

1.1 Registration and Issue of Job Cards

• Requirement

- Before demanding employment under REGS, rural households have to register themselves, and get a job card. The process for registration of households and issue of job cards, as per the NREGA Operational Guidelines, is briefly as follows:
- Households may submit an application for registration, or submit an oral request.
- A Gram Sabha shall be convened when the Act commences, for the purpose of explaining the provisions of the Act, mobilize applications for registration and conduct verifications.
- A door-to-door survey may also be undertaken to identify persons willing to register under the Act.
- Job cards should be issued within a fortnight of the application for registration. Photographs of adult member applicants have to be attached to the job cards.

• Status

- The introductory Gram Sabha meeting at the time of commencement of the Act was not convened in 119 GPs in Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Manipur, Orissa, Uttar Pradesh and West Bengal (12 States).
- Door-to-door survey to identify persons willing to register was not conducted in 290 GPs in Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Tamil Nadu,

Uttar Pradesh, Uttarakhand and West Bengal (19 States).

- Job cards were not issued to all registered households in 74 GPs in Andhra Pradesh, Assam, Chhattisgarh, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Orissa, Uttar Pradesh, Uttarakhand and West Bengal (11 States).
- Job cards were not issued within 15 days of application for registration in 162 GPs in Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Kerala, Maharashtra, Manipur, Orissa, Sikkim, Tamil Nadu, Uttar Pradesh, Uttarakhand and West Bengal (15 States).
- Photographs were not attached to job cards in 220 GPs in Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Uttar Pradesh, Uttarakhand and West Bengal (13 States).

• Other State-
specific findings

- In Orissa,
 - 670 households of 16 GPs of Narla Block of Kalahandi District were not registered, despite submitting applications, on the grounds that their names did not feature in the 2002 BPL survey list.
 - In 6 GPs of 2 Blocks in Kalahandi District, job cards were not issued to 342 households, while 14 villages in Duarsuni GP intimated non-supply of job cards despite application.
 - One village (Kajumaska) of Santapur with a population of 90 (SC-11; ST-79) was not covered for registration of households.
 - In one GP, 13 job cards were found by DRDA officials

to be lying with GP officials. In another GP, 21 cards were lying with the GP authorities, and were issued at the instance of audit.

- In Rajasthan, in February 2006, 16.11 lakh households were registered on the basis of their names appearing in the 2002 BPL survey list, but no additions were made subsequently.
- In Haryana, in 5 test checked GPs, against 637 registered households, 968 households were reported to have been issued job cards; in addition, 72 minors had also been registered for doing manual work. Also, in 16 test-checked GPs, photographs were not attached in 2,238 cases of job cards.
- In Himachal Pradesh, in Sirmour District, out of 13,695 BPL households, only 5389 households were registered and issued job cards.
- In Manipur, job cards were issued without identification.
- In Karnataka, in the two district of Davanagere and Gulbarga, out of the total registered households of 2.33 lakh and 3.89 lakh, only 1.55 lakh and 2.01 lakh households were issued job cards.
- In Tamil Nadu, in Cuddalore District, out of 1,19,813 households, 1093 households had not been issued job cards as of March 2007.

• Impact

- The non-conduct of an introductory Gram Sabha as well as a door-to-door survey adversely affects the number of rural household registrations, and consequently demand for employment.
- If BPL surveys are reliable, then the number of registered

householders should at least equal the number of BPL households, and a substantial shortfall would indicate poor publicity and slackness in implementation of NREGA.

- In the absence of other identifying documents for persons, photographs on job cards are the most important means to identify genuine beneficiaries, especially when payments are made through Muster Rolls, and not through postal and bank accounts. The absence of photographs weakens controls on allocation of employment and payment of wages to intended beneficiaries.

• Recommendations

- State Governments should ensure that all BPL households are persuaded to register under NREGA.
- State Governments must be directed to take up a time bound programme to ensure affixing of photographs (at no cost to the beneficiaries) to the existing job cards.
- State Governments must ensure that under no condition are job cards retained by GP/ other departmental officials for any purpose.

1.2 Works

1.2.1 General

• Requirements

- The NREGA Operational Guidelines stipulate that:
- Projects in low-wage areas, where the demand for work at minimum wage is likely to be large, must be formulated on a priority basis.
- To avoid duplication, a unique identity number should be given to each work.

- Administrative and technical sanction should be obtained for all works in advance, by December of the previous year.
- Worksite facilities are to be ensured by the implementing agency.
- Use of machinery as well as contractors is prohibited.
- Wage-material ratio of 60:40 or higher has to be ensured at the District level.

• Status

- Low wage areas were not identified in 53 Districts in Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand and West Bengal (22 States.).
- Unique identity numbers were not allotted to works in 297 GPs in Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Uttar Pradesh, Uttarakhand and West Bengal (21 States).
- In 15 Districts in Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Orissa and Uttar Pradesh (6 States), the wages-material ratio of 60:40 was not maintained. Taking the analysis block-wise, 35 test-checked blocks in Arunachal Pradesh, Chhattisgarh, Himachal Pradesh, Jammu & Kashmir, Maharashtra, Nagaland, Orissa, Tripura, Uttar Pradesh and West Bengal did not maintain a wage-material ratio of 60:40.
- Administrative approval and technical sanction of works was

not obtained in advance in 96 GPs in Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Uttar Pradesh and Uttarakhand (12 States).

- Worksite facilities were not provided in 202 GPs in Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Manipur, Orissa, Rajasthan, Uttar Pradesh, Uttarakhand and West Bengal (15 States).

