

Chapter-2

Performance Audit

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS)

2.1 Construction and improvement of rural roads under Pradhan Mantri Gram Sadak Yojna

Highlights

The rural road connectivity is a key component of rural development for providing access to economic and social services thereby generating increased agriculture income and productive employment opportunities leading to poverty alleviation. The Government of India (GoI), Ministry of Rural Development (MoRD) launched (December 2000) the Pradhan Mantri Gram Sadak Yojna (PMGSY) with the objective to provide all weather road connectivity to the unconnected habitations in the rural areas. Performance Audit on construction and improvement of rural roads under PMGSY revealed deficiencies in financial and programme management, irregular execution of works, non maintenance of roads, inadequate monitoring and lack of internal control.

A Performance Audit of the Public Works Department (Buildings and Roads) (PWD-B&R) brought out the following significant audit findings:

- *Non availing of Income Tax exemption led to deduction of ₹1.16 crore tax at source on interest on PMGSY funds.*

(Paragraph 2.1.9.3)

- *Execution of excess length of 28.61 km than approved in Core Network resulted in extra expenditure of ₹ 10.02 crore.*

(Paragraph 2.1.14.1)

- *Core Network roads constructed with State funds and NABARD loan led to avoidable burden of ₹9.93 crore on the State exchequer.*

(Paragraph 2.1.14.2)

- *Carriage of earth not specified in the PMGSY guidelines resulted in irregular expenditure of ₹7.36 crore.*

(Paragraph 2.1.14.8)

- *Upgradation of a road without through route resulted in injudicious expenditure of ₹ 2.93 crore.*

(Paragraph 2.1.14.9)

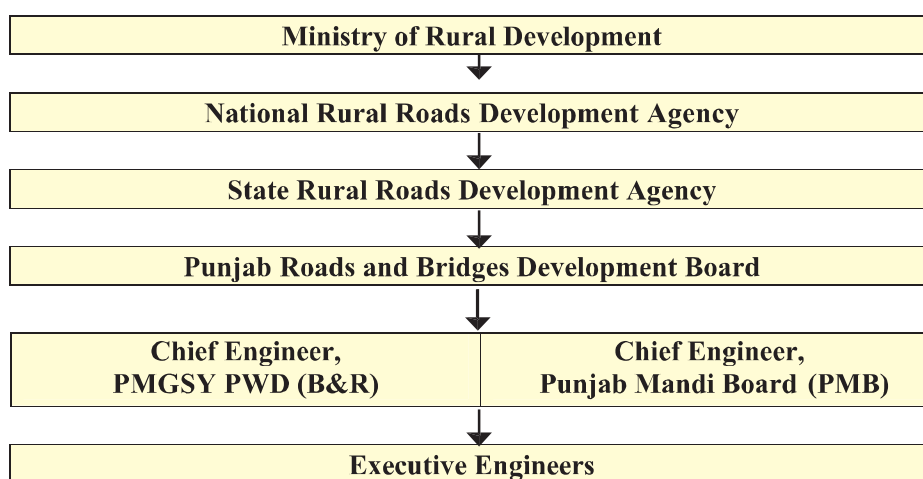
2.1.1 Introduction

The GoI launched (December 2000) the Pradhan Mantri Gram Sadak Yojna (PMGSY) with the objective of providing all weather road connectivity to the unconnected habitations in the rural areas. The PMGSY is a 100 *per cent* Centrally Sponsored Scheme (CSS). State wide Core Network survey (April 2000) revealed that 101 and 436 habitations with above 1000 population and above 500 population respectively were unconnected. The habitations with population of 1000 and above were targeted to be covered in three years (2000-03) and habitations with population above 500, by the end of Tenth Five Year Plan Period (2007). The PMGSY also included upgradation of roads in those districts where all the eligible habitations of the designated population size had been provided with the road connectivity.

2.1.2 Organizational set up

The MoRD is implementing the PMGSY at the Central level through the National Rural Roads Development Agency (NRRDA) by providing operational, managerial and financial support. At State level, the State Rural Roads Development Agency (SRRDA) scrutinizes the proposals and acts as coordinator between the State and the MoRD. The Punjab Roads and Bridges Development Board (PRBDB) is acting as Nodal Agency at the State level and execute the projects. The Chief Engineer, PMGSY, PWD (B&R) and Punjab Mandi Board (PMB) are the technical authorities in the State for approval of Core Network, scrutiny of Detailed Project Reports (DPRs), process of tenders and maintenance work. The Executive Engineers (EEs), PWD (B&R) and PMB are responsible for preparation of Core Network, DPRs, allotment and execution of work at the district level. The organizational set-up of PMGSY is given below:

Organizational Chart



2.1.3 Scope of Audit

The performance audit of the PMGSY was conducted between October 2011 and May 2012 for the period from 2007 to 2012 by test check of the records in the offices of the Principal Secretary, PWD B&R, Secretary, PMB, the Nodal Agency and EEs of 14¹ divisions, 10 (26 *per cent*) PWD (B&R) out of 39 and 4 (31 *per cent*) PMB out of 13 on the basis of Statistical Sampling Probability Proportional to Size with Replacement method. The samples covered 27 *per cent* of divisions and 40 *per cent* of expenditure of ₹ 464.00 crore, out of total expenditure of ₹ 1160.44 crore.

2.1.4 Audit objectives

The audit objectives were to ascertain whether:

- the Core Network was prepared and implemented as laid down in the PMGSY guidelines;
- the administrative and financial controls were designed and implemented to secure optimum utilization of funds;
- the upgradation of road work was undertaken only in those districts, where all the eligible habitations of the designated population size were provided connectivity;
- the work was executed economically, efficiently and effectively; and
- the existing monitoring system and quality control mechanism was adequate and effective for achieving the desired objectives.

2.1.5 Audit criteria

The audit findings were benchmarked against the criteria derived from the following sources:

- Guidelines of the PMGSY issued by MoRD.
- Goals and targets set by the GoI and Government of Punjab (GoP).
- PWD Code, Financial Rules, Rural Road Manual, Manual and instructions issued by the NRRDA, MoRD, GoI and GoP.
- Prescribed monitoring mechanism.

2.1.6 Audit methodology

An entry conference for the performance audit was held (23 February 2012) with the Special Secretary, PWD (B&R), Nodal Agency and PMB wherein the scope, methodology, objectives and criteria of audit were discussed. An exit conference was held (4 December 2012) with the Additional Secretary, PWD (B&R), Nodal Agency and PMB, wherein audit findings were discussed. The

¹ Provincial Division at Bathinda, Jalandhar, Nawan Shehar, Sangrur, II Patiala and Construction Division-I Ludhiana, Malerkotla, Muktsar, Mohali at Fatehgarh Sahib (FGS), and Sirhind, PMB Divisions at Amritsar, Kapurthala, Nawan Shehar and Sangrur.

replies of the Department and views expressed in the exit conference have been suitably incorporated in the Report.

2.1.7 Acknowledgement

The office of the Accountant General (Audit), Punjab acknowledges the cooperation and assistance rendered by the State Government, Nodal Agency, PMB, CEs and the EEs in conducting the performance audit.

Audit findings

The audit findings are discussed in the following paragraphs:

2.1.8 Progress of the PMGSY

Planning is an integral part of the programme implementation of any scheme. Para 2.1 of the PMGSY guidelines provided that all unconnected habitations having a population above 1000 were to be covered during 2000-2003 and the habitations with population above 500 by the end of Tenth Plan. The status of habitations covered by March 2012 is given in **Table 2.1**.

Table 2.1 : Details of habitations covered

Particulars	Habitations with 1000+ population	Habitations with 500+ population	Total
Unconnected habitations as on 1 April, 2000	101	436	537
Connected habitations up to March 2007	94	324	418
Unconnected habitations as on March 2007	7	112	119
Habitations connected during 2007-2012	0	0	0
Habitations unconnected as on March 2012	7	112	119

Source: Data supplied by Nodal Agency

It can be seen from the above table that seven habitations with population of above 1000 and 112 habitations with population 500-1000 were not connected under the PMGSY at the end of Tenth Five Year Plan (2002-07). Even after lapse of five more years (March 2012), these remained unconnected. Neither any physical target for preparation of DPRs for new connectivity was fixed nor any new habitation covered under the PMGSY during the period 2007-08 to 2011-12.

On this being pointed out, the Department stated (November 2011) that four habitations with population above 1000 and 92 habitations with population in the range of 500-1000 were covered during the period 2007-2011 with State funds and loan from the National Bank for Agriculture and Rural Development (NABARD). The Department further stated that out of balance 23 (three of population above 1000 and 20 of population above 500) unconnected habitations, nine have been proposed for connectivity under Phase-X. The remaining 14 habitations will not achieve connectivity as they were either less than 500 metre required length or required road width was not available.

Thus, the construction of 96 roads with State funds and loans from NABARD was avoidable in view of the fact that PMGSY funds for the same purpose

were available from Central Government and therefore was an extra burden on the State exchequer.

2.1.9 Financial management

2.1.9.1 Programme fund

The PMGSY is a 100 *per cent* centrally sponsored scheme and the funds received from the GoI are credited directly in the Nodal Agency's account. The status of funds received and expenditure incurred is given in **Table 2.2**.

Table 2.2 : Position of receipt and expenditure

(₹ in crore)

Year	OB	Receipt		Interest	Total	Expenditure	Closing Balance
		GoI	Misc. Receipt				
2007-08	41.47	360.21	0.09	1.81	403.58	346.65	56.93
2008-09	56.93	243.43	0.02	5.44	305.82	276.88	28.94
2009-10	28.94	348.42	(-) 0.02	0.80	378.14	309.73	68.41
2010-11	68.41	194.43	--	0.31	263.15	163.75	99.40
2011-12	99.40	164.61	--	2.63	266.64	63.03	203.61
TOTAL		1311.10	0.09	10.99	1617.33	1160.04	

Source: Data supplied by Nodal agency

The scrutiny of records of the Nodal Agency revealed that all the funds required for Phase-VII (63 works) and Phase-VIII (71 works) were received, which commenced in 2007-08 and 2009-10 respectively. All the works of Phase-VII were completed between January 2009 and November 2012. Of Phase-VIII, 64 works were completed (March 2012), one work was deleted and six works with sanctioned cost of ₹ 44.33 crore, were incomplete after incurring expenditure of ₹ 24.08 crore. No DPR was prepared for phase IX of the PMGSY and no funds were therefore sanctioned.

An expenditure of ₹ 1160.04 crore had been incurred against total receipt of ₹ 1311.10 crore during 2007-08 to 2011-12 leaving an unspent balance of ₹ 203.61 crore as on March 2012.

2.1.9.2 Irregular release of State share

Para 18.3 of the PMGSY guidelines provides that the GoP was to provide funds for work related expenses, the cost escalation, tender premium and other programme expenses to the Nodal Agency.

Audit observed that that out of State's share of ₹ 27.00 crore under Phase VIII, an amount of ₹ 13.21 crore was released (2011-12) directly to three (Amritsar, Hoshiarpur and Kapurthala) divisions by the GoP in contravention of the guidelines.

The Department stated (May 2012) that due to court cases funds were released directly to the divisions and there was no loss to the Government. The fact, however, remains that PMGSY guidelines regarding release of funds were not adhered to.

2.1.9.3 Non availing of income tax exemption

Para 15.3 of the PMGSY Accounts Manual provides that the SRRDA is a non-profit making body and is eligible for exemption under Income Tax Act, 1961 for deduction of tax at source (TDS) on interest income. No such exemption was obtained by the Nodal Agency from Income Tax authorities and a sum of ₹ 1.16 crore was deducted (2001-02 to 2009-10) as TDS on interest income of the Nodal Agency. The Department stated (December 2012) that matter was taken up with Income Tax Department for refund of TDS and exemption had been obtained now; however, no refund had been received (December 2012).

2.1.10 Maintenance and repair funds

Para 17.2 of the PMGSY guidelines provides that all the funds required for maintenance of the PMGSY roads were to be provided by the GoP. The funds received and expenditure incurred is given in **Table 2.3**.

Table 2.3 : Position of receipt and expenditure on maintenance

(₹ in crore)

Year	Required cost of maintenance	Opening balance	Receipt	Interest	Total	Expenditure	Closing balance
2007-08	3.15	-	--	--	--	--	--
2008-09	5.19	-	--	--	--	--	--
2009-10	12.00	-	12.00	--	12.00	--	12.00
2010-11	8.00	12.00	6.00	0.60	18.60	1.84	16.76
2011-12	10.00	16.76 (-)	--	1.51	18.27	3.01	15.26
Total	38.34		18.00	2.11		4.85	

Source: Data supplied by the Nodal Agency

Against the requirement of ₹ 38.34 crore for maintenance of roads during 2007-12, the GoP provided ₹ 18.00 crore only. An expenditure of ₹ 4.85 crore was incurred on maintenance of roads which indicates that though funds amounting to ₹ 20.11 crore (including interest of ₹ 2.11 crore) were available against the requirement of ₹ 38.34 crore, maintenance worth ₹ 4.85 crore had only been done.

2.1.11 Land acquisition from State funds

Para 6.12 of the PMGSY guidelines stipulates that the State Government/District Panchayat were required to ensure the availability of proper land width required for taking up the proposed road work and in case of less availability of land, the land acquisition was to be made by the GoP at its own cost. The funds required, provided and expenditure incurred is given in **Table 2.4**.

Table 2.4 : Position of funds provided and expenditure incurred on acquisition of land
(₹ in crore)

Year	Tentative cost of land acquisition	Opening balance	Receipt	Interest	Total	*Expenditure	Closing balance
2007-08	-	-	-	--	--	--	--
2008-09	85.00 (PH-VIII)	-	50.00	--	50.00	25.21	24.79
2009-10	-	24.79	-	0.45	25.24	22.40	02.84
2010-11	50.00 (PH-IX)	02.84	-	0.24	03.08	01.68	01.40
2011-12	-	01.40	27.52	0.69	29.61	18.80	10.81
Total	135.00		77.52	1.38	107.93	68.09	

Source: Data supplied by Nodal Agency

*Including advances deposited with the Land Acquisition Officers/Collectors

Against the requirement of ₹ 135.00 crore for acquisition of 864² acre land for phase-VIII and IX, the GoP released ₹ 77.52 crore and land measuring 373.82 acre for Phase-VIII and IX was acquired for ₹ 68.09 crore. An amount of ₹ 10.81 crore was unspent and balance 490.18 acre land for 41 works of phase-IX was yet to be acquired (March 2012) which had resulted in non-preparation of three DPRs and submission to the GoI for their approval.

