

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

For the year ended 31 March 2012

**Government of Uttar Pradesh
Report No. 4 of the year 2013**

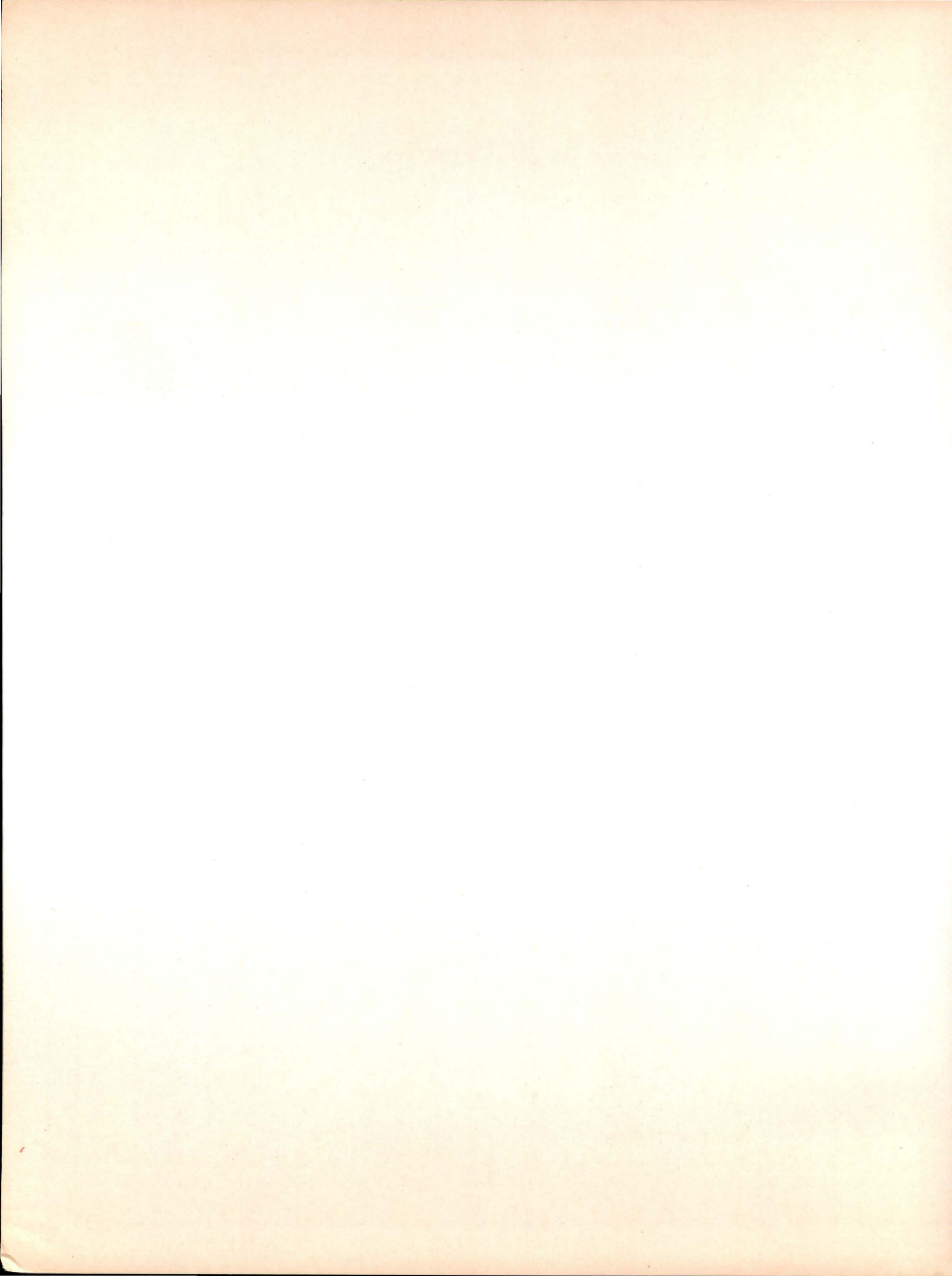


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PREFACE

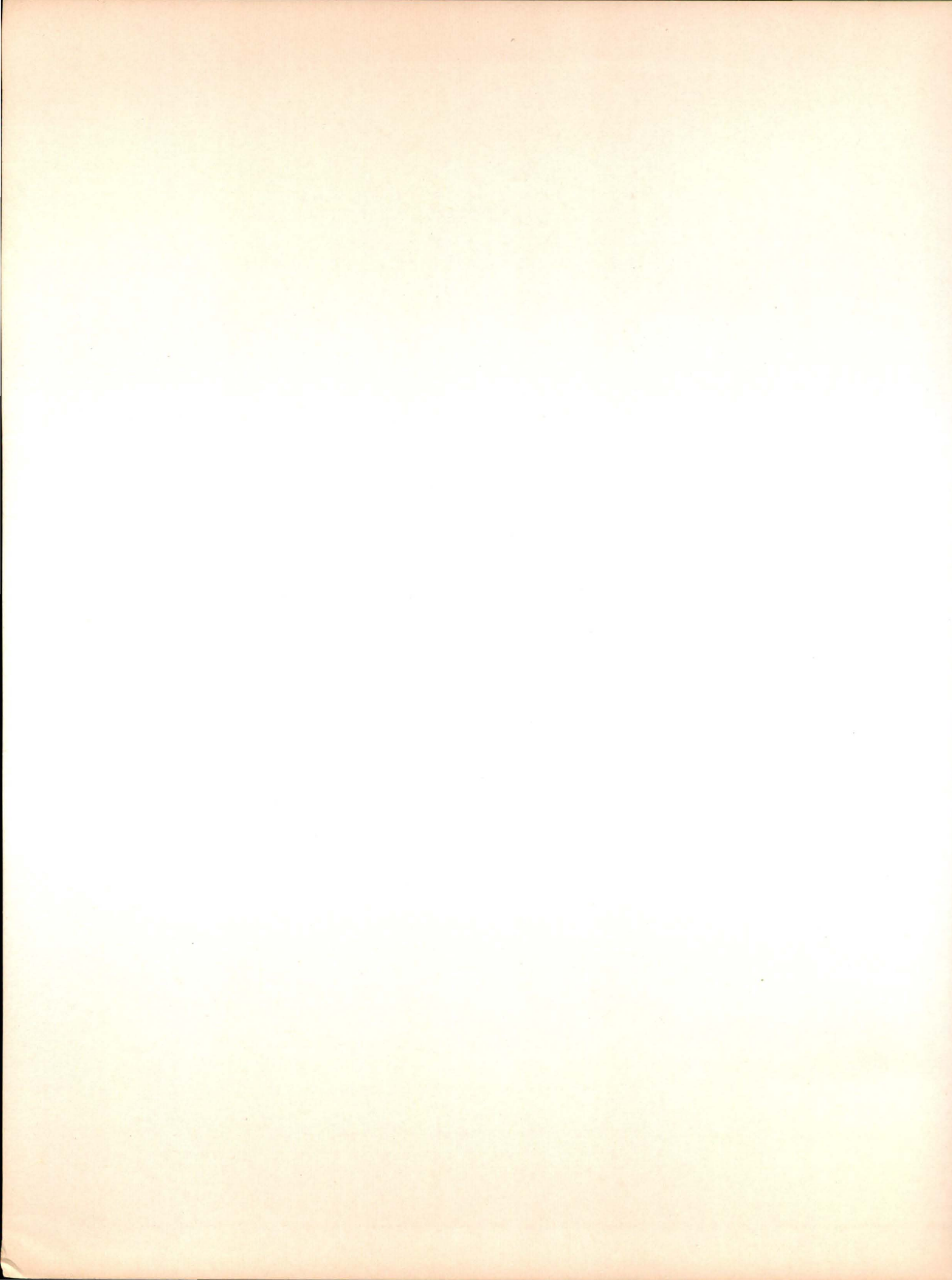
The Stand Alone Report of the Comptroller and Auditor General of India (C&AG) for the period 2007-12 containing the results of Performance Audit of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has been prepared for submission to the Governor of Uttar Pradesh under Article 151 (2)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

The Government of India requested the Comptroller and Auditor General of India to undertake audit of implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme. Accordingly, Performance Audit was conducted through test check of records of the Rural Development Department (RDD), Government of Uttar Pradesh, 18 districts, 46 Blocks, 460 *Gram Panchayats* and two line departments in each sampled district.

The Mahatma Gandhi National Rural Employment Guarantee Scheme launched in December 2005, is a centrally sponsored programme aimed at providing 100 days employment to enhance livelihood security to rural households.

Audit has been conducted in conformity with the Auditing Standards issued by the C&AG, based on the Auditing Standards of the International Organisation of Supreme Audit Institutions.

The Report was forwarded to the RDD on 28.09.2012. The partial replies of the department received on 04.01.2013. Further, an exit conference was held with the State Government on 12.01.2013. The replies furnished by the State Government have been considered and appropriately incorporated in the Report.



EXECUTIVE SUMMARY

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) was enacted with the objective of enhancing livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year, to every household whose adult member volunteer to do unskilled manual work.

The records relating to MGNREGS for the periods 2007-12 were examined in performance audit from March 2012 to June 2012 in the offices of the Principal Secretary, Rural Development, Lucknow, MGNREGS Cell, Lucknow, State Institute of Rural Development and Commissioner, Rural Employment Guarantee, Lucknow. In test check, records of *Zila Panchayats* of 18 districts, *Kshetra Panchayats* of 46 Blocks (from within these districts), 460 *Gram Panchayats* (from within these blocks), 4,453 works in these *Gram Panchayats* and two line departments in each selected district were scrutinised. Apart from this, 4,600 beneficiaries (ten in each *Gram Panchayats*) were also interviewed. During the periods covered in audit, a sum of ₹ 22,174 crore was spent in Uttar Pradesh on the implementation of MGNREGA.

The important findings of the performance audit are given below:

- The Government constituted SEGC but non official member from PRIs were nominated with a delay of 19 months and also without prescribing any frequency for the meetings and required quorum. Consequently, SEGC met only once/twice in a year, thereby limiting its roles and responsibility in implementation of MGNREGA.

The Government may prescribe a quorum and periodicity for meetings in order to ensure effective roles and responsibility by SEGC.

- Management support at the *Gram Panchayat*, Block and District levels was limited due to shortage of staff despite suggestion by the GoI regarding administrative pattern to be followed. There was also no effective communication of information due to lack of comprehensive planning for information, education and communication.

The Government may ensure that trained and adequate manpower is posted at each level of responsibility centres so that the scheme could be effectively implemented and also frame information, education and communication policy to make the beneficiaries aware of their rights.

- The *Gram Panchayats* were to prepare annual development plans for the areas falling under its jurisdictions, the district for its territory as a whole. However, the planning process was not adhered to by the key functionaries at various levels. The planning at district level was inadequate leading to non-identification of the works to be taken up under MGNREGS for generating employment and sustained development.

The Government may ensure that the planning activities be initiated for completion by prescribed time frame, as envisaged.

- Due to non-adherence to the planning process, the requisite labour budgets were not submitted (2008-12) to the GoI by the prescribed date which eventually led to delayed release of Central and State shares. Apart from this, there were shortfall in releases of State share thereby the sharing conditions prescribed in the Act were not adhered to.

The Government may ensure submission of labour budget to GoI so as to ensure timely release of the funds.

- The consolidated annual accounts were not prepared for the periods 2007-12. The annual accounts prepared at district level and below did not give true and fair picture of the accounts. Besides, resorting to banking route for funding had adversely impacted accounting controls.

The Government may prescribe a uniform format of accounts for each level of hierarchy so that the accounts present a true and fair status besides ensuring accounting controls.

- The financial management system was inadequate leading to adoption of different criteria for transfer of funds at different points of time. Besides, instead of using internet based MIS developed by MoRD, web based software 'Budget and Fund Framework', was developed at an avoidable recurring annual expenditure of ₹ 2.13 crore.

The Government may rectify the inadequate financial management system and adopt MIS with modifications thereby saving the annual recurring expenditure of ₹ 2.13 crore.

- Analysis of data related to the performance of the scheme showed that there has been significant decline (14.54 per cent) in providing employment to the households during 2011-12 compared to the previous year (2010-11).
- Job cards were issued on the basis of applications received instead of identifying them through door to door surveys for their correct identification. As a result, the overall representation of women in the State, amongst those getting wage employment, ranged from 18 to 22 per cent (2008-12) against the targeted 33 per cent.

The Government may ensure registration of persons willing to work after door to door surveys so as to implement the scheme in letter and spirit.

- Only 2.3 to 6.80 per cent wage seekers were provided 100 days of employment during 2007-12. Further, it was noticed in some cases of households which were provided more than 100 days of employment.

The Government may ensure 100 days of employment to those registered.

- The lowest priority of works of the rural connectivity roads were given the highest priority while works of water conservation and water harvesting which were to be given the highest priority were given the lowest priority in the State. Besides, inadmissible works were also executed.

The Government may ensure that admissible works are executed as per the priority fixed in the Guidelines.

- The rules for procurement of material under the Scheme were neither prepared as required, nor the existing purchase rules followed. There were also cases of excess and short payment of wages and disproportionate wage and material ratio.

The Government may frame rules for procurement and ensure that these are observed in procurement of materials under the Scheme. The excess and short payment of wages and disproportionate wage and material ratio should also be avoided.

- The bottom up demand driven scheme was modified in various instances into a top down allocation based one. Instead of dovetailing funds from other programmes into MGNREGS works, MGNREGS funds were dovetailed on a large scale for execution of departmental works and schemes. Moreover, funds remained blocked in incomplete works due to low priority given to them in subsequent years.

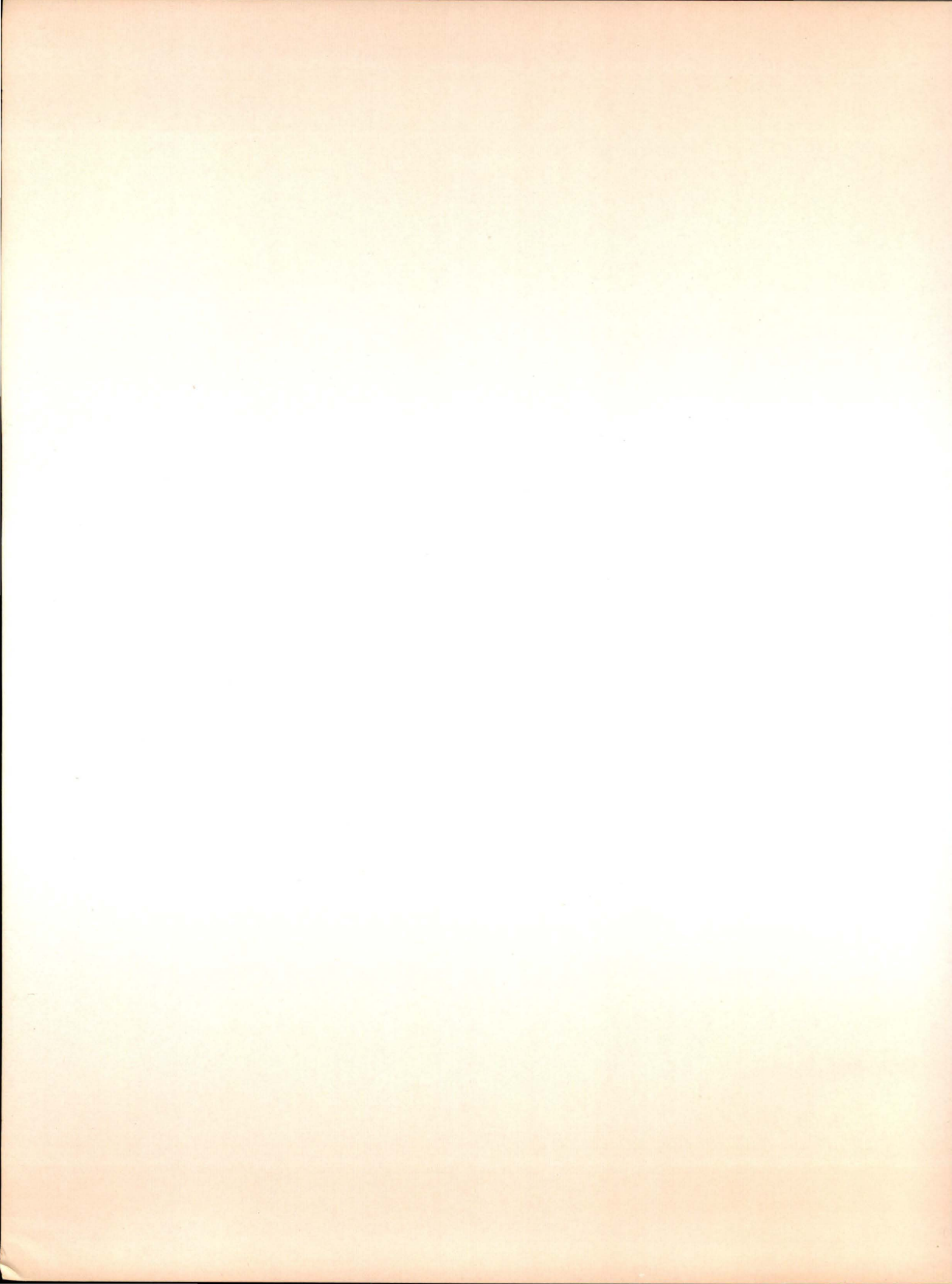
The Government may ensure bottom up approach while deciding allocations and also complete the incomplete works by prescribing a time frame for their completion.

- The functionaries responsible for feeding data into MIS system were not proficient and as such unaware of relevance and the scope of their work which resulted in uploading of incorrect/invalid data.

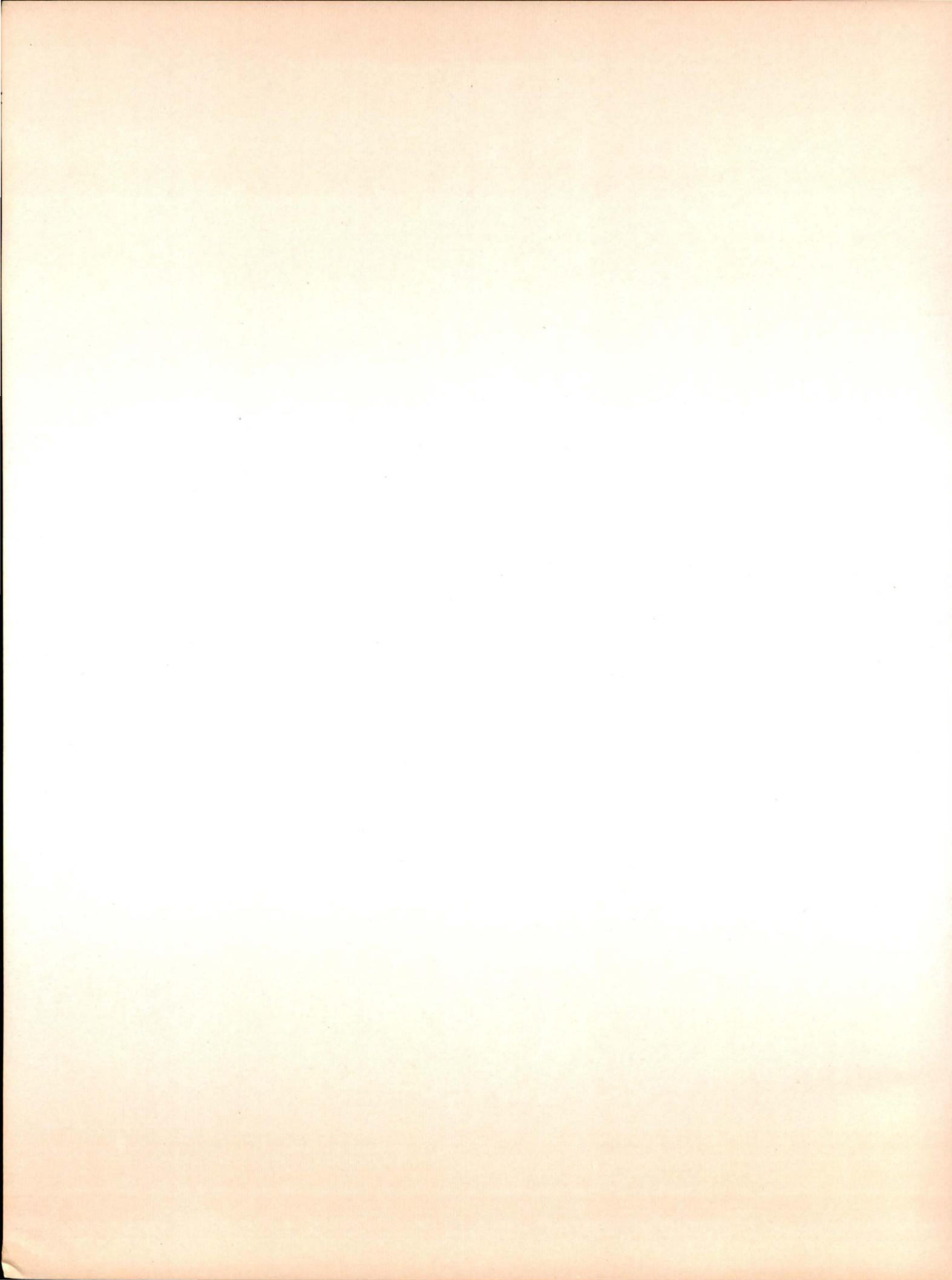
The Government may ensure appointment of trained and efficient functionaries for uploading data.

- Vigilance and Monitoring Committees were not constituted in 57 Gram Panchayats out of 460 test checked and in 30 out of remaining 403 Gram Panchayats where these were constituted, they were not apprised about works, timeframe, quality parameters etc. Monitoring and evaluation by the State Employment Guarantee Council was also inadequate. The public accountability in implementation of MGNREGA through the Social Audits by Gram Sabhas at least twice in a year and by the Social Audit Committee constituted by the State Government was not ensured.

With a view to ensure public accountability in implementation of MGNREGA, the inbuilt monitoring mechanism may be adhered to.



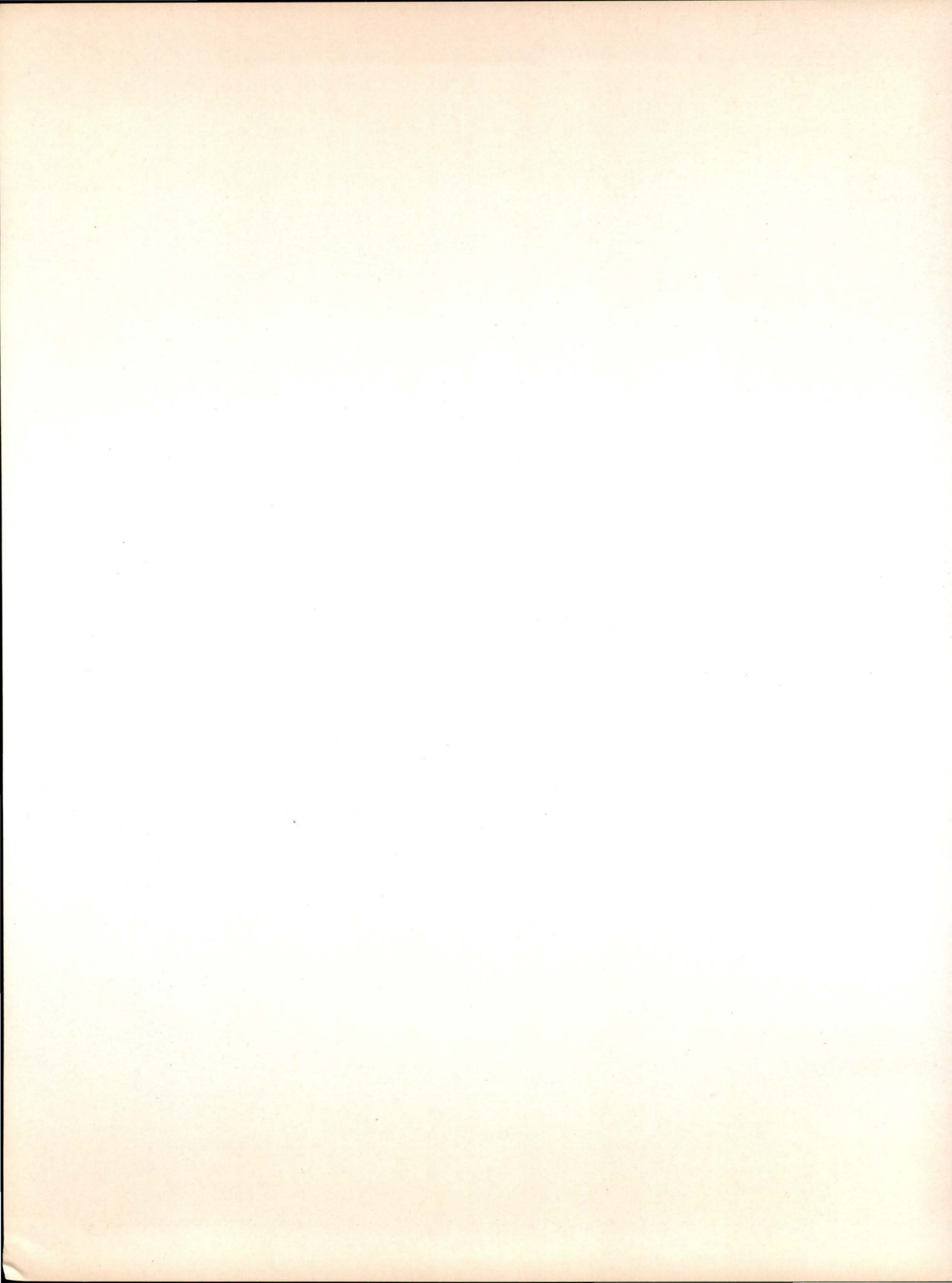
MAIN REPORT



Chapter

1

INTRODUCTION



1.1 Mahatma Gandhi National Rural Employment Guarantee Act

To enhance livelihood security of households in rural areas, the Government of India (GoI) enacted (September 2005) the National Rural Employment Guarantee Act, 2005 which came into force with effect from February 2006. Under the Act the GoI guaranteed minimum 100 days of wage employment (in a financial year) to every rural household whose adult members volunteer to do unskilled manual work. In the State of Uttar Pradesh, the Government made the Act *ibid* applicable in three phases (2005-08). In the first phase, 22 districts were notified (February 2006), in second phase 17 districts (May 2007) and remaining in third phase (April 2008). In October 2009, the Act *ibid* was redesignated as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

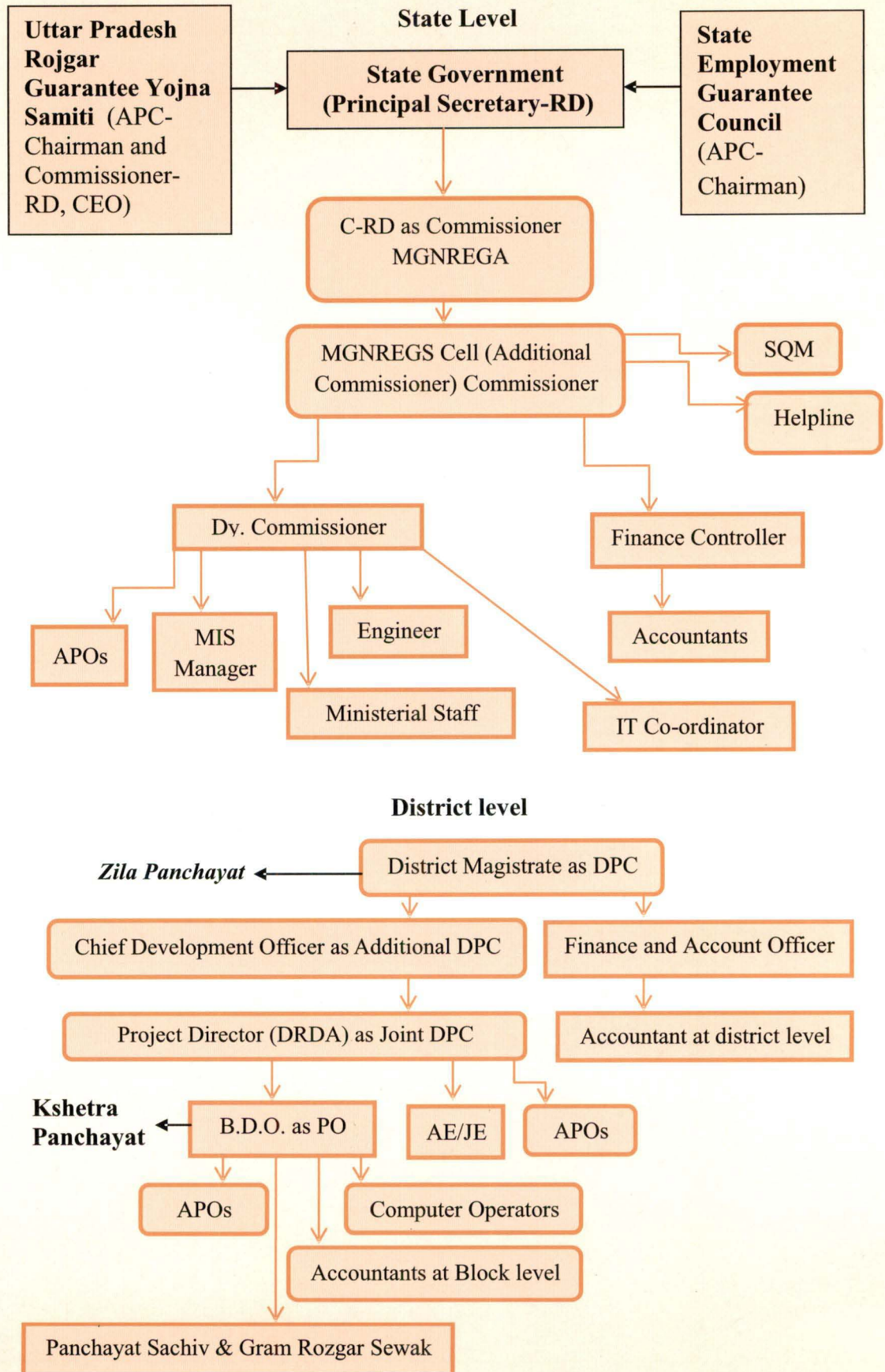
1.2 Objectives of MGNREGA

The objectives of MGNREGA were to:

- provide strong social safety net for the vulnerable groups by providing a fall-back employment source, when other employment alternatives are scarce or inadequate;
- serve as a growth engine by providing employment through works that strengthen the natural resource base and create durable assets in rural areas;
- empower rural poor through the processes of a rights-based law and
- introduce new ways of doing business, as a model of governance reform, anchored on the principles of transparency and grass roots democracy.

1.3 Organisational structure

The Rural Development Department, Government of Uttar Pradesh is responsible for administration and implementation of the MGNREGA. The schematic diagram of organisational structures is depicted below:



1.4 Physical/Financial performance of MGNREGA in Uttar Pradesh

During 2007-08 to 2011-12, 1.43 crore households were registered and provided with job cards. These households demanded employment during different years of the execution of the Scheme. The total demand in terms of number of household who demanded employment over the review period was 2.93¹ crore of which only 28.03 lakh households (9.56 *per cent*) were provided with complete 100 days employment. However, total 2.90 crore households were provided with employment and 3.61 lakh households did not get the employment.

The programme cost for the period from 2007-08 to 2011-12 was ₹ 22,174.34 crore, of which the expenditure on wages, material and administrative expenses were ₹ 13,907.85 crore (62.72 *per cent*), ₹ 7,476.89 crore (33.72 *per cent*) and ₹ 789.60 crore (3.56 *per cent*) respectively (*Appendix-I*).

1.5 Audit Objectives

The objectives of audit were to ascertain whether:

- the Government has taken measures for adequate capacity building;
- effective procedures for preparing perspective plan and annual plan at different levels has been put in place;
- funds were released, accounted for and utilised as per provisions of Act/ Rules;
- there was an effective process of registration of households, allotment of job cards, allocation of 100 days annual employment etc;
- works were properly planned, economically, efficiently and effectively executed, durable assets were created, maintained etc;
- converged effectively with other Rural Development Programmes;
- there was effective monitoring and evaluation at each level; and
- all the records at various levels were properly maintained and MGNREGS MIS data was accurate and reliable.

1.6 Audit Criteria

The criteria of audit were drawn from following sources:

- MGNREG Act, 2005;
- MGNREG Operational Guidelines- 2008;

¹ 2007-08: ₹ 41.04 lakh; 2008-09: ₹ 43.79 lakh; 2009-10: ₹ 56.64 lakh; 2010-11: ₹ 81.75 lakh and 2011-12: ₹ 70 lakh.

- Relevant orders issued by the Central and State Government from time to time; and
- Uttar Pradesh Employment Guarantee Grievance Redressal Mechanism Rules, 2009.

1.7 Scope and Methodology

The records relating to MGNREG Act for the period 2007-12 were scrutinised in audit during March 2012 to June 2012 in the offices of the Principal Secretary, Rural Development, Lucknow, MGNREGS Cell, Lucknow, State Institute of Rural Development and Commissioner, Rural Employment Guarantee, Lucknow.

The sample was selected using stratified multistage sampling design i.e. selection was at district, block, *Gram Panchayat* (GP), works and beneficiary level.

In test check, records of *Zila Panchayats* (ZP) of 18 districts, *Kshetra Panchayats* (KP) of 46 Blocks (from within these districts), 460 GPs (from within these blocks), 4,453 works in these GPs and two line departments in each selected district were scrutinised in audit. Apart from this, 4,600 beneficiaries (ten in each GPs) were also interviewed. The names of the selected districts, blocks and GPs are given in *Appendix-II*.

Entry conference was held on 2 May 2012 with the Principal Secretary, Rural Development, Government of Uttar Pradesh, Lucknow. In the conference, audit objectives, criteria, scope and methodology were discussed. The Exit Conference was also held on 12 January 2013 with Principal Secretary, Rural Development in which the audit findings were discussed. The results of discussions as well as the replies of the State Government have suitably been incorporated, wherever necessary.