• Impact

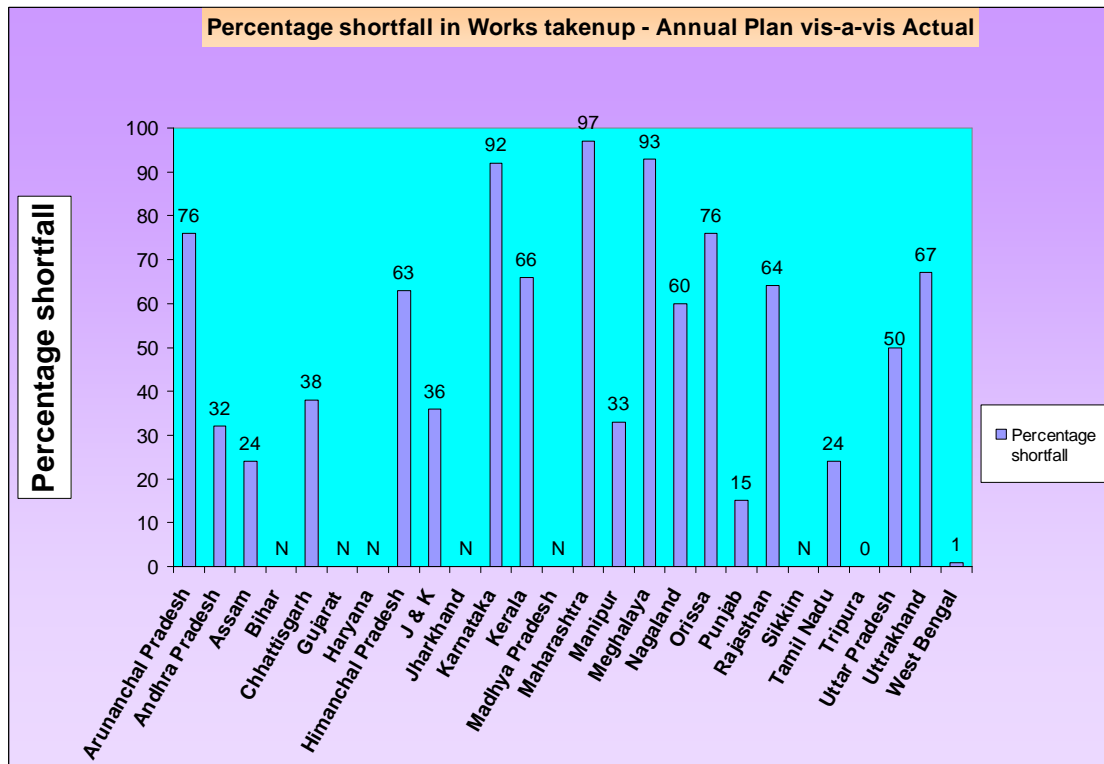
- In the absence of identified low wage areas, formulation of projects in such areas on a priority basis is not feasible.
- Non-obtaining of administrative approval and technical sanction in advance leads to delay in taking up the work, and non-timely provision of employment to households.

• Recommendation

- State Governments may be directed to ensure that administrative approval and technical sanction for works in the Annual Plan are obtained in advance by December of the previous year.

1.2.2 Works taken up in test-checked GPs

Despite the fact that there was no shortage of funds for implementation of NREGA, audit scrutiny revealed that except in Tripura, none of the test checked GPs were able to take up all the works proposed in their Annual Plan for 2006-07. The average State-wise shortfall in works actually taken up vis-à-vis those contemplated in the Annual Plans ranged from 1 per cent (West Bengal) to 97 per cent (Maharashtra). The shortfall in execution of works affected the provision of the legally guaranteed 100 days of employment.



N- Data not available as Annual Plan not prepared for the selected GPs

1.2.3 Other State-specific audit findings

- Arunachal Pradesh
 - There was shortfall of 33 per cent in execution of works as per the Annual Action Plan for 2006-07.
- Assam
 - There was no formal allotment of work at GP level. Works were allocated verbally.
 - 37 works costing Rs. 2.02 crore were abandoned in Supaul after expenditure of Rs. 27.79 lakh, as they exceeded the stipulated material-labour ratio, resulting in unfruitful expenditure.
- Bihar
 - Due to absence of technical staff, work valued Rs 79.26 lakh was executed through non-qualified staff like peons and private persons during 2006-07.

- Works of Rs 1.49 crore under scheme were assigned (June 2006) to two NGOs, who had not executed the SGRY works amounting to Rs 46.22 lakh earlier allotted to them.
 - The DDC, Darbhanga transferred Rs 2.69 crore to special division, Darbhanga during 2006-07 for construction of 34 protection walls of raised platforms constructed under Sam Vikas Yojana.
 - Works valued Rs 1.76 lakh was shown as completed in Bahadurpur block before issue of work order. In Muzaffarpur district, despite availability of funds of Rs 11.12 lakh, no work was undertaken for the period 2006-07 leaving the entire allotted funds unutilized.
 - Out of 8429 works taken up for execution during 2006-07 in the State, 5292 works (63 per cent) remained incomplete. None of the 1986 works taken up for providing irrigation facility on land of ST persons was completed.
 - In Sirsa District, while the material consumed in the district from April 2006 to February 2007 for pucca works was Rs. 3.87 crore, expenditure on purchase of stores in March 2007 alone was Rs. 3.61 crore. Also, the cash books of 3 blocks of the district for 2006-07 had not been closed as of June 2007, as transactions relating to the purchase of the material had not been completed. Clearly, the material was purchased merely to show utilization of funds, without assessing the requirement on works.
 - Expenditure of Rs. 1.53 crore was incurred in 2006-07 on all 129 works in Baraguda block in Sirsa District, without obtaining administrative approval and technical sanction.
- Gujarat
 - Haryana

