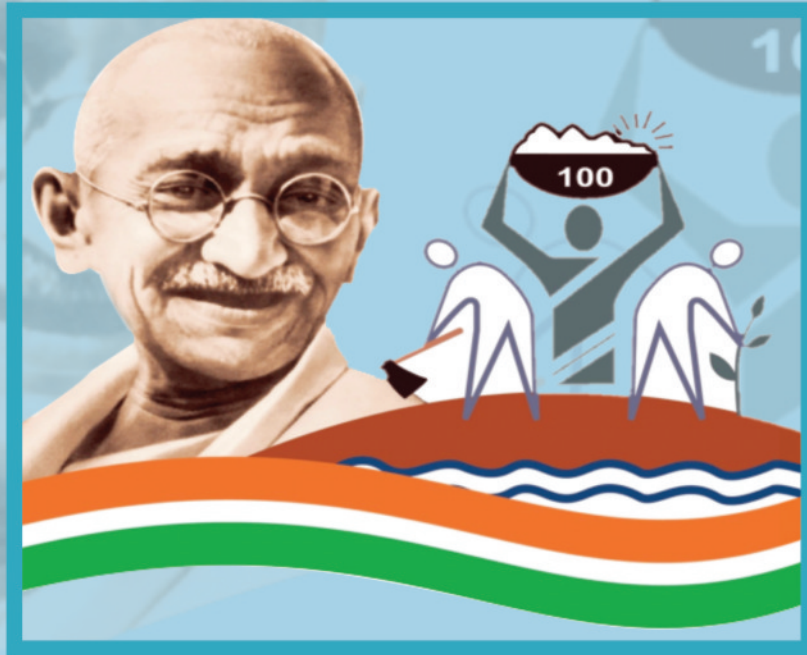




**Report of the
Comptroller and Auditor General of India
on
Implementation of
Mahatma Gandhi National
Rural Employment Guarantee Act**



Government of Andhra Pradesh
Report No. 5 of 2013

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Preface

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. The Report contains the results of the Performance Audit of Implementation of 'Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)' in Andhra Pradesh during 2009-10 to 2011-12. The Act aims at enhanced livelihood security of rural households, by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. Creation of durable assets is also an important objective of the Scheme.

2. The implementation of MGNREGA in Andhra Pradesh was earlier reviewed for the period February 2006 to March 2007 and reported through paragraph 2.1 of the CAG's Audit Report (Local Bodies) for the year ended 31 March 2007. While the earlier audit confined to scrutiny of records of the implementing agencies, the current Performance Audit focuses on the broad and micro issues in implementation of the Act, which included physical verification of 1,800 works and survey of 1,789 beneficiaries. In addition, electronic data from the AP MGNREGS MIS for four selected districts was also analysed.

3. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India. The report has been finalised after considering the responses of the Government/Department in the Exit Conference held in December 2012 as well as their written replies.

4. Audit wishes to acknowledge the co-operation and assistance extended by the State Government and its officials during the conduct of this audit.

Executive Summary

Executive Summary

1 Background

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was enacted in September 2005, and implemented in a phased manner between February 2006 and April 2008 in all rural districts of the country. The Act aims at enhanced livelihood security of rural households, by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. Creation of durable assets is also an important objective of the Scheme.

A performance audit of the implementation of MGNREGA in the State was conducted, covering six districts (Nalgonda, Ranga Reddy, Anantapur, Kurnool, Visakhapatnam and Vizianagaram), 18 mandals and 180 Gram Panchayats (GPs), as well as 1,800 works and 1,789 beneficiaries. Electronic data from the AP MGNREGS MIS for four districts using IT tools was also analysed. The main findings of the performance audit are summarised below:

2 Structural Mechanisms and Capacity Building Measures and Planning

- *The structural mechanisms and capacity building measures adopted by the State Government for implementation of MGNREGA were largely adequate.*

(Paragraphs 3.1 to 3.5)

- *Adequacy of the shelf of works in the test checked Districts, Mandals and GPs was not a major hindrance to implementation of the scheme and provision of employment to the wage-seekers.*

(Paragraph 4.2)

3 Financial Management

- *Audit scrutiny revealed several deficiencies in financial management, including accumulation of unspent funds, non-adjustment of outstanding advances, etc.*

(Paragraphs 5.7 and 5.9)

4 Execution of Works

- *One of the major issues with the implementation of MGNREGA is the large number of works-in-progress in a GP (around 100). Given the available administrative infrastructure, this cannot be managed and supervised effectively.*

(Paragraph 8.3.2)

- *High material component works were executed by Line Departments, which were in violation of the Act. (Paragraph 8.4)*
- *The main problem with MGNREGA implementation in Andhra Pradesh was the lack of focus on creation of durable assets. Audit found large numbers of incomplete works, as well as works (across different categories – land development, water conservation and harvesting, horticulture, and GP and Mandal office buildings) improperly executed and not serving the intended objectives of assets beneficial to the local community. (Paragraphs 8.3.2 and 8.5)*

5 Achievement of auxiliary objectives

- *With regard to the auxiliary objectives of empowering rural women and social equity, it is found that women, SC, ST and OBC beneficiaries were properly represented, evidencing no discrimination in provision of employment. As regards protecting the environment, a high degree of priority was given to identifying and executing works, which could be construed as environmentally friendly e.g. water conservation and water harvesting, drought proofing including afforestation and tree plantation etc. (Paragraphs 9.2.1, 9.2.2 and 9.2.3)*

6 Record Maintenance and MIS

- *Register maintenance at the GP level was non-existent, while such maintenance at the Mandal level was inadequate. (Paragraph 11.2)*
- *While audit notes the importance of the State Government's transaction-based MGNREGS MIS, through which payments are generated (as opposed to the post facto MIS adopted elsewhere), there were significant control deficiencies in the MIS, which need to be addressed urgently. Audit analysis of MIS data revealed huge numbers of overlapping Muster Roll entries, which were also substantiated through test-check. (Paragraph 11.4)*

7 Grievance redressal, transparency and accountability

- *While mechanisms for grievance redressal were functional, there were delays in grievance redressal and the status of redressal was not being uploaded onto the AP MGNREGS MIS website. (Paragraph 12.2.1)*
- *Third party quality control teams were not covering works executed by Line Departments. (Paragraph 12.2.3)*

8 Impact Assessment

- *The beneficiary surveys conducted by Audit confirmed an improvement in the lives of workers (income, change in expenditure pattern, bargaining power), accompanied by a reduction in migration to urban areas. (Paragraph 13)*

9 Good Practices

While there were several lacunae in the implementation of MGNREGA in the State relating to financial management, record maintenance, muster roll entries, delays in payment of wages, creation of durable assets, non-completion of works etc., there were several positives and good practices being followed in the State, which are worthy of emulation by the other States. These good practices are listed below:

- *The system for capture of technical inputs for preparation of detailed inputs and generation of detailed estimates using the AP MGNREGS software is adequate, and is worthy of emulation in other States.*
- *The implementation of a centralised Electronic Fund Management System (eFMS), linked to a transaction-based MIS by the State Government eliminates the problem of parking/blockade of unutilised funds at the District and lower levels.*
- *The State Government has, recently, issued a circular, specifying the timelines for completion of various tasks, the responsible functionaries, the method for calculating starting and ending dates for computation of delay and compensation to be levied from the responsible functionaries for delays.*
- *Andhra Pradesh has introduced the concept of formation of semi-permanent groups (Shrama Shakti Sangham) of workers, to be formed by the workers themselves (and not decided by the GP/mate). Works are executed through such groups, and not individual beneficiaries.*
- *In May 2009, the Society for Social Audit, Accountability & Transparency (SSAAT), an independent autonomous body, was established by the State Government, making it responsible for facilitating conduct of social audit. Detailed guidelines on the conduct of social audit were issued by the State Government in September 2007; these were replaced in August 2008 by the Andhra Pradesh Social Audit Rules, 2008.*

Main Report

1 MGNREGA – An Introduction

1.1 Background

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)¹ was enacted in September 2005, and implemented in a phased manner between February 2006 and April 2008 in all rural districts of the country. The Act aims at enhancement of livelihood security of the households in rural areas of the country, by providing at least 100 days of guaranteed wage employment in every financial year to every rural household whose adult members volunteer to do unskilled manual work. Creation of durable assets is also an important objective of the Act, with other auxiliary objectives including protecting the environment, empowering rural women, reducing rural urban migration, fostering social equity, and strengthening rural governance through decentralisation and processes of transparency and accountability.

1.2 Processes for Implementation of MGNREGA

The main processes, as provided in the Act and the operational guidelines issued by Government of India (GoI), for implementation of MGNREGA are summarised below:

Process	Brief Details
Registration of Households and Issue of job cards	Adult members of rural households, willing to do unskilled manual work, may apply for registration to the Gram Panchayat, who will issue ‘job cards’ free of cost, within 15 days of application, containing details of all adult household members (along with their photograph) (Section 5 of the Act).
Application for Employment and Allocation of Work	A job card holder can submit a written application demanding work, in case his household has not been provided with 100 days work during the financial year. Such work is required to be provided within 15 days of demand, failing which, the State Government is liable to pay unemployment allowance (Section 7(1) of the Act).
Payment of Wages	Wages are to be paid according to piece rate or daily rate, and are to be disbursed on weekly/fortnightly basis. Delay in payment of wages by more than 15 days is liable for penalty (Sections 3 (2) and 25 of the Act).
Planning and Execution of Works	Gram Panchayats (GPs) are to prepare annual plans/shelf of works, which should be consolidated by the Mandal Parishad, and thereafter by the Zilla Parishad. Each district should also prepare a 5-year District Perspective Plan. At least 50 <i>per cent</i> of the works (by cost) must be executed by the GPs; other implementing agencies could include Forest/Horticulture/Panchayat Raj Engineering Departments, etc., as well as PSUs and NGOs/SHGs ² (Sections 13 and 16 of the Act).

¹ Earlier known as the National Rural Employment Guarantee Act (NREGA)

² SHGs: Self Help Groups

Process	Brief Details
Funding Pattern	Expenditure on unskilled wage payments is borne 100 <i>per cent</i> by GoI. State Government is to pay unemployment allowance ³ and 25 <i>per cent</i> of skilled/semi-skilled wage payments + material payments. GoI also provides a percentage for administrative expenses to the State Government – initially 2 <i>per cent</i> ; this was raised to 4 <i>per cent</i> (30 March 2007) and then to 6 <i>per cent</i> (March 2009) (Section 22 of the Act).
Permissible Works, Expenditure components, etc.	The list of permitted works (in order of priority) is specified in Schedule-I to the Act. These include water conservation, land development, forestry/horticulture, rural connectivity projects, etc. GoI has also prepared guidelines for ‘convergence’ of MGNREGA works with schemes/activities of other Departments. Use of contractors is prohibited; as far as possible, tasks funded under the scheme shall be performed by using manual labour and not machines. Also, the unskilled wages/material + semi-skilled/skilled wages ratio must not be less than 60:40 (Section 4(3) of the Act).
Social Audit, Accountability and Transparency	A novel feature of the Act is the provision for Social Audit by the Gram Sabha every six months. All records relating to implementation of MGNREGA are to be kept available to the public, and the members of the Gram Sabha have the right to question the officials of the implementing agencies on how the Act was implemented, and how money was spent. Grievance redressal mechanisms are to be put in place for ensuring a responsive implementation process. (Sections 17 and 19 of the Act).

1.3 Notification of Districts in Andhra Pradesh for Implementation

GoI notified the implementation of the Act to all rural districts in the country in three phases – Phase I (February 2006); Phase II (April/May 2007) and Phase III (April 2008). 13 districts in Andhra Pradesh (Adilabad, Anantapur, Chittoor, YSR (Kadapa), Karimnagar, Khammam, Mahbubnagar, Medak, Nalgonda, Nizamabad, Ranga Reddy, Vizianagaram and Warangal) were notified under Phase I with effect from February 2006. Six more districts (SPS Nellore, East Godavari, Srikakulam, Kurnool, Prakasam and Guntur) were notified under Phase II with effect from April 2007, and three more districts (West Godavari, Krishna and Visakhapatnam) were notified under Phase III with effect from April 2008. Out of the total 23 districts of the State, Hyderabad was excluded, being an urban district.

1.4 Organisational Arrangements in Andhra Pradesh

The institutional mechanism put in place by the Government of Andhra Pradesh (GoAP) for the implementation of MGNREGA and the roles and responsibilities of officials at different levels are summarised below.

³As well as certain minor expenses on the State Employment Guarantee Council, etc.

Level	Designated Officers	Roles and responsibilities
State level	Principal Secretary, Rural Development	Provides guidance and support to the State Programme Co-ordinator (SPC); monitors and co-ordinates with the relevant departments; makes rules; plans and implements the scheme.
	Commissioner Rural Development, designated as State Programme Co-ordinator (SPC)	Co-ordinates with Panchayat Raj Institutions (PRIs) and other line departments for implementation of the scheme; organises trainings.
	Director, Employment Guarantee Scheme (EGS)	Assists the SPC; is empowered to review and monitor the implementation of the scheme.
District level	District Collector, designated as District Programme Co-ordinator (DPC)	Overall co-ordination and implementation of the scheme in the district.
	PD- DWMA ⁴ , designated as Additional DPC	Reports to SPC and DPC and is responsible for overall programme management in the district; responsible for MIS; assists DPC in various matters.
	CEO- ZP, PD DRDA, PD ITDA ⁵ designated as Additional DPCs	Assists the DPC in implementation of the scheme.
Mandal level	MPDO ⁶ designated as Programme Officer	Responsible for matching demand with work and ensures effective implementation of the scheme at Mandal level; co-ordinates with the PD DWMA.
	Assistant Programme Officer (APO)	Assists the Programme Officer, is in-charge of MIS at Mandal level; uploads the work orders, pay orders, muster rolls, etc.
	Engineer Consultant (EC)	Prepares the estimates, supervises the works, checks measurement of works, etc.
Gram Panchayat (GP) level	Technical Assistant (TA) – for a group of GPs	Assists the GPs in preparation of estimates and detailed designs, and conducts measurement of works.
	Field Assistant (FA)	Assists the Panchayat Secretary, supervises the works, maintains the muster rolls, gives mark outs at work sites, maintains the register of material procured, maintains the village information boards.
Other Implementing Agencies	EE-PRED, Assistant Director, Agriculture, Divisional Forest Officer - Forest Department, Assistant Director Horticulture, Additional Project Director - SERP ⁷	Assists the DPC in implementation of the scheme by implementing works (other than works implemented by GPs) and provides technical support.

⁴ Project Director, District Watershed Management Agency

⁵ CEO, ZP – Chief Executive Officer, Zilla Parishad; PD, DRDA – Project Director, District Rural Development Agency; PD, ITDA – Project Director, Integrated Tribal Development Agency

⁶ MPDO – Mandal Parishad Development Officer

⁷ EE, PRED: Executive Engineer, Panchayat Raj Engineering Department; SERP: Society for Elimination of Rural Poverty

State Government has also implemented a separate MIS for MGNREGA⁸, whose primary features involve generation of job cards for household registration and pay orders for wage and payments through the IT System (rather than *post facto/post payment* data entry). Other initiatives taken by State Government include:

- Introduction of an Electronic Muster Measurement System (eMMS) for checking of measurements and Muster Roll entries;
- Introduction of a centralised Electronic Fund Management System (eFMS) from February 2010 with funds being managed centrally through nodal banks, without separate bank accounts for functionaries at District/Mandal/GP levels;
- Creation of a separate Society for Social Audit and Transparency (SSAAT) for facilitating the conduct of social audits by the rural poor; and
- Enactment of ‘the Andhra Pradesh Promotion of Social Audit and Prevention of Corrupt Practices Act, 2012’ for creation of special mobile criminal courts.

1.5 Financial and physical performance

Financial and physical performance of the State Government in implementation of the Act during the years 2009-10 to 2011-12 are indicated below.

