to be issued within a fortnight of the application of registration. Photographs of adult member applicants were to be attached to the job cards. Further, the job card was to contain information including the registration number, particulars of age, *etc.*, of all adult members of the family who were willing to work. The timely issue of a well-designed job card was essential to ensure transparency and protect beneficiaries against fraud. While issue of job cards is an important aspect for ensuring entitlements under the Act, it is also equally important that the household has the custody of the job card.

The cumulative number of households registered and job cards issued during 2007-12 was as shown in **Table 10**.

Table 10: Cumulative number of households registered and job cards issued

Year	Cumulative number of households registered	Cumulative number of job cards issued				
		Total	to SCs		to STs	
			Number	Percentage	Number	Percentage
2007-08	15,83,802	15,23,091	4,56,933	**30**	2,39,795	**16**
2008-09	62,10,958	61,14,965	11,24,445	**18**	5,51,410	**9**
2009-10	53,57,143	53,01,425	9,28,204	**18**	4,51,965	**9**
2010-11	67,56,273	67,48,660	11,58,150	**17**	5,81,057	**9**
2011-12	55,83,423	55,72,672	9,58,372	**17**	4,66,286	**8**

Source: Information furnished by the RDPR department

The cumulative households registered and job cards issued during 2007-12 showed inconsistent rising and declining trends. The job cards issued as of March 2012 declined by 17 *per cent* as compared to March 2011 position. The shortfall in issue of job cards was four *per cent* during 2007-08. Though the position improved during the succeeding years, 10,751 job cards were yet to be issued to the registered households as of March 2012.

The percentage of cumulative job cards issued to SC and ST households during 2007-12 showed an overall declining trend. The State Government stated (January 2013) that the districts chosen in the beginning (Phase-I and II) of roll out of MGNREGS had a proportionately higher SC/ST population. However, as all districts were covered from 2009, the SC/ST proportion in job cards started reflecting their percentage share in State population. It was further stated that percentage of job cards issued to SC/ST was more than their percentage share in population. The reply was not acceptable as actual number of job cards issued to SCs/STs during 2007-12 showed inconsistent rising and declining trends. The number of job cards issued to SCs/STs declined during 2009-10, increased during 2010-11 and again declined during 2011-12 as compared to previous years. The share of both SCs and STs in

employment provided under the Scheme also showed a declining trend as discussed in ***Paragraph 1.5***.

6.2.2 Beneficiaries' responses regarding issue of job cards

Job cards were to be issued within 15 days of application for registration. This was important in ensuring that the beneficiary was able to demand and get employment in time. The responses of the sampled beneficiaries showed that job cards had been issued within 1 to 180 days (in Shimoga and Chamarajanagar districts) of submitting the application for registration. While 77 *per cent* replied that they had not paid any money for registration and job card, 23 *per cent* did not respond.

The survey showed that 81 *per cent* of workers had the job cards in their possession at the time of survey. Those who did not have the job cards in their possession stated that these were with Adhyaksha, GP functionaries and others. While no photograph had been affixed in 10 *per cent* of the job cards, 50 *per cent* of the job cards carried the joint photograph of the households and another 37 *per cent* had the photograph of only the sampled worker.

The State Government stated (January 2013) that instructions would be issued to initiate action to set right the lapses (Bijapur) and further stated that a toll free Call Centre (1800 425 8666) had been set up for (i) New Job Card Registration (ii) Work Demand and (iii) Any Complaint or Grievance.

6.3 Other discrepancies in registration and job cards

Audit scrutiny of MIS data relating to 30 districts showed that the software not only accepted invalid information but also failed to generate any alerts on occurrence of such an event. The instances noticed during audit are detailed below.

6.3.1 Details of job cards not found in Applicants table

When job cards are created, the information regarding the job cards like date of registration, date of issue, *etc.*, were stored in the Registration table and the information regarding the individual members of the household like age, bank account number were captured in the Applicants table. In 567 cases, the job cards found in the Registration table were missing from the Applicants table. Thus, there was a risk that job cards would have been issued even without an application.

6.3.2 Requisite details not mentioned in job cards

The job card as per the format prescribed in the Act should contain details such as photographs of adult members, house number, caste, *etc.* The details of the job cards are captured on the MIS at each GP. Audit observed that the following details were not entered in job cards:

- house numbers in 55.87 lakh job cards;
- caste in 5.47 lakh job cards;

- Election Photo Identity Card (EPIC) numbers in 68.54 lakh job cards; and
- no photographs were affixed on 31.86 lakh job cards.

In the absence of valid house numbers, it was not clear as to how physical availability of beneficiaries was ensured. The data, in these cases, was unsuitable to check whether the registered beneficiary was a local resident, as required under the Act.

The State Government stated (January 2013) that in villages and rural areas, in general, house numbers were not used for identification of the houses. The caste to be captured was SC, ST or other backward classes (OBC), and non-mentioning of caste, ordinarily, meant a 'General Caste' household. However, now, a special drive would be undertaken to cover these points. Similarly, "seeding" of EPIC number with job card was quite a time consuming exercise. This would be attempted with due diligence.

6.3.3 Registration number not in prescribed format

Registration number is to be assigned in the prescribed format (state code-district code-taluk code-panchayat code-village code/family id). In 1,491 job cards, the registration numbers did not conform to the prescribed format. Further, the registration numbers contained characters like '**?**, *****' *etc.*, in 6,123 cases which indicated the possibility of fraudulent practices in the issue of job cards.

The State Government stated (January 2013) that data entry errors would be rectified through GPs.

6.3.4 Discrepancies in applicants' names and ages

The applicant's name field in 726 cases was either empty or contained a single alphabet. Wages of ₹5.93 lakh had been paid during 2008-12 in respect of these applicants.

In 0.55 lakh job cards, the names of individual members had been entered twice in the same language. Though 25,195 such cards had been deleted during 2008-12, 30,157 cards remained active. In 12 test-checked cases, the name of the individual members had been entered in English and in local language. Though the system was designed to generate an error when two individuals were entered in a job card with the same name and age, there were no in-built input controls to reject cases where the name and age of the same individual member are entered in English and in local language, creating scope for multiple job cards with the same name in English and the local language.

The State Government stated (January 2013) that the GPs would be asked to verify and set right such issues.

As per MIS, 555 persons aged less than 18 years and 965 persons more than or equal to 90 years had been engaged on works in 30 districts and wages of ₹7.96 lakh and ₹13.21 lakh respectively had been paid to them.

The State Government stated (January 2013) that the software should have the internal consistency check not to allow less than 18 years old labourers and the issue needed to be answered by NIC, New Delhi. The reply was not acceptable as in any case the data entry was done at GP level.

6.3.5 Non availability of date of issue of Job cards

Though there had been delays up to 2,337 days in the issue of job cards after receipt of applications, the dates of issue of the job cards were not displayed in the front end making it difficult to monitor the issue of the job cards.

The figures exhibited in the website in respect of reports on job cards issued to SC and ST, job cards not in use, job cards not issued *etc*., included the job cards/applications deleted subsequently; these figures were, therefore, unreliable.

The State Government stated (January 2013) that instructions had been issued to DPCs to follow the GoI guidelines. The NIC, New Delhi was the software solution provider under the ownership of MoRD, GoI and these issues needed to be resolved by them. It was further stated that the State Government would work in coordination with NIC on this.

Chapter - 7
Employment generation and payment of wages

7.1 Introduction

The primary purpose for enacting the Act was to ensure livelihood security for all rural households. The Act guarantees 100 days of employment to every household whose adult members are willing to undertake manual unskilled labour. In the light of the guarantee of employment enshrined in the Act, it is imperative that:

- Timely employment is provided to whoever demands it;
- In case it is not possible to do so, unemployment allowance as provided for in the Act is given;
- Wages are paid in full and in time; and
- There is adequate transparency in the processes involved.

The details of employment demanded and provided in the State and the test-checked districts under MGNREGS during 2007-12 are shown in **Table 11** and **Table 12** respectively.

Table 11: Details of employment demanded and provided under MGNREGS in the State

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Total job cards issued (in lakh)	15.23	61.15	53.01	67.49	55.73
Household demanded employment (in lakh)	5.54 (36%)	7.33 (12%)	36.26 (68%)	24.13 (36%)	16.64 (30%)
Employment provided to household (in lakh)	5.50	7.01	35.35	22.25	16.52
Total persondays generated (in lakh)	197.77	274.54	2,004.40	1,098.23	699.55
SCs (in lakh)	59.78 (30%)	60.08 (22%)	335.08 (17%)	177.58 (16%)	109.85 (16%)
STs (in lakh)	37.94 (19%)	34.82 (13%)	172.25 (9%)	102.65 (9%)	58.02 (8%)
Women (in lakh)	99.41 (50%)	123.49 (45%)	685.74 (34%)	491.44 (45%)	321.17 (46%)
Persondays per household	36	39	57	49	42
Household provided 100 days' employment (in lakh)	0.23	0.36	4.46	1.32	0.45

Source: Information furnished by the RDPR department

Table 12: Details of employment demanded and provided in test-checked districts

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Total job cards issued (in lakh)	5.58	16.89	14.79	18.87	15.86
Household demanded employment (in lakh)	1.16 (21%)	1.76 (10%)	9.21 (62%)	6.62 (35%)	4.86 (31%)
Employment provided to household (in lakh)	1.16	1.67	9.03	6.22	4.79
Total persondays generated (in lakh)	29.15	55.35	487.57	296.87	176.17
SCs (in lakh)	5.99 (21%)	12.70 (23%)	87.84 (18%)	52.93 (18%)	30.33 (17%)
STs (in lakh)	7.19 (25%)	9.35 (17%)	54.40 (11%)	34.86 (12%)	15.19 (9%)
Women (in lakh)	11.70 (40%)	26.28 (47%)	175.52 (36%)	134.57 (45%)	82.63 (47%)
Persondays per household	25	33	54	48	37
Household provided 100 days' employment (in lakh)	0.0005	0.08	1.14	0.36	0.09

Source: Information furnished by the RDPR department

The percentage of registered households in the State who demanded work increased from 36 to 68 *per cent* during 2007-09. It declined to 36 *per cent* in 2010-11 and further to 30 *per cent* during 2011-12. While a major portion of the households did not demand work, all those who demanded work did not get work. While 99 *per cent* of the households demanding work had been given work during 2007-08 and 2011-12, the proportion of the households getting work during 2008-11 varied from 92 to 97 *per cent*. As a result of the declining demand for work, the persondays of employment generated during 2011-12 declined by 65 *per cent* compared to the level of 2009-10. The number of households provided 100 days' employment was dismal and it declined from 4.46 lakh (13 *per cent*) in 2009-10 to 0.45 lakh (3 *per cent*) in 2011-12. Similar trend was seen in the test-checked districts as detailed in **Table 12**.

7.2 Non-payment of unemployment allowance

The Operational Guidelines stipulate that any person having a job card can apply for work to GP in writing, upon which GP would issue him a dated receipt. In case employment is not provided within 15 days from the date of demand for work, an unemployment allowance is to be paid by the State Government at the rate prescribed in the Act. For this purpose, an Employment Register in prescribed proforma was required to be maintained by GP.

Scrutiny of the MIS data showed that the demand for labour had been entered in a majority of cases either on the same day or the preceding day of engagement of the worker as per the muster rolls. This pattern of entering the demand for labour in the MIS, in the absence of Employment Register and supporting documents, indicated scope for manipulation of the demand date.

The details of persondays for which unemployment allowance was payable in the State as well as in test-checked districts during 2007-12 are shown in **Table 13**.

Table 13: Unemployment allowance payable

Year	Number of persondays for which unemployment allowance was payable	
	30 districts	Test-checked districts
2007-08	65,415	5,097
2008-09	3,12,574	1,49,840
2009-10	1,01,952	46,166
2010-11	1,49,786	49,455
2011-12	22,493	10,098
Total	**6,52,220**	**2,60,656**

Source: Information extracted from the MIS

However, no unemployment allowance had been paid as per the MIS. In the test-checked districts also no unemployment allowance had been paid. As a result, the beneficiaries were deprived of their rights as per the Act.

The State Government, while accepting the non-payment of unemployment allowance, stated (January 2013) that the question of payment of unemployment allowances arose only when the labourer applied for it in writing as per Operational Guidelines. The State Government also stated that the whole process of record maintenance was being computerised now which would resolve these issues. The reply was not acceptable as the State Government, instead of educating the labourers through IEC activities, had taken shelter under the ignorance of the intended beneficiaries.

7.3 Payment of wages

As per the Operational Guidelines every person working under MGNREGS was entitled to wages at the minimum wage rate fixed by the State Government for agricultural labourers under the Minimum Wages Act, 1948. The wage rate at the commencement of the Act was ₹62.50. The revised wage rates, as notified by the State Government, are shown in **Table 14**.

Table 14: Statement showing notified wages under MGNREGS

Wage rate (₹ per day)	With effect from
69.00	1 August 2006
74.00	1 April 2007
82.00	1 August 2008
100.00	1 April 2009
125.00	1 January 2011
155.00	1 April 2012

Source: As available on MGNREGS website

7.3.1 Payment of wages not in conformity with the prescribed rates

The workers were to be paid at the rates fixed by the State Government. The Act prohibits labourers being paid less than the wage rate. It was seen that wages paid to workers during 2008-12 did not correspond to the wages fixed by the State Government for this period. While ₹33.49 crore had been paid in excess to 14.15 lakh workers, the wages paid were below the wages fixed by ₹317.01 crore in the case of 1.76 crore workers. It is pertinent to mention that the MIS reports in the website indicated only wage rate less than ₹30 and not the wage rate fixed by the State Government.

Further, in the test-checked districts, audit analysis showed that ₹7.89 crore had been paid in excess in the case of 2.05 lakh workers and the wages paid were below the wages fixed by ₹23.71 crore in the case of 45.13 lakh workers.

