

## CHAPTER-II PERFORMANCE AUDIT

### PANCHAYATI RAJ AND DRINKING WATER DEPARTMENT

#### 2.1 IMPLEMENTATION OF MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT

##### *Executive Summary*

*The primary objective of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was to provide social protection. It was to enhance livelihood security by providing at least 100 days of guaranteed employment in a financial year.*

*The Performance Audit on implementation of the Act in the State showed that there was delay in reconstitution of Orissa Rural Employment Guarantee Council (OREGC). It could not function effectively as only four out of the prescribed number of 18 meetings were held after its constitution in November 2007. The shortfall in the number of meetings was due to non-availability of the ex-officio Chairman (Chief Minister) to attend the meetings.*

*Door to door survey was not conducted to ensure 100 per cent inclusion of the eligible households (HHs). Preparation of Labour budgets without following bottom up approach, led to wide variation in projected mandays and actual achievement in test checked districts. Muster Rolls were not properly maintained resulting in manipulation, payment on blank Muster Rolls and payment without acknowledgement.*

*The per annum average income of the HHs in all the 30 districts ranged from ₹ 671 to ₹ 1,630. This was against the target of ₹ 12,600 to ₹ 17,400 for a minimum of 100 days in a financial year. At this wage rate, MGNREGS had only marginally impacted the goal of sustainable development in poverty alleviation.*

*During 2012-17, out of 83.22 lakh HHs, 63.98 lakh HHs (77 per cent) were registered. Of the HHs registered, 26 to 37 per cent demanded work. Out of registered HHs, 23 to 32 per cent had attended work. The HHs that availed 100 days' employment in comparison to the HHs demanded, ranged from two to nine per cent in the State and one to 15 per cent in the test-checked districts.*

*Low employment generation occurred on account of (i) delay and non-issue of job cards, (ii) non-opening of bank accounts of all the beneficiaries, (iii) non-provision of relaxed work norms for the vulnerable groups, (iv) delay in payment of wages, (v) rejection of fund transfer order by the banks, (vi) payment of wages at lower rate and (vii) non-payment of compensation for delayed payment of wages.*

*There was improper execution of works leading to wasteful and excess expenditure and payment on inadmissible items.*

### **2.1.1 Introduction**

Mahatma Gandhi National Rural Employment Guarantee Act was enacted in September 2005. Under the Act, every rural household whose adult members volunteer to do unskilled manual work are provided social protection and livelihood security. This was made through provision of at least 100 days of guaranteed employment in a financial year. The Act was implemented in all rural districts of the State in a phased manner between February 2006 and April 2008. It aimed at empowerment of the socially disadvantaged (*i.e.* Women, SCs & STs). Durable assets were also created through convergence of various anti-poverty and livelihood initiatives. In case of failure in providing work in time, the Act mandates payment of unemployment allowance and compensation for delay in payment of wages. The Act also supports activities towards achieving elimination of poverty as a component of Sustainable Development Goals by the end of year 2030.

The scheme was implemented on a cost sharing basis between the Government of India (GoI) and the State. The GoI had to bear all costs, except (i) 25 *per cent* of the cost of material and wages for semi-skilled/ skilled workers, (ii) unemployment allowance and (iii) administrative expenses of the State Employment Guarantee Council. These components were to be borne by the State.

### **2.1.2 Organisational set up**

The scheme was implemented by the Panchayati Raj and Drinking Water (PR&DW) Department. It was under the overall supervision of the Commissioner-cum-Secretary acting as the State Programme Coordinator and the State Employment Guarantee Commissioner. The Collectors who act as District Programme Coordinators (DPCs) were responsible for implementation of the scheme at district levels. Block Development Officers (BDOs)-cum-Programme Officers (POs) implemented the scheme at Panchayat Samitis (PSs) level. At the village level, it were the GPs that implemented the scheme.

### **2.1.3 Audit objectives**

The objectives of the Performance Audit were to assess whether:

- Planning was adequate for effective and timely implementation of the scheme in compliance with the Acts and Rules;
- Livelihood security was provided efficiently through registration of households and allocation of wage employment;
- Works were economically executed and the convergence of the scheme with other programmes created durable assets;
- Monitoring and supervision was effective and transparent in implementation of the scheme by involving all the stakeholders.

### **2.1.4 Audit criteria**

The performance of the scheme would be evaluated with reference to the following sources of criteria:

- (i) Mahatma Gandhi National Rural Employment Guarantee Act, 2005,
- (ii) Operational Guidelines, 2013 issued by Ministry of Rural Development (MoRD),
- (iii) GoI instructions, Master Circular of MoRD and orders/instructions of Government of Odisha (GoO),
- (iv) Orissa Panchayat Samiti Accounting Procedure (OPSAP) Rules 2002,
- (v) Management Information System (MIS) data available at MGNREGS website,
- (vi) Census 2011 data and
- (vii) Orissa General Financial Rules (OGFR), Volume I and II.

### 2.1.5 Scope and methodology of Audit

The Performance Audit on the implementation of MGNREGA for the period 2012-17 was conducted between April and August 2017. Audit test checked records of PR&DW Department, eight out of 30 DPCs<sup>1</sup>, 24 out of 88 POs<sup>2</sup>, 16 line departments/ executive agencies<sup>3</sup> and 120 out of 454 GPs in eight selected districts (*Appendix-2.1*). The online data of MGNREGS was analysed after linking with the Census data. Regional analysis was made using this data on Geographical Information System (GIS) maps of Odisha. Twenty-five *per cent* of PSs and GPs were selected on the basis of risk identified through data analysis. The remaining 75 *per cent* units were selected on the basis of Stratified Random Sampling Without Replacement (SRSWOR) method. Joint Physical Inspection (JPI) of assets created under the scheme and verification of job cards along with interview of beneficiaries were conducted in the presence of representatives of the Programme Implementing Authorities.

An Entry Conference was conducted with the Commissioner-cum-Secretary, PR&DW Department on 03 April 2017 to discuss the audit objectives, criteria, scope and methodology. The Exit Conference was conducted on 22 September 2017, wherein the findings of the Performance Audit were discussed with the departmental representatives and their views were obtained.

## Audit findings

### 2.1.6 Impact of the scheme

During April 2012 to December 2016, the State utilised ₹ 7,338.70 crore out of ₹ 7,486.44 crore available. Wage employment was provided to 88.13 lakh

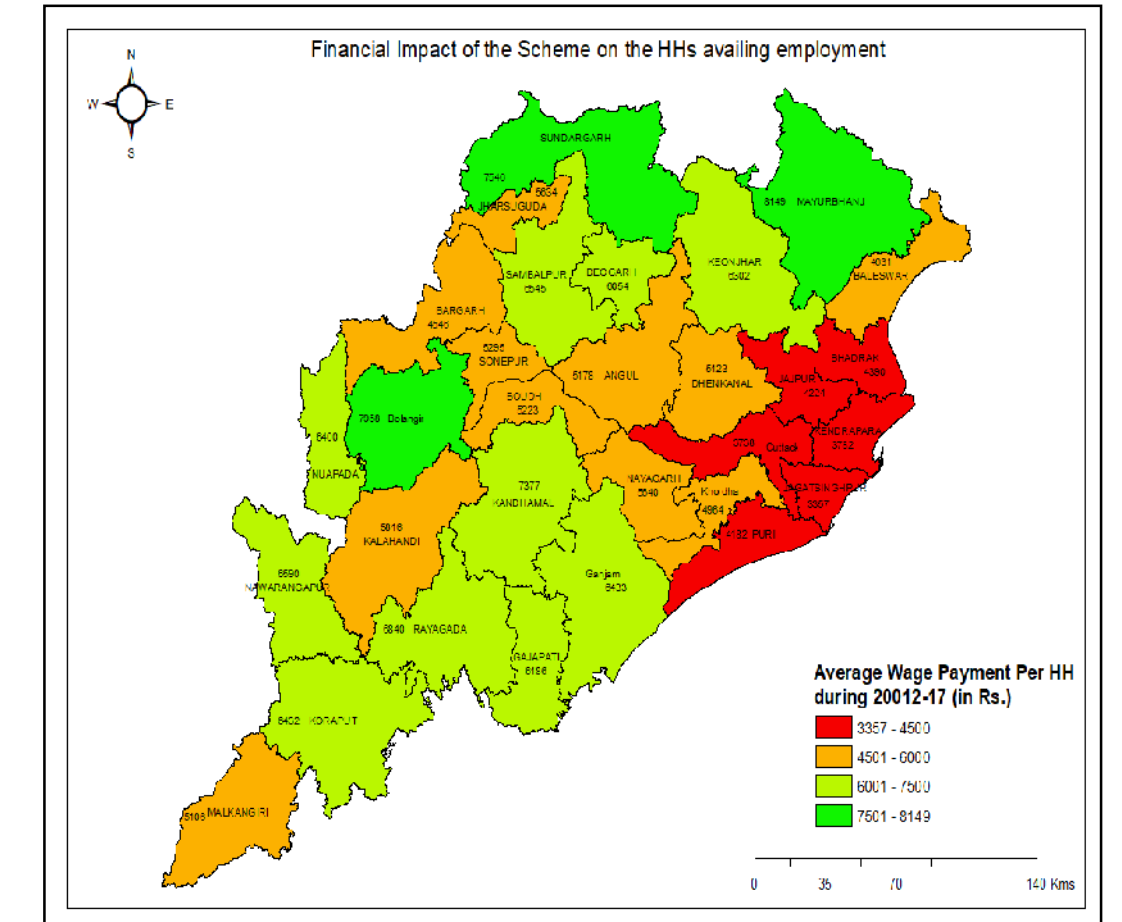
<sup>1</sup> Boudh, Kalahandi, Kandhamal, Keonjhar, Khurda, Koraput, Subarnapur and Sundargarh