Table 1 - Financial performance for the years 2009-10 to 2011-12

(₹ in crore)

Item	2009-10	2010-11	2011-12
Opening Balance of the Scheme fund	1107.74	1169.51	3677.99
Receipts from GoI	3781.60	7418.07	1477.58
Receipts from State Government	277.82	469.05	625.93
Miscellaneous receipts	142.34	51.53	0.00
Total receipts	5309.50	9108.16	5781.50
Total Expenditure	4139.99	5430.17	4331.64
Closing Balance	1169.51	3677.99	1449.86

Source: Utilisation certificates submitted by State Government to GoI

Table 2 - Physical performance for the years 2009-10 to 2011-12

Item	2009-10	2010-11	2011-12
Year-wise persondays of employment generated	39,01,78,277	33,99,06,102	30,34,57,175
Year-wise days of employment generated per household	63.78	54.73	60.62
Year-wise number of works taken up	5,25,370	13,93,318	16,00,497
Year-wise number of works completed	4,51,134	7,47,984	4,56,868
Year-wise number of works-in-progress	74,236	6,45,334	11,43,629
Year-wise average wages per person day (₹)	90.26	97.13	97.88

Source: AP MGNREGS MIS web reports

⁸ Distinct from the nation-wide MGNREGA MIS (developed by MoRD/NIC)

2 Audit Framework

2.1 Background

The implementation of MGNREGA in Andhra Pradesh was reviewed and reported through paragraph 2.1 of the CAG's Audit Report (Local Bodies) for the year ended 31 March 2007. The main findings of that Performance Audit are summarised below:

- Employment Guarantee Scheme funds to the extent of ₹38.08 crore were diverted to other schemes.
- Of the 23.39 lakh rural households who were provided employment during the period from February 2006 to March 2007, the targeted 100 days of employment in a financial year was achieved only in respect of 79,969 households (3 *per cent*).
- Though payments of wages were delayed beyond 15 days to 53 *per cent* of the test checked labourers, no compensation was paid.
- Out of the works shown as completed, it was observed that 45 *per cent* of works were closed after incurring expenditure of less than 50 *per cent* of their estimated cost. Closure of works after partial execution had adverse implications on creation of durable assets, a key objective of the scheme.
- Since statutory records at Mandal/GPs were either not maintained or incompletely maintained, audit could not ensure that the provision of legal guarantee of 100 days employment had been translated into action.
- Social audits were not conducted at regular intervals; only 19 *per cent* of GPs had been covered through social audits.

State Government has not furnished its Explanatory Note on the above findings.

2.2 Audit Objectives

While the earlier audit confined to scrutiny of records of the implementing agencies, the current Performance Audit focuses on the broad and micro issues in implementation of the Act, which included physical verification of 1,800 works and survey of 1,789 beneficiaries. In addition, electronic data from the AP MGNREGS MIS for four selected districts was also analysed.

The main objectives of the current performance audit of implementation of MGNREGA are to ascertain the following:

1. Whether structural mechanisms were put in place and adequate capacity building measures taken for implementation of the Act?
2. Whether 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?

3. Whether funds were released, accounted for and utilised by State Government in compliance with the provisions of the Act/Rules?
4. Whether there was an effective process of registration of households, allotment of job cards, and allocation of employment in compliance with the Act/Rules?
5. Whether the primary objective of ensuring the livelihood security by providing 100 days of annual employment to the targeted rural community at the specified wage rates was effectively achieved, and whether unemployment allowance for inability to provide job-on-demand was paid in accordance with the Act and relevant Rules?
6. Whether MGNREGA works were properly planned and economically, efficiently and effectively executed in a timely manner and in compliance with the Act and Rules, and whether durable assets were created, maintained and properly accounted for?
7. Whether the auxiliary objectives of protecting the environment, empowering rural women, reducing rural-urban migration, fostering social equity, etc., were effectively achieved in accordance with the Act and the Rules?
8. Whether the convergence of the Scheme with other Rural Development Programmes as envisaged was effectively achieved in ensuring sustainable livelihood to the targeted rural community and improving the overall rural economy?
9. Whether all requisite records and data were maintained at various levels and whether the MGNREGA data was automated completely, and provided reliable and timely MIS?
10. Whether complete transparency was maintained in implementation of the Act by involving all stakeholders in various stages of its implementation from planning to monitoring and evaluation?
11. Whether there was an effective mechanism to assess the impact of MGNREGA on individual households, local labour market, migration cycle and efficacy of assets created?

2.3 Sources of Audit Criteria

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

- The Act, amendments thereto, and Rules issued under the Act;
- Operational Guidelines and circulars issued by the Ministry of Rural Development (MoRD), GoI;
- MGNREGA Vision, Strategic Framework and Plan of Action (2010-11) issued by MoRD; and
- AP Rural Employment Guarantee Scheme, 2006 (as notified by State Government) and GOs, circulars and instructions issued by State Government.

2.4 Audit Scope and Methodology

Field audit was carried out between November 2011 and August 2012, covering scrutiny of records/documents at the State, District, Mandal and GP levels for the period 2009-10 to 2011-12, physical inspection of work sites, and survey of/ interaction with beneficiaries. In addition, electronic data from the AP MGNREGS MIS for four selected districts⁹ (Anantapur, Ranga Reddy, Nalgonda, and Vizianagaram) for the period 2009-10 to 2011-12 was analysed using IT Tools (Microsoft SQL Server 2008/2000 and Microsoft Excel 2007).

An Entry Conference was held in April 2012 with the Principal Secretary (Rural Development) along with other departmental officials, wherein the audit scope, objectives and approach were explained. The draft report was issued to State Government in July 2012, who provided a detailed response in August 2012. A supplementary report, covering the findings in respect of one district (Anantapur) as well as results of re-analysis of electronic data from the AP MGNREGS MIS, was issued to State Government in December 2012. The main audit findings were also discussed in an Exit Conference in December 2012 with the Principal Secretary (Rural Development), along with other departmental officials; an additional response subsequent to the Exit Conference was also received in December 2012 and February 2013. The responses furnished by State Government were duly considered, while finalising this Report.

2.5 Audit Sample

Out of 22 districts implementing the scheme, six districts, viz., Nalgonda, Ranga Reddy, Kurnool, Anantapur, Visakhapatnam and Vizianagaram, were selected for audit. In each district, three mandals and 10 Gram Panchayats (GPs) in each mandal were identified for detail scrutiny of records. The sample was selected using statistical sampling techniques¹⁰ stratifying the districts into three regions viz., Telangana, Rayalaseema and Andhra and the subsequent levels viz., selection of mandals, GPs, works and beneficiaries. 1,800 works and 1,789 beneficiaries in the GPs were selected for physical verification, field visits and survey. Details of the audit sample are indicated in *Appendix-1*.

⁹ Electronic data in respect of only these districts was made available

¹⁰ Simple random sampling without replacement (SRSWOR) and systematic sampling methods

3 Structural Mechanisms and Capacity Building Measures

3.1 Prescribed Procedures

- Every State Government is required to formulate a State Employment Guarantee Scheme (EGS), conforming to the legally non-negotiable parameters laid down in the Act. The State Government is also required to constitute a State Employment Guarantee Council (SEGC) for regular monitoring and reviewing implementation at the State level, and preparing an Annual Report to be laid before the State Legislature.
- State Government has to designate the State Rural Employment Guarantee Commissioner, District Programme Co-ordinators (DPCs) at the District level, and Programme Officers (POs) at the Block level. The Act also makes it mandatory for the State Government to make available to the DPC and PO, necessary staff and technical support for the effective implementation of the Scheme.
- The Operational Guidelines issued by MoRD also stipulate that every State Government will undertake an intensive Information Education and Communication (IEC) exercise to publicise the key provisions of the Act and procedures to be followed, since effective communication of such information is essential for people to know their rights under the Act. Further, all key agencies are needed to be trained in discharging their responsibilities under the Act.

The audit findings in respect of structural mechanisms and capacity building measures are summarised below:

3.2 Formulation of Scheme, Rules and other structural mechanisms

- State Government formulated the AP Rural Employment Guarantee Scheme (APREGS) in January 2006. In May 2006, State Government set up the State Employment Guarantee Council (SEGC) and also designated the Commissioner, Rural Development as the State Employment Guarantee Commissioner (Commissioner), assisted by the Director, Employment Guarantee Scheme (Director, EGS). The roles and responsibilities of different functionaries at each level were also spelt out.
- The SEGC, headed by the Chief Minister and consisting of 32 members (17 official and 15 non-official members), was expected to advise State Government on all matters concerning the Scheme, determining the preferred works, reviewing the monitoring and redressal mechanism, promoting the widest possible dissemination of information about the Act and monitoring its implementation. However, the SEGC has been practically non-functional. Against the stipulated

frequency of meetings i.e., at least once every two months¹¹, only eight meetings were held from August 2006 to August 2012. State Government did not clarify or indicate whether any Annual Reports were prepared by SEGC and tabled in the State Legislature¹². In response (August 2012), State Government stated that it had been decided that the SEGC meetings would be held regularly henceforth.

3.3 AP MGNREGS MIS

State Government has developed AP MGNREGS MIS IT System, based on a customised application software - RAGAS¹³ - in partnership with Tata Consultancy Services (TCS). This is not merely an MIS system but also an EGS transaction processing system, thus avoiding post facto/post-payment of EGS transactions. Some of the main functional modules of the MIS are described below:

Module	Scope/Coverage
Wage-seeker	Registration of households by the GP and issue of job cards by the Mandal Computer Centre (MCC); addition/deletion of members
Work Estimates	Registration of works; preparation of detailed designs and estimates; technical and administrative approvals
Work Execution and Payment	Issue of work commencement letters; data entry of Muster Roll and Work Progress Data at the MCC; issue of wage pay orders and pay slips; generation of material supply and payment orders
Material Management	Enrolling of material suppliers and skilled wage seekers
Fund and Accounts	Payments for wages and material supplies
Administration	System/application administration
Reporting and Analysis	A variety of reports are generated from the MIS on all aspects of implementation of MGNREGA. In addition, a set of analytical tools for household wage earning analysis, gender/caste/SHG and disabled work and wage analysis, work category/execution agency/jurisdiction analysis, and expenditure analysis are also available.

State Government has also introduced, in a phased manner, an Electronic Muster and Measurement System (eMMS) in order to address distortions like muster fudging, delays in payments, benami wage-seekers, fake measurements and work duplication.

The main features of eMMS, which is synchronised/integrated with the main MIS, are summarised hereafter:

- All implementing functionaries¹⁴ have been provided with GPS-enabled mobile phones under 'Own Your Mobile' scheme, and have also been provided with CUG¹⁵ SIM cards with GPRS-Internet connectivity.

¹¹ As stipulated in the GO of 9 May 2006, constituting the SEGC

¹² Only one Annual Report (for 2006-07) on the implementation of MGNREGA in the State was available on the State MGNREGA website. There was no indication in the Annual Report as to the involvement of the SEGC, if any, in its preparation

¹³ RAGAS - Rashtra Grameena Abhivruddi Samacharam

¹⁴ Except Field Assistants, who have been given non-GPS enabled mobile phones

¹⁵ CUG: Closed User Group

- Mobile-based applications have been developed for:
 - ❖ **e-Muster** – Taking of group-wise, work-wise attendance at the worksite by the FA on his/her mobile phone, and immediate uploading of MRs;
 - ❖ **e-Measurement** – Taking of group-wise work measurements at the worksite by the TA on his/her mobile phone, and immediate uploading of measurements (including date and time of measurement, GPS co-ordinates and photograph of work), and immediate uploading of measurements;
 - ❖ **e-Muster Verification** – Verification of muster data (generated randomly on a day to day basis) by designated Muster Verification Officers on their mobile phones by taking attendance group-wise at the works site, and immediate uploading of verification data; and
 - ❖ **e-Check Measurement** – Verification of works measurement (allotted automatically on a day to day basis) by designated Check Measurement Officers on their mobile phones from the worksite, and immediate uploading (as well as generation of exception report for discrepancies between Measurement and Check Measurement Reports).
- A set of valid reasons for non-uploading of data – to be submitted by the APO/MPDO have been specified.

In addition, a fingerprint-based bio-metric and GPS based eMMS has been implemented in Nizamabad district, whereby muster attendance data is captured through fingerprint enabled POS devices, instead of mobile phone.

3.4 Technical Resource Support System

The Technical Resource Support System for planning of works involves a combination of both manual and automated systems. The MIS software (RAGAS) has a separate, comprehensive module for work estimation, which covers about 170 different types of works executed under MGNREGA. Each work, depending on its nature and type, is broken down into a set of tasks. All details for a particular work are estimated task-wise, and the total estimated effort (viz., persondays) and material requirements for that work are captured in the MIS.

As regards the associated manual processes, the technical inputs required for preparation of detailed estimates are collected by the Technical Assistants in input data sheets, and estimates are prepared using the MIS software (RAGAS) based on these inputs. The Engineering Consultant scrutinises these estimates and accords technical approvals upto ₹2 lakh; for higher amounts, technical approvals are accorded by the Additional Project Director at the District level.

3.5 Information Education and Communication (IEC) and Training

While no formal plan for IEC about MGNREGA was made available to Audit, the State Government had developed nine films on a variety of topics (enrolment for job

cards, basic rights of beneficiaries, selection of works, awareness of measurements, mates, etc.) as well as two films for field assistants and technical assistants. In addition, the State Government also deployed Community Resource Persons towards creating awareness about the scheme.

As regards training, the State Government had, in association with the AMR Andhra Pradesh Academy of Rural Development (APARD), also developed several training modules/material in the form of brochures, booklets, pamphlets, etc., on capacity building of different levels of functionaries at Mandal and GP level; in particular, the technical trainees guide covered the basics for collection of inputs and measurements of tasks for common works executed by GPs under MGNREGA.

Activities undertaken by the State Government for IEC about MGNREGA, development of training modules/material and conduct of training were largely adequate.

3.6 Beneficiary Survey Findings – Awareness about MGNREGA

Summary of findings from the beneficiary survey relating to awareness about the provisions of the scheme is as follows:

Criteria	Level of awareness
Entitlement to at least 100 days per household per annum	61 <i>per cent</i> indicated their entitlement as 100 days or more ¹⁶ ; 5 <i>per cent</i> indicated their entitlement as 80-99 days; and 34 <i>per cent</i> indicated other figures.
Minimum wage rate	30 <i>per cent</i> indicated the minimum wage rate as ₹120 or higher; 35 <i>per cent</i> indicated the wage rate as ₹100 to ₹119, and 35 <i>per cent</i> indicated other rates. 87 <i>per cent</i> indicated that payment was on piece rate, 11 <i>per cent</i> indicated payment on daily rate, and 2 <i>per cent</i> did not respond. 76 <i>per cent</i> beneficiaries did not know how much to dig in soft soil in order to earn the minimum wage rate.
Time for payment of wages	68 <i>per cent</i> indicated that they were entitled to payment of wages within 15 days; 10 <i>per cent</i> indicated the timeframe as 16 to 30 days; and 22 <i>per cent</i> indicated other timeframes.
Awareness of the minimum amount of work for earning minimum wage rate	53 <i>per cent</i> indicated that they were aware of the minimum amount of work for earning the minimum wage rate, while 47 <i>per cent</i> were not aware.

While it would be easy to conclude that beneficiaries were not fully aware of their entitlements, it is also possible that they were aware of ground realities. For example, payment on piece rate may result in daily minimum wage rate not being paid (due to shortfall in group outturn), while the actual experience in delayed payment of wages may also have influenced the above beneficiary responses.

State Government replied (August 2012) that training modules for each functionary had been formulated to improve awareness.