2.1.11.1 Completion/execution of work without acquisition of land

Para 5.10.4 of the Operation Manual of the PMGSY requires widening of the carriage way to 3.75 metre in case the existing width was lesser. This requires corresponding roadway width of 7.5 metre and land width of 11-12 metre of rural roads. Further, certificate of required land availability was required to be furnished by the EE at the time of approval of DPR.

In five³ out of 14 test checked divisions, 10 roads were constructed at a cost of ₹ 44.37 crore, without acquiring the required land for construction of road with full formation width. Full formation width is required for construction of berms, culverts etc. which are important for the road to sustain its designed life. The physical verification of the road as depicted in the photograph, corroborated the fact that the roads were constructed in the land with shorter width.



On this being pointed out, the Government stated (December 2012) that requirement of land as pointed out in para was tentative and land in Punjab is

² Land to be acquired: Phase VIII - 517.22 acre + Phase IX - 346.78 acre = 864.00 acre
Land actually acquired: Phase VIII-134.38 acre + Phase IX-239.44 acre = 373.82 acre

³ 1. EE, PMB, Sangrur, 2. EE Provincial Division, Bathinda, 3. EE, Construction Division, Malerkotla, 4. EE, Construction Division, Muktsar, 5. EE, Provincial Division-II, Patiala.

very costly. Moreover, farmers are unwilling to part with their land and works were completed without acquiring further land.

The reply was not acceptable, as executions of work without acquisition of required land resulted in construction of roads without adequate width and were susceptible to premature disintegration of roads due to non-construction of berms/culverts etc.

2.1.11.2 Delayed notification enhanced land compensation

The Financial Commissioner's Standing Orders (September 2007) provide a maximum time limit of six months between the issue of notification under Section-4 and declaration under Section-6 of the Land Acquisition Act 1894, otherwise acquisition proceedings would lapse.

The examination of record of the EE, Construction Division, Gurdaspur at Batala revealed that notification for acquisition of land under Section 4 was issued on 21 July 2008 for acquisition of 33.41 acre land for upgradation of three roads under the PMGSY. The Deputy Commissioner fixed (February 2009) the market rate of the land (between ₹ 3.27 lakh and ₹ 5.47 lakh per acre) and ₹ 1.81 crore was payable to land owners. However, declaration under Section 6 was not made within the stipulated period of six months resulting in lapse of proceedings. Fresh notification under Section 4 (December 2009) and declaration under Section 6 (May 2010) was issued and the Land Acquisition Collector announced award of ₹ 2.26 crore on the basis of the prevailing market rates (between ₹ 3.84 lakh and ₹ 11.34 lakh per acre). The failure to issue timely declaration led to lapse of proceedings and revised process resulted in extra payment of ₹ 0.45 crore.

The Government stated (December 2012) that the earlier notification under Section 4 lapsed due to imposition of model code of conduct on the eve of Lok Sabha elections. The reply was not acceptable as the model code of conduct was imposed on 5 March 2009, whereas the last date for issue of declaration was 20 January 2009.

2.1.12 Administrative expenses fund

2.1.12.1 Irregular expenditure

Para 4.1.1 (II) of the Accounts Manual of the PMGSY, lays down that the MoRD provides Administrative Expenses Fund to the SRRDA for Administrative expenses such as travel, purchase of computers, telephone, internet charges etc. The State Government may also provide Administrative Expenses Fund for specific purposes such as salary, medical claims, leave encashment, office rent, travel expenses, printing and stationery and miscellaneous office expenses etc.

An expenditure of ₹ 0.26 crore was incurred from Central Administrative Expenses Fund from September 2002 to August 2011 on rent of office building, POL, office fittings, advertisements and printing of books instead of from the State Administrative Expenses Fund.

The Government stated (December 2012) that out of ₹ 0.26 crore, ₹ 0.16 crore had been adjusted and balance would be adjusted shortly.

2.1.13 Targets and Achievements

Proper planning is imperative to achieve the objective of the programme in a systematic and cost effective manner. The Rural Road Plan and Core Network constitute the basis for all planning exercises under the PMGSY. The District Rural Roads Plan indicates the entire existing road network system in the district and also clearly identifies the proposed roads for providing connectivity to the unconnected habitations, in an economic and efficient manner. Similarly, the Core Network consists of some of the existing roads as well as all the roads proposed for new construction under the PMGSY. Further Comprehensive Upgradation Priority List (CUPL) is required to be prepared, which forms the basis of selection of road for upgradation under PMGSY.

Detail of projects sanctioned and executed in different phases during 2007-12 along with position of achievement against the targets fixed for upgradation of roads is given in **Table 2.5**.

Table 2.5(a) : Position of projects sanctioned and executed during 2007-2012

Phase	No. of projects/works sanctioned/executed	Amount released (₹ in crore)	Expenditure incurred (₹ in crore)	Achievement physical (Work completed)
VII	63	344.21	348.25	63 (100%)
VIII	71	432.58	320.65	64 (90%)

Source: Data supplied by Nodal Agency

Table 2.5(b) : Position of achievements against the targets fixed

Year	Upgradation of roads		Shortfall (-)/ Excess(+)	Percentage
	Targets	Achievements		
2007-08	1483.05	1095.45	(-) 387.60	(-) 26%
2008-09	1675.00	1355.63	(-) 319.37	(-) 19 %
2009-10	500.00	710.00	(+) 210.00	(+) 42%
2010-11	0.00	199.02	0.00	-
2011-12	0.00	0.00	0.00	-
Total	3658.05	3360.10	(-) 297.95	

Source: PMGSY website. PMGSY.NIC.IN

It was observed that there was shortfall of 387.60 km and 319.37 km in upgradation of roads during 2007-08 and 2008-09 respectively. No targets were fixed for the year 2010-11 and 2011-12, yet 199.02 Km roads were upgraded during 2010-11.

During exit conference, the Department stated (December 2012) that targets for upgradation were fixed by GoI under Bharat Nirman which included 60 *per cent* upgradation and 40 *per cent* renewal and shortage in achievement of targets during 2007-08 and 2008-09 was covered during subsequent years during 2009-10 and 2010-11 respectively. No reasons for short construction of 297.95 km during the period 2007-12 were furnished.

2.1.14 Programme execution

During the course of audit examination, the short comings/irregularities noticed in the execution of works are discussed in the succeeding paragraphs.

2.1.14.1 Execution of excess length than approved in Core Network

As per Para 3.8 of the PMGSY guidelines, each work taken up for execution must form part of the Core Network.

In four divisions out of 14 selected divisions, it was noticed that against the approved Core Network length of 140.92 km the execution of 169.53 km was done in 10 roads leading to excess execution of 28.61 km. Excess execution of 28.61 km resulted in irregular diversion of PMGSY funds amounting to ₹ 10.02 crore, as given in Table 2.6.

Table 2.6 : Details of irregular diversion of funds

(₹ in crore)

Sr. No	Name of division	No. of roads	Approved Core Network (km)	km executed	Excess execution (km)	Expenditure incurred	Proportionate expenditure
1	Provincial Bathinda	2	36.80	42.96	6.16	11.84	1.70
2	Construction Division No-I, Ludhiana	1	13.00	19.20	6.20	7.91	2.56
3	PMB, Nawanshehar	1	21.00	25.75	4.75	4.56	0.84
4	Provincial Division, Sangrur	6	70.12	81.62	11.50	34.94	4.92
	Total	10	140.92	169.53	28.61	59.25	10.02

Source: Information collected from divisions

On this being pointed out by Audit (March-April 2012), the Government stated (December 2012) that Core Network was prepared in 2001 and there were some shortcomings/variations with regard to length of roads in the Core Network, which was being amended. The reply was not convincing as amendment in Core Network is not allowed and execution of excess length led to extra expenditure of ₹ 10.02 crore from PMGSY funds.

2.1.14.2 Core Network work executed with State funds and NABARD loan

In two divisions (Provincial Division, Bathinda and Construction Division - 1, Hoshiarpur), five works of Core Network (length of 28.81 km) were executed with State funds and NABARD loan at a cost of ₹ 9.93 crore as given in Table 2.7.

Table 2.7 : Works executed with State funds and NABARD loans

(₹ in crore)

Sr. No.	Name of division	Name of work	Approved Core Network (km)	km executed with State funds	Amount	Month & year of completion
1	Provincial Division, Bathinda	BBM Road to Lehra Mohabat	0.00 to 1.30 km	1.30	0.14	9/2007
2		Nathana Jandwala Road	0.00 to 6.50 km	1.04	0.66	10/2006
3		Providing and laying 30MM SDBC on Badal Ghudda Road	0.00 to 20.50 km	5.77	1.47	5/2007
4		Guru Gobind Singh Marg (Gudda-sangat (Village road via Kot Gurur)	0.00 to 12.16 km	10.70	3.95	8/2007
5	Construction Division. No. 1, Hoshiarpur	Hajipur-Dasuya Road	0.00 to 30.90 km	10.00	3.71	11/2006
TOTAL				28.81	9.93	

Source: Information collected from divisions

The execution of five works from the State funds at an expenditure of ₹ 9.93 crore despite the availability of ₹ 41.47 crore in 2006-07 and ₹ 56.93 crore in 2007-08 under PMGSY had put extra burden on the State exchequer.

The Department stated (December 2012) that there was no harm in getting the roads constructed with State/loan funds. The point, however, remains that execution of road work of Core-Network of PMGSY from the State funds led to avoidable burden of ₹ 9.93 crore on the State exchequer.

2.1.14.3 Non preparation of Comprehensive Upgradation Priority List (CUPL)

Para 6.3(vi) of the PMGSY guidelines provides that in districts where no new connectivity was pending, the through routes would be upgraded from the CUPL. Preparation of CUPL is pre-requisite for selection of roads to be executed under PMGSY.

In four divisions out of 14 selected divisions, 18 road works selected for upgradation and executed at a cost of ₹ 125.44 crore without preparing the CUPL are given in Table 2.8.

Table 2.8 : Works executed without preparation of CUPL

(₹ in crore)

Sr No	Name of division	Number of work	Expenditure incurred
1	Punjab Mandi Board, Bathinda	8	58.76
2	Construction Division-1, Ludhiana	7	56.83
3	Punjab Mandi Board,, Nawansheshr	2	6.73
4	Punjab Mandi Board, Kapurthala	1	3.12
TOTAL		18	125.44

Source: Information collected from divisions

The Department stated (December 2012) that they had prepared the CUPL, which would be sent to Audit. However, the copy of CUPL was awaited (December 2012).

2.1.14.4 Injudicious selection of work

Para 6.3 of the PMGSY guidelines provides that roads to be included in the CUPL should be through routes of Core Network in order of priority based on the Pavement Condition Index (PCI). The upgradation of road where PCI is more than two and sealed surface are less than 10 years old (even if PCI is less than two) will not be taken up for upgradation.

In four divisions, 19 roads having PCI more than two were taken up (2007-12) for upgradation at a cost of ₹ 86.88 crore as given in **Table 2.9**.

Table 2.9 : Details of roads having PCI more than two

(₹ in crore)

Sr. No.	Name of division	Number of works	Amount
1	Punjab Mandi Board, Amritsar	3	7.90
2	Provincial Division, Sangrur	10	53.49
3	Punjab Mandi Board, Sangrur	3	12.00
4	Construction Division, Sirhind	3	13.49
	TOTAL	19	86.88

Source: Departmental data

On this being pointed out by Audit (March-April 2012), the Government stated that PCI was not the only parameter in selection of road for upgradation. Moreover, the agricultural operations in Punjab are highly mechanized and heavy machinery such as tractors, loaded trolleys and harvesting combines etc. were plying on rural roads and that traffic volumes were now more. The reply is not acceptable as PCI was a vital factor as per guidelines, for selection of roads for upgradation, which was not adhered to.

2.1.14.5 Upgradation of roads with excess width

Para 5.2 of the Rural Road Manual prescribes the carriageway width of 3.75 metre for rural road. The MoRD prescribes single lane carriageway for rural road under the PMGSY and in exceptional cases 5.5 metre carriageway may be proposed. Moreover, the NRRDA had also prescribed (September 2008) a maximum limit of 5.5 metre for work to be undertaken in PMGSY.

In three divisions out of 14 selected divisions, 13 roads were upgraded with carriageway width of seven metre at a cost of ₹ 78.82 crore which were beyond the PMGSY specification, as given in **Table 2.10**.

Table 2.10 : Detail of upgraded roads having carriageway beyond PMGSY specifications

(₹ in crore)

Sr. No	Name of division	No. of roads	Expenditure incurred
1	Construction Division, Ludhiana	6	48.92
2	Provincial Division, Nawanshehar	6	25.12
3	Construction Division, Mohali at FGS	1	4.78
	TOTAL	13	78.82

Source: Information collected from divisions

The Department stated (December 2012) that State had nearly five lakh tractors/trolleys which is very high as compared to other States and it led to high volumes of traffic on State roads. The point, however, remains that Rural Road Manual and PMGSY guidelines were not adhered to.

2.1.14.6 Avoidable expenditure

Para 11.5 of the PMGSY guidelines provides that all costs due to time overrun, arbitration or judicial award and tender premium shall be borne by the State Government.

The GoI cleared (February 2008) 63 projects of Phase-VII, valuing ₹ 344.21 crore. The cost was enhanced to ₹ 362.27 crore due to delay in allotment of work and ₹ 348.25 crore was ultimately incurred on completion of work from January 2009 to November 2012.

The Nodal Agency stated (November 2011) that the work allotments were delayed due to imposition of model code of conduct for election of Panchayat Samitis and Zila Parishads and the margin was reduced by deleting the work of retaining walls, drains and small culverts etc. resulting in cutting down the cost by ₹ 4.04 crore. Further, the Government stated (December 2012) that the MoRD refused to meet the excess expenditure from PMGSY funds as such minor items/ quantities of work were curtailed. The reply was not acceptable as the action of the Department had put extra burden on State exchequer besides curtailed work affecting road's life as well.

2.1.14.7 Execution of work without sanction of estimates

Rule 2.89 of the PWD Code provides that no work should be taken up and expenditure incurred until and unless the estimate of work is sanctioned by the competent authority. The record of the Chief Engineer, PWD (B&R) revealed that in seven districts an expenditure of ₹ 40.23 crore was incurred on seven works without sanction of estimates by competent authority from 2006-07 to 2008-09 resulting in irregular expenditure, as per details as given in Table 2.11.

