

# Performance Audit of Implementation of National Rural Employment Guarantee Act, 2005 (NREGA)

## 1 Introduction

### 1.1 Overview of NREGA

The National Rural Employment Guarantee Act, 2005 (NREGA) guarantees 100 days of employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. The Act initially came into force in 200 districts with effect from 2 February 2006<sup>1</sup>.

The basic objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment. This work guarantee can also serve other objectives: generating productive assets, protecting the environment, empowering rural women, reducing rural-urban migration and fostering social equity, among others.

The Act requires every State to formulate a State Rural Employment Guarantee Scheme (REGS), which should conform to the minimum features specified under the Act. Once the Act comes into force, rural households have a right to register themselves with the local Gram Panchayats, and seek employment under the Act. Work is to be provided within 15 days of the date of demand, failing which the State Government will have to pay unemployment allowance at the stipulated rates.

The Act is a Centrally Sponsored Scheme on a cost sharing basis between the Centre and the States. The Central Government will bear all costs, other than the following:

- 25 per cent of the cost of material and wages for semi-skilled/ skilled workers;
- Unemployment allowance; and

---

<sup>1</sup> An additional 130 districts were notified under Phase-II with effect from 15 May 2007, and the remaining 266 districts have been notified under Phase-III with effect from 1 April 2008. These additional districts are not being covered as part of this Performance Audit.

- Administrative expenses of the State Employment Guarantee Council.

Detailed Operational Guidelines have been issued by the Ministry of Rural Development (MoRD), Government of India. Together with the provisions of the Act, they prescribe:

- the types of works that can be covered under NREGA (subject to additions in respect of different States);
- the minimum entitlements of labour;
- the roles and responsibilities of different functionaries right from the State Government to the District, Block and Panchayat level functionaries, including those of the Panchayati Raj Institutions (PRIs) at various levels;
- the detailed procedures for planning, financial management, registration and employment allotment, execution of works, and payment of wages and unemployment allowance;
- the detailed records to be maintained at different levels; and
- the mechanisms for social audit, as well as monitoring and evaluation of outcomes.

## *1.2 Organisational Structure*

- Ministry of Rural Development (MORD)
  - The Ministry of Rural Development (MORD) is the nodal Ministry for the implementation of NREGA. It is responsible for setting up the Central Employment Guarantee Council (CEGC). It has to ensure timely and adequate resource support to the States. It has to undertake regular review, monitoring and evaluation of processes and outcomes. It has to establish an MIS to capture and track data on every critical aspect of implementation, and assess the utilization of resources through a set of performance indicators.

- The Central Employment Guarantee Council (CEGC) shall be responsible for advising the Central Government on NREGA-related matters, and for monitoring and evaluating the implementation of the Act. It shall prepare Annual Reports on the implementation of NREGA and submit these to Parliament.
- Central Employment Guarantee Council (CEGC)
- State Government
  - The State Government has to formulate a Rural Employment Guarantee Scheme (REGS), and the Rules pertinent to its implementation, in consonance with the Act. It will set up the SEGC (State Employment Guarantee Council), and also designate an officer as the State Rural Employment Guarantee Commissioner responsible for ensuring that all activities required to fulfil the objectives of the Act are carried out. It will ensure that the State Share of the REGS budget is released on time. It will ensure wide communication of the Scheme and dissemination of information regarding its implementation. It will ensure all administrative, financial and technical support to the District Programme Coordinator, Programme Officer, PRIs and all other agencies involved in implementation.
  - The State Employment Guarantee Council (SEGC) shall advise the State Government on the implementation of the Scheme, and evaluate and monitor it. It will also decide on the 'preferred works' to be implemented under REGS, and prepare Annual Reports for submission to the State Legislature.
- State Employment Guarantee Council (SEGC)

- District Panchayats
  - District Programme Co-ordinator (DPC)
  - Intermediate Panchayat (IP)
  - Programme Officer (PO)
  - Gram Panchayat (GP)
- The District Panchayat will be responsible for finalizing the District Plans and for monitoring and supervising the REGS in the District. It can also execute works from among the 50 per cent that are not to be executed by the Gram Panchayats.
- The State Government will designate a District Programme Co-ordinator (DPC), who shall be responsible for the overall co-ordination and implementation of the scheme in the District.
- The Intermediate Panchayat will be responsible for planning at the Block level, and for monitoring and supervision. It can also be given the responsibility of executing works from among the 50 *per cent* that are not to be executed by the Gram Panchayat.
- A full-time officer will be appointed as the Programme Officer at the Block level, who shall be responsible for coordinating the works undertaken by the Gram Panchayat and the implementing agencies at the Block level.
- The Gram Panchayat has a pivotal role in the implementation of REGS. It is responsible for planning of works, registering households, issuing job cards, allocating employment, executing 50 *per cent* of the works, and monitoring the implementation of the Scheme at the village level.