The State Government stated (January 2013) that payment of wages to the labourers was being done on the basis of work output fixed for eight hours of work in a day. The reply was not acceptable as the wages were not paid as per rates revised from time to time.

7.3.2 Delay in payment of wages

7.3.2.1 Compensation for delayed payments

Workers were entitled to being paid on a weekly basis, and in any case within a fortnight of the date on which work was done. In case the payment of wages was not made within the period specified under the Scheme, the labourers were entitled to receive compensation under the provisions of the Payment of Wages Act, 1936. Compensation costs were to be borne by the State Government. Audit scrutiny showed that the State Government had not paid any compensation though there were delays in payment of wages. The details of delay in payment of wages during 2009-12 are shown in **Table 15**.

Table 15: Delay in payment of wages

Year	Range of delay				Total number of muster rolls	Total wages paid (₹ in crore)	Wages paid belatedly (₹ in crore)	Percentage of belated wages to total wages
	16-30 days	31-60 days	61-90 days	More than 90 days				
2009-10	21,063	29,655	22,391	1,41,352	2,14,461	1,439.89	471.76	33
2010-11	21,645	27,361	25,909	1,12,008	1,86,923	1,134.84	559.25	49
2011-12	17,151	22,117	24,011	25,492	88,771	1,270.81	294.30	23

Source: Information extracted from the MIS

Payment of wages had been delayed due to a variety of reasons like shortage of staff leading to delays in measurement of work, paucity of funds, *etc.* Though the proportion of wages belatedly paid to total wages paid showed a declining trend during 2011-12, the percentage was still high at 23 *per cent.* The State Government accepted (January 2013) that compensation for delayed payments had not been paid.

7.3.2.2 Pending liabilities

As of March 2012, ₹415.91 crore had not been paid to 1.36 lakh muster rolls pertaining to the financial year 2011-12. Another 82,534 bills for supply of materials costing ₹238.59 crore were also not paid, creating a total liability of ₹654.50 crore. District-wise position of the pending liabilities is given in **Appendix 7**.

In addition to these bills, muster rolls and supply bills to the tune of ₹332.72 crore for the year 2009-10, which had not been entered in the MIS were also pending for payment as of March 2012. Chronic delay in payment negated the very purpose of providing guaranteed employment under the Act. The Principal Secretary, RDPR department had requested (February 2012) GoI to release funds for settling these bills. The response of GoI was awaited (February 2013). Execution of works without entering the same in the MIS was indicative of subversion of the processes prescribed for taking up works under the Scheme. Large number of pending bills of such works showed ineffective oversight mechanism.

The State Government stated (January 2013) that in order to strike at the root of delays in payments and increase transparency, Electronic Estimation and Electronic Measurement books were being launched which would trigger payments. Further, all payments would be transferred electronically into Bank Accounts. However, the response was silent on funds released from GoI to settle the pending bills.

7.3.3 Non-issue of wage slips

The Operational Guidelines stipulate that for every payment due to workers, a wage slip in the prescribed format should be issued by the implementing agency to the workers recording the amount and the period for which the work was done. The amount was to be disbursed to the worker only on production of wage slip and the withdrawal slip by the worker or his authorised representative. Audit scrutiny in test-checked GPs showed that wage slips had not been issued to workers. As a result, Audit could not assess the authenticity of the payments made to the workers.

7.3.4 Payment of wages without bank accounts

The Operational Guidelines prescribed payment of wages through banks or post offices, for which individual accounts for each worker or joint accounts (one for each job card) were to be opened. The scrutiny of MIS data in respect of 30 districts showed that the bank accounts/ Post Office details were absent in the records of 98.58 lakh individuals. In the test-checked districts, bank accounts/Post Office details were not available in respect of 29.67 lakh individuals employed on MGNREGS works during 2008-12. Of these, 14.81 lakh individuals were deleted from job cards during the same period. However, wages aggregating ₹196.99 crore had been paid to the individuals without bank accounts during this period as per the data sets. The details are shown in **Appendix 8.**

As bank account details were not available in the case of 29.67 lakh individuals, the process by which the wage lists had been prepared and wages disbursed were not forthcoming. Large number of deletions (50 *per cent*) of such individuals without bank accounts during 2008-12 was indicative of the possibility of fraudulent payments.

The State Government stated (January 2013) that the issue would get fully solved with the introduction of eFMS and process automation software. However, the reply was silent about past cases where irregular payments had already been made.

7.3.5 Irregularities in deletion of job cards and individuals

7.3.5.1 Permanent deletion of job cards and individuals

If any household had been wrongly registered and neither demand/allocation of work nor details of muster roll had been entered in the job card during a financial year, such a job card can be deleted permanently. These permanently deleted cards reside in a separate table called **delreghistory**. Individuals could be permanently deleted for reasons like death, unwillingness to work, *etc.* Details of permanently deleted individuals are stored in the table **delapphistory**.

An analysis of the MIS data sets of 30 districts showed that 3.49 lakh job cards and 8.23 lakh individuals had been permanently deleted during 2008-12 on grounds of wrong entries. However, as per the data available in the MIS, wages aggregating ₹22.48 crore had been disbursed in respect of permanently deleted job cards and ₹2.90 crore in respect of deleted individuals till the date of deletion. In test-checked districts, 0.93 lakh job cards and 2.33 lakh individuals had been permanently deleted on grounds of wrong entries. However, wages aggregating ₹5.27 crore in respect of deleted job cards and ₹0.22 crore in respect of deleted individuals had been disbursed till the date of deletion. The possibility of fraudulent payments in these cases cannot be ruled out.

There were 39,157 permanently deleted job cards which had been created again subsequently. Of these, 31,092 cards had been created with some other name as head of the household.

Deletion of job cards on a large scale was indicative of bogus registration facilitated by lack of transparency in registration. This was evidenced by non-observance of the procedures prescribed for registration and non-maintenance of the prescribed records by GPs. This also rendered the entire payment process susceptible to leakages and misappropriation.

The State Government, while agreeing to exhaustively resolve these issues, stated (January 2013) that the process of deletion was taken up primarily to remove shifted/absent persons and households and also to ensure that a single job card was issued to a single family.

7.3.5.2 Subsequent engagement of permanently deleted individuals

Audit observed that 1.41 lakh individual members who had been permanently deleted during 2008-12 were subsequently engaged on various works and wages aggregating ₹13.94 crore had been disbursed. In test-checked districts, 0.34 lakh individuals who had been permanently deleted were subsequently engaged on various works, and wages of ₹3.42 crore had been paid to them.

The State Government stated (January 2013) that the job cards issued to individual members of a family were required to be deleted as a single family was supposed to have a single job card. It was further stated that the issue needed case by case verification which would be done at GP level. The reason for payment subsequent to their deletion was not explained.

7.3.5.3 Inconsistencies between persondays of deleted job cards holders and related muster rolls

The persondays recorded in the deleted job card holders table (**delreghistory**) did not match with the actual persondays in the muster rolls available in the MIS. While the total persondays recorded for 2008-09 and 2009-10 in the deleted job cards table were 3,176 and 10,601 respectively, the persondays recorded as per the related muster rolls of 2008-09 and 2009-10 were 14,853 and 5,16,340 respectively. The possibilities of irregular payments could thus not be ruled out.

7.3.6 Job cards and individuals tagged for deletion

7.3.6.1 Tagging of job cards and individuals

There is provision in the MIS for tagging both the job card and also the individual members in the job card for deletion. When the job card is tagged for deletion, it is due to reasons such as shifting of family, non-existence of the family in the GP, surrender of job card by family and 'others'. When the job card is tagged for deletion, the individual members in the job card are also to be tagged for deletion. Individual members in the job card are tagged for deletion due to reasons such as unwillingness to work, joining another family and "others". Once a job card or individual member in the job card is tagged for deletion, no demand for labour/work allocation/muster roll entries can be made for such households and individual members, unless the registration is resumed later after removing the tag.

It was seen that 20.73 lakh cards had been tagged for deletion during the period 2007-08 to 2011-12. The reason for deletion had been recorded as 'Others' in 19.11 lakh cases (92 *per cent*). As there was no mechanism in the MIS to record the removal of the tag, it could not be verified whether a card had been tagged earlier for deletion. It was also seen that though 2,972 job cards had been tagged for deletion, the family members in these cards had not been tagged, creating scope for employing these members even after tagging the job cards. On the other hand, 53,635 job cards were issued even after being tagged.

Similarly 63.89 lakh individuals had been tagged for deletion and in 95 *per cent* of these cases, the reason for deletion was 'Others'. In the absence of exact reasons for deletions, the possibility of these cases being fraudulent could not be ruled out. An amount of ₹617.74 crore had been paid to these individuals during 2008-09 to 2011-12 before they were tagged for deletion.

In the test-checked districts, 5.96 lakh cards had been tagged for deletion during the period 2007-08 to 2011-12. The reason for deletion had been recorded as 'Others' in 5.04 lakh cases (85 *per cent*). Similarly, out of 62.81 lakh registered individuals, 19.67 lakh individuals had been tagged for deletion and in 93 *per cent* of these cases, the reason for deletion was 'Others'. An amount of ₹156.10 crore had been paid to these individuals during 2008-09 to 2011-12 before they were tagged for deletion. Job cards in 14,574 cases were issued even after being tagged.

7.3.6.2 Delays in tagging individuals after identification

There were delays in tagging the individuals for deletion after their identification. During this period of delay, 16,847 individuals in 30 districts and 5,622 individuals in test-checked districts had been employed and wages aggregating ₹1.43 crore and ₹50.55 lakh respectively had been paid.

Another 1,140 individuals (30 districts) and 204 individuals (test-checked districts) had been engaged even after being tagged for deletion and wages of ₹8.65 lakh and ₹1.55 lakh respectively were paid to them.

The State Government stated (January 2013) that case by case check and follow up would be done through DPCs and GPs, which needed time as large numbers were involved.

7.3.7 Irregular payment of wages

a) GP, Yelagod, Sindagi taluk, Bijapur district engaged 40 labourers registered under seven job cards during March 2011 on two MIS generated muster rolls. However, wages of ₹30,000/- had been credited during July 2011 to the accounts of only two persons engaged on the work at the rate of ₹15,000/- each. In another work, against 81 labourers engaged by GP, Chattaraki during March 2011, wages had been credited to the accounts of 36 labourers, resulting in excess payment of ₹33,375/-. In these two cases, other labourers engaged on the works were deprived of wages.

   The State Government stated (January 2013) that action was being initiated against the concerned official responsible for these mistakes.

b) In 11 muster rolls prepared for works executed during 2009-12, three GPs[17] in Gudibande taluk, Chikkaballapur district irregularly disbursed ₹4.68 lakh. The irregularities consisted of wages paid to persons other than the workers engaged and wages paid in excess of entitlement.

[17] Ullodu, Varlakonda and Yellodu

c) In respect of seven muster rolls prepared for seven works executed during 2010-11, three GPs [18] in Belur taluk of Hassan district irregularly disbursed excess payment of wages of ₹1.21 lakh. The State Government stated (January 2013) that action would be taken to recover excess amount from the concerned PDOs and GP Secretaries.

d) Three works executed during 2009-12 under GP, Seetharamathanda, Hospet taluk, Bellary district at a cost of ₹2.51 lakh showed misappropriation of Scheme funds aggregating ₹1.98 lakh. This had been done by crediting ₹0.96 lakh to the bank accounts of 11 households in excess of their eligibility (₹0.40 lakh) at the cost of 54 other persons who had been engaged on the works and crediting ₹1.42 lakh to 20 bank accounts of persons not engaged on the works.

The State Government informed (January 2013) that show cause notices had been issued to the concerned PDOs.

7.4 Irregularities in muster rolls

The Operational Guidelines stipulated that the GP, before commencing a work, was to inform the PO so that he could issue the required muster rolls. Each muster roll was to have a unique identity number and was to be certified by the PO. The muster roll would indicate the job card number, name of the worker and days worked. Workers' attendance and the wages paid would be shown against each name with the signature or thumb impression of the worker. A scrutiny of records during physical verification disclosed following irregularities:

a) Nine GPs[19] of Belur taluk, Hassan district spent ₹5.55 lakh on skilled labourers in respect of which attendance extract and number of persons engaged were not available on record.

b) In two muster rolls of GP, Koudalli, Kollegal taluk, Chamarajanagar district, the names and bank account numbers as per bank advice were different from persons to whom ₹0.25 lakh had been disbursed during 2011-12.

c) In seven test-checked GPs[20] of Kudligi taluk, the period of engagement (2007-10) of workers as per the muster rolls for 24 works (total expenditure: ₹24.48 lakh) preceded the dates of issue of blank muster rolls by the PO. The records of payments made on the basis of these muster rolls were, therefore, unreliable.

d) Muster rolls of test-checked works of all the seven GPs in Gudibande taluk, Chikkaballapur district did not bear the signature of the issuing authority (PO).

[18] Halebeedu, Malasavara and Yamasandi
[19] Bikkodu, Chikanahalli, Ghattadahalli, Hagare, Halebeedu, Narayanapura, Savasihalli, Tholalu and Yamasandi
[20] Chowdapura, Gudekote, Hurulihal, K. Ayyenahalli, Kandagallu, Nimbalagere and Rampura

e) In all the seven GPs of Gudibande taluk, ₹21.24 lakh was paid (2008-12) through muster rolls but the signatures or thumb impressions of the workers were not taken in token of receipt of payments in 1,627 cases.

f) In five GPs of Gudibande taluk, Chikkaballapur district, job card numbers of workers had not been mentioned in 21 muster rolls for which ₹1.34 lakh had been paid. As a result, the genuineness of the payments in these cases could not be ascertained.

g) In a work executed by GP, Bayyapur, Lingsugur taluk, Raichur district for which wages of ₹1.12 lakh had been paid, the period of engagement of workers, as per the muster roll, was January 2011 and February 2011. However, the muster roll had been generated from MIS only in March 2011. Hence, fraudulent payment in this case cannot be ruled out.

h) In 29 test-checked GPs of six taluks, instances of cutting, overwriting, *etc.*, were noticed in 127 muster rolls. The corrections were not attested. The related payments of ₹7.94 lakh in these cases were, therefore, fraught with the risk of misappropriation of Scheme funds. The details are given in **Table 16**.