- In Mohindergarh District, records showing segregation of expenditure on material and wages were not maintained.
 - An expenditure of Rs. 4.31 crore was incurred on digging 257 ponds in Mohindergarh District, which is a drought prone area with scanty rainfall and where the soil is sandy and has no retention power. Block and GP officials admitted that the ponds dug under NREGS were without water. One pond had almost become a swimming pool, as 80 per cent of expenditure was incurred on material and masonry works.
 - Similarly in Sirsa, expenditure of Rs. 7.31 crore was spent on digging of 237 ponds, for which factors like catchment area, source of recharging etc. were not conceptualized, and works were executed without technical sanction and preparation of detailed estimates. Test check of records revealed lack of arrangements for filling the ponds with water, and complaints regarding absence of need.
 - Test check in Mohindergarh revealed payment of Rs. 13.12 lakh to tractor/ camel cart owners for carrying out earthwork, in violation of NREGA Guidelines.
 - In 7 blocks of Sirsa District, while making purchases of Rs. 98.28 lakh for providing amenities, proper purchase procedure – invitation of tenders, quality assurance, inspection etc. was not followed.
 - In respect of the selected works, detailed technical estimates were not prepared. The assessment of the works was done after completion of work and measurements were recorded in the MB in such manner that the value of a work executed equalled the sanctioned cost.
- Himachal Pradesh

- Completion of 22 works was delayed for a period ranging between one and eight months. In two (Bhatiyat and Mehla) out of four selected blocks, the wages-material ratio was 55:45 and 42:58 respectively.
- In three blocks, (Poonch, Bhaderwah and Banihal) out of a total of 495 schemes executed during 2006-07, 116 schemes costing Rs. 111.79 lakhs had not been approved by the competent panchayats and did not form part of approved annual works plan. An expenditure of Rs. 90.69 lakh was incurred on these schemes during the year.
- Jammu & Kashmir
 - 14 works costing Rs. 33.55 lakh were executed in three blocks (Bhaderwah Banihal, Poonch) without obtaining Administrative approvals.
 - 18 works costing Rs. 43.80 lakh were under execution in three blocks (Bhaderwah, Banihal, Mendhar) without obtaining technical sanctions from the concerned technical authorities.
 - In the absence of AP in Palamu, the DC instructed BDOs to take up “ work of irrigation well” in villages without assessing the requirement. Consequently, 1112 wells were taken up (December 2006) at a cost of Rs. 9.93 crore for completion by February/ March 2007, which remained incomplete as of July 2007.
- Jharkhand
 - In Gumla, schemes for construction of 159 irrigation wells, ponds and tree plantation were sanctioned by the DC without holding the meeting of Gram Sabha for Rs 8.32 crore for completion by September 2006 to May 2007. None of the above works were completed within May 2007
 - On the recommendation of six MLAs, 71 schemes for Rs 5.14

crore were taken up (between March 2006 and May 2007) for execution, but these were neither in the Annual Plan nor approved by the Gram Sabhas.

- DC, Gumla sanctioned (March 2007) 100 units of “Safed Musli” cultivation for commercial farming for Rs 1.24 crore at Rs 1.24 lakh per unit, which had only 12 *per cent* (Rs 15.30 lakh) labour component. In West Singhbhum, of 4,326 works executed (2006-07) for Rs 52.13 crore, 2,373 were PCC Roads where labour component was as low as 19 to 24 *per cent* as against the norm of 60 *per cent*.
- No details of measurements were recorded in the Muster Rolls in Gulbarga District and dates of payments were also not recorded. Assets created were not according to specification and quantities executed were not as per technical sanction.
- Karnataka
 - Two works (desilting of tanks) in Harasuru Gram Panchayat (69 acres) and Bheemalli GP of Gulbarga District costing Rs.50.33 lakh was taken up without administrative and technical sanction, and one road work of Rs. 8.75 Lakh was taken up in Gulbarga Taluk without technical sanction.
 - In 3 test checked works, excess payment of Rs. 2.25 lakh due to application of wrong per unit rates was noticed.
- Kerala
 - In 3 test checked works, the quantity of works executed exceeded the estimated quantity by 230 to 264 per cent.
 - Rs. 12.05 lakh were incurred by PWD Dhar on repair of roads and renovation of meeting halls.
- Madhya Pradesh
 - Tractor and rollers were engaged on MRs for transportation of material and compaction of road and tank works.

- CEO, ZP Sidhi incurred Rs. 20.80 lakh on spraying of hormones for zetropha plantation on contract basis through M/s Sai Biotech company, Rewa.
 - Out of 1615 works, 714 works with progressive expenditure of Rs. 8.06 crore remained incomplete as of 31 March 2007.
- Manipur
 - A total of 843 number of works were executed on the basis of inflated estimates, resulting in avoidable expenditure of Rs.2.57 crore (inclusion of contractors profit element- Rs. 1.19 crore and agency charges- Rs. 1.38 crore).
 - Against 11,446 works targeted for completion during 2006-07 only 867 works (8 per cent) were completed.
- Meghalaya
 - No measurement of the works executed in the selected blocks was taken up, due to lack of technical manpower.
 - In one block (Bhawanipatna) of Kalahandi District, 149 works were executed at a cost of Rs 7.55 crore between February 2006 and March 2007 through contractors in the guise of Village Labour Leaders (VLLs) (up to November 2006) and in the name of departmental execution through the Junior Engineers (from December 2006). The VLLs and JEs procured road metal and other materials out of their own resources and also in many cases indicated payment of wages without receiving any advance/ sufficient advance. Site account registers in respect of receipt and issue of materials to the work and Temporary advance register in respect of advance availed from December 2006 for payment of wages had not been maintained, despite their mandated requirement for departmental execution. Materials were not purchased on tender/ quotation basis and purchase bills/ payment receipts
- Orissa

were not treated as expenditure document. Instead, work bills were paid to the VLLs/ JEs based on item and volume of works executed in similar manner as allowed in the case of work done by the contractors. Measurement for these works was also made by the same JE, shown as departmentally executing the work. This is indicative of execution of works by the contractors in the guise of VLLs and in the name of departmental execution.