1.8 Constraints in Audit

Audit was constrained by the delays in furnishing records/responses by the State Government. The State Government did not nominate a nodal officer for receiving audit observations and submitting replies though assured in the entry conference. Many a time they submitted the information on the concluding day of audit. Consequently, the authenticity and correctness of such records could not be verified by the Audit. Some information has still not been made available to audit. Details are annexed in *Appendix-III*. These adversely impacted the conduct of audit.

1.9 Acknowledgement

Audit acknowledges the overall cooperation and assistance provided by the State Government and its officials in the conduct of the performance audit.

Chapter

2

CAPACITY BUILDING

To ensure that a scheme delivers on the intended objectives, it is essential that adequate capacities exist at all levels. A scheme like MGNREGS, that envisaged penetration up to the grassroots level viz the GP, various capacity building initiatives were detailed in the Act. These included promulgation of rules, setting up of required administrative structures, manning of these structures and adequate training to these personnel, dissemination of information, education, and communication.

Audit noticed several shortcomings in the area of capacity building which are highlighted in the succeeding paragraphs.

Audit findings

2.1 State Employment Guarantee Council

Section 12 of MGNREGA provided for a State Employment Guarantee Council (SEGC) to advise the Government on implementation, evaluation and monitoring of the scheme, under the chairmanship of Agriculture Production Commissioner (APC) at the State level. Other responsibilities of SEGC included deciding on the 'preferred works' to be implemented and recommending the proposal of works to the Government of India.

Scrutiny of the records of MGNREGA Cell, Lucknow revealed that the State Government constituted (May 2006) a 16 member SEGC. However, 15 non-official members were nominated with a delay of 19 months. Further, no quorum or frequency for SEGC meetings was prescribed by the State Government. Consequently, SEGC met only once/twice in a year. The State Government also did not designate a Commissioner under whose guidance the scheme was to be implemented. We during audit noticed that the Commissioner, Rural Development was periodically nominated as Commissioner MGNREGS during various spells.

The Government stated (January 2013) that the Commissioner, Rural Development was the ex-officio State Employment Guarantee Commissioner and the appointment of an independent Commissioner was under process.

Thus, the effective implementation of the scheme at the apex level itself was compromised.

2.2 Shortages of functionaries

The Government of India had suggested (January 2006; March 2007) administrative pattern for each level of hierarchy. As per the Act, the State Government was required to designate a Programme Coordinator and a Programme Officer (PO) at the district and block level respectively and to make available necessary staff and technical support as required for the effective implementation of the Act. In addition, the Operational Guidelines

(para 3.1.1) also suggested appointment of *Gram Rojgar Sevak (GRS)* in each *GP* and one Technical Assistant (TA) for every five to ten *GP*.

However, data collected in audit revealed overall shortfalls in deployment of personnel against the sanctioned strength in the State as of March 2012. Details are in the table 2.1 below:

Table 2.1: Status of deployment of staff as of March 2012

Levels	No of units	Functionaries	Requirement (No. of post per unit)	Sanctioned posts	Persons in position	Shortfalls
						Percentage in bracket
GP	51,980	Gram Rojgar Sevak	1	48,946 ¹	41,491	7,455 (15)
		Technical Assistant	Not posted			
Block	820	Additional Programme Officer	1	783	704	79 (10) ²
		Account Assistant	1	792	660	132 (17)
		Technical Assistant ³	1	7,931	5,398	2,533 (32)
		Computer Assisatnt	1	745	554	191 (26)
District	72	Works Manager	1	72	49	23 (32)
		IT Manager with Computer Assistant	1	53	35	18 (34)
		Accounts Manager with Account Assistant	1	47	22	25 (53)
		Training Coordinator	1	49	36	13 (27)
		Coordinator Social Audit and Grievance Redressal	1	273	256	17 (6)

(Source: Information provided by Additional Commissioner, MGNREGS Cell)

Shortage of personnel in all categories of functionaries ranged between 6 and 53 per cent. The table above reveals high shortfalls in critical cadres amounting to 15 per cent of *GRSs* and 32 per cent in Technical Assistant cadre at the levels of *GPs* and blocks respectively at the end of March 2012. In test check, it was noticed that in District Ghaziabad no *GRSs* and *TAs* were posted against the requirement of 405 *GRSs* and 41 *TAs* at *GP* level. Similarly, in Bulandshahar district also no *GRSs* were posted as against the requirement of 889. In remaining 16 districts also the shortfalls were noticed in deployment of these personnel.

Further, Section 15 (1) of the Act regarding the appointment of *PO* was not complied with by the State Government. However, it designated Block Development Officers as *POs* with another person appointed as Additional Programme Officer (*APO*).

The Government stated (January 2013) that as the desired officials were not available hence an *APO* was posted with the Block Development Officers (*BDOs*). It further stated that several districts did not generate sufficient number

¹ As per requirement it should be 51,980.

² Revised as Subsequently intimated by the State Government.

³ These include *TAs* of *GPs* also.

of mandays in order to earn enough for the administrative expenditure in order to engage the requisite staff.

Reply was incorrect in view of unspent amount of ₹ 20.80 crore in 2010-11 and ₹ 20.44 crore in 2011-12 in the bank account opened for administrative expenses at the State level. The Principal Secretary, during discussion (January 2013), assured that the vacant posts of APOs in blocks would be reviewed.

Thus, the implementation of MGNREGS in the State was adversely impacted due to inadequate management support at the *GP*, block and district levels.

2.3 Irregular expenditure on staff

MGNREGS Cell

The GoI directed (July 2008) the State Government to set up a State level office for implementation of MGNREGS and accordingly suggested creation of posts for establishing the office. The State Government thus appointed numerous functionaries viz IEC (Information, Education and Communication) Coordinator; Training Coordinator; Planning, Monitoring and Evaluation Coordinator; Works Manager; IT Manager; Social Audit Officer; Complaint Redressal Manager; Finance Manager; and APOs. They were hired on contract basis from a manpower supply service provider and payments were made as per the GoI norms. The State Government issued (October 2008, February 2009) directives to all concerned that the agreement with the service provider will be valid for one year subject to renewal for subsequent year on the basis of satisfactory services. The service provider was also required to deposit a bank guarantee⁴. However, Audit noticed various deficiencies in the process. Details are as under:

- Competitive bidding process for engaging the service provider was not followed;
- MGNREGS Cell entered (June 2009) into an agreement with Messer's Datamation Consultants Pvt. Ltd (firm) for providing various functionaries. These included various functionaries which were not provided for in the GoI directions viz: Clerks, Computer Operators, Helpline Executive, Manager Grievance Redressal, MIS analyst and Data Entry Operators;
- The contract, which was to be renewed on yearly basis, was automatically renewed year after year;
- Income Tax amounting to ₹ 1.67 lakh was short deducted while making payments (₹ 83.04 lakh) to the service provider;
- The bank guarantee, as required under rules, was not taken from the service provider; and

⁴ In the shape of fixed deposit worked out at the rate of 2 per cent of the annual amount payable to him before execution of the contract.

- The payments allowed for the IEC Coordinator was ₹ 30,000 per month whereas the maximum payment admissible in the staffing pattern suggested by the GoI for the post of APO was ₹ 20,000 per month.

In reply the Government stated (January 2013) that the information, education and communication coordinators were engaged as per order (July 2008) of the GoI which did not prescribe any rate for payment of honorarium. The Government further stated (January 2013) that they have now been engaged as per rates (₹ 20,000 per month) payable to APO. However no records were shown to audit in support of this claim. As regards the income tax deduction, the Government stated (January 2013) that the same would be adjusted from the amount payable in future.

Thus, the Government violated General Financial Rules in the matter of engaging personnel for the MGNREGS Cell. It also did not observe the GoI directives in the engagement of personnel for the MGNREGA Cell and engaged unapproved staff like the clerks, DEOs etc. The contract with the service provider was entered into without following a competitive biddings process and without taking a bank guarantee, thereby not only rendering the payment of ₹ 83.04 lakh to the service provider irregular but also indicating a lackadaisical approach in the implementation of the scheme in the State.

Appointment of APOs

State Government posted APOs⁵ in the offices other than the Blocks also. For this, the State Government included (October 2008) Chapter-8 and 9 vide second amendment in the Scheme. The actual expenditure incurred on them was not furnished to audit though called for repeatedly. However, audit noticed payment of ₹ 1.43 crore by 14 test checked districts to 37 APOs posted there during March 2009 to March 2012. Thus, on the one hand there were vacancies of APOs (79) at the main executing agency (Block) level, while on the other hand APOs were deployed as support staff in the administrative offices of the State Government.

Audit further noticed that the second amendment (October 2008) in the Scheme vide which the provision of these APOs was made, was declared (September 2009) *ultravires* by the Hon'ble High Court of Uttar Pradesh at Allahabad. Supreme Court is now hearing the matter.

Technical Resource Support Group

The Operational Guidelines envisaged setting up of a Technical Resource Support Group (TRSG) at the state and district levels to assist in the planning, designing, monitoring, evaluation and quality audit of various initiatives. The Government decided (December 2010) to take services of engineers (State Government employees) of Technical Audit Cell (TAC) established under Rural Development Department. However, the Commissioner, MGNREGS paid ₹ 2.04 crore towards their salary and allowances for the period from January 2011 to March 2012 and accounted for the same under

⁵Two APOs each in the offices of Chief Development Officers, and Joint Development Commissioners and four in the office of Commissioner, MGNREGA.

administrative expenditure of MGNREGS. Since, the engineers engaged were permanent employees of the State Government and were not dedicated MGNREGS personnel, their pay and allowances were not admissible from MGNREGS funds.

Further, 20 such engineers were engaged and posted at Division level (five of them with dual charges). They were not sufficient for 72 districts of the State. Thus the districts remained largely without technical support and the funds which could have been utilised for engaging TRSG staff was diverted in paying salaries of State Government employed engineers.

Audit further noticed that ₹ 54.20 lakh released (2008) by the GoI as first installment for developing the TRSG remained unspent as of March 2012 at the State level. Consequently, the GoI did not release any subsequent installments.

In reply, the State Government stated (January 2013) that the payment of salary from MGNREGS funds to the employees of TAC has been stopped from January 2013.

Reply was not convincing as the amount ₹ 2.04 crore already paid inadmissibly was required to be refunded to the MGNREGS.

2.4 Inadequate training

As per Para 3.3 of the Operational Guidelines- 2008, the State Government was required to arrange training programmes for the key functionaries such as District Programme Coordinator (DPC), the PO etc., for effective planning, work measurement, public disclosures, social audits etc. A training calendar was to be made and training modules developed according to the varied needs of the various stakeholders. Scrutiny of records revealed the following:

Shortfalls in training sessions and number of trainees

The State Government authorised Deen Dayal Upadhyaya State Institute of Rural Development, Lucknow to organise training programmes for key functionaries at various levels. It was noticed in audit that the Institute organised (2011-12) only 235 sessions (30 per cent) against the target of 771 sessions. Similarly, only 6,987 trainees (23 per cent) were imparted trainings as against the target of 30,863. The shortfalls were despite the fact that the Government of India had released (March 2011) to the State Government first instalment of ₹ 9.94 crore out of the sanctioned amount of ₹ 19.88 crore. It was also noticed that ₹ 2.06 crore was made available to the Institute and ₹ 45.80 lakh to 31 districts for conducting the training programmes and ₹ 5.36 lakh was incurred on trainings/workshops. The remaining ₹ 7.37 crore was lying unspent as of March 2012. Further, ₹ 1.33 crore out of ₹ 2.06 crore transferred to the Institute was also lying unspent as of March 2012. As required (March 2011) the unspent balance was not refunded to MoRD. The Government stated (January 2013) that the expenditure on training was not incurred due to Assembly elections in the State.

Reply was not convincing as the elections were held during February to March 2012 only.

Trainings at district level

Audit noticed that training was imparted to the functionaries of nine *Gram Panchayat* of Sitapur district for preparing district development plans by the district Institute of Rural Development. However, no such training was imparted in 427 *GP* of the remaining 16 test-checked districts. Even where training was imparted, lack of adequate knowledge affected the planning process as was evident from the fact that the preparation of the district development plans was delayed during 2008-12 in all the 460 *GP* of the 18 test checked districts. The State Government stated (January 2013) that trainings were organised by the Districts (District Rural Institute of Development).

Reply was not convincing as the concerned *GP* had stated during test check of records that no training was imparted.

Thus, this important tool envisaged for effective capacity building was inadequately used and trainings were not being provided as outlined in the Operational Guidelines.

2.5 Information, Education and Communication

MGNREGS was conceived as demand driven employment generation scheme. It thus required adequate information dissemination and sensitisation to the potential beneficiaries in order to achieve the end objectives of this programme. As per Para 3.2 of the Operational Guidelines, the Government was to undertake intensive Information, Education and Communication exercises to publicise key provisions of the Act and the various procedures to be followed viz the process of registration etc.

Scrutiny of records revealed that no State level comprehensive plan for IEC activities was prepared/made available to audit. During the initial phase of the scheme a few pamphlets were printed which were insufficient for vigorous information dissemination activity amongst the beneficiaries. The issue of ineffective activity under the IEC component was raised (March 2009) in the meeting of SEGC and budget of ₹ 10,000 for each block was approved for printing of pamphlets, visual and print media and related activity through documentations etc. In 16 test checked districts ₹ 3.06 crore was spent on advertisements, wall paintings, etc. during 2007-12.

The State Government decided (September 2008) upon slogan writing on walls as a way of disseminating information about the scheme. Pursuant to this, District Rural Development Agency (DRDA) of District Balarampur issued (November 2008) work orders to a firm for painting slogans at 3,800 places. The firm submitted bills for ₹ 9.77 lakh for 2,819 slogan writings. Audit noticed that before releasing payments, a Junior Engineer verified 546 paintings only. Nevertheless, Rupees nine lakh was paid (January 2010) to the contractor on the ground that the written slogans would have been washed

with the passage of time and rains, rendering expenditure of Rupees nine lakh irregular. Similarly, in December 2007, 1.50 lakh calendars were purchased (cost: ₹ 46.50 lakh) without following purchase procedure from the Uttar Pradesh Upbhokta Sahkari Sangh Limited, Lucknow at the rate of ₹ 31 per calendar whereas in enquiry from Rural Development Department it was found that the prevalent market rate at that time was Rupees six per calendar only. Moreover though the supplier supplied 30,000 calendars, the payment for 1.50 lakh calendars was made. This resulted in inadmissible payment of ₹ 44.70 lakh.

In reply, the Government stated (January 2013) that the cases were under examination by Economic Offence Wing. The results of this examination were awaited.

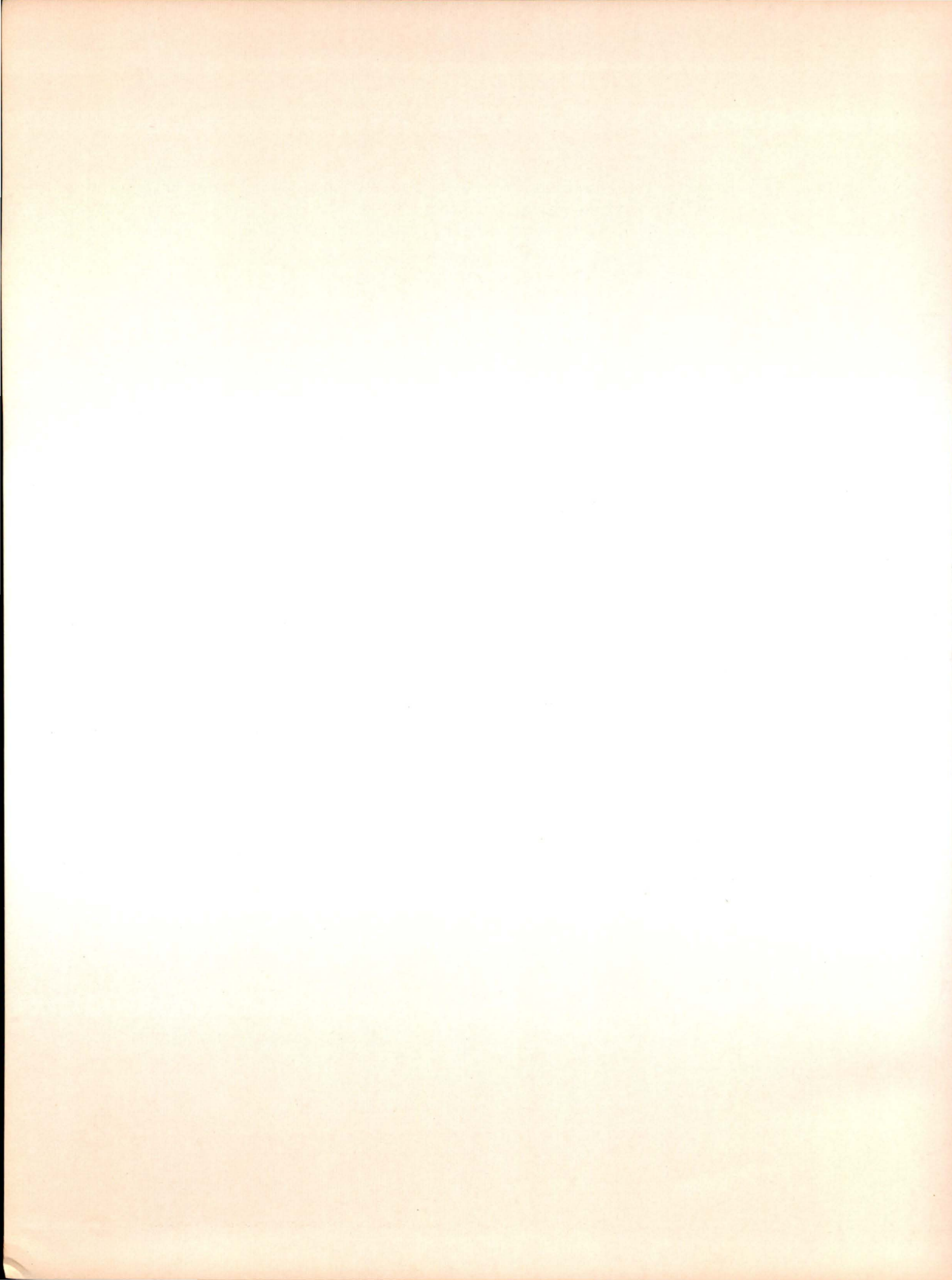
Thus, MGNREGS was implemented in the State without effective dissemination of information to the potential beneficiaries as there was no comprehensive planning for information, education and communication. The activities such as distribution of pamphlets, wall writings were on adhoc basis. Moreover, irregular (Rupees nine lakh) and inadmissible (₹ 44.70 lakh) expenditure were incurred.

2.6 Conclusion

Capacity building for MGNREGS in the state was on an *ad hoc* basis. The role and responsibility of SEGC at apex level and the management support at the GP, Block and District levels was limited. Instead of creating posts of various cadres in MGNREGA Cell, a service provider was engaged irregularly. Besides, objective of trainings to the key functionaries for effective planning, work measurement etc. largely remained unachieved. There was no comprehensive planning for information, education and communication regarding the scheme.

2.7 Recommendations

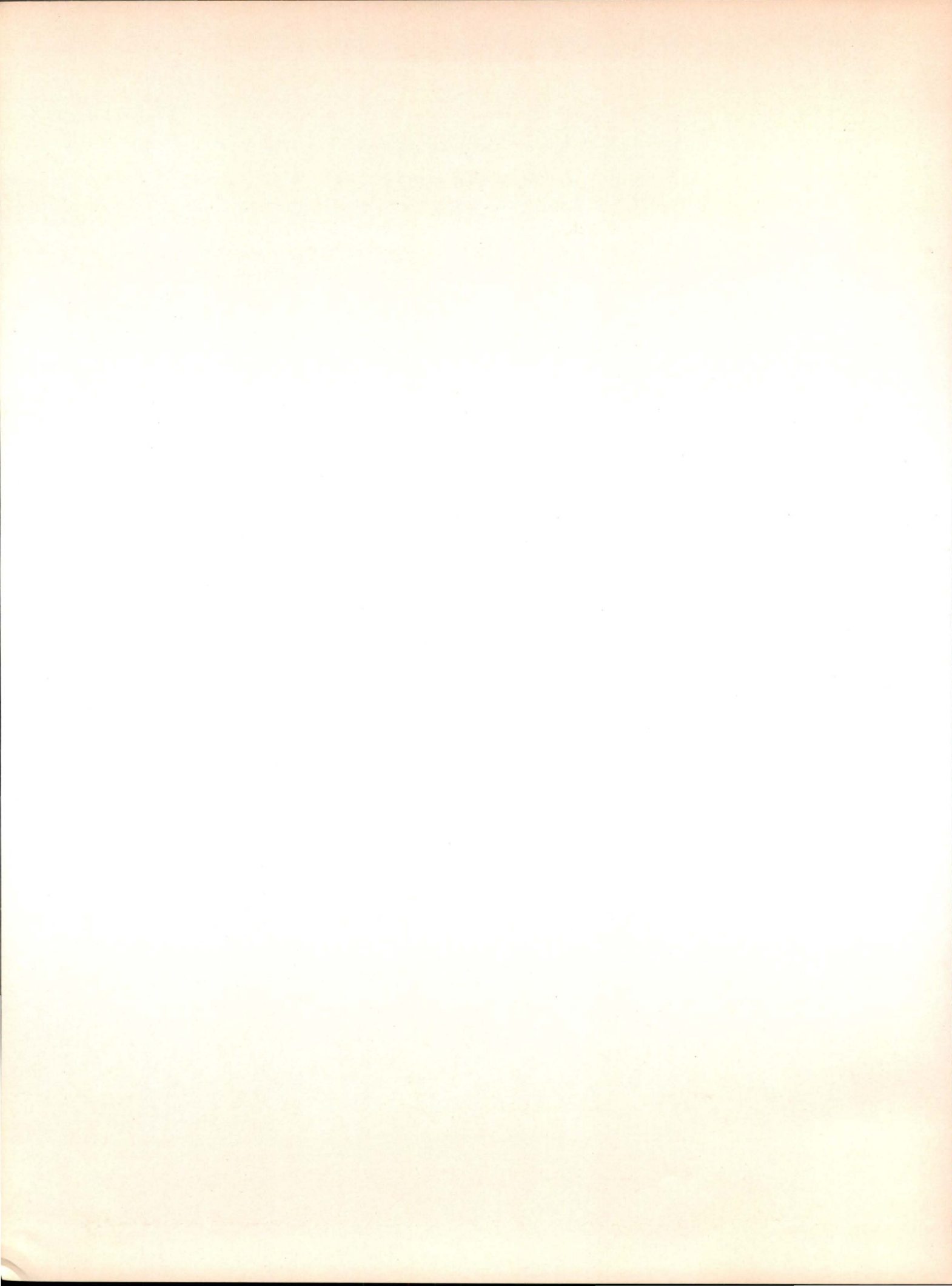
- The Government should prescribe a quorum and periodicity for meetings of SEGC in order to ensure effective advice on implementation of the scheme.
- The Government should ensure that trained and adequate manpower is posted at each level as these shortages adversely affect the implementation of the scheme.
- The Government should frame effective information, education and communication policy as this being a demand driven scheme, it requires beneficiaries to be aware of their rights.



Chapter

3

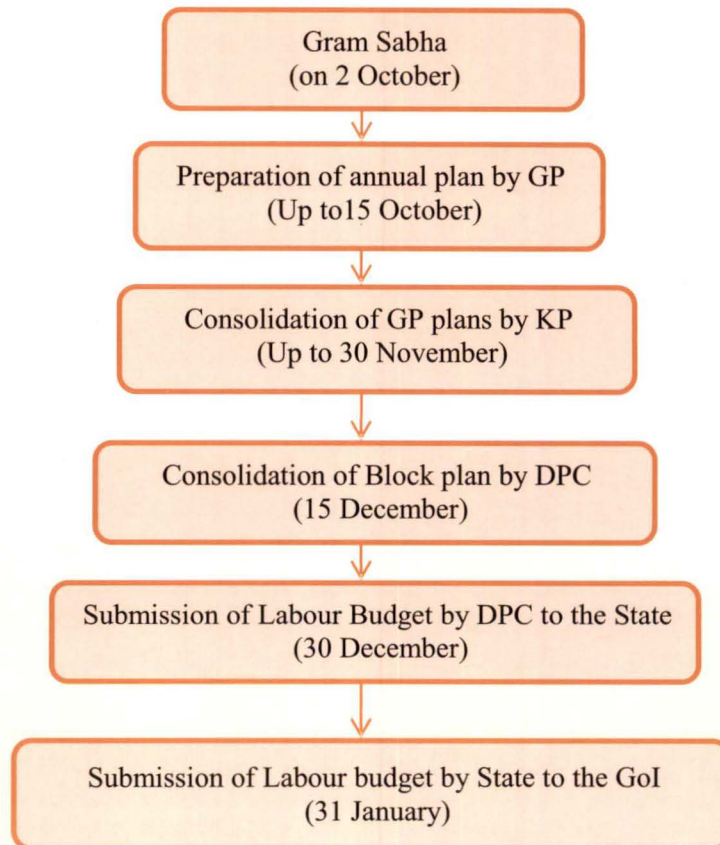
PLANNING



Planning is critical to successful implementation of MGNREGS. A key indicator of success is the timely generation of employment and at the same time ensuring that the design and selection of works are such that good quality assets are created. The need to perform within a time-frame necessitates advance planning.

3.1 Absence of planning process at block and village levels

Programme Officer were responsible for ensuring that responsive and participative *Gram Sabhas* are held on 2 October each year for identification and recommendations of works for preparation of development plan¹ of the year duly indicating priority of projects. Every *Gram Panchayat* was to prepare a development plan and a shelf of possible works/projects to be undertaken as and when demand for work arose. The Plan was to include assessment of labour demand, works to meet the assessed demand and estimated cost of works and wages. Benefits to the community as a result of undertaking these projects were also to be mentioned in the Plan. A flow diagram depicting the due dates for the stages in the planning process is given below:



¹ It is an annual plan of the village in which works recommended by the Gram Sabha and priority of their execution are indicated.

However, we during Audit noticed that:

- *Gram Sabhas* in 439 *Gram Panchayats* of 18 test checked districts were not held on the aforesaid scheduled date. The meetings of *Gram Sabha* in 49 *Gram Panchayats* of Gonda (19), Rampur (10) and Jalaun (20) districts were not responsive and participative.
- Three hundred thirty-nine *Gram Panchayats* of 14 districts² did not prepare shelf of projects and 60 *Gram Panchayats* of Kushinagar and Moradabad districts did not prepare development plans. The development plans of 38 *Gram Panchayats* in Kushinagar and Moradabad districts did not assess demand of labour as neither the works were identified nor were the cost of works and wages estimated to meet the labour demand.
- Benefits to the community were not mentioned in the plans by the *Gram Panchayats* of any of the 18 test checked districts, wherever the development plans were prepared.
- The development plans were not submitted by any of the test checked 460 *Gram Panchayats* of 18 districts by 15 October to the Programme Officer as prescribed. As a result, the consolidated plans of the blocks were not submitted to DPC by prescribed date of 30 November.

Thus, the planning process was not adhered to by the key functionaries at the various levels. The State Government attributed (January 2013) the aforesaid deficiencies to the *Panchayat* Secretary holding charge of more than one *Gram Panchayats*.

The reply is a simplistic reasoning for a host of structural inadequacies resulting in the audit observations stated above.

3.2 Inadequate planning at district level

To facilitate advance planning, preparation of a District Perspective Plan (DPPs) was essential by identifying the nature of works to be taken up under MGNREGS for generating employment and sustained development. For this, a District Planning Committee was to be constituted to approve and sanction the plans. Further, a representative of the MoRD, GoI was also to remain present in the meetings of SEGC for approving the plans. The approved plans were to be uploaded on the State Website. Audit, however, noticed various irregularities in the preparation of DPPs as detailed in the paragraphs below:

- i. The work of preparation of Plans of all 22 districts under first phase of MGNREGS were assigned to six public/ private agencies. These agencies prepared the District Plans except the plan for Unnao district and the plans were approved by SEGC in its meeting held in August

²Allahabad, Azamgarh, Balarampur, Banda, Bareilly, Bulandshahar, Chitrakoot, Ghaziabad, Gonda, Jalaun, Rampur, Sitapur, Sultanpur and Varanasi.

2009. The meeting was held without the mandatory representative from MoRD;
- ii. Scrutiny of records in test check revealed that GoI provided first installment of funds ₹ 4.27 crore to 42 districts for the preparation of the plans. Out of these, 21 districts prepared the plans (expenditure: ₹ 1.29 crore). Three districts viz. Bareilly, Ghaziabad and Rampur districts expended ₹ 6.52 lakh but did not prepare DPPs. Balance funds amounting to ₹ 2.98 crore remained unutilised;
 - iii. Of the 18 districts test checked in audit, in eight districts³ the DPPs were prepared and in remaining 10 districts⁴ (56 per cent) the DPPs were not prepared even though six⁵ of them were sanctioned ₹ 10 lakh each for preparation of the DPPs. It was noticed that though District Sitapur was taken under the Scheme in first phase itself, yet funds for the preparation of DPP were not provided to the District. It however, prepared a DPP and paid rupees four lakh out of its labour budget; and
 - iv. The plans prepared were also not uploaded on the State website.

The DPPs in the remaining districts of the State were not prepared. Further even where DPP were prepared they were not considered while the annual plans by the districts were prepared thereby rendering the expenditure infructuous. It was also noticed that the DPC did not consolidate the block plan into a district plan.

The Government stated (January 2013) that plans were approved by the district planning committees before approval by SEGC. The State Government also stated (January 2013) that the Government of India emphasized upon preparation of the Annual Plans only after 2008-09.

The replies were not convincing as the development plans lacked integrated planning from the initial stage itself.

Thus, planning at the district level was inadequate leading to non-identification of the works to be taken up under MGNREGS for generating employment and ensuring sustained development.

3.3 Inadequate planning at State level

Section 23 (3) of the Act empowered the State Government to determine the arrangements for proper execution of the Scheme and as such it required the Government to prepare manual/resource documents so as to enable *Panchayati Raj Institutions* to plan effectively and efficiently.

³ Allahabad, Azamgarh, Banda, , Chitrakoot, Jalaun, Kushinagar, Sitapur and Varanasi.

⁴ Balrampur, Bulandshahar, Bareilly Ghaziabad, Gonda, Lucknow, Moradabad, Rampur, Sultanpur and Unnao.

⁵ Bulandshahar, Ghaziabad, Lucknow, Moradabad, Rampur and Sultanpur.

However, we in Audit observed that the requisite manual/resource document were not prepared (up to 2011) even after five years of operationalisation of the Act in the State. As such, the scheme in the State continued to be implemented through the Government Orders issued from time to time. Apart from this, the *GPs* remained unaware about the Government Orders due to their limited circulation. Belatedly in 2011, the Rural Development Department published '*Rojgar Pustika*' covering different aspects of the scheme such as taking up of works, payment of unemployment allowances etc. As a result of non-preparation of the requisite manual/ resource document, shelves of projects were not prepared; there were delays in approval of the annual plans etc.

The labour budget based on district plans, duly approved by the *ZP*, was to be forwarded by 31 January each year to the MoRD, GoI. Its objective was to ensure timely release of Central share. However, we during Audit noticed delayed submission of the labour budget. The delays ranged from 23 days (2010-11) to 74 days (2011-12) mainly due to delayed preparation / approval of the annual plans during 2008-12, as is evident from the Table given below, thereby indicating inadequate planning.

Table 3.1: Details of delays in submission of labour budget

Year	Due date of submission of labour budget to GoI	Actual date of submission of labour budget to GoI	Delay in submission
2008-09	31 January 2008	15 Mar 2008	44 days
2009-10	31 January 2009	17 Mar 2009	46 days
2010-11	31 January 2010	23 Feb 2010	23 days
2011-12	31 January 2011	15 Apr 2011	74 days

(Source: Information provided by MGNREGS Cell)

As a result of delayed submission of the labour budget to GoI, not only was the Central share released in five to twenty five tranches, the corresponding State share was also released in two to ten tranches.

Thus, due to inadequate planning for preparation of annual plans/district plans, the requisite labour budgets were not submitted by the prescribed date during 2008-12 which eventually led to delayed release of Central and State Shares during the same periods.

The State Government stated (January 2013) that various Government Orders have already been uploaded on the website from time to time for public use. The State Government also stated (January 2013) that the delayed submission of the plan did not affect the sanction of the labour budget by the GoI.

