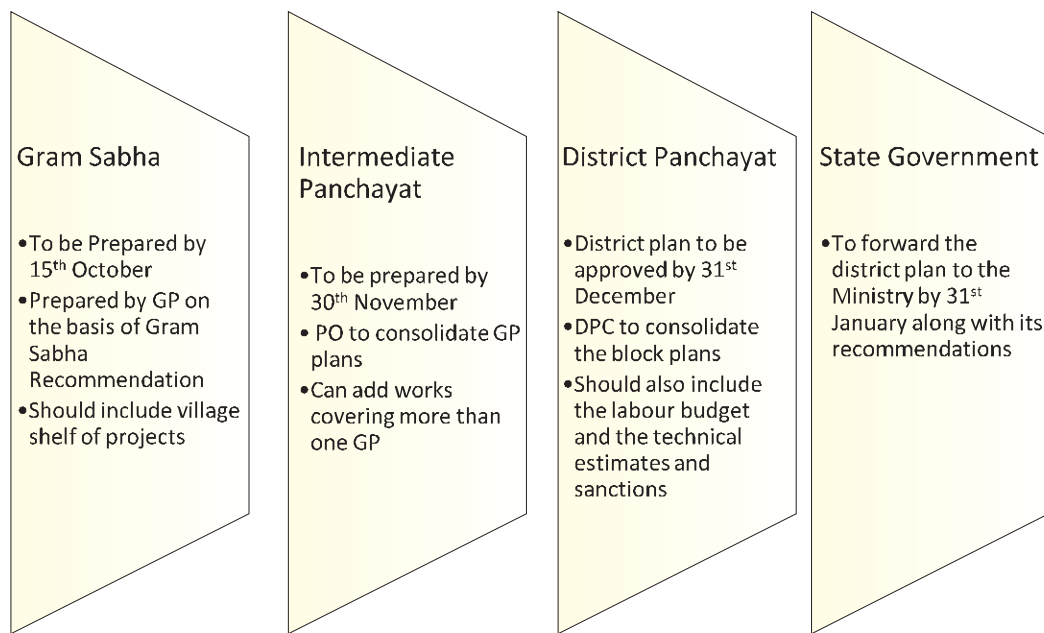


**3.1 Introduction**

The obligation to provide employment within 15 days necessitates advance planning. The basic aim of the planning process is to ensure that the district is prepared well in advance to offer productive employment on demand. Proper planning is inevitable to achieve the objectives of the MGNREGS. The Guidelines require the implementing agencies to draw up two types of plans – the development plan, which is an annual work plan; and the perspective plan, which attempts to integrate work priorities with the long term strategy of poverty alleviation through employment generation and sustained development. The preparation of plan involves different stages from Gram Sabha level to government level which has been given in pictorial representation below:



**3.2 Delay and shortcomings in preparation of Annual Development Plans**

As per provisions of the operational guidelines (2008), the Annual Plan was required to be prepared to identify the activities to be taken up on priority basis. Every year, Gram Sabha (GS) on 2 October shall estimate the demand for labour and propose the number and priority of works to be taken up in the next financial year. The Gram

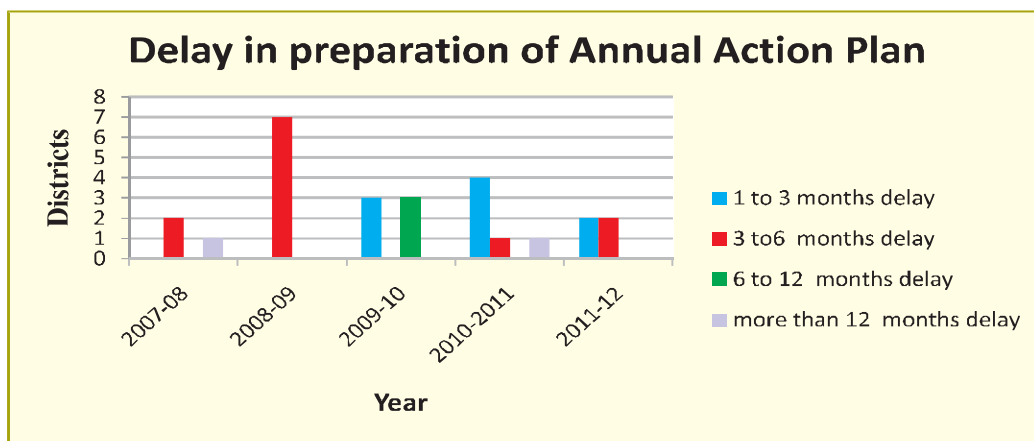
Panchayat (GP) will finalise Annual Plan and forward it to the Programme Officer (PO) by 17 October. This Annual Plan should indicate the existing demand for work, demand in the previous year, works taken up in the previous year, ongoing works, proposed costs, likely costs and proposed implementing agencies. Unique code (Village code/Sector of work/Scheme number/Year) is to be given to each work in the plan.