Table 16: Cases of tampering of muster rolls

Name of the Taluk (District)	Name of the GP	Number of GPs	Number of muster rolls	Amount in Rupees
Bagepalli (Chikkaballapur)	Gulur, Nallappareddypalli, Naremuddepalli, Paragodu, Pathapalya and Rashcheravu	6	49	1,48,393
Belur (Hassan)	Ghattadahalli, Malasavara, Savasihalli and Tholalu	4	20	1,29,426
Gudibande (Chikkaballapur)	Beechaganahalli, Hampasandra, Somenahalli, Tirumani, Ullodu, Varlakonda and Yellodu	7	31	2,46,421
Hassan (Hassan)	Channangihalli	1	9	1,86,630
Muddebihal (Bijapur)	Bantanur, Bavoor, Bidarkundi, Dhavalagi, Kolur, Mukihal and Tumbagi	7	8	12,703
Sindagi (Bijapur)	Kondaguli, Manur, Rampur and Yenkanchi	4	10	70,111
Total		**29**	**127**	**7,93,684**

Source: Muster rolls in test-checked GPs

The State Government acknowledged (January 2013) the need for a State-controlled database and State-controlled software solution so that actionable reports could be generated at State level – district, taluk, GP, work and muster roll-wise. It was also stated that cases pointed out by Audit would be specifically checked by going into individual cases and strict action would be taken.

7.5 Points noticed in Information System audit – Payment of wages

When a registered applicant demands work, households who have not completed 100 days of employment are displayed in the drop down box in the

MIS. The registration IDs and the applicant names are selected from the drop down box. Once demand is created, work can be allocated to the applicant by the GP. Work allocation can be done only for approved and ongoing works. The e-Muster roll for a work is to be generated on the basis of allocations made. Attendance of workers is to be marked on the printed e-Muster Roll. After the Muster Roll is duly filled up, the details are entered in the MIS. The measurement details and photographs of the work are uploaded in the MIS and a wage list is obtained from the MIS for purpose of payment. In Karnataka, muster rolls are available only as e-muster rolls since January 2010.

a) Audit scrutiny of MIS data showed that the names found in 40,859 muster roll entries did not correspond to the names in the job cards referred to in the muster rolls. An amount of ₹3.68 crore had been paid for four lakh persondays in such cases. Of these, names had invalid characters and "question marks" in 133 and 18,525 muster roll entries made during 2008-09 and 2009-10 respectively. In the test-checked districts, a sum of ₹23.14 lakh was paid in 3,077 such cases.

While creating a demand for work, the application was designed to obtain the names of the applicants from the database once the registration number and the applicant number in the job card were entered. The reasons for unrelated names and invalid characters appearing in the muster rolls, therefore, need to be investigated.

The State Government stated (January 2013) that such teething problems were faced during 2008-09 and 2009-10 due to lack of technical competence and manpower at GP level. The fact remains that the possibility of misappropriation of Scheme funds in such cases could not be ruled out.

b) As per the MIS data, 15,377 workers in 29 districts had been marked as present in more than one muster roll on the same day in 4,672 cases and payment of ₹2.83 crore made to them. The muster rolls in these cases may be fraudulent and therefore need to be verified by the Government. In test-checked districts, double engagement of 3,081 workers involving an amount of ₹54.05 lakh was noticed.

c) There were delays in payments ranging from 16 days to 904 days (from the last day of the muster roll) in making payment of wages.

d) The Act stipulates that a period of employment should ordinarily be at least 14 days continuously with not more than six days in a week. Audit scrutiny showed that individuals numbering 2.39 crore had worked continuously for more than six days on 10.87 lakh muster rolls during 2008-09 to 2011-12. In test-checked districts, 48.02 lakh individuals worked continuously for more than six days on 2.45 lakh muster rolls.

e) The date of payment was before the last date of engagement of labourers as per the muster rolls in 13,576 cases. In 7,906 cases (7,904 in 2009-10), the year of payment was 1900. Though these cases had

remained unchanged, the date of payment had been changed in the data sets (obtained from NIC) in respect of another 5,670 cases, where the year of payment was not 1900. There was no audit trail to indicate when these dates had been edited. The number of such muster rolls in the test-checked districts was 2,021 on which a sum of ₹5.68 crore had been paid.

The State Government stated (January 2013) that the NIC, New Delhi was the software solution provider under the ownership of MoRD, GoI and the issue needed to be answered by them. It was further stated that there was no mechanism for verification, control and editing during that period. It may be mentioned here that the data entry was done at GP level.

f) In eight test-checked districts, out of 5.14 lakh muster rolls issued during 2008-12, 2,553 muster rolls involving ₹5.49 crore had been permanently deleted from the MIS. In all these cases, details regarding issue date, payment date, *etc.*, had been deleted from the **Master Table** without recording reasons. In view of this, it was not possible to verify whether these muster rolls had been deleted before or after payment and thus the possibility of misappropriation of Scheme funds could not be ruled out.

The State Government stated (30 January 2013) that these issues would be verified once the details were provided to them. It may be pointed out here that details had been provided (1 January 2013) by audit to the State Government.

7.6 Survey response on employment generation and payment of wages

The responses on employment generation and payment of wages during the beneficiary survey were as follows:

- Eighty eight *per cent* of the sampled workers travelled a distance of up to five km for work.
- Days of employment offered to them varied from 0 to 127 days in a year.
- While 58 *per cent* had been informed by the Adhyaksha, GRS or the mates (Udyoga mitra) about the work they had to do, another 33 *per cent* had been informed by others.
- Though 87 *per cent* of the workers were aware that they were paid on a daily wage basis, only 39 *per cent* knew that wages were calculated on the basis of standard output at worksite.
- The awareness of the workers about how much they had to dig in soft soil to earn the wages per day fixed by Government was very low at 11 *per cent*.

- Only 48 *per cent* of the sampled workers received wages within 15 days, 32 *per cent* received wages within one to three month and eight *per cent* received wages after three months.

- Only 48 *per cent* of the workers acknowledged that the payment details had been read aloud to them.

- Only 42 *per cent* of the workers interviewed confirmed that payment details had been entered in the job cards but only 79 *per cent* of these workers stated that entry had been made at the time of payment.

- Though 74 *per cent* of the workers stated that they had been provided employment within 15 days of their demand for labour, 40 *per cent* of their job cards did not contain payment entries. Thirty nine *per cent* of the job cards had not been updated to record the days on which work had been done.

The State Government stated (January 2013) that the whole process, record maintenance were being computerised now, and this would resolve such issues permanently. Further, the wage payment/supply bills would be credited directly into the accounts of labourers/suppliers.

Chapter - 8
Execution of works

8.1 Introduction

One of the main objectives of the Act is to create durable assets to strengthen the livelihood resource base of the rural poor. In this context, the Act and the Operational Guidelines prescribe the following conditions for works to be taken up under MGNREGS:

- The ratio of wage to material costs should not be less than 60:40;
- The list of priority-wise permissible works which can be taken up under MGNREGS should be as indicated in the Act;
- Use of contractors and machinery are not allowed;
- Allotment of at least 50 *per cent* of the works to GPs for execution; and
- Administrative and technical sanctions for all works to be obtained in advance, by December of the previous year.

Audit findings related to works executed under the Scheme are discussed in succeeding paragraphs.

8.2 Physical and financial progress of works

The details of works taken up, completed, ongoing and abandoned during 2007-12 in test-checked districts are shown in **Table 17.**

Table 17: Details of works taken up, completed, ongoing and abandoned in the test-checked districts

Year	Works taken up		Completed works		Ongoing works		Abandoned works	
	Number	Expr (₹ in crore)	Number (%)	Expr (₹ in crore)	Number (%)	Expr (₹ in crore)	Number	Expr (₹ in crore)
2007-08	2,060	0.37	92 (4%)	0.10	143 (7%)	0.27	**0**	**NA**
2008-09	26,991	60.19	3,075 (11%)	12.10	15,547 (58%)	45.94	**44**	**NA**
2009-10	1,34,726	563.29	35,569 (26%)	231.07	71,345 (53%)	303.90	**43**	**NA**
2010-11	1,14,036	492.79	49,435 (43%)	351.85	47,245 (41%)	140.94	**137**	**NA**
2011-12	1,25,040	530.19	20,066 (16%)	192.54	76,809 (61%)	337.65	**100**	**NA**
Total	**4,02,853**	**1,646.83**	**1,08,237 (27%)**	**787.66**	**2,11,089 (52%)**	**828.70**	**324**	

Source: Information furnished by the RDPR department NA: Not available Expr: Expenditure

The various categories of works completed during 2007-12 in the test-checked districts and their percentage to the total number of works completed (1,08,237) are shown in **Table 18.**

Table 18: Categories of completed works in the test-checked districts

Category of works	Number of works completed						Percentage of category-wise works completed to the total number of works completed (1,08,237)
	2007-08	2008-09	2009-10	2010-11	2011-12	Total	
Water conservation	0	346	4,157	6,259	3,353	14,115	13
Provision of irrigation facility to land covered by SC/ST/BPL families	73	1,452	8,286	11,174	2,953	23,938	22
Rural connectivity	9	161	4,571	6,854	2,842	14,437	13
Land development	5	225	3,668	5,971	2,742	12,611	12
Other works	5	891	14,887	19,172	8,161	43,116	40
Rajiv Gandhi Seva Kendra works	0	0	0	5	15	20	0.02
Total	**92**	**3,075**	**35,569**	**49,435**	**20,066**	**1,08,237**	

Source: Information furnished by the RDPR department BPL: Below Poverty Line

Works initiated were to be completed in a timely manner so as to ensure that meaningful benefits accrued to the local community. However, it was seen that 2.11 lakh works amounting to ₹828.70 crore were incomplete as at the end of March 2012. The percentage of completed works increased from 4 to 43 *per cent* during the period 2007-11 and slipped to 16 *per cent* during 2011-12. The expenditure incurred on completed works accounted for only 48 *per cent* of the total expenditure. There was no substantive effort to use the Scheme as an opportunity to improve the quality of life of the villagers by completing the works taken up and creating durable assets. The focus was on taking up more works rather than completing works already taken up. This contributed to a high incidence of incomplete works.

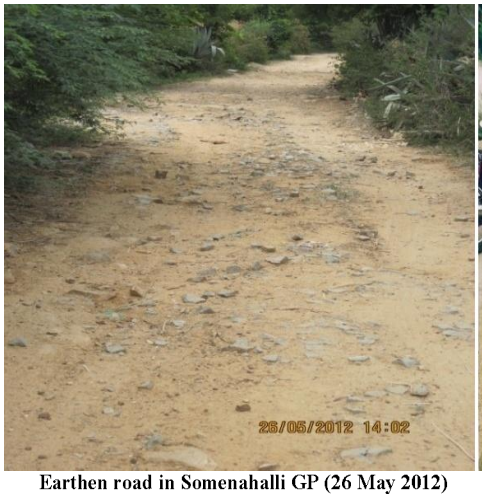
8.3 Execution of inadmissible works

While stipulating the priority of permissible works to be taken up under the Scheme, the Operational Guidelines prohibited execution of Cement Concrete (CC) roads. However, it was observed in two test-checked taluks[21] that the GPs had taken up CC road works by incurring an expenditure of ₹84.04 lakh. Similarly the road works under 'rural connectivity' should be all weather roads and taking up of earthen roads was not permitted, whereas an expenditure of ₹14.70 lakh was incurred on earthen roads in two test-checked taluks[22]. Varlakonda GP of Gudibande taluk incurred an amount of ₹1.03 lakh on construction of Samudaya Bhavana, which was inadmissible. It was also seen that two works of construction of compound walls of graveyards

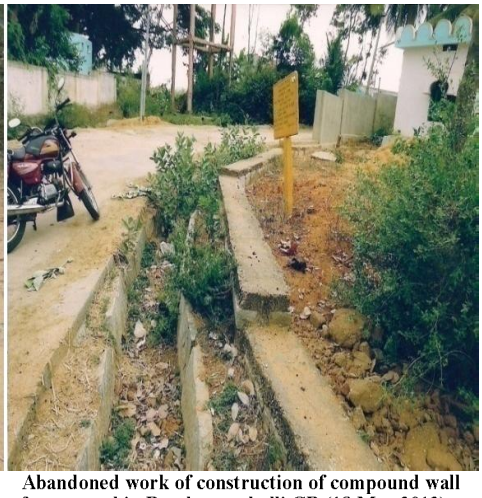
[21] Gudibande (Chikkaballapur district)–₹71.55 lakh; Lingsugur (Raichur district)– ₹12.49 lakh
[22] Belur (Hassan district)– ₹5.60 lakh; Naragund (Gadag district)– ₹9.10 lakh

(estimated cost: ₹11.00 lakh) in Beechaganahalli GP were abandoned after incurring an expenditure of ₹4.16 lakh. The abandonment of works rendered the expenditure unfruitful. The reasons for the abandonment of works were not furnished to audit.

Photographs 1 and 2: Inadmissible and abandoned works executed in Gudibande taluk (Chikkaballapur district)



Earthen road in Somenahalli GP (26 May 2012)



Abandoned work of construction of compound wall of graveyard in Beechaganahalli GP (18 May 2012)

The State Government stated (January 2013) that as per the Operational Guidelines roads were constructed in the ratio of 60:40.

The reply was not acceptable as the works detailed above were inadmissible as per the provisions of the Operational Guidelines irrespective of the maintenance of the wage-material ratio.

8.4 Execution of desilting works

Pre-measurements are required to be recorded in the measurement books prior to execution of works such as desilting, jungle clearance, *etc.*, as these are not susceptible to measurement after their completion. However, in respect of desilting works amounting to ₹57.46 lakh executed by four[23] test-checked taluks, no pre-measurements were recorded rendering the desilting works doubtful.