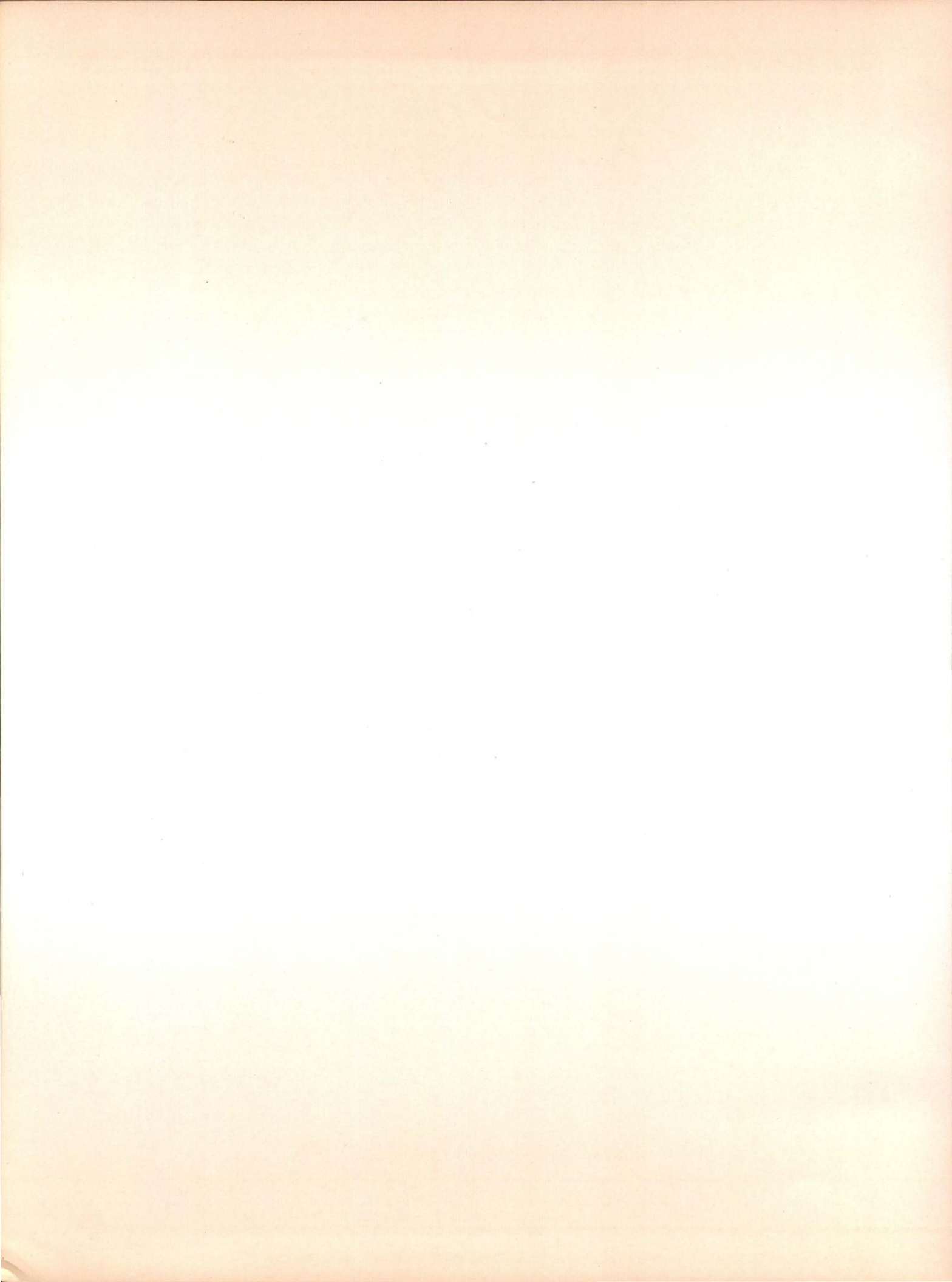
The reply was not convincing as the execution of the scheme lacked manual/ resource documents so as to enable *Panchayati Raj Institutions* to plan effectively and efficiently and the table above indicated the status of delay otherwise.

3.4 Conclusion

The Act has clearly defined the priority to be given to the planning process right from the grass-root at the *Gram Panchayats* level up to the State level. The detailed planning process was not adopted in the implementation of the scheme. The demands for funds were forwarded to the GoI with considerable delays leading to delayed release of Central and State shares. Besides, the integrated planning at the district, block and village level was lax. Moreover, responsive and participative meetings of the *Gram Sabhas* were also not held.

3.5 Recommendations

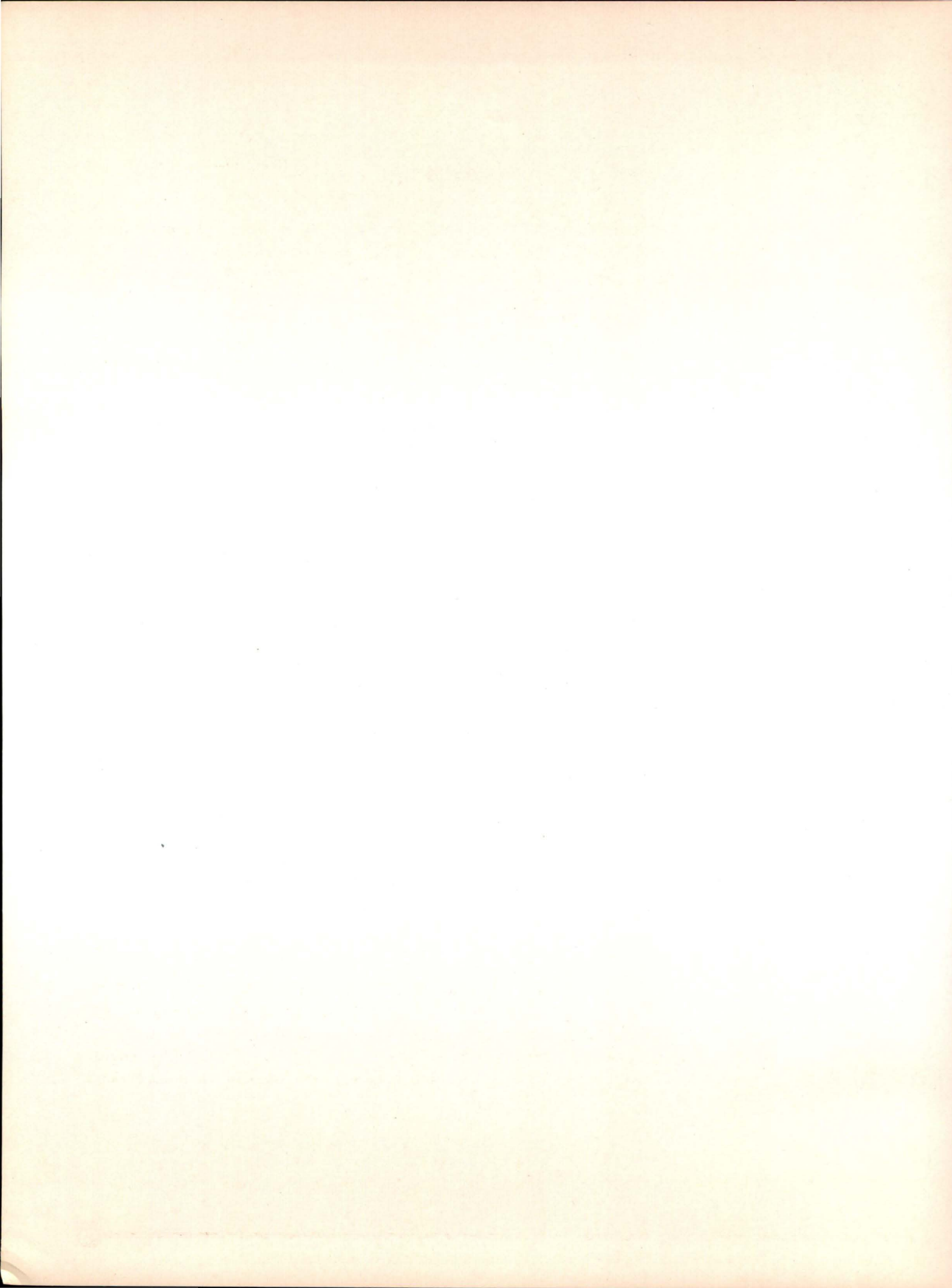
- To ensure sustainable development in the district, the preparation of district perspective plan by all the districts and its consideration while preparing the annual plan should be ensured.
- Planning activities should be initiated on 2 October each year and completed by 30 November so that availability of the plan with DPC while preparing labour budget and timely submission of labour budget to the GoI could be ensured.



Chapter

4

FINANCIAL MANAGEMENT



The Scheme is funded on cost sharing basis (90:10) between GoI and the State Government. The Employment Guarantee Funds were to be set up at the National level and at the State level. The first release to a district, when notified under MGNREGA was seed money. Subsequent releases were subject to submission of consolidated demands by the implementing agencies and the utilisation certificates in respect of 60 *per cent* of the available funds etc. Unspent balances of one year were to be adjusted by way of corresponding short releases in subsequent year.

Further, the District Programme Officer was required to prepare, every year in the month of December, a labour budget for the next financial year containing the details of anticipated demand for unskilled manual work in the district and the plan for engagement of labourers in the works covered under the scheme. The Government of India was to examine projections made in these labour budgets before sanctioning the funds.

4.1 Financing pattern

The funding pattern for the scheme is as tabulated below:

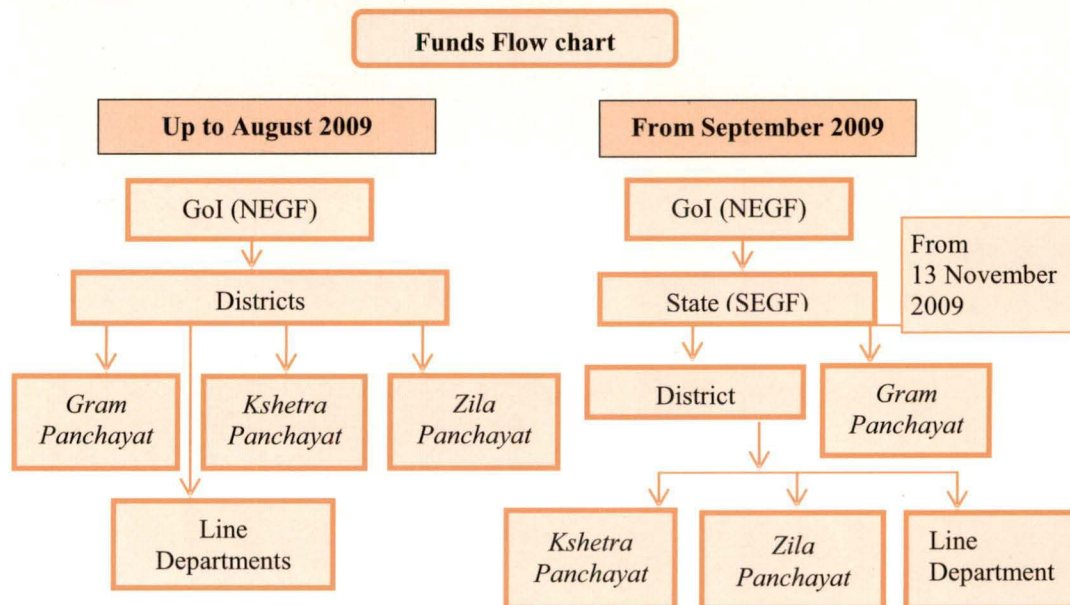
Table 4.1: Funding pattern between GoI and State Government

Government of India	State Government
Entire cost of wages for unskilled manual workers.	-
Seventy five <i>per cent</i> of the cost of material and wages for skilled and semi-skilled workers.	Twenty five <i>per cent</i> of the cost of material and wages for skilled and semi-skilled workers.
Administrative expenses as may be determined by the Central Government.	Unemployment allowance payable in case the Government does not provide employment within 15 days from the date of application.
Administrative expenses of the Central Employment Guarantee Council.	Administrative expenses of the State Employment Guarantee Council.

4.2 Employment Guarantee Fund

The GoI has set up National Employment Guarantee Fund. The State Government receives grants-in-aid from this fund against labour budget approved by MoRD after submission of consolidated demands raised by the implementing agencies and processed by MGNREGA Cell. Upto August 2009, GoI released funds from the National Employment Guarantee Fund

directly to the implementing agencies¹. With effect from September 2009, on the setting up of the State Employment Guarantee Fund (SEGF), the GoI released money to the SEGF for onward release to the implementing agencies and the line departments. The schematic diagram of funds flow is given below:



Audit findings

4.3 Overall financial position

A sum of ₹ 22,174.35 crore was spent during 2007-12 under the scheme against the total releases of ₹ 22,567.89 crore during the same period. The year wise overall position of releases and expenditure *vis-a-vis* the approved labour budget during 2007-12 is summarised in Table below:

Table 4.2: Releases and expenditure *vis-a-vis* the approved labour budget
(₹ in crore)

Year	Approved Labour Budget	Releases ² of funds by		Total releases	Expenditure	Releases excess (+) / short (-) over expenditure
		GoI	State			
2007-08	2,500.00	1,648.31	200.00	1,848.31	1,898.25	(-) 49.94
2008-09	4,686.40	3,944.50	300.00	4,244.50	3,576.06	(+) 668.44
2009-10	7,380.10	5,318.88	550.00	5,868.88	5,906.04	(-) 37.16
2010-11	8,779.00	5,266.58	499.90	5,766.48	5,627.85	(+) 138.63
2011-12	8,787.24	4,355.75	483.97	4,839.72	5,166.15	(-) 326.43
Total	32,132.74	20,534.02	2,033.87	22,567.89	22,174.35	(+) 393.54

(Source: MGNREGS Cell, Lucknow)

¹ **Gram Panchayats:** are responsible for identification of projects in their areas as per recommendations of the *Gram Sabhas*, allocating employment and executing at least 50 per cent of the works in addition to supervising such works. The works relating to registration of households, issuing job cards, and providing time-bound employment at the village level also. **Kshetra Panchayats:** are also responsible for executing works from amongst those works which are not executed by the *Gram Panchayats*. **Zila Panchayat:** approve the district plan and also execute the works which fall within the jurisdiction of two or more *Kshetra Panchayats*. **Other Implementing Agencies:** The line departments, Public Sector Undertakings of the Central and State Governments, Cooperative Societies with major shareholder of the State/Central Government, reputed NGOs and self-help groups were also the implementing agencies under the Guidelines.

² Revised as Subsequently intimated by the State Government.

It is evident from the table above that the fund released by the State Government compared to its shared liability (10 per cent of total releases) was short by ₹ 222.92 crore. Further, the amounts lying unspent³ at the close of each of financial year could not be ascertained in audit as the consolidated annual accounts of the 'Uttar Pradesh Gramin Rojgar Guarantee Yojna Samiti' (Samiti) were not prepared during the periods covered in audit (2007-12). After creation of the Samiti in 2009-10, the annual accounts for 2007-12 were prepared by MGNREGS Cell but the accounts did not capture the releases⁴ of fund made by the GoI correctly. Apart from it, the Cell also did not maintain records separately for the receipts and expenditure from the two sources i.e. the GoI and the State Government.

Thus due to short release of funds by the State Government, the sharing prescribed in the Act was not adhered to. Further, non-maintenance of accounting records coupled with lack of records relating to sharing of liability between Centre and State Governments was against the principles of financial discipline and as such the possibility of misuse of Central funds cannot be ruled out. In view of shared liability between the GoI⁵ and the State Government⁶, strict control over accounting of expenditure was imperative to ensure that the shareholders bore the cost of providing employment to the extent mandated by the Act.

4.4 State Employment Guarantee Fund Bank Accounts

The Scheme was launched in the State in three phases between February 2006 and April 2008 (*Appendix-IV*) in all the districts. Accordingly, Bank Accounts were opened from time to time in these districts for deposits/withdrawals of funds. Up to September 2009, the GoI released funds directly in these accounts. This was due to the fact that a requisite legal authority was not established under the Society Registration Act, 1860 and SEGF was not created in terms of Section 21 (1) of the Act despite reminder (November 2008) by the GoI. In June 2009, the State Government formed the 'Uttar Pradesh Gramin Rojgar Guarantee Yojna Samiti' and the existing bank accounts were designated as the State Fund Account. However, no notification to this effect was issued by the State Government, ignoring thereby the regulatory issue.

³ The amount of actual unspent balances which became the part of total availability of funds in a year was not made available to audit.

(₹ in crore)

Year	GoI grants	GoUP grants	Total
2007-08	0.20	200.00	200.20
2008-09	67.88	300.00	367.88
2009-10	3,083.85	550.00	3,633.85
2010-11	5,266.59	499.90	5,766.49

⁵ Included the 100 per cent costs of wages for unskilled manual workers, 75 per cent of the cost of wages for skilled and semi-skilled workers and cost of materials and determined percentage of administrative expenses of functionaries and administrative expenses of the Central Employment Guarantee Council

⁶ Included 25 per cent cost of material and wages for skilled and semi-skilled workers, unemployment allowance and administrative expenses of the State Employment Guarantee Council.

The Government stated (January 2013) that the separate notification for opening of SEGF bank account was not required in view of the Scheme notification for opening and operation of bank account for MGNREGS and also Government Order (August 2009) that the bank account no. 30125947162 opened for the *Samiti* would be used for bank account of MGNREGS. The reply was not acceptable as the Scheme was to be notified (February 2007) under Article 4 (1) of the Act and after establishment of SEGF Samiti in June 2009, SEGF bank account was to be opened through a separate Government notification under Article 21 (1) of the Act.

4.5 Financial irregularities

We during Audit noticed that a sum of ₹ 6,348.23 crore⁷ was released by GoI and the State Government to the 18 test checked districts during the review period. However, against total available funds of ₹ 7,680.82 crore during 2007-12, ₹ 6,438.28 crore⁸ was spent during the same periods. The financial irregularities noticed in this fund utilisation are discussed in the paragraphs below.

4.5.1 Financial Management System

The State Government was required to design a Financial Management System (FMS) in terms of the Operational Guidelines-2008 for ensuring transparency, efficiency and accountability in transfer and use of funds and tracking the end use of funds. FMS was to assist in making proposals for budget, raising demands for funds, making banking arrangements, transferring funds to the implementing agencies, accountal of the expenditure, audit of the sanctions and releases, obtaining utilisation certificates/vouchers/authorities against advance payments, reporting progress, making balance sheet etc. and finally fix responsibility of the executives/functionaries in case of default. The following issues were noticed in audit:

Transfer of funds from SEGF to districts

In November 2009, the Government decided to transfer funds to the GPs directly from SEGF for ensuring transfers within three days to them. However, Audit observed that designing of FMS was incomplete. Criteria for deciding the amount to be transferred to various executing agencies (GPs, KPs, and Line Departments) were also not laid down due to which there was absolutely no uniformity or method in release of funds. In some cases, funds were released at a flat rate and in other cases they were released as per demands raised by the district level functionaries.

⁷ ₹ 576.07 crore, ₹ 1,208.44 crore, ₹ 1,664.93 crore, ₹ 1,585.91 crore and ₹ 1,312.88 crore during 2007-12 respectively.

⁸ ₹ 597.01 crore, ₹ 1,162.12 crore, ₹ 1,723.02 crore and ₹ 1,526.72 crore and ₹ 1,429.41 crore during 2007-12 respectively.

Case Study

In test checked Block Persendi (District- Sitapur), delays in transfer of funds as detailed below were noticed:

- In 2007-08, the funds were released in parts on lump sum basis to the GPs. The Block demanded ₹ 1.49 crore on 4 March 2008 but the district released only ₹ 49.25 lakh on 18 March 2008.
- In 2008-09 the district released ₹ 25 lakh on 17 April 2008 against the demand ₹ 1.49 crore rose on 29 March 2008 by the Block.
- In 2009-10 the demand raised by the Block on 26 March 2009 was met by the district after two months on 21 May 2009.
- In 2010-11 the GP Ahamadpur Kanja generated the demand of rupees four lakh on 3 October 2011 and the same was finalised on the Budget website by MGNREGS Cell on 9 January 2012. The amount was received in the GP account in Allahabad Bank, branch Kasaraila on 30 January 2012. Thus the process of fund transfer took about 4 months.
- In 2011-12 the GP Khadania generated the demand of rupees four lakh on 3 December 2011 and the same was finalised on the website by MGNREGS Cell on 17 March 2012 but the amount was not credited in the GPs Account upto 31 March 2012.

Thus not only there were delayed transfer of funds but the funds transferred were not adequate as the releases were adhoc and not based on any criterion.

Avoidable recurring expenditure on funds transfer

MoRD had developed internet based MIS for uploading data relating to labour budget, expenditure etc., fulfilling all the major requirements for implementation MGNREGS. Despite availability of the internet based MIS, MGNREGS Cell developed (2011-12) its own web based 'Budget and Funds Framework' (BFF) software⁹ for fund transfers, at an annual recurring cost of ₹ 2.13 crore¹⁰. The internet based MIS software (NREGASoft) had all the functionalities of BFF with one exception - the information relating to the bank account details of the GPs. This additional information could have been incorporated in the MIS software developed by MoRD and the recurring annual expenditure of ₹ 2.13 crore was completely avoidable.

Discrepancies noticed in Fund Release

Data analysis of the data maintained on the BFF software revealed the following shortcomings in the software as well as in procedures:

⁹ Through Uttar Pradesh Development Systems Corporation Limited which is UP Government Undertaking.

¹⁰ At the rate of ₹ 1,800 per named user per month with five per cent increase in each year. Accordingly, ₹ 2.13 crore for 820 users at Block level and 72 at District level (1,800*12*892) including 10.30 per cent service tax for 2011-12 and ₹ 2.23 crore for 2012-13 were paid to UPDESCO.

- Subsequent installments to 1,990 *GPs* were released without obtaining UCs, as required under rules.
- Fund requests with zero amounts were captured in 85 out of 82,696 records, although fund request number and date of request were captured.
- Fifty one districts submitted UCs (₹ 2,560.63 crore) more than their actual expenditure. This was not cross verified by MGNREG Cell.
- Out of 42,139 CBS account numbers, there were 130 duplicate account numbers.
- Funds (₹ 2,284 crore) released during 2011-12 to 29,401 *GPs* was more than their demands (₹ 1,322.24 crore). Similarly, fund (₹ 409.22 crore) released to 4,834 *GPs* was more than their labour budget (₹ 335.13 crore).
- Material component of the expenditure by 12,006 *GPs* was more than the prescribed 40 *per cent*. Seventy-nine *GPs* of Agra district incurred expenditure (₹ 1.38 crore) on material only and expenses on labour were zero.
- Although the opening balances (₹ 106.69 crore) of 1,312 *GPs* was more than their labour budget (₹ 79.47 crore), additional funds (₹ 21.75 crore) to 734 *GPs* were released.
- Even after implementation of the policy of release of funds to the *GPs* directly, the concerned DPCs also released funds (₹ 99.53 crore) to 5,475 *GPs*.

The Government stated (January 2013) that releases were made in anticipation of UCs and funds released more than the labour budget to meet demands of the *GPs*. However, the Government did not reply as to the reasons for releases without demands.

Replies were not acceptable in audit because of inconsistencies in decisions for release of funds in excess/without demand thereby indicated a lack of planning for fund transfer.

4.5.2 Revolving Funds

Under Section 21 of the Act, the amounts lying in SEGF Account were to be spent and administered in a manner prescribed by the State Government. However, as per the Operational Guidelines-2008, SEGF account was to be operated as a revolving fund. Similarly, the accounts at district, block and *GP* levels were also to be operated as a revolving fund.

Audit noticed that prior to September 2009 the funds from the GoI were credited directly in MGNREGS' account opened in the districts. In August 2009, the State Government issued orders for operation/maintenance of block level accounts as revolving funds. However, rules for operation and maintenance were not framed. Subsequently, funds¹¹ were released to the blocks. With effect from November 2009, when funds to GPs were decided to be credited directly from SEGF, the maintenance of revolving funds was discontinued in violation of the provisions of the Operational Guidelines-2008.

The State Government stated (January 2013) that the revolving funds were required to replenish emergent need of funds, but there was no need of it with the commencement of direct transfers to GP from SEGF.

Reply was not justified in view of the provisions of Operational Guidelines-2008 under which accounts were to be operated as revolving funds.

4.5.3 Labour Budget

As per Section 14 (6) of the Act, DPCs were to prepare labour budget each year in the month of December for the next financial year, which was to be based on the assessment of labour demand, identification of works to meet it and estimated cost of works and wages. The development plans of the GPs were to form the basis for it.

However, the labour budgets were not based on realistic estimates emerging from the development plans as the development plans were not available with DPCs. Consequently, variations between monthly labour budgets and the actual expenditure were noticed in audit as was evident from the analysis of data provided to Audit in a CD media in respect of 72 districts for 2011-12. An analysis of this data revealed the followings:

- Projected person days, to be generated (2011-12) by 59 districts were reduced (10 per cent) by the GoI while approving the labour budget. Against 46,793 crore person days projected for 2011-12, the GoI approved 42,000 crore person days. The corresponding decrease of person days across districts by MGNREGS Cell varied from 1 to 35 per cent.
- On one hand, the overall sanctioned projected person days was reduced by the GoI while on the other hand the labour budget of 26 districts was approved in excess (₹ 124 crore) of their projected labour budget.
- The projected person days of eight districts was increased by 8.38 lakh person days with the increase (₹ 49.59 crore) of their labour budget.

¹¹ ₹ 50 lakh to the Blocks having labour budget above ₹ 20 crore and ₹ 25 lakh to the blocks having labour budget less than ₹ 20 crore.

Thus the projected person days by the districts, their approved labour budget and person days sanctioned by the GoI had no correlation with each other. There was no rationale at the State level either for reduction/increase in the labour budget of GPs.

4.6 Administrative expenses

Audit noticed that the State Government had fixed (May 2010) the proportion of administrative expenditure to be incurred by different tier functionaries in the State. MGNREGS Cell first transferred funds to the districts and thereafter it received it from them through bank drafts for meeting its contingent expenditure.

As fixed, funds at the rate of ₹ 0.75 per man day generated in the districts were to be sent back to MGNREGS Cell. Audit further noticed that MGNREGS Cell received funds (in excess of the admissibility) to the tune of Rupees one crore (2010-11) to six crore (2011-12) from the districts. As a result, ₹ 20.80 crore¹² at the end of (2010-11) and ₹ 20.44 crore (2011-12) was lying in the bank account. Retention of huge amounts in bank accounts besides resulting in blockage of funds is also fraught with the risk of misuse, indicative of lax internal controls.

The State Government stated (January 2013) that the funds were collected as per State Government orders.

Reply was not convincing as the funds in excess of admissibility were collected.

4.7 Unauthorised engagement of NGO/CSO at higher cost

As per Paragraph 5.2.5 of the Operational Guidelines, a door-to-door survey was to be carried out to identify persons willing to register themselves under the Act. The survey in GPs was to be carried out by a team headed by the Gram Pradhan.

However, audit noticed that the State Government decided (August 2010) to register beneficiaries through a project viz '10 lakh Vanchit Parivar-100 Din ka Rojgar' during 2010-11 in 26 districts of the State at a cost of ₹ 3.56 crore. The purpose of this scheme was to undertake beneficiary registration surveys through Non-Governmental Organisations (NGOs) and Civil Society Organisations (CSOs) on contract basis and accordingly engaged (October 2010) Messer's NR-International-NRMC-Proact Consortium New Delhi, an

¹²

Year	Man Days Generated (In lakh)	Total Expenditure	Admissible Administrative funds at State level	Available Contingency funds	Excess funds maintained at State level	Expenditure	Balance funds
₹ In lakh							
2010-11	3,348.50	5,62,784.83	2,511.38	2,669.61	158.23	589.78	2,079.83
2011-12	2,759.81	5,16,615.00	2,069.86	2,756.85	686.99	712.74	2,044.11

NGO as nodal agency, and 22 CSOs. Audit further noticed that the GoI advised (September 2010) the State Government to cancel it. Instead of canceling the same, the State Government extended (November 2010) the project to 31 districts and decided to incur expenditure under IEC component of the Scheme. GoI again advised (November 2010) to cancel the project. However, the State Government continued it and paid ₹ 1.44 crore to the NGO/ CSOs. This indicated lack of coordination between the GoI and the State Government.

In reply, it was stated that NGO was engaged as per State Government orders. Thus, the Government continued its registration drive contrary to the GoI guidelines.

4.8 Inadmissible payment of honorarium

According to MoRD (March 2007) clarification, honorarium was inadmissible to the Government employees. Audit observed that MGNREGS Cell paid (2010-12) honorarium amounting to ₹ 8.17 lakh to the Government employees working in MGNREGS Cell. The expenditure was met irregularly from the administrative expenses.

The Government stated (January 2013) that the honoraria were paid, as were paid in other GoI sponsored schemes.

Reply was not acceptable in view of clarification given by MoRD.

4.9 Outstanding recoveries

As per Paragraph 10.4 of the Guidelines, the entitlement conferred by the Act is legally justiciable. For this reason, among the others, it is important to maintain accurate records particularly of financial transactions. In case of any irregularity, requisite action should be taken within reasonable time to ensure timely recovery and to avoid loss.

However, based on information furnished to audit by MGNREGS Cell, 198 cases of financial irregularities involving ₹ 3.31 crore occurred during 2010-12. Out of this, the recoveries amounting to ₹ 2.60 crore were outstanding at the close of March 2012.

The Government stated (January 2013) that the recovery is under process.

The recovery needs to be watched in audit.

4.10 Control and monitoring of payments and accounting records

Major deficiencies in accounts

The consolidated annual accounts for the Scheme were not prepared for the periods 2007-12. The annual accounts prepared at district level which provide basic data for financial monitoring and control were marred by deficiencies

viz. form of accounts was not prescribed, non adoption of accounts by General Body, non preparation of accounts annually, non capturing of entire data in the accounts, grants received booked as expenditure on the basis of disbursements, absence of monthly squaring of accounts, non transfer of funds of closed schemes etc. These irregularities raise doubts about the reliability of accounts. Brief discussion on the deficiencies is annexed (*Appendix-V*).

Routing of funds through banks

With a view to ensure timely transfer of funds to the implementing agencies, the GoI adopted the banking route for funding MGNREGA programme. Despite this, Audit observed:

- Authorising and payment/cheque issuing authority was with one officer viz. at State level, Commissioner Rural Employment Guarantee was sanctioning authority and joint signatory on the cheques with the Chief Accounts Officer. In districts CDO as DPC¹³, BDO as PO, *Gram Pradhan* in GPs were sanctioning and cheque drawing officers, thereby weakening the internal controls;
- Bills were not supported by sanctions and sub-vouchers;
- Monthly reconciliation of the transactions with banks were not being done;
- Funds were released to implementing agencies without any mechanism for reconciliation with UCs.
- Differences in data in MIS and MPRs were not being reconciled.
- Issue of muster rolls without marking unique identification number issued from DRDA¹⁴ as against from the Block.
- Control records as illustrated in the review were not maintained.

Resorting to a banking route for funding without ensuring at least the basic safeguards built into treasury system had adversely impacted accounting controls which were compromised.

In reply, the State Government stated (January 2013) that the MGNREGS bank accounts were being operated jointly by the two officers at district, Block and GPs level and corrective actions have also been taken for other deficiencies noticed in audit. Reply indicated that one of the two officers signing the cheques is the authority for sanctions also.

¹³With effect from 7 January 2009, District Magistrate has been designated as DPC and CDO as ADPC.

¹⁴DRDA Bareilly issued 1,999 muster rolls in 2008-09 to 2010-11 (4/11) to Ruhelkhand Nahar Khand Division, Bareilly without allotting unique identification numbers.

Banking arrangements

Separate Bank Accounts were to be opened for funds under the Scheme at the State, district, block and *GP* levels. Funds from MGNREGS account were to be spent on MGNREGS works only after these works were accorded the required administrative and technical sanctions by the competent authorities. Payments made from the accounts of the *GP* were to be reported to the *Gram Sabha* in its next meeting for approval. All payments of MGNREGS wages through Banks (or Post Offices) were a useful means of separating payment agencies from implementing agencies. In order to implement the provision of the Act in its letter and spirit and also to ensure livelihood security, timely payments (weekly and not beyond a fortnight) to the workers was essential. Audit observations on separate bank accounts, payments not reported to *Gram Sabha*, non opening of bank accounts, delay in payments of wages are annexed (***Appendix-VI and VII***).

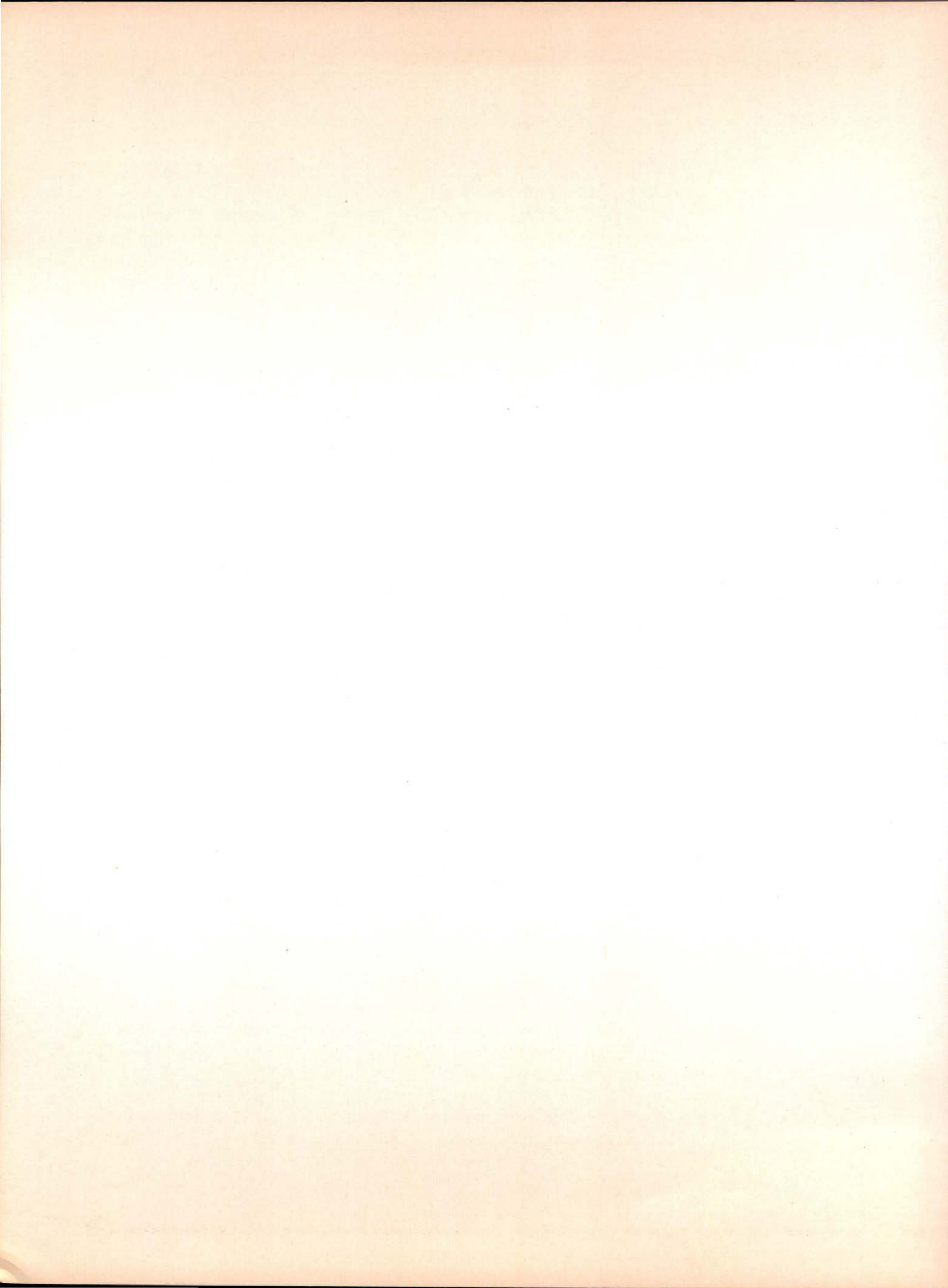
In reply, the State Government stated (January 2013) that the bank accounts not opened would now be opened. However, reply for delay in payments was not furnished.