Table 2.11 : Detail of works executed without sanction of estimates

(₹ in crore)

Sr. No.	District	Package No.	Name of work	Estimated cost	Expenditure (₹ crore)
1	Amritsar	PB-0119	Patti-Khemkaran- Harike –Khalra Road	13.63	10.61
2	Jalandhar	PB-0815	JHD Road RD Km 3 Uchha Road	4.60	4.28
3	Jalandhar	PB-0821	Bhogpur Jand sarai Road	3.74	2.37
4	Kapurthala	PB-0910	Rawalpindi Mayopatti via Panchatt Road	4.66	2.37
5	Kapurthala	PB-0913	Sultanpur to Takia Road	6.78	5.30
6	Moga	PB-1208	Chottian khurd Block boundary to Dagar	7.98	6.80
7	Muktsar	PB-1320	Kandu khera to Malout Dabwali Road	9.19	8.50
	Total			50.58	40.23

Source: Information from CE, PWD (B&R)

The Department stated (December 2012) that there was hardly any work the technical sanction of which had not been obtained. However, no technical sanction of the above mentioned works were furnished to Audit.

2.1.14.8 Irregular expenditure on carriage of earth

Para 9.3 of the PMGSY guidelines provides that no expenditure shall be incurred for transportation of soil except in case of Black Cotton soil/Sodic soil or in village portions for the construction of roads.

In nine divisions, an expenditure of ₹ 7.36 crore was incurred during the period under scrutiny on 57 work for carriage as per details given in **Table 2.12 :**

Table 2.12 : Detail of divisions where expenditure was incurred on carriage of earth

(₹ in crore)

Sr. No.	Name of division	No. of works	Period of execution of work	Expenditure
1	PMB, Amritsar	6	12/07 to 10/09	0.83
2	Provincial Division, Bathinda	2	04/09 to 02/12	0.17
3	PMB, Kapurthala	1	10/07	0.27
4	Construction Division, Malerkotla	11	10/08 to 03/12	0.66
5	Construction Division, Muktsar	9	7/08 to 12/10	1.04
6	PMB, Nawanshehar	2	03/07 to 12/09	0.41
7	PMB, Sangrur	8	4/08 to 03/12	0.73
8	Provincial Division, Sangrur	11	9/09 to 03/12	1.40
9	Construction Division Sirhind	7	3/07 to 9/10	1.85
	TOTAL	57		7.36

Source: Data supplied by the Nodal Agency.

On this being pointed out by Audit (March-April 2012), Government stated (December 2012) that good earth was not available in nearby places and farmers do not allow to take good earth from their field. Moreover, the DPRs have been got approved from the Ministry. The point, however, remains that lead charges for carriage of earth were not admissible as per the PMGSY guidelines.

2.1.14.9 Unnecessary expenditure

Para 1.6.3 of the Operation Manual for rural roads, provides that construction of new link road and upgrading the existing eligible through route road up to the market centre would form the basic feature of project proposals.

Audit of EE Provincial Division-II, Patiala, revealed that Derabassi to Dhakauli Road with the length of 5.17 km was upgraded (August 2009) at a cost of ₹ 2.93 crore up to river Ghaggar and left unexecuted thereafter the stretch of 2.83 km in the absence of bridge over river Ghaggar. The upgradation was not in consonance with the guidelines as the upgraded road was not a through route and at the dead end of the road there was no bridge to cross the river.

On this being pointed out by Audit (April 2012), the Government stated (December 2012) that efforts were being made to construct the bridge over river Ghaggar with State funds. However, the fact remains that the approval was granted in contravention of the PMGSY guidelines resulting in unnecessary expenditure of ₹ 2.93 crore. Moreover, a village level road cannot have a bridge across a major river.

2.1.14.10 Avoidable expenditure

Para 8.5 (iv) of the PMGSY guidelines provides that wherever local materials, including fly ash are available, these should be used for construction of roads subject to technical norms and relevant Code of Practice. The Rural Roads Manual also provides that fly ash is to be used for construction of roads to avoid environmental pollution and health hazards.

In three divisions, an expenditure of ₹ 5.99 crore was incurred on 19 work (as given in **Table 2.13**) for earth work in embankment, whereas fly ash was available nearby from the site of work. The non utilization of fly ash resulted in avoidable expenditure of ₹ 5.99 crore.

Table 2.13 : Detail of divisions where earth was used instead of fly ash

(₹ in crore)			
Sr. No.	Name of division	No. of works	Expenditure on earth work
1	Provincial Division, Bathinda	4	0.49
2	Construction Division, Muktsar	8	2.03
3	Construction Division, Sirhind	7	3.47
	Total	19	5.99

Source: Information collected from divisions

The Government stated (December 2012) that the use of fly ash was not technically viable and economical. The reply was not acceptable as provisions of Rural Roads Manual were neither considered while preparing DPRs nor any reasons were furnished for non-use of fly ash.

2.1.14.11 Sub-standard work

Para 8.7.5.2 of the Rural Roads Manual provides that open graded Premix Carpet (PC) construction involves use of mixed bituminous material laid in compacted thickness of 20mm followed by a seal coat.

The examination of records of the EE Construction Division, Muktsar disclosed that open graded 20 mm (PC) was laid (October 2006) in upgradation of Mahabadhar-Sammewali Road without laying of seal coat in contravention of the provisions, resulting in execution of sub-standard work of 20 mm PC of ₹ 0.58 crore.

The Government admitted (December 2012) the audit contention.

2.1.14.12 Avoidable expenditure on tack coat

As per section 503.4.3 of Specifications for Rural Roads, tack coat is not mandatory on freshly laid bituminous layer of existing surface.

Audit of EE Construction Division No. 2, Mohali at Fatehgarh Sahib revealed that in contravention of the provisions, tack coat of ₹ 0.22 crore on three roads was laid on the freshly laid bituminous layer of existing surface as given in **Table 2.14**.

Table 2.14 : Detail of roads where tack coat was laid on freshly laid bituminous surface

Sr. No.	Name of work	Area (in SQM)	Voucher No. & date	(₹ in crore)
				Amount
1	Upgradation of Bassi Sahidgarh Road Ph. VIII	36344.00	8,27/10/2009	0.05
2	Upgradation of Morinda Chunni Road Ph.- VII	59325.00	2,22/9/2009	0.08
3	Upgradation. of Bassi Sanghol Road Ph.-VII	67202.83	2,11/8/2009	0.09
	TOTAL			0.22

Source: Departmental data

On this being pointed out by audit (November 2009), the Government stated (December 2012) that necessary record would be supplied, which is still awaited (December 2012).

2.1.14.13 Idle investment on laboratory equipment

The scrutiny of record of Nodal Agency revealed that Laboratory equipments of ₹0.55 crore were purchased (February 2006) district wise for 17 divisions to carry out tests of materials used in the road work under the PMGSY. The records of five divisions⁴ revealed that no tests were carried out in support of installation and utilization of these equipments. Moreover, the registers/records meant for this purpose had no entries of tests conducted related to PMGSY works.



During the exit conference, the department assured (December 2012) that the equipment would be utilized for various tests.

2.1.15 Other points of interest

2.1.15.1 Non deduction of labour cess

As per notification issued (November 2008) by the GoP, the labour cess @ one per cent of the gross amount of work executed was required to be levied and deducted at source with effect from 1.10.2008.

In four divisions labour cess of ₹0.87 crore was not deducted at source in 46 cases as given in **Table 2.15**.

Table 2.15 : Details of divisions where labour cess was deducted at source

Sr. No.	Name of division	No. of cases	(₹ in crore)
			Labour cess not deducted
1	Construction Division-I, Ludhiana	6	0.48
2	Construction Division, Malerkotla	27	0.19
3	Provincial Division-II, Patiala	4	0.13
4	Provincial Division, Sangrur	9	0.07
	Total	46	0.87

Source: Information collected from divisions

⁴ Construction Division Ludhiana, Muktsar, Sirhind, Provincial Division Jalandhar and Sangrur.

In the exit conference (December 2012), the Government admitted the point and stated that labour cess would be deducted from the contractors/contractual agencies.

2.1.15.2 Non-provision of insurance

The standard conditions of the contract agreement provides that the Contractor at his own cost shall provide insurance cover during the period of execution of work and in case the contractor fails to provide insurance policy, maximum amount deductible from contractor bills for insurance would be (i) 0.40 per cent of contract amount for work, plant and materials, (ii) 0.40 per cent of 10 per cent of contract amount for loss or damage to equipment and (iii) 0.40 per cent of five per cent of contract amount for other properties.

In four divisions out of 14 selected divisions, insurance policies of 19 work having cost of ₹ 117.49 crore were not provided and the amount of ₹ 0.54 crore was not deducted by the divisions for non-compliance. The details are given in **Table 2.16**.

Table 2.16 : Detail of divisions where insurance of the work was not provided

(₹ in crore)				
Sr. No.	Name of division	No. of works	Cost of work	Amount
1	PMB, Bathinda	8	62.39	0.29
2	PMB, Kapurthala	1	3.16	0.01
3	Construction Division, Mohali at FGS	1	3.51	0.02
4	Construction Division, Muktsar	9	48.43	0.22
	Total	19	117.49	0.54

Source: Information collected from divisions

In the exit conference (December 2012), the Government admitted the lapse and stated that amount will be deducted from the maintenance bill of contractors.

2.1.15.3 Delay in completion of works.

Para 13.1(i) of the PMGSY guidelines provides that the period of nine months for execution of work shall comprise nine working months and if the period of execution is affected by monsoon or other seasonal factors, the time period may be suitably determined but shall not exceed 12 months.

Audit, however, observed that in nine divisions, in contravention of the PMGSY guidelines, 30 works (*Appendix 2.1*) were completed with delay of upto 22 months.

In the exit conference Department stated (December 2012) that delay, occurred due to some unforeseen reasons. The reply was not acceptable because delayed completion of work resulted in delaying the delivery of social benefits.

2.1.16 Internal control and monitoring

Internal control and monitoring is an essential component for the successful implementation of any project. Effective mechanism of internal control and monitoring would ensure the achievement of targets of the scheme. However, the State Government had not formulated any system to monitor the implementation of the PMGSY, which led to ineffective monitoring and evaluation, as discussed in the preceding paragraphs.

Conclusions

The objectives of the PMGSY of providing all-weather road connectivity to the unconnected habitations in the rural areas were not achieved since it could not meet its targets as defined under the PMGSY. Even after lapse of five years from the target date (March 2007), three habitations of population 1000 and above and 20 of population 500 and above were still unconnected. New connectivity to 96 habitations of the PMGSY Core Network were provided from State funds and NABARD loans thereby putting extra burden on the State exchequer. Eighteen roads were upgraded without preparation of CUPL, in contravention of PMGSY guidelines. Maintenance of roads was not carried out as planned. State's share was released directly bypassing the Nodal Agency. In 63 cases, works were either executed in excess of approved length under Core Network or completed without executing approved items of work. Excess length of 28.61 km was constructed without approval in Core Network and 28.81 km of Core Network was executed with State funds and NABARD loans, putting extra burden on State exchequer, despite availability of huge funds with SRRDA. Upgradation work of 13 roads was executed in violation of technical specification. Internal control and monitoring was inadequate.

Recommendations

- Eligible habitations need to be connected with the PMGSY funds instead of State funds and loans.
- Prepare DPRs of Core Network approved roads for new connectivity and upgradation of through routes in order to avail the maximum benefit of the PMGSY funds.
- The State should release the funds for maintenance of roads as per maintenance contracts in force and roads constructed under the PMGSY should be properly maintained.
- Land should be acquired wherever necessary and roads be upgraded to the level of required land width.
- Approved Core Network and CUPL should be strictly followed while taking up the work.
- State share in respect of work under Phase VIII needs to be released by the State and the funds be routed through Nodal Agency for proper distribution and accounting.
- Avoid cost overruns in implementation of the projects.
- Monitoring mechanism should be strengthened and enforced effectively.

RURAL DEVELOPMENT AND PANCHAYATS DEPARTMENT

2.2 Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme

The main objective of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. The scheme was launched in the State with effect from February 2006 in phases and gradually extended to all the districts of the State from April 2008. The programme was rechristened as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in October 2009. Out of total funds of ₹ 868.82 crore available during the period of 2007-12, ₹ 569.31 crore were spent. A performance audit of the scheme brought out several areas of concern such as improper planning, short release of State's share, diversion of funds, non/delayed issue of job cards, execution of impermissible works, irregularities in muster rolls and lack of transparency and accountability towards implementation of programme. During the period of performance audit, evaluation study to assess the performance of the scheme and its impact on the beneficiaries of the programme was not conducted.

Some of the important findings of Performance Audit on implementation of MGNREGS in the State are given below:

Highlights

- *Seven out of twenty-two districts did not prepare the District Perspective Plans. Even the DPPs which were prepared by the districts were yet to be approved.*

(Paragraph 2.2.7.1)

- *Funds of ₹39.61 lakh of the scheme were diverted for works such as purchase of laptops, sofa sets, renovation of rest houses etc. not covered under MGNREGS.*

(Paragraph 2.2.8.3)

- *Average persondays generated during 2007-12 ranged between 25 and 39 days per household against guaranteed 100 days in a year. Employment provided to the registered households in six selected districts ranged between two and seventy nine per cent whereas 100 days employment provided to the registered households ranged between zero and eight per cent.*

(Paragraph 2.2.9.1)

- *Wages were paid to the workers with delays upto 790 days in six selected districts and no compensation was paid to the labourers for delayed payments.*

(Paragraph 2.2.9.4)

- *Sixty-seven impermissible works valuing ₹1.21 crore were executed in four selected districts.*

(Paragraph 2.2.9.5.1)

- *There was acute shortage of MGNREGA staff in the State as a whole and also in the selected districts.*

(Paragraph 2.2.12.1)