The State Government stated (January 2013) that there was no provision of pre-measurement as the estimate itself was a document of pre-measurement. It was further stated that such issues would be permanently solved as the department was introducing electronic estimates and electronic measurements.

The reply was not acceptable as an estimate cannot be taken as the document establishing pre-measurement for any work to be undertaken. Pre-measurements entailed actual measurements and thus estimates are not substitutes for pre-measurement.

[23] Gudibande (Chikkaballapur district)– ₹17.64 lakh; Belur (Hassan district)– ₹5.47 lakh; Naragund (Gadag district)– ₹28.67 lakh; and Shirahatti (Gadag district)– ₹5.68 lakh

8.5 Irregular expenditure on material component

As per the instructions (October 2010) of the State Government, the expenditure on material component of irrigation works taken up under MGNREGS was to be borne by the Water Resource Department/ Krishna Bhagya Jal Nigam Limited (KBJNL). However, in contravention of these instructions, four GPs in two selected taluks[24] debited an expenditure of ₹1.13 crore incurred (April 2011) on materials used in the irrigation works of KBJNL to MGNREGS funds.

The State Government stated (January 2013) that such mistakes would not be repeated and action would be taken in this matter.

8.6 Other points in execution of works

i) Muddebihal taluk (Bijapur district)

- In four GPs[25] of Muddebihal taluk, no planting had been taken up in seven cases after incurring an expenditure of ₹2.07 lakh on digging of pits during 2008-12.

  The State Government stated (January 2013) that planting was not done due to severe drought condition. The reply was not acceptable as the works were taken up without adequate planning, which resulted in wasteful expenditure.

ii) Sindagi taluk (Bijapur district)

- The Assistant Executive Engineer, Panchayat Raj Engineering (PRE) Sub-division, Sindagi had incurred (February to April 2010) an expenditure of ₹12.96 lakh on site clearance and excavation for roadway for a layout[26] by mechanical means through contractors which was inadmissible.

- Payment of ₹7.08 lakh had been made by three GPs[27] during 2009-12 towards hire charges of machinery engaged for loosening of soil and earthwork excavation.

  The State Government stated that (January 2013) machinery hire charges were accounted under material component and use of machinery in hard/rocky strata was permissible under MGNREGS. The reply was not acceptable as the machinery was used for loosening of soil and earthwork excavation which was not permissible under MGNREGS.

- In 10 works executed during 2010-12 in nine test-checked GPs, royalty had not been calculated and recovered.

[24] Devdurga (Raichur district) – ₹109.63 lakh and Sindagi (Bijapur district) – ₹2.91 lakh
[25] Alur, Bidarkundi, Hirur and Rakkasagi
[26] Layout to be formed for accommodating people shifted from flood affected areas
[27] Gabasavalagi, Rampura and Yenkanchi

iii) Gudibande taluk (Chikkaballapur district)

- None of the action plans of the test-checked GPs had been approved by DPC during 2008-12. Moreover, GP, Somenahalli had spent ₹1.21 lakh on seven works during 2008-09, though no action plan for the year had been prepared.

  The PDO, GP replied (May 2012) that no works would be taken up in future without the action plan.

- Audit scrutiny of five test-checked canal repair works in GP, Tirumani showed that the GP had incurred an expenditure of ₹18.45 lakh during 2009-11 to clean up the feeder channels to tanks. The joint physical verification (May 2012) of these works showed that the quality of execution was poor and the channels had not been cleared of vegetative growth, silt and debris. The expenditure of ₹18.45 lakh, therefore, did not result in creation of durable assets. It was further seen that the GP had executed a total of 19 canal repair works and had incurred an expenditure of ₹46.62 lakh during 2009-11. With the poor quality of execution seen in all the test-checked canal repair works, the fruitfulness of the entire expenditure of ₹46.62 lakh was doubtful.



Photograph 3: Canal repair work executed by GP, Tirumani (25 May 2012)

- Two GPs (Tirumani and Ullodu) of Gudibande taluk had purchased materials like cement, sand gravel, *etc.*, at a cost of ₹22.67 lakh during 2009-12 and debited the cost to 16 works included in the action plan. However, these works were not taken up for execution (May 2012). This resulted in unfruitful expenditure of ₹22.67 lakh.

- GP, Tirumani had spent ₹12.21 lakh on seven works during 2009-11. However no records relating to these works were made available.

  The State Government stated (January 2013) that CEO, ZP, Chikkaballapur was asked to initiate action on individual cases.

iv) Bagepalli taluk (Chikkaballapur district)

- The Operational Guidelines provided for obtaining technical and administrative sanctions in advance. However, these were not available in respect of five estimates (₹3.50 lakh) relating to Somanathapura and Pathapalya GPs.

- Wage-material ratio did not conform to the Operational Guidelines (60:40) and varied widely from 26:74 to 46:54 in respect of works executed by four test-checked GPs[28] during 2010-11.

v) Hassan taluk (Hassan district)

- During 2010-11, three GPs[29] spent ₹3.58 lakh on material component (eight works). However, the supply bills were either blank or in the name of a person other than the PDO, GP.

- GP, Shanthigrama abandoned a canal work in Tholalu village costing ₹1.50 lakh after incurring an expenditure of ₹0.37 lakh on labour due to litigation by the land owners during 2010-11.

vi) Shirahatti taluk (Gadag district)

- In eight GPs[30], 15 works (estimated cost: ₹28.92 lakh) had been executed and expenditure of ₹13.69 lakh incurred. However, sanctioned estimates were not available on record.

  The State Government stated (January 2013) that sanctioned estimates would be produced.

vii) Naragund taluk (Gadag district)

- GP, Hadli did not produce records in respect of all the 10 selected works.

  The State Government stated (January 2013) that records would be produced.

viii) Hosanagara taluk (Shimoga district)

- The work of construction of a footbridge at Kalandur Padukone village under GP, Karimane (estimated cost: ₹4.00 lakh) was taken up during August 2011 and completed during February 2012 at a cost of ₹3.90 lakh. However, records such as estimate, measurement book, bills for supply of material vouchers, *etc.*, were not produced to Audit.

  The State Government, in reply, stated (January 2013) that copies of the estimate, measurement book, supply bills, *etc.*, were enclosed with the reply. However, no such documents were enclosed with the reply.

ix) Kollegal taluk (Chamarajanagar district)

- In a road work taken up by GP, Martalli during 2010-11, soil from borrow areas had been used for embankment instead of available excavated soils, resulting in an excess expenditure of ₹0.55 lakh.

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[28] Devaragudipalli, Mittemari, Nallappareddypalli and Paragodu
[29] Channangihalli, Gorur and Honnavara
[30] Adarakatti, Balehosur, Bannikoppa, Bellatti, Doddur, Koganur, Magadi and Shigli

- In another road work executed (February 2010) by GP, Sooleripaalya, there was a payment ₹0.25 lakh for transportation charges of gravel, which was not provided in the estimate, as excavated soil was available. The payment was irregular.

x) Devdurga taluk (Raichur district)

- Estimate (₹11.40 lakh) for construction of drain and development of Ashraya colony had been split up (2009-10) into two parts (₹8.00 lakh and ₹3.40 lakh) by PRE Sub-division, Devdurga to avoid sanction of the Superintending Engineer. The vouchers for materials costing ₹5.16 lakh which included hire charges of machinery aggregating ₹3.16 lakh debited to the work were not available. The muster rolls did not bear the signatures/thumb impressions of the workers. Bank advices for payment of wages to workers engaged were also not available. During joint physical inspection (June 2012), only formation of mud road for a length of about 200 metres against the estimated length of 580 metres was observed.



Photograph 4: Execution of mud road in Devdurga taluk, Raichur district (12 June 2012)

- While sending (October 2010) the advices to the bank, GP, Ganadhal irregularly calculated the wages to be credited to the individual bank accounts of the beneficiaries, which resulted in excess payment of wages of ₹22,386 to six beneficiaries and short payment by the same amount to another six beneficiaries. The GP also irregularly advised (October 2010) credit of ₹12,300 to one beneficiary's bank account (name included twice) against admissible amount of ₹6,150.

8.7 Responses from sampled workers

(a) Regarding supervision of works, responses from the workers are summarised in **Table 19**:

Table 19: Responses from the workers during survey

Who supervised the works	Responses in terms of percentage of sampled workers
By Adhyaksha	19
By Mate	39
By Employment Assistant	2
By others	28
No response	12

Source: Survey of the workers conducted by Audit

(b) The responses to the query on the frequency of measurement of works are given in **Table 20**.

Table 20: Responses regarding measurement of works

When were the works measured	Response in terms of percentage of sampled workers
Daily	42
Weekly	27
Fortnightly	2
After completion of work	12
No response	17

Source: Survey of the workers conducted by Audit

- Eighty eight *per cent* of the workers surveyed denied that machines were used for executing works that could have been done manually.
- Only 42 *per cent* of the beneficiaries stated that they had been provided with drinking water and shade.
- Only 40 *per cent* acknowledged the availability of first aid box at worksite.
- Eighty seven *per cent* of the beneficiaries informed that crèche had not been provided at the worksite. This evidently would have discouraged women with small children from working on MGNREGS.
- In test-checked districts, payment of ₹12.69 lakh had been made during 2011-12 to several persons towards provision of crèche facilities at worksite. However, only six *per cent* of the workers interviewed during the survey were aware of this arrangement.

The State Government stated (January 2013) that worksite facilities were being provided. However, the worksite facilities were poor as ascertained from the beneficiary survey.

8.8 Points noticed in Information System audit – Execution of works

The Information System audit observations are as follows:

- Construction of earthen roads was not permissible under the Scheme as such works were not of durable nature. However, it was noticed that during 2008-12, 23,816 earthen roads had been completed in 30 districts by incurring an expenditure of ₹77.30 crore on wages. In the test-checked districts 6,919 earthen roads had been completed by incurring an expenditure of ₹45.65 crore towards wages.

- The Operational Guidelines stipulated that a project completion report or a completion certificate was to be recorded on completion of every project. It was seen that 5.69 lakh works had been indicated as completed during 2008-12. However, completion certificates had not been uploaded in 4.07 lakh cases. Similarly in eight test-checked districts, though 1.48 lakh works had been indicated as completed during 2008-12, completion certificates had not been uploaded in 1.18 lakh cases. It was seen that there was also mismatch between information furnished by RDPR department and MIS data sets regarding the number of completed works.

- Three stage photographs (before commencement of work, during execution of work and after completion of work) had not been uploaded in 5.25 lakh completed works, though required. In another 10,490 completed works, photographs of only one or two stages had been uploaded.

  Similarly in test-checked districts, three stage photographs had not been uploaded at all in 1.38 lakh completed works. In another 2,294 completed works, photographs of only one or two stages had been uploaded. As such, the status of projects was not ascertainable from records.

- As per the MIS data, 14,044 works and 3,370 works were reported as completed in the State and the test-checked districts respectively without any expenditure on wages through muster rolls.

- The works taken up and completed but not included in the Annual Plan aggregated 85,541 in 30 districts. Out of these works, 36,479 works were taken up in eight test-checked districts.

- Financial sanctions were entered more than once in 2.53 lakh cases in Works Sanction table and were missing in 970 cases.

- Sanctions were given without recording the Panchayat code in the State and the test-checked districts in 2,147 cases and 449 cases respectively.

The State Government agreed (January 2013) to set right these issues.

- As per the MIS data, while ₹641.09 crore had been paid (5.32 lakh bills) for supply of sand, stone, jelly, *etc.*, required for works during 2008-12, royalty had not been recovered. In the test-checked districts royalty had not been recovered though ₹162.44 crore had been paid (1.45 lakh bills) for supply of sand, stone, jelly, *etc.*

- Use of heavy machinery on works was not permissible under the Scheme. However, JCB machinery had been used on works in 5,002 cases during 2008-12 and hire charges of ₹15.94 crore had been paid. It was seen in the test-checked districts that JCB machinery had been used in 1,102 cases and ₹2.83 crore was paid as hire charges.

  The State Government stated (January 2013) that there was no blanket ban on use of machinery and the maximum limit on material component including use of machine was 40 *per cent*. The reply was not acceptable

as what could have been done using manual labour was executed by deploying heavy machinery.

8.9 Convergence

The Operational Guidelines allow for convergence of MGNREGS funds with funds from other sources and sources for creation of durable assets. However, the Scheme funds should not substitute for resources from other sector or schemes.

Limited work on convergence was noticed in the test-checked district of Bijapur where the Scheme funds had been used on meeting the labour cost of ₹4.15 lakh in respect of two drain works executed in Upper Krishna Project.

The State Government stated (January 2013) that a circular on convergence with various departments regarding different categories and types of works to be taken up had been issued during July 2012 and line departments had been nominated during September 2012 for convergence activities.

Chapter - 9
Maintenance of records

9.1 Introduction

The Operational Guidelines stipulate proper maintenance of records as one of the critical success factors in implementation of MGNREGS. Information on critical inputs, processes, outputs and outcomes have to be meticulously recorded in prescribed registers at the levels of DPC, PO, GP and other implementing agencies to ensure verifiable compliance with 100 days of employment on demand and other expected outcomes of the Scheme. The Operational Guidelines specified the details of records and registers to be maintained at different levels. Proper record maintenance is essential for any accountability mechanism. The effectiveness of the audit process also depends on records maintenance to a large extent.