4.11 Conclusion

The consolidated annual accounts were not prepared. There were shortfalls in releases of the central shares vis-à-vis the approved labour budget thereby vitiating the demand driven concept of MGNREGS. The financial management system was inadequate and different criteria were adopted at different points of time. Avoidable annual recurring expenditure of ₹ 2.13 crore was incurred on the designing of discrepant web based Budget and Funds Framework despite availability of internet based MIS developed by MoRD. The labour budgets were also not realistic. NGO/CSOs were unauthorisedly engaged for door to door surveys for identification of the labourers.

4.12 Recommendations

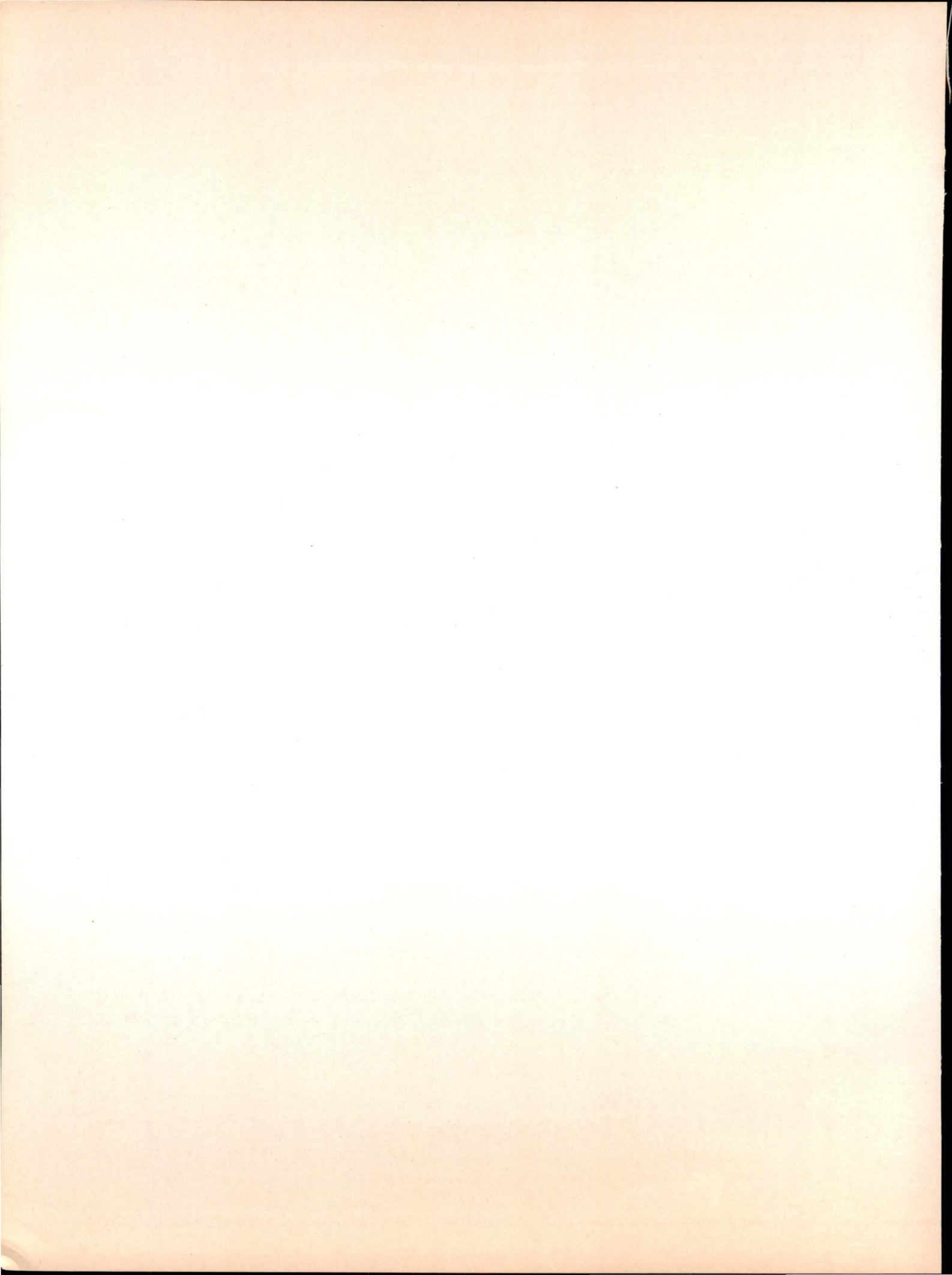
- In order to ensure transparency in fund distribution to districts/GPs, the State Government should design complete financial management system which monitors and regulates the amount to be transferred based on demands and dictate its quick transfer to the executing level.
- Forms of accounts should be prescribed and the consolidated accounts to be prepared on annual basis, should be submitted to the general body of the *Samiti* for its adoption. Monthly squaring of accounts should also be prepared separately.
- Payments to the workers should be made within due time. Separate bank accounts wherever not opened should be immediately opened and all the payments made should be invariably reported to *Gram Sabha*.



Chapter

5

**REGISTRATION AND
EMPLOYMENT GENERATION**



MGNREGS is open to all rural households and 100 days of wage employment in a financial year is guaranteed to the registered household. In order to become eligible for employment under the scheme, an application for registration can be given on plain paper to the local *GP*, giving the names of those adult members who are willing to do unskilled manual work or an individual could appear personally and make an oral request. The *GP* will issue job cards to every such registered household, within 15 days of receipt of this application/request.

Audit noticed various shortcomings in registration and employment generation which are highlighted in the succeeding paragraphs.

Audit findings

5.1 Registration, Issue of Job Cards and providing employment

Following deficiencies were noticed in registration and providing of job cards to the wage seekers:

- To extend the opportunity provided under the Act, door-to-door surveys to identify the willing persons for their registration were not conducted in 420 test checked *GPs* of 17 districts¹.
- During 2008-12, job cards to 1,298² households of Bulandshahar and Varanasi districts (Harauwa block) were not issued despite registration, thereby denying them the guaranteed employment opportunity.
- Photographs of 960 beneficiaries on job card register in 14 test checked *GPs*³ of Azamgarh, Balrampur, and Sultanpur districts were not affixed, thereby leaving scope for providing employment to one beneficiary on the registration of another.

The State Government stated (January 2013) that the Job Cards were prepared on the basis of application received from the beneficiaries after wide publicity and special drives. The State Government also stated (January 2013) that in Balarampur District the register was prepared after door-to-door surveys.

Reply was not substantiated with documents in support of the surveys neither at the time of audit nor with the reply. Further, the discrepancies detailed above have no direct co-relation with the reply furnished.

¹ Allahabad, Azamgarh, Balrampur, Banda, Bulandshahar, Chitrakoot, Ghaziabad, Gonda, Jalaun, Kushinagar, Lucknow, Moradabad, Rampur, Sitapur, Sultanpur Unnao and Varanasi districts.

² In district Bulandshahar 51 job cards against total 1,05,369 registered households and in Harauwa block of Varanasi district, 1,247 job cards against 12,062 registered households.

³ *GPs* Chaurasi (15 cases) & Maha ji Devera jaheed (10 cases) of Azamgarh, *GP* Mujehna (12 cases) of Balrampur and *GPs* Patipur (221 cases), Belasada (39 cases), Abhiya kala (145 cases), Alipur (62 cases), Kuchmuch (8 cases), Kenora (114 cases), Mahesuwa (83 cases), Sarai Achal (186 cases), Uchhehra (42 cases) of Sultanpur district and Arifpur (17 cases), Firozpur (6 cases) in Ghaziabad district.

Position of demand and providing employment to households in the State during 2007-12 was as under:

Table 5.1: State level position of employment provided

(Figures in lakh)		
Year	Employment demanded	Employment provided
2007-08	41.04	40.96
2008-09	43.79	43.36
2009-10	56.65	54.80
2010-11	81.76	81.15
2011-12	70.00	69.35
Total	293.24	289.62

It is evident from the table above that there has been significant decline in providing employment in 2011-12 compared to the previous year (2010-11).

5.2 Lower Representation of Women

Paragraph 1.4 of the Guidelines provided that 33 *per cent* of the labour employment should be provided to women. However audit noticed that the representation of women, amongst those getting employment, ranged between 18 *per cent* and 22 *per cent* in the State during 2008-12. In 18 test checked districts, it ranged from 13 to 20 *per cent* during the 2007-12 and in the test checked 460 GPs from 14 to 27 *per cent*. The representation was specially low (14 *per cent*) in 2007-08 (*Appendix-VIII*).

The State Government stated (January 2013) that efforts were being made to increase the participation of women up to the prescribed 33 *per cent*.

Reply was not justified in view of a fall of six *per cent* in the women representation ratio during 2011-12 *vis-a-vis* 2010-11 in test checked GPs.

5.3 Demand and providing employment

The deficiencies noticed in providing employment were as under:

- Seventy-two test checked GPs of three districts⁴ did not register workers on their oral demand of employment, thereby denying employment to them.
- Dated receipts were not issued against written applications for demand of works in 366 test checked GPs of 18 districts. Consequently, providing of employment within stipulated 15 days could not be confirmed in Audit.

In reply, the State Government noted (January 2013) audit observation for compliance in future.

⁴ Jalaun (18 GPs), Kushinagar (30 GPs) and Moradabad (24GPs) districts.

5.3.1 Non-achievement of guaranteed 100 days employment

At the State level, only 2.3 *per cent* to 6.80 *per cent* workers were provided with 100 days employment during 2007-12. The position in 18 test checked districts ranged between 2.14 *per cent* and 8.25 *per cent* during the same period. Similarly 100 days employment by test checked 460 GPs ranged between 0.64 *per cent* and 2.03 *per cent*. Average employment provided per household in a year by these districts during 2007-12 ranged between 18 and 29 days and the same in test checked GPs was between 16 to 23 days. The status of employment provided in test checked districts and GPs are annexed (*Appendix-IX*).

The State Government did not furnish reply to the audit observations raised in 11 Districts but accepted the findings in respect of Balrampur and Sultanpur Districts. In respect of remaining districts, the State Government stated (January 2013) that the employment had been given on demand made by the registered families. The reply was not convincing on the ground that 100 days employment in the State was provided to 2.3 to 6.80 *per cent* workers only.

5.3.2 Employment for more than 100 days

Under MGNREGS, the members of a household were entitled to receive employment not exceeding 100 days in a year. In case they were provided employment exceeding 100 days, the State Government was to bear expenditure on providing this excess employment.

Audit observed (through the data downloaded from website www.nrega.nic.in) that 55.76 lakh man days employment (exceeding 100 days) involving payment of ₹ 57.98 crore was provided in the State during 2009-12 as detailed in the table below.

Table 5.2: Employment provided for more than 100 days

Year	Households provided completed 100 days employment	Admissible person days under MGNREGA	Total person days generated	Employment provided for extra person days	Admissible payments (₹ In crore)
2009-10	4,28,873	4,28,87,300	4,51,62,403	22,75,103	22.75
2010-11	4,69,420	4,69,42,000	4,91,35,504	21,93,504	21.94
2011-12	3,07,949	3,07,94,900	3,19,02,656	11,07,756	13.29
Total	12,06,242	12,06,24,200	12,62,00,563	55,76,363	57.98

(Source: Information available on www.nrega.nic.in)

Separate fund as required under the Act to meet the expense on any additional employment was not maintained by the State Government. The above included ₹ 13.38 crore paid to 12.13 lakh households against 12.90 lakh person days (more than 100 days) provided in 18 test checked districts during 2008-12 (*Appendix- X*).

In reply, the State Government stated (January 2013) that the necessary directives for not providing employment for more than 100 days and recovery of the amount paid in excess of 100 days have been issued.

Status of recovery is awaited in audit.

5.4 Unemployment Allowance

As a right based scheme, under MGNREGS employment was to be provided on demand within a period of 15 days. If the same was not provided the worker was entitled for payment of unemployment allowance, which was to be paid from the State budget. The State Government was thus required to make funds available separately for meeting this liability, as and when it occurred.

Information downloaded from the www.nrega.nic.in revealed that the State did not provide employment to the workers on demand within the stipulated time of 15 days. This would have resulted in unemployment allowance becoming due. The allowance to the extent of ₹ 5.12 crore⁵ for the period from 2009-12, remained unpaid by the State Government as detailed below:

Table 5.3: Unemployment allowance days generated

(₹ in lakh)					
Year	No. of Districts	Days for Unemployment Allowance	Days for the Allowances paid	Amount paid	Amount payable equal to wage rate ₹100/120 per day
2009-10	71	13,629	71	0.07	13.55
2010-11	72	3,67,239	147	0.18	367.09
2011-12	72	1,09,099	0	0	130.91
Total					511.55

(Source: www.nrega.nic.in)

Further, workers of 25 villages of two⁶ Blocks in district Sitapur demanded (November 2007) unemployment allowance as employment was not provided to them on demand (May to October 2007). The requests of the workers (Rambeti and others) were rejected (December 2007) by DPC on the ground that they were provided employment in another scheme of the area. Consequently, the workers union lodged (December 2007) an appeal with the Commissioner for payment of unemployment allowance. The Commissioner directed DPC to pay unemployment allowance of ₹ 14.99 lakh to them. The same was then irregularly paid by DPC, from the MGNREGS fund.

The State Government stated (January 2013) that the districts provided employment on demand within stipulated time period. The State Government also stated (January 2013) that instructions have also been issued to avoid a repeat of such instances in the future.

⁵ Worked out at the prevailing wage rate, however it should not be less than one fourth of the minimum wage for the first 30 days, and one half thereafter.

⁶ Mishrikh (15 villages) and Pisanwa (10 villages).

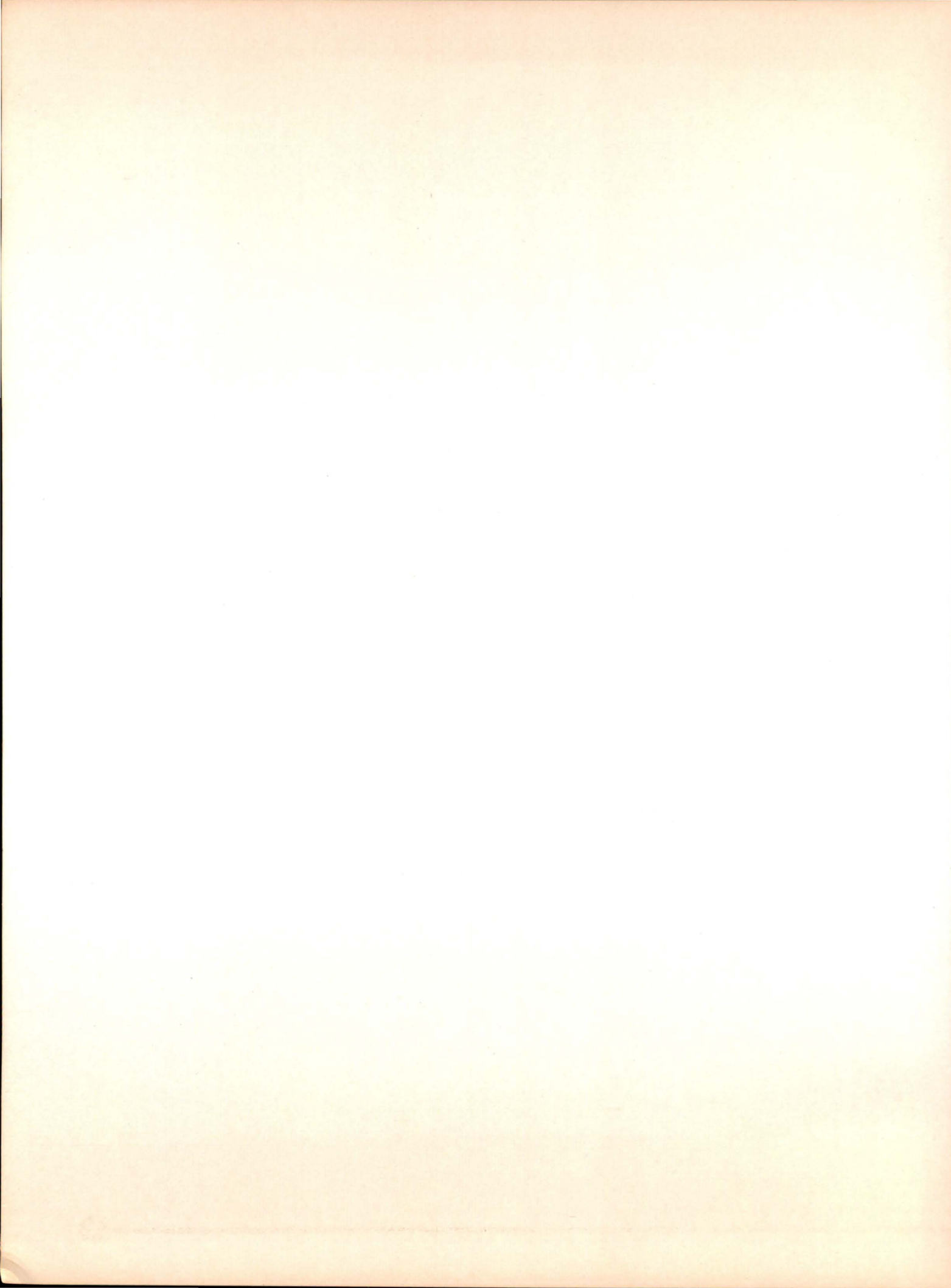
However, the data on the website refutes the Government's assertion. If the reply of the Government is to be accepted then it implies that the data uploaded on nrega.nic.in is incorrect. In either case, the Government needs to take corrective measures for ensuring timely grant of employment and also correctly uploading data on the internet.

5.5 Conclusion

No door to door surveys were conducted to identify adult persons in rural areas willing to do unskilled manual work. The participation of women was far less as compared to the prescribed percentage. The records maintained were improper thus it was not possible to ascertain from the ground level records whether employment was provided within the stipulated 15 days or not. The unemployment allowances were also not paid to the eligible wage seekers from the State funds.

5.6 Recommendations

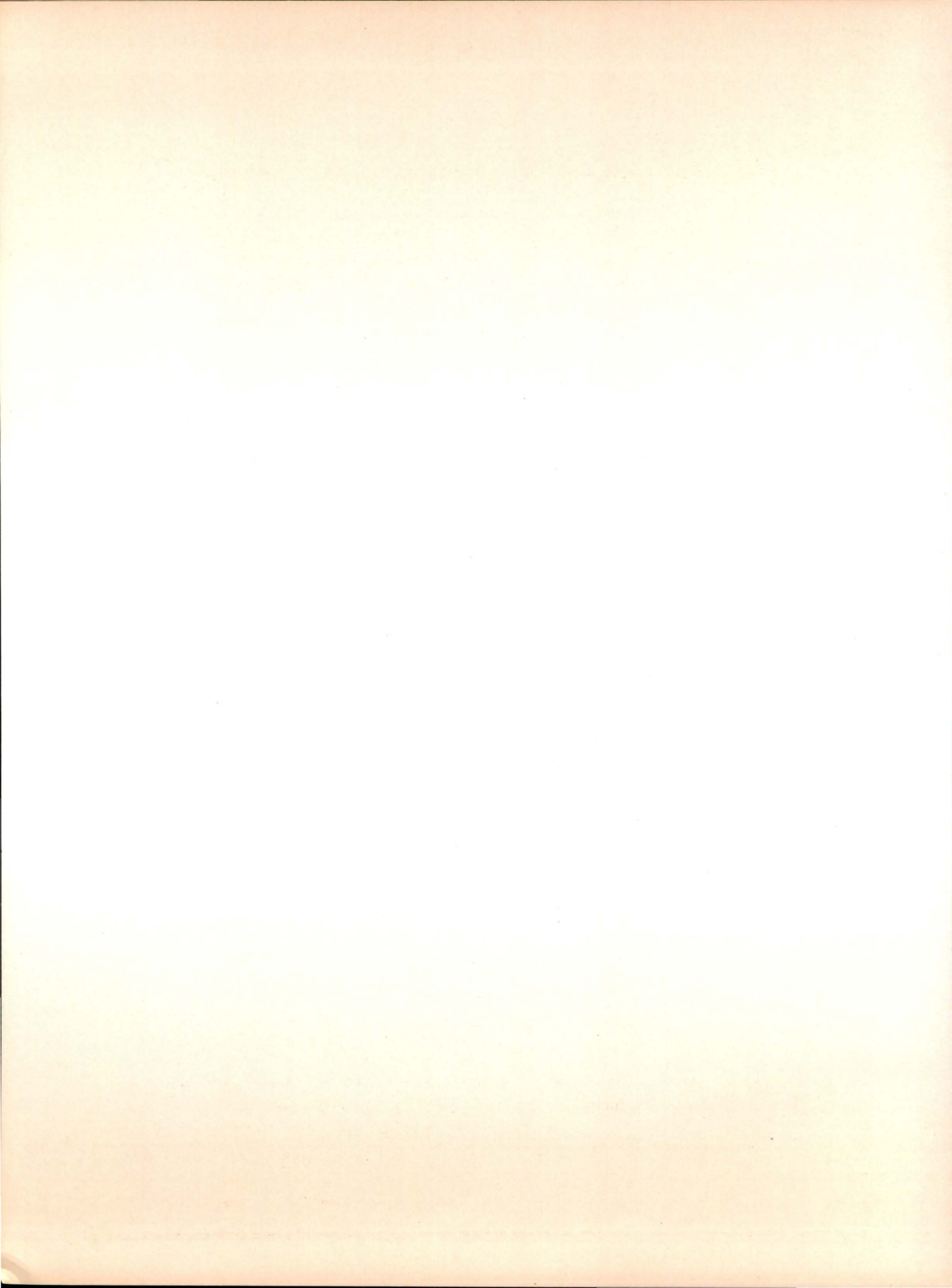
- The Government should ensure registration of persons willing to work after surveys at the level of *GP* in order to implement the scheme in letter and spirit.
- The Government should ensure 100 days of work in a year to those registered and payment of unemployment allowances to those not getting work within the stipulated time, as per guidelines.



Chapter

6

WORKS AND THEIR EXECUTION



As mentioned, the two main objectives of the Act were to provide 100 days of wage employment to every rural in need of such employment and to create durable assets to strengthen the livelihood resource base of the rural poor. To ensure this, the Act and the Operational Guidelines prescribed a number of conditions for the works to be taken up viz:

- Planning for works from the GP level upwards;
- Proper estimation of works;
- List of priority-wise permissible works which could be taken up;
- Prescribed a wage : material ratio of not less than 60:40; and
- Use of contractors/machinery was prohibited.

In succeeding paragraphs findings relating to execution of works under the scheme have been discussed.

Audit findings

6.1 Execution of works without plans

Annual Plan is a working plan that identifies the activities to be taken up on priority in a year. Works under MGNREGS were to be executed on the basis of annual plans approved by the *Panchayats*.

Audit observed that 11 test checked districts¹ executed works of rural connectivity without including them in the annual plans. The year-wise break-up of works targeted and executed there against is as below:

Table 6.1: Year-wise breakup of works

(₹ in crore)

Year	Rural Connectivity Works targeted	Rural Connectivity Works completed	Excess works executed
2007-08	27.79	80.86	53.07
2008-09	63.74	199.83	136.09
2009-10	53.44	112.03	58.59
2010-11	120.15	223.83	103.68
2011-12	15.86	69.20	53.34
Total	280.98	685.75	404.77

The State Government stated (January 2013) that rural connectivity works were executed in excess of approved labour budget keeping in view the priorities and needs of the *GPs*. Further, change in decisions during open meetings of *Gram Sabha* resulted in variations in number of works executed.

¹Azamgarh, Balrampur, Kushinagar, Barailly, Moradabad, Sitapur, Lucknow, Rampur, Gonda, Jalaun and Varanasi.

The reply was not acceptable as only the works approved in annual plans were to be taken up. Adhocism in execution of works runs the risk of rendering the entire Annual Plan exercise irrelevant and futile.

6.2 Execution of unapproved works

As per paragraph 6.4.1 of the Guidelines, the funds under MGNREGS were to be spent on the works which have been administrative approved and technically sanctioned by the competent authorities. However, Audit observed that 237 works were executed in seven test checked districts by incurring an expenditure of ₹ 13.25 crore during 2007-12 which were neither administratively approved nor technical sanction obtained from the competent authority. District wise details of such unapproved works is given in the table below:

Table 6.2: Execution of works without Administrative/Technical Sanctions

Sl. No.	Name of District	Name of GPs/KPs/ZPs	No. of works	Amount (₹ in lakh)
1.	Bareilly	KP-Bhadpura (05 GPs)	9	7.49
2.	Ghaziabad	KP-Moradnagar (01 GP)	1	0.32
3.	Gonda	KP-Babhanjot (03 GP)	6	0.71
4.	Kushinagar	ZP Kushinagar	202	1,281.67
5.	Moradabad	KP-Bahjoi, Bilari and Moradabad (07 GP)	15	29.30
6.	Sultanpur	KP-Bhadaiya	1	0.31
7.	Unnao	KP-SikandarpurKarn (01 GP)	3	5.23
Total	7 districts	6 KPs, 17 GPs, 1 ZP	237	1,325.03

The State Government stated (January 2013) that each muster roll contains work identification number before handing them over to the functionaries and the identification number can be generated only after administrative and financial sanction of a work. Since MIS feeding of these muster rolls was not effectively done, some work executed without administrative and financial sanctions were not able to be monitored.

The State Government needs to ensure that the works not sanctioned are not executed as it vitiates the entire administrative process.

6.3 Sanctions on inflated estimates

MGNREGS guidelines provided preparation of realistic estimates. However, Audit noticed that estimates were not realistic and there was a wide difference between the actuals on these works and the estimated expenditure. In 170 test checked GPs of eight districts, there was a difference of ₹ 6.75 crore between the actual and the estimated expenditure during 2007-12. The district wise details of works executed, amount sanctioned and actual expenditure is given below:

Table 6.3: Works executed on the basis of inflated estimates

Sl. No.	Name of district	No. of GP	No. of Works	Sanctioned Amount	Actual Expenditure	Inflated Estimate
				(₹ in crore)		
1.	Allahabad	29	176	2.66	1.25	1.41
2.	Bareilly	30	155	2.10	1.27	0.83
3.	Ghaziabad	08	28	0.37	0.19	0.18
4.	Gonda	30	195	4.13	2.17	1.96
5.	Jalaun	17	37	0.77	0.33	0.44
6.	Sultanpur	28	131	2.52	1.20	1.32
7.	Unnao	09	20	0.58	0.31	0.27
8.	Varanasi	19	79	0.85	0.51	0.34
Total		170	821	13.98	7.23	6.75

The State Government stated (January 2013) that estimates were prepared in excess of actual works due to provisioning for additional work which may be required during execution and also attributed it to the payment of 0.5 per cent of the estimated cost of works to TAs.

Reply is not in consonance with the guidelines, because if any additional work is to be taken up, the same should be approved by competent authority and not built into work's estimates. Material should also not be procured in excess of requirement of the approved works. This also indicates a lack of technical expertise while planning and estimating the works.

6.4 Execution of low priority works

Schedule-I of the Act has prescribed eight works in order of priority for execution. As per this schedule, the highest priority was to be given to 'water conservation and water harvesting' works and the lowest priority to the works on rural connectivity.

However, audit observed that 5.56 lakh works (35.75 per cent) out of 15.55 lakh works executed during 2008-12 were lowest priority works i.e. work of rural connectivity. Water conservation works (1.42 lakh works representing 9.16 per cent) was fourth in the list of executed works. At the level of GPs, the percentage of execution of lowest priority works ranged between 12 and 79 per cent during 2007-12. It was also observed that the ZP, Kushinagar, during 2008-11, executed 404 works of lowest priority valuing ₹ 21.75 crore (out of 425 works valuing ₹ 23.13 crore) which represented 94 per cent in terms of number and cost both.

In reply, the State Government stated (January 2013) that the works have been executed keeping in view the needs and honouring the basic structure of the scheme which gives the GPs the prerogative to decide upon the projects to be taken up.

The reply was not convincing as the priorities fixed in the guidelines were not observed thereby compromising the objective of creating durable community assets.

6.5 Execution of inadmissible works

Construction of earthen roads

MGNREGS guidelines stipulated that non-durable assets like earthen roads, should not be taken up as these do not provide all weather access to rural habitations. However, Audit observed that 2,265 earthen road works (valuing ₹ 15.60 crore) out of 8,900 works in 405 GPs of 18 test-checked districts were executed during 2007-12. The district-wise earthen roads constructed are tabulated below:

Table 6.4: Construction of earthen roads

Sl. No.	Name of districts	No. of GPs	Total No. of works executed	No. of earthen works	Amount (₹ in lakh)
1	Azamgarh	30	878	324	133.97
2	Bulandshahar	26	451	145	60.77
3	Bareilly	30	299	157	109.85
4	Gonda	30	292	109	110.80
5	Unnao	30	1,102	228	221.61
6	Moradabad	30	891	112	96.88
7	Allahabad	20	287	32	12.33
8	Sitapur	28	1,090	118	125.04
9	Ghaziabad	9	178	23	18.99
10	Banda	18	180	36	93.66
11	Rampur	10	491	101	68.72
12	Balrampur	18	677	177	87.84
13	Kushinagar	25	300	58	50.09
14	Varanasi	20	444	268	74.21
15	Chitrakoot	9	250	15	34.06
16	Lucknow	20	660	277	202.07
17	Sultanpur	23	230	50	23.05
18	Jalaun	17	200	35	35.59
Total		393	8,900	2,265	1,559.53

The State Government stated (January 2013) that good quality earthen roads could be used as all weather roads.

The reply is not convincing as this work is inadmissible under the Guidelines.

Other inadmissible/improper works

Works like construction of large bridges, distribution of plants, beautification of ponds, etc. was inadmissible under the scheme. However, Audit noticed that 272 inadmissible/improper works (valuing ₹ 10.26 crore) out of 4,212

works were executed during 2008-12 in the 10 test checked districts. The district-wise details are given in table below:

Table 6.5: Execution of other inadmissible/improper works

Sl. No.	Districts	No. of GPs/ KPs/ LDs	Total no of work executed	No. of inadmissible works	Amount (₹ in lakh)	Works executed
1	Azamgarh	14 GPs	455	15	7.52	Distribution of plants
2	Gonda	3 GPs and 2 KPs	528	54	185.79	Interlocking works
3	Kushinagar	Zila Panchayats	425	08	254.00	Bridges of more than 15 metre length.
4	Moradabad	2 GPs , 01 KPs	37	3	5.07	Earth filling in school/ temple, model pond
5	Rampur	9 GPs, 01 KPs	239	9	27.57	Purchase of plants
6	Sultanpur	1 KPs, 1 Line Department	24	12	71.13	Inter-locking works
		18 GPs, 3 KPs	295	28	70.23	Construction of ponds without inlet/outlet
7	Unnao	20 GPs, 2 KPs	1102	93	278.26	Ponds beautification (model ponds)
		2 GPs		2	5.50	Construction of seven shops on lands of SC beneficiaries
8	Varanasi	10 GPs, 2 KPs	444	35	81.04	Use of spun pipes in drainage work blocking source of recharge.
		4 GPs		4	4.42	Ponds constructed without inlet/ outlet.
9	Lucknow	2 GPs	660	6	12.14	Mid-day meal sheds in Primary School
10	Chitrakoot	ZP	03	3	23.60	Drains in Kashi Ram Awaas Yojna
Total		84 GPs , 12 KPs 2 ZPs and 1 Line Department	4,212	272	1,026.27	

The State Government accepted (January 2013) that interlocking works would not be executed in future, inlet/outlet would be ensured in construction of ponds, inquiry would be conducted regarding earth filling works, and in case of defalcation, recovery would be made from the concerned. About construction of bridge more than 15 metre length, it was stated that action has been taken against erring officials and construction of model ponds with bench, boring and boundary wall has been disallowed.

Thus, the Government accepted the audit observations. However, no documents were produced in support of these assertions and the outcomes need to be watched in audit.

6.6 Physical verification of completed works

Joint physical verification of works in test checked eight GPs of Balrampur, Bareilly, Kushinagar and Moradabad districts revealed that the works of installation of hand pumps, construction of tree guards, plantations, construction of roads in full length, laying of hume pipes, construction of culvert, installation of gate and fencing wire in pond etc., on which ₹ 7.21 lakh was spent, were not executed, though shown completed in records (*Appendix-XI*). Audit also noticed that 3.85 lakh plants (cost: ₹ 4.85 lakh) were distributed to villagers for plantation during June 2008 to February 2009 in 11 test checked GPs in Azamgarh district. The distribution of plants was not permissible under MGNREGS. Further, the sites of plantations could also not be shown to audit during site inspection.

The State Government accepted the aforesaid audit observations for three districts (Balrampur, Kushinagar and Moradabad). However, documentary evidence with regard to plantation sites by district Bareilly was not produced to audit and also not attached with the reply. Regarding distribution of plants in Azamgarh district the State Government replied that no public place was available and hence plants were distributed to people for plantation in the open area of their houses.

The reply was not in accordance with the guidelines as the scheme did not provide for distribution of plants.

6.7 Incomplete/abandoned works

Financial Rules provided for adhering to the prescribed time-schedule and cost of work as per the estimate and any variation in time and cost should be approved by the competent authority. Audit noticed various irregularities in work execution in this regard.