¹⁶ State Government allows households belonging to SC/ST/OBC to get more than 100 days of work; this is also extended to Mandals which are declared as drought-hit areas

4 Planning

4.1 Prescribed Procedures

- According to the Act, every GP shall, after considering the recommendations of the Gram Sabha and Ward Sabhas, prepare a development plan, and maintain a shelf of possible works to be taken up under the Scheme, as and when demand for work arises. According to MoRD's Operational Guidelines, this Development Plan should include an assessment of labour demand, identification of works to meet such demand, and estimated cost of works and wages and the expected benefits (employment generation and physical improvements).
- The Development Plans of individual GPs are to be consolidated by the PO and approved by the Intermediate/Block Panchayats, while maintaining the priority of works indicated by the GPs; works involving more than one GP, if needed, may be included by the Intermediate Panchayat. A similar exercise will be carried out at the District level, where work proposals by other implementing agencies may also be included. At least 50 *per cent* of the works (by cost) are to be executed by GPs. Specific timelines for consolidation/approval have been indicated in the MGNREGA Operational Guidelines.
- Based on the approved District Plan, the DPC will co-ordinate the preparation of detailed technical estimates and sanctions for each approved work. Further, on the basis of the Development Plan, the DPC shall also prepare the Annual Labour Budget for the district, and forward it, through the State Government, to GoI for enabling release of the Central share of funds.
- The Operational Guidelines also suggest development of District Perspective Plans (with a five year timeframe) for facilitating advance planning and to provide a development perspective for the district, while enabling the adoption of a project approach to works, rather than just an activity approach.

The audit findings in respect of the planning processes are summarised below:

4.2 Preparation of GP level Development Plan and Shelf of Works

Audit scrutiny revealed that the shelf of works for being taken up as and when demand for work arose was being prepared in respect of individual GPs. Further, the AP MGNREGS MIS has an automated feature for calculating the adequacy of shelf of sanctioned works¹⁷ for each half-year. As of June 2012, the adequacy of shelf of works for the State as a whole, as well as for the test checked districts, for the first half of 2012-13, was as follows.

¹⁷ in terms of available/remaining work persondays vis-à-vis the projected demand for persondays (based on actual persondays worked in the last financial year)

Table 3 – Adequacy of Shelf of Works

District	Total GPs	GPs with 100% or higher shelf (in terms of persondays)	GPs with 50-99% shelf	GPs with 10-49% shelf	GPs with zero shelf (less than 10%)
Ranga Reddy	704	480	1	0	223
Nalgonda	1,178	1,118	12	1	47
Visakhapatnam	946	840	21	8	77
Vizianagaram	941	750	0	0	191
Kurnool	897	799	12	1	85
Anantapur	1,006	946	3	1	56
Total for sampled districts	5,672	4,933	49	11	679
State as a whole	21,861	19,335	729	131	1,666

Source: Web reports of AP MGNREGS MIS

It could be seen from the above that eight *per cent* of GPs had zero shelf of works across the State, while it was 12 *per cent* in respect of GPs in the sampled districts.

Further,

- In the test checked units, the identification and recommendation of works was approved through a GP resolution; audit also found evidence of Gram Sabha meetings for approving the shelf of work. However, instances of thin attendance in the Gram Sabha meetings, as recorded in the Gram Sabha resolutions, were noticed in Vizianagaram district, thus casting doubt on the effective and large-scale involvement of villagers in the planning process at the grass roots level.
- In the test checked GPs of Raptadu, Bukkarayasamudram and Garladinne mandals in Anantapur district, instead of identifying specific nature of works through Gram Sabhas, resolutions were passed for works of general nature like land development works, water conservation works, etc. Government stated (February 2013) that the works were identified by Gram Sabha from among the permissible category of works.

The adequacy of the shelf of works in the test checked districts, mandals and GPs was not a major hindrance to implementation of the scheme and provision of employment to the wage-seekers. However, based on data analysis, audit noticed a large number of works were in progress, as discussed in paragraph 8.3.2.

The findings of the beneficiary survey relating to holding of Gram Sabha meetings are summarised below:

Criteria	Finding
Attendance at GS meetings	Only 40 <i>per cent</i> indicated that they attended the GS meetings, and only 27 <i>per cent</i> of the attended stated that they had spoken in the meetings.
Discussion of selection of works at GS meetings	Only 32 <i>per cent</i> of beneficiaries indicated that selection of works was discussed in the GS meetings.

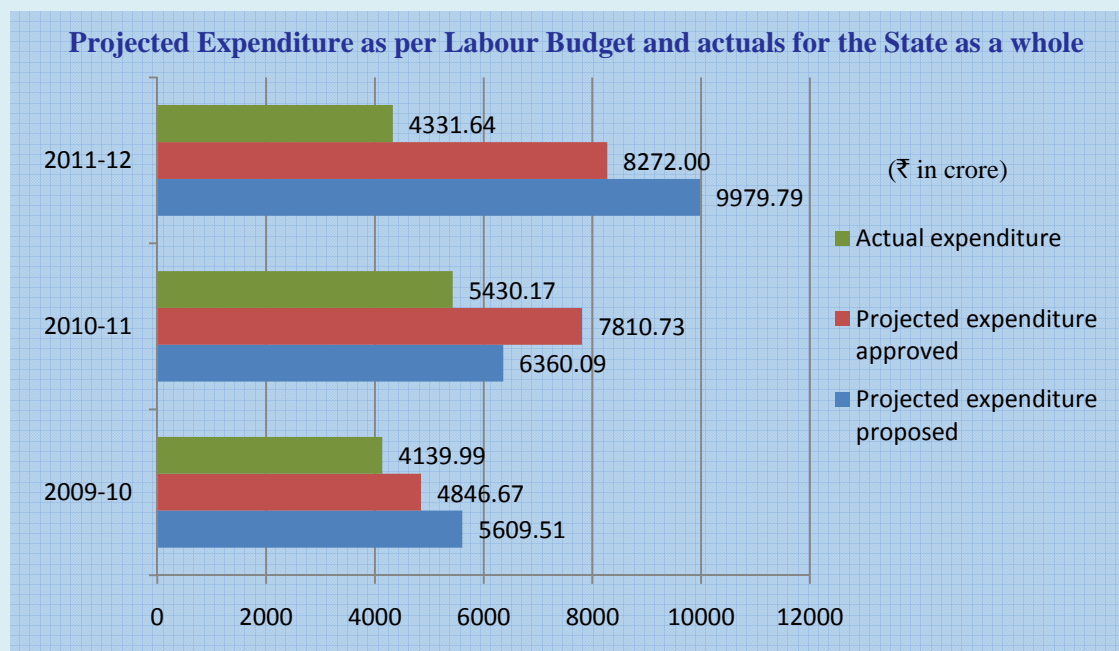
In response (August 2012), the State Government indicated that clear instructions had been issued for attendance of Shrama Shakti Sangha (SSS) groups¹⁸, SHGs, farmers, etc., but promised to take all precautions to ensure maximum attendance in Gram Sabhas for identification of works. It also stated that instructions/circulars were issued (June 2012) to build shelf of works through a planning team by revisiting every shelf of work and site and conducting Gram Sabhas to ensure high and quality participation. They also stated that photographs of Gram Sabhas/habitation sabhas would be captured and uploaded onto the MIS.

4.3 Preparation of Labour Budget

Audit scrutiny revealed that the State Government sent Labour Budgets of the last three years (2009-12) with delays ranging from 2 to 4 months vis-à-vis the stipulated timeline of December for the next financial year's Labour Budget. However, as verified from the records of the selected districts (except Anantapur district), Labour Budgets were not prepared at the district level, but were instead finalised at the State level (based on inputs from the MIS data at district and lower levels).

Further, comparison by audit of the projected expenditure (as per the Labour Budget proposed by State Government), projected expenditure as per GoI-approved Labour Budget, and actual expenditure for 2009-12 revealed that the projections of the Labour Budget (proposed/approved) were far higher than the expenditure actually incurred and the variation between the proposed budget and actual expenditure was 85 per cent, 69 per cent and 52 per cent for the years 2009-10, 2010-11 and 2011-12 respectively, as indicated below.

Chart 1



¹⁸ SHG-based fixed labour groups for undertaking unskilled wage tasks under MGNREGA

In its response (August 2012), the State Government indicated that the Labour Budget of the GP was arrived at, based on the maximum number of labour households expected to attend wage employment in the year; this, itself, was arrived at by taking the maximum number of households actually reporting for work in one of the previous years and enhancing it by 10 *per cent*, and was multiplied by the average days of employment per household provided during the last year and cost per person-day. Further, the State Government attributed the variation between the approved labour budget and actual expenditure during 2009-10 to less reporting of households to work and less average wage, but did not furnish specific reasons for less reporting; no comments were offered for the variations during 2010-11 and 2011-12.

4.4 District Perspective Plans

State Government, as a part of Comprehensive Gram Panchayat Natural Resource Management (NRM) Plans, had, in 2006, taken up identification of the list of works for preparation of Perspective Plan for each district¹⁹. However, the initial identification of works was restricted to the 13 districts notified for Phase-I implementation of MGNREGA; the status of perspective/natural resource management plans for the subsequently notified nine districts could not be ascertained from the State Government. Further, the status of revision/review of existing NRM plans, if any, could also not be ascertained.

¹⁹ As reflected in the CAG's Performance Audit Report No. 11 of 2008 – Union Government, 7.5 lakh works had been identified, during the process of preparation of Integrated Natural Resource Management Plans, for implementation during the next 5 - 6 years

5 Financial Management

5.1 Prescribed Procedures

- As per the Act, GoI will bear the entire cost of wages for unskilled manual workers, and 75 *per cent* of the cost of material and wages for skilled/semi-skilled labour, while the State Government will bear 25 *per cent* of the cost of material and skilled/semi-skilled wages as well as unemployment allowance, expenses on SEGC, etc.
- State Government may establish a State Employment Guarantee Fund as a revolving fund, as also similar revolving funds at the District, Block and GP levels. State Government should design a complete Financial Management System for the transfer and use of funds, to ensure transparency, efficiency and accountability and tracking the use of funds towards the final outcomes. Funds allocated to MGNREGA should not be used for other purposes under any other circumstances.
- Funds would be released in two tranches – the first tranche would be proportional to the percentage of persondays projected for the first six months of the year in the District Labour Budget; and the second tranche would be based on at least 60 *per cent* utilisation of funds (including opening balance), submission of UCs and certificate regarding release/receipt of State share, conformity to 60:40 wage-material ratio, actual physical performance, and other administrative and transparency/public accountability-related parameters.
- Funds from the MGNREGA account should be spent on MGNREGA works, only after these had received the required administrative and technical sanctions. Further, monthly squaring of accounts should be introduced, so as to verify that all money released under MGNREGA was accounted for under three heads – money held in bank accounts at various levels, advances to implementing/payment agencies, and vouchers of actual expenses.
- Financial audit would be carried out at the end of each year either by Local Fund Auditors or Chartered Accountants appointed by the State Government. The Audit Report of the Chartered Accountant and the UC for the previous year must be submitted latest by September next year. The DPC shall ensure that the Opening and Closing Balances included in both the Audit Report and the UC tally.

The audit findings in respect of release, accounting and utilisation of MGNREGA funds are summarised below:

5.2 State Employment Guarantee Fund (SEGF)

In August 2008, State Government constituted the AP State Employment Guarantee Fund and notified the Andhra Pradesh State Employment Guarantee Fund Rules, 2008. The Fund pools the amounts released by both GoI and State Government. It is managed by a Management Committee headed by Principal Secretary, Rural Development.

5.3 Financial Management System

5.3.1 Arrangements

Until 2010, separate bank accounts were maintained at the District level (District Watershed Management Agency) and Mandal level (MPDO). Project Directors, DWMAs released funds in advance to the MPDOs for implementation of the scheme at Mandal and GP level. The funds were kept in separate bank accounts opened for operating the Scheme.

With effect from 15 February 2010, a centralised Electronic Fund Management System (eFMS) was introduced and integrated as part of the AP MGNREGS MIS Software:

- Selected banks²⁰ were identified as nodal banks on a district-wise basis, and MoUs entered into with these banks to enable online transfer of funds on a seamless basis.
- Designated drawing officers (at the State, District and Mandal levels) are required to issue, through the AP MGNREGS MIS, electronic pay orders, which are grouped into Fund Transfer Requisitions (FTRs) (also referred to as Fund Transfer Orders – FTOs). For wage payments, FTRs/FTOs are issued for transfer of funds to the Smart Card Banker or Head Post Master (where payments are made through Post Offices), while for supplier payments, FTRs/FTOs are generated for transfer of funds directly to the supplier's account²¹.
- FTRs are transferred to the Central Server, which cumulates FTRs received from various mandals bank-wise, and transmits the same to the nodal bank server electronically without a manual interface. District level pooling accounts are maintained at the nodal bank, through which amounts are then transferred to Business Correspondents²²/Post Offices (for wage payments) and suppliers in respect of material payments.

5.3.2 Audit Findings

The eFMS had reports for FTO comparison and monthly FTO reconciliation, rejected FTOs, FTO status monitoring, as well as smart card payments. Audit examination revealed that the Smart Card Delay Analysis Report (as of 12 September 2012) indicated that ₹10.56 crore in respect of 67,774 wage seekers was undisbursed for more than three months, for which, however, no analysis of reasons was available. Likewise, the FTO reconciliation report did not indicate the reasons for debit/credit variations in respect of individual FTOs.

²⁰ SBH, Axis Bank, Andhra Bank, and Union Bank of India

²¹ Except in respect of Work Executing Members (WEMs), in respect of which audit comments are reflected separately

²² Intermediary agencies working on behalf of designated banks for delivering financial services for wage payments to MGNREGA beneficiaries

State Government stated (December 2012) that the system adopted by the banks in sharing the disbursement data in respect of the wage payments made through POS machines was in the FIFO²³ method. However, the banks and service providers were informed to stop the existing system, as it involved manual intervention, which was fraught with the danger of manipulating the data. Banks were requested to capture the disbursements in the field from the POS machine, based on the e-pay order number and share it with the AP MGNREGS MIS Server immediately. Also, notices would be issued for the banks where the manual interventions are noticed. Further, it was proposed to conduct IT Audit to identify manual interventions and replace with automatic system of capturing the data.

Further, field audit scrutiny revealed the following:

- Scrutiny of certain acquittances in Kotarautla mandal of Visakhapatnam district as well as Raptadu and Bukkarayasamudram mandals of Anantapur district revealed that actual dates of payment of wages were not indicated in the acquittances, in the absence of which, their reconciliation with pay orders issued by MPDO could not be ensured in Audit.

In response (August 2012/February 2013), the State Government indicated that the deficiency of non-capture of actual dates of pay order acquittances by the Banking Correspondent had been noticed, and the IT Services Provider was asked to incorporate the dates of pay orders with effect from April 2012.

- DPC, Ranga Reddy district placed funds in many banks, which were 100 kms away (Yalal, Karanakote, Mohammadabad, etc.) and other interior places, contrary to the provisions of the APREGS Accounting Handbook which stipulated maintenance of only one bank account. At the end of 2008-09, ₹10.80 crore was transferred from the State Bank of Hyderabad, Ranga Reddy district Collectorate Branch bank account to 28 bank branches on the order of the District Collector – ₹4.85 crore in the form of 16 Saving Bank (SB) Accounts and ₹5.95 crore in the form of Term Deposit Receipts. Similarly, DPC, Ranga Reddy district asked Union Bank of India (UBI), Secunderabad on 31 March 2009 to transfer ₹2 crore from his NREGS Account to SBH Main Branch, Medchal. DWMA, Ranga Reddy district had also not maintained any ledger to oversee the prior/post transactions (i.e., withdrawals and deposits from the concerned bank branches).

In response (August 2012), the State Government stated that this was done as per the orders of the District Collector 'to promote rural Government banks to provide economic support to the villages'. State Government, further, stated (August 2012) that the introduction of eFMS had eliminated parking of funds in the form of deposits at the District and Mandal levels. The reply is not acceptable in view of the fact that the Executive Engineer, PRED, Vikarabad, Ranga Reddy district withdrew ₹50 lakh on 31 March 2011 i.e., after introduction of eFMS from their SB Account with SBH and kept it in Grameen Bank and on Audit pointing it out,

²³ First-In-First-Out

the amount was withdrawn and deposited in the regular account. However, reasons for keeping the amount in the regular account were not furnished.

- A review of the Bank Reconciliation Statement of MPDO's Bank account of Chintapalli mandal (Nalgonda district) revealed a discrepancy of an amount of ₹34.88 lakh in August 2011, which was not reconciled (August 2012).