- NREGA authorizes the Gram Sabha to recommend works to be taken up under REGS, to monitor and supervise these works, and to conduct social audits of the implementation of the Scheme. In addition, the Gram Sabha should be used extensively for facilitating the implementation of the Scheme, by acting as a forum for sharing information about the Scheme, and also in ensuring transparency and accountability.
- Gram Sabha (GS)
- Other Implementing Agencies
  - In addition to Panchayats, Line Departments, NGOs, Central and State Government Undertakings, and Self-Help Groups (SHGs) can also be identified as Implementing Agencies.

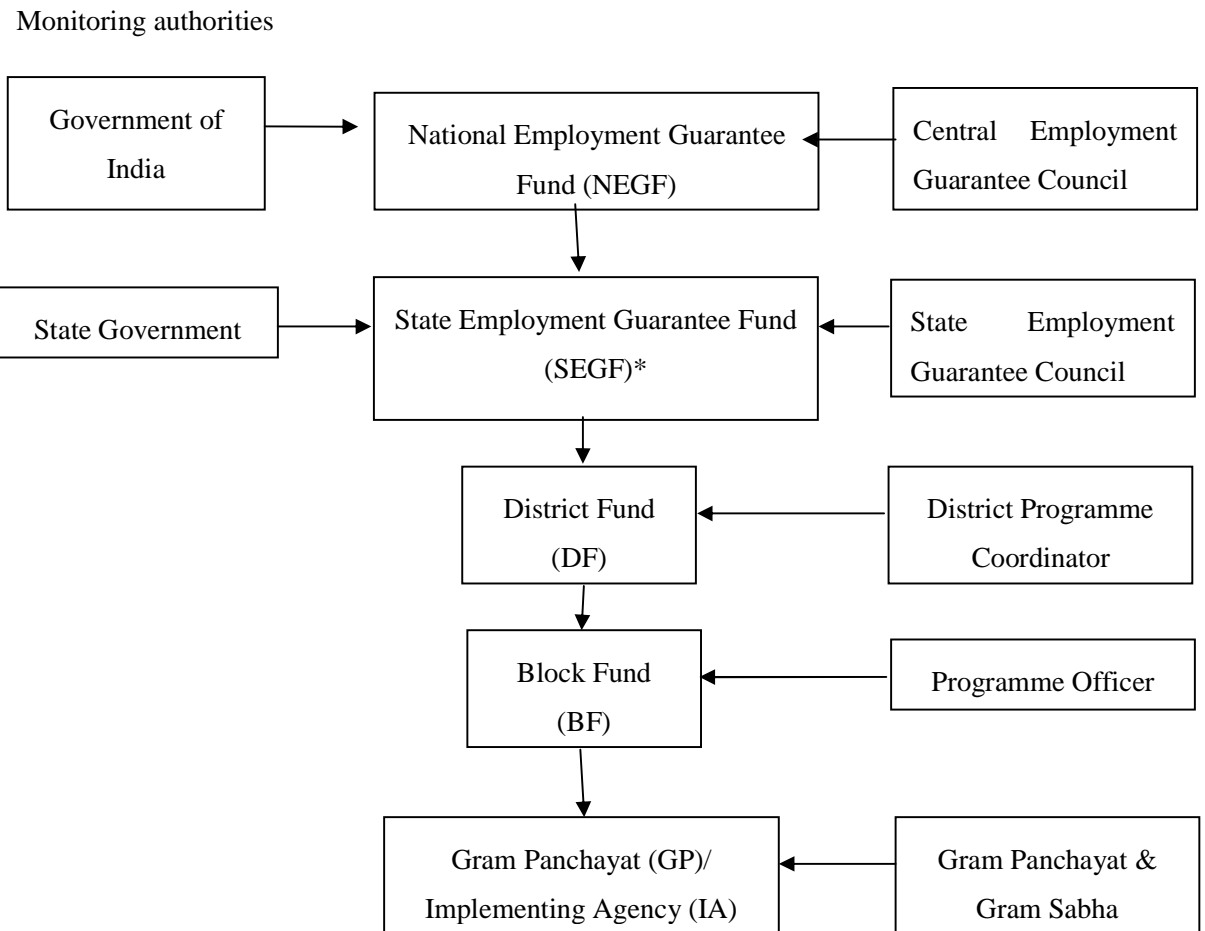
### *1.3 Funding Pattern*

The Government of India (GoI) has established a fund called the National Employment Guarantee Fund, from which grants are released directly to Districts<sup>2</sup>. Revolving funds are to be set up under REGS at the District, Block and Gram Panchayat levels, with separate bank accounts being opened for such funds at each level.

---

<sup>2</sup> Although NREGA provides for funds to be transferred by GoI to the State Governments through separate State Employment Guarantee Funds, this mechanism has, so far, not been operationalised.

## FUND FLOW CHART



\* *Not operationalised.*

## 2 Audit Objectives

The main audit objectives for the Performance Audit were to ascertain whether:

- effective preparatory steps for planning, implementation and monitoring/evaluation of outcomes had been undertaken by the Central and State Governments;
- the procedures for preparing perspective and annual plan at different levels for estimating the likely demand for work, and preparing shelf of projects were adequate and effective;

- funds released for NREGA were accounted for and utilized in compliance with the guidelines;
- there was an effective process for registration of households, allotment of job cards, and allocation of employment in compliance with the guidelines;
- NREGA works were properly planned, and economically, efficiently and effectively executed in a timely manner and in compliance with the Act and the guidelines, and durable assets were created and properly accounted for;
- wages and unemployment allowance were paid in accordance with the Act and the guidelines, and the intended objective of providing 100 days of annual employment at the specified wage rates was effectively achieved;
- there was an adequate and effective mechanism at different levels for monitoring and evaluation of NREGA outcomes; and