Abandoned works

In two test checked districts, 19 works were abandoned due to lack of planning after incurring an expenditure of ₹ 18.19 lakh during 2008-12. The details are given in the table below:

Table 6.6: Abandoned works

Name of District	Number of PRIs and line Department	Number of works abandoned	Nature of works executed	Amount (₹ in lakh)
Chitrakoot	GP-1(Karvi Block)	1	BW/Kharanja work	1.08
Sultanpur	Zila Panchayat	18	EW/Soling	17.11
Total		19		18.19

Incomplete works

In four test checked districts, 51 works were incomplete due to non-adherence of prescribed time schedule even after incurring an expenditure of ₹ 1.76 crore during 2008-12. The details are given below:

Table 6.7: Incomplete works

Name of District	Number of PRIs	No of incomplete	Nature of works executed	Amount (₹ in lakh)
Azamgarh	GP-4	5	Brick soling	3.80
	KP-1	2	Pakki Nali	1.60
Bareilly	ZP	5	EW/Khajanja work	12.26
Kushinagar	ZP	28	Pullia, Approach and Mitti Karya	146.78
Moradabad	GP-4	4	Mitti Bharai work	2.73
	ZP	7	Khadanja, Nali	8.64
Total	8- GP, 1- KP and 3- ZP	51		175.81

In reply, the State Government submitted (January 2013) vague replies for incomplete and abandoned works viz. instruction had been issued to complete the works, works had been executed as per demand of work, no additional budget was demanded, and funds allocated had been refunded. The replies are not relevant to the audit observations.

6.8 Procurement of material

The State Government did not prescribe a procedure for purchases as was required under the Guidelines. Further, the existing procedure as per the Financial Handbook, Vol. VI of the State Government was also not followed. Resultantly ad hoc procedures were followed by different functionaries thereby denying the Government the benefits of competitive rates as is evident from the instances noticed in audit and discussed below:

In Sitapur district, construction material costing ₹ 45.16 lakh in GPs under Hargaon KP, ₹ 57.07 lakh in GPs under Persendi KP and ₹ 2.15 lakh in GPs Angoi under Machhrehata KP were procured without any tender/quotation formalities.

No specific reply was furnished to audit.

6.9 Irregular deduction of royalty

State Government ordered (May 2010) that the royalty for digging of earth for MGNREGS works would not be deducted. However, Audit noticed that royalty amounting to ₹ 41.60 lakh, ₹ 3.97 lakh and ₹ 49.26 lakh (total ₹ 94.83 lakh) were deducted (2008-12) by Zila Panchayat, Unnao, Public Works Department, Sultanpur and Zila Panchayat, Kushinagar respectively on digging of earth for MGNREGS works. The amounts so deducted (₹ 94.83 lakh) were deposited in Government account.

The State Government stated (January 2013) that action was being taken for depositing back the royalty in Unnao and Kushinagar districts. In Sultanpur district audit observation was not accepted.

However, documentary evidence regarding non-deduction of royalty after May 2010, was neither produced during audit nor attached with the reply.

6.10 Payment of wages

The Scheme commenced with a daily wage rate of ₹ 58 which was enhanced to ₹ 80 with effect from 23 May 2007 and to ₹ 100 with effect from 1 August 2007. It was further increased to ₹ 120 with effect from 1 January 2011. As per guidelines, attendance of workers was to be recorded on daily basis and payments be made at prescribed rates after measuring the works. However, Audit observed:

- In 17 GPs, 6 KPs (District: Azamgarh, Kushinagar, Rampur and Sultanpur), 2 ZPs (District: Azamgarh, Banda) and one Line Department (District: Moradabad) the labourers were paid wages at lower rate during May 2007 to March 2011 resulting in short payment of wages amounting to ₹ 4.50 lakh.
- In GP Shambhupur of Azamgarh district, the labourers were paid wages at higher rate (April to June 2007), resulting into excess payment of ₹ 62,000.
- In GP Baijuapur and Bani of Balrampur and Sultanpur districts respectively, 108 labourers with similar name and Bank account numbers were engaged twice at the same or different works during the same period resulting into fraudulent payment of ₹ 62,000.
- In 11 test checked GPs of district Rampur and one GP of district Moradabad wages were paid before or without measuring works resulting into irregular payment amounting to ₹ 22.29 lakh.
- In GP Gazipur, 62 labourers were deployed for digging of pond in Vabhanpura Pohari Bava from 2 April 2008 to 31 April 2008 while the month of April happens to be of only 30 days. This indicates at the possibility of fraudulent payment.

- Receipt in support of payment made in cash was being obtained on the relevant muster rolls upto August 2008. In four test checked *GPs* of Azamgarh and Balrampur districts, ₹ 4.46 lakh was paid in cash through muster rolls but no signature or thumb impression was obtained from the labourers in token of receipt of payment. This again indicates at the possibility of fraudulent payments.

In reply, the State Government stated (January 2013) that the short payment of wages in concerned districts was due to late receipt of Government orders regarding wage revision. Regarding payment at higher rate in *GP* Shambhupur of Azamgarh, it was stated that on demand of labourers, the payments were made at current rate of ₹ 100 per day. No replies were furnished regarding the other instances detailed above for the *GPs* of Azamgarh, Balrampur, Gonda, Rampur and Sultanpur districts.

6.11 Wage-material ratio

As per the Guidelines of MGNREGS, the cost of material component of projects including the wages of skilled and semi-skilled workers was not to exceed 40 per cent of the total cost of the project.

In all *GPs* and *KPs* of 18 test checked districts, the material component was more than the prescribed limit of 40 per cent during 2009-12 (**Appendix-XII**). Consolidated year wise details of expenditure incurred in *GPs* and *KPs* of test checked districts on excess material component are given below in Table:

Table 6.8: Excess expenditure on material component

Year	Excess material component in <i>GPs</i> (₹ in crore)	Excess material component in <i>KPs</i> (₹ in crore)	Total (₹ in crore)	Short generation of mandays (In crore)
2009-10	45.87	8.84	54.71	0.55
2010-11	18.24	22.72	40.96	0.41
2011-12	3.52	5.33	8.85	0.07
Total	67.63	36.89	104.52	1.03

Thus, a sum of ₹ 104.52 crore was incurred on material component in excess of the prescribed limit resulting into concomitant short generation of 1.03 crore person days of employment at the rate of ₹ 100/120 per day prevailing in the year concerned. Further, this amount should have been made good from the budget of the State Government as per the scheme guidelines.

The State Government did not furnish any reply to this observation.

6.12 Elimination of bogus/duplicate works

With a view to eliminating bogus/duplicate works, the guidelines provided for allotting Unique Identity (UID) Number to each work. The other checks included taking photograph at beginning, during and after completion of the works and worksite boards showing dates of their commencement/completion

etc. However, physical verification revealed the followings, indicating possibility of bogus/duplicate works:

- No UID numbers were allotted to 1,199 works (₹ 13.36 crore) which were executed during 2007-12 before issuance of muster rolls for these works in 10 test checked districts (*Appendix-XIII*).
- No photographs before commencement, during execution and after completion of works were taken/found attached with the concerned files of 2,169 works (₹ 27.08 crore) in 267 test checked GPs of 12 districts (*Appendix-XIV*).
- No work site boards were provided for 3,599 works (₹ 42.41 crore) in 436 test-checked GPs (*Appendix-XV*).

The State Government, while accepting the deficiency in eleven districts, stated (January 2013) that with the issuance of E-muster rolls the shortcomings would be negligible in future. Regarding works without three stage photographs and worksite board it stated that the monitoring was done and instructions had been issued for ensuring their 100 per cent compliance.

6.13 Project completion report and handing over of works

As per the Guidelines, a Project Completion Report (PCR), a photograph of the work completed and a Social Audit Report should be placed in the file of the concerned work. However, Audit noticed that project completion report of 3,091 works (₹ 38.22 crore) which were physically verified in 363 test-checked GPs of 16 test-checked districts, were not available in the concerned files. In 3483 works (₹ 43.91 crore) of 17 districts there was no record of the Vigilance and Monitoring Committee (VMC)/social audit reports. Further, 4,242 works (₹ 51.48 crore) executed (2007-12) in 444 test-checked GPs were not handed over to the user groups as of March 2012.

The State Government stated (January 2013) that the instructions had been issued again for maintenance of PCRs. Regarding VMC/social audit reports of works, instruction had also been issued for compliance in future.

6.14 Worksite facilities

The implementing agencies were to provide the facilities such as medical aid, drinking water, shade etc at the worksites. A survey of 3,400 beneficiaries² in audit in 13 test checked districts revealed that no such facilities were provided in the majority of the cases. Moreover, in 167 GPs of eight test checked districts (Allahabad, Azamgarh, Balrampur, Bareilly, Chitrakoot, Ghaziabad, Moradabad, Rampur) cost of tools was not provided to the laborers. This indicated that the labourers were deprived of the mandated facilities.

²Information in respect of remaining 5 test-checked districts (Balrampur, Chitrakoot, Kushinagar, Sultanpur and Varanasi) could not be customized.

The State Government did not furnish any convincing reply.

6.15 Other interesting points

- A recharge drain, constructed (2009-10) at a cost of ₹ 3.20 lakh in *G P Gosaiपुर Mohav* of district Varanasi was dismantled subsequently as it was constructed without the requisite permission of PWD, rendering the expenditure unfruitful.
- DPC, Chitrakoot released (May and June 2007) ₹ 1.56 crore to the Uttar Pradesh Cooperative Construction and Development Limited, Karvi, Chitrakoot for construction of 21 ponds at an estimated cost of ₹ 1.85 crore (revised). This was in violation of the scheme guidelines which prohibited engagement of contractor/agencies for execution of works. In preliminary report of the technical committee, the works amounting to ₹ 91 lakh was found executed as of July 2010. The district authorities ordered (November 2011) for recovery of balance amount (₹ 65 lakh) from the agency. However, the amount was lying unrecovered (March 2012).
- As per State Government orders³ (July 2003) the survival of the plants in 5th year of plantation should not be less than 65 *per cent*. However, Audit observed that the survival percentage of the plants at the end of 2011-12 in test checked 30 *GPs* of three *KPs* (Bhadaiya, Dostpur and Dubepur) of Sultanpur district was only six *per cent*. An expenditure of ₹ 9.74 lakh was incurred on their plantation and their tree guards. Besides, in 30 *GPs* of three *KPs* (Hilauli, Sikandarpur Karn and Auras) of Unnao district, no records were produced for verification by audit regarding their plantation and supply of tree guards (expenditure: ₹ 22.25 lakh) indicating at either wasteful or fraudulent expenditure.
- In *KP Bahjoi*, district Moradabad, plantation work in the park was executed (2008-09) at an expenditure of ₹ 2.24 lakh through a private nursery on contract basis in violation of MGNREGS guidelines. As a result no wage employment was generated.

6.16 Conclusion

The works were executed without they being included in the annual plans and numerous works were taken up without the requisite administrative approval and technical sanction. The estimates of works were also not realistic. The priority in execution of works as prescribed in the Guidelines was not adhered to. The highest number of works executed pertained to rural connectivity rather than water conservations and water harvesting as envisaged in the guidelines. Inadmissible works such as earthen roads were also executed. Besides, neither the rules for procurement of material under the Scheme were prepared as required nor the extant purchase rules followed. There were also

³ Principal Secretary (Forest) Govt. of UP order dated 10 July 2003.

cases of excess and short payment of wages and disproportionate wage and material ratio. Thus nearly all the salient features of the Operational Guidelines with regard to works and their execution were found to be flouted to varying degrees in the State.

6.17 Recommendations

- The Government should ensure that only admissible works should be executed as per the priority fixed in the guidelines and after due incorporation in the annual plans.
- The Government should prescribe procurement procedures for the MGNREGS or alternately stringently enforce the application of extant financial rules in this regard.

Chapter

7

CONVERGENCE



The Operational Guidelines permitted the dovetailing of MGNREGA funds with funds from other sources for creation of durable community assets. As such funds available with PRIs from other sources like Finance Commission, State Finance Commission or other Central or Centrally sponsored schemes could be dovetailed with MGNREGA funds.

Audit findings

7.1 Lack of a bottom up approach

The Act visualised that the *Panchayats* would be the principal authorities in implementation/monitoring of MGNREGS. In this, MGNREGS differed from other Schemes as release of funds from GoI was based on State (District/Block/GP) proposals rather than on predetermined allocations. The State was to submit demands received from the districts to GoI. The districts in turn were to consolidate the demands raised by the implementing agencies (*GPs*, *KPs*, and Line departments) and an approved district plan incorporating all the works against the demands raised was to be prepared before submitting to the State Government. The entire process (planning and demand for funds) started from *GPs* (bottom) was envisaged to go upwards to arrive at the State/GoI (top) level.

Audit observed that the State Government fixed¹ financial targets for various MGNREGS works for the State Government departments during 2009-12. It further directed the Commissioners, REGS and DPCs to sanction funds against the project proposals submitted by the line departments from the MGNREGS allocations. Thus, the bottom up and demand driven Scheme got modified into a top down allocation based one, vitiating the very essence of the scheme. Further, the proposals submitted by line departments were not included in the district plans. In gross violation of the guidelines the status of financial targets fixed by the State Government for its various line departments during 2009-12² is given below:

Table 7.1: Financial target for various departments

(₹ in crore)				
Year	No. of department	Financial target fixed	Funds released	Actual expenditure
2010-11	10	3,181.61	852.81	652.89
2011-12	10	3,256.51	822.44	779.25
Total	20	6,438.12	1,675.25	1,432.14

Thus, for executing works under MGNREGS, the State Government fixed financial targets for ₹ 6,438.12 crore to its different line departments during 2009-12. These departments incurred expenditure ₹ 1,432.14 crore out of ₹ 1,675.25 crore released (2010-12) to them. The targets fixed for 36 test

¹In one case Joint Administrator, Ramganga Command Project warned (September 2011) all the BSAs to face adverse entry in case of failure in submission of proposals as per target fixed by the Government.

²Figures of 2009-10 not made available.

checked units of line departments, funds released and actual expenditure incurred is annexed (*Appendix-XVI*). These line departments incurred expenditure of ₹ 125.22 crore against the financial target of ₹ 452.04 crore and ₹ 160.04 crore released to them. The target based proposals prepared by the departments were not based on actual/realistic demands emerging from the districts and the works undertaken were also not included in the DPPs/annual plan. This was completely in violation of the bottom up approach of the scheme, converting it into a top driven one.

The State Government stated (January 2013) that the objective of fixing target was to accommodate various type of demands made by *GPs/KPs* and, therefore, bottoms-up approach was followed indirectly. Principal Secretary expressed his views in exit conference that presently the works recommended by the *Panchayats* are being taken up under convergence.

Reply was not convincing as the works executed by line departments in the review period were neither recommended nor approved by *GPs/KPs*.

7.2 Dovetailing of MGNREGS' funds for departmental plan works

As per paragraph 14.1.2 of the Guidelines, funds from other programmes for the works permissible under MGNREGS could be dovetailed with the MGNREGS funds but not vice versa. Audit, however, observed reverse dovetailing in the State. Instead of dovetailing funds from other programmes into MGNREGS works, MGNREGS' funds were dovetailed on a large scale for execution of departmental works/schemes. Test checked of 16 line departments in 10 districts revealed that departments executed/implemented their departmental works/schemes during 2008-12 and incurred expenditure ₹ 46.09 crore by utilising amount from the MGNREGS funds (*Appendix- XVII*).

The State Government stated (January 2013) that the objective of taking up of works under convergence was to accommodate various types of demands made by *GPs/KPs*.

Reply was not in accordance with the guidelines as the works carried out by line departments were neither proposed nor approved by the *GPs/KPs*. Principal Secretary during the exit meeting added that the matter would be looked into while taking up the works under convergence in future.

7.3 Creation of departmental assets from MGNREGS funds

As per paragraph 14.1.1 of the Guidelines, dovetailing of MGNREGS' fund with funds from other sources for creation of durable assets was permissible. However, care was to be taken to ensure that the MGNREGS' funds do not substitute for departmental plan funds of different departments. MGNREGS funds were intended to create additional employment. However, Audit observed large scale utilisation of MGNREGS funds for execution of different kinds of works viz silt clearance, strengthening of canals/damaged bridges, plantation, construction and maintenance of roads etc. by many line departments. They utilised MGNREGS funds as a substitute to departmental

plan funds and created/maintained durable assets of their own department at the instance of the State Government³. The description of works, unit/department wise, in test checked districts are annexed (*Appendix-XVIII*). From the appendix it is clear that these departments created durable assets of their own involving MGNREGS funds to the extent of ₹ 132.60 crore during 2007-12. The creation of departmental assets from MGNREGS funds was contrary to the principles of MGNREGA.

The Government stated (January 2013) that the assets created were durable community assets. Reply was not convincing as assets thus created/maintained remained with the concerned line departments.

7.4 Incomplete works

As per paragraph 1.2 of the Guidelines, funds from MGNREGS' were to be utilised for creation of productive assets and to enhance the natural resource base of the rural community so that the objective of MGNREGA to change the geography of poverty could be realised. However, Audit observed that different departments in 20 divisions of 12 test checked districts left the works incomplete after incurring an expenditure of ₹ 41.95 crore during 2007-12. The details of incomplete works are annexed (*Appendix-XIX*). Thus due to low priority for incomplete works in subsequent years, the natural resource base created was not put to use and the funds remained blocked.

The Government stated (January 2013) that non-receipt of dovetailed funds, emergence of dispute on selected works and lack of coordination between departmental authorities were mainly responsible for incomplete works. Reply indicates lapses in selection, finalization and execution of works under convergence.

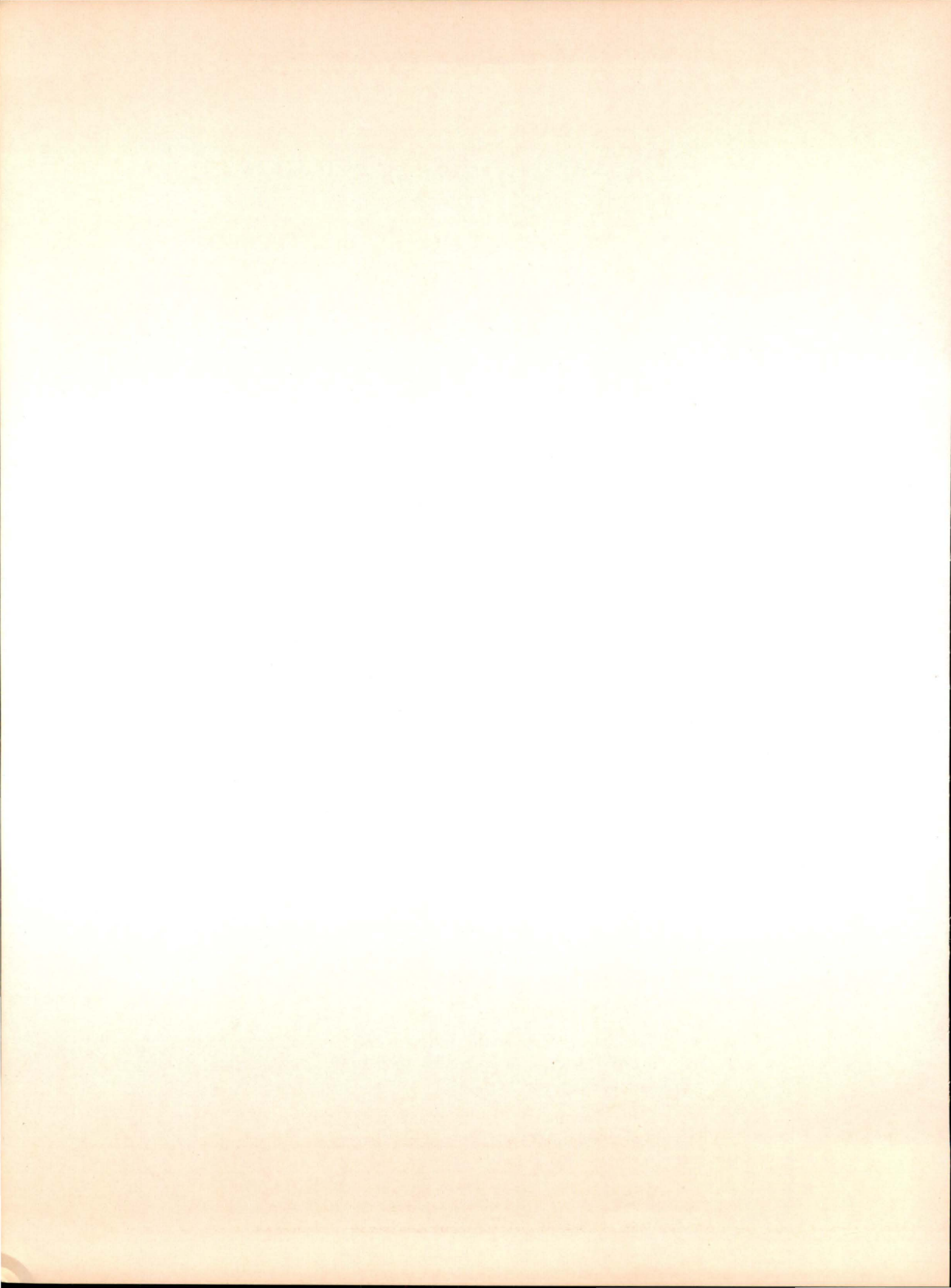
7.5 Conclusion

A bottom up demand driven scheme was modified into a top down allocation based one. Besides, work proposals submitted by line departments, even where they did not feature in the district plans, resulted in allocation of funds as per government directions. Instead of dovetailing funds from other programmes into MGNREGS works, MGNREGS funds were dovetailed on large scale for execution of departmental works and schemes. Moreover, funds remained blocked in incomplete works due to low priority given to them in subsequent years.

7.6 Recommendations

- The Government should ensure that MGNREGS should be implemented, in letter and spirit, as per the bottom up approach and only projects in the Annual Plans are taken up.
- The Government should ensure that funds of other programmes are dovetailed to MGNREGS and not *vice versa*.

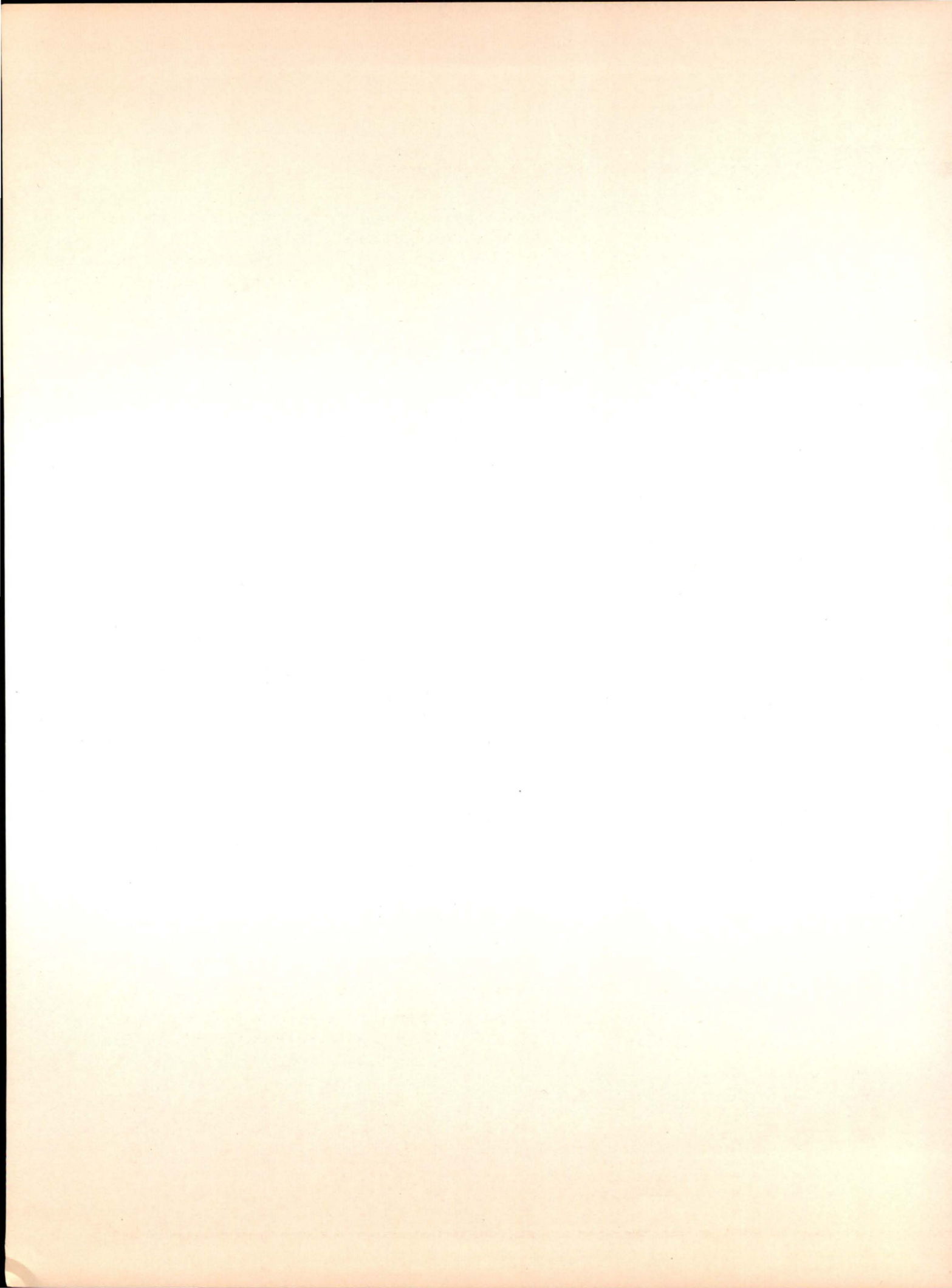
³ Principal Secretary GoUP, directed (23.04.2009), Engineer-in-Chief (Irrigation Department) to carry out more and more works using MGNREGS funds and the savings in departmental budgets were to be utilized in other schemes.



Chapter

8

IT AUDIT OF NREGASoft



As per the Operational Guidelines, Information Technology (IT) is to be used in planning, execution and monitoring of all vital aspects of the Scheme. The Guidelines also elaborate that IT will be used in the areas of communication, access to information, grievance redressal and in monitoring and evaluation in order to increase efficiency and enhance transparency in operation. Accordingly, MoRD engaged the National Informatics Centre (NIC) to develop a system to fulfill these IT requirements. The software so developed is designated as NREGASoft.

The aforesaid NREGASoft, working through the Scheme's official portal¹ provides operational information, management facilities like data entry, authorization of works and expenditure, monitoring and common information access to all the stakeholders and functionaries of the Scheme.

At the state level IT Audit of the software was conducted to examine whether the software is being used by the stakeholders in the manner required for proper functioning of the Scheme as per the Act and whether the software has flexibility, scalability and security features necessary for its functioning in different scenarios and under various threats posed by a public domain internet environment.

Issues noticed during the audit of NREGASoft are discussed in the succeeding paragraphs.

Audit findings

8.1 Lack of adequate validation controls

Large online databases, like the NREGASoft, usually have a large number of validations and checks which work in the background. The purpose of such checks is to ensure that only complete and valid information is entered in database; throw up warnings whenever erroneous data is being entered; and generate periodic reports on the validity and authenticity of data on pre-determined parameters. However, analysis of the data collected by NREGASoft revealed the followings:

Items	Remarks
Work Panchayat master table	In MIS of MGNREGS, the code number '31' was prescribed for the State. Data analysis revealed that 15 different code numbers for the State were used in different records. During 2008-12, the prescribed code was used for 2,418 records out of 8,765 in MIS.
Village table	The census identification of the villages in village table was to be given in each record. However, the census identification, in most of the cases, was not indicated in the table.

¹ <http://www.nrega.nic.in>

Material purchase table	The figure given in the column of value of material purchased should be equal to the product of the rate and quantity of material purchased. Data analysis however, revealed that the value of material purchased was indicated incorrectly in 68,313 items out of 38,56,941 items of purchases (2008-12).
Incorrect closing balances	The closing balances should be equal to the opening balances plus all inflows and minus all outflows. Data analysis, however, revealed that the closing balances in the State, District, Block and <i>Panchayat</i> level accounting tables did not agree with various records during 2008-12.
Registration number table	Registration number table of the State contained 1,51,61,746 numbers of records. Data analysis revealed as under: <ul style="list-style-type: none"> • Registration number which should be in numeric value was not found in all the records and in 24,623 (0.16 <i>per cent</i>) records it did not match with the pattern specified for registration. • In 4,34,560 (2.87 <i>per cent</i>) records, registration numbers ended with alphabet 'A' to 'F' instated of numeric value as prescribed. • House number column in the table was blank in 1,48,96,143 (98.23 <i>per cent</i>) cases. • The column 'EPIC-Number' (in which election photo identity card number was to be filled up) in the table was blank in 1,49,98,267 (98.90 <i>per cent</i>) cases. In offline verification of records of test checked GPs in Allahabad districts, the EPIC number was not mentioned on any of the job card and in job card register maintained by GPs. • Job cards were required to be issued within 15 days from the date of registration. Data analysis however, revealed that 1.55 crore (4 <i>per cent</i>) job cards were issued after prescribed 15 days of registration during 2008-12. • Employment up to 100 days to a household was admissible under the Scheme. Data analysis however, revealed that the job card holders were provided employment for more than 100 days during 2008-12.

The Government stated (January 2013) that initially, the master data were down loaded from GoI website for offline feeding of MIS and then the same were uploaded online by GoI. There was no option to change the code fixed for the State. The house number and census code were not compulsory but presently, the compulsory eight digits census codes are being complied. The Government further stated (January 2013) that the directives have been issued

to the district level functionaries for correct data entry and the errors in registration number will be rectified with GoI.

The reply was not convincing as data analysis revealed variable State code, blank house number, census code number, registration number with missing/invalid names.

In addition to the above, the following validation issues were also noticed.

Blank or ambiguous users entering/authorising data

With a view to ascertaining accountability and fixing responsibility in data entry/authorisation tasks, a system of authentication of data to identify a person preparing and scrutinising the data with date of preparation and scrutiny is specified in the Operational Guidelines. To fulfill this requirement "Entry By" Column (in all the major tables) and "Authorised By" Column (in registrations and applicants tables) were created at the stage of designing the database. However, Audit noticed that 7,72,891 (76 per cent) out of 10,18,311 records entered, were entered either by no user or an ambiguous guest user. In 7,44,326 records (73 per cent), *khata* number or plot number was not entered.

Distance field without adequate validations

Distance covered under rural connectivity works was stratified in audit. It was noticed that in 973 cases of rural connectivity works, distance covered was less than zero kilometers, which is a practical impossibility. Similarly, in 11,956 works, distance covered was depicted as more than 50 kilometers. Further, in 708 rural connectivity works, distance covered was shown as over 1500 kilometers.

The Government stated (January 2013) that initially the data entry in the districts was done by different organizations and as such the data was reflecting different user names. The Government also stated that the error has been brought into the notice of GoI. Rectification in data is awaited in audit.

Thus, the validations for various data fields in the software, which can prevent spurious/incorrect data entry, were not inbuilt into the software. The software not only accepted invalid and incomplete information but also failed to generate alerts on occurrence of such events.

8.2 Lack of proficient IT personnel

The ground level IT personnel (data entry operators) should have knowledge of the software and be sensitive to its criticality. They should also know the relevance and the scope of their work and be aware of the possible errors and the implication of such errors on the whole system.

An analysis of the data revealed that the units measuring the work progress in respect of rural connectivity, water conservation, flood control and drought proofing etc. were often misunderstood by data entry operators. Consequently,

the entries recorded by them were inconsistent. The length of the road was measured in some cases in kilometer and in other cases in meter. Similarly, figures in the financial management module were in lakh at times and on other in thousand rupees. Besides being a validation issue, it also reflects on the quality of IT personnel engaged.

Thus, the whole system functioned inconsistently and the software was not used by the stakeholders in the manner required for proper functioning of the Scheme in terms of the Act.

8.3 Discrepancies in data on the MIS and the physical records

Data mismatch between MIS and MPRs

The data uploaded on the web based Monitoring Information System (MIS) and that reported through Monthly Progress Reports (MPRs) should ordinarily match.

Audit observed that the data (wages of unskilled, semi skilled labour and material cost) depicted in the two data sources (MPRs and MIS) in all the 18 test checked districts did not match in any of the years" under review (2009-12)². The year wise differences in two sets of figures are given below:

Table 8.1: Differences in MPR and MIS data

(₹ in crore)

Year	Expenditure as per MPR				Expenditure as per MIS			
	Labour	Skilled + semi-skilled	Material	Total	Labour	Skilled + semi-skilled	Material	Total
2009-10	1,014.29	64.89	565.60	1,644.78	681.27	2.97	382.78	1,067.02
2010-11	988.24	32.30	448.45	1,468.99	762.82	8.07	514.20	1,285.09
2011-12	905.02	20.63	441.62	1,367.27	857.07	15.76	422.72	1,295.55 ³
Total	2,907.55	117.82	1,455.67	4,481.04	2,301.16	26.80	1,319.70	3,647.66

Reporting of different figures in MPR and MIS during the same period besides being indicative of poor internal control and monitoring mechanism, is an error signal pointing to possible misutilisation of funds.

The State Government stated (January 2013) that some vouchers and muster roles were omitted from being fed into the MIS database due to their late receipt and closure of data uploading after one month of its becoming due. Besides, differences in the two records could not be reconciled/removed due to shortage of staff.

Data mismatch between MIS and Annual Accounts

The data of wages of unskilled, semi skilled workers and material on the MIS and that booked in Annual Accounts of the concerned year during 2009-12 did

² Update figures for 18 sampled districts.

³ Excluding figures of MIS data of Gonda (₹ 92.76), Sultanpur (₹ 56.89 lakh), Sitapur (₹ 152.87 lakh), and Bulandshahar (₹ 23.08 lakh) districts for the year 2011-12 due to non-preparation of Annual Accounts of these districts till the time of audit.

not tally in any of the 18 districts test checked. The cumulative difference of the three years was ₹ 706.24 crore as detailed in the table below:

Table 8.2: Difference in Annual Account and MIS data

(₹ in crore)			
Year	Expenditure (Total) as per Annual Accounts	Expenditure (Total) as per MIS	Difference
2009-10	1,649.46	1,092.03	(-) 557.43
2010-11	1,489.53	1,331.34	(-) 158.19
2011-12	1,032.86	1,042.24	(+) 9.38
Total	4,171.85	3,465.61	(-) 706.24

Difference in the financial data reported during the same period is unacceptable. It is evident that this data was never reconciled and resultantly the possibility of mis-utilisation of funds cannot be ruled out.