In response (August 2012), State Government stated that ₹29.04 lakh had been reconciled and credited to the MPDO's AP MGNREGS Account as on 31 July 2012; however, the reconciliation statement was not enclosed. Further, an amount of ₹5.78 lakh was stated to have been reconciled and under process for credit to the AP MGNREGS Account; details thereof were, however, not submitted to audit.

- Assistant Director Horticulture, Vikarabad's (Ranga Reddy district) bank account with SBH, Vikarabad showed balances of ₹14.74 lakh as on 15 March 2012. Of this amount, ₹9.24 lakh was lying in the account as of 3 October 2011, and ₹5.54 lakh was credited to this account through 85 FTOs, offset by payments of just ₹4,492 during this period.

Government stated (August 2012) that the Horticulture Department was addressed for initiating disciplinary action, and action taken thereon would be intimated shortly.

5.4 Smart Card Payments through Business Correspondent Model

5.4.1 Arrangements

After several pilot projects, the State Government entered into MoUs in November 2009 with identified banks for payment of MGNREGA wages (and social security pensions) using Smart Card technology:

- Banks were to engage 'Business Correspondents' (BCs), who would act as technology providers, and also act as banking correspondents on behalf of the bank by opening and operating bank accounts in every GP and delivering financial services to people.
- Beneficiaries would be enrolled at the village levels, and smart cards, including finger prints of the account holder and bearing photo of the beneficiary, issued to them.
- The 'Business Correspondent' would appoint and train 'Customer Service Providers' (CSPs)²⁴ at the village;
- Payments would be made by the CSPs to the beneficiaries using hand-held Point-of-Sale/Point-of-Terminal (POS/POT) devices with associated hardware like finger-print reader, printer, mobile phone, etc. Latest details of account balances

²⁴ The BCs would also generally have Mandal level Co-ordinators (MCs) for interaction with the CSPs

would be downloaded by the CSPs from the bank server for enabling payments. Authentication of beneficiaries would be through smart card and fingerprints, with manual payments in exigencies.

- CSP/Business Correspondent would upload data of disbursements daily, and update the bank's databases. MIS report on progress of disbursement would be submitted by the Banks electronically to the State Government; records of acquittances by CSPs would also be maintained and submitted to the designated State Government officials at the Mandal level.
- Service charges of 2 *per cent* on the disbursed amount would be payable, of which 1 *per cent* would be paid only after submission of acquittances and relevant records.

However, for identified GPs/mandals, payments continue to be made through Post Offices as per the old arrangements, without the intervention of Business Correspondents.

5.4.2 Audit Findings

Audit scrutiny of the details of the bank account of the Business Correspondent for Ranga Reddy district (FINO Finotech Foundation) with Axis Bank revealed that the opening balance of ₹2.54 lakh as of July 2009 increased to more than ₹2 crore by June 2010 and ₹4 crore by March 2012. This clearly indicates the maintenance of a substantial float by the Banking Correspondent, contrary to the objectives of immediate wage payments to the beneficiaries. In response (August 2012), the State Government stated that delays at various stages were being captured, and a delay compensation system was being formulated for levy of penalty on the bankers for wage payments after five days from the date of credit to the smart card bank.

In Raptadu mandal of Anantapur district, out of 24,001 job card holders, smart cards were issued to only 4,685 wage seekers (20 *per cent*). Similarly, in Bukkarayasamudram mandal, out of 15,811 job card holders, smart cards were issued to only 4,586 (29 *per cent*) job card holders.

Reconciliation of the full service commission payable of 2 *per cent* (after submission of full acquittances/records) vis-à-vis that actually paid was not produced to audit. State Government, while accepting the audit observation stated (February 2013) that the enrolment of smart cards was less due to some local issues in selection of CSPs.

5.5 Release of State Share

As per the Andhra Pradesh Rural Employment Guarantee Scheme framed by the State Government, the State Government's share has been set at 10 *per cent* (with 90 *per cent* from GoI). Further, the MoRD's Operational Guidelines stipulate release of the State share within 15 days of GoI release. However, audit scrutiny revealed that in many occasions, the State Government releases were not within 15 days of GoI release for 2009-10 to 2011-12. Further, there was shortfall in release of State matching share for the years 2009-10 to 2010-11 with an overall shortfall for ₹35.78 crore for the three years (2009-10 to 2011-12), as summarised in the following table.

Table 4 - Release of GoI and State Government shares

(₹ in crore)

Year	GoI release		Matching share (10 per cent) to be released by State Government	Actual release as reported by State Government		Shortfall (-)/ excess (+)
	Date of release	Amount		Date of release	Amount	
2009-10	01.05.09	914.38	101.60	17.04.09	3.78	
	14.07.09	50.00	5.55	17.04.09	6.63	
	28.07.09	453.77	50.42	17.04.09	3.07	
	06.08.09	413.95	46.00	23.04.09	42.82	
	16.09.09	151.21	16.80	02.05.09	8.64	
	07.12.09	1318.95	146.55	15.05.09	7.56	
	11.03.10	479.33	53.25	15.05.09	2.35	
				03.07.09	75.00	
				05.11.09	82.57	
				16.12.09	43.96	
				23.03.10	1.43	
	Total	420.17		277.81	(-)142.36	
2010-11	15.04.10	1012.43	112.49	20.05.10	163.96	
	04.06.10	1118.91	124.32	03.06.10	165.75	
	04.08.10	1730.00	192.22	17.07.10	126.65	
	20.01.11	3556.73	395.19	18.09.10	12.69	
		Total	824.22		469.05	
2011-12	10.06.11	460.84	51.20	13.05.11	395.19	
	14.03.12	814.73	90.53	16.08.11	179.53	
	15.03.12	202.00	22.44	16.09.11	51.20	
		Total	164.17		625.92	
Grand total			1408.56		1372.78	(-) 35.78

Source: Utilisation certificates submitted by State Government to GoI

State Government responded (August 2012) that their total releases from 2007-08 to 2012-13 were more than required, with delays of more than 15 days. While audit notes this response, the release of State share should correspond to the GoI's release for that year, and not merely on an overall basis.

5.6 State Government to bear cost of persondays exceeding 100 days in a financial year per household

The Act guarantees that the State Government shall provide not less than 100 days of unskilled manual work in a financial year on demand to every household in rural areas. While the State Government is free to provide more than 100 days of employment in a financial year to a household, the cost in excess of 100 days of employment should be borne by the State Government, and not GoI.

Audit analysis of electronic data for four districts (Ranga Reddy, Nalgonda, Anantapur and Vizianagaram) from the AP MGNREGS MIS revealed the following position:

Table 5 – Persondays exceeding 100 days in a financial year per household

Year	Households	Actual Days	Entitled Days	Excess Days
2009-10	2,88,725	4,68,59,080	2,88,72,500	1,79,86,580
2010-11	2,25,823	3,26,79,181	2,25,82,300	1,00,96,881
2011-12	2,70,422	4,22,44,771	2,70,42,200	1,52,02,571
Grand Total	7,84,970	12,17,83,032	7,84,97,000	4,32,86,032

Source: Analysis of data provided by the Department

District-wise details are indicated in *Appendix-2*.

Considering an average daily wage rate of ₹60, the excess amount reimbursable by the State Government to GoI for these four districts alone (for 4.33 crore persondays in excess of the statutory entitlement) works out ₹259.72 crore.

In response (August 2012), the State Government stated that, as suggested by audit, the excess State Government share contributed (in excess of the stipulated 25 per cent of material cost, semi-skilled/skilled wages and 100 per cent of unemployment allowance) had been calculated at ₹1,226.50 crore, and GoI had been addressed to set off the cost of persondays exceeding 100 days against this excess share contributed.

5.7 Advances to Post Offices remaining unadjusted

As per the MoU signed by the State Government with the Department of Posts, the State Government advanced an amount of ₹50 per wage-seeker account, which was to be adjusted in five instalments of ₹10 each from wage payments. As per the details of the State-wide position of adjustment furnished by the State Government, out of ₹40.89 crore to be adjusted by the concerned Head Post Offices, ₹27.59 crore was pending to be adjusted as of March 2011. According to the State Government, this has to be recovered either from the Post Offices or from the wage seekers, after receiving UCs from the Head Post Offices.

5.8 District level Audit Reports

Audit scrutiny revealed that the District level accounts (maintained by PD, DWMA) covered only the income/expenditure incurred by the PD, DWMA, and did not cover the transactions undertaken by the other implementing agencies. The Audit Reports on the District level accounts were similarly fragmented, with separate accounts/Audit Reports for different implementing agencies like PD/DWMA, ITDA, etc. The District level accounts maintained by PD/DWMA (and the Audit Reports thereon) must present a consolidated picture of all transactions undertaken, whether by PRIs or other implementing agencies.

State Government agreed (August 2012) with the audit recommendation and indicated that with effect from 2011-12, the statutory audit reports would be consolidated at the District level.

5.9 Other Findings

Further, audit scrutiny revealed that:

- ₹66.95 lakh was spent out of MGNREGA funds by PD, DWMA Anantapur in connection with the Chief Minister’s visit during the month of October 2011 for inauguration of Indira Jala Prabha Project, which is a State Government sponsored programme. Government stated (February 2013) that the expenditure is for publicity and creating awareness among beneficiaries about convergence programme of Indira Jala Prabha and as such the expenditure has been incurred from the MGNREGA funds and there is no diversion of funds. Reply of the Government is not acceptable in view of the fact that the above expenditure was towards a State sponsored programme which should not have been met from MGNREGA funds.
- Even though the Act envisages subsuming the erstwhile schemes of National Food for Work Programme (NFFWP) and Sampoorna Grameena Rozgar Yojana (SGRY) into MGNREGA with effect from the date of its implementation in the district, NFFWP funds of ₹54.67 lakh were not transferred by PD, DWMA, Anantapur. Government, while accepting the audit observation stated (February 2013) that the amount relating to NFFWP funds would be recovered from the concerned.
- Interest accrued (₹3.93 lakh) on funds received from DPC by the PD, Integrated Tribal Development Agency (ITDA), Visakhapatnam was not remitted back. State Government responded (August 2012) that instructions had been issued by the District Collector for such remittance.

6 Registration of Households and Issue of Job Cards

6.1 Prescribed Procedures

The detailed procedure prescribed by the State Government for registration of households and issue of job cards, which is in consonance with the MGNREGA Operational Guidelines, is as follows:

- Any adult person of a household may, on behalf of the members of the household, apply to the Gram Panchayat, in the jurisdiction of which they reside, for registration of their household for issuance of a job card. The application can be on the printed form or on a plain paper containing the names of the adult members, their age, caste/tribe and address.
- The Panchayat Secretary shall receive the applications and issue a dated receipt and enter the details in the EGS Registration and Job Card Register. After making due enquiry, he shall make a recommendation to the Programme Officer to issue the job card.
- The Panchayat Secretary maintains the details of job cards issued in the EGS Job Card Register. The joint photograph of the adult members of the household must be affixed to the job card within three months from the date of issue of the job card.
- Addition or deletion of members eligible to seek work is to be carried out in the job card as and when required or at the beginning of the financial year. The updated list shall be sent to the Programme Officer.
- The Panchayat Secretary or Field Assistant shall update the household job card at the time of payment of wages. The wage-days provided and the wages paid to the workers shall be reflected in the job card.

The main audit findings in respect of registration of households and issue of job cards are described below:

6.2 Registration of Households and Issue/updating of job cards

As of March 2012, job cards have been issued to a total of 124.24 lakh households, involving 291.88 lakh individuals, throughout the State. This represented about 35 *per cent* of the total population of the State of 846.66 lakh, as per the 2011 Census data. In the six sampled districts, as of March 2012, job cards have been issued to 35.19 lakh households (involving 84.05 lakh individuals).

An 18 digit unique registration number (including codes for District, Assembly, Mandal, GP, Revenue Village, and Habitation) was being generated through the AP MGNREGS MIS, which could be retrieved/viewed online from any terminal.

6.3 Non-segregation of unduly large registered households into nuclear families

MoRD's Operational Guidelines - 2008 stipulate that ‘..household will mean a nuclear family comprising mother, father and their children and may include any person wholly or substantially dependent on the head of the family’.

However, analysis of electronic data in respect of the four selected districts revealed several very large households (with 20 or more members) and large households (10 to 19 members), as summarised below:

Table 6 – ‘Large’ Households

Household size	Ranga Reddy	Anantapur	Vizianagaram	Nalgonda
	(Number of households)			
20 or more members	40	6	8	10
10 or more, but less than 20 members	751	420	407	804
Maximum household size	65	30	39	28

Source: Analysis of data provided by the Department

Clearly, in these cases, households have not been properly segregated into nuclear families, thus adversely affecting their statutory annual right to at least 100 days per household. Contrarily, where the State Government is providing more than 100 days of employment annually to such large households, it is incorrectly shouldering excess financial burden.

State Government stated (December 2012/February 2013) that during the initial stages of the programme, job cards were issued, treating nuclear families also as part of the households and that, after receiving file feedback, the procedure for splitting job cards was issued. It was further stated that, special emphasis would be assigned for splitting and segregation of large job cards into nuclear job cards, which would be completed by end of the financial year (2012-13).

6.4 Job Card Application Register and Issue of Job Cards

Audit scrutiny in the selected districts revealed that:

- While Job Card Registers were being maintained at the Mandal level, no related registers were being maintained at the GP level.
- Job Card Application Registers/Files were not maintained in the GPs in 2 mandals (Yalal and Yacharam) of Ranga Reddy district
- In the sampled GPs in Vizianagaram district, there were pending complaints regarding non-issue of job cards in seven cases, as intimated by PD, DWMA and no attestation of MPDO on disposal of complaints was available. It was observed that even though the register of job cards was maintained in the test checked mandals, the date of application and date of issue of job card was not mentioned in the Register.

- In Kurnool district (Krishnagiri and Tuggali mandals), while job card numbers were intimated to the beneficiaries, job cards were not given in many cases (on account of printing problems); this was confirmed through the beneficiary surveys. In many cases, photos were old, and included photos of children who had already been given separate cards. In fact the number of job cards comprising more than 4 adult members to be segregated as per Government order in 2011 had not been reviewed.

State Government, while replying (August 2012) that the maintenance of job card registers would be addressed, stated that complaints of non-issue of job cards in Vizianagaram district were settled by issuing cards; this would be verified in future audits.

6.5 Affixing of Photographs on Job Cards

Beneficiary survey by audit teams revealed the following position regarding affixation of photographs on job cards in the test checked districts.

Incidentally, the AP MGNREGS MIS does not capture the household photograph, as part of the job card issue process.

In response (August 2012/February 2013), the State Government indicated that the issue of affixing of photographs had been solved with the introduction of bio-metric smart cards with digitally affixed photographs. At present, new job cards are being issued (replacement of old job cards) with individual photographs.

Table 7 - Details of non-affixation of photographs on job cards

District	Percentage of photographs not available with job cards verified in audit
Nalgonda	33
Ranga Reddy	40
Kurnool	61
Anantapur	35
Visakhapatnam	38
Vizianagaram	25

Source: Beneficiary survey

6.6 Updating of Job Cards with Work Details

Audit scrutiny revealed that in all the test checked districts/mandals, job cards were largely incomplete, and not updated with details of application/work allotted/work done, and entries were made only on a sporadic basis. Given the volume of transactions (3,034.48 lakh persondays of employment to 291.88 lakh individuals in 50.06 lakh households during 2011-12 in the State) and the available staff/contracted resources, the practicability of manual updating of transactions on job cards is, thus, open to doubt.

State Government replied (August 2012) that necessary instructions were issued in July 2012 to ensure that the audit observations connected with job cards were addressed.