In particular, the important records required to be maintained as per the Operational Guidelines are detailed in **Table 21** below:

Table 21: Details of important records to be maintained for MGNREGS

Name of the register	Purpose of the record	Authority responsible for maintenance
Muster roll issue register	Records issue and receipt of muster rolls (from the PO to the GP/implementing agency)	Programme Officer at the taluk level
Muster roll receipt register	Records receipt of muster rolls by GPs	Gram Panchayat
Job card application register	Records name of applicant, dated receipt of applications/requests. It also contains reasons in case job card was not issued	Gram Panchayat/ Programme Officer
Job card register	Records details of members of the households who were issued job cards	Gram Panchayat/ Programme Officer
Employment register	Records for each registered household, details of employment demanded, employment allotted and employment actually taken up, performance of work and the wages or unemployment allowance paid to the worker	Gram Panchayat/ Programme Officer
Works register	The register records details of the work such as number and date of sanction order, completion date, expenditure incurred, date of Social Audit and pre/mid/post project condition of the work, *etc.*	Programme Officer/ Gram Panchayat/ Other Implementing Agencies

Name of the register	Purpose of the record	Authority responsible for maintenance
Assets register	Records all works sanctioned, executed and completed. It contains details of asset, its cost, location, current status, *etc.*	Programme Officer/ Gram Panchayat/ Other Implementing Agencies
Complaint register	Records details of complaints made, and action taken on the complaint and date of final disposal	DPC/Programme Officer/Gram Panchayat/Other Implementing Agencies
Monthly allotment and utilisation certificate watch register	Records date-wise information of allotment, expenditure, balance available with the implementing agency and the details regarding submission and pendency of utilisation certificate.	DPC/Programme Officer/Gram Panchayat/Other Implementing Agencies

In addition to the registers mentioned above, two other basic documents which implementing agencies are required to maintain are:

- Muster rolls for recording beneficiary's details including days worked, days absent, *etc.*
- Cash book for recording all the inflow and outflow of funds.

9.2 Irregularities in maintenance of records

Audit scrutiny in test-checked GPs showed that these basic records had either not been maintained or partially maintained (detailed in **Appendix 9**). In the absence/partial maintenance of critical registers, especially at the GP level, it was not possible to verify the compliance with the legal guarantee of 100 days of employment on demand and payment of unemployment allowance.

It was also not possible to verify the integrity and reliability of information/data uploaded in the MIS. In addition, transparency and accountability in implementation of the Scheme was also adversely affected.

The State Government stated (January 2013) that instructions would be issued to the concerned to maintain registers as per the Operational Guidelines. It was also stated that all the required registers were being maintained by the GPs of Hassan district. In Chamarajanagar district, Job Card register as well as muster roll issue/receipt registers were being maintained and entering data in other registers was delayed due to pressure of work. The reply was not acceptable as most of the GPs including GPs of Chamarajanagar and Hassan districts had either not maintained or partially maintained the registers.

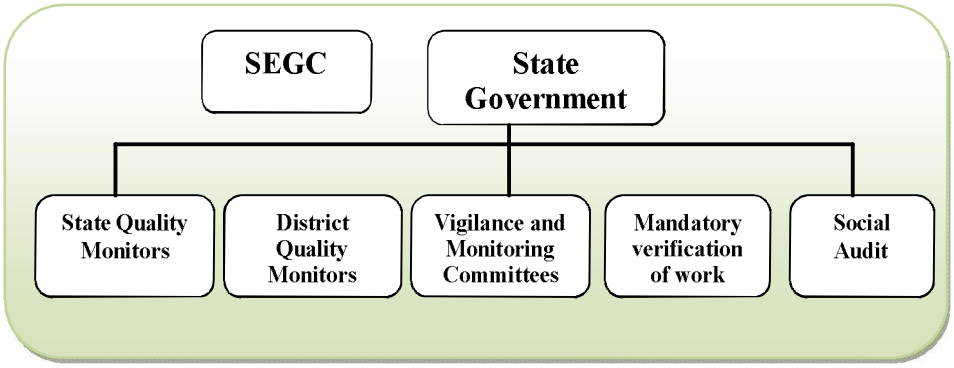
Chapter - 10
Monitoring mechanism

10.1 Monitoring and evaluation framework

The substantial amount of funds involved in the implementation of MGNREGS coupled with its implementation in 5,628 GPs of the State, makes the monitoring and evaluation of the Scheme challenging. It is thus imperative to have a robust and efficient monitoring, evaluation and review mechanism of the Scheme. In addition, there are also increased demands for accountability and transparency in the execution of the programme by various stakeholders.

The Act and the Operational Guidelines envisage a multipronged and extensive system of internal and external monitoring mechanisms at all levels of the Scheme. The monitoring mechanism at the State level is depicted in the **Chart 9** as below:

Chart 9: Framework of monitoring at the State level



In addition to the monitoring mechanism by SEGC and the State Government, the Act and the Operational Guidelines also mandate a separate set of mechanisms to be put in place for increased transparency and accountability in the implementation of the Scheme. These are outlined in **Table 22**.

Table 22: Mechanisms for transparency and accountability

Proactive Disclosures	Grievance Redressal	Citizen Charter
Annual reports on outcomes to be laid in Parliament and State Legislatures in the Centre and the States/Union Territories, respectively.	A Grievance Redressal cell to be set up at taluk and district level, to be monitored by an Ombudsman.	To set standards of performance of officials involved in the implementation.

Audit findings pertaining to the monitoring, evaluation and review under the Scheme are discussed in succeeding paragraphs.

10.2 Constitution of SEGC

Though the Scheme was implemented in the State from February 2006, the State Government constituted the SEGC only during June 2006. As discussed in ***Paragraph 4.2***, the SEGC did not appoint any expert group for providing technical support and advice to improve the quality of implementation of the Act. The Annual Reports on the Scheme for the years 2006-07 to 2011-12 had also not been laid in the State Legislature.

10.3 Inspection of works

As per the Operational Guidelines, the works executed under MGNREGS were to be inspected to the extent of 100 *per cent*, 10 *per cent* and two *per cent* at the taluk, district and State levels, respectively. The number of inspections to be conducted as per this scale and those actually conducted for all the districts and taluks are shown in **Table 23**.

Table 23: Number of inspections

Year	Taluk level (100%)			District level (10%)			State level (2%)		
	Target	Works inspected	Shortfall (%)	Target	Works inspected	Shortfall (%)	Target	Works inspected	Shortfall (%)
2007-08	19,023	NA	-	1,902	NA	-	380	632	34210 (98%)
2008-09	1,08,005	41,060	66,945 (62%)	10,801	6,257	4,544 (42%)	2,160		
2009-10	5,47,172	2,84,314	2,62,858 (48%)	54,717	49,345	5,372 (10%)	10,943		
2010-11	5,21,728	79,009	4,42,719 (85%)	52,173	18,388	33,785 (65%)	10,434		
2011-12	5,46,258	1,01,722	4,44,536 (81%)	54,625	11,615	43,010 (79%)	10,925		

Source: Information furnished by RDPR department NA: Not available

It could be seen from the table above that there were shortfalls in the inspection of works at all the three levels. There was shortfall to the extent of 98 *per cent* at the State level and details of year-wise inspections had not been furnished. The shortfall during the period 2008-12 ranged between 10 to 79 *per cent* at the district level and 48 to 85 *per cent* at the taluk level. The details of works inspected during 2007-08 in both these cases were not furnished to audit.

The State Government stated (January 2013) that external monitoring had been done in the form of independent Third Party inspections. The same was being elaborated and scaled up in 2012-13. Third Party inspections were conducted for about 28,181 and 23,792 works in 2009-10 and 2010-11 respectively. DPCs were instructed to take actions based on the recommendations of Third Party inspection parties.

The reply was not acceptable as conduct of regular departmental inspections was mandatory as per the Operational Guidelines, which was not adhered to.

10.4 Appointment of State and District Quality Monitors

The Operational Guidelines prescribe establishment of State Quality Monitors (SQMs) with the approval of the State Council and District Quality Monitors

(DQMs) with the approval of the State Government for verification and quality audit of works executed. However, SQMs and DQMs were yet to be appointed (May 2013).

The State Government accepted (May 2013) the audit observation.

10.5 Monitoring by National Quality Monitors and National Level Monitors

According to the monitoring methods prescribed in the Operational Guidelines, verification and quality audit should also be undertaken by external monitors. External monitors are required to undertake monitoring at the Central, State and district levels. For this purpose, National Quality Monitors (NQMs) at the National level were to be designated by MoRD. The NQMs conducted inspection of works in five districts of the State during the years 2009-10 and 2010-11. The compliance reports of the State Government had been sent to GoI in April 2012.

For complaints of a serious nature, the MoRD deputes National Level Monitors (NLMs) to investigate the complaints. Reports of the NLMs are shared with the concerned State Government for taking corrective action. Out of 30 districts under MGNREGS, NLMs had covered 9, 14, 8 and 21 districts during the years 2007-08, 2008-09, 2009-10 and 2010-11, respectively.

10.6 Local Vigilance and Monitoring Committees

As per the Operational Guidelines, for every work sanctioned under the Scheme, there should be a local Vigilance and Monitoring Committee (VMC), comprising nine members of the locality where the work was undertaken. The purpose was to monitor the progress and quality of work while it was in progress. Gram Sabhas were to elect the members of the Committee and POs were responsible for ensuring that local VMCs were constituted. The final report of the Committee was required to be attached along with the Completion Certificate of the work.

Audit scrutiny in test-checked GPs showed that neither was any information available on constitution of such Committees nor were any monitoring reports attached with the completion reports.

Further, five workers were to verify and certify all bills/vouchers of their worksite at least once in a week. This had not been done in any of the works test-checked.

The State Government stated (January 2013) that local VMCs had been constituted and were functioning in almost all the GPs in Bijapur district. The reply was not acceptable as no documentary evidence was produced in support of constitution of VMCs in the other GPs and their monitoring reports were not found attached with completion reports.

10.7 Social Audit

MGNREGS gives a central role to Social Audit as a means of continuous public vigilance. The Operational Guidelines contemplated two types of Social Audits *viz*., periodic assemblies in the Gram Sabha for scrutinising details of projects (which is referred to as "Social Audit Forum") and Social Audit as a continuous process of public vigilance involving potential beneficiaries and other stakeholders for verification of implementation of the Scheme.

Social Audit Forums must be held twice a year at the Gram Sabha level for all works done in the preceding year. The State Government framed the MGNREGS Implementation of Social Audit Rules 2011, which came into force with effect from 10 January 2012. According to these rules, an independent society is to be formed for this purpose. The Social Audit Directorate headed by a Director is to function as per the bye-laws of the Society. The Director of Social Audit was appointed only on 9 January 2013.

As per the information furnished by the RDPR department, Social Audits had been conducted by the GPs and many cases of irregularities had come to light. Details of cases of irregularities (district-wise) noticed in Social Audits conducted during 2008-12 were as shown in **Appendix 10**. No cases were reported in 2007-08. Criminal cases had been booked in 42 cases (six districts) involving an amount of ₹54.25 lakh. In addition to this, 213 civil cases involving money value of ₹2.19 crore had been booked in 17 districts. The State Government had initiated necessary action in these cases.

It was seen in test-checked districts that only 232 Social Audits against the requirement of 1,416 had been conducted by 87 test-checked GPs during 2007-12. The remaining 70 GPs did not conduct Social Audits during this period. No summary of data had been prepared and placed before the Gram Sabha in the meetings held for Social Audit.

Further, the survey by Audit indicated low awareness level about the Social Audit amongst the beneficiaries. Only 15 *per cent* of the beneficiaries were aware of Social Audits and 78 *per cent* of the beneficiaries expressed their ignorance about such provision. This showed that dissemination of knowledge and information on this key instrument designed to ensure public accountability was very poor and the GPs had been conducting Social Audits without stakeholder participation.

The State Government stated (January 2013) that Social Audit had picked up from 2008-09 onwards and 18,592 Social Audits had been conducted during 2007-12. The reply was not acceptable as the number of Social Audits conducted in the test-checked GPs was meagre.

10.8 Grievance Redressal Mechanism

The State Government framed the Karnataka National Rural Guarantee (Grievance Redressal) Rules, 2009 which came into force with effect from 13 March 2009. The Grievance Redressal Officer at the village level is the Secretary of the GP, the PO at the taluk level, the DPC at the district level and

the Commissioner of MGNREGA at the State level. All grievances are to be enquired into and action completed within seven days.

Further, GoI had directed (September 2009) the States to set up a district Ombudsman as an independent grievance enquiry authority empowered to direct the State Government to redress and penalise as well as file a First Information Report (FIR) against defaulters. As of June 2012, Ombudsmen had been set up in 15 out of 30 districts.

The details of complaints received and disposed of during 2007-12 are shown in **Table 24**.

Table 24: Details of complaints received and disposed of during 2007-12

Year	Number of complaints received	Number of complaints disposed of	Number of complaints pending as of March 2012
2007-08	22	20	2
2008-09	47	44	3
2009-10	397	377	20
2010-11	448	346	102
2011-12	1,039	833	206
Total	**1,953**	**1,620**	**333**

Source: Information furnished by RDPR department

Though the complaints were to be disposed of within seven days, there were delays in disposal and complaints had not been redressed for 1 to 5 years.

It was seen in the test-checked GPs that the Register of Complaints had either been not maintained (118 GPs) or, where maintained, there were no entries in the registers (39 GPs). As a result the possibility of non-recording of complaints could not be ruled out.

The percentage of complaints to registered households during 2007-12 was abysmally low (less than one *per cent*). However, it was found during the beneficiary survey that though 191 beneficiaries out of 1,553 had grievances about the way they had been treated under the Scheme, only 34 out of them had lodged complaints against authorities concerned and the complaints were redressed only in 21 cases. This pattern indicated lack of awareness of the grievance redressal mechanism.

The State Government stated (January 2013) that action would be initiated to ensure disposal of grievances within the stipulated time.