2.2.1 Introduction

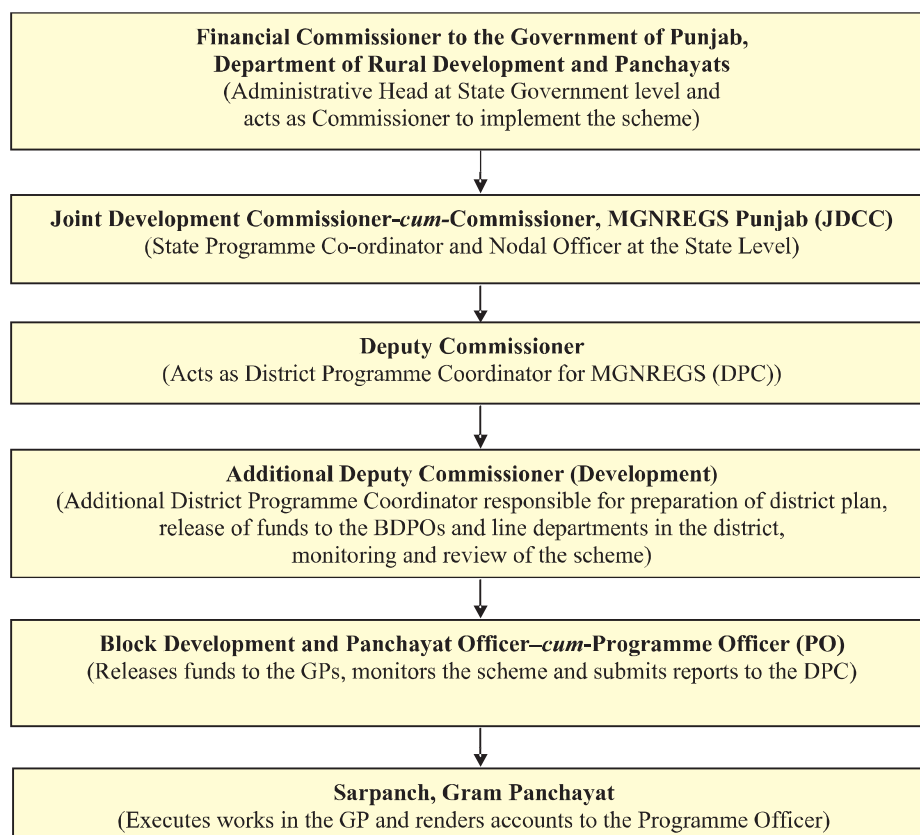
2.2.1.1 National Rural Employment Guarantee Act, 2005 (renamed as the Mahatma Gandhi National Rural Employment Guarantee Act with effect from 2 October 2009) guarantees 100 days employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. The MGNREGS, a centrally sponsored scheme was implemented on a cost sharing basis between the Government of India (GoI) and the State. The Central Government will bear the entire cost of wages for unskilled manual workers, 75 per cent of the cost of material and wages for skilled and semi-skilled workers and administrative expenses as may be determined from time to time, whereas, the State Government will bear 25 per cent of the cost of material and wages for skilled and semi-skilled workers, unemployment allowance and administrative expenses of the State Employment Guarantee Council. The basic objective of the Act is to enhance livelihood security in rural areas besides generating productive assets, protecting the environment, empowering rural woman, reducing rural-urban migration and fostering social equity.

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) came into force in Punjab as under:

- Hoshiarpur district with effect from 2 February 2006;
- Amritsar, Jalandhar and Nawanshahar with effect from 1 April 2007; and
- In remaining districts with effect from 1 April 2008.

2.2.2 Organizational set up

The organizational set up for implementation of the scheme at different levels is given below:-



2.2.3 Audit Scope and methodology

2.2.3.1 Audit scope

Punjab has three geographical stratas i.e. foot-hill area (*Doaba*), fertile area (*Mazha*) and sandy/semi-sandy area (*Malwa*). Two districts from each strata based on number of households registered under the scheme, through simple random sampling without replacement method, were selected for test checking the implementation of the scheme. In all six¹ (27 *per cent*) out of 22 districts, 13² (37 *per cent*) out of total 35 blocks based on simple random sampling without replacement method, were selected for test checking the implementation of the scheme. Further, 118 Gram Panchayats falling under

¹ 1. Amritsar; 2. Barnala; 3. Fazilka (drawn out from Ferozepur in July 2011); 4. Hoshiarpur; 5. Muktsar; and 6. Pathankot (drawn out from Gurdaspur in July 2011).

² 1. Ajnala and 2. Verka (Amritsar); 3. Barnala and 4. Sehna (Barnala); 5. Jalalabad and 6. Abohar (Fazilka); 7. Bhunga, 8. Talwara and 9. Tanda (Hoshiarpur); 10. Malout and 11. Gidderabha (Muktsar); and 12. Bamial and 13. Narot Jaimal Singh (Pathankot).

these 13 blocks were selected using probability proportionate to Size with replacement method.

Records of the JDCC, Additional Deputy Commissioners (Development) (ADC (D)) of the selected districts, selected Block Development and Panchayat Officers (BDPOs) and Gram Panchayats (GPs) for the period 2007-12 were test checked from April to June 2012.

2.2.3.2 Audit methodology

The methodology adopted was test check of the records with reference to the provisions of the Act, scheme guidelines, financial rules and Government orders and instructions. A beneficiary survey covering 1177 beneficiaries was carried out to assess the impact of the scheme in the State. An entry conference was held on 04 April 2012 with the Officers/representatives of the JDCC wherein audit objectives, criteria, scope and methodology etc. were explained. An exit conference was held on 10 January 2013 with the representatives of JDCC in which the responses of the department to the audit observations were discussed. Replies of the department have been incorporated at the appropriate places in the report.

2.2.3.3 Acknowledgement

The office of the Accountant General (Audit) Punjab acknowledges the cooperation provided by the State Government and all its agencies during the performance audit.

2.2.4 Audit objectives

The objectives of the Performance Audit were to assess whether:

- structural mechanisms were put in place for implementation of the programme;
- planning process for implementation of the programme was efficient and effective;
- financial management was efficient and effective;
- implementation of programme was carried out economically, efficiently and effectively in providing works to the needy persons;
- there was improvement in overall rural economy, protecting environment, empowering rural women, reducing rural-urban migration, rural wages and fostering social equity;
- maintenance of data and records as well as Management Information System generation was efficient and effective;
- human resources management for implementation of the programme was efficient; and
- monitoring mechanism was in place and effective.

2.2.5 Audit criteria

The audit criteria were mainly derived from the following sources:

- National Rural Employment Guarantee Act, 2005 and amendments thereto;
- Operational Guidelines 2006 and 2008 of the scheme issued by the Ministry of Rural Development (MoRD), Government of India, and the circulars issued by MoRD from time to time;
- Reports of the State/districts by the National Level Monitors, available with MoRD and State's MGNREGS Commissioner;
- Orders/guidelines issued by the Government of India/State Government from time to time.

Audit findings

Audit findings are discussed in the succeeding paragraphs.

2.2.6 Structural mechanisms

2.2.6.1 Constitution of State Employment Guarantee Council

The State Government constituted the State Employment Guarantee Council (SEGC) in October 2006 which was reconstituted and expanded in October 2010. The SEGC is headed by the Joint Development Commissioner-cum-Commissioner, MGNREGS Punjab (JDCC) as the State Rural Employment Guarantee Commissioner. He was empowered to hear appeals against the decisions or actions of the DPC. State Government did not formulate separate rules for implementation of MGNREGS and was following the rules framed by GoI.

2.2.6.2 Constitution of State Employment Guarantee Fund

Para 8.2 of MGNREGS Operational Guidelines provides that State Government may, by notification, establish a fund to be called the State Employment Guarantee Fund (SEGF). This Fund is to be expended and administered as a Revolving Fund, with Rules that govern and ensure its utilization according to the purposes of the Act. Similar Revolving Funds were to be set up under MGNREGS at the district, block and gram panchayat levels.

Audit scrutiny of the records of the JDCC revealed that though MGNREGS was launched in Punjab in February 2006 but the SEGF was created in April 2010 i.e. after lapse of four years. Rules for operation and maintenance of the fund were also framed in April 2010.

Audit scrutiny of records in the test checked districts revealed that Revolving Fund at district (except Hoshiarpur and Fazilka) and block level was not

created. During exit conference, the department stated that the districts had been directed to create revolving fund at all the levels.

2.2.6.3 Information, education and communication activities

Para 3.2 of MGNREGS Operational Guidelines provides for generation of awareness among people to know their rights under the Act through information, education and communication (IEC). For awareness generation, every State Government had to undertake an intensive IEC exercise to publicise the key provisions of the Act through television, radios, film, print media including vernacular newspaper, pamphlets and brochures.

Audit scrutiny of the records of the JDCC revealed that the State Government did not draw any IEC Plan to create adequate awareness among the masses. Further, Audit scrutiny in three districts (Barnala, Ferozepur (parent district of Fazilka) and Muktsar) revealed that though GoI released ₹ seven lakh to each district in November 2007 and January 2008 for IEC, no strategy/plan and contents of IEC were developed. The ADC (D), Barnala transferred ₹ 6.97 lakh to the three blocks in June 2009, after 15 months from the date of implementation of the scheme in the district. The ADC (D), Ferozepur utilized ₹ 4.64 lakh only on printing of flex boards and wall paintings. None of the other prescribed medium for IEC was used.

During exit conference, the department stated (January 2013) that in the initial stage of implementation of the scheme, districts were given funds for IEC directly from GoI. No such funds were given to State Headquarter exclusively. However, all the DPCs had been directed to utilize the available funds meant for IEC and generate awareness about the scheme. The department admitted that in Barnala district, due to delay in planning the strategy the expenditure was incurred after 15 months and in Ferozepur district, unspent amount was being spent on development works. The reply indicates that intensive IEC exercise as envisaged was not undertaken despite availability of GoI's funds.

2.2.6.4 Non preparation of Citizens' charter

Para 11.6 of MGNREGS Operational Guidelines provides that a model Citizens' charter should be developed covering all aspects of the duties of panchayats and officials under the Act. The Citizens' charter should describe the specific steps involved in implementing the provisions of the Act and lay down the minimum service levels mandated by these provisions on the Panchayats and the officers concerned.

Audit noticed that the State Government did not develop Citizens' charter as envisaged. During exit conference, the department stated that the matter would be looked into for future compliance.

2.2.7 Planning

2.2.7.1 Non preparation of District perspective plans

Para 4.5 of MGNREGS Operational Guidelines provides that each district should develop District Perspective Plan (DPP) to enable them to assess the causal factors of poverty that are latent in for possible interventions. The DPPs were intended to facilitate advance planning and to provide development perspective for the district. The perspective plan was to provide a framework for the Annual Development Plan which would be the working plan that identifies the activity to be taken up in a year.

Audit scrutiny of records of the JDCC revealed that out of 22 districts of Punjab, seven districts including Pathankot, Fazilka and Hoshiarpur did not prepare (June 2012) the DPPs. Moreover, the State Government did not approve DPP of any of the districts as of January 2013. In the remaining three test checked districts (Amritsar, Barnala and Muktsar), though the DPPs were prepared during February 2009 to January 2011, the same were not approved as of January 2013.

In five test checked districts, Audit noticed that ₹ 34.71 lakh out of ₹ 50 lakh released by the GoI for preparation of DPPs were still lying unutilised with the DPCs (*Appendix-2.2*). Out of ₹ 10 lakh received from the GoI, the DPC, Pathankot diverted ₹ 7.60 lakh for printing of stationery.

Thus, non preparation/approval of DPPs defeated the very purpose of advance planning. During exit conference, the department admitted the fact with regard to Hoshiarpur district and with regard to Fazilka district stated that the district did not prepare the DPP as it was formed in the year 2011-12, whereas the DPPs in respect of Amritsar, Barnala, Pathankot and Muktsar districts were received and would be approved in the next meeting of SEGC. No reply was furnished regarding unutilized funds of ₹ 34.71 lakh.

2.2.7.2 Improper planning and formulation of labour budget

Planning is critical to the successful implementation of any scheme. Section 16 (3) of the Act envisaged that every GP, on the recommendations of the Gram Sabha, should prepare a development plan and maintain a shelf of works and forward it to the Programme Officer for scrutiny and preliminary approval prior to the commencement of the year in which it is proposed. Further, Para 8.4 of Operational guidelines provides that estimate of labour budget should be close to the actual achievement trends of the previous year in terms of households' demand, days of employment demanded and expenditure incurred. In case of sharp rise in the employment, a proper justification should be clearly presented by the district in a narrative form along with the labour budget.

Achievement in terms of amount spent and persondays generated against the projected labour budget in the State as a whole and the selected districts during 2007-12 is given in **Table 2.17**:

Table 2.17: Amount spent and persondays generated

(₹ in lakh)

State/District	Year	Projected labour budget		Achievement		Percentage of shortfall	
		Amount	Persondays	Amount	Persondays	Expenditure	Persondays
State as a whole ³	2010-11	48521.07	23754860	16584.21	7538000	66	68
	2011-12	29626.22	14784277	15592.08	6410000	47	57
Amritsar	2007-08	2069.34	1934227	1086.84	735113	47	62
	2008-09	5122.96	2872700	1132.64	616859	78	79
	2009-10	8713.97	4046800	1740.59	897000	80	78
	2010-11	10023.08	4389670	1992.03	889990	80	80
	2011-12	3506.73	1618819	917.87	368124	74	77
	2011-12	3506.73	1618819	917.87	368124	74	77
Barnala	2007-08*	-	-	-	-	-	-
	2008-09	2222.31	1523425	106.69	44715	95	97
	2009-10	2003.24	1166943	283.48	131504	86	89
	2010-11	3968.57	1797500	402.94	232860	90	87
	2011-12	643.54	320600	463.92	219846	28	31
Fazilka	2007-08*	-	-	-	-	-	-
	2008-09*	-	-	132.45	28669	-	-
	2009-10	11511.08	6669216	607.4	366787	95	94
	2010-11	10427.78	8477870	1481.02	734829	84	91
	2011-12	5756.06	4678000	1176.56	425713	80	91
Hoshiarpur	2009-10	12531.23	6077200	2847.15	988049	86	84
	2010-11	16157.78	7078100	2339.41	1003785	92	86
	2011-12	3695.32	1787497	1444.28	587177	82	67
Muktsar	2007-08*	-	-	-	-	-	-
	2008-09	240.96	174256	127.84	79175	47	55
	2009-10	6466.6	3154400	741.65	550175	89	83
	2010-11	8651.08	3917685	1312.37	624974	85	84
	2011-12	2006.96	1130339	1133.37	520749	44	54
Pathankot	2007-08*	-	-	-	-	-	-
	2008-09*	-	-	-	-	-	-
	2009-10	3445.47	2847563	1158.14	542839	66	81
	2010-11	4146.52	2022692	985.16	468000	76	77
	2011-12	1180.27	535720	1135.93	469425	4	12

Source: Departmental records

* During these years, the scheme was not extended to these districts.

The above table indicates that the development plans were prepared in an unrealistic manner as there was huge shortfall in achievement of projected persondays and projected labour budget. The budget in the successive years was not based on the actual trends of the previous year which resulted in non achievement of the targeted persondays. Besides, no justification for sharp increase in the labour demand was given in the labour budget.

Out of six selected districts, GPs of test checked blocks of three districts (Pathankot, Amritsar and Muktsar) prepared their development plans. In Amritsar district, labour budget was not prepared on the basis of development plan, annual plan approved by Gram Sabha and previous year's expenditure during 2008-11 resulting in unrealistic demand for budget as the actual expenditure during these years remained between 20 and 22 per cent of the budget demanded as shown in the **Table 2.18**:

³ Till 2009-10, funds were transferred directly to the DPCs by GoI, so information for the period prior to 2009-10 was not available with SEGC.