- there was an adequate and effective mechanism for social audit and grievance redressal.

### 3 Audit Criteria

The main sources of audit criteria for the performance audit were the following:

- The National Rural Employment Guarantee Act, 2005 (NREGA), and notifications issued thereunder;
- NREGA Operational Guidelines (2006);
- Circulars and documents issued by the MoRD.

## 4 Audit Scope, Sampling and Methodology

### 4.1 Audit Scope

The scope of audit was restricted to the initial 200 districts identified for implementation of NREGA with effect from February 2006. The period of audit coverage was from February 2006 to March 2007. Field audit of the relevant records of the MoRD, State

Rural Development offices, and Block and Panchayat level offices was conducted at the Ministry and 26<sup>3</sup> States between May and September 2007.

## *4.2 Audit Sampling*

In each State, 25 per cent of the NREGA districts (subject to a minimum of two) were selected by Simple Random Sampling Without Replacement (SRSWOR).

Below the district level, the following sampling plan was followed:

- In each sampled district, two blocks were chosen using SRSWOR.
- In each sampled block, four Gram Panchayats (GPs) were chosen using Probability Proportionate to Size (PPS) Sampling. The size measure for PPS was the number of registered households. Wherever the same was not readily available, the BPL population was taken, failing which the village population was used.
- Within each Gram Panchayat's area, four works (preferably, three completed and one ongoing) were selected for detailed examination using SRSWOR.

Thus, records relating to 68 districts, 128 blocks within the selected districts, and 513 GPs in the selected blocks were selected for detailed examination. Details of the selected districts, blocks and GPs are given in Annexure –A.

## *4.3 Audit Methodology*

The Performance Audit commenced with an entry conference with the MoRD in April 2007, wherein the audit methodology, scope, objectives and criteria were explained. During the meeting, the MoRD also made a presentation on the status of NREGA.

After the conclusion of field audit, an exit conference was held with the MORD in December 2007, where the draft audit findings and recommendations were discussed at length.

---

<sup>3</sup> Mizoram, where NREGA was implemented in two districts, was, however, not covered during the Performance Audit.

Audit gratefully acknowledges the cooperation and assistance extended by the MoRD and its officials at various stages of conduct of the Performance Audit.