- NREGA Guidelines permit execution of road projects providing all weather connectivity in rural areas. However, joint physical inspection in September 2007 of three road works executed at a cost of Rs 15 lakh in Bhawanipatna block disclosed that the roads remained kutcha, even after improvement, and were not able to provide all weather access. Further, recording of inflated measurement in the measurement books and Level section Graph sheets in all the three cases, and excess payment of Rs.1.80 lakh in one case was also noticed.
- Out of 1835 works approved in the Annual Action Plans of 48 GPs test checked, only 444 works (24per cent) were taken up.
- In one GP (Duarsuni of Bhawanipatna block), list of three works (estimated cost: Rs. 20 lakh) executed were not approved by the Gram Sabha.
- In Kalahandi district, due to delay in execution of 46 works by an executing agency (Assistant Soil Conservation Officer, Bhawanipatna), there was cost overrun by Rs 35.03 lakh.
- Excess payment of Rs. 7.98 lakh in 13 cases in Bhawanipatna block, due to non-deduction of voids and volume of sand and moorum utilized, was noticed.

- In Bhawanipatna block, one road work was executed at Rs 5 lakh during 2006-07 without technical sanction.
 - Two executing agencies in Bhawanipatna block utilized Rs 47.80 lakh to complete seven numbers of incomplete works taken up under NFFWP, without following the provisions of NREGA Guidelines.
 - Similarly, the Assistant Soil Conservation Officer, Bhawanipatna utilized Rs 29.85 lakh during 2006-07 without following the NREGA Guidelines as registered labourers were not engaged; un-authorised (kutcha) muster rolls available in the market were used without the authority of the Programme Officer.
 - No standard designs were put together at Distt level. No unique number had been given to each work.
 - The P.O. did not check the correctness of the final expenditure reported by the implementing agency at the time authorizing final closure of work.
 - Technical sanction had not been obtained in advance for works due to non posting of Technical Assistants.
 - In GPs test checked (in block Dhariyawad and Kherwara of Udaipur districts payment to labourers was made without measuring works and working out tasks; the reason indicated on the muster rolls was shortage of technical staff.
 - Measurement Books for the works executed under NREGS were not maintained in any of the sample villages and completion reports were also not recorded for the works completed so far.
- Punjab
 - Rajasthan
 - Tamil Nadu

- Rs.9 lakh was transferred (November 2006) to the account of Divisional Forest Officer, Manu for construction of 72 IAY type houses, in violation of NREGA guidelines.
- **Tripura**
 - Rs. 52.44 lakh was incurred on construction of a Motorstand where the ratio of the wage cost to material cost was 30:70. Similarly, in 62 projects under 2 Panchayat Samitis, Rs. 106.91 lakh was incurred where ratio of wage – material cost ranged from 9:91 to 31:69.
- Uttarakhand
 - Works of Jal Nikaas Naali, in one GP, amounting to Rs. 15220 was not commenced, but the expenditure was reported in the MPR.
 - An expenditure of Rs.38.49 lakh was incurred in 20 works for execution of non-existent quantities of work, which was detected during joint physical verification.
- West Bengal
 - Unfruitful expenditure of Rs.6.13 lakh was also noticed in seven social Forestry works due to damage of seedlings because of inadequate protection measures.

Photographs of works inspected by audit teams

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- (NREGA Road work in Bhawanipatna Block, Kalahandi Distt., Orissa not providing all weather connectivity)
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- (Ichapur to Bijepur Road, Bhawanipatna Block, Kalahandi Distt, Orissa not providing all weather access)

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- Pond in Madhogarh Village, Ateli Block, Mohindergarh District, Haryana constructed like a swimming pool
- Pond in GP Panjuana in Block Baraguda, Sirsa District without water

1.2.4 Recommendations

- State Governments should be directed to quickly appoint Technical Assistants and panels of Accredited Engineers, so that the work of technical approval and preparation of estimates, as well as monitoring and measurement of works could be speeded up.
- State Governments should mandatorily ensure administrative and technical approval in advance of all works in the Annual Plan.
- Audit scrutiny has revealed execution of works like Shamshan Ghats, Panchayat Ghars, school buildings and playgrounds, Community Centres, which are not listed as Permissible Works under NREGA. GoI may consider adding additional categories of works, and also consider empowering State Governments/ SEGCS to add other region-specific works, after keeping MoRD informed.
- State Governments may ensure better co-ordination with the Line Departments so that NREGA works can be upgraded further with additional mechanized work to create durable assets, e.g. metalling of REGS-constructed roads.
- In order to avoid duplication of NREGS works with other schemes, especially in the absence of unique work IDs, durable signboards with cement concrete base may be preferred over temporary/ less durable signboards.

1.3 *Employment and Wages*

1.3.1 General

• Requirements

- Every person working under the Scheme is entitled to wages at the minimum wage rate fixed by the State Government for agricultural labourers. Wages may be paid either on a time rate or piece rate basis. The NREGA Operational Guidelines further stipulate that:
- District Schedules of Rates (DSRs) should be prepared for each district, and should be posted at worksites in the local language.
- The States should prepare exhaustive and detailed list of tasks required for undertaking works under REGS in different geo-morphological conditions, and the productivity norms for the District Schedule of Rates (DSRs) should be worked for each locale in such a way that seven hours of normal work earns minimum wages on a piece rate basis.
- State Governments should undertake comprehensive work, time and motion studies for observing out-turn and fixing rates; a matrix of rates for the same task needs to be drawn up for different ecological conditions.
- Implementing agencies may provide a description of daily work requirements to facilitate the fulfillment of productivity norms.
- Wages should be paid on time. In the case of delay beyond 15 days, workers are entitled to compensation as per the provisions of the Payment of Wages Act, 1936.
- Measurements must be recorded transparently, whereby individuals may verify their measurement on a daily basis.

• Status

- District Schedule of Rates (DSR) were not prepared in Arunachal Pradesh, Andhra Pradesh, Assam, Chhattisgarh,

Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Manipur, Meghalaya, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand and West Bengal (23 states).