Table 2.18: Position of original and revised budget demanded in respect of district Amritsar

₹ in lakh				
Year	Budget demanded	Basis of demand	Revised budget demanded	Actual expenditure
2008-09	5122.96	All Job Card holders would demand work	-	1132.64 (22 per cent)
2009-10	4691.45	60 per cent of job card holders would demand work	8713.94	1740.59 (20 per cent)
2010-11	5293.51	60 per cent of job card holders would demand work	10023.08	1992.03 (20 per cent)

Source: Departmental records

Note: Figures in parenthesis shows percentage with reference to total expenditure.

In the remaining three districts (Fazilka, Barnala and Hoshiarpur), development plans were prepared by the POs without ascertaining the labour budget and cost of works from the GPs.

In the selected blocks of district Barnala, GPs did not prepare their shelf of projects and no meeting of Gram Sabha was convened to identify the works and approval of the District Panchayat was not obtained in the years 2008-09, 2009-10 and 2011-12 while finalizing the district labour budget.

In Hoshiarpur district, 52 GPs of Bhunga and Talwara blocks returned ₹ 36.42 lakhs in April 2008, November 2009, September 2010 and October 2010 to the ADC (D) through respective POs as they could not utilize the grants released in 2007-08 to 2010-11.

During exit conference, the department stated that during the beginning years, labour budget for each financial year was prepared with an objective to provide 100 days unskilled work to every household registered under MGNREGS, resultantly budget from 2007-08 to 2009-10 proved to be unrealistic. Labour budget of 2010-11 was prepared on assumption basis and inclusion of works of Rajiv Gandhi Seva Kendras. In 2011-12, the Government desired that a budget of ₹ 300 crore be presented so a budget of ₹ 296.26 crore was prepared but the GoI approved the budget of ₹ 214.20 crore. The department further stated that from 2010-11, GoI itself were approving a budget with an increase of 10-20 per cent in previous year's expenditure. Based on these calculations, State Government presented a budget with an increase of 20-40 per cent in previous year's expenditure. This indicates that the labour budget was prepared on assumptions rather than on the basis of the actual achievement trends of the previous years and on the basis of plans approved by Gram Sabha.

2.2.7.3 Convergence of the scheme with other development programme

2.2.7.3.1 Execution of departmental works with MGNREGS funds

Para 14.1 of MGNREGS Operational Guidelines provides that convergence of the MGNREGS funds with funds of other sources for the creation of durable assets is permissible. However, MGNREGS funds do not substitute for resources from other sectors or schemes.

Audit of the District Forest Officer (Wild life) (DFO) Hoshiarpur revealed that during 2008-09, the DFO received ₹ 23.54 lakh under MGNREGS for cleaning of forest and preparation of sanctuary for wild animals which were regular works of the department. Moreover, departmental funds were not dovetailed with MGNREGS, rather 100 *per cent* MGNREGS funds were utilized.

During exit conference, the department stated that the funds had been refunded to MGNREGS account but the documentary evidence in support thereof was not furnished as of January 2013.

2.2.7.3.2 Non transfer of balance of SGRY and NFFWP to MGNREGS

The GoI issued (December, 2005) instructions that the balance of funds under *Sampoorna Grameen Rojgar Yojna* (SGRY) and *National Food for Works Programme* (NFFWP) should be transferred to MGNREGS funds as these schemes were closed with the onset of implementation of MGNREGS.

In Talwara block of Hoshiarpur district, ₹ 0.91 lakh of SGRY were transferred (March 2012) to fund of Panchayat Samiti instead of transferring the same to MGNREGS. During exit conference, no reply was furnished by the department.

2.2.8 Financial Management

2.2.8.1 Funding pattern

The Central and the State Governments bear the expenditure of the scheme as shown in **Table 2.19**:

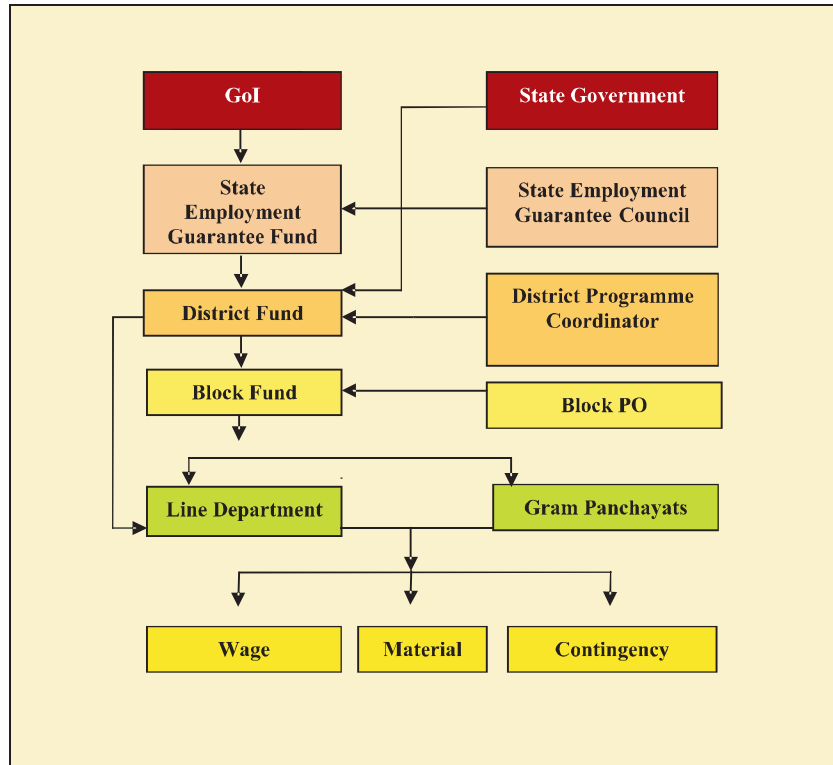
Table 2.19: Funding pattern

Sl. No.	Item of expenditure	Central Government share	State Government share
1.	Wages for unskilled manual workers	100 <i>per cent</i>	-
2.	Wages for skilled and semi-skilled workers	75 <i>per cent</i>	25 <i>per cent</i>
3.	Cost of material	75 <i>per cent</i>	25 <i>per cent</i>
4.	Unemployment allowance	Nil	100 <i>per cent</i>
5.	Administrative expenses	As may be determined by the Central Government	Administrative expenses of the SEGC

Source: Operational Guidelines of MGNREGS

2.2.8.2 Fund Flow

Fund flow mechanism under MGNREGS in Punjab was as under:



Details of funds received, funds available and funds spent during 2007-12 are given in **Table 2.20**:

Table 2.20: Details of funds received, available and spent during 2007-12

(₹ in crore)

Year	Opening balance	Central share received	State share received	Miscellaneous income	Total funds available	Expenditure	% age of utilization of funds	Closing balance
2007-08	23.74	28.66	9.96	2.94	65.30	36.77	56	28.53
2008-09	42.41	67.11	6.53	13.22	129.27	58.61	45	70.66
2009-10	76.46	144.49	15.25	3.71	239.91	148.92	62	90.99
2010-11	91.09	130.90	8.09	4.30	234.38	169.10	72	65.28
2011-12	65.28	114.29	18.90	1.49	199.96	155.92	78	44.04

Source: Departmental records

2.2.8.2.1 Differences in opening and closing balances

It would be seen from the above table that closing balance in a year did not match with opening balances of the following year except 2011-12. During exit conference, the department stated that the difference in closing and opening balances of 2008-09 was due to addition of 14 new districts under the scheme whose balance funds available under SGRY were also added in the opening balance and furnished the revised annexure of financial performance for the period 2009-10 to 2011-12 in respect of all the districts but the information in respect of funds available at Headquarter office was not

provided to Audit, in absence of which the reasons for difference in the closing balance of previous year with that of opening balance of the next year could not be ascertained.

2.2.8.2.2 Short release of State share

(i) Analysis of the above table revealed that during 2010-11 State Government released ₹ 8.09 crore (5.56 *per cent*) only instead of due share of ₹ 14.54 crore (10 *per cent*) resulting in short release of State share of ₹ 6.45 crore. During exit conference, the department stated that due to receipt of central funds at the fag end of the year, State share against this amount was released during 2011-12.

(ii) Audit scrutiny of records of selected districts revealed that release of State share to the districts was not commensurate with the release of central share. During 2007-12, there was an overall short release of ₹ 1.80 crore by the State to the test checked districts. Further, State share to the test checked districts was released with delay ranging between three and 525 days (*Appendix-2.3*). During exit conference, the department stated that efforts were being made to make the releases in time.

2.2.8.2.3 Under utilization of available funds

Table 4 revealed that utilization of available funds ranged between 45 and 78 *per cent* during 2007-12. During exit conference, the department stated that MGNREGS is a demand driven scheme and employment is provided as and when demand is generated from the households. The reply is not acceptable as inadequate planning to identify the wage seekers and preparation of labour budget in unrealistic manner led to under utilization of available funds.

2.2.8.3 Diversion of funds

Out of the MGNREGS fund, ₹ 39.61 lakh were diverted for works not related to/covered under the scheme as discussed below:

(i) Audit scrutiny of records of test checked districts and blocks revealed that ₹ 13.45 lakh as shown below were spent on material/works not covered under the guidelines of MGNREGS:

Table 2.21: Details of funds diverted for works not covered under MGNREGS

Name of the district	Office	Purpose of utilisation of MGNREGS funds	Amount (₹ in lakh)
Barnala	ADC (D)	Purchase of furniture for offices not related to implementation of MGNREGS	1.78
Fazilka (BDPO Abohar)	BDPO	For Panchayat works	2.60
Hoshiarpur	ADC (D)	Purchase of Gen-set	3.87
		Payment of material cost not covered under MGNREGS.	0.74
Muktsar	ADC (D)	Purchase of Gen-Set	4.10
Pathankot	ADC (D)	Purchase of computer accessories for DDPO, Pathankot	0.36
Total			13.45

Source: Departmental records

During exit conference, the department, with regard to Barnala district, stated that due to non recruitment of staff under MGNREGS, the furniture purchased out of infrastructure funds of MGNREGS was given to the different departments. It was further stated that now the furniture was being taken back from the departments not involved in MGNREGS. As regards to Abohar block of Fazilka district, it was stated the *Sarpanch* mistakenly used ₹ 2.60 lakh for Panchayat works and later on the material of the same amount was purchased from Panchayat accounts for MGNREGS work. However, no document in support of the return of material was furnished as of January 2013. In respect of Hoshiarpur and Muktsar districts, it was stated that purchase of Gen-set was permissible as the option under administrative expenditure was available on MGNREGS software developed by GoI. The reply is not acceptable since the guidelines do not provide for purchase of Gen-set. Whereas in case of Pathankot district, the matter was stated to have been taken up with the DDPO for refund of the amount.

(ii) ₹ 21.11 lakh were received by State Institute of Rural Development, Mohali (SIRD) from ADC (D), Hoshiarpur in August 2007 for imparting training on social audit under MGNREGS. SIRD incurred ₹ 14.13 lakh for purchase of laptops, sofa sets, photostat machines, invertors etc. In another instance, SIRD incurred ₹ 1.06 lakh on purchase of LCD, TV, stabilizers etc. out of ₹ 91.78 lakh received from GoI, MoRD in March 2008 for exclusive use on imparting training to officials, non-officials involved in implementation of the Act. The matter was taken up (July 2012) with SIRD, reply of which was awaited (January 2013).

(iii) Audit scrutiny of records of the District Forest Officer (DFO), Hoshiarpur revealed that ₹ 10.97 lakh out of MGNREGS funds were incurred for purchase of stationery, renovation of rest-houses, payment of electricity bills, salary of contingent staff, purchase of fuel for official vehicles and their repairs etc. between February 2008 and December 2010.

On this being pointed out, the DFO justified (August 2012) the expenditure as contingent expenditure being within six *per cent* of the project cost. The DFO further stated that the practice had been discontinued in 2011. Response of the DFO was not acceptable as being a line department for the scheme, entire fund should have been incurred on the project itself.

2.2.8.4 Non receipt of utilization certificates

Audit noticed that utilization certificates (UCs) of ₹ 13.29 crore in respect of the works for 2010-11 were pending in respect of Amritsar district. Similarly, UCs for ₹ 86 lakh from the GPs under two out of three selected blocks of Hoshiarpur district (Bhunga-₹ 20 lakh; Talwara-₹ 66 lakh) were pending for the period 2008-11.

During exit conference, the department stated that out of pending UCs of ₹ 13.29 crore, the UCs of ₹ 9.60 crore had been received in respect of Amritsar district and the UC for the remaining amount would be obtained whereas, no reply was furnished in respect of pending of UCs of Hoshiarpur district.

2.2.8.5 Non reconciliation with banks

In order to keep close monitoring of the funds, reconciliation with banks is necessary. Para 6 of the Operational guidelines of the MGNREGS provides for ‘monthly squaring of accounts’. This consists of verifying that all the money released under MGNREGS is accounted for under the three heads: (i) money held in bank accounts at various levels; (ii) advances to implementing or payment agencies; (iii) vouchers of actual expenses.

Cases examined during the course of audit of selected districts revealed the following irregularities:

(i) Reconciliation of funds as per the office records was not done with banks in any of the 118 test checked GPs. In Hoshiarpur, reconciliation was not done at block level as well. During exit conference, the department stated that Hoshiarpur district office had issued instructions to all the BDPOs to make the reconciliation in future. No reply was furnished in respect of other districts (January 2013).

(ii) Monthly squaring of accounts was neither done at the district level nor at block and GP levels in Barnala district. During exit conference, the department admitted the facts and stated that all the districts were instructed to do monthly squaring of accounts in the future.

2.2.8.6 Other irregularities

Rule 2.2 of Punjab Financial Rules Vol. I provides that every officer receiving money on behalf of the Government should maintain a cash book and all monetary transactions should be entered in the cash book as soon as they occur and get them attested by the head of the office in token of check. The cash book should be closed regularly and completely checked.

Audit scrutiny of the records of test checked districts revealed the following irregularities:

(i) In Hoshiarpur district, the DFO did not account for in the cash book ₹ 14.19 lakh received on 10 July 2008. Similarly, ₹ 2.02 lakh earned as interest during September 2007 to March 2012 was not accounted for in the cash book. While admitting the facts the DFO stated (August 2012) that cash book would be completed as early as possible and in future the cash book would be reconciled. During exit conference, no reply was furnished by the department.