## 5 Physical and Financial Performance

### 5.1 Financial Performance

The total financial assistance provided by the GoI to all the State Governments up to 31 March 2007 was Rs. 12073.56 crore. Of this, the State Governments could utilize Rs. 8823.36 crore (73.08 per cent), as detailed in Annexure-B.

### 5.2 Physical Performance

According to the MoRD's reports, during the year 2006-07:

- 3.81 crore rural households had registered under the scheme;
- 2.12 crore households had demanded employment under the scheme, of which 2.10 crore households received employment.
- 0.22 crore households received the full 100 days of legally guaranteed employment.

State-wise details of physical performance reported by MoRD are given in Annexure C.

## 6 Audit Findings

### 6.1 Preparatory Steps

#### 6.1.1 Central Employment Guarantee Council (CEGC)

- **Requirement**
- The CEGC, which was constituted in September 2006, was required to prepare Annual Reports on the implementation of NREGA and submit these to Parliament.

- **Status**
  - While the Annual Report for 2005-06 (covering the period from February to March 2006) has been prepared by CEGC, the Annual Report for 2006-07 was reported by the Ministry as of November 2007 to be still under process.

### 6.1.2 Rural Employment Guarantee Scheme (REGS), State Employment Guarantee Councils (SEGCs) and Employment Guarantee Commissioners (EGCs)

- **Requirement**
  - Every State Government was required to:
    - formulate and notify *Rural Employment Guarantee Scheme (REGS)*, and the Rules pertinent to its implementation, in consonance with the Act, within six months<sup>4</sup>, and prescribe the time frame for each level i.e. GP, block and district levels for proposing, scrutinizing, and approving REGS works;
    - set up the *State Employment Guarantee Council (SEGC)*, which is responsible for advising the State Government on the implementation, evaluation and monitoring of the Scheme, deciding on the “preferred works” to be implemented under REGS, recommending the proposals of works to be submitted to the GOI by the State Government, and preparing an Annual Report on REGS, to be presented to the State Legislature; and
    - designate an officer, not below the rank of a Commissioner, as the *State Rural Employment Guarantee Commissioner* responsible for ensuring that all activities related to the objectives of the Act were carried out as intended.
- **Status**
  - Delay in notifying the REGS: The State Government of Karnataka

---

<sup>4</sup> Later increased to one year.

had delayed the issuing of notification of the REGS by 14 months.

- Non-formulation of Rules: The State Governments of Arunachal Pradesh, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Kerala, Maharashtra, Manipur, Punjab, Rajasthan, Tamil Nadu and Uttar Pradesh (14 States) did not formulate rules pertinent to the implementation of the Scheme, in consonance with the Act.
- Non-specification of time-frames at different levels: The State Governments of Arunachal Pradesh, Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Jharkhand, Kerala, Madhya Pradesh, Manipur, Nagaland, Orissa, Punjab, Sikkim, Uttarakhand and West Bengal (15 states) did not prescribe the time frame for each level i.e. GP, Block and District levels for proposing, scrutinising and approving REGS works.
- Non-designating of State Rural Employment Guarantee Commissioners (EGCs): The State Government of Arunachal Pradesh, Andhra Pradesh, Himachal Pradesh, Nagaland, Sikkim, Tripura, Uttar Pradesh and West Bengal (8 states) did not designate any officer as State Rural Employment Guarantee Commissioner.

Delay in constitution / functioning of SEGCs: The State Governments of Gujarat, Haryana, Sikkim and Uttarakhand (4 States) had not constituted State Employment Guarantee Councils (SEGCs). Further, SEGCs in Meghalaya, Jammu & Kashmir, and Arunachal Pradesh had not prepared the list of preferred works to be implemented under the Scheme, while the SEGCs in Meghalaya, Jammu & Kashmir, Arunachal Pradesh and Rajasthan had not prepared Annual Reports for submission to the State Legislature.

- **Other State-specific findings**
  - The SEGC in Uttar Pradesh was constituted without non-official members.
  - In Punjab, the SEGC had also neither reviewed the monitoring and redressal mechanism of NREGA nor monitored the implementation of NREGA.
  - In Arunachal Pradesh, the SEGC had not undertaken any study of implementation of the scheme in the state, nor reviewed the monitoring and redressal mechanism of NREGA.
  - In Tamil Nadu, though SEGC was constituted, no periodicity of meeting was fixed and the Council met only once during 2006-07.
  - In Jammu & Kashmir, no district wise studies were conducted by the SEGC.