Thereafter, the PO will scrutinize the technical feasibility for each of the Annual Plans of the GPs and submit a consolidated statement of proposals to the Panchayat Samiti (PS) till 15 November, which will discuss and approve the plan and forward it to the District Programme Coordinator (DPC) till 30 November. The DPC will scrutinise the plan proposals of all PSs, and consolidate them into a District Plan proposal with a block-wise shelf of projects (arranged GP-wise) indicating for each project (a) the time frame (b) the person days to be generated, and (c) the full-cost. This plan will be discussed and approved by the Zila Parishad (ZP) and is to be submitted to the Government till 31 December. At least 50 per cent of the works are to be executed by the GPs.

The DPC will also coordinate the preparation of detailed technical estimates and sanctions, with project reports for each approved work specifying technical details as well as the expected outputs and enduring outcomes and entire process is to be completed till 31 December. Audit scrutiny revealed the following facts:-

- The development plan was not prepared within stipulated time *i.e.*, up to 31 December and there was inordinate delay in submission of Plan ranging from 15 days to 12 months in eight<sup>3</sup> districts by more than 50 per cent of test checked units. Delay in preparation of plan of works affected the finalisation of labour budget which ultimately affected the fund released and caused less creation of mandays as discussed in succeeding paragraphs

**Chart-2**



(Details in Annexure-III)

<sup>3</sup> Aurangabad, Begusarai, Bhabhua, Darbhanga, Madhubani, Munger, Muzaffarpur and West Champaran

- Revenue village wise plan was to be prepared to cover all the villages to provide equal opportunity of job to the household and in respect of asset creation but only one district (Muzaffarpur) prepared the plan revenue village wise and other 14 districts prepared a common plan for all the villages without mentioning estimated cost of work and wage and without showing benefit expected in term of employment generation and creation of assets. Thus, the preparation of plan was not as per MGNREGS guidelines.
- In the Plan, labour projection was not given and works were not identified to meet estimated labour demand. Crop pattern data was not used to prepare the plan. Also unique work code was not found allotted to works in Plan. Unique work code was found generated after completion of works at the time of MIS entry.

The audited units replied that lack of proper training and guidance by the higher authorities regarding preparation of plan was the reasons for shortcomings in plan. However, the department replied that delay in preparation of plan is in decreasing trend.

### 3.3 Preparation of long term District Perspective Plan (DPP)

As per the operational guidelines, the DPP for the horizon of five years is intended to facilitate advance planning and to provide a development perspective for the district in an integrated manner. The aim was to identify the types of MGNREGS works to be encouraged in the district, the potential linkages between these works and long-term employment generation and sustained development. The Annual Work Plan had to be drawn from the Perspective Plan.

On scrutiny, none of the districts had been able to prepare the DPP even after lapse of five years. The DPP is the important tool of monitoring development in phase manner and non preparation of DPP resulted in execution of works without prioritisation, execution of works beyond plan, less creation of employment. In six districts<sup>4</sup> works were executed beyond approved development plan. A total number of 144 works involving ₹ 3.76 crore were executed without being passed by the Gram Sabha and actually these works were top driven which resulted in defeating the objective of empowerment of Gram Panchayat. (Annexure- IV).

Further, deficiencies which were noticed in audit are given below:

- The Government released ₹ 90 lakh to nine test checked districts<sup>5</sup> (₹ 10 lakh for each district) for preparation of DPP for MGNREGS works (December 2005). But, the two districts *i.e.* Jehanabad and Begusarai had diverted entire funds of ₹ 20 lakh earmarked for DPP for execution of MGNREGS.

<sup>4</sup> Aurangabad, Banka, Darbhanga, Madhubani, Munger and Nalanda

<sup>5</sup> Aurangabad, Bhabhua, Bhojpur, Begusarai, Jehanabad, Kishanganj Nalanda, Sitamarhi and west Champaran

- In Sitamarhi and Nalanda, the work for preparation of plan was awarded to A. N. Sinha institute, Patna and ₹ 9.87 lakh and ₹ 5.46 lakh respectively was paid to them. The draft DPP was prepared but not submitted to the Government for approval by the DPC and as such, long term plan could not be finalised. Thus, the purpose of grant earmarked for DPP was not served and expenditure incurred became infructuous. The Additional District Programme Coordinator (ADPC) replied that the matter was being reviewed.
- In Aurangabad, the work for preparation of DPP was awarded to Bihar Institute of Economic Studies, Patna (June 2010) but, the plan was not prepared even after lapse of more than two years and incurring expenditure to the tune of ₹ 4.20 lakh.
- In West Champaran, ₹ 5 lakh was paid as advance (February 2007) to A.N. Sinha Institute, Patna against estimated cost of ₹ 9.74 lakh for preparation of perspective plan on MGNREGS with instruction that plan had to be prepared within three months but, the plan was not prepared even after lapse of more than five years and advance given to the firm was pending for adjustment.