<sup>2</sup> Boudh, Harabhanga, Kantamal, Dharmagarh, Golamunda, Junagarh, Baliguda, G.Udayagiri, Tikabali, Anandapur, Banspal, Champua, Baliana, Banpur, Chilika, Boipariguda, Kundara, Narayanpatna, Binika, Dunguripalli, Sonapur, Balisankara, Koira and Nuagaon

<sup>3</sup> Deputy Director of Horticulture (DDH): Kandhamal, Koraput and Kalahandi, Assistant Directors of Horticulture (ADH): Khurda, Subarnapur and Boudh, Deputy Director-cum-Project Directors, Watershed: Subarnapur, Kandhamal, Keonjhar and Sundargarh, Divisional Forest Officers: Khurda, Keonjhar, Kalahandi (South) Koraput and Sundargarh and Executive Engineer, Irrigation: Boudh

households (HHs). It created 34.64 crore mandays with a wage payment of ₹ 5,067.31 crore. The State also created 5.56 lakh items of assets under the scheme on water harvesting and drought proofing structure, plantation, land development, rural connectivity, etc. The average financial impact on HHs availing benefit from the scheme during the last five years ranged between ₹ 3,357 and ₹ 8,149 as shown in *Map No.1*.

**Map No.1: Financial impact of the scheme on the HHs availing employment**



The map indicated the average wage earned during the last five years by the HHs who availed benefits under MGNREGS. In districts of Mayurbhanj, Bolangir and Sundargarh, it was between ₹ 7,546 and ₹ 8,149. The same ranged from ₹ 3,357 to ₹ 3,738 per HH in respect of Jagatsinghpur, Cuttack and Kendrapara districts. The per annum average income of the HHs in all the 30 districts ranged from ₹ 671 to ₹ 1,630. This was against the target of ₹ 12,600 to ₹ 17,400 for a minimum of 100 days in a financial year. At this wage rate, MGNREGS had hardly impacted the goal of sustainable development in poverty alleviation.

### **2.1.7 Adequacy of structural mechanism**

#### **2.1.7.1 Improper functioning of State Employment Guarantee Council (SEGC)**

Section 12 of MGNREGA stipulated constitution of SEGC at State level. SEGC was to advise the State Government in all matters concerning the

scheme and its implementation, review the monitoring and grievance redressal. It was also to prepare the annual report to be laid before the State Legislature. In Odisha, the Orissa Rural Employment Guarantee Council (OREGC) was the SEGC. It was constituted in November 2007 under the Chairmanship of the Chief Minister. Minister, Panchayati Raj Department was the *ex officio* Vice-Chairman and 12 officials and seven non-officials were also members. As per Para 4 of the OREGC Rules, SEGC was to be reconstituted in every three years. However, Audit noticed that SEGC was reconstituted in November 2012 after delay of 23 months<sup>4</sup> and again in 2016 after a delay of seven months<sup>5</sup>.

Further, as per para 6(2) of OREGC Rules, SEGC had to sit at least once in six months to transact business. However, it was seen that OREGC had held only four meetings since its constitution in November 2007 as against the required 18 meetings. The shortfall in the number of meetings was due to non-availability of the *ex-officio* Chairman (Chief Minister) to attend the meetings. As a result, OREGC could approve the annual administrative reports of MGNREGS in the State for the years 2009-10, 2010-11 and 2011-12 only in January 2013. The annual administrative reports for the years 2012-13, 2013-14 and 2014-15 were approved only in August 2016. Due to shortfall in review, large number of grievances had been pending at State level. Several other shortcomings in execution and monitoring of the scheme were noticed which are discussed in para 2.1.15 and 2.1.17 of this Report. Thus, OREGC could not function effectively because of non-availability of Chairman (Chief Minister) to attend meetings.

The Director, Special Projects, PR&DW Department stated (November 2017) that more meetings were not possible due to several elections and natural calamities. He added that the SEGC was reconstituted in May 2017 under the Chairmanship of Minister, PR&DW Department as per requirement and availability of the Chairman.

#### **2.1.7.2 Inadequate human resources management**

As per the guidelines, a Society for MGNREGS was formed (February 2007) with four thematic experts, four specialists, four Programme Managers, six Programme Associates, four Programme Assistants and six Social Audit Managers. Similarly, one Additional Programme Officer (APO), Computer Assistant, Accounts Assistant, two MGNREGS Assistants (MgA) were to be appointed for smooth implementation of the scheme at PS level. One Gram Rozgar Sevak (GRS) and Gram Panchayat Technical Assistant were to be appointed at GP level.

Audit observed that MGNREGS Society was functioning with deficient manpower as 14 out of 28 required officials were not appointed. There was no Assistant Computer Programmer in 40 PSs, no GRS in 688 GPs and only one MGNREGS Assistant in 192 PSs against the requirement of two. As all the above posts were contractual, the officials getting better employment

<sup>4</sup> Due date of reconstitution: 26 November 2010 and actual date of reconstitution: 3 November 2012

<sup>5</sup> Due date of reconstitution: 2 November 2015 and actual date of reconstitution: 18 June 2016

opportunity would leave the job. Maintenance of MGNREGS accounts, grievance redressal, online entry of muster roll, verification and issue of job cards were not carried out as per the prescribed procedure. The reason was failure of the Government to provide adequate manpower at the State and unit level. Thus, the overall performance of the scheme suffered.

The Director, Special Projects stated (November 2017) that the Department had taken all out efforts to fill up the vacant posts lying in newly created GPs under MGNREGS. The concerned Collectors would also be instructed to fill up the vacant posts of APO and MgA.

#### ***2.1.7.3 Non-provision of special works to vulnerable groups***

Para 9 of Operational Guidelines provided a strong social safety net for vulnerable groups. However, extra efforts were to be made for special categories<sup>6</sup> of vulnerable people who would otherwise remain excluded. The State Government had to identify and train volunteers to engage with the special categories to ascertain their needs and requirements. Thereafter, it had to plan for specific works identified for these groups and make provision within the MIS for tracking their coverage. Accordingly, the Government engaged an agency - Odisha Modernising Economy, Governance and Administration (OMEGA). This team had to collaborate in rolling out Special Thrust for Empowerment of Primitive vulnerable tribal groups (STEP) in the State.