(ii) In Barnala district, ₹ 11.01 lakh (district level-₹ 10.86 lakh and four GPs-₹ 0.15 lakh) earned as interest on MGNREGS fund were not accounted for in the cash books. During exit conference, the department stated that entries of interest at district level had been taken in cash book. However, the copy of cash book furnished with the reply was for ₹ four lakh only and no reply regarding the balance amount of ₹ 6.86 lakh was furnished. As regard to entries of interest of ₹ 0.15 lakh at GP level, the department admitted the audit observation.

(iii) The Deputy Director, Horticulture in Amritsar district kept ₹ 19.63 lakh during 2007-12 in current account instead of saving account. Similarly, four range officers of DFO, Hoshiarpur (Line Department) also opened current accounts in contravention of the MGNREGA guidelines. During exit conference, the department stated that current account in Amritsar district had been changed to saving account but no documentary evidence was provided. Whereas, the DFO Hoshiarpur stated (August 2012) that instructions had been issued to concerned range offices to convert their current accounts into saving accounts. During exit conference, no reply was furnished in respect of Hoshiarpur district.

(iv) In Amritsar district, interest of ₹ 2.04 lakh earned by line department on the MGNREGS funds was not returned to the ADC (D) by the line department. During exit conference, the department stated that amount had been recovered from the line department and taken in the account books but no documentary evidence was provided.

2.2.9 Programme implementation

2.2.9.1 Non fulfillment of primary objective of the scheme

As per Para 1.1 of MGNREGS operational guidelines 2008, the primary objective of the scheme was to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do any unskilled manual work.

Number of households (HH) registered under the scheme vis-à-vis number of households who were provided guaranteed 100 days employment during 2007-12 is given in **Table 2.22**:

Table 2.22: Position of Households registered and provided employment

Year	Number of households						Person days generated (in lakh)	Average days per HH
	Job Cards issued (cumulative)	Demanded employment	Provided employment	Percentage of HHs provided employment	Completed 100 days employment	Percentage of HHs completed 100 days employment		
2007-08	97892	49690	49690	51	2645	5	19.15	39
2008-09	524928	149902	149902	29	3970	3	40.27	27
2009-10	706508	272691	271941	38	7702	3	77.17	29
2010-11	827369	279243	279119	34	4819	2	76.90	28
2011-12	865656	258119	258041	30	3556	1	64.10	25

Source: Departmental records

Audit analysis of above data revealed that percentage of households provided employment declined from 51 *per cent* in 2007-08 to 30 *per cent* in 2011-12. Further, percentage of households who completed 100 days of minimum employment ranged between one and five *per cent* during 2007-12. Average number of days of employment per household declined from 39 days in 2007-08 to 25 days in 2011-12.

Further, audit scrutiny of records of six test checked districts revealed that percentage of households provided employment to the total number of

households registered ranged between two and 79 *per cent* during the period 2007-12. In the selected districts, it was between 20 and 64 *per cent* (Amritsar), seven and 36 *per cent* (Barnala), two and 33 *per cent* (Fazilka), 32 and 79 *per cent* (Hoshiarpur), 33 and 58 *per cent* (Muktsar) and 14 and 41 *per cent* (Pathankot) (**Appendix-2.4**).

Households provided 100 days employment in test checked districts ranged between 0.17 and 7.19 *per cent* (Amritsar), 0.006 and 0.50 *per cent* (Barnala), 0.007 and 0.24 *per cent* (Fazilka), 0.32 and 7.83 *per cent* (Hoshiarpur), 0.05 and 1.02 *per cent* (Muktsar) and 0 and 0.30 *per cent* (Pathankot) (**Appendix-2.5**). In four districts⁴, employment registers for recording the requests of jobseekers were not maintained in absence of which audit could not verify whether there was demand of job from jobseekers. Thus, failure to provide minimum 100 days' job defeated the very purpose of the scheme.

During exit conference, the department stated that average number of household declined from 2007-08 to 2011-12 as the scheme was implemented in 20 districts during 2008-09 to 2011-12 as compared to four districts in 2007-08 and in the initial stage of implementation of scheme people were not much aware of the scheme and they requested to issue job cards keeping in view that they would get benefits without doing work. Moreover, the scheme is a demand driven scheme and 100 days employment would be provided if the job card holders demand the same. The reply indicates that people were not educated properly about the scheme and registration process was not adequate enough to identify the needy job seekers. Besides, negligible achievement in providing 100 days employment indicates poor implementation of the scheme in the State.

2.2.9.2 Non conducting door to door survey

Para 5.2.5 of MGNREGS Operational Guidelines provides that door to door survey should be conducted by the GPs to identify the persons willing to register under the scheme. However, no door to door survey was conducted in 79 GPs of five selected districts. During exit conference, the department attributed the lapse to shortage of staff and stated that now the required staff was being appointed.

2.2.9.3 Non/delayed issue of job cards to applicants

Audit scrutiny of records in Amritsar district revealed that 11 applicants were not issued job cards even after the lapse of two years. In Pathankot district, 126 job cards in four GPs of Bamial block were issued with delay ranging between 14 and 17 days. In remaining four test checked districts, issue of job cards in time could not be ascertained in audit as the job card registers were not maintained.

During exit conference, the department stated that in Amritsar district, job cards were issued to the applicants and reasons for delay had been demanded from the concerned *Sarpanchs* and Panchayat Secretaries whereas delay in Pathankot district was attributed to shortage of staff.

⁴ Barnala, Hoshiarpur, Fazilka and Muktsar.

2.2.9.4 Delayed payment of wages and non payment of compensation

Para 7.1.4 and 7.1.5 of MGNREGS Operational Guidelines provides that the wages should be paid on weekly basis on a pre-specified day of the week and in any case within a fortnight of the date on which the work was done. In the event of any delay, the workers were entitled to compensation as per the provisions of the Payment of Wages Act, 1936 and was to be borne by the State Government.

Audit scrutiny of records in selected districts revealed the following irregularities:

(i) There were delays in payment of wages beyond the stipulated 15 days. In selected districts, the delay (as detailed in **Appendix-2.6**) ranged between four and 188 days (Amritsar), two and 341 days (Barnala), 23 and 202 days (Fazilka), upto 790 days (Hoshiarpur), four and 579 days (Muktsar) and two and 48 days (Pathankot). No compensation was paid for delayed payment of wages.

During exit conference, the department stated that delay in payment was due to non release of funds from GoI that further delays release of funds to the districts and in some cases the delay was due to late clearance of payment from the post offices/banks. It was further stated that the State was now making strategies to implement core banking at the district level for release of payments to reduce delays. The State had also directed all the DPCs to take necessary action to reduce delay in payment.

(ii) Non payment of wages to labourers

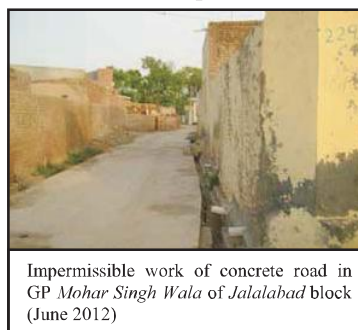
Audit scrutiny revealed (June 2012) that wages of ₹ 118.39 lakh (Hoshiarpur- ₹ 4.31 lakh for April 2009 to March 2012; Fazilka- ₹ 59 lakh for February 2012 to March 2012 and Muktsar- ₹ 55.08 lakh for March 2011 to March 2012) were not paid. During exit conference, the department in respect of Fazilka and Muktsar districts, stated that payment was not made due to non release of funds and now the payment had been made as intimated by the district. No reply in respect of Hoshiarpur district was furnished.

2.2.9.5 Execution of works

2.2.9.5.1 Execution of impermissible works

Para 6.1 of MGNREGS Operational Guidelines provide a list of permissible works. Further, engaging contractors on the MGNREGS works is prohibited.

Audit scrutiny in Amritsar, Barnala, Fazilka and Hoshiarpur districts revealed that 67 impermissible works of 'construction of retaining walls, laying of cement concrete roads, construction of Tubewell for Samiti', etc. valuing ₹ 1.21 crore were executed (Amritsar-three works for ₹ 15.21 lakh,



Impermissible work of concrete road in GP Mohar Singh Wala of Jalalabad block (June 2012)

Barnala-one work for ₹ 2.33 lakh, Fazilka-two works for ₹ 19.32 lakh and Hoshiarpur-61 works for ₹ 84.33 lakh).

During exit conference, the department stated that no work of tubewell of *Samiti* and cement concrete was done in Amritsar and work for construction of retaining walls of ponds were done prior to publication of work field manual in which these works were declared non permissible and after publication of work field manual no such work was undertaken. In respect of Barnala, the department stated that the work was done without any contractor. In respect of Fazilka district, the department stated that work was done in Gram Panchayat Mohar Singh Wala of Jalalabad block under convergence with Rural Development Fund. In respect of Hoshiarpur district the matter was stated to be under examination. The reply is not acceptable as in Amritsar, impermissible works of cement concrete work and sewerage drainage system were executed. In Barnala, cement concrete boundary pillars not permissible under MGNREGS were procured/fixed through contractors and in Fazilka, the expenditure pointed out in audit pertains to modification of DC/ADC office which was not permissible under the scheme.

2.2.9.5.2 Non maintenance of wage-material ratio

Para 6.2 of MGNREGS Operational Guidelines states that ratio of wage costs to material costs should not be less than the minimum norm of 60:40. Audit scrutiny of records revealed that in Hoshiarpur district prescribed wage material ratio was not maintained at the district and block level (*Tanda*) as given in **Table 2.23**:

Table 2.23: Non maintenance of wage material ratio

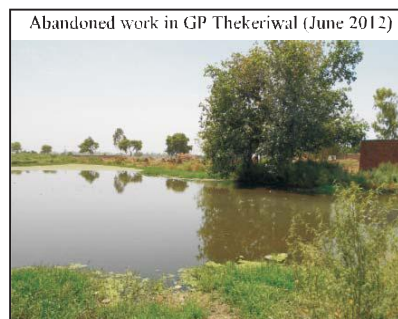
Year	Total expenditure (in ₹)	Wages (in ₹)	Material (in ₹)	Wage ratio	Material ratio
Hoshiarpur district					
2009-10	28,10,41,000	16,20,25,000	11,90,16,000	58	42
2010-11	22,80,90,000	12,80,27,000	10,00,63,000	56	44
Tanda Block (Hoshiarpur)					
2008-09	1,72,57,000	86,10,000	86,47,000	50	50
2009-10	2,34,60,000	68,97,000	1,65,63,000	29	71
2010-11	1,99,62,000	98,25,000	1,01,37,000	49	51

Source: Departmental records

During exit conference, the department admitted that ratio was to be maintained at block/district level and guidelines had been issued to the districts to maintain the ratio.

2.2.9.5.3 Abandoned/incomplete works

Audit scrutiny of records in Barnala district revealed that six works in four GPs were abandoned/left incomplete. Of these, two works of renovation of ponds were left incomplete due to rain after incurring expenditure of ₹ 2.66 lakh. Another three works of renovation of



ponds could not be taken up due to rainy season or non demand of funds by GPs concerned and grant was returned to the BDPO.

Whereas expenditure of ₹ two lakh incurred on clearance of jungle weed from a pond in GP Thikeriwal was rendered wasteful due to neglect of pond as the jungle weed has again grown up.

During exit conference, the department admitted the facts and stated that the works were abandoned due to rain.



2.2.9.5.4 Wasteful expenditure

Audit scrutiny of records of one (Barnala) out of six selected districts revealed that three BDPOs and the Chief Executive Officer, Zila Parishad of Barnala district transferred (September 2008) ₹ 28.59 lakh (Barnala block-₹ 2.76 lakh; Mehal Kalan block-₹ 2.64 lakh; Sehna block-₹ 2.21 lakh; and the Chief Executive Officer, Zila Parishad, Barnala-₹ 20.98 lakh) to the District Forest Officer (DFO), Sangrur for plantation under MGNREGS. Of these, the DFO incurred (between September 2008 and February 2009) ₹ 7.47 lakh for raising 2.36 lakh plants in nursery and excavation of 63,168 pits for plantation and returned balance funds of ₹ 21.12 lakh to the ADC (D) in February 2009 as plantation season was over. These plants were to be maintained in nursery upto June/July 2009. It was further noticed that the DFO demanded funds (July 2009) from ADC (D) for maintenance of plants as the condition of 2.36 lakh plants deteriorated. Finally, all the plants died (November 2009) and 63,168 pits excavated for plantation of these plants also got filled with the earth. Thus, non-provision of funds for maintenance of plants rendered ₹ 7.47 lakh wasteful.

On this being pointed out, the DFO while admitting (June 2012) the audit observation attributed the reason to non release of funds by the district. During exit conference, the department stated that funds released for plantation were refunded by the DFO to district headquarters which were further released to other blocks. The funds could not be released to the DFO as no funds were available at district level.

2.2.9.5.5 Excess expenditure

(i) The ADC (D), Barnala transferred ₹ 35.58 lakh to the DFO Sangrur from January 2010 to February 2012. The DFO raised 4,35,520 plants in nursery during 2009-11 (1,00,000 in 2009-10 and 3,35,520 in 2010-11). Out of the total plants raised, 3,22,756 plants were issued for plantation as of March 2012. Further scrutiny of the records of the DFO revealed that the total cost of raising 4,35,520 plants worked out to be ₹ 13.07 lakh at the rate of ₹ three per plant as per the estimate. The DFO was having 'nil' balance at the end of March 2012. The ADC (D) did not pursue the matter with the DFO for refund of the balance amount.

During exit conference, the department stated that DFO refunded ₹ 20.98 lakh in February 2009 and the remaining funds were utilized by the department. The reply of the department is not relevant as the funds of ₹ 35.58 lakh pointed out by audit were released to the DFO between January 2010 and February 2012 and hence refund of these in February 2009 was not correct.

(ii) In GP, Chak Griban Sandar (Jalalabad block, district Fazilka) ₹ 45000/- were paid towards cost of material (earth) whereas in measurement book (MB), amount was worked out to ₹ 40,950/-, thereby making excess payment of ₹ 4050/-. In GP Cheema (Sehna block of district Barnala) excess payment of ₹ 3800 was made to skilled labour for MR No. 298 and 612, as ₹ 13,600/- were paid to them against ₹ 9800 payable as per the MRs. During exit conference, the department stated that ₹ 4050 stands recovered from GP Chak Griban Sandar of Fazilka district, however documentary evidence in support thereof was not furnished. In respect of Barnala district, no reply was furnished.