6.7 Beneficiary Survey Findings

The beneficiary responses regarding household registration and issue of job cards are summarised below:

Criteria	Response
Requests for registration	72 <i>per cent</i> stated that oral requests for registration were entertained; 28 <i>per cent</i> stated that written requests were submitted and 34 <i>per cent</i> of those who submitted written requests stated that they received acknowledgement.
Registration process open throughout the year	72 <i>per cent</i> stated that the registration process was open throughout the year.
Receipt of job card	3 <i>per cent</i> (47 beneficiaries) indicated that they had not received the job card; 72 <i>per cent</i> indicated receipt within 15 days; 7 <i>per cent</i> indicated receipt between 15 days to 4 months; and 18 <i>per cent</i> did not respond. One beneficiary indicated payment of ₹30 for registration/job card.
Job cards in custody of beneficiary	94 <i>per cent</i> produced the job cards; 6 <i>per cent</i> stated that the card was lost/not traceable or did not produce the job cards. Only 6 beneficiaries stated that the card was with the sarpanch/mate/FA.
Photographs on job card	Of the job cards produced to audit team, 38 <i>per cent</i> indicated that they did not have photographs on the job card; 6 <i>per cent</i> indicated the individual photographs; 55 <i>per cent</i> indicated the presence of joint photographs; 1 <i>per cent</i> did not respond.
Discrepancies in the job cards	Of the job cards produced to the audit team, <ul style="list-style-type: none"> 69 <i>per cent</i> indicated that there were discrepancies regarding payment entries, and 31 <i>per cent</i> gave negative response. 67 <i>per cent</i> indicated that there were discrepancies regarding work done entries, 33 <i>per cent</i> gave negative response. 75 <i>per cent</i> indicated that signature column in the job card was blank and 25 <i>per cent</i> gave negative response.

7 Employment and Wages

7.1 Prescribed Requirements/Procedures

The Act and MoRD's Operational Guidelines stipulate the following:

- Applications for work (for at least 14 days of continuous work) may be submitted by adult members of registered households to the GP in writing; a dated receipt for the application for work must be issued to the applicant. The work entitlement of 100 days per household per year may be shared between different adult members of the same household.
- Work is to be provided to wage-seekers from registered households within 15 days of receipt of application for work; failure to do so entitles the worker to unemployment allowance. It shall be open to the PO and GP to direct applicants for work to do any type of permissible work.
- Applicants who are provided work shall be intimated by the GP/PO through a letter and also a public notice displayed at the office of the GP/PO.
- While providing employment, priority shall be given to women in such a way that at least one-third of the beneficiaries shall be women who have registered and requested for work under the Scheme.
- The schedule of rates of unskilled wage shall be so fixed that a person working for seven hours would normally earn a wage equal to the wage rate.
- Workers are entitled to being paid on weekly basis, and in any case within a fortnight. Delay in wage payments entitles the worker to compensation as per provisions of the Payment of Wages Act, 1936.

The main audit findings in respect of applications for, and allotment of work, and payment of wages/unemployment allowance are indicated below:

7.2 Applications for work

Audit scrutiny revealed that applications of work were not available and not being captured either on the job card or on AP's website for MGNREGS. ***On the MIS, applications for work were earlier shown as exactly equal to work allotment.*** Applications for work were also stated by Mandal level officials (as well as beneficiaries during surveys) to have been submitted orally. In a few solitary cases (in Kurnool and Vizianagaram districts), applications for work (which was evidently not provided) were found noted in the grievance register.

In the absence of applications for work, and dated acknowledgements/receipts thereto, compliance with the legal requirement of provision of employment within 15 days of demand by the worker could not be verified. Further, in the absence of these documents, the entitlement of the wage seeker to unemployment allowance in case of

non-provision of employment within the stipulated time-limit of 15 days could also not be verified by audit.

In response (August 2012), State Government stated that a Work Employment Plan (WEP) for each wage seeker had been formulated to capture the demand for work by the wage seeker in the year and works would be allotted based on the WEP. Further, a system for capturing demand for work, both physically and electronically using a mobile application, was being implemented with effect from 2 October 2012.

Scrutiny of the MIS Reports as of December 2012 indicated that demand for work was being captured and reported through the MIS, as distinct from work allotted.

Further, audit scrutiny revealed that:

- In Kotarautla mandal of Visakhapatnam district, beneficiaries of Panduru GP indicated that work was not being provided within 15 days of work. The PO replied that this was due to non-appointment of FA and also that beneficiaries were not coming forward to take up the position of mate of the group for taking up fresh works.
- In Ranga Reddy district and Kurnool district (Krishnagiri and Velgodu mandals), work allotment letters were not being handed over in many cases to the beneficiary groups, but were stated to have been communicated orally.

7.3 Employment Provided

Details of households who worked during 2009-12 and a profile of the days worked for the State as a whole is summarised below (as per the AP MGNREGS MIS web reports).

Table 8 – Profile of employment provided for the State as a whole

Year	No of HHs working	No of HHs completed 100 days	No of HHs completed 75 - <100 days	No of HHs completed 50 - < 75 days	No of HHs completed < 50 days	% of HHs completed 100 days	% of HHs completed 75 - <100 days	% of HHs completed 50 - < 75 days	% of HHs completed < 50 days
2009-10	60,78,121	13,21,149	5,77,644	8,44,335	33,34,993	22	9	14	55
2010-11	61,97,244	9,66,291	6,26,303	10,16,242	35,88,408	16	10	16	58
2011-12	49,98,709	9,74,256	4,81,539	7,33,844	28,09,070	19	10	15	56

Source: AP MGNREGS MIS web reports

The above indicates that the proportion of households completing 100 days or more were only 16 to 22 *per cent*, whereas 55 to 58 *per cent* of households completed less than 50 days.

7.4 Analysis of Electronic Data relating to Muster Rolls

Audit conducted a detailed analysis of the revised data provided for four districts from the AP MGNREGS MIS. The major findings in respect of muster rolls/wage payments for the years 2009-10 to 2011-12 are summarised below.

7.4.1 Overlapping Muster Roll Entries

Audit scrutiny revealed huge numbers of instances of overlapping Muster Roll entries i.e., where the same worker was noted against two muster rolls with overlapping periods for different works, as summarised below.

Table 9 – Overlapping Muster Roll entries for the same worker – sampled districts

Financial Year	Ranga Reddy	Anantapur	Vizianagaram	Nalgonda
2009-10	24,175	73,366	24,081	44,088
2010-11	17,832	1,04,592	80,997	49,320
2011-12	26,706	57,548	1,17,556	27,763
Total	68,713	2,35,506	2,22,634	1,21,171

Source: Analysis of electronic data provided by the Department

It may be noted that the actual dates worked as per the Muster Rolls were not captured in the MIS, in the absence of which audit could not compare the exact dates of overlap.

A sample of these overlapping entries were test checked through beneficiary interaction, as well as interaction with Mandal officials, in the test checked districts (138 cases in Vizianagaram, 28 cases in Ranga Reddy and 10 cases in Visakhapatnam). The most common explanation provided is that while the Muster Roll periods (e.g. 27 May 2011 to 3 June 2011 and 30 May 2011 to 30 June 2011) were overlapping, the exact dates on which the workers reportedly worked on both works (which are not captured in the MGNREGA MIS) were different. Other explanations provided for such overlapping MR entries included the following:

- Earlier work stopped due to various reasons, earlier work/task completed, own work coming up, switch from one work to another as per Field Assistant instructions, etc.
- In some cases, the actual dates on the MR were overlapping, while in some other cases, the beneficiaries accepted that they had not done the other work.
- In some cases, the dates were entered wrongly by the computer operator²⁵.

In its response (August 2012), State Government stated that there were some works where available persondays for completion were very low, and after completion of one work, the same wage-seekers would be given wage employment on another work in the same week. However, no details were provided. In respect of Anantapur district, Government stated (February 2013) that the system was updated to enter daily musters against each wage seeker.

²⁵ One reason for 'data entry error' is that computer operators have timelines (from the MR end date) to enter the MR, and such errors facilitate late entry of MR data onto the MIS system

The numerous explanations provided for overlapping MR periods on different works for the same worker are not tenable for the following reasons:

- As per MoRD’s Operational Guidelines, the wage-seeker is allotted work on his demand. Once work has been allotted to the wage-seeker, another work cannot be allotted for the same/overlapping Muster Roll period to the same wage-seeker.
- The closing/completion of works/tasks is also doubtful, as measurements for works are taken only on a weekly basis (which is itself difficult, given the workload of the TAs). The possibility of measurements being taken in an emergent situation mid-week to enable stoppage/closure of one work and provide immediate allotment of work to workers on another work with overlapping MR periods is remote.
- If a work was indeed to be stopped/closed, the entire group(s) of workers would have to be found on the next work (with overlapping MR periods). This was not the situation in many cases, where only a few workers were provided with work on two works with overlapping MR periods.

The view that workers can switch from one work to another within a Muster Roll period is not consistent with the letter or spirit of the Act, which provides that beneficiaries can seek employment for not less than 14 days and allocation of employment to such beneficiaries. Once such work/tasks are allocated, then there is no provision for suspending one work, and providing employment on another work.

One reason stated by Mandal/GP level officials is that the wage-seekers find the task very hard. The Act does not provide a choice of tasks to the beneficiaries (especially when SORs have been set after detailed work, time and motion studies). In fact, switching wage-seekers from one work to another mid-course clearly goes against the Act’s critical objective of creating durable assets.

7.4.2 Overlapping Muster Roll Entries, where total days worked was more than the physical number of days available

Audit scrutiny revealed a subset of the above analysis of instances of overlapping Muster Roll entries i.e., where the total number of days worked for both the works was more than the physical number of days available. For example, in Peddamul mandal, Jangam GP, one worker reportedly worked on Work ID ‘...60054’ from 8 April 2008 to 11 April 2008 (four days) and also on Work ID ‘...50013’ from 7 April 2008 to 12 April 2008 (six days). Given that there are only 6 days between 7 and 12 April, this is physically impossible for a person to work 10 days during this period. Hence, one (or both) of the MRs must necessarily have fictitious entries. The profile of such overlapping MR entries for the four districts was as follows.

Table 10 – Overlapping Muster Roll entries for the same worker – sampled districts, total days not tallying

Financial Year	Ranga Reddy	Anantapur	Vizianagaram	Nalgonda
2009-10	128	1,012	623	195
2010-11	2,873	21,802	6,400	3,962
2011-12	2,418	2,914	8,249	2,718
Total	5,419	25,728	15,272	6,875

Source: Analysis of electronic data provided by the Department

In almost all the cases, overlapping of muster rolls involved one work executed by the mandal/GP, while the other work was implemented by a Line Department (Forest, PRED, Horticulture, etc.). Test-check of 38 entries in Vizianagaram district confirmed the fictitious nature of MR entries.

In all probability, between the MRs for the mandal/GP and those for Line Departments, the MR for the Line Department is fictitious. This is also confirmed by the fact that while MRs for mandal/GP execute works were largely entered online, those in respect of Line Departments were entered offline, with subsequent online uploading, thus providing scope for fictitious MR entries. In fact, it is not just the specific overlapping MR entries that are likely to be fictitious. The sanctity of the whole MRs involved would be open to doubt.

In response (August 2012/February 2013), the State Government stated that overlapping instances were being addressed through social audit and also that the process of bringing all the DCCs into online mode was in progress. Disciplinary action was also initiated against the responsible persons.

7.5 Payment of very low wages

Audit analysis revealed the payment of very low daily wages (average of less than or equal to ₹20/day) falling under two categories:

- Instances of households whose average daily wages during the entire financial year was ₹20 or less, as summarised below:

Table 11 - Households drawing average daily wage of ₹20 or less during a financial year

	Ranga Reddy	Anantapur	Vizianagaram	Nalgonda
2009-10	20	60	518	291
2010-11	12	90	38	352
2011-12	20	68	11	268
Total	52	218	567	911

Source: Analysis of electronic data provided by the Department

- Individual instances of MR entries during 2009-12, where average daily wage payments were ₹20 or less, as summarised below.

Table 12 - Instances of average daily wage payments of ₹20 or less

	Ranga Reddy	Anantapur	Vizianagaram	Nalgonda
Entries	4,236	14,312	34,104	30,038
Days worked	21,214	59,833	1,34,180	1,13,479
Amount	3,17,747	9,21,170	20,61,561	17,77,214

Source: Analysis of electronic data provided by the Department

There is a strong possibility that these low daily wages are due to irregular measurements of work by the Technical Assistant, or allocation of very small items of work to a large group. Such low daily wages are contrary to the spirit of the Act of providing gainful wage employment.

Government stated (February 2013) that required check was being introduced.

7.6 Delayed Payment of Wages

Field audit scrutiny revealed numerous instances of delays in payment of wages at various levels – in generation of pay orders from closing of Muster Rolls; in transfer of funds from generation of pay orders; in disbursement of smart card payments from the transfer of funds. However, the consolidated position of overall delay in wage payments (i.e., right from the last date of the Muster Roll to the actual date of cash disbursement to the beneficiary) was not available.

The profile of delay in smart card payments for the State as a whole is given below.

Table 13 – Profile of Delays in Smart Card Payments

Year	Wages Disbursed Within Days (Percentage of Payments)				
	4 days	5 – 7 days	8 – 14 days	15 – 30 days	More than 30 days
2009-10	53	18	8	5	16
2010-11	27	23	26	14	10
2011-12	24	22	27	18	9

Source: AP MGNREGS MIS web reports

Further, the AP MGNREGS MIS also has a report on the amount kept under Suspense Account; this indicated an amount of ₹8.81 crore pertaining to 95,634 accounts lying undisbursed to end of February 2013, of which 83,338 (87 per cent) were pending to be paid for more than 3 months and above.

Instances of delayed wage payments noticed through field audit scrutiny are indicated below:

- In Ranga Reddy district,
 - ❖ The Mandal Co-ordinators (MCs) of FINO retained funds for weeks together without distributing to the non-card holders of MGNREGA beneficiary workers.

- ❖ The accumulating balances ranging from ₹2 crore to ₹8 crore both in the NREGS Pooling account and FINO Account (banking correspondent of Axis Bank) with Axis Bank (authorised bank for distribution of wage payments) led to doubts on the actual distribution of funds. Delay of 2 weeks and above was noticed in respect of 721 FTOs out of 3,442 FTOs in transferring the amounts to the beneficiary accounts (Yalal mandal).
- ❖ FTOs generated (2010-12) by PRED, Vikarabad, revealed inordinate delay (74 to 116 days) in funds transfer from Main Fund Account to the District Pooling Account with Axis Bank. Notwithstanding the delay in transfer of funds from one bank to another, the possibility of additional delays in credit to the beneficiaries' accounts could not be ruled out.
- ❖ No Acquittance Register for disbursement of wages was maintained by PO Yalal in respect of disbursements made through Mandal Co-ordinator and Community Service Providers appointed by FINO.
- In Visakhapatnam district,
 - ❖ In Kotarautla mandal, wages amounting to ₹1.20 lakh for the period July - November 2010 had not been paid as of June 2012; this was stated to be on account of discrepancies in the software.

State Government responded (August 2012) that the delayed wage payment was on account of the resignation of the Mandal Co-ordinator of the Business Correspondent. However, the fact remains that alternative arrangements for timely payment of wages should have been made.
 - ❖ Records of Butchayyapeta and Kotarautla mandals revealed huge delays in payment of wages through different sources, including smart card.
 - ❖ During field visit of Akshabpeta GP of Kotarautla mandal, it was noticed that wages (to be disbursed during April and May 2012) amounting to ₹2.86 lakh were retained by the representative of FINO agency for more than 10 days, purportedly on account of non-receipt of acquittance and pay slips.
 - ❖ Scrutiny of records of VRP, Bodapalem GP revealed delayed wage payments of ₹8.62 lakh for 20 to 38 days during the period November 2011 to February 2012. Further, wage payments for the period relating to July to November 2010 were still outstanding, reportedly on account of discrepancies in the software.
- In Vizianagaram district,
 - ❖ In Gantyada mandal, there were undue delays of 5 to 11 months in payment of wages through smart cards in 315 cases.
 - ❖ Wages of workers in works executed by SERP for the work 'Rainfed Sustainable Agriculture' were paid with a delay more than 180 days due to migration.