Audit observed that no data was available in the test-checked GPs and PSs regarding (i) the engagement of OMEGA or any other volunteers and (ii) exact number of beneficiaries registered from the vulnerable groups. Regarding provision of work to senior citizens over 65 years of age (one of the special category), Audit checked records of 827 beneficiaries older than 65 years in 120 test-checked GPs. It was found that none of them were provided any special works requiring lesser physical effort. Thus, special attention was not focussed on vulnerable sections of the rural society as desired under the scheme.

#### ***2.1.7.4 Non-formation of labour groups***

MoRD issued instructions (January 2015) to organise the workers into formal groups (i) to improve their participation in implementation and (ii) to ensure provision of entitlements provided under the Act. These groups had to work in association with village panchayats and intermediate panchayats. A Group had to submit an application for demand of work and also mobilise the members to give optimum output. However, no such labour group was formed in any of the eight test-checked districts. As such, the collective approach towards achieving the output was not achieved. There were deficiencies in

- (i) mobilisation of the workers,
- (ii) demanding work,
- (iii) holding weekly and monthly meetings for grievance redressal and

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<sup>6</sup> Persons with disabilities, primitive tribal groups, nomadic tribal groups, notified tribes, Women in special circumstances, senior citizen above 65 years, HIV-positive persons and internally displaced persons



- (iv) giving feedback on quality and utility of works executed.

The Director, Special Projects stated (November 2017) that the task of identification and training of volunteers to engage with job seekers had been entrusted to OMEGA team. Regarding non-formation of labour group, he stated that necessary instructions had been issued to the district authorities to take appropriate action.

However, the fact remained that the engagement of OMEGA team was not evident in Audit. Further, the instruction on formation of labour group was issued only in October 2017.

### 2.1.8 Preparation and approval of labour budget and Annual Action Plan

Para 6 of the Guidelines envisaged preparation of labour budget for (i) assessing the quantum (ii) timing of demand for work and (iii) preparation of shelf of projects to meet the demand. The labour budget was to be approved by the Gram Sabha after its preparation in a participatory manner at the grass root level. This was to be consolidated and approved at higher levels for onward submission to the Government of India (GoI). As per Para 2.5.3.2 and 2.5.3.3 of the master circular of MoRD, the project included in the Annual Action Plan (AAP) must indicate the expected outcome<sup>7</sup>. Only then it could be discussed in the Gram Sabha. Also the AAP had to include the maintenance of rural public assets created under MGNREGS.

During 2012-17, the actual employment generated was 3,463.68 lakh mandays as against the proposed 3405.19 lakh man days of labour budget of the State (*Table 2.1*).

**Table 2.1: Statement showing projected labour demand and achievement**

Year	Proposed mandays (in lakh)	Actual achievement (in lakh)	Difference
2012-13	612.00	546.01	Less by 11 %
2013-14	600.00	711.83	Excess 19 %
2014-15	633.13	534.79	Less by 15%
2015-16	760.06	894.65	Excess by 18%
2016-17	800.00	776.40	Less by 3 %
<b>Total</b>	<b>3,405.19</b>	<b>3,463.68</b>	

(Source: Information furnished by PR&DW Department)

In the eight test-checked districts, the actual generation of mandays fluctuated from 22 per cent shortfall to 20 per cent excess from the projected labour budget. Such fluctuation in projection and actual achievement was due to non-preparation of labour budget at the GP and PS level which resulted in the following deficiencies.

- In 102 out of 120 test-checked GPs, the labour budget was not approved by Gram Sabhas. In 12 out of 24 test-checked PSs, the same was not approved by Panchayat Samitis concerned. In four PSs, it was approved for one to three years during 2012-17. The labour budgets were directly prepared at PS level and submitted to the ZP for approval without

<sup>7</sup> Area to be brought under irrigation and increase in production in case of water conservation, water harvesting, canal works, villages to be benefitted in case of rural connectivity, building works and people to be benefitted in case of rural sanitation works.

assessment of demand from GP level. This top down approach led to variations in the employment generated.

- In all the test-checked GPs, projects were included in the AAP without mentioning the outcome; for instance, targeted beneficiaries, area to be irrigated were not identified. Audit observed during Joint Physical Inspection (JPI) that (i) seven<sup>8</sup> check dams were constructed without identifying beneficiaries, and (ii) four<sup>9</sup> roads were not fully constructed, as a result the required connectivity was not provided.
- In all test-checked GPs, no fund was earmarked in the AAPs for maintenance of assets created out of MGNREGS. In fact, the GPs had not prepared any list of assets created in their jurisdiction. Timely maintenance could have increased the durability of the assets. During JPI, Audit found three<sup>10</sup> check dams in damaged condition due to non-maintenance.
- In all test-checked GPs, 656 assets like ponds and katas were not maintained.
- During 2012-17, 4355 projects were executed at a total cost of ₹ 246.50 crore through nine<sup>11</sup> executing agencies of line departments. But none of them were approved by the concerned Gram Sabhas. Thus, the very process of participatory planning was defeated.

The Director, Special Projects stated (November 2017) that the labour budget and AAP had been approved by Gram Sabha each year through participatory approach. The Department had also instructed the Collectors to adhere to the guidelines for execution of the projects as per the AAP. On other observations he stated that the concerned collectors had been instructed to submit compliance.

The above reply was not correct as in 85 *per cent* of test checked GPs, the labour budget was not approved by the Gram Sabha. Further, the approved AAPs were not outcome based.

### **2.1.9 Funds Management**

As per MGNREGS Operational Guidelines, the State Government constituted a State Employment Guarantee Fund (SEGF) to effectively manage the receipt, transfer and utilisation of funds. The SEGF should have an in-built capacity to track the usage of funds down to the GPs. The district-wise availability and utilisation of funds during the period 2012-13 to 2016-17 are shown in *Maps No. 2 and 3*.

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<sup>8</sup> Four in Junagarh PS, one in Balisankara and one each in Chilika and Banapur PSs

<sup>9</sup> Two each in Chilika and Balisankara PSs

<sup>10</sup> Two in Champua and one in Harabhanga

<sup>11</sup> DFO, Kalahandi (South), Khurda, Keonjhar, Koraput and Sundargarh, DDH, Kalahandi, ADH, Khurda and Sonapur and PD, Water Shed, Keonjhar



[illegible]

**DISTRICT WISE UTILISATION OF FUND (2012-2017) IN %**

Utilisation of funds (%)

- Upto 80
- >80<=90
- >90<=100
- >100

0 50 100 150 200 Kilometers

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21

fund was the highest in Deogarh and the lowest in Nuapada. Audit observed the following irregularities in the financial management.

#### **2.1.9.1 Utilisation of funds under Administrative Expenses (AE)**

As per Para 12.5.2 of guidelines, the State was entitled to incur administrative expenditure within six *per cent* of the total expenditure in a year. The amount was to be spent on office expenses and professional services, specifically related to MGNREGS. The aim was to augment human resources and capacity building for critical activities. However, Audit observed the following irregularities in utilisation of AE:

- **Diversion of funds to other purposes:** As per para 12.5.6 of the guidelines, the expenditure on administrative head was to be related to the schematic activities. Audit noticed that ₹ 47.19 lakh was utilised towards procuring accounting packages (not for MGNREGS) for the use of PR&DW Department during 2012-17.
- Similarly, three DRDAs (Subarnapur, Keonjhar and Sundargarh) and one PS (Dunguripalli) utilised ₹ 20.87 lakh from AE head on payment of vehicle allowance for site visits without tour programme or tour diary. Besides, ₹ 7.77 lakh was spent on purchase of furniture by five field units<sup>12</sup> and ₹ 4.03 lakh was spent on electricity bills by two BDOs<sup>13</sup>.
- **Cost of work site facilities not booked under AE:** As per the guidelines, the cost of worksite facilities like supply of drinking water, crèche, work shed and first aid was to be charged to AE. However, Audit noticed that 14 out of 24 test-checked PSs charged the expenditure on worksite facilities to material account. One hundred ninety-one case records of these PSs were reviewed. Out of the total expenditure of ₹ 8.41 crore, ₹ 4.5 lakh was utilised on worksite facilities but charged to material account. This resulted in extra burden on the State exchequer.

The Director, Special Projects assured (November 2017) to submit compliance after obtaining the same from concerned districts.