- Arunachal Pradesh, Andhra Pradesh, Assam, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tripura, Uttar Pradesh and Uttarakhand (21 States) had not prepared exhaustive lists of all tasks to be taken up under REGS in different geo-morphological conditions.
- Matrix of rates for the same kind of work/ task based upon different ecological conditions had not been prepared in 46 districts in Arunachal Pradesh, Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, West Bengal (21 states).
- Arunachal Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Nagaland, Punjab, Rajasthan, Sikkim, Tripura, Uttar Pradesh and West Bengal (20 states) had not undertaken any work time and motion studies to observe “out turn” and fix rates after detailed specific observations.
- DSRs were not posted at work sites in 336 GPs in Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala,

Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Uttar Pradesh, Uttarakhand and West Bengal (20 States).

- In 294 GPs in Andhra Pradesh, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Uttar Pradesh and Uttarakhand (16 States), the implementing agencies did not provide description of daily work requirement to facilitate the fulfillment of productivity norms.
- In 90 GPs in Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Kerala, Madhya Pradesh, Maharashtra, Manipur, Orissa, Punjab, Rajasthan and Tamil Nadu (11 States), the workers were getting wages less than the minimum wage rate.
- REGS works were not measured daily in 348 GPs in Andhra Pradesh, Assam, , Chhattisgarh, Gujarat, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh and Uttarakhand (20 States).
- In 146 GPs in Andhra Pradesh, Assam, Haryana, Himachal Pradesh, Jharkhand, Manipur, Nagaland, Orissa, Punjab, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand and West Bengal (14 States), authenticated measurement books were not being used to record the measurements.
- In 200 GPs in Andhra Pradesh, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Manipur, , Orissa, Rajasthan, Sikkim, Tamil Nadu,

Uttar Pradesh, Uttarakhand and West Bengal (18 States), workers were not being paid wages on time i.e. within a fortnight of the date on which the work was done.

- In the test checked units, payment of wages through postal accounts was noticed in Andhra Pradesh, Karnataka and Jharkhand (one GP in Hazaribagh District), while payments through bank accounts was noticed in Karnataka and Kerala.

• Impact

- Non-payment of minimum wages, and delayed payment of wages is illegal, and also defeats NREGA's objective of providing livelihood security.
- In the absence of a detailed listing of tasks in different geomorphological conditions, conduct of work, time and motion studies for fixing of productivity norms, and preparation of separate DSRs, the principle that seven hours of normal work should earn no less than the minimum wage is defeated. This is especially important as any willing adult member can seek employment under NREGA, while construction works undertaken in other departmental works would place a premium on healthy and able bodied individuals.
- Lack of publicity for DSRs and daily work requirements at work sites and GPs also contributes to lack of awareness of workers about their entitlements.

• Recommendations

- State Governments should be directed to ensure that District-wise Schedules of Rates, after careful work, time and motion studies, and fixing of productivity norms for tasks in different geo-morphological conditions. Ultimately, seven hours of normal work must earn at least the minimum wage

rate.

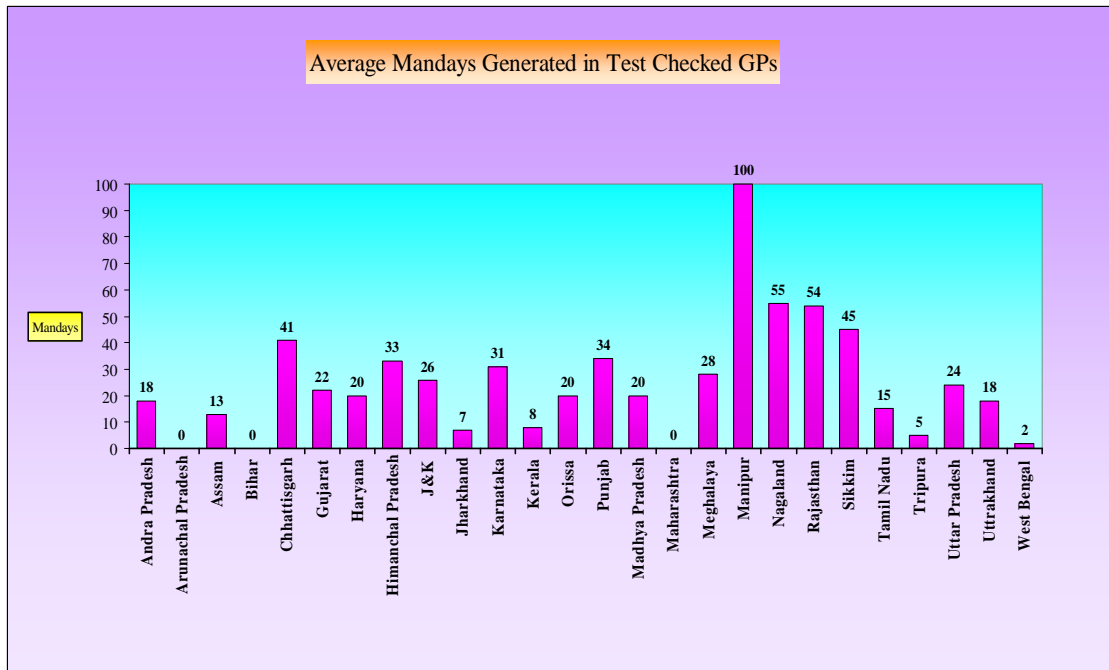
- The State Governments have to ensure payment of wages at the minimum wage rate, notwithstanding any other conditions.
- To minimize chances of leakage and payments to non-genuine workers, GoI may explore a nation-wide agreement with the Department of Posts for all REGS payments through postal accounts (except where State Governments have ensured payment through banks). Further, a per-account payment by GoI to the Department of Posts as handling charges may be considered, to ensure that no minimum account balances are stipulated for REGS postal account holders.