- ❖ There were also cases of funds relating to wage payments kept in suspense account (1100 days), for which specific reasons were found to be not recorded.
- In Nalgonda district,
 - ❖ In Neredcherla mandal, payment of wages in many cases was not paid due to non-recognition of finger prints of the beneficiaries by the bio-metric system; MPDO promised compliance. Similarly, in Pochampalli mandal, payments was observed as not paid for 5 months to one year in two test checked cases reportedly on the same reason.
 - ❖ Records of Chintapalli mandal revealed payment of wages by postal authorities without opening of postal accounts.
 - ❖ In Chintapalli mandal, three cases of non-payment for more than a year were noticed.
- In Anantapur district, delays in wage payment in Divisional Forest Officer (Social Forestry) (26 to 178 days), Divisional Forest Officer (Territorial) (16 to 63 days) and Horticulture (16 to 38 days) were noticed in the test checked works.

In its response (August 2012), the State Government attributed the delays to various reasons:

- As regards delayed post office payments, delays were attributed to beneficiaries without postal accounts and discrepancy in account number or job card details.
- As regard smart card delayed payments, delays were attributed to delay in supply/collecting acquittance copies by MPDO/MCs, considerable time taken by MCs to withdraw amounts from Banks, delay in distribution of wage slips by field assistants, delay in transfer of funds by the BC to CSP, finger print failure, leave vacancy not filled up, etc. Assembly by-elections in the areas under Visakhapatnam district prevented movement of physical cash, which resulted in delayed payments. Similarly, the constraints faced by the banks regarding internet connectivity, electricity, cash transportation also contributed to delay in wage payments.

Government stated (February 2013) that the delay in payments has been streamlined by introducing delay compensation system.

7.7 Payment of Unemployment Allowance

Audit survey of 1,789 beneficiaries revealed only 3 instances of payment of unemployment allowance. It was impossible to verify eligibility for unemployment allowance in the absence of application details, either in the application register or the job cards. State Government replied (August 2012) that software would be developed to capture application for, and allotment of work.

7.8 Beneficiary Survey Findings

The main findings from the beneficiary survey relating to allotment of work, measurement and other aspects are summarised below.

Criteria	Findings
Provision of employment within 15 days	91 per cent indicated allotment of work within 15 days, 1 per cent after 15 days; and 8 per cent did not respond/did not know.
Additional payment for works more than 5 kms away	107 beneficiaries stated that they worked at sites more than 5 kms away and 7 out of them stated that they were not paid 10 per cent extra wages.
Marking of attendance	96 per cent indicated daily marking of attendance, 2 per cent responded in negative, and 2 per cent did not respond/did not know.
Measurement of works	14 per cent indicated daily measurement of works, 84 per cent indicated weekly measurement, and 2 per cent did not respond/did not know.
Calculation of wages	43 per cent indicated that they knew how wages were calculated, 55 per cent responded in the negative, and 2 per cent did not respond.
Development works on SC/ST/BPL lands	86 per cent indicated development works on such lands, 2 per cent stated in the negative, and 12 per cent did not respond/did not know.
Usage of machinery/contractors	2 beneficiaries stated that JCBs were used, 26 beneficiaries did not respond/did not know about use of machinery/contractors.
Work site facilities	<ul style="list-style-type: none"> • 10 per cent indicated provision of shade, 88 per cent indicated non-provision, while 2 per cent did not respond/did not know. • 47 per cent indicated provision of drinking water²⁶, 51 per cent indicated non-provision, while 2 per cent did not respond/did not know. • 17 per cent indicated provision of first-aid box, 81 per cent indicated non-provision, while 2 per cent did not respond/did not know. • 1 per cent indicated provision of creche, 96 per cent indicated non-provision, while 3 per cent did not respond/did not know.

State Government replied (August 2012) that orders were issued to provide first-aid box to each field assistant through Mandal Purchase Committee.

As regards payment of wages, the responses were as follows:

Criteria	Findings
Mode of payment	17 per cent indicated payment by cash, 45 per cent by post office, 38 per cent by banking correspondent and indicated others (smart card).
Delayed payment	33 per cent indicated payment was not received within 15 days; of this, 48 per cent indicated payment within 1 month, 41 per cent within 1 - 2 months, 2 per cent within 2 - 3 months, and 8 cases more than 3 months.
Reading payment details aloud	84 per cent indicated that payment details were read out aloud.
Entry of payment details entered in front of beneficiary	Only 42 per cent indicated entry of payment details on the job card in front of them, 56 per cent indicated in the negative, and 2 per cent did not respond/did not know.

²⁶ State Government has recently introduced a daily payment of ₹5.50 to wage-seekers in lieu of providing water; typically, wage-seekers make their own (group) arrangements from suppliers of mineral water cans

8 Execution of Works

8.1 Prescribed Procedures/Requirements

The Act and MoRD's Operational Guidelines/circulars prescribe the following criteria for planning and execution of works:

- Schedule-I lists the permissible categories of works in order of priority viz., water conservation and harvesting; drought proofing, including afforestation and tree plantation; provision of irrigation facility²⁷, plantation, horticulture, land development²⁸; renovation of traditional water bodies, including de-silting of tanks; flood control and protection works, including drainage in water-logged areas; and rural connectivity to provide all-weather access. Maintenance of assets created under the scheme/belonging to the above sectors would be considered as permissible works.
- The cost of material component of projects (including skilled/semi-skilled wages) should not exceed 40 *per cent* of the total project costs. Engagement of contractors is not permitted; as far as possible, tasks under the scheme shall be performed using manual labour and not machines.
- All works would be required to have administrative and technical sanction obtained in advance.
- Workers may be divided into small groups of 4 - 6 persons for easy execution of works, measurement of work, and proper calculation of wages. Measurements will be recorded in the Measurement Books maintained by qualified technical personnel in charge of the worksite. Also, States may evolve norms for measurement of work, and for this purpose, may undertake comprehensive work, time and motion studies.
- Worksite facilities (medical aid, drinking water, shade and crèche²⁹) should be ensured by the implementing agency.
- On completion of every project, a Project Completion Report should be prepared as per a prescribed format, and the details entered therein should be verified by a senior officer.

The major audit findings in respect of execution of works are summarised below:

8.2 Profile of works undertaken

As per the information furnished by Director, EGS to audit, the profile of works undertaken in the State as a whole, as well as in the sampled districts, for the period 2009-10 to 2011-12 was as follows.

²⁷ On land owned by SC/ST households, beneficiaries of land reforms, beneficiaries under Indira Awas Yojana (IAY), and Below Poverty Line (BPL) families

²⁸ On land owned by SC/ST households, and small and marginal farmers

²⁹ If there are more than 5 children below the age of six years

Table 14 - Profile of works for whole State

Category of Works	2009-10	2010-11	2011-12	Total	% of total works
Water conservation and water harvesting	3,14,011	4,21,804	9,13,736	16,49,551	43
Drought proofing and plantation	39,873	27,356	2,70,385	3,37,614	9
Irrigation canals (Micro and Minor Irrigation works)	1,20,517	1,59,616	2,69,419	5,49,552	15
Provision of Irrigation facilities to SC/ST/IAY/Land reform beneficiaries	1,12,774	1,97,036	1,68,794	4,78,604	13
Renovation of traditional water bodies	76,224	88,993	16,598	1,81,815	5
Land Development	2,12,877	1,44,838	18,500	3,76,215	10
Flood Control	6,220	4,694	2,004	12,918	-
Rural Connectivity	43,996	92,620	64,468	2,01,084	5
Total	9,26,492	11,36,957	17,23,904	37,87,353	

Source: AP MGNREGS MIS web reports

As can be seen, the highest proportion of works (by number) for the State as a whole was for water conservation and water harvesting; this was followed by irrigation canals (including micro and minor irrigation works), provision of irrigation facilities, etc., to SC/ST/IAY/Land reforms beneficiaries, land development and drought proofing.

8.3 Analysis of electronic data on works

Audit analysis of electronic data on works for the period from 2009-10 to 2011-12 relating to four districts (Ranga Reddy, Nalgonda, Vizianagaram and Anantapur) revealed the following:

8.3.1 Works of an unusual nature

Audit analysis revealed several works involving only one worker, or works involving 10 or less days of work. The need for taking up such works at all as well as the actual execution of such works is, thus, open to doubt.

Table 15 - Works involving one worker

	Ranga Reddy	Anantapur	Vizianagaram	Nalgonda
Number of works	2,338	2,384	7,765	11,313
Days worked	15,559	24,663	47,763	97,579

Source: Analysis of electronic data provided by the Department

Table 16 - Works involving 10 or less persondays of work

	Ranga Reddy	Anantapur	Vizianagaram	Nalgonda
Number of works	3,391	4,031	11,174	12,118
Days worked	19,533	27,218	66,090	69,683

Source: Analysis of electronic data provided by the Department

Government, while accepting the audit observation stated (February 2013) that MR check verification would be introduced for these kind of works.

8.3.2 Works-in-progress

A profile of the works-in-progress in the four districts pertaining to the period from 2005-06 to 2012-13 revealed the following position.

Table 17 – Profile of works-in-progress

District	Number of Works	GPs involved	Average number of works in progress per GP
Ranga Reddy	77,315	651	119
Anantapur	94,909	1,001	95
Vizianagaram	80,045	927	86
Nalgonda	1,43,833	1,175	122

Source: Analysis of electronic data provided by the Department

The profile of work status for each of these four districts is summarised below.

Table 18 – Profile of works status

	Anantapur	Ranga Reddy	Vizianagaram	Nalgonda	Total
Completed	83,243	23,115	84,524	66,988	2,57,870
Closed	60,150	12,662	38,912	39,695	1,51,419
In progress	94,909	77,315	80,045	1,43,833	3,96,102
Others	126	294	43	161	624
Total	2,38,428	1,13,386	2,03,524	2,50,677	8,06,015

Source: Analysis of electronic data provided by the Department

The above shows that almost half the works on which manual work has been taken up are still under progress.

A profile of works-in-progress for the four districts from the year in which work initially commenced reveals the following position.

Table 19 – Starting year-wise profile of works-in-progress

Year	Anantapur	Ranga Reddy	Vizianagaram	Nalgonda	Total
2005-06	Nil	12	Nil	Nil	12
2006-07	Nil	214	Nil	1	215
2007-08	16	323	11	21	371
2008-09	181	90	47	97	415
2009-10	3,251	418	665	442	4,776
2010-11	21,173	6,681	13,385	10,621	51,860
2011-12	42,720	44,896	38,051	70,857	1,96,524
2012-13 (upto October 2012)	27,568	24,681	27,886	61,794	1,41,929
Total	94,909	77,315	80,045	1,43,833	3,96,102

Source: Analysis of electronic data provided by the Department

Normally, works, if taken up, should be executed and completed within a definite period of time. In the cases of works stretching over 1 year or more (and in most cases not being executed continuously), durable assets of use to the community are not created; further, the possibility of dubious MRs being generated after a considerable gap of time, cannot be ruled out.

One of the major issues with the implementation of MGNREGA is the large number of works-in-progress in a GP (around 100). Most of these works have had sporadic bursts of persondays of employment, without continuity. Admittedly, a significant proportion of these works are, in effect, dormant; the actual number of works on which work is being currently provided would be less.

Given the available administrative infrastructure, it is simply impossible for the current pool of FAs and TAs to manage/supervise so many works in a GP. The other, more, important impact of having so many works-in-progress is that attention is focused on provision of work, and not on creation of durable assets through creation of durable assets. The use of a norm for works-in-progress in a GP would also focus attention on completion of works taken up (and creation of assets) before taking up a fresh work.

This is not to say that works-in-progress should be treated en masse as completed. For such a situation, a phased programme of evaluating works (perhaps by category) and either abandoning/closing such works or creating a 'dormant' category of works (for being re-started later when existing works are completed) could be considered.

State Government, while admitting the fact that some of the tasks were left incomplete resulting in huge number of works-in-progress, stated (August 2012) that a project mode of plan, considering similar works of all farmers in a block with one work ID and to meet the demand in GP at a given point of time, would be taken up.

8.4 Execution of High Material Component Works by Line Departments

The majority of works (63,307) executed by the Panchayati Raj Department (a non-GP implementing agency) under MGNREGA was relating to construction of Water Bound Macadam (WBM) Grade-II level roads and Gram Panchayat Office Buildings. Considering the extra-ordinarily high material percentage ratio on these works (some ranging from 90 to 100 *per cent*) and other serious deficiencies in Muster Rolls, many of these works do not fall within the category of permissible works as Schedule I of the Act provides:

“...9. The cost of material component of projects including the wages of the skilled and semi-skilled workers taken up under the Scheme shall not exceed 40 per cent of the total project costs...”

The concept of such works being executed through the Work Executing Member (WEM) model, (covered in Chapter 10 of this report), further vitiates the execution of such works.

Subsequent to GoI's order of May 2012 enforcing wage-material ratio of 60:40 at the GP level, the State Government has, in June 2012, dispensed with the system of engaging WEMs of Rural Connectivity Project (RCP) works with immediate effect. Further, the State Government replied (August 2012) that necessary guidelines were issued to ensure the material ratio limit within 40 per cent at the GP level and accordingly, the software was amended.

8.5 Key audit issues by work category

The profile of works physically verified during January 2012 to August 2012 in six selected districts is as shown below.

Table 20 – Profile of sampled works

(Number of Works)

Work Category	Total	Completed	In progress
Land development	419	139	280
Water Conservation and Harvesting ³⁰	871	508	363
Horticulture	321	141	180
Formation of roads	187	88	99
Construction of BNRGSK buildings	18	1	17
Total	1,816	877	939

Source: Sampled works

District-wise break-up is given in *Appendix-3*.

Main audit findings, grouped by category of work, for the 1,816 sampled works are detailed below:

8.5.1 Land development works

Land development works involve a multiplicity of tasks on fallow lands of specified categories of households (SC/ST, small and marginal farmers); these include juliflora clearance; bush clearance; big stump removal; boulder, stone and pebble removal; continuous contour trench works, etc. Audit scrutiny of 419 selected works falling under this category was carried out, involving documents examination and physical site verification.



- Site verification of the works revealed that in 60 works (involving expenditure of ₹1.12 crore) the lands remained uncultivated despite clearance of juliflora/bushes; boulders, stones/pebbles and big stumps were noticed as not removed, and thereby the intention of bringing the lands under cultivation was not achieved. Further, land development was carried out on ineligible lands like public institutions/high schools in one case (involving expenditure of ₹2.18 lakh) and on already developed/cultivated lands in two cases (expenditure ₹0.22 lakh).

³⁰ Including construction of MI Tanks, Percolation Tanks, Farm Ponds, de-silting of Canals, feeder/field channels and check dams

	
<p>Work ID: 131805005004061615 GP/Mandal/District: Pendekallu/Tuggali/Kurnool Expenditure incurred: ₹49,501 <i>Work remained incomplete due to non-removal of stones</i></p>	<p>Work ID: 121723209007011086 GP/Mandal/District: Bhoginipalle/Raptadu/Anantapur Expenditure incurred: ₹11,166 <i>Land covered with pebbles, and is unsuitable for cultivation</i></p>
	
<p>Work ID: 152053603002040156 GP/Mandal/District: Gadda Mallaiah Guda/Yacharam/Ranga Reddy Expenditure incurred: ₹5,29,897 <i>Land remained uncultivated, due to non-removal of juliflora</i></p>	<p>Work ID: 232864922020010672 GP/Mandal/District: Bettathanda/Neredcherla/Nalgonda Expenditure incurred: ₹49,195 <i>Land remained uncultivated due to non-removal of stones/pebbles</i></p>

While accepting the audit findings, the State Government stated (August 2012/ February 2013) that to meet the demand of wage seekers, large number of land development works were commenced and put in to progress and some of the tasks were left incomplete, which resulted in huge number of works shown as in-progress. State Government, further, stated that some of the lands could not be cultivated due to scarcity of water and drought conditions prevailing in certain mandals, the lands were not cultivated by the farmers, and where the lands remained uncultivated despite availability of water, the farmers would be motivated to cultivate the land. Non-removal of big stones/stumps/pebbles was attributed to disinterest by the wage seekers, owing to difficulty of work. Removal of pebbles was stated to be difficult due to its being spread all over the land, software problem (not permitting re-inputting of task of continuous pebble removal work on the same land), unsuitable land for complete levelling due to flow of river across the fields, etc.