### 6.1.3 Resource Support

- **Requirement**
  - NREGA, its Operational Guidelines and other circulars issued by the MORD envisaged the following:
    - Every State Government was required to appoint a full-time dedicated Programme Officer, not below the rank of Block Development Officer (BDO), at each Block, with necessary supporting staff for facilitating implementation of the Scheme at Block level.
    - It would be advisable to appoint an “Employment Guarantee Assistant” or “Gram Rozgar Sevak” in each GP, in view of the pivotal role of the GP in the implementation of REGS.
    - The model for administrative expenses included a technical assistant for every 10 Gram Panchayats. The administrative

expenses funded by the GOI were limited to 2 per cent<sup>5</sup> of the total programme expenditure.

- The State Government was also to constitute panels of accredited engineers at the District and Block levels for the purpose of assisting with the estimation and measurement of works, so that quick and timely approval of projects could take place.
- The State Government was to appoint Technical Resource Support Groups at the State and District levels to assist in the planning, designing, monitoring, evaluation and quality audit of various initiatives and also assist in training and handholding, with a view to improving the quality and cost effectiveness of the scheme.
- **Status**
  - Non-appointment of full-time dedicated Programme Officers (POs): The State Governments of Arunachal Pradesh, Assam, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Nagaland, Orissa, Punjab, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand and West Bengal (19 States) did not appoint a full-time dedicated Programme Officer in 89 blocks. The existing Block Development Offices (BDOs) were appointed as Programme Officers and given the additional charge of the Scheme.
  - Non- appointment of Administrative Assistants & Technical Assistants: The State Governments of Andhra Pradesh, Assam, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh,

---

<sup>5</sup> Subsequently raised to 4 per cent in 2007-08

Uttarakhand and West Bengal (19 States) did not appoint Administrative Assistants in 88 blocks. The State Governments of Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Punjab, Rajasthan and West Bengal (10 states) did not appoint Technical Assistants in 45 blocks.

- Non- appointment of Employment Guarantee Assistants / Gram Rozgar Sevaks: The State Governments of Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Manipur, Nagaland, Orissa, Sikkim, Tamil Nadu, Uttar Pradesh, Uttarakhand and West Bengal (18 States) did not appoint dedicated Gram Rozgar Sevaks in 268 GPs of the test checked 513 GPs.
- Non-constitution of panels of Accredited Engineers: The State Governments of Arunachal Pradesh, Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Uttar Pradesh and West Bengal (20 States) did not constitute any panel of Accredited Engineers for the purpose of assisting with the estimation and measurement of work.
- Non-setting up of Technical Resource Support Group: The State Governments of Arunachal Pradesh, Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Maharashtra, Manipur, Meghalaya, Nagaland, Orissa, Punjab, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand and West Bengal (23 States) did not set up a Technical Resource Support Group at State/ District level.

- **Impact**
  - The lack of adequate administrative and technical resource support at the District, Block and GP levels adversely affected the smooth and effective implementation of NREGA, as detailed below:
  - Considering the fact the average block in the 200 districts in NREGA Phase-I has 20 GPs and 56 villages, non-appointment of a full-time dedicated Programme Officers (PO), who is pivotal to the successful implementation of NREGA, and giving the additional charge of PO to BDOs, who were responsible for other developmental schemes at the Block level, strikes at the root of effective implementation of NREGA. In the absence of dedicated technical resources, the administrative and technical scrutiny and approval of REGS works was, thus, routed through the normal departmental channels burdened with existing responsibilities. This was further compounded by the failure to specify time frames for processing and approval of proposals at different levels. This was reflected in the poor progress in taking up works proposed in the Annual Plans, and thus affecting the implementation of NREGA.
  - The absence of Gram Rozgar Sewaks severely affected the maintenance of basic records at the GP level, without which it would be impossible to verify employment demand and allocation for each household. Also, the potential REGS beneficiaries do not have any one at the GP level to contact about their demand for employment.
- **Recommendation**
  - A full-time dedicated administrative and technical organizational setup is required for the successful implementation of NREGA, especially in the 200 districts notified in Phase-I.
  - The State Governments should be directed to appoint full-time POs at each Block, with adequate supporting staff. Necessary administrative and financial powers should be delegated to such POs, even if they are appointed on contract basis, so that proposals are not routed

through the already overburdened BDOs.