The department replied that it had planned together with the A. N. Sinha Institute for the formulation of the DPP (2007-08) that could not be accomplished in the absence of follow up.

Non preparation of perspective plans resulted in lack of advance planning required to identify the types of works to meet the expected demand which were beneficial to the community to provide long term and sustainable development of the area.

### **3.4 Ineffective execution of planning**

As per provisions of the guidelines, in order to properly plan and take such schemes which are beneficial to two or more Gram Panchayats/Panchayat Samitis, the Zila Parishad shall execute works related to more than one panchayat samitis, whereas inter-Gram Panchayat works are to be done by the Panchayat Samitis to ensure larger public benefits. The Zila Parishad/Panchayat Samiti shall not execute works relating to single Panchayat Samiti /Gram Panchayats, respectively.

Contrary to the aforesaid provisions, 419 works involving expenditure of ₹ 30.71 crore related to a single Panchayat Samiti {(Annexure-V (A))} were executed by the Zila Parishad and 3543 works involving expenditure of ₹ 82.95 crore related to a single Gram Panchayat {Annexure-V(B)} were executed by the Panchayat Samitis. Thus, schemes were taken without planning and in contrary to the guidelines which resulted in benefits to single Gram Panchayats or Panchayat Samitis while the larger beneficial planning was compromised and the pre defined functions of the panchayats and planning to make the GP as primary implementing agency were defeated.

### 3.5 Unrealistic Labour Budget

MGNREGS guidelines stipulate that the District Programme Coordinator shall prepare and finalise till the month of December every year a Labour Budget for the next financial year containing the details of anticipated demand for unskilled manual work with labour projection in the district and plan for engagement of labourers in the works covered under the scheme and is required to be submitted to the RDD, Government of Bihar till 31 December along with Annual Action Plan and to be uploaded to Ministry of Rural Development (MoRD) website. The Labour Budget would be based on a realistic estimate for the number and kind of works to be taken up as derived from the annual shelf of projects. Labour Budget should incorporate unspent balance of fund of previous year and spill over of man days. Peak agricultural season had to be taken into view while preparing budget.

Scrutiny of records disclosed that Labour Budget was not being prepared by using crop pattern data and un-spent balance of grants of previous year were not carried over to next year. There was delay in submission/uploading of labour budget from one to eight months in 12 districts (**Annexure-VI**) whereas, state government submitted Labour Budget to MoRD with delay ranged from 70 to 128 days. There was wide variation between Labour Budget and actuals. The variation in terms of providing job and wage expenditure ranged from (+) 4 to (-) 98 per cent and (+) 19 to (-) 98 per cent respectively in 13 districts (**Annexure-VII**).

**Table-1**

**Delay in submission of Labour-Budget by State**

| Sl. No. | Year    | Due date of submission of labour-budget to GoI | Actual date of submission | Delay (in days) |
|---------|---------|--|---------------------------|-----------------|
| 1.      | 2007-08 | 31.01.2007                                     | 11.04.2007                | 70              |
| 2.      | 2008-09 | 31.01.2008                                     | 02.05.2008                | 92              |
| 3.      | 2009-10 | 31.01.2009                                     | 27.04.2009                | 86              |
| 4.      | 2010-11 | 31.01.2010                                     | 05.06.2010                | 125             |
| 5.      | 2011-12 | 31.01.2011                                     | 08.06.2011                | 128             |

Source: Rural Development Department, Bihar

Further, the budget was overstated as the previous year's trend of expenditure and created man days by providing employment were not considered at the time of preparation of budget and instead it was drawn on total number of registered households x 100 days x wage rate. Less number of potential labourers, inflated number of job cards (one household contained more than one cards) and non utilisation of available fund were the reasons for inflated budget which have been discussed in succeeding paragraphs (para 7.1, 8.1).

On being asked, the entities cited non-release of fund as per demand and less number of potential labourers as a reason for wide variation between estimate and actual. However, the department replied that once DPP is prepared Labour Budget get ready as per the previous year expenditure and mandays created. Though, the government accepted the audit contention, yet reply is not acceptable as the Labour Budget had to be based on

previous year trend of employment generation and the entities did not spend the grants available as discussed in para 7.1.

***Recommendation***

- District Perspective Plan (DPP) needs to be compulsorily prepared in order to avoid execution of works not included in the priority list of works.
- Annual Plans should be comprehensive and prepared well in time and it is to be ensured that no works are executed beyond approved plan.
- Labour Budget should be based on previous year's trend of the district with respect to expenditure and household demand for job. Previous year's balance of funds and availability of potential labourers should be considered for assessing the demand of funds and works.