- As regards 23 Continuous Contour Trench (CCT) works (expenditure ₹39.80 lakh), audit found that the excavated earth was not placed with the required berm (appropriate gap); and breaking of clods and dressing with required side slope was not done, which is likely to result in the excavated earth falling back into the dug up area/trenches, especially with the outset of heavy rains.

	
<p>Work ID: 152053601001010164 GP/Mandal/District: Toolekurd/Yacharam/Ranga Reddy Expenditure incurred: ₹3,90,046 <i>Continuous contour trench works were estimated at huge cost, but not executed usefully to extend maximum benefit to the beneficiary farmers</i></p>	<p>Work ID: 030312033040060966 GP/Mandal/District: Mallam/Butchayyapeta/Visakhapatnam Expenditure incurred: ₹63,922 <i>Trenches were dug as part of rain water harvesting structures, but the clods were dumped without breaking</i></p>

With regard to the findings on CCT works, the State Government stated (August 2012) that the slopes were not necessary for the trench owing to stony soil, which is not convincing in view of photographs. Dressing was not done in some cases due to unwillingness of the beneficiaries owing to hard soil and at some places due to non-availability of HBG stone. State Government, further, stated that no provision was made for maintenance of CCT works.

Audit also noticed that a number of works relating to land development were found to be productive, as is evident from the following photographs.

	
<p>Work ID: 152020214017010125 GP/Mandal/District: Velchal/Mominpet/Ranga Reddy Expenditure incurred: ₹6,97,246 <i>Land found to be brought under cultivation</i></p>	<p>Work ID: 152020208010060211 GP/Mandal/District: Mominpet/Mominpet/Ranga Reddy Expenditure incurred: ₹5,57,747 <i>Land found to be brought under cultivation</i></p>

8.5.2 Water conservation/drought proofing



These works included Minor Irrigation (MI) Tanks, Percolation Tanks, farm ponds and check dams; de-silting of canals, feeder/field channels and trench works. Out of 871 test checked works of this category, 508 works were completed and 363 works were under progress.

- Audit scrutiny revealed that in respect of 51 works (involving expenditure of ₹3.13 crore) related to restoration of MI Tanks, Percolation Tanks and farm ponds, the bund/embankment executed was not uniform. Further, no consolidation/compacting was done and the height of the bund was increased abnormally in some cases, while the top width of bund was not maintained in other cases. This may lead to slippage during rainy seasons. Also, embankments and revetment/stone works were either not executed or noticed as damaged and sluices remained closed/not executed.

	
<p>Work ID: 131812802002012770 GP/Mandal/District: Pothugal/Krishnagiri/Kurnool Expenditure incurred: ₹8,71,582 <i>Bunding was completed without any revetment</i></p>	<p>Work ID: 232935613011050110 GP/Mandal/District: Varkala/Chintapalli/Nalgonda Expenditure incurred: ₹16,61,684 <i>No sluice was constructed and the opening was closed by construction of a wall</i></p>
	
<p>Work ID: 030312020024050029 GP/Mandal/District: Gunnempudi/Butchayyapeta/Visakhapatnam Expenditure incurred: ₹24,49,785 <i>Sluice completely closed due to soil erosion, defeating the very purpose of irrigating the ayacut</i></p>	<p>Work ID: 121712613012010417 GP/Mandal/District: KK Agraharam/Bukkarayasamudram/Anantapur Expenditure incurred: ₹44,984 <i>Weakening of bund, due to soil erosion</i></p>

While responding to these comments, the State Government replied (August 2012/ February 2013) that the leftover revetment works relating to MI tanks would be completed, and due to lack of proper knowledge, the sluices, surplus went/repairs had not been proposed by engineers at the time of work estimation. As regards non-execution of revetment in farm ponds, it was stated that the farmers were not interested in getting the work owing to huge cost, which is not acceptable, as the cost of said work was not to be borne by the beneficiary. Stone bunding for farm ponds was stated as not necessary due to hard soil, which, however, was not convincing in view of provision in the estimates.

Audit also noticed that two works relating to farm ponds visited during physical verification were found satisfactory.

	
<p>Work ID: 40331 (Last 5 digits) GP/Mandal/District: Pothugal/Krishnagiri/ Kurnool Expenditure incurred: ₹7,95,495</p>	<p>Work ID : 40372 (Last 5 digits) GP/Mandal/District: Kambalapadu/ Krishnagiri/Kurnool Expenditure incurred: ₹3,81,036</p>

- With regard to 84 works (expenditure ₹1.85 crore) of de-silting of canals, feeder/ field channels visited, audit found that bushes and silt had re-accumulated. The channels were either not connected to the water source (tank) or to the fields and the de-silting was taken up in canals for which there was no in-flow for 15 years indicating faulty planning of works. Lack of adequate side slope; improper compacted bund/embankment and berm Channel at lower level and tank (where water is intended to flow to) at higher level further indicative of improper designs works. Uneven de-silting and non-existing of field channel/feeder channel flattened to road level were noticed, thereby free flow of water from/to source/ fields would be very remote.

Field/Feeder Channels



Work ID: **020212922029010273**

GP/Mandal/District: **Budathanapalle/
Gantyada/Vizianagaram**

Expenditure incurred: **₹2,37,519**

Even after de-silting, the work was not useful as the channel lacks required depth and appears like a road



Work ID: **121723202001030081**

GP/Mandal/District: **Prasannayapalle/Raptadu/ Anantapur**

Expenditure incurred: **₹1,63,340**

Dried up field channel due to lack of water source and maintenance



Work ID: **121723210008020822**

GP/Mandal/District: **Gandlaparth/Raptadu/
Anantapur**

Expenditure incurred: **₹17,711**

Sectioning and compaction not done



Work ID: **232864922020030205**

GP/Mandal/District: **Bettathanda/
Neredcherla/Nalgonda**



Expenditure incurred: **₹16,402**

Re-accumulation of bushes and silt in feeder channel

In response, the State Government stated (August 2012/February 2013) that provision for breaking the clods was not made in the original estimates and the same would be added separately and the work would be completed in all respects. They further stated that desilted earth fell back into the channel at various places due to cattle tress pass and heavy rains and, that uneven de-silting of canals was due to non-taking up the work by the wage seekers owing to hard soil. As regards the work taken up in canal for which there was no water for 15 years, it was stated that the work was proposed in the Gram Sabha with the expectation of farmers in getting rains in those years. Certain feeder channels were stated as not required as per the decisions taken by farmers owing to existence of permanent water sources of their own, and also rare use of MI tank due to non-availability of water, which is indicative of improper identification of work.

As regards sectioning and compaction work pertaining to Raptadu mandal of Anantapur district, Government assured (February 2013) that the defects pointed out by Audit would be rectified.

- In respect of 3 works under Check Dams (expenditure ₹10.32 lakh), it was noticed that weirs to protect check dams from damage were not provided, leading to washing away of dams.

Check Dams	
	
<p>Work ID: 027050311034010001 GP/Mandal/District: Thittiri/Kurupam/Vizianagaram Expenditure incurred: ₹7,56,754 <i>Flooring/lining at one side of the apron was not done to protect the surface and also free flow of water</i></p>	<p>Work ID: 232935616016010072 GP/Mandal/District: Teededu/Chintapalli/Nalgonda Expenditure incurred: ₹1,68,076 <i>Weirs were not provided to protect the check dams from damage</i></p>

State Government replied (August 2012) that no provision was made for erection of sluice gate in the estimate, which indicated faulty planning of work.

8.5.3 Horticulture

Horticulture works were largely executed as convergence works with the Horticulture and Forest departments. Works of this type viz., Mahatma Gandhi bund and plantation, supply and plantation of fruit bearing saplings/plants and teak plants and tank fore shore plantation; raising of fodder maize, jowar for silage making, horticulture orchards, teak beds, primary bed and bag culture nurseries etc., were selected for test-check and physical verification with reference to records at the offices of the above departments. Out of 321 works selected, 141 works were completed and 180 works were in progress.

- **Poor survival of plantations**

During the physical verification of works, it was noticed that in 32 works (expenditure ₹29.94 lakh) of plantation, there was either no survival or poor survival of plants due to plantation during off season/non-identification of water source. In 4 works (expenditure ₹17.59 lakh), no/less efforts made to protect and maintain the bund plantations (non-provision of tree guards) and saplings planted (non-provision of inputs like fertilizers/pesticides including water, etc.) leading to their poor survival.

	
<p>Work ID: 131805013008040189 GP/Mandal/District: Sabhaspuram/Tuggali/Kurnool Expenditure incurred: ₹4,20,738 <i>Plantation work taken up under Horticulture Development was not found at site during physical verification</i></p>	<p>Work ID: 037012022026020011 GP/Mandal/District: Turakalapudi/Butchayyapeta/Visakhapatnam Expenditure incurred: ₹1,38,000 <i>25% survival of saplings of teak bed</i></p>
	
<p>Work ID: 121722617014040459 GP/Mandal/District: Siddarampuram/Bukkarayasamudram/Anantapur Expenditure incurred: ₹90,164 <i>Low survival of Plantation</i></p>	<p>Work ID: 121712607004042158 GP/Mandal/District: Korrapadu/Bukkarayasamudram/Anantapur Expenditure incurred: ₹1,63,564 <i>Low survival of Plantation</i></p>

In response, the State Government, stated (August 2012/February 2013) that saplings had died due to drought conditions; however, 30 per cent of dried plants had survived with the latest monsoon rains and further efforts were being made to complete casualty replacements from the year 2012. The reply is not acceptable in view of choosing the nature of saplings without considering the required soil and climatic conditions suitable for their purpose. It was further stated that, even though amounts released to farmers towards maintenance were spent for the purpose, plants had dried up due to soil conditions; and as the farmers had not shown interest in the maintenance, maintenance grant was not released in the subsequent years. This shows improper survey of soil conditions before planting.

State Government, further, stated that the plantation of fruit bearing trees was taken up duly ensuring permanent water source of bore wells with the farmers, but due to severe drought conditions plants dried up during 2011-13. The reply is not

convincing, as the fruit bearing plants are to be grown in areas with permanent water source. Failure of the Department in not identifying the permanent water source resulted in the plants dried up.

As regards not taking up adequate measures for protecting plants, it was stated that provision was made in the estimate for repairs to tree guards and subsequent repairs in the succeeding years of maintenance. The reply of the department is not correct as the maintenance or repairs to tree guards arise only when plants survive. Further, it was stated that there was no damage of teak plants from cattle because the cattle would not prefer to graze the teak plants and further stated that the Forest Department has appointed one vana sevak for every nursery to safe guard the plants, without however, producing the evidence in support of this fact.

- ***Injudicious selection of land for raising nurseries***

In Gantyada mandal of Vizianagaram district, scrutiny of a work (expenditure ₹1.14 lakh) revealed that selection of land was injudicious as the same was taken up on private land for raising nurseries and teak beds instead of raising in the Government land. If these nurseries are raised on Government lands, or the beneficiaries' land, the usefulness of the infrastructure developed such as sintex tank, water supply, etc., would be automatically reaped by the Government, or by the beneficiaries.

State Government stated (August 2012) that due to non-availability of Government lands with water facility the nurseries were raised in private lands. Reply is not acceptable in view of the fact of not replying to adverse consequences of raising in private lands.

Audit also noticed that some works relating to raising of fodder, avenue plantations and bund plantation were found to be satisfactory.

8.5.4 Others

8.5.4.1 Road formation

Under this category, formation of road upto WBM Grade-II surface including Cross Drainage (CD) works connecting SC/ST habitation or locality in plain areas; road upto gravel surface including CD works to agriculture fields, ST colonies, single layer roads to agriculture fields and laying of gravel roads to burial grounds were selected for test-check in audit and physical verification. All the test checked works were executed by the Panchayat Raj Engineering Department (District level); out of 187 works selected, 88 works were completed and 99 works were in progress.

During physical verification of works, it was noticed that in 9 works (expenditure ₹49.79 lakh), consolidation/compacting was not done and berms at some places were not executed, while at some other places, 'camber' was not executed properly leading to many potholes/ditches. In 6 works (expenditure ₹93.60 lakh), the road formation had led to closure of feeder channel leading to MI tank and in some places construction of culvert drain for stream crossing road was not carried out, and the

roads were not connected to nearest habitations in some cases. In Vizianagaram district, Cement Concrete (CC) works were noticed in one work (expenditure ₹15.43 lakh) against the MGNREGA guidelines.

	
<p>Work ID: 127043210008080001 GP/Mandal/District: Gandlaparthy/Raptadu/Anantapur Expenditure incurred: ₹3,12,222 <i>Jungle clearance was completed and the main work of laying the road was left out</i></p>	<p>Work ID: 232935616480066 GP/Mandal/District: Melvallapalli/Chintapalli/Nalgonda Expenditure incurred: ₹2,69,099 <i>Defective single layer metal road</i></p>
	
<p>Work ID: 037072024029080001 GP/Mandal/District: Kondapalem/Butchayyapeta/Visakhapatnam Expenditure incurred: ₹13,86,498 <i>No provision in the estimate for construction of culvert drain on this road. Without culvert, the purpose of laying the road is defeated as a portion of land would be submerged in water during rainy season</i></p>	<p>Work ID: 27050311082080001 GP/Mandal/District: Thittiri/Kurupam/Vizianagaram Expenditure incurred: ₹15,42,892 <i>As per MGNREGA guidelines, Cement Concrete roads shall not be executed, contrary to the Act the CC patches was executed in some portions of the road in this work</i></p>

State Government stated (August 2012/February 2013) that the errors pointed out in audit would be rectified and all the leftover works would be completed. As regards non-maintenance of roads, it was stated that the Chief Quality controlling officer at the State level would be addressed to submit the report on this work.

8.5.4.2 Bharat Nirman Rajiv Gandhi Sewa Kendras (BNRGSK) - Mandal and GP buildings

Physical verification of 14 works selected in six districts revealed that none of the works were completed as of June 2012 though taken up between 2010 and 2011.

In some cases, slab was only laid while in other cases, the brick work, plastering, fixing of doors shutters to windows, electric wiring and sanitary items was left to be carried out. Huge quantity of construction material like sand was noticed as lying unutilised in front of one structure. An expenditure of ₹1.06 crore was incurred on these incomplete buildings. Some of the pictures of incomplete GP buildings visited during audit are shown below with Work ID, name of the GP/mandal and expenditure.

	
<p>Work ID: 037072020024090004 GP/Mandal/District: Gunnempudi/ Butchayyapeta/Visakhapatnam Expenditure incurred: ₹9,83,266 <i>GP Building was not completed even though the estimated amount was expended</i></p>	<p>Work ID: 037072315017090003 GP/Mandal/District: Aripaka/Sabbavaram/ Visakhapatnam Expenditure incurred: ₹7,34,292 <i>Incomplete GP Building - even though the estimated amount was expended</i></p>
	
<p>Work ID: 127041305004090006 GP/Mandal/District: Munthi Madugu/ Garladinne/Anantapur Expenditure incurred: ₹9,91,528 <i>Provision for internal electrical fittings, internal doors, plumbing and sanitary items were not included in the estimate. Only civil structure of the building was completed</i></p>	<p>Work ID: Not furnished GP/Mandal/District: Madnapur/Chintapalli/ Nalgonda Expenditure incurred: ₹4,68,786 <i>Only slab was laid, the brick wall was left unplastered, doors, shutters to windows were not affixed</i></p>

State Government replied (August 2012/February 2013) that the pending works would be completed and detailed report in this connection would be furnished in due course.