The State Government stated (January 2013) that the expenditure in Annual Accounts was reported by BDOs in the light of monthly targets of labour budget and later on online MIS feeding was done by Programme Officers, because of which differences occurred.

The reply is irrelevant as the accounts need to be squared and reconciliation done in order to ensure financial data integrity.

8.4 Excess administrative expenses

As per instructions issued (March 2007 and 2009) by MoRD, the permissible limit of administrative expenses was four *per cent* of the total wage and material cost from April 2007 to March 2009 and six *per cent* from April 2009. Excess expenditure beyond the limit was not permissible.

Expenditure uploaded on MIS revealed that nine districts incurred administrative expenditure beyond permissible limit totalling ₹ 23.56 crore during 2007-12 as detailed below:

Table 8.3: Administrative expenses beyond prescribed limit

(₹ in crore)						
Name of district	Year	Actual expenditure incurred	Admissible Administrative Expenses	Expenditure incurred as per MIS Data	Excess expenditure	Total
1.Gonda	2007-08	59.34	2.37	5.16	2.79	10.20
	2008-09	57.24	2.29	5.59	3.30	
	2010-11	70.40	4.22	6.56	2.34	
	2011-12	85.84	5.15	6.92	1.77	
2.Sultanpur	2010-11	50.61	3.04	3.15	0.11	0.52
	2011-12	53.27	3.20	3.61	0.41	
3.Balrampur	2011-12	71.20	4.27	5.46	1.19	1.19
4.Kushinagar	2010-11	63.29	3.80	6.24	2.44	2.44
5.Rampur	2010-11	33.61	2.01	2.68	0.67	0.67
6.Bareilly	2010-11	73.86	4.43	4.84	0.41	0.69

	2011-12	68.59	4.12	4.40	0.28	
7.Chitrakoot	2010-11	48.66	2.92	4.15	1.23	1.23
8.Allahabad	2009-10	71.14	4.27	5.39	1.12	5.26
	2010-11	71.47	4.29	8.43	4.14	
9.Azamgarh	2010-11	102.87	6.17	7.40	1.23	1.36
	2011-12	107.99	6.48	6.61	0.13	
Total		1,089.38	63.03	86.59	23.56	23.56

The expenditure was incurred in violation of limit prescribed for administrative expenses and was thus inadmissible.

In reply, the State Government while accepting the audit findings in respect of the districts (Sultanpur, Balrampur, Rampur and Allahabad) stated (January 2013) that due to lack of cent-percent accurate MIS feeding, excess expenditure incurred had been shown. It was also replied that instructions to avoid repetition of such lapses in future had been issued.

8.5 Conclusion

Thus due to software related issues, NREGASoft did not function as a comprehensive operational information, monitoring and accurate information tool for all the stakeholders and functionaries of the Scheme. There were blank or ambiguous users entering/authorising data. The software not only accepted invalid and incomplete information but also failed to generate alerts on occurrence of the errors in order to facilitate rectification. Besides, the data entry operators were also not proficient and as such unaware of the relevance and the impact of their work. Further, the validity of data on the MIS is suspect as there were various data sets for the same activity as detailed in the preceding paragraphs.

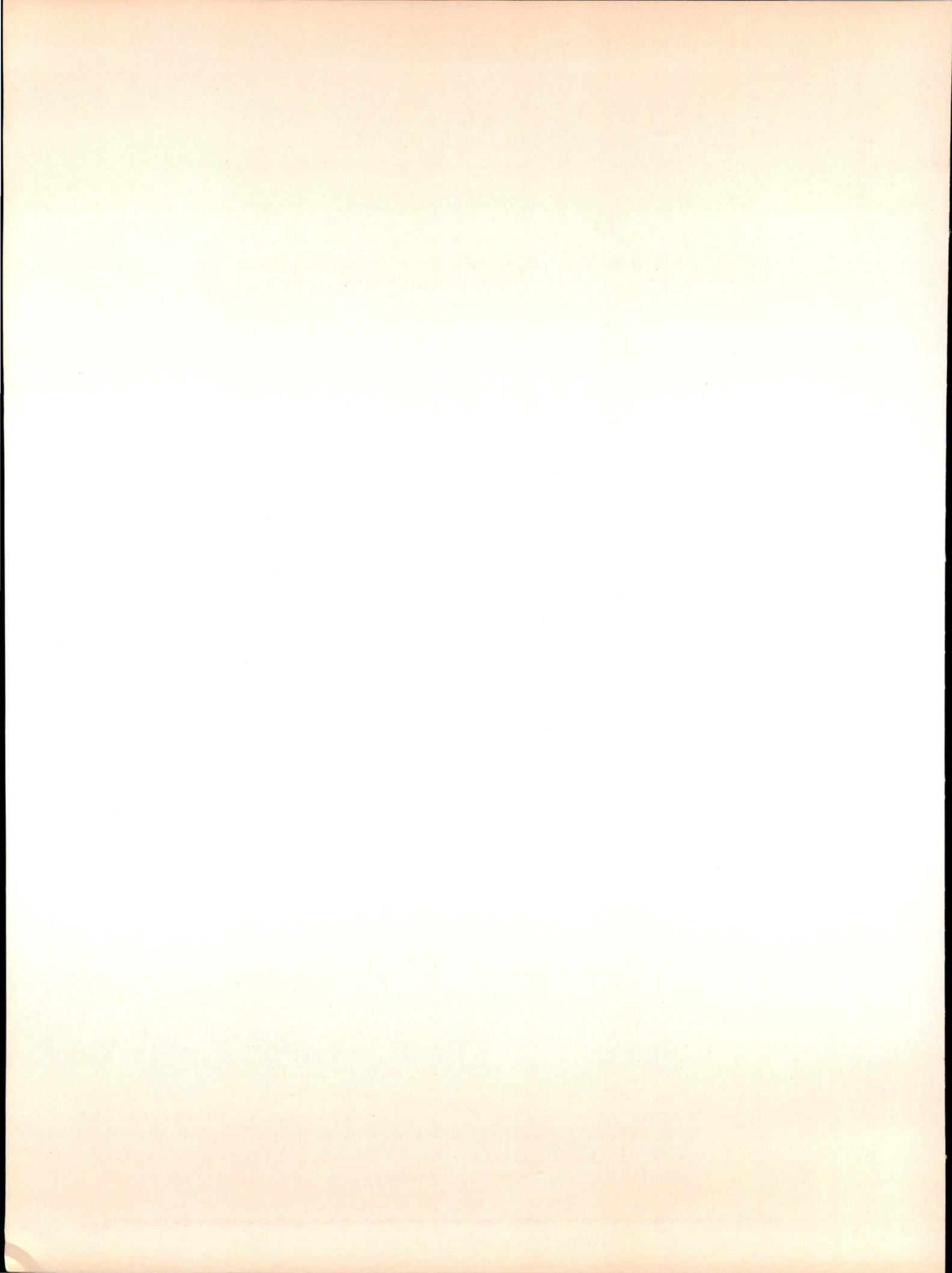
8.6 Recommendations

- The Government should ensure that NREGASoft is accessed by identifiable and authorised users only so as to maintain the reliability of data uploaded on it.
- The Government should ensure that the errors in data entry are checked through inbuilt validation controls in the software itself.
- Data entered on the MIS should be periodically reconciled with the physical records.
- Errors detected should be rectified by the data entry operators within reasonable time.

Chapter

9

**MONITORING & EVALUATION
MECHANISMS**



Chapter 10 of the Guidelines prescribed monitoring at each level. *GPs* were to monitor works executed by implementing agencies, *KPs* the registration of households, issue of job cards etc. However, all these activities were to be overall monitored by district level functionaries. The State Government was to monitor timely payment of wages, payment of unemployment allowances, grievance redressal etc. Central Employment Guarantee Council (CEGC) was to evolve a monitoring mechanism through external and internal agencies.

9.1 Instruments for monitoring

Various monitoring mechanisms were prescribed in the Act and the Operational Guidelines viz; Vigilance and monitoring committee, District Quality Monitors, State Quality Monitors and National level Monitors. Besides, members of SEGC, Rural Development Department, Chief Executive Officer of the 'Uttar Pradesh *Gramin Rojgar Guarantee Yojna Samiti*' were also to monitor the Scheme. There is an inbuilt mechanism for Social Audits by *Gram Sabhas* for ensuring public monitoring of the Scheme. Audit observations on the various arrangements for monitoring are discussed in the succeeding paragraphs.

9.1.1 Vigilance and Monitoring Committee

As per paragraph 10.1.2 of the Guidelines, local Vigilance and Monitoring Committees (VMCs) comprising of nine members elected by *Gram Sabhas*, were to be set up in each *Panchayat* for monitoring the execution of works within the *GP* and to conduct regular social audit of the projects. The *GP/Implementing Agency* were to apprise VMCs about the work, time frame for their completion, quality parameters etc. However, Audit observed that in 57 *GPs* out of the 460 test checked, VMCs were not constituted. Further, 30 *GPs* out of remaining 403 where VMCs were constituted, they were not apprised about works, timeframe, quality parameters etc.

The State Government stated (January 2013) that action will be taken for constituting the committees and also for training of the VMC members by the Social Audit directorate set up separately.

9.1.2 District/State Quality Monitors

District Quality Monitors (DQMs) were not appointed in the State. Initially, instead of appointing separate State Quality Monitors (SQMs), the State Government, in February 2006, nominated Directors of six State level institutions and NGOs as SQMs. However, no reports were submitted by them. In December 2008, the Government empanelled 10 SQMs who conducted only 26 inspections in 2009-10, 16 in 2010-11 and one in 2011-12. The inspections carried out were insufficient given the spread of MGNREGS.

Further, the State Government never reviewed/assessed the appointment and proficiency of the SQMs and their tour programmes were never circulated to the concerned functionaries. This indicated poor monitoring.

The State Government stated (January 2013) that DQMs were not necessary after engagement of Technical Audit Cell (TAC) personnel for the inspections. Reply was not justified in view of the requirements as per the Guidelines.

9.1.3 Monitoring and evaluation by SEGC

Under Section 12 of the Act duties and function of SEGC *inter alia*, included advising the State Government; determining the preferred works; reviewing the monitoring and redressal mechanism from time to time; promoting the widest possible dissemination of information about the Act and the Scheme; monitoring and implementation of the Act; and preparing annual report to be laid before the State Legislature by the Government.

Audit observed that different kinds of financial and administrative approvals were given from time to time by SEGC in its meetings. It never prepared a list of preferred works. Further the rules for implementation of the Scheme, approved by SEGC, were neither notified nor the resource materials/guidelines for dissemination of information in the public published till 2010. Annual report on the Scheme implementation was not prepared since the inception of the Scheme for placement before the State Legislature. Besides, SEGC neither took up evaluation of the Scheme nor developed an evaluation system for it. As a result it could not throw light on outcomes¹ and innovations in planning, monitoring etc.

In reply, the State Government stated (January 2013) that monitoring by SEGC was done regularly. However no annual report on this monitoring was ever submitted to the Legislative Assembly.

Reply on the issue of evaluation of the Scheme by SEGC was not furnished. Thus there was hardly any monitoring and evaluation by SEGC.

9.1.4 Monitoring by physical verification of works

The Guidelines prescribes² inspection of works by functionaries at each level. In audit however, we noticed that no such documents were maintained/shown to audit which could revealed that the prescribed inspections were done by the implementing authorities.

The State Government stated (January 2013) that the monitoring and physical verification was being done. However, no specific reply was given about the achievement of prescribed norms for inspection. Thus it can be concluded that the prescribed norms for works were not being followed.

¹ Physical progress of the works however, reported in MPRs.

² 100 per cent of works at the Block level; 10 per cent of works at the District level; 2 per cent at the State level.

9.2 Irregular payments to NGOs

Engagement of NGOs for monitoring works under MGNREGA was not prescribed under the guidelines. Audit observed that the State Government engaged³ 11 NGOs/CSOs⁴ for third party monitoring of tree plantation works in Bundelkhand⁵ and Vindhayachal⁶ region between 2008-11. These organizations were paid ₹ 68.81 lakhs⁷ at the rate of ₹ 100 per hectare⁸ of tree planted in special afforestation campaign launched⁹ during 2008-11. The monitoring works assigned to the NGOs were not linked with providing employment and were not verifiable as the weekly progress reports were not submitted to audit though asked for. Records relating to identification and nomination of NGOs were not made available to Audit. However, records of one NGO (Bundelkhand Sewa Sansthan) made available showed that a SEGC member was Programme Coordinator and Minister-in -Charge of the NGO. Thus unauthorised involvement of NGOs in monitoring works caused irregular expenditure of ₹ 69 lakh. Further the work being unverifiable in nature, the possibility of fraudulent payments cannot be ruled out.

The State Government stated (January 2013) that there is no irregularity in incurring expenditure from administrative expenses of MGNREGS for the purposes of third party monitoring of the assets created under plantation works in Bundelkhand and Vindhayachal regions.

Reply was not factually correct as the limit prescribed for administrative expenses was the maximum limit permissible and the items of expenditure allowed on administrative expenses did not include third party contractual monitoring of works.

In the Exit Conference the Principal Secretary however, agreed with the audit observation in principle and assured to furnish the copy of the letters sent to the GoI by the State Government in this regard.

However, the same were awaited in audit (March 2013).

9.3 Social Audit

Social audits were made central to the monitoring process under MGNREGS so as to serve as a mechanism for continuous public vigilance. The objective of the social audit was to ensure public accountability in implementation of the projects, laws and policies. Chapter 12 of the Guidelines prescribed for social audit of all the works by *Gram Sabhas* at least twice a year with wide

³ NGOs were nominated and were not based on specified selection criteria

⁴ Bundelkhand Sewa Sansthan, Development Alternativee, Permarth Samaj Sewa Sansthan, Krishna Arpit Sewashram, Paramlal Sewa Samiti, Self Employed Women's Association, Vnangana, Yuwak Mangal Dal, Arthik Anusandhan, Asha and Science Centre.

⁵ Banda, Chitrakoot, Hamirpur, Jhansi, Jaulaun, Mahoba and Allahabad

⁶ Allahabad, Chandauli, Mirzapur, Sonbhadra

⁷ Payments of 2008-09 was not made available to Audit.

⁸ Commissioner's MGNEGA order dated 2 July 2009.

⁹ GOs dated 1 July 2008, 27 February 2009 and 17 March 2010.

publicity regarding date, time, agenda etc. All records were to be made available in 'social audit'. Further, the State Government was required to constitute a social audit committee to facilitate social audit. National workshop on social audit had decided (November 2011) that the State Government must start social audit on pilot basis in a few selected blocks, appoint Director (Social Audit) and send proposal for setting up State Social Audit unit and requirement for its staffing by December 2011.

Audit however observed that Social Audit was not conducted in 258 out of 460 *GPs* test checked. Internal audit cell in 14 out of 18 test-checked districts was not constituted to examine social audit reports. The State Government appointed (March 2012) Director, (Social Audit) to facilitate social audit in the State. However, no block was selected for social audit on pilot basis as of March 2012. Thus public accountability through social audit was not ensured as envisaged.

In reply, the State Government stated (January 2013) that social audit on pilot basis has now been conducted in Sitapur and Hardoi districts. However no records were produced to audit in support of this assertion.

9.4 Grievance redressal

State Government formulated (May 2009) 'Uttar Pradesh Employment Guarantee Grievance Redressal Mechanism Rules 2009' according to which POs were responsible to deal with the complaints/grievances. MoRD also stipulated (November 2007) that measures for submitting written/oral complaints and a toll free helpline should be considered while framing a mechanism for it. However, Audit observed that though the grievances through the helpline were received at the State level, 3,451 grievances at the end of March 2012 were outstanding. Further, 1,398 grievances received through various other means were also pending for disposal. No time extension for the settlement/examination of these complaints was availed even though there was provision for seeking such extension in the rules.

The State Government (January 2013) did not give any reply regarding the pendency of complaints. It, however, stated that complaint registers were maintained in the districts.

Reply was not convincing as the registers were not shown during audit of the sampled districts.

9.5 Use of GIS under MGNREGS

MoRD set up (October 2010) an expert group for use of Geographical Information System (GIS) under MGNREGS. With the help of GIS, decentralised planning, preparation of labour budget, programme implementation and asset monitoring and evaluation etc. would be immensely facilitated. Though MoRD forwarded the guidelines/directives on GIS in February 2010 yet the State Government did not act upon it (March 2012).

The State Government stated (January 2013) that GIS on web based map of one Block in each district has been uploaded. However, date of uploading was not indicated in the reply. Thus the work on GIS has not yet commenced on any substantial scale in the State.

9.6 Transparency

MGNREGA stipulates that Right to Information (RTI) Act is applicable to all matters relating to it. Request for information should not be refused under any circumstances. Audit however noticed that four districts¹⁰ did not designate PIOs for disposal of RTI cases. It was further observed that:

- In four districts¹¹, the related/relevant records relating to receipt and disposal of RTI applications were not maintained and thus timeliness of disposal of applications could not be ascertained.
- Copies of muster rolls were not kept in concerned *GP* offices for public inspection in 17 *GP* of Moradabad and Balarampur districts out of test checked 460 *GP* in 18 districts.
- The test checked districts were unaware about the existence of Citizens' Charter although it was developed by the State.
- MGNREGA account numbers of the *GP* were not displayed on the premises and report card on the local works, employment generated and funds available were also not posted at the premises of the *GP*.

The State Government stated (January 2013) that DRDA's PIO are working as PIO of MGNREGS also. In Bareilly district, the cases were pending for want of application money from the complainant. However, instructions have been issued for keeping records by *GP* carefully. Citizen Charter has been uploaded on the website.

Replies were not convincing on the ground that the records maintenance and awareness among the public in general about citizen charter was not ensured.

9.7 Conclusion

From the preceding paragraphs it is evident that monitoring of the processes and works under MGNREGS was inadequate. Village upwards (VMCs) right upto the State level (SEGC), monitoring was a neglected area. The State Government irregularly engaged NGOs for doing monitoring of works and payments were made to them without ensuring submission of monitoring reports. Grievance redressal mechanism was ineffective as thousands of complaints were pending for disposal. The State is also lagging behind in the use of modern techniques like GIS to assist in the monitoring the scheme implementation.

¹⁰Chitrakoot, Kushinagar, Ghaziabad and Rampur.

¹¹Bareilly, Moradabad, Sultanpur and Unnao.

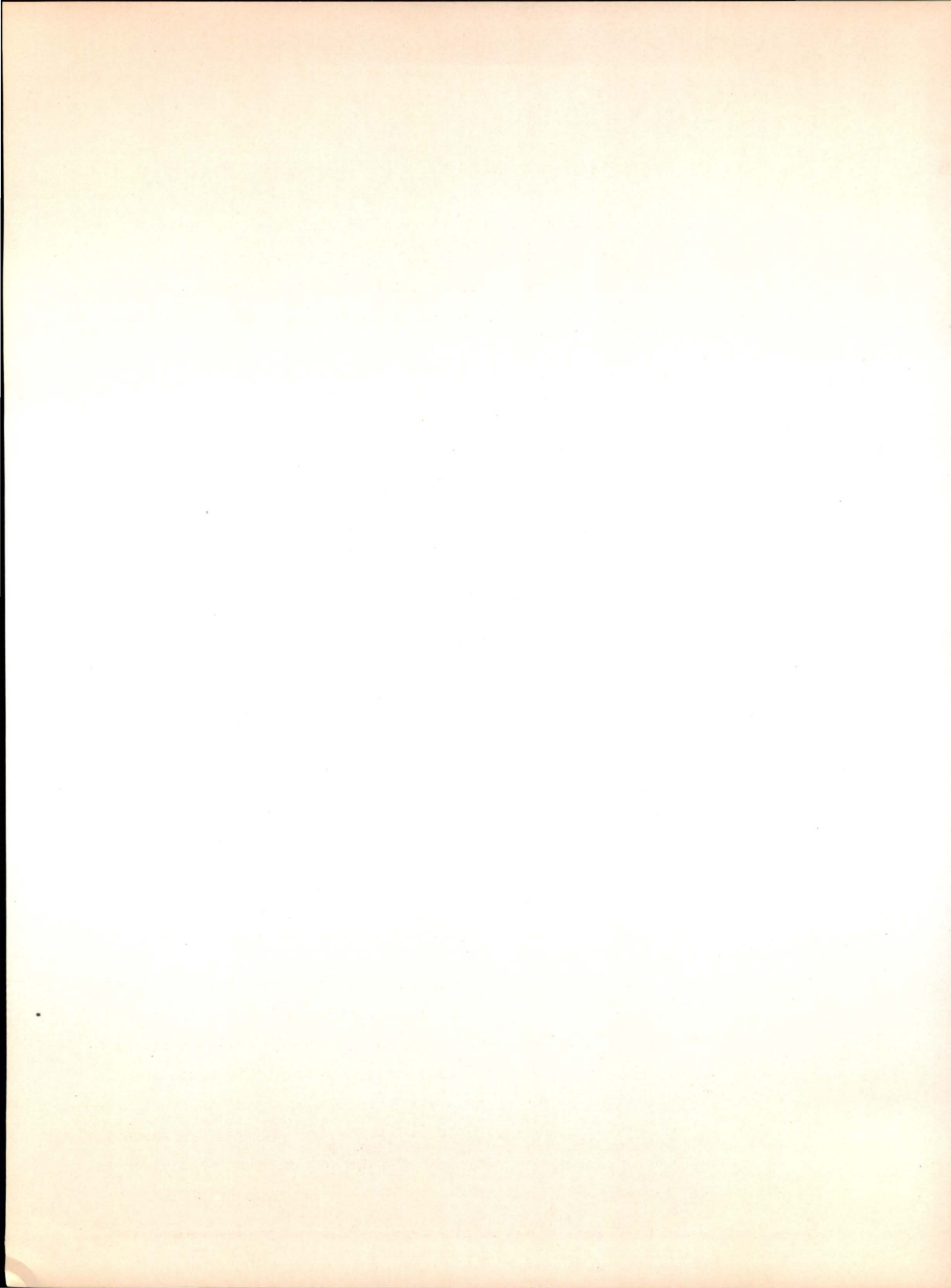
9.8 Recommendations

- The Government should constitute Vigilance and Monitoring Committees in the villages and appoint District Quality Monitors.
- SEGC should design evaluation parameters.
- Social audits should be ensured as envisaged.

Chapter

10

CONCLUSION



MGNREGA was introduced as a right based employment guarantee scheme for rural areas, guaranteeing 100 days of wage employment to every rural household willing to take up unskilled manual labour. The performance audit of the scheme revealed that the intended beneficiaries had not been able to exercise their rights fully due to various shortcomings at various stages.

In the State MGNREGA was implemented from February 2006. The Act gave the Gram Sabhas the focal role in operationalisation of the scheme. However, it was seen during the course of the audit that responsive and participative meetings of the *Gram Sabhas* were not conducted. Door to door surveys for registration of willing households for manual work were not undertaken. Further, very low priority was given to the planning process right from the *GPs* to the apex level at the State. The integrated planning at the district, block and village level was lax and the bottom up demand driven scheme was modified on numerous occasions into a top down allocation based one.

Capacity building throughout the scheme's hierarchy was inadequate. The role and responsibility of SEGC was limited. Neither the frequency of meetings was prescribed nor was quorum required for it fixed. Consequently, the Government and the stakeholders were devoid of direction. The management support at the *GP*, Block and District levels was also limited due a large number of posts remaining vacant. Besides, objective of trainings to the key functionaries for effective planning, work measurement etc. largely remained unachieved as funds for training were largely unutilised. There was no comprehensive plan for information, education and communication either.

The defined timeframes for various stages of the planning process were not adhered to and the demands for labour budgets were forwarded to GoI with considerable delays leading to consequent delayed release of Central and State shares. There were also instances of short releases of the State shares *vis-à-vis* the Central share released thereby vitiating the sharing conditions envisaged in the Act. The consolidated annual accounts were not prepared. The financial management system was inadequate and different criteria were adopted at different points of time for fund allocation between different implementing

agencies. Avoidable recurring expenditure is being incurred on the web based Budget and Funds Framework developed by UPDESCO despite availability of internet based MIS "NREGASoft" developed by MoRD.

The participation of the women was far less as compared to the prescribed percentage. Record maintenance, especially at GP level, was wanting. Thus various critical inputs viz whether the employment was being provided on oral demand, whether employment was being provided within the prescribed timeframe of 15 days etc. were not able to be ascertained in audit. As per data on the MIS, unemployment allowances were also not paid to eligible wage seekers.

Scrutiny of records relating to works showed that works were executed without due administrative approvals and technical sanctions. The estimates of works were also not realistic. While executing works, the priorities fixed in the Guidelines were not adhered to resulting in execution of low priority works and also inadmissible works. Besides, neither the rules for procurement of material under the Scheme were prepared as required nor the existing financial rules followed. There were also cases of excess and short payment of wages, disproportionate wage and material ratio.

The Act envisaged preparation of a sustainable development plan through synergized and convergent planning process. This was compromised. Instead of dovetailing funds from other programmes into MGNREGS works in order to strengthen the rural resource base, MGNREGS funds were dovetailed on a large scale for execution of departmental works and schemes. Moreover, funds remained blocked in incomplete works due to low priority given to them in subsequent years.

NREGASoft did not function for operational information, management facilities like data entry, authorization of works and expenditure, monitoring and common information access to all the stakeholders and functionaries of the Scheme. There were blank or ambiguous users entering/authorising data. The software not only accepted invalid and incomplete information but also failed to generate alerts on occurrence of the errors for rectifications. Besides, the data entry operators were also not proficient and as such unaware of relevance and the scope of their work.

Thus, nearly all aspects of the scheme's implementation- from registration of a household to providing of employment, monitoring, social audit, data integrity etc. require attention of the State Government authorities so as to achieve the scheme's objectives in Uttar Pradesh in both letter and spirit.



(MUKESH P SINGH)
Principal Accountant General
(General & Social Sector Audit)
Uttar Pradesh

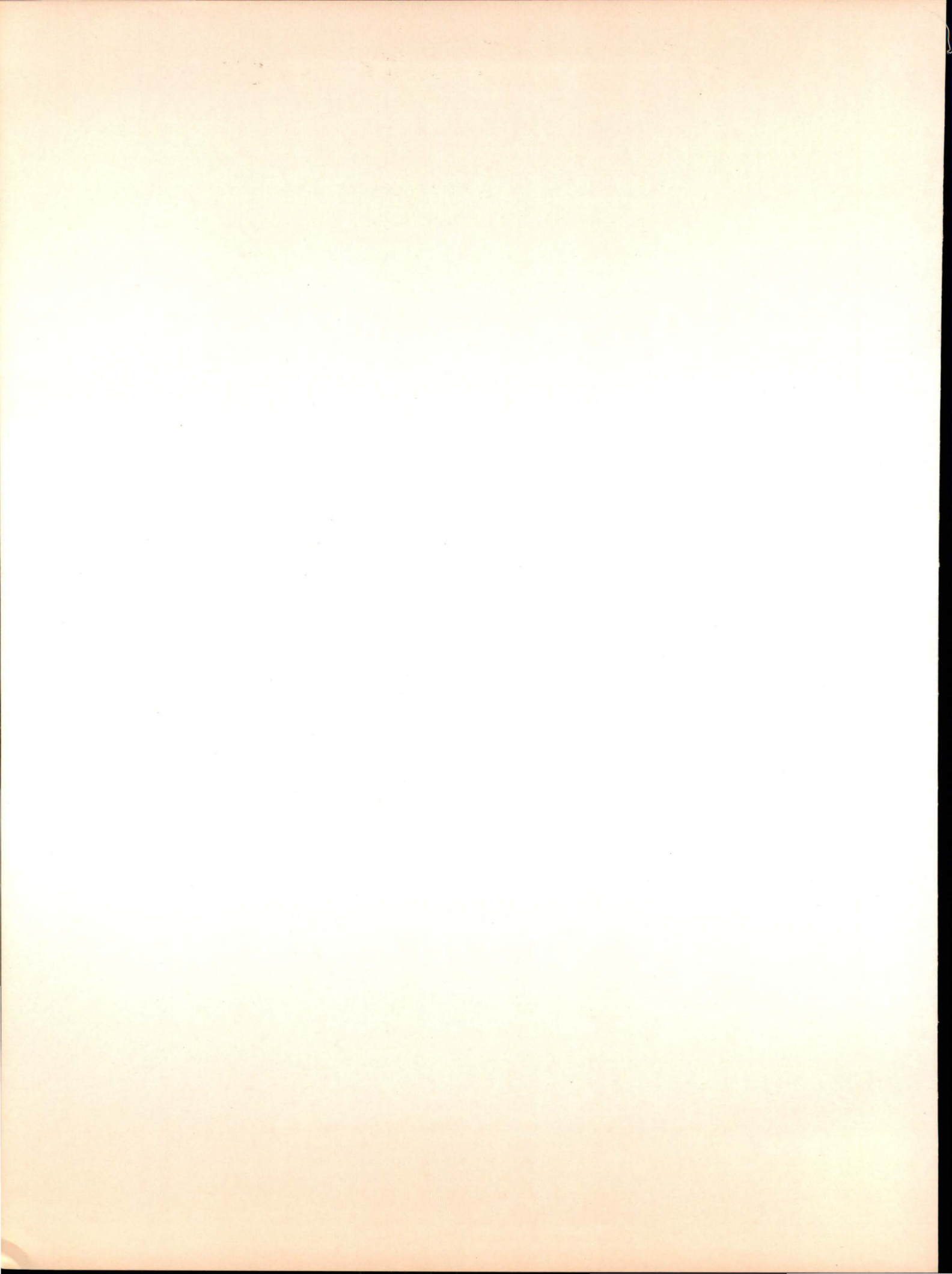
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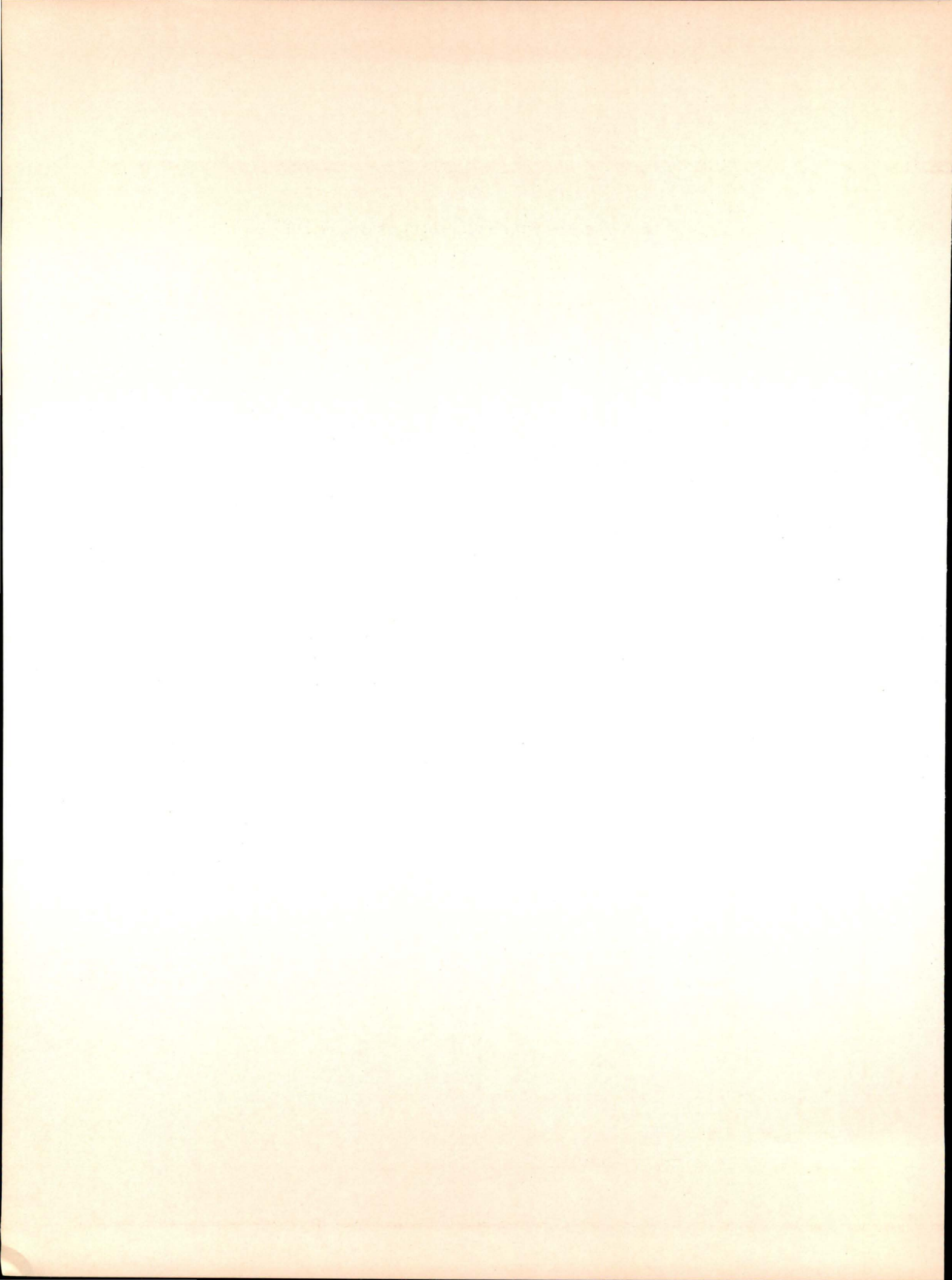


(VINOD RAI)
Comptroller and Auditor General of India

NEW DELHI
THE 10 MAY 2013



APPENDICES



Physical and Financial Performance of the Scheme for the period from 2007-08 to 2011-12