Chapter - 11
Impact assessment

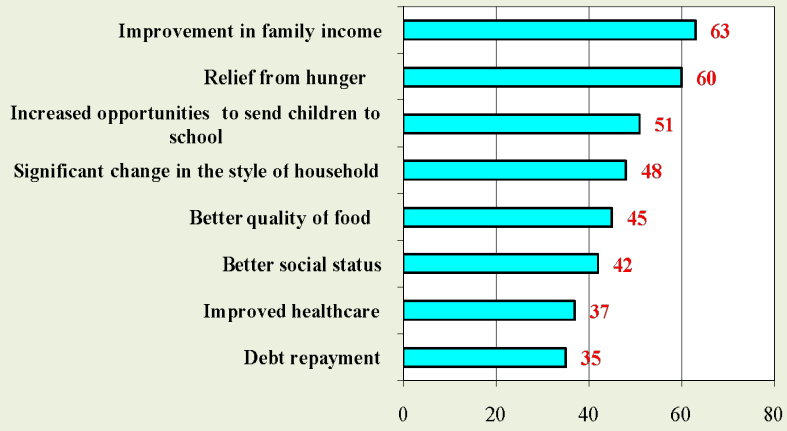
11.1 Impact assessment

The workers engaged on MGNREGS are largely poor and MGNREGS assumes a lot of significance as it provides the rural population with income during lean agricultural seasons and natural calamities like drought, *etc.* MGNREGS is designed to bring about significant improvement in the quality of life of the rural population by ensuring that the needy households get a guaranteed employment for at least 100 days in the village. An attempt to assess the impact on individual households had been made on the following broad parameters:

- improvement in family income;
- relief from hunger;
- increased opportunities to send children to school;
- improved lifestyle;
- improved food security;
- better social status;
- improved healthcare; and
- debt repayment

The impact of MGNREGS on individual households as ascertained during the survey is shown in the **Chart 10**.

Chart 10: Impact of MGNREGS (in percentage)



Source: Beneficiary survey

The largest impact of the Scheme was on improved food security in the rural areas. While 60 *per cent* of the sampled workers stated that the Scheme had helped them avoid going hungry, 45 *per cent* informed that the Scheme helped them to have better quality of food than what they had been able to eat before the Scheme started. This is followed by increase in family income. As per the survey, while 63 *per cent* stated that there had been marginal improvement in family income, only nine *per cent* informed that the improvement was about 50 *per cent*. Another 17 *per cent* did not notice any change in family income as a result of the Scheme.

Another positive emerging from the survey was that 51 *per cent* of the workers informed that the Scheme had spared their children from domestic and other work so that they could send their children to school. The social status of workers engaged on the Scheme had also improved as the Scheme had helped 42 *per cent* of the workers in giving up demeaning and hazardous work that they did not want to do. The survey also showed that while 35 *per cent* of the workers had been able to use the additional income in repayment of debt, 37 *per cent* informed that the Scheme helped them pay doctors' fees, buy medicines *etc.*, during illness in the household.

11.1.1 Assets created under the Scheme

One of the main goals of MGNREGS is to create assets which will ensure sustainability in the livelihood of the rural poor. As per the survey, 59 *per cent* of the sampled workers felt that the Scheme had resulted in creation of useful assets in the village. The awareness level of Scheme works being undertaken for development of land belonging to SC/ST/BPL/small or marginal farmers was 62 *per cent*.

Though the Operational Guidelines provide for maintenance of assets created out of MGNREGS funds, no expenditure on maintenance had been incurred. Out of 1,432 works physically verified, execution of only 941 works (66 *per cent*) was found to be satisfactory. The remaining works were in poor condition. Non-maintenance of the assets defeated the very purpose of creation of durable assets under MGNREGS.

The State Government stated (January 2013) that it would be incorporated in annual action plans as per the Operational Guidelines.

11.1.2 Impact on migration

MGNREGS is designed to reduce migration as the Scheme provides work for the poor in times of their need. The 100 days' employment as a right to the rural households is as an opportunity to check migration from the villages. Though it would perhaps never be possible to stop migration the perception of the workers surveyed showed that 57 *per cent* felt that the Scheme had helped avoid migration to other places for work.

The survey also showed that officers other than from GP, like PO, Executive Engineer, *etc.*, had visited the worksite and a majority of the workers (84 *per cent*) did not face any harassment at worksite.

11.2 Evaluation of the Scheme

As per the Operational Guidelines, the outlays for MGNREGS had to be transformed into certain outcomes. Regular evaluations and sample surveys of specific MGNREGS works were to be conducted to assess the outcomes. The broad guidelines for evaluation studies were to be framed by SEGC. The findings of the evaluation studies were to be used by SEGC, district panchayats and other institutions for initiating corrective action. It was seen that the State Government had not commissioned any study to assess its performance in the implementation of the Scheme and its impact on individuals' lives.

Chapter - 12
Conclusions and Recommendations

12.1 Conclusions

Analysis of the data related to the Scheme showed that there has been significant decline in the number of households who demanded employment and persondays generated in the last two years. The number of households who demanded employment had declined from 36.26 lakh in 2009-10 to 16.64 lakh in 2011-12. During the same period the persondays generated declined from 20.04 crore to 7.00 crore. There was also a substantial decline in the proportion of works completed in 2011-12.

The District Perspective Plans were not prepared and the Annual Plans prepared by the Gram Panchayats were driven by the cost of works than the need to create durable assets. The labour budgets were not prepared on the basis of realistic estimates. The State Government had not drawn any Information, Education and Communication Plan. The Executive Council and Governing Council played a limited role in the release of funds and non-reconciliation of fund account resulted in weak financial management of the fund. No door to door survey was conducted to assess the actual requirement for employment.

There were irregularities in issue of job cards, payment of wages and failure to provide 100 days of employment to all the registered households. The scale of inadequacies in providing livelihood security could not be fully ascertained in view of the deficiencies in record maintenance. The basic records were either not maintained or partially maintained in the test-checked Gram Panchayats. In such a situation the legal guarantee of 100 days of employment on demand and other aspects of the implementation of the Scheme were not fully verifiable. It was also not possible to verify the integrity and reliability of the data uploaded in the Management Information System (MIS). Validation of MIS was also absent as there were huge variations in MIS reports. There were cases of delayed payment of wages for which no compensation was paid. Unemployment allowance was not paid in cases where work was not provided within 15 days from the date of demand for work.

Irregularities were also noticed in the works executed under the Scheme. There were instances of execution of inadmissible works and works not resulting in creation of durable assets. Lack of adequate number of staff and technical support at all levels hampered the effective implementation of the Scheme. The monitoring of the implementation of the Scheme and inspection of the works was not adequate. Shortfalls in Social Audits were also seen in the test-checked districts.

12.2 Recommendations

- There is a need to evolve an effective system of tracking fund movements between the Society (SEGF) and PRIs, and reconciliation should be carried out periodically.
- Surveys should be conducted periodically to identify the beneficiaries and encourage unskilled labourers to register themselves and avail of the Scheme benefits.
- Adequate number of staff with technical support should be provided at all levels for effective implementation of the Scheme.
- Information, Education and Communication activities should be stepped up for greater beneficiary awareness of all aspects of the Scheme.
- Record maintenance needs to be streamlined and monitored closely at all levels.
- Validation of Management information System at all levels should be ensured to avoid incorrect reporting.
- The State Government should ensure that the prescribed periodical inspections and Social Audits be conducted timely and action then taken expeditiously on the findings in these Reports to allow for transparency and accountability in the implementation of the Scheme.

BENGALURU
The

(D.J. BHADRA)
Principal Accountant General
(General and Social Sector Audit)

COUNTERSIGNED

NEW DELHI
The

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

Appendix 1

(Reference: Paragraph 2.1.4, Page 7)

Names of selected districts, taluks and Gram Panchayats

Revenue Division	Districts selected	Taluks selected	Gram Panchayats selected
Bangalore	Chikkaballapur	Bagepalli	Devaragudipalli, Gulur, Kothakote, Mittemari, Nallappareddypalli, Naremuddepalli, Paragodu, Pathapalya, Rashcheravu and Somanathapura
		Gudibande*	Beechaganahalli, Hampasandra, Somenahalli, Tirumani, Ullodu, Varlakonda and Yellodu
	Shimoga	Hosanagara	Amrutha, Balur, Hosur Sampekatte, Humcha, Karimane, Melinabesige, Nitturu, Purappemane, Ripponpete and Yaduru
		Sorab	Bennuru, Chitturu, Dyavanahalli, Ennekoppa, Gudavi, Hechhe, Jade, Samanavalli, Shigga and Talagadde
Belgaum	Bijapur	Muddebihal	Alur, Bantanur, Bavoor, Bidarkundi, Dhavalagi, Hirur, Kolur, Mukihal, Rakkasagi and Tumbagi
		Sindagi	Bammanahalli, Bekinal, Chattaraki, Gabasavalagi, Kondaguli, Manur, Rampura PA, Yaragal BK, Yelagod and Yenkanchi
	Gadag	Naragund	Banahatti, Bhiranahatti, Chikkanaragund, Hadli, Hirekoppa, Hunsikatti, Kanikikoppa, Konnur, Shirol and Surkod
		Shirahatti	Adarakatti, Balehosur, Bannikoppa, Bellatti, Chabbi, Doddur, Koganur, Magadi, Shigli and Vadavi
Gulbarga	Bellary	Hospet	114. Danapura, Bukkasagara, Byluvaddigere, Gadiganuru, Malapanagudi, Mariyammanahalli, Muddapura No.10, Nagenahalli, Ramasagara and Seetharamathanda
		Kudligi	Banavikallu, Chowdapura, Gudekote, Herehegdal, Hurulihal, Hyalya, K. Ayyenahalli, Kandagallu, Nimbalagere and Rampura
	Raichur	Devdurga	Arekera, B. Ganekal, Chinchodi, Ganadhal, Hirebudur, Hosur Siddapur, Jagirajadaladinni, Jalahalli, Maladkal and Ramadurga
		Lingsugur	Bannigol, Bayyapur, Devarabhoopur, Hutti, Kachapur, Kalapur, Kannal, Nagarahal, Narakaladinni and Rodalbanda UKP
Mysore	Chamarajanagar	Chamarajanagar	Arakalavadi, Badanaguppe, Demahalli, Honnaholli, Kagalavadi, Kothalavadi, Madapura, Maleyuru, Nanjedevanapura and Punajanooru
		Kollegal	Doddinduvadi, Ellemaala, Koudalli, Kunthooru, Kurattihosooru, Managalli, Martalli, Paalya, Singanalluru and Sooleripaalya
	Hassan	Belur	Bikkodu, Chikanahalli, Ghattadahalli, Hagare, Halebeedu, Malasavara, Narayanapura, Savasihalli, Tholalu and Yamasandi
		Hassan	Channangihalli, Doddagenigere, Gorur, Hanumanthapura, Honnavara, Kattaya, Koravangala, Mosalehosahalli, Shanthigrama and Tejur

*Note: There are only seven GPs in Gudibande taluk.

Appendix 2

(Reference: Paragraph 3.3.2, Page 13)

Abnormal increase in labour budget projections

Name of the District	2009-10	2010-11	Percentage of Projections to Actuals	2010-11	2011-12	Percentage of Projections to Actuals
	Actuals	Projections		Actuals	Projections	
Bagalkote	94,89,727	122,10,730	129	42,29,707	50,45,954	119
Bangalore	23,06,589	71,59,090	310	2,72,807	7,67,472	281
Bangalore Rural	31,23,667	41,63,400	133	15,23,735	17,32,104	114
Belgaum	195,29,645	302,92,526	155	141,84,818	116,44,407	82
Bellary	59,91,403	72,44,248	121	57,29,567	42,56,846	74
Bidar	53,47,501	74,61,194	140	44,99,586	16,81,743	37
Bijapur	86,87,776	140,86,071	162	39,06,698	38,79,016	99
Chamarajanagar	26,95,199	48,90,002	181	8,43,819	21,36,280	253
Chickmagalur	22,91,673	77,69,537	339	21,92,210	19,16,708	87
Chikkaballapur	86,44,701	104,24,236	121	21,34,288	29,42,000	138
Chitradurga	91,24,181	111,42,000	122	80,62,182	139,54,976	173
Dakshina Kannada	16,42,490	46,70,360	284	8,87,836	30,71,948	**346**
Davanagere	108,36,568	93,69,805	86	58,28,999	51,19,538	88
Dharwad	31,28,830	56,08,880	179	31,20,477	26,65,513	85
Gadag	30,81,869	54,12,300	176	20,65,235	18,84,885	91
Gulbarga	124,89,444	119,81,969	96	30,08,245	45,97,164	153
Hassan	33,95,652	95,95,848	283	35,62,680	39,50,284	111
Haveri	62,70,482	58,41,363	93	38,03,278	36,45,774	96
Kodagu	9,44,070	44,62,500	**473**	15,69,561	14,58,741	93
Kolar	132,85,516	118,07,554	89	40,79,433	75,71,703	186
Koppal	102,25,112	132,98,901	130	47,64,296	36,92,587	78
Mandya	33,97,380	74,43,987	219	17,79,708	30,98,910	174
Mysore	56,36,417	120,98,800	215	24,46,692	31,62,000	129
Raichur	103,18,031	99,29,676	96	70,81,444	51,49,394	73
Ramanagara	34,89,608	78,43,850	225	24,70,936	33,83,050	137
Shimoga	59,41,970	73,57,540	124	43,63,211	48,60,789	111
Tumkur	178,14,976	309,66,436	174	58,60,872	84,33,225	144
Udupi	6,78,192	13,03,590	192	1,59,512	4,00,308	251
Uttara Kannada	28,89,044	57,28,145	198	21,06,161	32,28,137	153
Yadgir	77,42,356	69,10,785	89	32,84,961	41,63,908	127
Total	**20,04,40,069**	**28,84,75,323**	**144**	**10,98,22,954**	**12,34,95,364**	**112**

Source: Information extracted from MIS

Appendix 3

(Reference: Paragraph 3.3.2, Page 13)

Details of labour budget projections and actual expenditure

(₹ in lakh)