- In addition to other supporting staff, each PO should have a full-time dedicated computer assistant with a PC for data entry of NREGA records for the block.
- State Governments should be directed to ensure appointment of administrative and technical assistants, as well as dedicated EGAs for each GP (separate from the GP Secretary). The requirement of accredited engineers at the District level, and Technical Support Groups at the State and District levels must also be met.
- GoI may consider relaxing the funding norm of one technical assistant for every 10 GPs to one assistant for every 5 to 6 GPs in selected districts, depending on the number of works being undertaken.
- GOI may also consider amending the current pattern of funding administrative expenses as a percentage of total expenditure (which is variable over time) in the case of an identified subset of the 200 Phase-I districts which suffer from acute poverty, where employment demand is high, and consequently where there is increased pressure on the NREGA organizational setup<sup>6</sup>. In such selected districts, the requirement of salaries for the specified posts at the Block and GP levels (especially the EGA) may be funded (subject to controls for proof of actual payment etc.) so that such posts could be manned on a stable, ongoing basis for effective monitoring and implementation of NREGA. However, once such funding is provided, no leniency, whatsoever, should be shown in the matter of record maintenance and online data capture.

---

<sup>6</sup> These considerations are unlikely to apply to the districts notified in subsequent phases of NREGA.

## 6.2 Planning

Planning is critical to the successful implementation of NREGA, and the need to act within a time limit, so as to provide employment within 15 days, necessitates advance planning. The basic aim of the planning process is to ensure that the District is prepared well in advance to offer productive employment on demand.

### 6.2.1 District Perspective Plan (DPP)

- **Requirement** • The NREGA Operational Guidelines stipulate the preparation of a five year District Perspective Plan (DPP) to facilitate advance planning and provide a development perspective for the District. The aim is to identify the types of REGS works to be encouraged in the district, and the potential linkages between these works and long-term employment generation and sustained development.
- **Status** • Audit scrutiny revealed the following deficiencies:
  - DPPs were not prepared by 43 test checked districts in Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand (two districts), Karnataka, Kerala, Maharashtra, Manipur, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand and West Bengal (20 States).
  - Where perspective plans had been made under the National Food For Work Programme (NFFWP), these had not been revisited in 32 test checked districts of Andhra Pradesh, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Orissa, Rajasthan, Tripura, Uttar Pradesh, Uttarakhand and West Bengal (16 States).
  - There were deficiencies in preparation of DPPs, as detailed below:
    - The DPPs in Himachal Pradesh for Chamba District (2006-07)

and Sirmour District (2007-12) were not prepared properly.

➤ In Rajasthan, the DPPs did not use the village as the unit for planning.

- **Impact**
- In the absence of DPPs, a long-term shelf of projects is not available. This, in turn, affects the timeliness of project approval.

## 6.2.2 Annual Plans

- **Requirement**
- The Annual Plan is a working plan that identifies the activities to be taken up on priority in a year. The process for preparation of the Annual Plan is as follows:
- Every year, the GPs shall convene a meeting of the Gram Sabha to estimate the demand for labour, and to propose the number and priority of works to be taken up in the next financial year. The timing of the GS should be widely publicized so as to ensure participation of likely beneficiaries. Based on the recommendations formulated in the GS, the GP will prepare an Annual Plan and forward it to the PO.
- The PO will scrutinize the Annual Plans of individual GPs for technical feasibility, and submit a consolidated statement of proposals at the block level to the Intermediate Panchayat (IP), which will discuss and approve the plan and forward it to the District Programme Coordinator (DPC).
- The DPC will scrutinize the plan proposals of all IPs, and consolidate them into a District Plan proposal with a block-wise shelf of projects (arranged GP-wise). This District Plan will indicate for each project (a) the time frame, (b) the person days to be generated (c) the full-cost. This plan will

be discussed and approved by the District Panchayat (DP). At least 50 per cent of the works are to be executed by the GPs.

- The DPC will also coordinate the preparation of detailed technical estimates and sanctions, with project reports for each approved work specifying technical details, as well as the expected outputs and enduring outcomes.