2.2.9.5.6 Payments without measurement of work

Para 6.7.5 of MGNREGS Operation Guidelines provides that measurement will be recorded in the Measurement Books by qualified technical personnel in charge of the worksite. Relationship should exist between daily measurement of Mates and measurement by technically qualified personnel. Verification should be done by qualified personnel a week before payment of wages.

It was, however, noticed that measurement of works was not being done to quantify the work done before making payments of wages to labourers. Instances were noticed in Barnala district (13 GPs) wherein ₹ 31.98 lakh were paid without measurement of the works. The payments were made on the basis of attendance in the muster rolls. In absence of measurement of work, genuineness of the works executed could not be verified in audit. During exit conference, the department attributed the lapse to shortage of technical staff.

2.2.9.5.7 Delay in measurement of work

In eight GPs of Abohar and Jalalabad blocks of Fazilka districts, delay in measurement of 18 works ranged between six and 380 days whereas in Barnala and Sehna blocks of Barnala district, delay in measurement ranged between one and 354 days after execution of work.

During exit conference, the department attributed the delay in measurement of work to shortage of staff and lack of training and stated to have issued directions to the BDPOs for future.

2.2.9.5.8 Use of heavy machinery on works

Contrary to guidelines, ₹ 1.92 lakh were incurred on deployment of machinery such as JCBs and mixer machine in eight works in Amritsar, Fazilka and Hoshiarpur districts. During exit conference, the department admitted the facts.

2.2.9.5.9 Non allocation of unique identity number to the works executed

Audit scrutiny of records of the selected GPs (37 GPs of four blocks) revealed that there was no system of mentioning the plot numbers of the sites where the works were to be executed so as to provide each work with a unique location code. Due to absence of unique location code, entries made in MBs against a particular work could not be verified as almost all the works executed were of similar nature viz. renovation of pond etc. During exit conference, the department while admitting the facts assured to adhere to the guidelines in future.

2.2.9.5.10 Execution of works without estimates

In selected GPs of two districts (Fazilka and Hoshiarpur), estimates of all the works executed under the scheme were not prepared. In the absence of estimates, reasonableness of quantities executed could not be ascertained in audit. During exit conference, the department attributed the lapse to shortage of staff and stated that the compliance would be done in future.

2.2.9.6 Excess administrative expenditure

Para 8.1.1 of MGNREGS Operational Guidelines provides that the Central Government will bear the administrative expenses as determined by the GoI. The rate of administrative expenses determined by GoI was four *per cent* upto 2008-09 and six *per cent* during 2009-10 to 2011-12.

Audit scrutiny revealed that the administrative expenses exceeded the prescribed limit in Amritsar, Barnala and Muktsar districts during 2008-09 to 2010-11 as detailed in **Table 2.24**:

Table 2.24: Details of excess administrative expenditure

(₹ in lakh)				
Year	Expenditure	Admissible administrative expenditure	Administrative expenditure incurred	Excess expenditure
Amritsar district				
2009-10	1592.28	95.54	148.31	52.77
2011-12	847.40	50.84	70.47	19.63
Muktsar district				
2008-09	109.72	4.39	18.12	13.73
Barnala district				
2008-09	99.81	3.99	6.88	2.89

Source: Departmental records

During exit conference, the department admitted the facts in respect of Amritsar and Barnala districts and attributed the lapse to lack of awareness whereas no reply was furnished in respect of Muktsar district.

2.2.9.7 Non accountal of store-stock items

(i) Para 15.4 of PFR Vol. I provides that all material received should be examined, counted, measured or weighed when the delivery is taken and entry

in this regard should be recorded in the stock register. Audit scrutiny of records of district Barnala revealed that store stock items viz. pipes, *kassi*, *tasla*, water tanks etc. worth ₹ 28.24 lakh purchased between March 2008 and February 2011 were not accounted for in the stock registers. During exit conference, the department stated that items worth ₹ 3.98 lakh instead of ₹ 28.24 lakh were purchased out of which items worth ₹ 1.78 lakh were issued to the departments not covered under MGNREGS which were not entered in the stock register at that time. It was further stated that now the district was getting back the furniture and directions had been issued to make the entry of the above said amount. The reply is not acceptable as the items worth ₹ 28.24 lakh⁵ were purchased by six GPs, BDPO Barnala and ADC Barnala which were not accounted for in the records.

(ii) In Bamial and Narot Jaimal Singh blocks of Pathankot district, material worth ₹ 4.57 lakh was purchased without quotations in violation of provisions of the Punjab Financial Rules. Further, vouchers in support of expenditure of ₹ 0.30 lakh incurred for imparting training to the members of Gram Panchayats in Bamial block of Pathankot district were not made available to Audit. During exit conference, the department admitted the facts and stated that as the scheme was new and due to lack of awareness, the purchases were made without quotations and further assured that it would not happen again in future. With regard to availability of vouchers, the department stated that the vouchers which were misplaced at the time of Audit had now been recovered. However, the documentary evidence in support of reply was not provided (January 2013).

(iii) Audit scrutiny revealed (June 2012) that in Narot Jaimal Singh block of district Pathankot, though the GP paid (April 2010) ₹ 0.47 lakh to the agency for purchase of work tools viz. *tasla*, *kassi* etc. but the material was not received. During exit conference, the department stated that the material was lying with the BDPO office but documentary evidence in support of material in store was not furnished (January 2013).

2.2.9.8 Irregular payment in cash to labourers

Para 7.2 of MGNREGS Operational Guidelines provides for payment of wages through banks and post offices so as to separate payment agencies from implementing agencies.

Audit noticed that wages of ₹ 4.87 lakh and ₹ 1.93 lakh were irregularly paid in cash to labourers in Amritsar and Fazilka districts respectively by the GPs during 2010-11. During exit conference, the department stated that in Amritsar district, wage payment to the labourers was made in cash because of the absence of bank branch near to their village and in some cases delay happened on account of delay in opening of bank accounts of job card holders and the labourers were insisting for immediate payment whereas in Fazilka district, the payment was made in cash due to non opening of bank accounts. The reply is not acceptable as the guidelines do not provide for payment of wages in cash.

⁵ Six GPs-₹ 0.54 lakh; BDPO Barnala-₹ 13.99 lakh; and ADC Barnala-₹ 13.71 lakh.

2.2.9.9 Irregularities in muster rolls

Para 9.4 of MGNREGS Operational Guidelines provides that muster rolls (MRs) with a unique number issued from the block level were to be maintained by the GPs and other implementing agencies. The muster roll was required to indicate the job card number, name of the worker and days worked. Workers attendance and the wages paid were to be shown against each name with signature/thumb impression of the worker. A muster roll is a labour's attendance register pertaining to a particular work site and a particular period. Audit scrutiny revealed the following irregularities.

(i) In the districts of Pathankot, Hoshiarpur and Amritsar, the muster rolls were not prepared as per the prescribed format. The mandatory fields pertaining to caste, sex, detail of mode of payment viz. whether amount was paid in cash or through bank/post office, saving account number of the beneficiary etc. were not included in the format adopted by the districts. On this being pointed out by Audit, the BDPOs attributed the lapse to shortage of staff. However, during exit conference, the department stated that the format of MRs given in the MGNREGS Operational Guidelines (Third edition) was to capture attendance of seven days. During the initial years under the scheme, this format was to capture the attendance of 30 days and later on revised to 15 days and then to seven days. The reply of the department is silent about non inclusion of the mandatory fields as prescribed under the guidelines.

(ii) In Hoshiarpur district (Block Tanda), seven persons worked on two worksites on the same dates (16 to 30 April 2010) and were paid ₹ 21,624/-. Their job card numbers mentioned in the muster rolls were same on both sites. During exit conference, the department stated that the enquiry was conducted by the district Hoshiarpur and the State Government suspended the Sarpanch, who was later on reinstated. However, documentary evidence in support of reply was not furnished by the department.

(iii) Cross checking of muster rolls with reference to the bank records revealed that in two GPs (Pakhoke and Cheema) of Sehna block of district Barnala, payment as per the muster rolls and bank account did not tally. Against the entries in the muster rolls for ₹ 5.18 lakh for the period February 2009 to June 2009, the bank statements depicted drawl of ₹ 3.56 lakh thereby leaving ₹ 1.62 lakh as unpaid. However, utilisation certificate for the full amount of grant including the entire amount of muster rolls was given by the GPs. During exit conference, the department stated that bank statement depicted less drawl due to non clearing of cheques issued till June 2009. The reply is not acceptable as the position mentioned in the audit point was as per the bank pass book updated upto 31 March 2012.

(iv) In three GPs of one block (Narot Jaimal Singh) in Pathankot district, ₹ 5031/- were paid to job card holders for their attendance on 29 February 2009 and 31 September 2010 which was not possible. During exit conference, the department stated that it was a clerical mistake. The reply is not acceptable as the muster rolls showed marked attendance on these dates and even the payment was made to the workers.

(v) Para 5.1.2 of MGNREGS Operational Guidelines provides that all adult members of the household who are registered may apply for work. Audit scrutiny revealed that two unregistered persons, in two GPs of Narot Jaimal Singh block of Pathankot district were paid ₹ 7564. Similarly, 30 unregistered workers in Bhunga and Talwara blocks of Hoshiarpur district were given employment through MRs and paid ₹ 0.45 lakh. During exit conference, the department stated that it was due to clerical mistake and the persons had now been registered in the GPs in Pathankot district. Whereas in case of Hoshiarpur district, the department stated that the persons were registered but the job card numbers were not mentioned in the muster roll and the same had now been mentioned in the muster roll but the documentary evidence i.e. copies of job cards issued to the workers and muster rolls were not provided.

(vi) In GP Thikeriwal of block Barnala, ₹ 0.35 lakh were debited to the bank account of the GP on 12 December 2009 on account of muster roll for the period from 16 to 19 December 2009 i.e. seven days in advance of the commencement of the work. Similarly, in another GP Cheema of Sehna Block, payment of ₹ 0.16 lakh had been made for the muster roll of April 2009 whereas the muster roll was issued on 25 May 2009. During exit conference, the department stated that the amount was withdrawn in advance to make payment for material component to execute works with the approval of competent authorities. The reply is not acceptable as ₹ 0.51 lakh withdrawn from the bank were paid against the muster rolls.

2.2.9.10 Non preparation of schedule of rates

Para 6.7.2 of MGNREGS Operational Guidelines provides that the State Governments may undertake comprehensive work, time and motion studies. These studies will observe out-turn and fix rates after detailed location specific observations. This implies that productivity norms must follow possible out-turn under different geo-morphological and climatic conditions, across and within districts. This is of particular significance in areas with a high degree of location specificity and variability in the soil, slope and geological conditions and seasonal variation. Therefore, a matrix of rates for the same task needs to be drawn up that follows ecological rather than administrative boundaries. The schedules of rates may be prepared on the basis of these studies.

Audit noticed that though Punjab has different geo-morphological and climatic conditions but the prescribed work, time and motion studies were not conducted. As a result, separate schedule of rates for MGNREGS works was not prepared.

2.2.10 Impact of the scheme

2.2.10.1 Non conducting the evaluation studies

Para 10.4 of MGNREGS Operational Guidelines provide that regular evaluations and sample surveys of specific works should be conducted to

assess outcomes of the implementation of the scheme. District-wise studies should be conducted or commissioned by the State Employment Guarantee Council. Block-wise evaluation studies should be conducted or commissioned by the District Programme Coordinator.

It was, however, noticed that the SEGC did not conduct district-wise evaluation studies to assess the performance of the scheme and its impact on individual life. Similarly, no evaluation study at block level was conducted by the DPCs in any of six test checked districts. During exit conference, the department admitted the facts and stated that compliance would be done in future.

2.2.10.2 Impact assessment by Audit through beneficiary survey

In order to assess the impact of the scheme on the rural population and the assets created under the scheme, audit interacted with 1177 beneficiaries of 118 GPs of 13 test checked blocks in six selected districts. Responses to some important parameters relating to programme management, provision of basic amenities, facilities provided to the labourers, awareness among the masses, satisfaction level of the beneficiaries etc. derived from the interviews of the beneficiaries are given in **Table 2.25**:

Table 2.25: Results of beneficiary survey

S No.	Parameters	Responses	Percentage
1.	Coverage of APL/BPL population	APL	69
		BPL	31
2.	Provision of electricity to beneficiaries	Yes	94
		No	06
3.	Toilet facility provision to individual Households	Yes	52
		No	48
4.	Drinking water availability to Households	Yes	82
		No	10
		Not responded	08
5.	Registration whether written or oral	Oral	76
		Written	34
		Both (written and oral)	10
6.	Expenditure on Job Card	GP	100
		Self	00
7.	Days of employment received	Range	1 to 146 days
8.	Gram Sabha meeting held and notified at prominent places	Yes	85
		No	15
9.	Improvement in life style of beneficiaries viz purchase power/ migration/social status	Yes	81
		No	07
		Not responded	12
10.	Education level	Illiterate	56
		Literate	39
		Not responded	05
11.	General awareness among beneficiaries	High	95
		Low	05
12.	Issue of job cards	In time	93
		Delay	07
13.	Photographs on job cards	With photo	90
		Without photo	08
		Not responded	02

S No.	Parameters	Responses	Percentage
14.	Provided employment within 15 days	Within	97
		Beyond	03
15.	Facilities provided at work site		
	a) Shade	Yes	74
		No	26
	b) Drinking water	Yes	82
		No	10
		Not responded	08
	c) First aid box	Yes	40
		No	52
		Not responded	08
	d) Creche	Yes	10
		No	82
		Not responded	08
16.	Knowledge about calculation of wage payment	Yes	51
		No	49
17.	Harassment faced at the worksite	Yes	03
		No	97
18.	Knowledge of social audit	Yes	10
		No	90

Source: Beneficiary survey conducted by Audit

Analysis of the above table revealed that:

- Coverage of BPL population was as low as 31 *per cent*;
- In eight *per cent* of the total beneficiary (1177) surveyed by audit, photographs of individual adult members were not affixed on the job cards;
- Percentage of beneficiaries who reported absence of work site facilities such as shade, drinking water, first aid box and creche was 26, 10, 52 and 82 *per cent* respectively;
- Knowledge of social audit among the beneficiaries was very low and was about 10 *per cent* which defeated the purpose of conducting social audit which was an important tool to serve as an institutional forum.