Name of the District	2009-10			2010-11			2011-12		
	Projected	Actuals	Achievement (Percentage)	Projected	Actuals	Achievement (Percentage)	Projected	Actuals	Achievement (Percentage)
Bagalkote	12,458.67	12,032.75	**97**	20,147.75	6,156.94	31	10,495.68	6,339.58	60
Bangalore	3,154.63	3,144.67	100	11,932.41	848.93	**7**	1,454.37	207.17	14
Bangalore Rural	3,561.23	4,611.76	129	6,934.99	3,802.26	55	2,956.47	2,053.75	69
Belgaum	31,486.14	25,544.82	81	53,807.25	22,406.48	42	19,878.68	22,456.93	113
Bellary	8,313.98	7,030.44	85	12,752.42	10,362.96	**81**	7,563.33	3,915.58	52
Bidar	8,954.59	6,102.47	68	12,337.70	6,994.93	57	8,781.75	6,631.47	76
Bijapur	5,106.15	10,246.91	201	23,479.23	5,548.39	24	8,068.30	13,168.06	163
Chamarajanagar	7,074.84	3,256.28	46	8,146.33	1,868.07	23	4,443.47	4,507.08	**101**
Chickmagalur	8,834.31	3,228.43	37	12,029.37	4,279.95	36	3,218.94	5,678.51	176
Chikkaballapur	7,223.56	8,765.18	121	17,252.00	5,143.66	30	5,022.78	2,968.57	59
Chitradurga	9,895.38	9,113.29	92	17,103.00	10,553.21	62	29,804.52	18,457.21	62
Dakshina Kannada	3,387.52	2,159.29	64	7,763.38	1,817.39	23	1,946.72	2,001.80	103
Davanagere	11,727.24	12,684.22	108	15,624.81	9,297.45	60	8,742.88	16,551.37	**189**
Dharwad	6,201.17	5,293.39	85	7,582.24	5,589.76	74	5,528.55	5,702.59	103
Gadag	1,991.78	4,013.25	201	9,020.13	3,906.48	43	3,215.87	3,653.57	114
Gulbarga	10,831.71	14,989.11	138	19,735.97	7,439.36	38	9,480.61	10,455.67	110
Hassan	8,723.86	4,731.21	54	14,875.52	6,474.30	44	6,721.23	6,712.97	100
Haveri	4,147.25	8,574.00	207	9,737.24	6,957.33	71	6,040.08	8,470.36	140
Kodagu	3,391.43	1,355.54	40	5,491.15	2,828.63	52	2,470.28	2,406.43	**97**
Kolar	13,051.52	13,499.81	**103**	19,596.46	6,383.11	33	15,634.13	6,972.94	45
Koppal	9,162.58	7,886.68	86	27,398.52	7,055.17	26	5,996.31	8,456.67	141
Mandya	2,813.37	3,173.31	113	12,405.90	4,200.71	34	6,342.49	5,317.22	84
Mysore	4,503.08	6,547.52	145	20,187.42	3,642.94	18	6,576.96	3,907.64	59
Raichur	20,808.00	10,995.05	53	18,092.96	9,588.84	53	8,682.63	14,054.12	162
Ramanagara	4,339.99	3,749.33	86	13,006.32	4,890.13	38	7,036.72	6,852.47	97
Shimoga	17,34,511.58	8,285.90	**0.5**	12,278.49	8,412.32	69	8,297.29	5,438.23	66
Tumkur	5,537.05	17,586.38	**318**	50,585.25	14,621.65	29	11,153.75	5,562.97	50
Udupi	862.96	704.98	82	1,829.80	228.27	12	10,00,819.52	260.47	0
Uttara Kannada	8,167.00	3,936.73	48	7,934.98	4,031.63	51	6,542.41	4,490.73	69
Yadgir	4,404.20	9,272.50	211	15,309.63	4,236.60	28	7,382.49	7,637.80	103
Total	**19,64,626.77**	**2,32,515.20**	**12**	**4,84,378.62**	**1,89,567.85**	**39**	**12,30,299.21**	**2,11,289.93**	**17**

Source: Information extracted from MIS

Appendix 4

(Reference: Paragraph 3.3.2, Page 13)

Persondays as per labour budget and those actually generated

Name of the District	2009-10			2010-11			2011-12		
	Persondays		Achievement (Percentage)	Persondays		Achievement (Percentage)	Persondays		Achievement (Percentage)
	Projected	Actuals		Projected	Actuals		Projected	Actuals	
Bagalkote	91,27,200	94,89,727	104	122,10,730	42,29,707	35	50,45,954	34,20,027	68
Bangalore	23,64,580	23,06,589	98	71,59,090	2,72,807	**4**	7,67,472	58,566	**8**
Bangalore Rural	26,25,941	31,23,667	119	41,63,400	15,23,735	37	17,32,104	8,20,440	47
Belgaum	228,79,023	195,29,645	85	302,92,526	141,84,818	47	116,44,407	72,12,129	62
Bellary	60,83,189	59,91,403	98	72,44,248	57,29,567	**79**	42,56,846	12,92,949	30
Bidar	65,20,859	53,47,501	82	74,61,194	44,99,586	60	16,81,743	17,87,541	106
Bijapur	37,36,549	86,87,776	233	140,86,071	39,06,698	28	38,79,016	37,71,341	97
Chamarajanagar	52,50,835	26,95,199	51	48,90,002	8,43,819	17	21,36,280	16,70,181	78
Chickmagalur	63,56,644	22,91,673	36	77,69,537	21,92,210	28	19,16,708	24,99,082	130
Chikkaballapur	53,11,440	86,44,701	163	104,24,236	21,34,288	20	29,42,000	9,46,961	32
Chitradurga	72,37,668	91,24,181	126	111,42,000	80,62,182	72	139,54,976	44,79,089	32
Dakshina Kannada	24,81,690	16,42,490	66	46,70,360	8,87,836	19	30,71,948	7,74,347	25
Davanagere	86,05,157	108,36,568	126	93,69,805	58,28,999	62	51,19,538	70,90,362	**138**
Dharwad	43,42,744	31,28,830	72	56,08,880	31,20,477	56	26,65,513	21,34,200	80
Gadag	14,57,045	30,81,869	212	54,12,300	20,65,235	38	18,84,885	11,63,451	62
Gulbarga	60,88,090	124,89,444	205	119,81,969	30,08,245	25	45,97,164	40,16,446	87
Hassan	64,16,736	33,95,652	53	95,95,848	35,62,680	37	39,50,284	32,54,374	82
Haveri	31,33,182	62,70,482	200	58,41,363	38,03,278	65	36,45,774	24,96,339	68
Kodagu	39,51,370	9,44,070	**24**	44,62,500	15,69,561	35	14,58,741	10,75,312	74
Kolar	92,97,115	132,85,516	143	118,07,554	40,79,433	35	75,71,703	20,96,361	28
Koppal	67,33,204	102,25,112	152	132,98,901	47,64,296	36	36,92,587	20,64,535	56
Mandya	20,58,660	33,97,380	165	74,43,987	17,79,708	24	30,98,910	16,10,548	52
Mysore	37,89,717	56,36,417	149	120,98,800	24,46,692	20	31,62,000	9,07,735	29
Raichur	153,00,000	103,18,031	67	99,29,676	70,81,444	71	51,49,394	36,63,628	71
Ramanagara	31,67,880	34,89,608	110	78,43,850	24,70,936	31	33,83,050	16,40,468	48
Shimoga	47,52,867	59,41,970	125	73,57,540	43,63,211	59	48,60,789	18,54,596	38
Tumkur	40,52,001	178,14,976	**440**	309,66,436	58,60,872	19	84,33,225	16,45,148	20
Udupi	6,29,904	6,78,192	108	13,03,590	1,59,512	12	4,00,308	1,48,755	37
Uttara Kannada	60,05,146	28,89,044	48	57,28,145	21,06,161	37	32,28,137	23,80,132	74
Yadgir	31,36,217	77,42,356	247	69,10,785	32,84,961	48	41,63,908	19,79,980	48
Total	**17,28,92,653**	**20,04,40,069**	**116**	**28,84,75,323**	**10,98,22,954**	**38**	**12,34,95,364**	**6,99,55,023**	**57**

Source: Information extracted from MIS

Appendix 5

(Reference: Paragraph 5.3.1; Page 19)

Differences in funds availability exhibited in the CA Reports and MIS statements

Sl. No.	District	Total available funds (in lakh) as per MIS				Total available funds (in lakh) as per CA report				Difference			
		2007-08	2008-09	2009-10	2010-11	2007-08	2008-09	2009-10	2010-11	2007-08	2008-09	2009-10	2010-11
1.	Bagalkote	0.00	4,456.51	10,596.30	7,292.28	0.00	2,949.18	12,764.23	7,452.06	0.00	-1,507.33	2,167.93	159.78
2.	Bangalore Rural	0.00	739.15	4,345.72	4,481.37	0.00	607.43	5,311.30	6,663.88	0.00	-131.72	965.58	2,182.51
3.	Bangalore Urban	0.00	714.55	4,925.09	2,044.30	0.00	538.40	3,700.63	3,540.33	0.00	-176.15	-1,224.46	1,496.03
4.	Belgaum	5,914.25	3,654.61	26,705.65	24,865.99	4,448.05	4,175.59	28,266.45	37,259.00	-1,466.20	520.98	1,560.80	12,393.01
5.	Bellary	3,94,649.65	4,28,854.90	10,263.68	10,622.86	1,878.97	4,956.72	11,887.55	13,208.89	-3,92,770.68	-4,23,898.18	1,623.87	2,586.03
6.	Bidar	2,000.00	11,697.94	6,632.70	8,005.17	4,591.51	5,777.00	8,383.23	10,466.39	2,591.51	-5,920.94	1,750.53	2,461.22
7.	Bijapur	0.00	854.82	4,776.40	8,345.25	0.00	705.94	10,343.34	8,368.41	0.00	-148.88	5,566.94	23.16
8.	Chamarajanagar	0.00	484.28	2,773.56	3,390.19	0.00	437.46	3,357.08	5,624.22	0.00	-46.82	583.52	2,234.03
9.	Chikkaballapur	0.00	281.25	6,690.12	6,305.80	0.00	347.62	8,677.35	8,225.50	0.00	66.37	1,987.23	1,919.70
10.	Chickmagalur	4,59,539.38	99,852.11	2,940.73	6,078.81	1,685.69	1,560.52	4,072.62	7,288.67	-4,57,853.69	-98,291.59	1,131.89	1,209.86
11.	Chitradurga	7,618.89	6,699.48	7,852.77	11,191.81	8,261.92	7,043.09	10,767.19	14,079.15	643.03	343.61	2,914.42	2,887.34
12.	Dakshina Kannada	0.00	281.36	2,300.11	3,276.52	0.00	309.04	2,239.39	3,745.51	0.00	27.68	-60.72	468.99
13.	Davangere	1,60,241.15	8,794.57	10,934.23	12,068.08	6,111.69	9,679.85	15,797.72	12,196.54	-1,54,129.46	885.28	4,863.49	128.46
14.	Dharwad	0.00	280.55	1,788.63	6,172.27	0.00	474.27	6,438.08	6,749.75	0.00	193.72	4,649.45	577.48
15.	Gadag	0.00	19,096.47	4,426.84	3,758.24	0.00	1,051.02	4,469.52	5,611.63	0.00	-18,045.45	42.68	1,853.39
16.	Gulbarga	4,594.78	8,338.58	21,300.78	13,530.47	4,933.49	9,081.23	28,423.42	22,349.16	338.71	742.65	7,122.64	8,818.69
17.	Hassan	2,511.90	6,159.73	4,457.44	7,600.48	2,375.39	3,114.03	6,845.66	7,698.22	-136.51	-3,045.70	2,388.22	97.74
18.	Haveri	0.00	536.93	3,931.70	8,604.75	0.00	618.36	9,696.47	11,540.13	0.00	81.43	5,764.77	2,935.38
19.	Kodagu	77,314.44	330.27	1,394.25	3,272.34	899.25	1,046.64	1,801.12	4,268.96	-76,415.19	716.37	406.87	996.62
20.	Kolar	0.00	933.61	8,781.73	6,946.99	0.00	1,419.44	17,060.44	8,619.04	0.00	485.83	8,278.71	1,672.05
21.	Koppal	0.00	568.00	9,407.92	6,726.85	0.00	882.39	19,863.47	15,899.98	0.00	314.39	10,455.55	9,173.13
22.	Mandya	0.00	257.91	3,601.48	5,801.42	0.00	446.26	4,212.74	7,710.63	0.00	188.35	611.26	1,909.21
23.	Mysore	0.00	4,212.44	4,045.19	6,282.81	0.00	2,381.53	7,839.16	7,911.14	0.00	-1,830.91	3,793.97	1,628.33
24.	Raichur	2,559.30	5,833.08	15,218.11	10,457.57	4,110.63	5,771.54	14,986.33	11,292.71	1,551.33	-61.54	-231.78	835.14
25.	Ramanagara	0.00	546.70	3,052.32	5,664.18	0.00	352.66	4,442.53	10,866.85	0.00	-194.04	1,390.21	5,202.67
26.	Shimoga	2,407.93	7,683.30	4,268.40	9,765.03	2,281.55	2,892.93	10,113.83	14,227.70	-126.38	-4,790.37	5,845.43	4,462.67
27.	Tumkur	0.00	791.12	19,316.60	15,177.63	0.00	1,465.64	19,667.00	24,169.03	0.00	674.52	350.40	8,991.40
28.	Uttara Kannada	0.00	7,495.38	3,669.46	5,364.81	0.00	3,059.84	6,309.01	8,906.89	0.00	-4,435.54	2,639.55	3,542.08
29.	Udupi	0.00	252.33	942.04	1,852.22	0.00	293.66	976.29	1,921.70	0.00	41.33	34.25	69.48
30.	Yadgir	0.00	0.00	5,544.19	5,430.25	0.00	0.00	0.00	7,978.39	0.00	0.00	-5,544.19	2,548.14
Total		**11,19,351.67**	**6,30,681.93**	**2,16,884.14**	**2,30,376.74**	**41,578.14**	**73,439.28**	**2,88,713.15**	**3,15,840.46**	**-10,77,773.53**	**-5,57,242.65**	**71,829.01**	**85,463.72**