1.3.2 Employment Generation in test-checked GPs

The primary objective of NREGA is to enhance livelihood security by providing at least 100 days of guaranteed wage employment. Audit conducted a review of the employment provided (as per the Monthly Progress Reports (MPRs) of March 2007) in 465 GPs in 111 blocks in 26 States, which revealed that:

- The average employment provided to each registered household was 18 days.
- Only 3.2 per cent of the registered households received 100 days or more of employment.

A State-wise comparison of average mandays of employment generated in the test-checked GPs is given below, while details are available in Annexures D and E.



1.3.3 State Specific Findings

A State-wise summary of audit findings on employment generation is as follows:

- The actual demand for employment could not be verified in audit as no applications were received from the wage seekers who demanded employment.
 - During 2006-07, 51,84,952 Job cards were shown as issued, out of which only 79,642 households got 100 days of employment
 - The proportion of mandays of employment provided with reference to employment demanded could not be verified due to absence of any information / records in this regard.
 - No compensation was paid to labour in respect of 2,05,911 cases of delayed payments of wages in the State beyond the stipulated period of 15 days during 2006-2007.
 - Actual demand could not be verified for partial maintenance of records. The proportion of employment provided with reference to
- Andhra Pradesh
 - Assam

employment demanded could not be verified for want of data with the GPs in this regard.

- Percentage of achievement of targeted mandays was 27 percent. On an average, 26 mandays were provided to each registered household in the test checked GPs.
 - Scrutiny of 63 works in selected GPs revealed delay ranging from one to 355 days in payment of wages to workers, but no compensation was paid. The stated reason for non-payment of compensation was that it was not claimed.
 - The minimum wage rate applicable during 2006-07 was Rs.61.37 per day (April to September 2006) and Rs.62.63 per day (October 2006 to March 2007). But during the period from April 2006 to September 2006, wages were paid at the rate of Rs.58.73 per day resulting in non-payment of minimum wages to labourers. Further, it was noticed that even though new minimum wage rates were notified from time to time, payment of wages were made on earlier rates based on which the work was sanctioned.
- Chhattisgarh
 - Due to non-rounding of wage rates to the nearest rupees, payment of full amount mentioned in MRs could not be ascertained.
 - Out of the total number of registered households, the number of households which actually demanded employment could not be ascertained at GP level. Further, there was no exact data in respect of households which demanded work. The demands for work were undated and dated receipts were not given.
 - Though DPC allocates the works to OIA (Other Implementing Agencies), but it was noticed that OIA neither sent any information to blocks/ GPs nor to district panchayats regarding expenditure and employment provided.

- Against 6.32 lakh Job Cards issued during 2006-07, 2.26 lakh (36%) household demanded and were provided employment. Of these, only 0.12 lakh (5 per cent) had completed 100 days employment.
 - In the test checked works, delay in payment of wages could not be ascertained, as no dates of payment of wage were recorded in the MRs. However, the Sarpanchs of GPs checked informed audit that the measurements of the works executed were delayed for three to four weeks. No compensation for delayed payments was paid.
 - Fraudulent payment of Rs.5482 was noticed in 15 cases of labourers.
 - Against the registered 106772 households in the State, only 50765 demanded employment and only 5625 (5 per cent of registered households) completed 100 days employment. Average mandays earned per household in all the sampled panchayats was 17.
- Gujarat
- Haryana
 - Arrears of Rs. 17.49 lakh due to revision of minimum wage rates were neither calculated nor paid.
 - In the State, 100 days of wage employment was provided in 2006-07 to 26 per cent of households demanding employment, and the overall average mandays per household demanding employment was 47.
- Himachal Pradesh
 - Only 9 per cent women workers were provided employment under NREGS.
 - Delay in payment of wages in test checked works ranged between 17 and 283 days.
- Jammu & Kashmir
 - In 19 works costing Rs. 22.87 lakh in two blocks (Mendhar, Bhaderwah), wages of Rs. 4.99 lakh were unpaid till July/August

2007 to 458 workers.

- Actual position of demand for work and employment provided could not be verified due to non-availability of updated data in this regard.
 - In seven districts, only 1429 out of 10.08 lakh registered households were provided 100 days of employment.
 - In 10 districts, 6.10 lakh applicants were reported to have been provided employment against 0.70 lakh households, while in three districts, 0.10 lakh applicants against 0.90 lakh households were reported to have been provided employment. These figures are clearly unreliable.
 - For the State as a whole, 5.20 crore mandays were generated under NREGA during 2006-07, as against 8.09 crore mandays generated under SGRY and NFFWP in 2005-06.
 - Undated applications for works were received, and the number of days of employment demanded by the workers was neither recorded nor available to justify the demand for work.
 - In two selected districts viz. Davanagere and Gulbarga, out of the total registered households 232869 and 389317, the number of households issued job cards were 155057 (67 per cent) and 200688 (52 per cent) respectively. Further, the number of households provided 100 days of employment in the selected districts was only 29 per cent and 3 per cent respectively.
- Jharkhand
 - Karnataka
 - In one GP (Savaleshwar) in Gulbarga District, there was no acknowledgement for having credited the amount of Rs.5.42 lakh to Bank towards payment of wages involving 120 labourers during 2006-07.
 - There were cases of delayed payment of wages ranging from 3-4

months in 5 GPs amounting to Rs.62.04 lakh; however, no compensation was paid.