(Referred to in paragraph no.1.4)

Physical performance of the Scheme for the period from 2007-08 to 2011-12

Sl. No.	Particulars	Unit	Physical achievement
1.	Cumulative households (HHs) registered and Cumulative HHs issued job cards	In number	1,42,81,748
2.	Category wise HHs issued job cards	In number	SC: 62,19,072 ST: 1,54,587 Others: 79,08,089
3.	Cumulative No. of HHs demanded employment	In number	2,93,24,327
4.	Cumulative No. of HHs provided with employment	In number	2,89,63,432
5.	Cumulative No. of HHs not provided with employment	In number	3,60,895
6.	Cumulative Person days generated	In lakh	13,342.62
7.	SC/ST Person days generated (2008-09 to 2011-12)	In lakh	6,660.69
8.	Other Person days generated (2008-09 to 2011-12)	In lakh	5,318.93
9.	Women Person days generated (2008-09 to 2011-12)	In lakh	2,483.86
10.	Cumulative HHs completed 100 days	In number	28,03,175
11.	HHs which are beneficiaries of land reforms/Indira Awas Yojna	In number	7,77,051

Financial performance of the Scheme for the period from 2007-08 to 2011-12

Sl. No.	Particulars	Financial achievement (₹ in crore)
1.	Expenditure on wages	13,907.85
2.	Expenditure on materials	7,476.89
	i) Expenditure on wages for semi-skilled and skilled persons	525.22
	ii) Expenditure on material	6,951.67
3.	Total expenditure on works (1+2)	21,384.74
4.	Administrative expenditure	789.60
Total programme cost (1+2+4)		22,174.34

Name of test checked GPs, Block and Districts (Referred to in paragraph no. 1.7)

District: Azamgrah (Stratum-I Poorvanchal)		District: Kushinagar (Stratum-I Poorvanchal)		District: Allahabad (Stratum-I Poorvanchal)	
Name of Block	Name of GP	Name of Block	Name of GP	Name of Block	Name of GP
1.Ahiraula	1.Kusamahara	1.Ramkola	1.Farna	1-Soraon	1.Gohari
	2.Vilari		2.Lala chapra		2.Sarai bahar
	3.Gahzi		3.Motipakad		3.Sahaji pur
	4.Pakdi		4.Bhathahi bujurg		4.Sarai lal khatoon shiv garh
	5.Kotavali pur		5.Tarkulwa		5.Padraiya
	6.Kori Ghatampur		6.Parorha		6.Rajapur malhuva
	7.Ishakpur		7.Kusumhi		7.Gaura
	8.Sajani		8.Abdul chak islam		8.Jallupur
	9.Sahuwal asilai		9.Pidari		9.Malak chaturi
	10.Shambhupur		10.Deoria babu		10.Singar pur
2. Maharajganj	1.Bhatauli	2. Padrauna	1.Jungal Hanumanganj	2-Chaka	1.Dabhav
	2.Mureelpur		2.Gangrani		2.Nibi khurd
	3.Araji Jajman Jot		3.Lamuha kewal Chapra		3.Balapur
	4.Mahaji Dewara Jadid		4.Sukhpura		4.Bara mar
	5.Baijuapur		5.Nadah		5.Ghogha pur
	6.Govardhanpur		6.Sarpatahi Bujurg		6.Champat pur
	7.Bhilam pur		7.Sahuadih		7.Chak pure khurd
	8.Captaingang		8.Kalyan Chhapar		8.Bhadara
	9.Chaurashi		9.Jungal Naharchhapra		9.Newada samogar
	10.Motipur		10.Sakhopar		10.Lawayan kala
3. Koilsa	1.Kaudiya	3. Captainganj	1.Pemali	3-Urwa	1.Chilbila
	2.Benghu kishundev patti		2.Pakadi		2.Akodha
	3.Deurpur sarai		3.Kundur		3.Lehadi
	4.Usurkudewa		4.Gangrai		4.Kanjouli
	5.Bhawanipatti		5.Bauliya		5.Chauktha Tivariyan
	6.Bhadaura molnapur		6.Mundera		6.Patti nath rai
	7.Rampur Dasharajpatti		7.Captainganj		7.Upraora
	8.Ghazipur		8.Balua		8.Barva
	9.Karamhadigur pur		9.Sudhiyani		9.Ram nagar
	10.Keshavpur		10.Padkhori		10.Amiliya
District-Sitapur (Stratum-III Awadh)		District-Gonda (Stratum-I Poorvanchal)		District- Jalaun (Stratum IV Bundelkhand)	
1-Machretha	1.Hans khera	1-Itiathok	1.Belwa shukla	1-Konch	1.Anda
	2.Gujrehta		2.Karuapara		2.Pahar goan

	3.Anogi		3.Sighawa pur		3.Panyara
	4.Sisendi		4.Lakhani pur		4.Bharsunda
	5.Bbijubamau		5.Ramwapur nayak		5.Gumawli
	6.Fatehnagar		6.Arjunpur		6.Birgawan Bujurg
	7.Gadhi		7.Verdecha		7.Sami
	8.Barsandhiya		8.Belwa bahuta		8.Kaithi
	9.Mirzapuruttari		9.Baher kunwa		9.Kunda
	10.Mirzapurdakshini		10.Gyanapur khariha		10.Jamrehi Khurd
2-Hargaon	1.Keuti kalan	2-Babhanjot	1.Bhavpur	2-Jalaun	1.Makarand Pura
	2.Katesar		2.Mubarak pur grant		2.Dhanaura Kalan
	3.Barkherwa		3.Itawa khurd		3.Nagri
	4.Wazirpur		4.Barhara		4.Kushmara
	5.Semari bhan		5.Bangawa		5.Mohan purkudari
	6.Richhin		6.Dhodaupur		6.Sarang pur
	7.Gurdhapa		7.Pipra ismail		7.Gadhela
	8.Madnapur		8.Gaura bujurg		8.Harkauti
	9.Bariyadih		9.Izadi pur		9.Ura malloo
	10.Nigohan		10.Pipra barakhna		10.Alai pura
3-Parsendi	1.Udanapur kalan	3-Katrabazar	1.Sehariya kala	District -Banda (Stratum IV Bundelkhand)	
	2.Meernagar		2.Sarainya	1-Tindwari	1.Bhujrakh
	3.Narsohi		3.Nadanwa		2.Bambia
	4.Musepur		4.Basbhariya		3.Loumar
	5.Mohraiya kala		5.Pipari manjha		4.Sindhoulia
	6.Kaimahra wazirpur		6.Babupur		5.Atrahat
	7.Khadaniya		7.Nakha		6.Bareri kala
	8.Gauriya kalan		8.Chaipurwa		7.Chirhuta
	9.Shahpur dalawal		9.Meharbana bad		8.Tarahi mafi
	10.Chandpur		10.Teri		9.Godhni
					10.Ghokharhia
District : Balarampur (Stratum-I Poorvanchal)		District : Sultanpur (Stratum-I Poorvanchal)			
1-Pachpedwa	1.Dhubaulia	1-Dubeypur	1.Baijapur	2-Mahua	1.Rahusat
	2.Bhathar		2.Ramapur		2.Nayee
	3.Gurchihwa		3.Bansi		3.Kharauch
	4.Bhushar uchwa		4.Dehali mubarakpur		4.Manipur
	5.Adamtara		5.Katkauli		5.Bdeha Syodha
	6.Laukhwa		6.Bibiganj		6.Baruwa Spotha
	7.Mankapur		7.Lauhar paschim		7.Prem pur
	8.Chorsi		8.Jaitapur		8.Dhurgapur
	9.Gaurabhari		9.Khainchila kala		9.Bachehi
	10.Bangarh pipri		10.Lauhar daksin		10.Anadhuwa
2-Sridattganj	1.Mehmoodnagar	2-Dostpur	1.Mustafabad kala	District- Chitrakoot (Stratum IV Bundelkhand)	
	2.Kapauahsherpur		2.Sukhaupur asrafpatti	1-Karvi	1.Gadhighat

	3.Dhowadabar		3.Bani		2.Ramayapur
	4.Belai bujurg		4.Sariya mustafa bad		3.Baihar
	5.Baibheet		5.Gorai		4. Hariharpur
	6.Babhanpurwa		6.Imligawan		5. Kadar gunj
	7.Dhamauli		7.Pahar pur raipatti		6. Itkhari
	8.Mujehna		8.Bamhrauli		7. Khutahaa
	9.Agaya bujurg		9.Arjunaipur		8. Bhanbhayee
	10.Chandanpur		10.Katara chunghupur		9. Baramafi
District-Varanasi (Stratum-I Poorvanchal)		3-Bhadaiya	1.Kenaora		10. Bhaganpur
1-Chiraigaon	1.Allopur		2.Pithipur	2-Manikpur	1.Bambhiya
	2.Tilmapur		3.Belasada		2.Devakali
	3.Sultanpur		4.Karomi		3.Baghaura
	4.Sirasti		5.Kuchmuch		4.Nagar
	5.Barai		6.Alipur		5.Arvara
	6.Dinapur		7.Abhiya kala		6.Kota Kandaila
	7.Sonavrasa		8.Unchahara		7.Bagdari
	8.Mokalpur		9.Sarayachal		8.Nihi
	9.Saraiya bishunpura		10.Mahesuwa		9.Raipura
	10.Khalispur				10.Itwa Dudaila
		District-Ghaziabad (Stratum-II West)		District-Bareilly (Stratum-II West)	
2. Harahua	1.Parmanandpur	1-Muradnagar	1.Jalalpur dindhal	1.Mirganj	1.Divna
	2.Ganeshpur		2.Sarna muradnagar		2.Pipariyamustquail
	3.Paliyashambhupur		3.Manauli		3.Pahuncha Buzurg Mustquail
	4.Kaklpur		4.Sikhaida hajari		4.Simariya
	5.Lodan		5.Rewadi rewda		5.Junhaimustquail
	6.Gahura		6.Husainpur		6.Balupura
	7.Ausan pur		7.Nekpur sabitnagar		7.Sirodhiangadpur
	8.Gosaipur mohavn		8.Firozpur		8.Tilmas
	9.Kohasi		9.Painga		9.Mohammadganj Mustquail
	10.Hariblabhapur		10.Badka arifpur		10.Nagariya Kalyanpur
District-Moradabad (Stratum-II West)		2-Garh Mukteshwar	1.Lahadara	2. Bhadupur	1.Panvadiyaela Kajalalpur
1-Bahjoi	1.Pagona		2.Dhana		2.Margapur Margaiya
	2.Fatehpur sarif nagar		3.Chittauda mahiuddinpur		3.Pahrapur Urf Bhagwatipur
	3.Bisaroo		4.Dholpur		4.Surajpur Paroriya
	4.Mulheta		5.Sadullapur lodi		5.Dhimri
	5.Baderia		6.Chandener		6.Matkapur
	6.Chopa		7.Bagadpur		7.Karuasahabganj
	7.Beharoli taharpur		8.Karimpur		8.Dabri dabra

	8.Maithara allpur		9.Salarpur		9.Ambarpur
	9.Kirari		10.Dahra		10.Gulariyalekhraj
	10.Bhawan	District-Unnao (Stratum-III Awadh)		3. Alampur Jafrabad	1.Daruapur
2-Bilari	1.Deora khas	1-Hilauli	1.Mardan pur		2.Majnoopur
	2.Dharam pur kuiyan		2.Bardha		3.Kangaon
	3. Lakhneta		3.Aahesa		4. Chandpur Nevada
	4.Kurh fateh garh		4.Barwa kalan		5.Sihuliya
	5.Naglia jat		5.Bahwa		6.Rasula
	6.Maleh pur sidhari		6.Gujauli		7.Nakatpur
	7.Atwa checheri		7.Khanpur		8.Bhojpur
	8.Maleh pur bhawani		8.Nari chak		9.Bilauri
	9.Dharam pur ratta		9.Maharani khera		10.Digoj
	10Ahlad pur Khem Urf Raipur		10.MSusandi	District-Rampur (Stratum-II West)	
3-Moradabad	1.Sonakpur			1-Bilaspur	1.Bhatpura taran
	2.Umari	2-Sikandarpur Karan	1.Karaundi		2.Bedpur
	3.Vakainia mafi		2.Aanoop pur		3.Pipalia mehto
	4.Uttam pur bahelal pur		3.Badiyan khera		4.Mundia kalan
	5.Barbar mazra		4.Bhaisai koyal		5.Tehri khwaja
	6.Lodipur rajpoot		5.Ranipur		6.Chandayan
	7.Mangupura		6.Vibhaura Chandanpur		7.Ahro
	8.Rasoolpur sunwati		7.Rikari Ganesh		8.Jithania jagir
	9..Bhensia		8.Rawat pur		9.Dalki
	10.Theekri		9.Mawaiya mafi		10.Sitaura
	District-Bulandshahar (Stratum-II West)		10.Chhariha	2.Shahabad	1.Madyan budepur
1-Anupshahar	1.Kishankhera	3-Auras	1.Alipur Michloulia		2.Dholsar
	2.Karanpur kalan		2.Lahru		3.Lodhipur
	3.Roopwas		3.Tikara Bao		4.Nababganj
	4.Bagsra		4 Samad		5.Udaipur Jagir
	5.Hasanpur bangar		5.Tikara Samad		6.Raipur
	6.Salalmatpur		6.Maini Bhawakheda		7.Doharia
	7.Khanoda		7.Kabroyee		8.Khandeli
	8.Bibiyana		8.Rampur Khanjhadi		9.Ravana
	9.Sunana		9.Bahadurpur		10.Mittarpur ahreola
	10.Paharpur		10.Khanjhadi Seemau		
2-Agaunta	1.Tatarpur	Distict-Lucknow (Stratum-III Awadh)			
	2.Akhtayarpur	1-Mohan Lal Ganj	1.Dayal pur		

	3.Meerpur		2.Bindauwa		
	4.Agauta		3.Garhi Mehdauli		
	5.Neemchana		4.Dahiyar		
	6.Bagwala		5.Paraspur Thattha		
	7.Jasanawali kalan		6.Balsingh Khera		
	8.Kheri		7.Samesee		
	9.Brari		8.Salsamau hilgi		
	10.Pawsara		9.Hasanpur Kaneri		
3.Khurja	1.Saneeta safipur		10.Snigoha		
	2..Dharari	2-Kakori	1.Mahipatmau		
	3.Khurja dehat		2.Saifalpur		
	4.Bichhat		3.Jehta		
	5.Asgarpur		4.Sarousa Bharousa		
	6.Dastura		5.Jamethya Salempur		
	7.Bhagvanpur		6.Salempur Patoura		
	8.Sikari		7.Araiprem raj		
	9.Maina Kalandra garhi		8.Sushmoura Haluwapur		
	10.Akhtyarpur		9.Saitha		
			10.Kahiya Aajampur		

Deficiencies in information provided and information not provided

(Referred to in paragraph no.1.8)

Sl. No.	Format No.	Title of format	Deficiencies																																																						
1	2	Registration and employment	Information for the year 2007-08 not provided. No. of job cards issued to scheduled tribes households demanded for 2007-12 were provided for only 2010-11. Cumulative number of job card issued to Scheduled tribe households decreased to the years 2008-09 and 2009-10 corresponding to the previous year.																																																						
2	4(a)	Registration and employment	Information for the year 2007-08 was not provided.																																																						
3	4(b)	Registration and employment	Information for the year 2007-08 was not provided.																																																						
4	4(c)	Registration and employment	Number of scheduled caste households who completed 100 days of employment was not provided. Number of scheduled tribe households who completed 100 days of employment was not provided. Number of other households who completed 100 days of employment was not provided.																																																						
5	4(d)	Registration and employment	Number of women households who completed 100 days employment was not provided. Number of beneficiaries of land reform/IAY was not provided for the year 2007-08.																																																						
6	5(a)	Fund flow	Data demanded in ₹ in crore, but was intimated in lakh and have differences in their totals. Data for 2007-12 in respect of test checked districts: (₹ in crore)																																																						
			<table border="1"> <thead> <tr> <th>Particulars</th> <th colspan="5">Year</th> </tr> </thead> <tbody> <tr> <td>1. Year</td> <td>2007-08</td> <td>2008-09</td> <td>2009-10</td> <td>2010-11</td> <td>2011-12</td> </tr> <tr> <td>2. Opening balance</td> <td>241.96</td> <td>374.09</td> <td>1,099.57</td> <td>1,196.56</td> <td>1,882.22</td> </tr> <tr> <td>3. State Share released</td> <td>200.00</td> <td>300.00</td> <td>550.00</td> <td>499.90</td> <td>483.97</td> </tr> <tr> <td>4. Central Share released</td> <td>1,648.31</td> <td>3,944.50</td> <td>5,318.88</td> <td>5266.58</td> <td>4355.75</td> </tr> <tr> <td>5. Misc. Receipts</td> <td>68.60</td> <td>35.64</td> <td>39.49</td> <td>39.49</td> <td>125.11</td> </tr> <tr> <td>6. Total fund available (2+3+4+5)</td> <td>2,158.87</td> <td>4,654.23</td> <td>7,007.94</td> <td>7,002.53</td> <td>6,847.05</td> </tr> <tr> <td>7. Total fund available as reported</td> <td>2,227.26</td> <td>4,593.31</td> <td>6,820.59</td> <td>6,901.85</td> <td>6,299.58</td> </tr> <tr> <td>Difference (6-7)</td> <td>-68.39</td> <td>60.92</td> <td>187.35</td> <td>100.68</td> <td>547.47</td> </tr> </tbody> </table>	Particulars	Year					1. Year	2007-08	2008-09	2009-10	2010-11	2011-12	2. Opening balance	241.96	374.09	1,099.57	1,196.56	1,882.22	3. State Share released	200.00	300.00	550.00	499.90	483.97	4. Central Share released	1,648.31	3,944.50	5,318.88	5266.58	4355.75	5. Misc. Receipts	68.60	35.64	39.49	39.49	125.11	6. Total fund available (2+3+4+5)	2,158.87	4,654.23	7,007.94	7,002.53	6,847.05	7. Total fund available as reported	2,227.26	4,593.31	6,820.59	6,901.85	6,299.58	Difference (6-7)	-68.39	60.92	187.35	100.68	547.47
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7	6(b)	Expenditure	Unspent balances were not provided for all the year of review period.																																																						
8	7(a)	Works	The desired data was not provided.																																																						
9	7(b) and 8(a to f)	Works Asset creation	Number of work completed and number of assets created during 2007-12 have a difference of 3000 works.																																																						
10	7(c)	Works	Number of work abandoned not provided.																																																						
11	9	Utilization certificates	Details of utilization certificates of 2007-10 not provided																																																						
12	9A	Utilization certificates	Utilization certificates of 2007-08 to 2009-10 not provided																																																						
13	10	Inspection	Number of inspection of MNREGS works not provided.																																																						

14	15	Unemployment allowance	Details of payment of unemployment allowance not provided.																																
15	1&2	Registration and employment	Total job cards issued in 2011-12 is indicated 1,24,339 where as job cards issued to scheduled caste indicated was 18,55,662 which is prima facie not correct.																																
16		Other records not put up to Audit	<p>1. Bank reconciliation statement of the following bank accounts:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Name of Bank</th> <th>A/c No.</th> <th>Year</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Panjab National Bank</td> <td>4117000100097163</td> <td>2008-09 & 2011-12</td> </tr> <tr> <td>2.</td> <td>State Bank of India</td> <td>30125947162</td> <td>2011-12</td> </tr> <tr> <td>3</td> <td>State Bank of Patiyala</td> <td>65052228273</td> <td>2007-08, 2008-09 & 2011-12</td> </tr> <tr> <td>4.</td> <td>Allahabad Bank</td> <td>50026501030</td> <td>2007-08, 2008-09 & 2011-12</td> </tr> <tr> <td>5.</td> <td>Panjab National Bank</td> <td>100101176</td> <td>2007-08, 2008-09 & 2011-12</td> </tr> <tr> <td>6.</td> <td>Panjab National Bank</td> <td>100101370</td> <td>2007-08, 2008-09 & 2011-12</td> </tr> <tr> <td>7.</td> <td>Union Bank of India</td> <td>302202010704510</td> <td>2007-08, 2008-09 & 2011-12</td> </tr> </tbody> </table> <p>2. Balance sheet of MGNREGS Cell for the year 2011-12. 3. Information relating to salary details of APO's posted other than Blocks. 4. CAGs formats (18 nos.) were not completely filled up. 5. Information regarding adoption of accounts in meetings of the society for 2007-12. 6. Reply of some audit memos and paragraphs in draft report issued to the State Government. 7. Records pertaining to special campaign for afforestation in 2008-12 amounting ₹ 498.66 crore in Bundelkhand and Vindhyaachal region.</p>	Sl. No.	Name of Bank	A/c No.	Year	1.	Panjab National Bank	4117000100097163	2008-09 & 2011-12	2.	State Bank of India	30125947162	2011-12	3	State Bank of Patiyala	65052228273	2007-08, 2008-09 & 2011-12	4.	Allahabad Bank	50026501030	2007-08, 2008-09 & 2011-12	5.	Panjab National Bank	100101176	2007-08, 2008-09 & 2011-12	6.	Panjab National Bank	100101370	2007-08, 2008-09 & 2011-12	7.	Union Bank of India	302202010704510	2007-08, 2008-09 & 2011-12
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6.	Panjab National Bank	100101370	2007-08, 2008-09 & 2011-12																																
7.	Union Bank of India	302202010704510	2007-08, 2008-09 & 2011-12																																

Details of districts notified under the MGNREGA phase wise

(Referred to in paragraph no.4.4)

Sl. No.	Name of districts	Sl. No.	Name of districts
Phase-I		Phase-III	
1	Azamgarh	40	Agra
2	Banda	41	Aligarh
3	Barabanki	42	Allahabad
4	Chandauli	43	Auraiya
5	Chitrakoot	44	Bagpat
6	Fatehpur	45	Bareilly
7	Gorakhpur	46	Bijnore
8	Hamirpur	47	Bulandshahar
9	Hardoi	48	Shahujimaharajnager
10	Jalaun	49	Deoria
11	Jaunpur	50	Etawah
12	Kaushambi	51	Faizabad
13	Lakhimpur Kheri	52	Firozabad
14	Kushinager	53	Gautambudhnager
15	Lalitpur	54	Gazipur
16	Mahoba	55	Ghaziabad
17	Mirzapur	56	J. P. Nager
18	Pratapgarh	57	Kannauj
19	Raebareli	58	Kanpur Dehat
20	Sitapur	59	Kashiramnager
21	Sonbhadra	60	Lucknow
22	Unnao	61	Mahamayanagar
Phase-II		62	Mainpuri
23	Ambedkarnager	63	Mathura
24	Bahraich	64	Meerut
25	Ballia	65	Moradabad
26	Balrampur	66	Muzaffarnagar
27	Basti	67	Pilibhit
28	Badaun	68	Rampur
29	Etah	69	Saharanpur
30	Farrukhabad	70	Sant Ravidasnagar
31	Gonda	71	Shahjahanpur
32	Jhansi	72	Varanasi
33	Kanpur dehat		
34	Maharajganj		
35	Mau		
36	Sant kabirnager		
37	Shravasti		
38	Siddharthnager		
39	Sultanpur		

Accounting deficiencies

(Referred to in paragraph no. 4.10)

Sl. No.	Deficiency	Description of deficiency															
1.	Forms of Accounts not prescribed	<p>Under Section 24 (2) of the Act, the State Government was to prescribe form and manner in which the Accounts of the MGNREGS were to be kept.</p> <p>Audit observed that the Government did not prescribe the form and manner in which the accounts were to be kept, even after lapse of six years of implementation of the Scheme. Finance and Accounting manual to be followed was also not prescribed. These resulted that the symmetry in keeping the accounts by different units were not ensured.</p>															
2.	Non adoption of accounts by General Body	<p>The consolidated annual accounts of the MGNREGS implementation in the State for 2008-12 were not prepared consequently the same could not be put up before the GB of the Society for adoption as per paragraph 5 of the Memorandum of Association of the Society. However, annual account on the affairs of MGNREGS Cell (excluding districts affairs) for 2008-12 was prepared. The figures of the accounts for the year 2007-08 and 2008-09 were not the correct figures as the GoI releases were not incorporated in the accounts. The figures of subsequent year's accounts also were not considered authentic because the due certificate as prescribed under paragraph 8.4.2 (vii) of the Operational Guidelines of the MGNREGS was not given in audited report by the Chartered Accountants.</p> <p>Audit observed that GB of the Samiti failed to discharge its primary responsibility of adopting the accounts.</p>															
3.	Non preparation of accounts annually and other discrepancies	<p>The Accounts of the MGNREGS should have been prepared annually and audit of the Balance Sheet by the Chartered Accountant should have been completed by September of the next year. The status of submission of the same is given below:</p> <p style="text-align: center;">Due date and actual date of submission of Accounts</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Due date of submission</th> <th>Actual date of submission</th> </tr> </thead> <tbody> <tr> <td>2007-08</td> <td>September, 2008</td> <td>October, 2010</td> </tr> <tr> <td>2008-09</td> <td>September, 2009</td> <td>October, 2010</td> </tr> <tr> <td>2009-10</td> <td>September, 2010</td> <td>December, 2010</td> </tr> <tr> <td>2010-11</td> <td>September, 2011</td> <td>September, 2011</td> </tr> </tbody> </table> <p>The audited accounts for the year 2007-08 and 2008-09 were submitted delayed by Chartered Accountant in October 2010. The same of the year 2009-10 were also submitted delayed in December 2010. Following discrepancies were noticed in this regard:</p>	Year	Due date of submission	Actual date of submission	2007-08	September, 2008	October, 2010	2008-09	September, 2009	October, 2010	2009-10	September, 2010	December, 2010	2010-11	September, 2011	September, 2011
Year	Due date of submission	Actual date of submission															
2007-08	September, 2008	October, 2010															
2008-09	September, 2009	October, 2010															
2009-10	September, 2010	December, 2010															
2010-11	September, 2011	September, 2011															
3.		<ol style="list-style-type: none"> 1. Accounts were not prepared annually. 2. Audit fee for the year 2007-08, 2008-09 and 2009-10 were not shown in the respective annual accounts. 3. Bank reconciliation statements for the year 2007-08 to 2009-10 were not prepared. <p>The following comments repeatedly featured in CA's report remain unattended since 2007-08:</p> <ol style="list-style-type: none"> a) 1. Tax Deducted at Source Returns on Forms 24 Q and 26 Q as required u/s 															

		<p>192 of I.T. Act, 1961 and rules made there under have yet to be filed. The delay would attract interest as well as penalty under I.T. Act 1961. Provided further proper entries are also required to be passed for TDS in the Accounts.</p> <p>b) 2. Proper control required over disbursement of advances to staff and its timely adjustment as per rules and guidelines of MGNREGA.</p> <p>c) 3. Assets Register needs to be maintained in proper form.</p> <p>d) 4. MGNREGA Cell has kept huge funds in saving bank A/c bearing interest at 3 to 3.5 <i>per cent</i> per annum. Had these funds been kept in flexi fixed deposits, the MGNREGA Cell would have earned interest at the rate of 6 to 8 <i>per cent</i> per annum.</p> <p>e) 5. The grants disbursed to various districts have been treated as expenditure during the year.</p>
4.	Non capturing of data in the annual account of the Scheme	MGNREGS Cell prepared its annual accounts for the period from 2007-08 to 2008-09 did not captured data for the GoI releases during the year. Corresponding position of expenditure, unspent balances etc. were also not reflected correctly in the Balance Sheet. The State releases were however, find place in the books of accounts. Thus the accounts and the balance sheet did not show the correct picture of the finances of the MGNREGS in UP.
5.	Grants treated as expenditure on disbursement basis	Audit observed that the funds released to the implementing agencies (districts/GPs etc.) were treated by MGNREGS Cell as expenditure on disbursement basis without ensuring/monitoring actual expenditure on the basis utilization certificates. The observation was repeatedly raised by the Chartered Accountant in its audit reports. This was against the fundamental tenets of financial propriety.
6.	Monthly Squaring of Accounts and Miscellaneous irregularities	<p>To reduce the risk of financial leakages and to promote transparency and accuracy in fund management, the practice of Monthly Squaring of Accounts¹ should have been introduced. This consists of verifying that all the money released under MGNREGS was accounted for under the following three heads:</p> <ol style="list-style-type: none"> 1. Money held in bank accounts at various levels; 2. Advances or payments to implementing agencies; and 3. Vouchers of actual expenses. <p>Audit observed that in all the 18 test checked districts, the monthly squaring of accounts was not being prepared.</p> <p>In the absence of monthly squaring of account with other systemic irregularities, possibility of misappropriation of funds could not be ruled out.</p>
7.	Other irregularities	1. Bank reconciliation in 15 districts ² was not being prepared properly in districts, KPs and GPs.
8.	Non transfer of balance funds of closed schemes	<p>Operational guidelines prescribe that previously ongoing employment oriented and rural poverty alleviation schemes like SGRY, NFFWP would be closed after commencement of MGNREGS and their funds balance, if any, in their accounts should be transferred to the MGNREGS outlays.</p> <p>Audit noticed that the balance of NFFWP ₹ 40.88 lakh³ in 2 test checked line departments of district Sitapur was not transferred to the resources of MGNREGS. DPC did not ensure transfer of the funds to the MGNREGS outlay.</p>

¹ Paragraph 8.6 of the operational Guidelines

² Allahabad, Azamgarh, Balrampur, Bareilly, Bulandshahar, Chitrakoot, Ghaziabad, Gonda, Kushinagar, Lucknow, Moradabad, Rampur, Sitapur, Sultanpur and Unnao.

³ ₹ 9.55 lakh by Apper Mukhya Adhikari Jila Panchayat and ₹ 31.33 lakh by Executive Engineer Rural Engineering Service.

Banking arrangements

(Referred to in paragraph no. 4.10)

Sl. No.	Nature of Observation	Description of observation
1.	Separate Bank Accounts	Audit noticed that separate Bank Accounts were opened for MGNREGS at the district, KPs and GPs level in the test checked districts. However, in the line departments test checked in the 18 districts, the funds were kept in State Treasuries accounts except at Allahabad, Ghaziabad, Kushinagar and Moradabad (2010-11) districts. These accounts were opened in public sector banks as well as in <i>Gramin</i> banks. In the test checked line departments of Allahabad district the amount of interest was not accounted for in DRDA's account. In the line departments, these accounts were operated by the officer of the executing agencies as per departmental procedure.
2.	Payments made not reported to the Gram Sabha	Audit noticed that the works started under MGNREGS were not got administratively and technically sanctioned by the competent authority in 17 GPs, six KPs, and one ZP of six districts ⁴ during 2007-12. Hence, the expenditure of ₹ 1325.03 lakh incurred by them on execution of 237 works during 2007-12 was unauthorised. In test checked 91 GPs of six districts ⁵ all payments made to the <i>Gram Panchayats</i> were not reported in the meetings of <i>Gram Sabha</i> . In test-checked 91 GPs of districts Bareilly, Moradabad, Unnao, Ghaziabad, Gonda, Sultanpur, Jalaun, and Chitrakoot, the minutes of such meetings were sent regularly to the PO. However, in 358 GPs, of all the 18 test checked districts except Bareilly the same were not being sent.
3.	Payment of wages through Banks	Audit observed that the Bank accounts were opened in respect of all registered households/wage seekers in 17 test checked districts. However, in 10 GPs of Sitapur (KP- Hargaon), out of 4,074 registered households, Bank accounts were not opened in respect of 1,224 households since inception. In 20 GPs of Lucknow district the amount required for opening of accounts were paid by the wage seeker.
4.	Delayed payment of wages	Audit observed delayed payments to the workers due to delay on the part of functionaries and also in banking transactions. Consolidated position of delayed payments available on www.nerga.nic.in was downloaded which revealed that the payments were delayed beyond a fortnight and even beyond 90 days. Out of payments of ₹ 3292.38 crore and ₹ 3135.05 crore during 2010-11 and 2011-12 respectively, the payment of ₹ 454.20 crore (13.80 per cent on 530434 muster rolls) and ₹ 527.43 crore (16.82 per cent on 731075 muster rolls) was delayed. Details of delayed payments are annexed (Appendix-VII). The delay was increased year after year. Thus the livelihood security was not ensured in letter and spirit of the Act.

⁴ Bareilly, Ghaziabad, Gonda, Moradabad, Sultanpur and Unnao.⁵ Balrampur, Gonda, Jalaun, Lucknow, Moradabad, and Rampur.