#### **2.1.9.2 Non-deposit of labour cess deducted from the Works Bill**

As per orders of GoO (December 2008), labour cess at the rate of one *percent* of the total work executed was to be deducted from the works bill. The cess was to be deposited with Odisha Building and Other Construction Workers' Welfare Board for utilisation in the welfare of the labourers. Accordingly, PR&DW Department intimated the details of bank accounts for cess payment to all DRDAs in April 2015.

Audit observed that in 16 out of 24 PSs, the BDOs executed works with an expenditure of ₹ 276.61 crore at PS and GP level during the year 2014-17. Of this, ₹ 2.77 crore (one *per cent*) was deducted as labour cess, but not deposited

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<sup>12</sup> ADH, Subarnapur: ₹ 1.32 lakh, PD, DRDA, Kalahandi: ₹ 0.11 lakh, DDH, Kalahandi: ₹ 2.58 lakh, BDO, Boipariguda: ₹ 3.42 lakh and BDO, Narayanpatna: ₹ 0.34 lakh

<sup>13</sup> BDO, Boipariguda: ₹ 3.75 lakh and BDO, Narayanpatna: ₹ 0.28 lakh

by the concerned BDOs. The same was also observed in test checked districts where in 162 projects with total expenditure of ₹ 7.39 crore, labour cess of ₹ 6.34 lakh was deducted from the works bills. But the same was not deposited with the appropriate authority.

It was seen that separate account for deposit of labour cess was not available up to April 2015. However, the DDOs continued to deduct labour cess from the executants without depositing the same in the respective account. Thus, the funds meant for welfare of labourers could not be made available to the appropriate authority for provision of safety, health and welfare measures for labourers.

The Director stated (November 2017) that the PSs concerned had been instructed to deposit the labour cess with the appropriate authority.

### 2.1.10 Registration of households and allocation of wage employment

Para 3.1 of the guidelines provided for registration of HHs and issue of job cards within 15 days of application. The registered HHs were to be provided employment at least 100 days in a year within 15 days of application failing which the unemployment allowance was to be paid. Audit observed the following deficiencies in registration of HHs and wage employment.

#### 2.1.10.1 Employment generation

During the period 2012-17, 63.98 lakh rural HHs had registered themselves under MGNREGS and availed employment for 34.63 crore mandays. The status of registration, demand for work and employment generation by the job card holders during 2012-17 is shown in **Table 2.2**.

**Table 2.2: Physical performance under MGNREGS**

Year	Total HHs as per Census 2011 (in lakh)	Total HHs registered (in lakh)	HHs demanded employment in lakh (%age of registration)	HHs actually attended work in lakh (%age of HHs demanded)	%age of HHs attending work proportionate to HH registered	Mandays generated in lakh (Average mandays per HHs demanded work)	HHs with 100 days employment (%age of HHs demanded work)
1	2	3	4	5	6	7	8
2012-13	83.22	63.05	17.66 (28)	15.99 (91)	25	546.01 (31)	75,038 (4)
2013-14	83.22	63.56	18.90 (30)	17.10 (90)	27	711.82 (38)	1,56,781 (8)
2014-15	83.22	65.06	16.94 (26)	14.69 (87)	23	535.40 (32)	82,022 (5)
2015-16	83.22	66.65	22.28 (33)	19.97 (90)	30	894.46 (40)	1,97,460 (9)
2016-17	83.22	63.98	23.55 (37)	20.35 (86)	32	775.34 (33)	35,778 (2)

(Source: Downloaded from MGNREGS website and Census 2011 data)

From the above table, the following observations are made:

- **Low registration:** During 2012-13, 76 per cent of rural HHs were registered in the State with reference to Census 2011. In seven<sup>14</sup> out of eight test-checked districts, it ranged from 16 to 84 per cent.
- **Low demand for work:** During 2012-17, only 26 to 37 per cent of registered HH of the State demanded the work. In the test-checked districts, it ranged between 16 and 64 per cent.

<sup>14</sup> Boudh: 84 per cent, Kalahandi: 73 per cent, Koraput: 83 per cent, Keonjhar: 89 per cent, Khurda: 16 per cent, Subarnapur: 71 per cent and Sundargarh: 23 per cent

- **Low attendance:** During the year 2012-17, only 86 to 91 *per cent* of HHs that demanded work actually availed employment. The same was 79 to 95 *per cent* in the test-checked districts. However, compared to total HHs registered, the percentage of attendance ranged from 23 to 32 in the State.
- **Creation of 100 days' employment:** The HHs that availed 100 days' employment in comparison to the HHs demanded work ranged from two to nine *per cent* in the State. It was one to 15 *per cent* in the test-checked districts.

The low registration of HHs was due to the facts that GoO did not take adequate steps to (i) engage Civil Society Organisations to sensitise the HHs, (ii) form labour groups to create awareness among workers and (iii) conduct D2D survey to register the HHs. Similarly, during beneficiary interview, 27 *per cent* of beneficiaries interviewed stated that they were not interested to work due to delayed payment of wages. Twenty-five *per cent* beneficiaries attributed the reasons to non-provision of any relaxed work for women and elderly people. Fifty *per cent* of the beneficiaries stated that they were not interested due to less payment of wage in comparison to other works. Besides, non-payment of wages due to rejection of Fund Transfer Order (FTO) by banks and non-issue of job cards were also the other reasons for low demand and attendance for work.

The Department stated (November 2017) that due to low wage rate as compared to other schemes/ private sectors, migration of the HHs and less interest, the people were not coming forward to avail benefits under MGNREGS. The Director also assured to improve the position.

#### ***2.1.11 Irregular payment of wages and non-payment of compensation***

Section 3 (iii) of the MGNREGA provided that the disbursement of daily wages was to be made not later than a fortnight. Para 29 of Revised Schedule II of the Act provided for payment of compensation at a rate of 0.05 *per cent* of the unpaid wages per day for the duration of the delay beyond the 16th day of the closure of the Muster Roll. As per Para 10.7 of the Master Circular of MoRD, the BDO, after verification, could approve or reject the compensation payable which was calculated in MGNREGS IT system. In case of rejection, the BDO was required to give reasons on NREGASoft and maintain records of the same for future verification. During 2013-17, there was delay in payment of wages of ₹ 3,114.58 crore<sup>15</sup>. The compensation thus payable was ₹ 53.19 crore. However, only ₹ 15.18 lakh of compensation was paid during 2013-17 which was less than one *per cent* of the total amount due. Further, it was noticed that against 104.63 crore days of delay (DD), 93.95 crore DDs were rejected. The compensation for 93.95 crore DDs amounted to ₹ 48.01 crore. The reasons cited included insufficient fund in accounts and natural calamities etc. As the beneficiaries were not responsible for the above bottlenecks, the rejection was not justified. No records in support of rejection were maintained. Audit noticed that the delays and rejections vitiated the objective of the

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<sup>15</sup> ₹ 1,340.11 crore : 15 to 30 days, ₹ 998.45 crore : 30 to 60 days, ₹ 384.59 crore : 60 to 90 days and ₹ 391.43 crore : more than 90 days

scheme for providing livelihood support through guaranteed wage employment.

The Director stated (November 2017) that the Government had instructed all Collector-cum-DPCs to verify 100 *per cent* delay compensation amount in the last five years. The affected beneficiaries would be paid by recovering the amount from the erring officials.