- Actual generation of employment was 8 per cent and 9 per cent of the targeted employment generation as per AP in Palakkad and Wayanad districts respectively.
- Kerala
 - Out of 101304 registered households in 4 test checked GPs, employment was provided to 43068 households (43 per cent) at an average rate of 18 days per household and 100 days of employment was provided to only 299 households (0.3 per cent).
 - In the State, against 44.26 lakh registered households, 28.69 lakh households had actually demanded jobs. However, 100 days of employment was provided to only 19 per cent of households demanding employment.
- Madhya Pradesh
 - In the test checked districts, the average daily wage rate paid was Rs. 45. Though wages of Rs. 31.37 lakh paid to 6435 labourers was delayed by 1 to 6 months, no compensation was paid.
 - Out of 630607 total job cards issued in three test checked districts the percentage of households demanding work ranged from 22 to 31 per cent. In these districts, the average mandays provided to each household who demanded work ranged from 36 to 51 mandays.
- Maharashtra
 - Daily average wage in the three test-checked districts ranged from Rs. 8 to Rs. 187; this was due to non-determination of productivity norms by the Government.
 - No written applications for work were on record. Work was provided on verbal consent of workers.
- Manipur
 - Though the daily wage rates were enhanced from Rs. 72.40 to Rs.

81.40 from 1 January 2007, wages were paid at the old rates, resulting in denial of wages amounting to Rs. 46.89 lakh.

- **Meghalaya**
 - In the selected blocks, out of 33,470 registered households who had been issued job cards and had demanded work, only 257 households (0.77 per cent) had been assigned 100 days of employment during 2006-2007
 - In 48 test checked GPs, against 31,027 BPL households, 37, 630 households were registered, and only 13,778 households were provided employment during 2006-07.
 - In the 12 test checked blocks, against the targeted generation of 194.50 lakh person days as per the Annual Plan, only 44.27 lakh person days (23 per cent) were generated. Average employment provided was 24 days per household. Out of 1.80 lakh registered households, only 5158 households were provided 100 days or more of employment. Providing 100 days of employment was also not free from doubt, as physical verification of job cards of 13 out of 14 test checked households revealed only 10 to 96 days of employment, as against 100 days or more shown in the online job cards. Further, out of 121 households reported by 4 GPs to have completed 100 days of employment, only 3 households were found to have completed 100 days of employment as per the GP Employment Registers.
- **Orissa**
 - In the 48 test checked GPs, against the targeted generation of 47.79 lakh mandays for 2006-07, only 7.09 lakh mandays (15 per cent) were generated.
 - Check of registers in 18 GPs of Bolangir, Gajapati and Keonjhar Districts revealed that out of 26,055 registered persons as of March 2007, only 7038 persons (27 per cent) had applied and joined in

work.

- In 13 muster rolls (Bhawanipatna block), 64 ineligible labourers (30 unregistered labourers and 34 labourers belonging to the households already provided with 100 days employment in a year) were engaged on work and paid Rs.0.77 lakh as wages.
- Out of 142 job cards test checked, in 55 cases the employment provided as per the physical job cards ranged from 9 to 99 days – totaling 2515 days, while the online job cards showed employment provided from 13 to 108 days – totaling 4313 days. In the remaining 87 cases, the employment provided as per the physical job cards ranged from 18 to 335 days – totaling 8272 days, while the employment provided as per the online job cards ranged from 3 to 108 days. Thus, the job cards were unreliable.
- Beneficiary interviews of 142 households in 21 villages of Kalahandi and Bolangir Districts in the presence of the Sarpanch/ PRI member and BDO revealed that in 98 cases, the beneficiaries disputed their engagement, and in 117 cases, they stated receipt of wages of only Rs. 3.41 lakh against Rs. 5.76 lakh shown in the online job cards and Muster Rolls.
- In 18 GPs in Bolangir, Gajapati and Keonjhar District, out of 26,055 registered households as of March 2007, only 7038 persons (27 per cent) had applied for work.
- In 6 cases involving wage payment of Rs. 13.66 lakh, there were delays ranging from 17 to 53 days, but no compensation was paid.
- Due to issue of excess work orders for Rs. 2.96 crore beyond the allotted fund, the bills of 46 works were pending in Bhawanipatna block of Kalahandi District since June 2007. In two out of three test checked cases, wages of Rs. 0.96 lakh to 186 labourers engaged in April/ May 2007 had not been paid as of September

2007, and no MR was submitted in the third case.

- Non-payment and delayed payment of wages in Kalahandi was also confirmed by the District Labour Officer.
- In 6 GPs, there was underpayment of wages of Rs. 0.48 lakh to 866 labourers vis-à-vis the minimum wage rate.
- In the State, 10.94 lakh households (73 per cent of registered households) demanded employment, and 100 days of employment was provided to only 2.39 lakh households. Thus, the claim of the State Government of generation of 999 lakh mandays at an average of 91 days per household demanding employment appears unrealistic.
- **Rajasthan**
 - Delayed payment of wages ranging between one and 209 days were noticed in test checked GPs, but no compensation was paid.
 - In Cuddalore district, out of 119813 households, 1093 households were yet to be issued job cards as of March 2007. In two sample blocks of Tiruvannamalai district, against 39,038 BPL households registered under the scheme, only 21,641 (55 *per cent*) households were reported to have demanded work and were provided with jobs during 2006-07.
 - The number of households provided with 100 days of employment in selected districts of Tiruvannamalai and Cuddalore were 0.11 *percent* and 0.29 *percent* respectively. The average mandays provided for the remaining households was only 28 and 31 days in the sample districts during 2006-07.
- Tamil Nadu
 - The average number of days for which work was provided in the sampled blocks of Tiruvannamalai district ranged between 22 and 43 days.
 - Delay in payment beyond 15 days was noticed, ranging from 1 to

112 days in 43 instances in 12 out of 16 sample villages in two sampled districts. However, no compensation was made for delay in payment.