• Status

- A documented annual plan was not prepared by 168 GPs in Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Madhya Pradesh, Manipur, Orissa, Sikkim, Tamil Nadu, Uttar Pradesh and West Bengal (14 States).
- The Gram Sabha meetings were not widely publicized before hand in 283 GPs in Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Uttar Pradesh, Uttarakhand and West Bengal (21 states).
- Works were not identified by the Gram Sabhas in 91 GPs in Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Orissa and Punjab (12 states).
- The District Plans in 8 Districts in Himachal Pradesh, Jammu & Kashmir, Jharkhand, Sikkim, Uttar Pradesh and West Bengal (7 States) did not comprise a block-wise shelf of projects.
- The District Plans in 46 Districts in Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh,

Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand and West Bengal (22 States) did not indicate the timeframe for each project. Similarly, the District Plans in 23 Districts in Andhra Pradesh, Arunachal Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Orissa, Sikkim and West Bengal (13 States) did not indicate the person days to be generated for each project, while the District Plans in 10 Districts in Andhra Pradesh, Arunachal Pradesh, Haryana, Himachal Pradesh, Jharkhand, Sikkim and West Bengal (7 States) did not indicate the full cost for each project.

- The District Plans in 8 Districts in Arunachal Pradesh, Himachal Pradesh, Jharkhand, Orissa, Sikkim, Tamil Nadu, Uttar Pradesh and Uttarakhand (8 States) did not ensure that 50 per cent of the works were to be executed by the GPs.
- The Project Reports for approved works in the District Plans did clarify the size of the physical assets (e.g. length of road, size of tank) in 14 Districts in Andhra Pradesh, Arunachal Pradesh, Chhattisgarh, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Manipur, Orissa, Tripura and Uttar Pradesh (11 States), and did not clarify the enduring outcomes (e.g. area irrigated, villages connected) in 24 Districts in Andhra Pradesh, Arunachal Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Manipur, Orissa, Tamil Nadu, Uttar Pradesh and Uttarakhand (15 States).
- Other deficiencies noted in the Annual Plans were as follows:

- In Orissa and Jammu & Kashmir, participation in the GS meetings was poor – 2.3 per cent in 14 GPs in Orissa, and 1-2 per cent in 10 GPs in Jammu & Kashmir.
- In Rajasthan, Annual Plans were not linked with DPPs, and approval of Gram Sabhas was not taken/ on record for the works executed.
- In Maharashtra, no estimate was made of the demand for labour.
- In Jharkhand, in Hazaribagh district, the Annual Plan was not prepared GP-wise and it did not specify the works to be taken up, the mandays to be generated, prioritization of works etc. In Ranchi district, the Annual Plan provided for only 2209 works, whereas 5918 works were taken up.
- In Andhra Pradesh, the priorities assigned to the identified works in GP Annual Plan was not strictly adhered to, while executing the works.
- In Uttarakhand, in Chamoli district, the priorities given in AP were not followed at the time of execution of work by the GPs. Less than 50 per cent allotment of works, in terms of financial cost, was made to two test checked GPs.
- In Jammu & Kashmir, in four test checked blocks, the POs did not scrutinize the annual plans of the GPs for technical feasibility. While approving Annual Plans for the year 2006-07, the GPs did not take into consideration the number of families registered, number of job cards issued, period for which households were willing to work, etc.

- In Bihar, 242 works in block Mohanpur during 2006-07 valued at Rs 8.72 crore were executed without inclusion in the AP. Annual plans prepared for NREGS in all test checked GPs were heavily loaded towards construction of brick soling roads, resulting in high material-labour ratio.

#### • Impact

- In the absence of documented Annual Plans, there would be no shelf of projects for timely approval, thus adversely affecting the ability to meet demand for employment.
- Lack of participation, or inadequate participation by Gram Sabhas, and Gram Panchayats in the planning process would vitiate the process of people's participation, transparency and accountability, and also adversely affect the creation of productive assets benefiting the local community.
- In the absence of specification of physical assets and enduring outcomes in the District Annual Plans, no meaningful comparison of actual achievements vis-à-vis plans is possible.

#### • Recommendations

- All Districts must be directed to ensure preparation of District Perspective Plans, as well as Annual Plans at the GP level to be consolidated at the Block and District levels.
- States should ensure more publicity at the grass root level, in particular through displays at Panchayat Ghars and Implementing Agencies.
- To simplify the workload at the GP level, the Annual Plan at the GP level could be limited to identifying works, with estimation of labour demand, likely costs etc. being indicated at the PO's level.