- ***Non-payment of wages due to rejection of FTO:*** As per Para 8.4 of the guidelines, to avoid delay in payment of wages, State had to adopt integrated (electronic) fund management system. Para 8.1 (v) *ibid* also provided for proactive role of the PO in opening the bank/ post office accounts of the workers to ensure prompt payment. Audit noticed that during 2012-17, 338.46 lakh transactions were processed for payment. Of these, 9.50 lakh transactions involving ₹ 91.46 crore were rejected. The grounds of rejection were invalid Indian financial system code, non-existing account, closed bank accounts and non-tallying of account description etc. Further, the number of rejections of transactions increased from 0.51 lakh in 2012-13 to 2.71 lakh in 2016-17. In the test-checked districts, Audit noticed that the wage payments of ₹ 17.08 crore<sup>16</sup> had been rejected during the said period. This indicated lack of verification of the bank accounts of the beneficiaries before its addition to the job card. This resulted in non-payment or delayed payment of wages to the beneficiaries. The Department stated (November 2017) that all districts had been instructed for correct updating and freezing of account information before initiating any payment.
- ***Less payment of wages:*** From 1 April 2012, the wage rate was revised by GoI to ₹ 126 per day from ₹ 125. An analysis of data from MGNREGA portal revealed that the labourers were paid ₹ 125 in 1570 GPs of 314 PSs during April to June 2012. This resulted in less payment of ₹ 1.55 crore for 1.55 crore mandays. This less payment was also confirmed in 23 GPs of 12 test-checked PSs<sup>17</sup> where wages of ₹ 1.61 lakh for 1.61 lakh mandays were less paid. The wage rate in 2015-16 was ₹ 174. GoO granted additional bonus of 30 *per cent* over and above the wage rate to the labourers of drought affected GPs during 2015-16. Therefore, the wage rate was increased to ₹ 226. However, test check of 50 projects in 17 GPs of three districts (Kandhamal, Koraput and Sundargarh) revealed that 2,211 labourers were not paid the bonus. The wages paid less amounted to ₹ 6.88 lakh at the rate of ₹ 174 per day for 13,235 mandays. Similarly, in four GPs of Boipariguda and Narayanpatna PS, the payment due to 614 labourers was ₹ 7.66 lakh. However, they were paid ₹ 6.44 lakh for 4,033 mandays, resulting in less payment of wages of ₹ 1.22 lakh.
- ***Non-payment of wages despite engagement:*** Audit noticed that in five GPs of three PSs (Baliguda, Boipariguda and Narayanpatna), 53

<sup>16</sup> Boudh: ₹ 0.41 crore, Keonjhar: ₹ 6.16 crore, Koraput: ₹ 5.55 crore and Sundargarh: ₹ 4.96 crore

<sup>17</sup> G.Udaygiri, Tikabali, Baliguda, Champua, Narayanpatna, Boipariguda, Baliana, Chilika, Dunguripalli, Binika, Balisankara and Nuagaon

labourers were paid ₹ 3,480 for 20 mandays only. They had however worked for 335 mandays as per the muster roll. This resulted in less payment of wages of ₹ 53,730 for 315 mandays.

- **Payment of wages to labourers without attending work:** Audit noticed that 14 labourers were paid wages of ₹ 11,702 for 68 mandays in two GPs of two PSs (Boipariguda and Baliguda) through online muster roll. They were however shown as absent in the muster roll. This indicated that the labourers were paid wages without actually being engaged in work.

### **2.1.12 Non-payment of unemployment allowance**

As per Section 7 of the MGNREGA and Para 3.5 of the guidelines, if a job card holder was not provided employment within 15 days of receipt of application seeking employment, he should be entitled to a daily unemployment allowance at the prescribed rate<sup>18</sup>.

Test check of records in 23 test-checked PSs revealed that 11,843 labourers had applied for employment for 1,22,430 days during 2014-17. They were neither provided employment nor provided unemployment allowance. Further analysis revealed that 123 labourers<sup>19</sup> had sought employment but the muster rolls generated by the POs concerned had not included their names. As such, they were deprived of the employment as well as the unemployment allowance.

The Director stated (November 2017) that the matter was under active consideration of Government to formulate rules for payment of unemployment allowance.

### **2.1.13 Provision of employment for more than 100 days**

As per para 3.2 (ii) of the guidelines, GoI would provide 100 *per cent* of unskilled wage payment to every registered household for a maximum of 100 days' employment in a financial year. In case of providing employment for more than 100 days, the concerned State Government was to bear the excess cost. It was required to furnish declaration in the UC that any excess payment for more than 100 days would be borne by it.

Audit, however, noticed that 3.41 lakh HHs from 4,672 GPs were provided 24.88 lakh days' employment in excess of their 100 days' entitlement during 2013-17. This involved a wage component of ₹ 33.03 crore which was to be borne by GoO as shown in **Table 2.3**.

**Table 2.3: Details of excess mandays over 100 days**

Year	Total HHs/ Job cards	Total employment in man-days	Man-days in excess of 100 days	Excess wages to be booked in State share @ ₹ 125-226/ mandays (₹ in crore)
2013-14	1,28,495	1,49,42,056	20,92,556	26,36,62,056
2014-15	60,936	63,75,183	2,81,583	4,61,79,612
2015-16	1,42,141	1,81,91,595	13,987	31,61,062

<sup>18</sup> One-fourth of the wage rate for the first thirty days during the financial year and one-half of the wage rate for the remaining period of the financial year

<sup>19</sup> Boipariguda PS: 106, Kundra PS: 10 Sonepur PS: four and Binika PS: three



Year	Total HHs/ Job cards	Total employment in man-days	Man-days in excess of 100 days	Excess wages to be booked in State share @ ₹ 125-226/ mandays (₹ in crore)
2016-17	9,509	10,50,369	99,469	1,73,07,606
<b>Total</b>	<b>3,41,081</b>	<b>4,05,59,203</b>	<b>24,87,595</b>	<b>33,03,10,336</b>

(Source: MGNREGS website)

However, GoO furnished UC to MoRD certifying that no HHs were provided employment for more than 100 days in a financial year and claimed the inadmissible wage component of ₹ 33.03 crore from GoI.

The Director stated (November 2017) that in many cases, the penultimate MR had 95 to 100 days due to which the last MR had exceeded 100 days. However, he assured to examine the matter.

Audit noticed that the reply of the Director was not relevant to the findings.

#### 2.1.14 Issue of Job card

As per para 3.1.5 of the guidelines, the eligible applicants were to be provided job cards by the GP within a fortnight of the submission of application. Further, para 3.1.5 *ibid* provided that the GP would undertake annual updating exercise for addition and deletion of members on account of demise, change of residence etc. and the same would be read out in the GS. As per para 8.1 *ibid*, MGNREGS workers were to be paid wages through their bank account. The PO should proactively help workers to open bank/ post office accounts.

Further, Rashtriya Swasthya Bima Yojana (RSBY) aimed at providing insurance cover of ₹ 30,000 per annum per family (a unit of five) to MGNREGS beneficiaries who had worked for more than 15 days during the preceding financial year.

Audit noticed the following deficiencies in issue of job cards (*Table 2.4*).

**Table 2.4: Table showing deficiencies in issue of Job Cards**

Issue	Observation	Reply of Government
Non-issue of job cards	During the year 2012-17, in 59 out of 120 GPs, 4,925 registered HHs were not issued job cards after demand. Due to this the registered HHs could not avail employment.	Director assured to submit final compliance after obtaining the same from Collectors-cum-DPCs concerned.
Delay in issue of job cards	From online Registration Application Register of test-checked GPs, it was noticed that there was delay of three to 1,068 days in 48 out of 120 GPs in issue of job cards to 1,064 HHs during the year 2012-17.	
Beneficiaries without bank accounts	It was noticed that out of 162.92 lakh beneficiaries, 83.66 lakh (51 per cent) beneficiaries of the State had no bank account. Further, 20.42 lakh bank accounts were frozen due to which no payments could be made. Audit observed in 18 test-checked PS that 5.41 lakh out of 9.53 lakh beneficiaries had no bank account.	
Inadequate coverage under RSBY	The data on number of individual beneficiaries who worked for more than 15 days in a year was not available at either district or PS levels. However, the online data showed that in the test-checked districts, only 463 beneficiaries were covered under RSBY as of March 2017. The number of HHs who had completed more than 100 days' work in a year was 63,796. Thus, the insurance cover provided to the MGNREGS workers under RSBY was grossly inadequate	