- In 16 villages of four blocks in the 2 test checked Districts, audit observed that the persons who demanded jobs were provided employment in turn in both sample districts. In the Social Audit conducted by the members of the Central Employment Guarantee Council at Villupuram district, it was pointed out that employment was rotated between different wards in successive weeks.
 - In 4 GPs each at Salema and Ambassa Blocks, 99 and 86 per cent of the registered households respectively applied for and were provided with jobs.
 - Test check of 8 GPs of the 2 Blocks (Ambassa and Salema) revealed that only 5.16 and 0.46 per cent respectively of the registered households were provided with 100 days employment. Average mandays generated per household in the test checked GPs of the selected Blocks viz. Ambassa and Salema was 6 days and 5 days respectively.
 - In the six selected districts, 7.6 percent of households were provided 100 days employment.
 - In five of the six selected districts, only seven percent of the total employment generated was shared by women.
 - In Chamoli district, the actual demand for employment could not be verified in audit for want of availability of updated relevant details with GPs. As per MPRs for the period ending March 2007, against 84700 man-days (projected as per AP) the man-days generated were 24947, leaving a difference of 59763 mandays (71 per cent). The average man-days provided to each household with
- **Tripura**
 - Uttar Pradesh
 - Uttarakhand

reference to man-days generated as per MPR for March 2007 and total registered households in test checked GPs ranged from 7 to 43 and out of 847 households in test checked GPs only 33 households (4 per cent) got 100 days of employment during 2006-07.

- In one test checked GP, extra expenditure of Rs. 0.61 lakh on account of payment from GOI Funds of more than 100 days employment, ranging between 110 – 219 days, was detected.
- In 24 test checked GPs, against 0.74 lakh households, only 0.33 lakh households (44.23 per cent) demanded wage employment.
- In Dakshin Dinajpur, Paschim Medinipur and Purulia districts, 0.50 percent, 0.04 percent and 2.97 percent households respectively were provided with 100 days work, and 15, 16 and 13 persondays per household respectively were created.
- West Bengal
 - Employment provided under N.F.F.W.P. was not recorded in the employment register and relevant job cards, but mandays generated under N.F.F.W.P. were shown in the Progress Report as an output of N.R.E.G.S.
 - Delay in payment of wages beyond fourteen days was also noticed in 14 out of 24 test checked GPs, but no compensation was paid.

1.3.4 Unemployment Allowance

• Requirement

- Under NREGA, the State Government is required to provide employment to a registered applicant within 15 days of demand, failing which unemployment allowance at stipulated rates is payable.
- Unemployment allowance is to be paid from State Government funds, and not from GoI funds.

• Status

- In 282 GPs in 21 States, dated receipt of applications for demand for work were not given, and in 343 GPs in 19 States, Employment Registers were not maintained, as described in paragraph 6.7 . In the absence of recorded date of demand, the entitlement to unemployment allowance could not be easily established.
- However, audit scrutiny in 53 blocks in Arunachal Pradesh, Assam, Chhattisgarh, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Manipur, Meghalaya, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tripural, Uttar Pradesh and Uttarakhand (17 States) revealed that unemployment allowance was not paid to those workers, who could not be provided with employment within 15 days from the date on which work was requested for.

• Detailed State-
wise findings

- In Orissa, no budget provision was made by the State government for payment of unemployment allowance. Resultantly, in 12 test checked blocks, no unemployment allowance was paid to 5143 registered households who were not provided with employment during 2006-07 despite demanding the same.
- In Himachal Pradesh, in four test-checked GPs, unemployment allowance to 198 persons, who had applied for wage employment between April 2006 and January 2007 and were not provided employment within the prescribed period, was not paid.
- In Madhya Pradesh, unemployment allowance of Rs. 4.75 lakh was paid to 1574 households for 18 days in Janpad Panchayat Pati and Pansemal of Barwani district. The entire amount was paid from NREGS funds and no funds were

demanded from the State Government.

- In Jammu & Kashmir, the State Government had not prescribed any procedure for payment of un-employment allowance nor authorized any authority which would pay the un-employment allowance, though there had been cases in GPs where employment had not been provided on demand.
- In Rajasthan, though State Government had released (2006-07) Rs.20 lakh to the six identified NREGA districts for payment of unemployment allowances, the amount remained unutilized, due to unawareness of labourers.
- In Uttar Pradesh, in four of the six districts covered in audit, 40,587 households demanding employment were neither provided employment, nor was any unemployment allowance paid to them.
- In Jharkhand (Palamau and Sahebganj districts) though work was provided to only 0.97 lakh workers out of 1.04 lakh workers who demanded work, no unemployment allowance was paid. Further, the possibility of work not being provided within the prescribed period, to all the workers could not be ruled out as undated applications were being received.
- In Andhra Pradesh, non maintenance of any documented record for providing employment with reference to the employment demanded, rendered the State Government without any commitment towards payment of unemployment allowance.
- In Assam, though no unemployment allowance was paid, the chances that work was not provided within the stipulated period cannot be ruled out as undated applications were being received.

- In Uttarakhand, no case of unemployment allowance was found in the GPs. However, the possibility of concealing of the facts relating to providing of job strictly according to the prescribed limit of 15 days could not be ruled out, as the undated applications for demand of work were being obtained by the GP.
- In Tamil Nadu, unemployment allowance was not paid in any of the villages on the ground that such contingency did not arise. However the fact could not be verified, as application for work was not obtained in some villages and in other villages where applications were obtained, dates and period for which work was sought for, were not indicated and the Employment Registers were also not maintained.
- In Chhattisgarh, scrutiny of 63 works in selected GPs revealed that in nine cases, though there was delay in providing job ranging from one to 384 days, unemployment allowance was neither claimed nor paid. In 19 cases, the demand for work was undated, and in 35 cases the demand for work was not available. Further, dated receipts were not given to any of the 28 demands for work.

• Impact

- Undated applications and non-maintenance of employment registers leads to a situation where the right to unemployment allowance cannot be verified; this is compounded by lack of awareness.
- The main reason for lack of documentation, and consequently, non-payment of unemployment allowance appears to be that it is to be funded entirely by the State Governments.

• Recommendations

- EGAs must be appointed in each GP to ensure record maintenance. They should ensure that all applications are dated.
- GoI may consider amending NREGA for partial reimbursement (out of GoI funds) of payment of unemployment allowance, while instituting controls to minimize chances of persons drawing unemployment allowance without demanding employment or working.



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