VII

Details of delayed payments to the labourers

(Referred to in paragraph no. 4.10)

(₹ in lakh)

Year	Delayed payment between 15 and 30 days		Delayed payment between 30 and 60 days		Delayed payment between 60 and 90 days		Delayed payment beyond 90 days		Total		Percentage of Payments	
	No. of Muster rolls	Delayed Payments	No. of Muster rolls	Delayed Payments	No. of Muster rolls	Delayed Payments	No. of Muster rolls	Delayed Payments	No. of Muster rolls	Delayed Payments	Total Payments	Percent of delayed payment
2007-08	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2008-09	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2009-10	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2010-11	2,35,489	21,794.59	1,74,185	14,889.05	63,004	4,773.41	57,756	3,962.48	5,30,434	45,419.53	32,9237.55	13.795
2011-12	2,99,448	21,570.05	2,27,619	16,624.70	91,107	6,683.68	1,12,474	7,864.71	7,31,075	52,743.15	3,13,505.14	16.823

NA: not available on website

Lower representations of women (Referred to in paragraph no.5.2)

Status of test checked districts

Year	Total person days of employment generated (in lakh)	Women person days of employment generated (in lakh)	Representation of women (in per cent)
2007-08	401.99	50.37	13
2008-09	731.53	133.74	18
2009-10	1,004.10	195.00	19
2010-11	920.87	188.26	20
2011-12	741.07	143.88	19
Total	3,799.56	711.25	19

(Source: MPRs of DRDA)

Status of test checked GPs

Year	Total employment days generated (In lakh)	Women employment days generated (In lakh)	Representation of women (in per cent)
2007-08	7.80	1.06	14
2008-09	12.53	2.68	21
2009-10	20.56	4.07	20
2010-11	26.79	7.35	27
2011-12	27.17	5.70	21
Total	94.84	20.86	22

(Source: Information collected during audit)

Non achievement of guaranteed 100 days employment (Referred to in paragraph no.5.3.1)

Status of test checked districts

Year	Total registered households	Person days projected	Person days generated	Average person days generated per household	Households provided 100 days of employment	
					Numbers	In per cent
2007-08	20,82,834	3,52,96,651	3,78,04,198	18	1,71,736	8.25
2008-09	32,47,837	8,52,11,377	7,31,53,726	23	2,18,112	6.72
2009-10	35,07,287	13,05,99,855	10,04,10,522	29	2,27,321	6.48
2010-11	37,05,112	14,04,82,827	9,20,86,159	25	2,25,170	6.08
2011-12	39,45,337	11,13,69,282	7,41,05,334	19	84,615	2.14
Total	1,64,88,407	50,29,59,992	37,75,59,939	23	9,26,954	5.62

Status of test checked GPs

Year	Total registered households	Person days projected	Person days generated	Average person days generated per household	Households provided 100 days of employment	
					Number	In per cent
2007-08	46,148	17,66,006	7,79,999	17	362	0.78
2008-09	79,718	30,40,106	12,52,108	16	511	0.64
2009-10	94,856	58,60,940	20,56,278	22	1,662	1.75
2010-11	1,15,343	52,32,031	26,79,096	23	2,346	2.03
2011-12	1,21,106	56,42,033	27,15,904	22	2,411	1.99
Total	4,57,171	2,15,41,116	94,83,385	21	7292	1.60

Providing employment for more than 100 days

(Referred to in paragraph no.5.3.2)

Sl. No.	Year	Name of district	No. of GPs	No. of households	No. of days exceeding 100 days	Wages paid for more than 100 days (₹ in lakh)
1	2007-08	Allahabad	NA	NA	NA	NA
	2008-09	Allahabad	NA	NA	NA	NA
	2009-10	Allahabad	1,426	2,559	10,413	10.41
	2010-11	Allahabad	1,426	3,647	14,012	14.01
	2011-12	Allahabad	1,426	3,772	18,410	22.09
2	2007-08	Azamgarh	NA	NA	NA	NA
	2008-09	Azamgarh	NA	NA	NA	NA
	2009-10	Azamgarh	1,617	4,922	32,643	32.64
	2010-11	Azamgarh	1,617	7,017	45,117	45.12
	2011-12	Azamgarh	1,617	3,613	28,860	34.63
3	2007-08	Balrampur	667	00	00	0.00
	2008-09	Balrampur	667	2,443	12,354	12.35
	2009-10	Balrampur	667	00	00	0.00
	2010-11	Balrampur	667	8,772	69,694	73.18
	2011-12	Balrampur	667	4,908	20,856	25.03
4	2007-08	Banda	NA	NA	NA	NA
	2008-09	Banda	NA	NA	NA	NA
	2009-10	Banda	437	6,347	70,275	70.28
	2010-11	Banda	437	7,364	38,406	38.41
	2011-12	Banda	437	4,371	20,671	24.81
5	2007-08	Bareilly	NA	NA	NA	NA
	2008-09	Bareilly	NA	NA	NA	NA
	2009-10	Bareilly	1,008	2,933	29,435	29.44
	2010-11	Bareilly	1,008	1,513	6,932	6.93
	2011-12	Bareilly	1,008	806	2,217	2.66
6	2007-08	Bulandshahar	NA	NA	NA	NA
	2008-09	Bulandshahar	NA	NA	NA	NA
	2009-10	Bulandshahar	321	1,879	12,721	12.72
	2010-11	Bulandshahar	256	1,324	7,274	7.27
	2011-12	Bulandshahar	140	430	1,737	2.08
7	2007-08	Chitrakoot	NA	NA	NA	NA
	2008-09	Chitrakoot	NA	NA	NA	NA
	2009-10	Chitrakoot	NA	NA	NA	NA
	2010-11	Chitrakoot	303	4,288	34,090	34.09
	2011-12	Chitrakoot	293	2,847	14,753	17.70

8	2007-08	Ghaziabad	NA	NA	NA	NA
	2008-09	Ghaziabad	NA	NA	NA	NA
	2009-10	Ghaziabad	405	305	2,749	2.75
	2010-11	Ghaziabad	405	254	1,296	1.30
	2011-12	Ghaziabad	405	78	195	0.23
9	2007-08	Gonda	NA	NA	NA	NA
	2008-09	Gonda	NA	NA	NA	NA
	2009-10	Gonda	1,054	2,843	20,193	20.19
	2010-11	Gonda	1,054	3,498	20,192	20.19
	2011-12	Gonda	1,054	4,205	15,353	18.42
10	2007-08	Jalaun	NA	NA	NA	NA
	2008-09	Jalaun	NA	NA	NA	NA
	2009-10	Jalaun	508	7,488	41,658	41.66
	2010-11	Jalaun	531	13,003	84,785	84.79
	2011-12	Jalaun	525	7,612	71,110	85.53
11	2007-08	Kushinagar	NA	NA	NA	NA
	2008-09	Kushinagar	NA	NA	NA	NA
	2009-10	Kushinagar	956	170	2,451	2.45
	2010-11	Kushinagar	956	399	1,881	1.88
	2011-12	Kushinagar	956	103	491	0.59
12	2007-08	Lucknow	NA	00	00	0.00
	2008-09	Lucknow	511	44,998	00	0.00
	2009-10	Lucknow	483	69,768	00	0.00
	2010-11	Lucknow	475	76,174	00	0.00
	2011-12	Lucknow	475	71,471	00	0.00
13	2007-08	Moradabad	NA	NA	NA	NA
	2008-09	Moradabad	NA	NA	NA	NA
	2009-10	Moradabad	-	2,993	22,727	22.73
	2010-11	Moradabad	-	4,662	26,099	26.10
	2011-12	Moradabad	-	2,514	10,320	12.38
14	2007-08	Rampur	NA	NA	NA	NA
	2008-09	Rampur	NA	NA	NA	NA
	2009-10	Rampur	179	577	3,530	3.53
	2010-11	Rampur	234	907	4,382	4.38
	2011-12	Rampur	218	857	3,600	4.32
15	2007-08	Sitapur	NA	NA	NA	NA
	2008-09	Sitapur	NA	NA	NA	NA
	2009-10	Sitapur	1,329	2,57,003	70,826	70.83
	2010-11	Sitapur	1,329	2,82,894	68,420	68.42
	2011-12	Sitapur	1,329	2,43,396	29,620	29.62
16	2007-08	Sultanpur	NA	NA	NA	NA

	2008-09	Sultanpur	NA	NA	NA	NA
	2009-10	Sultanpur	-	5,479	29,811	29.81
	2010-11	Sultanpur	-	2,987	15,726	15.73
	2011-12	Sultanpur	-	2,149	7,538	9.00
17	2007-08	Unnao	954	-	-	-
	2008-09	Unnao	954	2,612	19,452	15.56
	2009-10	Unnao	954	1,724	72,876	72.88
	2010-11	Unnao	954	8,230	66,903	66.90
	2011-12	Unnao	954	3,587	19,793	23.75
18	2007-08	Varanasi	NA	NA	NA	NA
	2008-09	Varanasi	NA	NA	NA	NA
	2009-10	Varanasi	702	2,230	13,194	13.19
	2010-11	Varanasi	702	8,473	47,519	47.52
	2011-12	Varanasi	702	1,398	4,278	5.13
Total			-	12,12,796	12,89,838	1,337.61

(Information collected during audit)

Works shown completed but actually not carried out (Referred to in paragraph no.6.6)

Name of GP and district	Brief description of irregularities	Monetary value (₹ In lakh)
Dhamauli (Balrampur)	For plantation work in the land of Qabristaan located near P.M. Road of Dhamauli, works of jungle clearance (₹ 6000), digging of pits (₹ 6499), installation of one hand pump (₹ 2500), Plantation of 240 sagaon (₹ 1,680) and 28 mango (₹ 1,400) plants etc. were got executed during 15.1.09 to 25.12.09. However, on joint physical verification (March 2012), one hand pump, 28 mango and 233 sagaon plants were not found at the site. Also, work of jungle clearance and digging of pits were also not found executed. This rendered the expenditure of ₹ 0.18 lakh as fictitious.	0.18
Babhanpurwa (Balrampur)	24 tree guards were shown constructed at a cost of ₹ 0.71 lakh during 14.1.11 to 27.1.11 vide muster roll no.6009049. But on joint physical verification (March 2012) these tree guards were not found rendering the expenditure of ₹ 0.71 lakh fictitious.	0.71
Kapaua-Sherpur (Balrampur)	350 meter lengthy kachchi road from Pradhan Mantri Scheme to Dadri Chaura boundary was got constructed during 30.4.11 to 18.5.11 after spending ₹ 0.672 on wages through muster roll. However, on joint physical verification (March 2012) the road was found to be completed only in 205 metre length. This resulted in forged expenditure of ₹ 0.28 lakh.	0.28
Rasaula, Nakatpur and Daruapur (Bareilly)	As per records total 7,500 (2,500 + 2,500 + 2,500) plants were planted on the side's of road in the three GPs after spending ₹3.14 lakhs (₹1.11+ ₹1.00 + ₹ 1.03) during 2008-09. Against which, on Joint Physical verification (May 2012), only 32 plants were found planted in GP Daruapur. This resulted in expenditure of ₹3.13 lakh as fictitious.	3.13
Sudhiani (Kushinagar)	During execution of earth work from railway dhala to line tola in 2010-11, 6 hume pipes were shown laid down while in physical verification, only 5 hume pipes were found laid. This resulted in fictitious payment to the extent of ₹ 0.05 lakh.	0.05
Gangrai (Kushinagar)	Construction of '1 X 2 Metre RCC culvert between Bhagwanpur Tola to Baluhi connecting road alongside canal near the fields of Jugal Gupta in Gangrai was carried out by the GP Gangrai during 2008-09 after spending ₹ 2.58 lakh. During the same year construction of 1 X 2 Metre RCC culvert on Gangrai to Bhagwanpur-Baluhi connecting road was approved and carried out by ZP in subsequent year at an expenditure of ₹ 2.71 lakh. On Joint Physical verification of these works (March 2012), only the culvert constructed by GP Gangrai could be verified. On subsequent joint physical verification carried out on 14 April 2012 the concerned TA of ZP showed a culvert constructed, about 1 Kms away from the approved site, on Gadahila Pitch Road to Kundur Road near the fields of Moti Singh, stating that due to the dispute created by Gram Pradhan, the culvert was shifted to the shown place. The reason was not tenable since in the MB construction of the culvert was shown on the original site. Hence the expenditure of ₹ 2.71 lakh on construction of culvert was doubtful.	2.71
Pagauna (Moradabad)	An ideal pond was constructed during the year 2009-10 at a total expenditure of ₹ 4.05 lakh. On Joint Physical verification, gate (₹ 6,000) and fencing wire (₹ 8,640), though paid for, was not found installed.	0.15
Total		7.21

Details of excess expenditure incurred on material component at GPs and KPs level
(Referred to in paragraph no.6.11)

(₹ in lakh)

District	GP				KP			
	Total Expenditure	expenditure should be on material component	expenditure incurred on material component	excess	Total Expenditure	expenditure should be on material component	expenditure incurred on material component	excess
2009-10								
Gonda	1,648.13	659.25	812.86	153.61	170.57	68.23	139.33	71.10
Varanasi	1,487.89	595.16	1,091.72	496.56	0.60	0.24	0.56	0.32
Kushi Nagar	0.00	0.00	0.00	0.00	62.67	25.07	36.44	11.37
Moradabad	4,367.85	1,747.14	1,970.43	223.29	6.92	2.77	4.71	1.94
Jalaun	5,930.81	2,372.32	2,857.45	485.13	572.01	228.80	389.40	160.60
Unnao	1,223.40	489.36	550.28	60.92	340.75	136.30	234.80	98.50
Ghaziabad	602.65	241.06	340.21	99.15	0.00	0.00	0.00	0.00
Banda	8,102.25	3,240.90	4,249.10	1,008.20	30.45	12.18	19.46	7.28
Chitrakoot	4,913.57	1,965.43	2,603.56	638.13	1,136.25	454.50	605.18	150.68
Allahabad	7,060.57	2,824.23	3,683.10	858.87	0.00	0.00	0.00	0.00
Sitapur	642.56	257.02	262.98	5.96	963.25	385.30	546.16	160.86
Azamgarh	7,102.35	2,840.94	3,398.15	557.21	843.59	337.44	558.44	221.00
Total	43,082.03	17,232.81	21,819.84	4,587.03	4,127.06	1,650.82	2,534.48	883.66
2010-11								
Gonda	1,712.89	685.16	781.47	96.31	1,365.67	546.27	860.71	314.44
Sultanpur	617.24	246.90	279.00	32.10	477.32	190.93	217.33	26.40
Varanasi	717.74	287.10	418.45	131.35	23.25	9.30	14.02	4.72
Balrampur	1,852.59	741.04	827.15	86.11	288.78	115.51	220.80	105.29
Kushi Nagar	2,884.77	1,153.91	1,479.82	325.91	684.54	273.82	354.20	80.38
Rampur	1,422.00	568.80	610.27	41.47	0.00	0.00	0.00	0.00
Moradabad	3,949.79	1,579.92	1,751.67	171.75	0.00	0.00	0.00	0.00
Buland Shahar	1,421.95	568.78	615.22	46.44	0.00	0.00	0.00	0.00
Bareilly	3,238.97	1,295.59	1,337.24	41.65	0.00	0.00	0.00	0.00
Jalaun	4,148.13	1,659.25	1,833.49	174.24	771.71	308.68	381.34	72.66
Unnao	7,744.29	3,097.72	3,631.83	534.09	3,067.27	1,226.90	2,433.18	1,206.28
Banda	1,987.98	795.19	823.21	28.02	8.66	3.46	6.11	2.65
Chitrakoot	803.28	321.31	396.92	75.61	685.78	274.31	393.93	119.62
Lucknow	0.00	0.00	0.00	0.00	26.91	10.76	22.83	12.07
Sitapur	1,202.49	481.00	519.91	38.91	1,943.32	777.33	1,040.03	262.70
Azamgarh	0.00	0.00	0.00	0.00	366.93	146.77	211.38	64.61
Total	33,704.11	13,481.65	15,305.65	1,823.9	9,710.14	3,884.05	6,155.86	2,271.81

2011-12								
Gonda	0.00	0.00	0.00	0.00	1,118.15	447.26	674.21	226.95
Sultanpur	0.00	0.00	0.00	0.00	3.10	1.24	2.39	1.15
Varanasi	3,740.64	1,496.26	1,589.56	93.30	15.72	6.29	13.83	7.54
Balrampur	0.00	0.00	0.00	0.00	255.48	102.19	125.52	23.33
Kushi Nagar	608.25	243.30	244.83	1.53	993.62	397.45	505.45	108.00
Rampur	413.30	165.32	167.39	2.07	0.00	0.00	0.00	0.00
Moradabad	4,200.61	1,680.24	1,794.19	113.95	1.13	0.45	0.54	0.09
Buland Shahar	1,307.50	523.00	573.21	50.21	0.00	0.00	0.00	0.00
Bareilly	1,233.17	493.27	510.73	17.46	11.52	4.61	9.18	4.57
Unnao	0.00	0.00	0.00	0.00	471.19	188.48	237.30	48.82
Banda	1,856.46	742.58	787.64	45.06	0.00	0.00	0.00	0.00
Chitrakoot	545.34	218.14	232.31	14.17	555.81	222.32	282.74	60.42
Allahabad	457.10	182.84	185.07	2.23	0.00	0.00	0.00	0.00
Sitapur	1,148.43	459.38	466.98	7.60	451.93	180.77	216.19	35.42
Azamgarh	620.55	248.22	252.81	4.59	266.34	106.54	122.93	16.39
Total	16,131.35	6,452.55	6,804.72	352.17	4,143.99	1,657.59	2,190.28	532.69

XIII

Details of works without UID number (Referred to in paragraph no.6.12)

Sl. No.	Name of district	Blocks/GPs/ZP/ Line Department (LD)	No of works	Amount (₹ in lakh)	Period
1	Allahabad	02 KP/14 GP	52	50.21	2008-09& 2009-10
2	Banda	ZP	18	49.68	2010-11 &2011-12
3	Bareilly	LD-01/ 11 GP	484	339.01	2008-11
4	Gonda	KP-03/22 GP	71	66.31	2007-08 &2008-09
5	Jalaun	02 KP/20 GP	83	97.65	2007-11
6	Kushinagar	03 KP/22-GP	228	447.25	2007-08 & 2008-09
7	Lucknow	02 KP/20 GP	79	104.56	2009-12
8	Rampur	LD-01	53	55.69	2009-10
9	Unnao	03 KP/30 GP	120	122.84	2007-08
10	Varanasi	01 KP/05 GP	11	3.21	2008-09 to 2010-11
Total		16 KPs, 144 GPs, 1 ZP and 2 LD	1,199	1,336.41	

District wise detail of works without photographs (Referred to in paragraph no.6.12)

Sl. No.	Name of district	No. of test checked GPs	No. of works	Amount (₹ in lakh)
1	Azamgarh	30	183	142.27
2	Bulandshahar	30	264	118.09
3	Balrampur	10	87	56.62
4	Banda	20	200	392.38
5	Chitrakoot	20	189	336.95
6	Ghaziabad	20	94	53.21
7	Gonda	30	292	382.55
8	Jalaun	20	199	200.66
9	Kushinagar	13	54	106.11
10	Moradabad	14	120	70.66
11	Sitapur	30	187	243.47
12	Unnao	30	300	605.05
Total		267	2,169	2,708.02

Work executed without display of worksite boards (Referred to in paragraph no. 6.12)

Sl. No.	Name of district	No. of test checked GPs	No. of works executed	Amount (₹ in lakh)	Remark
1.	Unnao	30	300	605.05	In none of 3599 works, worksite boards with complete details were displayed
2.	Banda	20	200	392.38	
3.	Sitapur	30	267	340.49	
4.	Bareilly	30	299	291.60	
5.	Varanasi	20	200	158.40	
6.	Balrampur	10	91	60.99	
7.	Jalaun	20	171	163.25	
8.	Sultanpur	30	260	357.60	
9.	Gonda	30	292	382.55	
10.	Rampur	19	99	71.70	
11.	Ghaziabad	20	94	53.21	
12.	Moradabad	26	208	205.79	
13.	Azamgarh	30	242	167.69	
14.	Allahabad	30	169	117.42	
15.	Bulandshahar	30	245	106.74	
16.	Lucknow	20	200	338.13	
17.	Kushinagar	21	117	214.76	
18.	Chitrakoot	20	145	213.54	
Total		436	3,599	4,241.29	

Unit-wise targets fixed for utilizing MGNREGS funds in test checked districts

(Referred to in paragraph no. 7.1)

(₹ in lakh)

Sl. No.	Name of the line department	Period	Financial target fixed	Projects submitted to DPC against the target	Projects sanctioned by DPC	Details of funds released	Actual expenditure
1	MI Division Unnao	2009-12	1,688.41	1,259.13	1,230.96	1,230.96	1,221.58
2	MI Division, Bulandshahr	2010-12	493.25	264.71	136.87	136.87	136.75
3	MI Division, Sitapur	2009-12	2,486.13	2,213.60	--	1,117.00	1,117.00
4	DHO, Moradabad	2010-12	200.00	227.85	120.99	95.21	94.89
5	DHO, Bulandshahr	2009-12	338.95	302.07	142.57	109.06	99.01
6	DHO, Lucknow	2009-10 2011-12	93.93	93.93	93.86	41.84	23.19
7	DHO, Rampur	2010-12	200.00	180.96	31.16	31.16	26.33
8	DD,SFD, Allahabad	2009-10 2011-12	1,352.83	1,352.83	566.39	566.39	698.91
9	DFO, Varanasi	2008-12	1,766.40	1,780.45	571.10	571.10	571.10
10	DD,SFD, Ghaziabad	2010-12	293.00	401.59	258.67	146.62	157.12
11	DFO, Gonda	2009-12	1,920.00	1,982.71	1,813.38	536.67	494.43
12	DFO, Kushinagar	2007-12	3,532.60	867.97	948.47	796.73	1,072.65
13	DFO, Banda	2008-12	1,122.73	1,105.52	888.63	786.22	722.62
14	DD, SFD, Azamgarh	2009-12	1,870.00	1,677.76	1,445.46	773.90	773.90
15	RES, Unnao	2009-11	918.10	918.10	918.10	790.47	353.13
16	RES, Sitapur	2010-12	2,900.00	542.28	438.92	274.86	229.02
17	Betwa Canal Div-II, Orai, Jalaun : Departmental: MGNREGS	2010-11	2,528.38	1,825.38 703.00	1,825.38 703.00	2,840.00 180.00	665.00 96.32
18	Sharda Canal Division-II, Lucknow	2010-12	83.42	82.06	74.53	69.54	32.58
19	Sharda Canal Division, Lucknow	2008-12	748.61	722.74	696.78	74.46	128.26
20	Canal Division, Rampur	2009-12	827.79	589.41	566.65	310.66	285.72
21	SCO, Moradabad	2011-12	460.00	439.88	401.83	100.46	78.64
22	SCO (Ramganga), Moradabad	2011-12	100.00	32.50	32.50	32.50	8.12
23	SCO (LD&WR) Balrampur	2009-12	1,017.00	788.57	211.49	77.31	39.48
24	SCO, Gaziabad	2011-12	500.00	32.35	30.89	15.52	13.35
25	SCO, Varanasi	2009-12	1,467.00	1,298.94	1,298.94	610.94	519.48
26	PD, PWD Orai	2009-12	3,725.36	2,243.81	938.87	352.76	226.65
27	CD-I, PWD Orai	2009-11	1,139.35	164.52	164.52	164.52	147.58
28	CD -3, PWD Orai	2009-12	407.54	407.54	407.54	407.54	313.94

29	PD, PWD Allahabad	2010-12	3,268.00	3,413.16	3,413.16	883.52	412.86
30	PD, PWD Karvi	2007-08 2009-12	372.51	0	NA	NA	265.06
31	PD, PWD, Gonda	2009-10 2011-12	2,855.00	624.41	496.52	238.53	92.80
32	PD, PWD, Balrampur	2009-12	242.85	1,246.20	1,246.10	242.95	164.71
33	PD, PWD, Banda	2009-12	1,350.00	844.42	844.42	514.84	391.74
34	CD-2, PWD, Banda	2009-12	1,150.00	715.55	715.55	325.06	321.47
35	CD-4, PWD, Banda	2009-12	758.00	500.15	500.15	338.86	309.82
36	PD, PWD, Azamgarh	2009-12	1,027.00	740.69	219.23	219.23	217.24
Total			45,204.24	32,586.74	24,393.58	16,004.26	12,522.45

MGNREGS funds dovetailed in departmental works

(Referred to in paragraph no. 7.2)

Sl. No.	Name of the line department	Period	Brief description of works	No of projects/ works executed	Expenditure (₹ in lakh)	
					District Plan	MGNREGS Funds
1	Minor Irrigation (MI) Division, Bulandshar	2009-12	Free Boring Scheme	4860	250.16	146.55
2	MI Division, Unnao	2009-12	Free Boring Scheme	12,125	701.94	1,221.58
3	MI Division, Sitapur	2009-12	Free Boring Scheme	25,389	838.06	1130.56
4	Rural Engineering Services (RES), Sultanpur	2009-10	Brick soling & drain construction under Dr. Ambedkar Gram Sabha Vikas Yojna (AGSVY)	14	NA	36.64
5	RES, Unnao	2009-10, 2010-11	Construction of Nali and out fall drain under AGSVY	87	NA	353.13
6	RES, Sitapur	2009-12	Brick soling and construction of Nali under AGSVY	104	1809.43	543.83
7	Soil Conservation Officer (SCO), Rashtriya Jalagam, Balrampur	2008-12	Water management under IWMP	18	--	63.56
8	SCO, Land Development & Water Resources, Balrampur	2009-12	CB, MB, PFB under IWMP, Water Conservation and plantation	83	--	39.48
9	SCO, Ghaziabad	2009-12	Drainage construction of Nala Land development under Kisan Hit Yojna, Kushal Jal Prabandhan Yojana	43	NA	37.35
10	SCO, Moradabad	2009-12	Kisan Hit Yojana, Kushal Jal Prabandhan Yojana, Soil & Water Conservation, Social Forestry etc.	72	--	225.25
11	SCO (Ramganga), Moradabad	2009-10, 2011-12	FB, MB under Command Area Development Water Management (CADWM) & Integrated Water Management Programme (IWMP)	25	154.82	19.72
12	SCO, Varanasi	2009-12	Maintenance & repair of Guls of Irrigation & Construction of Ponds (Babatpur Rajbaha)	--	--	519.48
13	District Horticulture Officer (DHO), Bulandshar	2009-12	Establishment of Nursery & Horticulture	10	--	99.01

14	DHO, Lucknow	2009-10, 2011-12	Vegetable production on private farmers land (RKVY)	2	--	23.20
15	DHO, Moradabad	2009-10, 2011-12	Vegetables production on private formers land, Fruit plants production & Maintenance of nursery	11	--	110.02
16	DHO, Rampur	2009-12	Vegetable production	3		39.57
Total						4,608.93

XVIII Expenditure on creation/maintenance of departmental assets

(Referred to in paragraph no. 7.3)

Sl. No.	Name of line department	Period	Brief description of works	No. of projects executed	Expenditure (₹ in Lakh)	
					Departmental	MGNREGS Funds
1.	Ruhelkhand Canal Division, Bareilly	2008-12	Silt clearance, damaged bridges and walls, pucca works	630	0.00	521.37
2	Irrigation Division, Kushinagar	2007-12	Silt clearance, gate, service road and bank repair, protection work, VRB construction etc.	18	0.00	594.41
3	Sharda Canal Division, Lucknow	2008-12	Silt clearance, lining and strengthening	122	0.00	128.26
4	Sharda Canal Division-II, Lucknow	2008-12	Silt clearance	88	0.00	53.08
5	Betwa Canal Division, Orai (Jalauan)	2010-11	Restoration and CC lining of Kuthaund branch (Bundelkhand Package)	1	665.00	96.32
6	Canal Division, Rampur	2008-12	Silt clearance, construction of culverts, flood protection, plantation, strengthening of canals etc.	258	0.00	303.86
7	Divisional Director (DD), Social Forestry Division (SFD), Allahabad	2008-12	Soil work, plant raising, plantation and its maintenance, soil conservation, advance soil work	13	0.00	996.96
8	DD, SFD, Azamgarh	2007-12	Plantation (Social Forestry), construction of road	5	0.00	825.01
9	DD, SFD, Ghaziabad	2008-12	Plantation, plant maintenance	95	0.00	157.12
10	DD, SFD, Varanasi	2008-12	Plantation and its maintenance	--	0.00	571.10
11	DD, SFD, Bareilly	2008-12	Plant raising, plantation and its maintenance	--	0.00	406.86
12	DFO, Banda	2007-12	Soil work, Plantation, plant maintenance and water conservation	21	0.00	736.46
13	DFO, Chitrakoot	2007-12	Soil work, plantation, maintenance, soil and water conservation works etc	13	0.00	3328.71
14	Kaimoor Wildlife Division, Mirzapur	2009-12	Plantation, nursery, soil and water conservation works etc.	5	0.00	228.20
15	DFO, Gonda	2007-12	Soil work, brick-guards, plantation and its maintenance, heightening of roads		0.00	510.44
16	DFO, SFD, Kushinagar	2007-12	Plantation & Plant Maintenance	17	0.00	1,072.65

17	PD, PWD, Balrampur	2009-12	Construction/maintenance of road	68	0.00	164.71
18	PD, PWD, Allahabad	2009-12	Construction of approach road, culverts and repair of embankment	530	NA	425.21
19	PWD, Azamgarh	2007-12	Construction of approach road, culverts and plantation	317	0.00	217.24
20	PD, PWD, Banda	2007-12	Construction of link road	14	0.00	474.04
21	CD-1, PWD, Banda	2007-12	Construction of link road, nali khadanja, culvert and strengthening of embankment	14	0.00	309.34
22	CD-2, PWD, Banda	2007-12	Construction of link road, nali khadanja, culverts and strengthening of embankment	13	0.00	337.19
23	CD-4, PWD, Banda	2009-12	Construction of link road, repair of patri and embankment (Bundelkhand Vikas Nidhi)	10	0.00	309.82
24	PD, PWD, Chitrakoot	2007-12	Construction of roadside & link road	77	0.00	265.06
25	PD, PWD, Orai	2009-12	Construction of link road	35	0.00	226.65
					Total	13,260.07

Incomplete works carried out by line departments

(Referred to in paragraph no. 7.4)

(₹ in lakh)

Sl. No.	Year	Name of the Department	Name of the project	Total expenditure
1.	2009-10 2011-12	District Horticulture Officer, Lucknow	Vegetable production (Rashtriya Krishi Vikas Yojna)	23.19
2.	2008-12	Divisional Director, Social Forestry Division, Allahabad	Plant raising, plantation & its maintenance, soil and water conservation work	996.96
3.	2009-12	Kaimoor Wildlife Division, Mirzapur	Plantation, nursery, soil and water conservation	228.20
4.	2011-12	Divisional Forest Officer, Banda	Soil and vegetable development programme, plantation	169.44
5.	2011-12	Rural Engineering Services, Sitapur	Construction of causeway, embankment on river	74.13
6.	2010-12	Soil Conservation Officer, Varanasi	Maintenance repair of guls of irrigation and construction of ponds	163.76
7.	2010-12	Betwa Canal Division II, Orai	Restoration work and CC lining of Kathaund branch	761.32
8.	2007-08 2009-11	Irrigation Division, Kushinagar	Silt clearance, repair of wood plank, cross regulator and protection work	149.31
9.	2009-12	Canal Division, Rampur	Flood protection work, CC lining, construction of pucca walls, strengthening of canals, plantation	55.60
10.	2010-12	Provincial Division (PD), Public Works Department (PWD), Orai	Construction of approach road	137.80
11.	2010-12	Construction Division (CD)-I, PWD, Orai	Construction of approach road	11.07
12.	2010-12	CD-III, PWD, Orai	Construction of link road	75.51
13.	2010-12	PD, PWD, Allahabad	Earth work, construction of culverts, construction and maintenance of approach road, plantation etc.	261.68
14.	2011-12	CD-I, PWD, Chitrakoot	Construction of link road	80.16
15.	2011-12	CD (PMGSY), Balrampur	Construction of road	22.62
16.	2010-12	PD, PWD, Banda	Construction of approach road	274.40
17.	2010-12	CD-I, PWD, Banda	Construction of approach road, nali, khadanja, culvert and strengthening of embankment	159.77
18.	2010-12	CD-II, PWD, Banda	Earthwork Construction of culvert, approach road and strengthening of embankment	209.28
19.	2011-12	CD-IV, PWD, Banda	Construction of link road	123.12
20.	2009-12	PD, PWD, Azamgarh	Construction of approach road and culverts	217.24
Total				4,194.56

List of Abbreviations

APO	Additional Programme Officer
ADPC	Additional District Programme Coordinator
AE	Assistant Engineer
AGSVY	Dr. Ambedkar Gram Sabha Vikas Yojna
APC	Agricultural Production Commissioner
BDO	Block Development Officer
BFF	Budget and fund framework
BSA	Bhumi Sanrakshan Adhikari
BW	Brick Work
CA	Chartered Accountant
CADWM	Command Area Development Water Management
C&AG	Comptroller & Auditor General of India
CB	Control Bunding
CBS	Core Banking Service
CC	Cement Concrete
CD	Compact Disc /Construction Division
CDO	Chief Development Officer
CEGC	Central Employment Guarantee Council
CEO	Chief Executive Officer
CRD	Commissioner Rural Development
CSOs	Civil Society Organisations
DEO	Data Entry Operator
DPC	District Programme Coordinator
DPP	District Perspective Plan
DQMs	District Quality Monitors
DRDA	District Rural Development Agency
Dy.	Deputy
EPIC	Election Photo Identity Card
EW	Earth Work
FMS	Financial Management System
GB	General Body
GIS	Geographical Information System
GoI	Government of India
GoUP	Government of Uttar Pradesh

GPs	Gram Panchayats
GRS	Gram Rozgar Sewak
HHs	Households
IEC	Information, Education and Communication
IT	Information Technology
IWMP	Integrated Water Management Programme
JE	Junior Engineer
KP	Kshetra Panchayat
LDs	Line Departments
MB	Measurement Book/Mount Bunding
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MIS	Management Information System
MoRD	Ministry of Rural Development
MPRs	Monthly Progress Reports
NA	Not Available
NEGF	National Employment Guarantee Fund
NFFWP	National Food for Work Programme
NGOs	Non Government Organisations
NIC	National Informatics Centre
NREGA	National Rural Employment Guarantee Act
NREGASoft	National Rural Employment Guarantee Act Software
PCR	Project Completion Report
PIO	Public Information Officer
PMGSY	Pradhan Mantri Gramin Sadak Yojana
PO	Programme Officer
PRI	Panchayat Raj Institutions
PWD	Public Works Department
RCC	Reinforcement Cement Concrete
RD	Rural Development
RDD	Rural Development Department
REGS	Rural Employment Guarantee Scheme
RKVY	Rashtriya Krishi Vikas Yojana
RTI	Right to Information
Samiti	Uttar Pradesh <i>Gramin Rojgar Guarantee Yojna Samiti</i>
SC	Scheduled Caste

SEGC	State Employment Guarantee Council
SEGF	State Employment Guarantee Fund
SFD	Social forestry Division
SQM	State Quality Monitor
ST	Scheduled Tribe
TA	Technical Assistant
TAC	Technical Audit Cell
TRSG	Technical Resource Support Group
UC	Utilisation Certificate
UID	Unique Identification
UP	Uttar Pradesh
UPDESCO	Uttar Pradesh Development Systems Corporations Ltd.
VMC	Vigilance and Monitoring Committee
ZP	Zila Panchayat