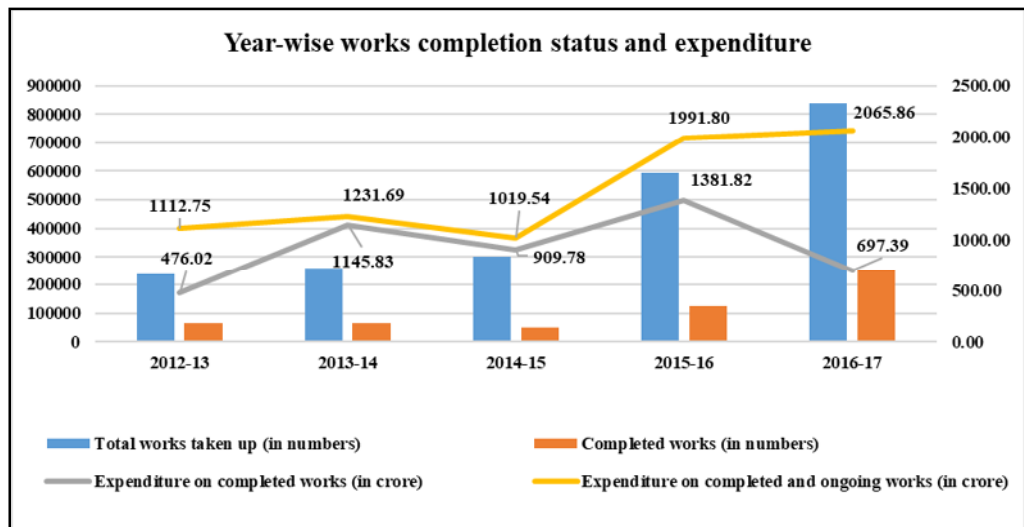
(Source: Records of the PSs)

#### 2.1.15 Execution of work

The objective of MGNREGA was to provide wage employment along with creation of durable assets. The works were to be performed by using manual

labour and not by using labour displacing machines. As per Schedule-I to the Act, the projects related to water conservation, drought proofing, land development, afforestation or horticulture plantation, rural connectivity and rural infrastructure etc. were to be undertaken. GoI also encouraged convergence of MGNREGS works with schemes/ activities of other Departments. During the period 2012-17, the State had taken up 11.41 lakh works and completed 5.56 lakh works with an expenditure of ₹ 4,610.84 crore. The year-wise works taken up, completed and expenditure for the same are as shown in **Chart 2.1**.

**Chart-2.1: Physical and financial status of work executed during 2012-17**



Test check of records of 24 PSs, 120 GPs and 16 executing agencies revealed the following irregularities.

#### **2.1.15.1 Delay in completion of work**

Operational Guidelines provided that new works could be taken up only after completion of works taken up earlier. Further, no sanction would be given to begin new works, if there were incomplete works for more than one fiscal year, after the year in which the works were proposed.

Audit noticed that 11,202 works were taken up in the test-checked GPs during 2012-17. Out of these, 3,970 works<sup>20</sup> remained incomplete for one to four years. Despite pendency of 1986 works for more than two years, the Gram Sabha did not include the pending works in the AAP. Rather new works were taken up for execution without making any effort for completion of the incomplete works.

The Director, Special Projects stated (November 2017) that all Collector-cum-DPCs had been requested to complete the balance incomplete works and update the same in NREGASoft.

<sup>20</sup> Since 2012-13: 951, 2013-14: 417, 2014-15: 618 and 2015-16: 1984

### **2.1.15.2 Inadmissible execution of road work without all-weather connectivity**

The guidelines provided that rural connectivity providing all-weather access could be executed under MGNREGA. Earthen road was not a durable asset and could not provide all weather connectivity during the rainy seasons. In the test-checked GPs, 1,389 earthen roads were constructed at a cost of ₹ 32.21 crore during 2012-17. Audit noticed that 163 such earthen roads were constructed with an expenditure of ₹ 5.80 crore. No effort for convergence of other schemes was made to give these roads all-weather accessibility.

JPI of 58 such roads revealed that the roads were not fit for all-weather connectivity. As the roads were not durable and could not provide all-weather connectivity, execution of these works incurring ₹ 32.21 crore was not admissible under the scheme.

The Director, Special Projects stated (November 2017) that the estimates would be prepared for construction of road works, making them suitable for all weather connectivity.

### **2.1.15.3 Wasteful expenditure on incomplete works**

The objective of execution of the project 'Renovation of water bodies' and 'Construction of check dams' was to (i) increase the storage capacity of water bodies and ground water level and to (ii) provide irrigation facility for cultivation. Audit noticed in the test-checked GPs that 285 projects on renovation of water



Renovation of Balpall Tank in Chhakarmal GP of Sonepur PS

bodies, check dams and earthen roads etc. were taken up during 2012-17. Against estimated cost of ₹ 11.82 crore, an expenditure of ₹ 4.25 crore was incurred on these works. However, after partial execution, the works were shown as completed and no further expenditure was incurred. Audit verified this position in a JPI. Thus, the objectives behind these projects were not achieved and the expenditure of ₹ 4.25 crore became wasteful due to partial execution of work.

The Director, Special Projects assured (November 2017) that instructions would be issued to complete the incomplete works satisfactorily.

### **2.1.15.4 Unfruitful expenditure of failed plantation**

As per Plantation Manual and cost norm, the plantation and maintenance work had to be started during June-July i.e. on the onset of monsoon. The plantation activity would take three years i.e. one year for creation and two years for maintenance.

Audit noticed that 12 executing agencies<sup>21</sup> of the line departments took up plantation work in 5,087.70 hectares of land and 15 running km of road during 2012-17. The expenditure incurred was ₹ 28.74 crore. It was noticed that the plantations started late due to delayed administrative approval. Again delayed purchase of fencing materials, chemicals and fertilisers affected the survival rate. The maintenance in the first year and second year delayed due to the above reasons. Consequently, in 1,470.92 hectares out of 5,087.70 hectares of land, the survival rate was poor and the plantations failed. Thus, the expenditure of ₹ 7.38 crore incurred on maintenance of these plantations became unfruitful.

The Director, Special Projects stated (October 2017) that instructions had been issued strictly to adhere to the timeline for technical and financial sanction.

**2.1.15.5      *Payment on an inadmissible item***

As per the instruction of PR Department (July 2015) pesticides, insecticides and chemical fertilisers should not to be procured from MGNREGS funds. However, during the year 2012-16, nine executing agencies<sup>22</sup> purchased chemical fertilisers and pesticides for ₹ 3.90 crore from the said fund. The expenditure on such items was inadmissible and therefore, irregular.

**2.1.15.6      *Payment without measurement***

Para 7.13.1 and 7.14.2 of the Operational Guidelines provided that all measurements of work done were to be recorded in the Measurement Book (MB). The pay order was to be generated after recording and entering of weekly muster rolls and measurements in the MB and NREGASoft respectively.

Scrutiny of case records and muster rolls of Deogaon GP revealed that payment of ₹ 3.39 lakh was made in two works (i) Renovation of Tank near School at Patrapur (June 2014) and (ii) Construction of Patrapur new road (March 2015). There were no entries in the MB. The Running Account Bills (RABs) in support of these payments were also not available. Thus, the payment was made without any measurement book details and was irregular.

**2.1.15.7      *Lack of convergence in Rural Connectivity programme***

MoRD intimated (October 2013) for convergence of MGNREGS with PMGSY for encouraging rural connectivity. It advised to take up the formation and consolidation work of the road in the initial stage and post completion maintenance at later stage. Audit observed that ₹ 2,258.43 crore was utilised in eight test-checked districts during 2012-17 for construction and maintenance of PMGSY roads. However, there was no convergence at any stage of the project with MGNREGS.

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<sup>21</sup> ADH, Sonapur, Khurda, Boudh, Baliguda, Tikabali and G. Udayagiri, DDH, Keonjhar, ASCO, G. Udayagiri, SCO, Sonapur, PD Watershed, Sundargarh, ITDA, Sundargarh and DFO, Koraput

<sup>22</sup> ADH, Sonapur, Khurda, Baliguda, PD Watershed Keonjhar, DFO Keonjhar, Khurda, DDH, Kalahandi, DFO, Sundargarh and PD, Watershed, Sundargarh.