2.2.11 Maintenance of data and records

2.2.11.1 Improper maintenance of records

Proper maintenance of records is one of the critical factors for successful implementation of any scheme. Information on critical inputs, processes, outputs and outcomes have to be meticulously recorded in prescribed registers at each designated level. Chapter 9 of the Operational Guidelines on MGNREGS prescribes format of the various records and level at which the records are to be maintained. The following irregularities were, however, noticed:

- (i) Job card application register, job card register, employment register, muster roll receipt registers, work register, asset register, complaint registers and monthly allotment and utilization certificate watch register were not

maintained by the selected GPs of four test checked districts (Barnala, Fazilka, Muktsar and Hoshiarpur) as per *Appendix-2.7*. Due to non maintenance of records neither the issue of job cards within the stipulated time limit nor the demand of employment and eligibility for unemployment allowance could be ascertained in audit. During exit conference, the department attributed the lapse to shortage of staff and lack of training and further stated that instructions had been issued to districts to overcome these lapses in future.

(ii) In two (Barnala and Fazilka) out of six test checked districts, payments of wages were not entered in the job cards. During exit conference, the department admitted the facts and attributed the lapse to shortage of staff.

2.2.11.2 Mismatch in data

Registration lists on website were not regularly updated to add eligible workers and delete ineligible workers due to death, migration, getting Government jobs etc. It was, further, seen that the data of beneficiary maintained at the Directorate Level mismatched with that shown on the website. Some of the significant discrepancies which came to the fore are brought out in the **Table 2.26:**

Table 2.26: Mismatch in data of MPR and MIS

Particulars (2009-10 to 2011-12)	As per Monthly Progress Report	As per Management Information System record
No. of job cards issued	2393240	2510451
Employment demanded	809377	784734
Employment provided	808116	781343
Persondays generated	21665000	20522370
Households completed 100 days	16501	13654
Fund Flow		
Total availability	₹ 63477.65 lakh	₹ 66023.85 lakh
Total expenditure	₹ 47172.20 lakh	₹ 32943.39 lakh
No. of works completed during 2011-12	7170	8586
Expenditure on works completed during 2011-12	₹ 5648.95 lakh	₹ 8697.34 lakh
No. of on-going/suspended works during 2011-12	10696	8943
Expenditure on on-going/suspended works during 2011-12	₹ 9293.91 lakh	₹ 6517.34 lakh
No. of works approved in 2011-12	1468	1223

Source: Departmental records

Audit scrutiny of records revealed that there was no system at Programme Officer's level to verify the authenticity of the data uploaded on the MGNREGS website. Discrepancies in data of MIS and manual records such as

number of household registered, number of job cards issued, employment demanded, employment provided, number of works, expenditure, number of inspections of works and number of social audits conducted were noticed in all the test checked districts. In Amritsar district, issue of job cards to 93 beneficiaries (45 in Ajnala block and 48 in Verka block) were entered twice in MIS. These discrepancies were attributed to late communication of information from blocks and GPs, freezing of website and incorrect feeding of data at initial stage etc.

Further, comparison of job card register with MIS data in Pathankot district revealed that 46 job cards of nine GPs though cancelled in job card register were still appearing in MIS data. Further, six job cards of five GPs though added in job card registers were not updated in MIS data.

During exit conference, the department stated that during 2009-10 and 2010-11, MPRs were the only source to collect the data and during 2011-12, the data was pending to be entered in MIS but the data entry was closed in the month of April 2012 and some discrepancies were left because of technical issues or problems in software.

As a result of discrepancies, true and fair picture of the state of affairs of the implementation of scheme was not emerging from the documents which need attention of the department.

2.2.12 Human resource management

2.2.12.1 Shortage of MGNREGS staff

Para 3.1 of MGNREGS Operational Guidelines makes it mandatory for the State Government to make available to the District Programme Coordinators (DPCs) and Programme Officers (POs) necessary staff and technical support for effective implementation of the scheme. The implementation of MGNREGS involves considerable organizational responsibilities at the GP level. The Operational Guidelines under MGNREGS suggested appointment of an 'Employment Guarantee Assistant', called 'Gram Rozgar Sahayak' (GRS) in each Gram Panchayat. Ministry of Rural Development (MoRD) has instructed (March 2007) that one GRS must be deployed in each GP. Instructions also provides for appointment of one Technical Assistant (TA) for every five GPs.

Audit scrutiny of records revealed that in 12,776 GPs in the State, only 772 (six *per cent*) GRS were appointed, thereby leaving a shortage of 12004 GRS i.e. 94 *per cent* as of March 2012. Shortage of GRS in the test check districts ranged between 84 and 100 *per cent* (**Appendix-2.8**). Similarly, 74 TAs against the requirement of 2555 (one for five GPs) were deployed in the entire State leaving a shortage of 2481 TAs which was 97 *per cent* of the total requirement. Shortage of TAs in the test checked districts ranged between 89 and 98 *per cent* (**Appendix-2.8**).

Apart from shortage of GRS and TAs, there was shortage of other MGNREGS staff (as given in **Table 2.27**) at the block and district level:

Table 2.27: Position of shortage of MGNREGA staff

Name of the Post	Target (requirement)		Staff in position		Percentage of Shortage	
	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
Block Level						
Accountant	78	69	18	22	77	68
District level						
Work Manager & Technical Assistant	17	13	06	03	65	77
Training Coordinator	10	08	02	02	80	75
Coordinator for social audit and grievance redressal	10	11	05	06	50	45

Source: Departmental records

During exit conference, the department stated that in any particular district, staff can be deployed according to the requirement keeping in view cap of six per cent on administrative expenses. However, efforts were being made to fill the urgently required posts.

2.2.12.2 Non preparation of training calendar and training module

Para 3.3 of MGNREGS Operational Guidelines provides that all key agencies are to be trained in discharging their responsibilities under the Act. This includes GPs, other PRIs, district and State-level department personnel involved in implementing MGNREGS, as well as local committees, groups formed for the purpose of vigilance, monitoring and social audit. A training calendar needed to be made and training modules needed to be calibrated in content and process according to different stakeholders.

Audit scrutiny of records revealed that no training calendar and training module according to different target groups of trainees was developed. In four selected districts (Barnala, Fazilka, Pathankot and Muktsar), audit noticed that out of ₹ 57.50 lakh received from the GoI during 2007-08 for training, ₹ 38.05 lakh were lying unutilised at the district levels (*Appendix-2.9*).

During exit conference, the department stated that in Barnala district despite repeated requests for resource persons, no response was given by State Institute of Rural Development whereas Muktsar and Fazilka assured to take necessary action in future. However, no reply was furnished in respect of Pathankot district.

2.2.13 Monitoring mechanism

2.2.13.1 Social audit

Social audit is the most important tool provided under MGNREGS to ensure public accountability in implementation of the projects. The State Government was to constitute an independent organization/directorate at the State level for facilitating social audit. Such audits are an ongoing process of participation of beneficiaries to ensure that legal guarantees and entitlements flow to the works in a legitimate way. Para No.12.4 of MGNREGS Operational Guidelines provide that social audit is to be held at least once in every six month.

Audit scrutiny of the records and information supplied by the JDCC, revealed that social audit of GPs was not conducted as per the prescribed periodicity. Shortfall in conducting social audit ranged between two and 44 per cent during the period of 2007-12 as detailed in **Table 2.28:**

Table 2.28: Details of social audits

Year	Total No. of GPs	Social audit to be conducted	Social audit actually conducted	Shortage	Percentage of shortfall
2007-08	3519	6240	3522	2718	44
2008-09	8782	14440	10968	3472	24
2009-10	12794	24839	22263	2576	10
2010-11	12776	25567*	25040	527	2
2011-12	12777	24623	23571	1052	4

Source: Departmental records

* The reasons for disproportionate fixation of social audits to be conducted remained unexplained (January 2013).

Further scrutiny revealed that the prescribed format/checklist for social audit was not filled in and only the signatures of the members were obtained on the blank checklists. In three test checked districts (Barnala, Fazilka and Pathankot), no internal audit cell was constituted under the DPC for examining the social audit reports and to take suitable action thereon.

During exit conference, the department did not furnish reply regarding shortage in conducting social audit. As regards internal cell, the department stated that being new districts, no internal cell was constituted in Pathankot and Fazilka districts whereas in Barnala district, Social Coordinator Assistant was now appointed in September 2012 after being pointed out by Audit.

2.2.13.2 Non posting of State/district quality monitors

Para 10.3.2 of MGNREGS Operational Guidelines provides that State Quality Monitors (SQM) at the State level may be designated by the State Government with the approval of the State Council. The districts were also required to identify District Quality Monitors (DQM) with the approval of the State Government.

However, no SQM/DQM was appointed for carrying out verification and quality audit of MGNREGS works. During exit conference, the department admitted the fact and stated that the posts could not be filled within the available amount of contingency and noted the point for future compliance.

2.2.13.3 Inadequacy of grievances redressal

The system of acknowledgement of grievances did not exist in all the test checked districts. No system of recording the oral complaints and help line was in existence in five (except in Amritsar) out of six selected districts. Detail of pending complaints in the State is given in *Appendix-2.10*.

In test checked districts, it was noticed that during the period of performance audit, 282 complaints (as given in **Table 2.29** below) were received out of which 260 were disposed of with a delay ranging between one and 673 days against the prescribed limit of 15 days.

Table 2.29: Position of disposal of complaints in test checked districts

Sr. No.	Name of the district	No. of complaints received	No. of complaints disposed of	No. of complaints pending	Time taken in disposal ranging between (in days)
1	Amritsar	192	174	18	Not available
2	Barnala	5	4	1	194 and 673
3	Fazilka	38	38	0	27 and 400 days
4	Hoshiarpur	32	29	3	1 and 51 days
5	Muktsar	12	12	0	7 and 56 days
6	Pathankot	3	3	0	43 and 57 days
Total		282	260	22	

Source: Departmental records

During exit conference, the department stated that helpline for grievance redressal had been established in Barnala district and other districts had also been directed for the same. As regard disposal of complaints, the department stated that delay in any level in case of disposal of complaints was due to some legal obligations as per the provisions of the various laws in this regard.

2.2.13.4 Shortage of Ombudsman

Instructions issued (September 2009) by the Government of India under Section 27(1) of MGNREGA provides for establishment of office of Ombudsman in each district within three months for redressal of grievances. Records of the JDCC revealed that against requirement of minimum 22, only seven Ombudsmen were appointed for all the 22 districts in May 2010 i.e. after a delay of five months. No Ombudsman was appointed in Fazilka district. In Barnala district, though the Ombudsman was appointed but he did not submit the prescribed reports/returns etc. during the period of performance audit and no action was taken by the DPC in this regard.

During exit conference, the department admitted the fact and stated that process of appointment of new Ombudsmen for all the districts had been initiated.

2.2.13.5 Shortfall in physical verification of works

Para 8.4.4 of MGNREGS Operational Guidelines prescribed quantum of physical verification of works to be carried out at various levels i.e. 100 *per cent* at block level, 10 *per cent* at district level and two *per cent* at State level.

Audit scrutiny of records and information supplied by the JDCC revealed that during 2007-12 shortfall in inspection of MGNREGS works at State level ranged between 47 and 98 *per cent*. At district level no shortage in physical verification of work was noticed. However, at block level, short fall of inspection ranged between three and 40 *per cent* as given in **Table 2.30**:

Table 2.30: Details of shortfall in physical verification of works

Year	State level			%age of shortfall	Block level			%age of shortfall
	No. of works to be inspected as per norms	No. of works actually inspected	Shortfall		No. of works to be inspected as per norms	No. of works actually inspected	Shortfall	
2007-08	51	27	24	47	2550	2472	78	3
2008-09	76	21	55	72	3778	2249	1529	40
2009-10	216	37	179	83	10802	9237	1565	14
2010-11	290	05	285	98	14507	12237	2270	16
2011-12	304	07	297	98	15213	13068	2145	14

Source: Departmental records

In Pathankot district, shortfall in inspection of works at district level, as reported by ADC (D) was 75 per cent (2011-12) whereas, the MPR depicted short fall of 83 per cent for the same year. On this being pointed out, the ADC (D), Pathankot stated (June 2012) that being a new district, targets could not be achieved. In Barnala, Fazilka, Muktsar and Hoshiarpur districts though number of inspections conducted at the district and block levels were loaded on the website but no inspection book or files/registers in support of the inspections conducted was maintained. During exit conference, the department admitted the facts and stated that instructions had been issued to districts for completing verification and to maintain the registers.

2.2.13.6 Non preparation of evaluation/completion reports

Para 10.1.2 of the MGNREGS Operational Guidelines provides that for every work sanctioned under the scheme, there should be a local Vigilance and Monitoring Committee to monitor the progress and quality of work. Further, Para 6.9 of Guidelines provides that on completion of every project, a Project Completion Report should be prepared.

Audit noticed that neither evaluation reports of the vigilance committee were on record nor completion reports of the works were prepared in 56 GPs of six blocks of three test checked districts (Fazilka, Hoshiarpur and Barnala). In the absence of completion reports, audit could not verify whether the works were actually completed or not. During exit conference, the department while admitting the facts attributed the lapse to shortage of staff.

Conclusions

The district perspective plan providing framework for the Annual Development Plan was not approved in respect of any of the districts. The Annual Development Plans were not prepared in realistic manner and were not based on the actual trends of the previous years. The State share was not released in full and on time. The available funds could not be utilized during the period covered under performance audit. The funds released were diverted for works not covered under the scheme.

The primary objective of ensuring the livelihood security by providing 100 days of annual employment to the registered households remained unachieved. The payment of wages to the beneficiaries was not made within the prescribed time period and workers were not compensated for delayed payments. Non-adherence to guidelines of MGNREGS in respect of execution of impermissible works, non maintenance of prescribed wage material ratio, use of machinery and contractors were noticed during audit. No evaluation study to assess the performance of the scheme and its impact on individual life was conducted. Vital records necessary for effective implementation of the scheme prescribed under the guidelines were not maintained. There was no system in place to verify the authenticity of the data uploaded on the MGNREGS website.

State Government did not take adequate capacity building measures for implementation of the scheme as there was acute shortage of staff implementing MGNREGS in the State. No training calendar and training module for various target groups of trainees was developed to train the staff for effective implementation of the scheme. Transparency, accountability and grievances redressal systems were found inadequate.

Recommendations

The State Government may like to:

- ensure preparation of District Perspective Plans and Annual Development Plans in accordance with the Act and Operational Guidelines.
- ensure timely release of its share of funds and set up a mechanism to prevent misuse and diversion of funds.
- ensure payment of wages to the workers within the time limit prescribed under the scheme.
- ensure that only the permissible works under the scheme are taken up.
- ensure proper maintenance of all the records prescribed under the scheme. Further, there should be a mechanism to ensure authenticity of data uploaded on MIS at all levels.
- take steps to deploy the requisite staff as per norms at all levels for implementation of the scheme.