Source: Information furnished by the RDPR department

Appendix 6

(Reference: Paragraph 5.3.1; Page 19)

Differences in expenditure exhibited in the CA Reports and MIS statements

Sl. No.	District	Total expenditure (in lakh) as per MIS report				Total expenditure (in lakh) as per CA Report				Difference			
		2007-08	2008-09	2009-10	2010-11	2007-08	2008-09	2009-10	2010-11	2007-08	2008-09	2009-10	2010-11
1.	Bagalkote	0.00	2,056.66	12,032.75	6,156.94		2,060.00	11,549.08	19,484.70	0.00	3.34	-483.67	13,327.76
2.	Bangalore Rural	0.00	79.92	4,611.76	3,802.26		205.40	5,041.44	15,050.70	0.00	125.48	429.68	11,248.44
3.	Bangalore Urban	0.00	11.48	3,144.67	848.93		176.75	3,064.06	17,585.75	0.00	165.27	-80.61	16,736.82
4.	Belgaum	0.00	2,947.29	25,544.82	22,406.48	906.26	2,790.38	25,821.65	36,983.82	906.26	-156.91	276.83	14,577.34
5.	Bellary	0.00	1,239.92	7,030.44	10,362.96	283.41	1,771.41	7,062.88	25,759.40	283.41	531.49	32.44	15,396.44
6.	Bidar	0.00	4,528.57	6,102.47	6,994.93	3,035.08	4,784.57	7,345.43	31,388.01	3,035.08	256.00	1,242.96	24.393.08
7.	Bijapur	0.00	238.34	10,246.91	5,581.66		344.60	8,313.41	22,032.66	0.00	106.26	-1,933.50	16,451.00
8.	Chamarajanagar	0.00	100.77	3,256.28	1,868.07		249.90	2,919.53	9,359.09	0.00	149.13	-336.75	7,491.02
9.	Chikkaballapur	0.00	228.40	8,765.18	5,143.66		271.60	7,548.78	18,643.16	0.00	43.20	-1,216.40	13,499.50
10.	Chickmagalur	0.00	973.13	3,228.43	4,279.95	167.32	986.86	3,590.92	12,817.87	167.32	13.73	362.49	8,537.92
11.	Chitradurga	0.00	4,773.36	9,113.29	10,553.21	5,285.61	5,055.88	8,973.25	55,251.53	5,285.61	282.52	-140.04	44,698.32
12.	Dakshina Kannada	0.00	43.15	2,159.29	1,817.39		91.15	1,965.43	13,040.65	0.00	48.00	-193.86	11,223.26
13.	Davangere	0.00	2,719.42	12,684.22	9,297.45	4,395.69	3,366.61	11,509.23	31,882.87	4,395.69	647.19	-1,174.99	22,585.42
14.	Dharwad	0.00	221.91	5,293.39	5,589.76		289.78	5,433.75	28,670.02	0.00	67.87	140.36	23,080.26
15.	Gadag	0.00	271.03	4,013.25	3,906.48		340.29	3,798.55	21,144.56	0.00	69.26	-214.70	17,238.08
16.	Gulbarga	0.00	4,189.33	14,989.11	7,439.36	2,929.49	4,539.47	17,969.39	81,957.36	2,929.49	350.14	2,980.28	74,518.00
17.	Hassan	23.56	885.79	4,731.21	6,474.30	0.10	884.20	4,888.42	34,929.70	-23.46	-1.59	157.21	28,455.40
18.	Haveri	0.00	298.46	8,574.00	6,957.33		325.32	8,572.93	38,757.29	0.00	26.86	-1.07	31,799.96
19.	Kodagu	0.00	600.72	1,355.54	2,828.63	9.02	638.46	1,510.53	17,732.75	9.02	37.74	154.99	14,904.12
20.	Kolar	0.00	660.54	13,499.81	6,383.11		1,186.48	16,429.51	21,804.37	0.00	525.94	2,929.70	15,421.26
21.	Koppal	0.00	665.25	7,886.68	7,055.17		407.75	19,014.32	22,877.45	0.00	-257.50	11,127.64	15,822.28
22.	Mandya	0.00	40.29	3,173.31	4,200.71		167.17	2,964.15	25,934.41	0.00	126.88	-209.16	21,733.70
23.	Mysore	0.00	452.12	6,547.52	3,642.94		586.69	6,262.12	51,981.00	0.00	134.57	-285.40	48,338.06
24.	Raichur	0.00	2,395.44	10,995.05	9,588.84	2,682.05	3,070.94	11,634.15	36,006.62	2,682.05	675.50	639.10	26,417.78
25.	Ramanagara	0.00	14.00	3,749.33	4,890.13		41.14	3,687.85	8,733.53	0.00	27.14	-61.48	3,843.40
26.	Shimoga	98.00	1,168.54	8,285.90	8,412.32	137.69	1,414.05	8,624.82	15,492.98	39.69	245.51	338.92	7,080.66
27.	Tumkur	0.00	85.83	17,586.38	14,621.65		612.98	15,472.18	32,435.43	0.00	527.15	-2,114.20	17,813.78
28.	Uttara Kannada	0.00	594.26	3,936.73	4,031.63		1,311.09	4,978.97	6,35,712.55	0.00	716.83	1,042.24	6,31,680.92
29.	Udupi	0.00	34.98	704.98	228.27		104.73	762.93	16,185.05	0.00	69.75	57.95	15,956.78
30.	Yadgir	0.00	0.00	9,272.50	4,236.60		0.00	0.00	4,236.60	0.00	0.00	-9,272.50	0.00
Total		**121.56**	**32,518.90**	**2,32,515.20**	**1,89,601.12**	**19,831.72**	**38,075.64**	**2,36,709.66**	**14,03,871.88**	**19,710.16**	**5,556.75**	**4,194.46**	**12,14,270.76**

Source: Information furnished by the RDPR department

Appendix 7
(Reference: Paragraph 7.3.2.2, Page 37)
Details of muster rolls and material bills pending payment

(₹ in lakh)

Sl. No.	District	No. of muster roll	Amount	No. of material bills	Amount	Total expenditure
1	Bagalkote	10,097	2,409.25	4,045	909.62	3,318.87
2	Bangalore	53	5.86	27	0.29	6.15
3	Bangalore rural	3	1.25	1	0.00	1.25
4	Belgaum	6,377	2,230.50	2,636	996.36	3,226.86
5	Bellary	1,219	258.80	444	129.33	388.13
6	Bidar	4,426	1,211.85	2,338	872.56	2,084.41
7	Bijapur	13,261	3,222.12	12,580	1,387.96	4,610.08
8	Chamarajanagar	3,814	716.07	1,997	727.68	1,443.75
9	Chikkaballapur	6,066	847.06	1,244	412.97	1,260.03
10	Chickmagalur	32	12.06	24	7.10	19.16
11	Chitradurga	12,009	4,636.34	7,400	3,009.58	7,645.92
12	Dakshina Kannada	355	20.07	34	1.03	21.10
13	Davanagere	13,801	5,650.14	4,980	2,637.97	8,288.11
14	Dharwad	3,018	972.29	217	43.44	1,015.73
15	Gadag	2,681	760.25	2,495	785.09	1,545.34
16	Gulbarga	10,662	3,708.21	8,238	1,947.79	5,656.00
17	Hassan	5,105	2,350.93	3,918	1,737.69	4,088.62
18	Haveri	4,670	1,951.24	6,502	1,531.91	3,483.15
19	Kodagu	1,402	535.87	206	74.11	609.98
20	Kolar	6,781	1,645.33	1,219	478.24	2,123.57
21	Koppal	8,283	1,997.25	2,348	1,562.58	3,559.83
22	Mandya	2,454	208.79	475	146.10	354.89
23	Mysore	834	271.22	701	267.14	538.36
24	Raichur	6,066	2,613.68	5,633	1,758.82	4,372.50
25	Ramanagara	1,736	681.05	1,228	557.61	1,238.66
26	Shimoga	2,279	450.46	3,536	592.44	1,042.90
27	Tumkur	1,365	357.30	1,287	268.11	625.41
28	Udupi	3	0.23	0	0.00	0.23
29	Uttara Kannada	1,280	277.99	125	13.31	291.30
30	Yadgir	5,471	1,587.23	6,656	1,001.72	2,588.95
Total		**1,35,603**	**41,590.69**	**82,534**	**23,858.55**	**65,449.24**

Source: Information extracted from MIS

Appendix 8

(Reference: Paragraph 7.3.4, Page 37)

Wages paid to persons without bank accounts in the test-checked districts

(₹ in lakh)

District	No. of individuals with no bank or Post Office accounts	No. of individuals deleted	Persondays of employment given to these individuals including those deleted				Wages paid to these individuals				
			2011-12	2010-11	2009-10	2008-09	2011-12	2010-11	2009-10	2008-09	Total
Bellary	4,84,010	1,06,869	7,584	6,94,499	27,27,623	3,88,022	9.48	750.11	2,319.88	291.50	3,370.97
Bijapur	5,03,238	2,74,370	261	51,548	38,90,373	20,724	0.33	61.39	3,275.58	16.96	3,354.26
Chamarajanagar	2,54,579	1,31,761	57,725	82,197	27,435	28,916	72.16	90.31	22.50	23.71	208.68
Chikkaballapur	3,37,633	1,70,731	9,867	1,00,326	35,21,616	65,208	12.32	117.88	3,152.32	52.50	3,335.02
Gadag	95,640	25,464	2,174	30,844	3,85,996	8,015	2.71	37.56	329.31	6.53	376.11
Hassan	3,26,771	1,43,374	10,871	2,33,342	9,11,307	1,41,264	13.58	268.17	878.97	115.43	1276.15
Raichur	7,60,057	5,26,948	24,445	3,52,150	61,92,364	9,94,727	29.72	367.41	5,434.24	784.02	6,615.39
Shimoga	2,05,032	1,01,477	3,646	1,14,694	10,20,657	1,49,002	4.47	126.14	910.52	121.54	1162.67
Total	**29,66,960**	**14,80,994**	**1,16,573**	**16,59,600**	**1,86,77,371**	**17,95,878**	**144.77**	**1,818.97**	**16,323.32**	**1,412.19**	**19,699.25**

Source: Information extracted from the MIS

Appendix 9

(Reference: Paragraph 9.2, Page 57)

Statements showing position of non/partial maintenance of records

(a) Statement showing number of test-checked GPs where records were not maintained

Name of the district	Job card application register	Job card register	Employment register	Muster roll receipt register	Work register	Assets register	Complaint register
Bellary	-	-	10	20	17	18	-
Bijapur	10	-	20	20	20	20	20
Chamarajanagar	-	-	14	20	15	15	20
Chikkaballapur	4	-	10	14	11	15	17
Gadag	-	-	1	10	15	20	16
Hassan	1	-	10	12	15	16	15
Raichur	11	-	10	15	13	13	20
Shimoga	-	-	-	10	20	20	10
Total	**26**	**-**	**75**	**121**	**126**	**137**	**118**

(b) Statement showing number of test-checked GPs where records were partially maintained

Name of the district	Job card application register	Job card register	Employment register	Muster roll receipt register	Work register	Assets register	Complaint register
Bellary	20	20	10	-	3	2	20
Bijapur	10	18	-	-	-	-	-
Chamarajanagar	20	20	6	-	1	-	-
Chikkaballapur	13	16	7	3	6	2	-
Gadag	20	20	19	10	5	-	4
Hassan	14	19	10	8	5	4	5
Raichur	-	-	-	-	-	-	-
Shimoga	20	20	20	10	-	-	10
Total	**117**	**133**	**72**	**31**	**20**	**8**	**39**

Appendix 10

(Reference: Paragraph 10.7, Page 61)

Details of irregularities noticed in Social Audit

(a) Details of criminal cases

(₹ in lakh)

Name of the district	2008-09		2009-10		2010-11		2011-12		Total	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Bidar	17	0	-	-	5	0	-	-	22	0
Chikkaballapur	-	-	1	9.10	-	-	-	-	1	9.10
Dharwad	-	-	1	3.58	-	-	-	-	1	3.58
Koppal	-	-	-	-	-	-	14	0	14	0
Raichur	1	1.39	-	-	-	-	-	-	1	1.39
Tumkur	-	-	3	40.18	-	-	-	-	3	40.18
Total	**18**	**1.39**	**5**	**52.86**	**5**	**0**	**14**	**0**	**42**	**54.25**

(b) Details of civil cases

(₹ in lakh)

Name of the district	2008-09		2009-10		2010-11		2011-12		Total	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Bangalore (Rural)	-	-	-	-	8	12.01	3	1.22	11	12.23
Bangalore (Urban)	-	-	6	12.86	-	-	-	-	6	12.86
Belgaum	-	-	-	-	-	-	1	0	1	0
Bidar	12	0	6	0	28	0	-	-	46	0
Chickmagalur	-	-	-	-	4	0.80	-	-	4	0.80
Chitradurga	1	4.21	-	-	-	-	-	-	1	4.21
Dharwad	-	-	-	-	1	12.91	58	1.80	59	14.71
Gadag	-	-	-	-	5	1.14	3	8.37	8	9.51
Hassan	-	-	-	-	7	20.80	1	0	8	20.80
Haveri	-	-	1	0.01	5	9.55	1	0	7	9.56
Uttara Kannada	-	-	-	-	1	0	-	-	1	0
Kodagu	-	-	2	0.16	5	1.11	-	-	7	1.27
Koppal	-	-	5	0	17	0	14	0	36	0
Mandya	-	-	2	15.47	2	3.96	1	0	5	19.43
Mysore	-	-	1	4.50	3	74.10	0	-	4	79.60
Shimoga	-	-	3	4.93	1	0.39	0	-	4	5.32
Yadgir	-	-	-	-	2	23.59	3	4.67	5	28.26
Total	**13**	**4.21**	**26**	**37.93**	**89**	**160.36**	**85**	**16.06**	**213**	**218.56**

Source: Information furnished by the RDPR department