### 2.1.15.8 Irregularity in procurement of material

Para 7.4.3 of the guidelines prescribed that offers should be invited in a fair and transparent procedure to ensure procurement of material in an efficient manner. State Government should encourage the e-procurement system. Audit noticed that the implementing agencies procured the material without inviting tender in a decentralised manner as detailed below:

- **Purchase of material without approval of DLCC:** The State Level Convergence Committee decided (July 2015) that procurement from MGNREGS funds would be made after approval of the District Level Convergence Committee (DLCC). It was observed that no DLCC had been formed in four test-checked districts<sup>23</sup> during 2015-17. However, ₹ 15.74 crore was utilised by nine line departments<sup>24</sup> on procurement of pesticides, bio-fertilisers, tree guard etc. There was no approval of DLCC. As a result, identical material were purchased by different executing agencies and at different rates. For instance, while ADH, Khurda procured the gabions @ ₹ 110 per piece the same was purchased by the Forest Range Officers of Khurda @ ₹ 135. Similarly, DFO Koraput purchased the gabions @ ₹ 91 per piece, the DDH Koraput procured the same @ ₹ 126. This was due to non-adherence to rules of procurement by the authorities.
- **Purchase of material without tender:** The State utilised ₹ 1,973.86 crore on material component during 2012-17. Audit test checked records of 170 works of test-checked PSs involving total expenditure of ₹ 249.46 crore. It was noticed that purchase procedure was not followed while procuring the material. The BDOs purchased and utilised material worth of ₹ 4.05 crore from local market as and when required without inviting tenders. Out of the above, material valued at ₹ 1.12 crore was purchased from unregistered dealers and suppliers. Also, ₹ 51.43 lakh was paid to the private suppliers on the basis of hand receipt in support of supply of materials for creation of assets.
- **Irregular purchase of gabions and undue favour to the supplier:** The PR Department, GoO issued (July 2016) a clarification regarding use of fencing materials for plantation activities under MGNREGS prescribing the procurement to be strictly made by fair, transparent and competitive bidding process. Besides, the GoO, Department of Agriculture and Farmers' Empowerment instructed (September 2016) not to place any supply order with Odisha Consumers Co-operative Federation limited and other cooperatives without tender.

Files relating to purchase of agricultural inputs revealed that the Deputy Director of Horticulture (DDH), Kalahandi had procured 34,200 gabions (specified size 6 X 1.5 metre) at a cost of ₹ 1.18 crore from Bhubaneswar Regional Co-operative Marketing Society

<sup>23</sup> Except Keonjhar, Koraput, Kandhamal and Boudh

<sup>24</sup> Deputy Director Horticulture (DDH), Kalahandi and Koraput, Project Director, Watershed, Sundargarh, Asst. Director of Horticulture (ADH), Khurda, Sonapur, Divisional Forest Officer (DFO), Kalahandi (South), Khurda, Koraput and Sundargarh

(BRCMS) Limited. This was done during November and December 2016 without floating any tender which was irregular.

Besides, Audit noticed during JPI in Junagarh and Dharmagarh PS that the actual gabions utilised in the fields of individual beneficiaries were of size 3 X 1.5 metre which was 50 *per cent* less than the specified size. The size of the nets was not verified at the District level at the time of receiving the stocks. Thus, an amount of ₹ 58.99 lakh (50 *per cent* of the total cost of ₹ 1.18 crore) was paid in excess.

On this being pointed out, the DDH stated (July 2017) that the gabions were cut into pieces and utilised by the beneficiaries themselves. The reply was not tenable since 12 beneficiaries from Junagarh and Dharmagarh PS stated (July 2017) that the gabions of the size of 3 X 1.5 metre were provided to them and the same were used.

#### **2.1.15.9 Non-provision of worksite facilities to the workers**

As per the guidelines, the MGNREGS workers were entitled to get worksite facilities like drinking water, crèche/ shade and first aid. However, 191 case records of 14 PSs involving expenditure of ₹ 8.31 crore were test checked. In 89 works, no drinking water and in 168 works no crèche, shade or first aid was provided.

The Director assured (November 2017) to submit detailed compliance on all the above observations after obtaining the same from the Collector-cum-DPCs concerned.

#### **2.1.16 Cases of suspected misappropriation**

During audit of MGNREGS, cases of non-recovery of outstanding advances, suspected misappropriation, doubtful payment of wages and irregularities in maintenance of Muster Rolls (MR) were noticed. Details are given in **Table 2.5**.

**Table 2.5: Cases of suspected misappropriation**

Types of irregularity	Place of occurrence	Money value (₹ in lakh)	Remarks	Reply of the Government
Non-recovery of Outstanding Advances	MGNREGS Society, Bhubaneswar	403.00	The amount was outstanding against two private parties, 14 government employees and 31 government offices for one to four years. No Advance Register was maintained. No action had been taken by the Society to recover the unadjusted advances till date of audit. Thus, the possibility of misappropriation and misutilisation of funds could not be ruled out.	Director assured to take necessary steps to recover the advances.
Suspected misappropriation	BDO, Boipariguda	6.00	The amount was drawn from MGNREGS fund by BDO, Boipariguda through self-cheque for procurement of cement and MS Rods. The amount was neither exhibited in the cash book as receipt nor advanced to any agency or supplier for supply of the material as of March 2017. Hence, the amount was suspected to be misappropriated.	Director stated that instructions for taking stringent action against erring official have been given.
Doubtful payment of wages	Bailo GP of Anandapur PS in Keonjhar district,	0.10	Ten beneficiaries of three GPs had worked in two different works during the same period. They were paid	Director stated that concerned Collector cum DPCs had been



Types of irregularity	Place of occurrence	Money value (₹ in lakh)	Remarks	Reply of the Government
	Kinjirkela and Rampur GPs of Balisankara PS in Sundargarh district		₹ 25,235 (₹ 9,660 from MGNREGS and ₹ 15,575 from Devolution of Fund scheme and 14 <sup>th</sup> CFC). In the Muster Rolls of both the works, the name of labourer, name of his father, village and period of engagement were the same. Thus, the payment of ₹ 9,660 to labourers was doubtful.	requested to furnish the compliances.
Irregularities in maintenance of Muster Rolls (MR)	Junagarh, Kundra, Balisankara, Banapur, Binita, Dunguripali, Sonepur, G.Udaigiri, Narayanpatna, Boipariguda and Baliguda	6.17	Records in 11 test-checked PS for the years 2012-17 revealed that there was manipulation in MRs by way of cutting, erasing and overwriting. This involved wage payment of ₹ 6.17 lakh made to 944 labourers for 3,674 mandays. Thus, the actual attendance of labourers was doubtful.	Director stated that strict instructions had been given to Collectors to take stringent action on erring officials.
	Baliguda, G.Udaygiri, Boipariguda and Narayanpatna	NA	In four PSs, signature of 942 labourers was obtained in 109 blank MRs and kept in case records. This indicated that the MRs had not been maintained at work sites and the signatures of the labourers were obtained before commencement of the work	

(Source: Records of concerned BDOs)

## 2.1.17. Transparency and grievance redressal and monitoring

### 2.1.17.1 Management Information System (MIS)

As per Para 11.3 of the guidelines, MoRD had implemented a web based Management Information System i.e. NREGASoft for data entry and consolidating the financial and physical information of the scheme at State, District, PS and GP levels. The MIS was used by both Ministry and State as a tool for both monitoring the implementation of the scheme and maintaining transparency by ensuring wider dissemination of the collected information.

Audit noticed the following discrepancies between the data uploaded in the MIS and records available with the Department/ field units.

#### (i) Unreliable MIS data

Discrepancy between the wage rates for unskilled labour prescribed by GoI and the actual rate of wages paid was noticed in the MIS. The details are shown in **Table 2.6**.

**Table 2.6: Difference in labour rates**

Year	Prescribed labour rate (in ₹)	Range of labour rate paid as per portal (in ₹)	Field findings (in ₹)
2012-13	126	75-135	126*
2013-14	143	66-153	143
2014-15	164	60-199	164
2015-16	164	102-228	164
2016-17	174	120-281	174

\* ₹125 in some GPs as mentioned in the sub-paragraph under Paragraph 2.1.11

(Source: MGNREGS website)

From the table, it can be seen that the prescribed labour rates ranged from ₹126 to ₹174 during 2012-13 to 2016-17. This was also confirmed during beneficiary interviews. However, the labour rates shown in MIS data in MGNREGS website ranged from ₹ 75 to ₹ 281 during 2012-13 to 2016-17. This indicated that the MIS data was unreliable.

**(ii) Mismatching of photographs uploaded in NREGASoft**

Geo-tagged time-stamped photographs of the site before the start of the work, at intermediate stage and after completion of the work were to be uploaded on NREGASoft (Bhuvan). On analysis of the geo-tagged photographs of Bhuvan of selected GPs, it was found that in Jamudihi GP of Koida PS of Sundargarh, same photograph was uploaded for two different works. Similarly, during field audit, it was observed that in three GPs<sup>25</sup>, the photograph uploaded in the portal was different from the actual worksite.

Same photo uploaded in NREGASoft Bhuvan MIS for two different works	
	
IAAY house of Niarjan Topno Work Code No.2402015005/IF/10066507	IAAY house of Dulari Munda Work Code No.2402015005/IF/10097165

The Director stated (November 2017) that the Geo-tagging of assets had been done against the completed works of MGNREGA through Bhuvan mobile App. Each Geo-tagged asset *inter alia* had two photographs with date and time stamp. However, the Director assured to obtain compliance from the concerned Collectors.

**2.1.17.2 Social Audit**

As per Para 13 of the guidelines, Social Audit is a means of continuous public vigilance with basic objective to ensure public accountability in the implementation of project laws and policies.

Para 13.2.1 provided that the State Government had to establish a Social Audit Unit (SAU), independent of the MGNREGS Society.

The SAU had to identify appropriate number of Resource Persons at State, District, PS and GP level to facilitate the Gram Sabha in conducting Social Audit. The resource persons deployed were required to verify the muster rolls, assess the physical work with reference to records and its quality. They had to check financial records like cash book, bank statements, bills etc., to ascertain the correctness and reliability of financial reporting. They had to facilitate the Gram Sabha in conducting social audit in the state. Audit observed the following shortcomings in the conduct of Social Audit in the State.

The Odisha Society for Social Audit Accountability and Transparency (OSSAAT) was established (September 2011) to function as SAU in the State. One Director was appointed in OSSAAT in October 2012. However, OSSAAT could not provide any support team to the Director due to

<sup>25</sup> Talakainsari and Kuanra GPs in Bansapal PS of Keonjhar district and Gresingia GP in G. Udyagiri PS of Kandhamal District

insufficient budget provision for human resources by MoRD. Subsequently, the Director resigned in March 2014. Another Director and six SA Experts were appointed and the SAU was made functional only in December 2016. The Social Audit (SA) mechanism at district and lower levels suffered due to delayed formation of SAU.

- ***Delay in appointment of Resource Persons:*** The appointment of resource persons for districts and PSs was made during November 2016 to March 2017. No resource persons were appointed for the villages up to March 2017.
- ***No video recording of the proceedings:*** As per Para 13.3.11 of the Guidelines, the entire proceedings of the Social Audit would be video recorded. Audit observed that SA was conducted on regular basis during 2012-17 in all the test-checked districts. However, the proceedings were not video recorded and hoisted in the web since 2015 till date, as required in the guidelines.
- ***No Report on public hearing sent to DPC:*** As per instruction of PR Department (April 2011), PS level Public Hearing Committee was to sit twice in a financial year to strengthen the SA. The findings of the public hearing recorded were to be sent to the DPC to ensure necessary compliance by all concerned. Audit observed that in six PSs, no public hearing was conducted. The findings of the committee though recorded in 18 PSs, the same was not sent to the DPC by 11 PSs during 2012-17 for taking any remedial measure.
- ***Lack of quality monitoring:*** As per Para 13.2.3 of the Guidelines, the SAU should have quality monitors to evaluate the quality of assets to ensure durability and intended usefulness. Audit noticed that SAU had not appointed quality monitors to evaluate the quality of assets. In Kalahandi and Boudh districts, Audit noticed during JPI that two Bharat Nirman Rajiv Gandhi Seva Kendra (BNRGSK) buildings constructed (2012) at a cost of ₹ 20 lakh were abandoned for the last three years due to damaged condition of the walls and floors making the buildings unsafe and non-habitable.

The Director stated (November 2017) that compliances were sought for from the districts.

### ***2.1.17.3 Grievance redressal and monitoring***

MGNREGS (Grievance Redressal Mechanism) Rules, 2010 provided that as soon as the complaint was received, it should be entered into a complaint register with date of receipt, date of disposal etc. The complaint was to be disposed of within 15 days. A monthly report was to be sent from GP to the PO, PO to DPC and DPC to GoO on status of the disposal. However, test check of records at Mission Directorate, MGNREGS, Odisha and eight test-checked districts revealed the following deficiencies:

- ***Non-maintenance of complaint register:*** No complaint register was maintained at State level and at five test-checked districts (except in Kalahandi, Koraput and Sundargarh). The Director stated that steps

had been taken to maintain the grievance register and early disposal of the grievances.

- **No monthly report on Grievance:** The Mission Director had neither received any monthly report on grievances from the DPCs nor sent any report to the MoRD on the status of disposal of grievance at the State level. The Director stated that field functionaries had been instructed to submit MPR on grievances.

**Grievances not disposed off:** As per MIS of MGNREGS as of March 2017, out of 1346 grievances received, 628 complaints were pending at State level and five at District and PS level without disposal. From these, Audit verified 10 complaints pending at State level and found that all the complaints were more than one-year old. The Director stated that all the pending grievances were sent to the Collectors concerned for disposal and reminders were issued to defaulting districts.

#### **2.1.17.4 Non-formation of District Vigilance Cell**

As per Para 13.6.3 of the guidelines, a district level Vigilance Cell was to be set up headed by a district level officer supported by an engineer and an auditor. They had to carry out instruction of State Vigilance Cell to perform inspection and take follow up action. However, no such Vigilance Cell was set up in any of the test-checked districts. The Director assured to furnish final compliance after obtaining the same from the districts.

#### **2.1.17.5 Non-constitution of VLMC**

As per Para 13.6.4 of the guidelines, Village Level Monitoring Committee (VLMC) was to be constituted to monitor the works executed under MGNREGS. It had to provide certificate on satisfactory completion including qualitative assessment of the nature of work and its usefulness. Audit noticed from scrutiny of 365 case records that VLMC had not been formed in 349 projects.

#### **2.1.17.6 Vacancy in the office of Ombudsman**

Para 13.14 of the guidelines provided that, the State Government was to establish office of Ombudsman in all districts for expeditious redressal of grievances and maintenance of transparency and accountability. However, in all the test-checked districts, the post of Ombudsman remained vacant from July 2013 to March 2017.

The Director stated (November 2017) that Ombudsman were in position in 11 districts and steps were being taken to give additional charge of districts to eight existing Ombudsmen. The reply was not acceptable as in three (Khurda, Koraput and Sundargarh) out of those 11 districts, Ombudsmen were not available as verified in Audit.

#### **2.1.18 Conclusion**

The execution of MGNREGS suffered due to inadequate institutional arrangements at State, District and PS levels. Labour budgets were not

prepared in a participatory manner leading to wide variation in projected mandays and actual achievement.

Delay in reconstitution of SEGC and inadequate sittings led to delayed approval of annual reports and non-monitoring of implementation of the scheme.

There was low employment generation. Further, delay in payment of wages, non-payment of compensation among other reasons, discouraged beneficiaries to avail employment. The average wage per HH per annum earned during 2012-17 was only between ₹ 671 and ₹ 1,630 which could not significantly promote the goal of poverty alleviation.

There was lack of focus on creation of durable assets in convergence with other schemes. Works were improperly executed leading to wasteful, inadmissible and excess expenditure.

Social audit in the State was ineffective due to inadequate deployment of resource persons and non-recording of its proceedings.

#### ***2.1.19 Recommendations***

- Adequate manpower may be provided to carry out scheme related activities at all levels;
- Labour budget may be prepared in a participatory manner in accordance with the scheme guidelines;
- Timely payment of wages may be made after ensuring adequate funds to encourage beneficiaries avail employment;
- Durable and useful assets may be created in convergence with other schemes;
- Adequate monitoring and supervision mechanism at all levels may be established for effective implementation of the scheme.