8.6 Procurement Activities/Payment to suppliers

MoRD, while forwarding (November 2010) instructions on the procedure to be followed for procurement of material under the scheme directed that every authority

delegated with the financial powers of procuring material should maintain the transparency by giving equal treatment to suppliers and promotion of competition in public procurement. Further, it was also stated that the principles of GFRs should be scrupulously followed while procuring material and all related records to be kept meticulously for scrutiny. State Government, while endorsing the GoI's instructions, issued several orders subsequently on procurement of material for different categories of works.

Major audit findings with regard to procurement are summarised below:

- In contravention to the provisions contained in paragraph 6.3.3 of MoRD's Operational Guidelines, various authorities (sarpanches, ward, mandal parishad territorial council members) were having huge sums of money credited to their bank accounts purportedly for material payments, after being nominated as Work Executing Members (WEMs) by GPs. In one mandal (Velgodu³¹), such payments to the eight joint accounts of the Sarpanch/technical assistant (for 8 GPs) amounted to ₹3.05 crore, purportedly for transportation of silt, for which either no records were available or false/fictitious records were created; such payments amount to misappropriation/embezzlement of Government funds. State Government stated (August 2012) that the misappropriation was detected by the social audit teams, and action had been taken for suspension and termination of responsible field functionaries and also to recover the misappropriated amount under the Revenue Recovery Act (RR Act). It was also stated that the material payments were now being made to the farmer/beneficiary account.
- There was complete absence of tendering processes for materials, with works being assigned directly to WEMs (who were essentially acting as contractors appointed on nomination basis). Government replied (August 2012) that the WEM system was abolished from June 2012 and tender process for procurement of material was introduced from February 2012.
- Payment of ₹33 lakh for arrangements for CM's meeting in January 2009 (including Service Tax component) were made to non-existent firms (without Service Tax Registration); material supplied at site was not checked/counted by officials. Government replied (August 2012) that the supply of entire material had been verified by the then officials and bills were scrutinised by then PD and payments were made. ***However, this payment could not be vouchsafed in audit due to non-existent firms and insufficient documentation for supply.***
- The DFO (SF) Ranga Reddy district did not choose suppliers by calling bids by publication of tender notice in newspapers. Instead of arranging for centralised purchase of materials, all the field staff were allowed to place their orders separately for supply of teak stumps, seeds, watering services, etc., that too only on particular individuals/firms. Transactions amounting to ₹3.37 crore were undertaken during 2010-12 (2 years) for the above supplies. Centralised purchase

³¹ Covered as part of the pilot study for MGNREGA

would have facilitated competitive bidding, ultimately resulting in savings. Further, in the same agency, prescribed norms/procedure were not followed for procurement of plastic water containers worth ₹30 lakh and above.

- DFO (Hyderabad) made payments (2011) worth ₹94.55 lakh to suppliers towards procurement of seeds/sapplings without ensuring actual receipt of stock/prior to receipt of stock.
- Payments were made to other than suppliers/WEMs in respect of nursery and Rural Connectivity Project (RCP) works for supply of sign boards of RCP works executed by PR Division, Vikarabad, Ranga Reddy district; and instances of payments to unauthorised account holders were also noticed. State Government stated (August 2012) that a detailed investigation was directed to be initiated against the responsible persons.

9 Achievement of Auxiliary Objectives

9.1 Requirements

The two main objectives of the scheme are (a) enhancing livelihood security by providing guaranteed wage employment, and (b) creating durable assets. However, the auxiliary objectives of the scheme include:

- **Protecting the environment** – The priority works listed under Schedule-I of the Act include water conservation and water harvesting; drought proofing (including afforestation and tree plantation); renovation of traditional water bodies (including de-silting of tanks); and flood control and protection works (including drainage in water logged areas); these categories of works could be construed as environmentally friendly.
- **Empowering rural women** – Schedule-II of the Act stipulates that at least one-third of the beneficiaries shall be women who have registered and requested work under the scheme.
- **Fostering social equity** – Two categories of priority works listed under Schedule-I viz., provision of irrigation facility to land owned by households and land development works – give priority to SC/ST households and other disadvantaged sections (land of beneficiaries of land reforms, beneficiaries under IAY and BPL households for provision of irrigation facility, and small and marginal farmers for land development works). Also, SC/ST status of households is captured at the time of registration to verify that such households get a fair share of employment under the Act.
- **Reducing rural-urban migration** – It is hoped that by provision of employment in rural areas under the scheme, there will be a reduction in the trend of rural-urban migration, especially distress migration.

9.2 Audit Findings

9.2.1 Protecting the Environment

It would be seen that a high degree of priority was given to identifying and executing works, which could be construed as environmentally friendly e.g. water conservation and water harvesting, drought proofing including afforestation and tree plantation etc.

9.2.2 Empowerment of Rural Women

A gender-wise profile of beneficiaries under the scheme revealed the following position.

Table 21 – Gender-wise beneficiary profile for the State

Financial year	Total Number of beneficiaries provided employment	Number of male beneficiaries	Number of female beneficiaries	Percentage of female beneficiaries to the total beneficiaries
2009-10	1,15,14,361	52,90,557	62,23,804	54
2010-11	1,18,96,383	54,44,190	64,52,193	54
2011-12	91,24,569	41,14,368	50,10,201	55

Source: AP MGNREGS MIS Data

Further, women were also employed as FAs, TAs, APOs and POs/MPDOs. Also, bank accounts were opened individually for workers (including women), instead of a single account in the name of the head of the household.

It would be seen that the women were about half the total number of employees worked under MGNREGA, evidencing that there was no discrimination against women labour.

9.2.3 Fostering Social Equity

A profile of SC and ST beneficiaries under the scheme revealed the following position:

Table 22 – SC/ST beneficiary profile for the State

Year	Total Number of beneficiaries provided employment	Number of beneficiaries under SC category	Number of beneficiaries under ST category	Percentage of SC beneficiaries to the total beneficiaries	Percentage of ST beneficiaries to the total beneficiaries
2009-10	1,15,14,361	29,05,153	16,64,021	25	14
2010-11	1,18,96,383	29,78,827	17,85,986	25	15
2011-12	91,24,569	24,00,800	14,19,645	26	16

Source: AP MGNREGS MIS Data

It would be seen that the SC, ST and OBC beneficiary persondays constituted the vast majority of the total persondays generated under MGNREGA, evidencing that there was no discrimination against disadvantaged sections in provision of employment.

9.2.4 Reducing rural-urban migration

The beneficiary surveys conducted by audit, as well as the impact studies commissioned by the State Government, confirmed an improvement in the lives of workers (income, change in expenditure pattern, bargaining power), accompanied by a reduction in migration to urban areas.

10 Convergence with Other Programmes

10.1 Prescribed Procedures

MoRD has issued detailed guidelines for convergence between MGNREGA and various other programmes; e.g.

- **Integrated Watershed Management Programme (IWMP)** - This was identified as an important scheme for convergence with MGNREGA, as more than 50 *per cent* of MGNREGA works relate to soil and water conservation. Almost all watershed development activities are permitted under MGNREGA. Convergence is subject to the cost of material component of projects (including skilled/semi-skilled wages) of not more than 40 *per cent*, non-engagement of contractors, and use of manual labour and not machines (as far as practicable).
- **Pradhan Mantri Gram Sadak Yojana (PMGSY)** – Convergence under MGNREGA would involve coverage of habitations not covered under PMGSY thresholds, multiple connectivity beyond the PMGSY core network, construction/improvement of village internal roads or lanes, planting fruit and other trees on PMGSY roads etc.
- **Schemes of Ministry of Water Resources (MoWR)** – These involve seven categories of MoWR works – Command Area Development & Water Management; Repair, Renovation and Restoration of Water Bodies; Dug well recharge Scheme; Ground water management and regulation scheme; Flood control and river management scheme; Accelerated Irrigation Benefits Programme; and Farmer’s Participation Action Research Programme. The convergence would involve gap filling and value addition through MGNREGA, dovetailing inputs into a common scheme; area approach; and technical support for MGNREGA works.
- **Ministry of Agriculture (MoA) and Krishi Vigyan Kendras (KVKs) of ICAR³²** – Convergence with various programmes of MoA viz., National Food Security Mission, Rashtriya Krishi Vikas Yojana, National Horticulture Mission, etc., was encouraged, subject to MGNREGA parameters (viz., material cost limit of 40 *per cent*, non-engagement of contractors, and use of manual labour). Further, appropriate technological backstopping to MGNREGA would be provided by the KVKs of ICAR at the ground level.
- **Bharat Nirman Rajiv Gandhi Sewa Kendra (BNRGSK)** – This involves construction of BNRGSK buildings at GP and Block levels to accommodate MGNREGA offices, subject to wage-material ratio of 60:40, transparent procurement process and without use of machinery and contractors. For BRGF³³

³² ICAR: Indian Council for Agricultural Research

³³ Backward Regions Grant Fund, a programme funded by GoI for supplementing and converging existing developmental inflows for 250 identified districts

districts, material component would be from BRGF while for other districts, MGNREGA would be the main source of funding.

10.2 Audit Findings

10.2.1 Horticulture Department

From February 2010³⁴, the State Government initiated convergence with the Horticulture Department. The horticulture component of MGNREGA would be implemented only through Horticulture Department. This was closed with effect from 30 April 2012.

Audit scrutiny in Anantapur district revealed that

- During the year 2010-11, PD DWMA sought for 1.49 crore seedlings of various species. However, 84.22 lakh seedlings were raised by DFO and out of which only 8.50 lakh seedlings (10 *per cent*) were lifted by DWMA. This resulted in utilisation of seedlings to the extent of only 10 *per cent* of the total seedlings raised.
- Similarly during 2011-12, of 1.40 crore seedlings of teak and red sanders sought for by PD DWMA, DFOs (SF and Territorial) raised 11.90 lakh seedlings and of which only one lakh seedlings (8.43 *per cent*) were lifted (August 2012) by DWMA. Resultantly, only 580.10 acres (5 *per cent*) out of the proposed 11574.39 acres of land could be covered by DWMA.

Government stated (February 2013) that the seedlings could not be utilised due to scanty rainfall. The reply is not acceptable in view of the fact that the DWMA could not utilise the seedlings despite their availability indicating incorrect/unrealistic assessment of requirement.

10.2.2 Rural Connectivity Projects (RCPs) and BNRGSK Works

State Government initiated MGNREGA works under ‘Rural Connectivity Projects’ from July 2009, covering roads under two components – Zilla Praja Parishad (ZPP) and Mandal Praja Parishad (MPP). ZPP road works involved roads upto WBM Grade-II Surfaces, including Cross Drainage Works, to be executed with PMGSY specifications; MPP works would involve internal roads upto WBM Grade-II. The implementing agencies would be the Panchayat Raj Engineering Department (PRED) and the Tribal Welfare Engineering Department (only in tribal areas). Similarly, construction of GP Buildings and Mandal Buildings (MGNREGA/Mandal Samakhya) under BNRGSK has been entrusted to PRED as the implementing agency.

The entrustment and execution of RCP and BNRGSK works by the State Government, with PRED as the Implementing Agency, was not in conformity with the requirements of MGNREGA, and the Convergence Guidelines issued by MoRD, for the reasons stated below.

³⁴ GO No.51 dated 1 February 2010

- Instead of funding only the unskilled wage component from MGNREGA (with the material payment from other sources), the entire cost of such works was funded from MGNREGA. Most of these projects involved very high material costs percentages, exceeding 90 *per cent* in many cases, which went against the letter and spirit of the Act.

For example, as seen from AP MGNREGS website (R 9.1), a total expenditure of ₹1899.62 crore was incurred by the PR Department on MGNREGA to end of June 2012, of which, wage component was for ₹171.68 crore and material component valuing ₹1727.94 crore i.e., 91 *per cent* of the total expenditure.

State Government replied (August 2012) that necessary guidelines were issued to ensure the material ratio limit within 40 *per cent* at GP level.

- While works were executed by PRED as the implementing agency, a concept of 'Work Executing Member' (WEM), who would be nominated by the Gram Panchayat was evolved. MoUs were signed by PRED with the WEMs. A perusal of the contents of the MoU indicate that these were essentially in the nature of conventional works contracts, with the WEM being responsible for engaging skilled labour, maintaining MRs, records and bills, supervision and monitoring of work, and ensuring work being carried out in accordance with specifications and approved rates and quantities in the sanctioned estimate. The MoUs also involved withholding of Further Security Deposit (FSD) on the lines of normal work contracts. Further, payments for material supplies were made not to the suppliers' account, but to the WEM's account on the basis of MB measurements (and not on the basis of purchase invoices).

The above clearly demonstrates the contractual nature of the engagement of WEMs by PRED. However, subsequent to GoI's order of May 2012 enforcing wage-material ratio of 60:40 at the GP level, the State Government has, in June 2012, dispensed with the system of engaging WEMs for Rural Connectivity Project (RCP) works with immediate effect.

State Government replied (August 2012) that in place of WEMs, now the GPs were made responsible for maintaining muster rolls at work site, procurement of material, skilled and semi-skilled labour, supervising and monitoring the works.

11 Record Maintenance and MIS

11.1 Prescribed Procedures for Record Maintenance

The two main sets of records critical to establishing provision of employment and creation of assets (the two key objectives of the Act) are the job card (where details of work provided and done and amount paid must be recorded) for each household and the Muster Rolls (MR) and Measurement Books (MB) for each work, which indicate attendance by workers as well as the quantity of work actually performed. In addition, MoRD's Operational Guidelines prescribe maintenance of several registers, as summarised below:

Name of the Register	Authority responsible for maintenance
Muster Roll Issue Register	Programme Officer at the block level
Muster Roll Receipt Register	Gram Panchayat
Job Card Application Register	Gram Panchayat/Programme Officer
Job Card Register	Gram Panchayat/Programme Officer
Employment Register	Gram Panchayat/Programme Officer
Works Register	Programme Officer/Gram Panchayat/other Implementing Agencies
Asset Register	Programme Officer/Gram Panchayat/other Implementing Agencies
Complaint Register	Programme Officer/Gram Panchayat/other implementing agencies
Monthly Allotment and Utilisation Certificate Watch Register	DPC/Programme Officer/Gram Panchayat/other implementing agencies

Source: Operational Guidelines of MoRD – Para 9.1.1

11.2 Audit Findings - Register Maintenance

Audit scrutiny in the test checked GPs revealed that none of the registers stipulated in the MoRD Operational Guidelines were being maintained at the GP level. While the system followed by AP for transaction processing at the Mandal level does obviate the need for maintenance of certain registers (e.g. Muster Roll Receipt Register – the GP does not process Muster Rolls, and the Works Register, since approval of works is done through the MIS), the need for maintenance of other registers like the Job Card/ Job Card Application Register, Employment Register/Application for Work Register, and Asset Register at the GP level is paramount.

Further, audit scrutiny also revealed poor maintenance of Mandal level registers as summarised below:

- Muster Roll Register was not maintained properly as observed in Pochampalli mandal of Nalgonda district. The details of Opening Balance, MRs received and MRs issued and closing balance was not indicated.
- In Chintapalli mandal of Nalgonda district, Asset Register, Advances Watch Register, UCs from GPs, Work Completion Register, etc., were not maintained.

- General scrutiny of sample Muster Rolls Registers and Musters in Buchayyapeta mandal of Visakhapatnam district and all the test checked mandals of Nalgonda and Ranga Reddy districts revealed improper handling/shabby maintenance (e.g. signatures of EC, PO, TA, LTI missing; value of work and quantity of work done not recorded; over writings/too many corrections noticed). In Raptadu mandal of Anantapur district, interpolations in Muster Rolls were noticed in respect of 27 out of 101 test checked works.
- In Krishnagiri mandal of Kurnool district, Advances Register and FTO Reconciliation Registers were not maintained, while the Registers of Inventory and Fixed Assets, though maintained, were not being updated.
- Physical asset registers were not maintained in any of the test checked mandals.
- Complaint Registers were maintained, but not closed regularly. In Garladinne and Bukkarayasamudram mandals of Anantapur district, the complaint register was not maintained at all.

In response (August 2012/February 2013), the State Government stated that the system of register and muster maintenance would be strengthened.

11.3 Analysis of MIS Data

Initially, analysis of MIS data for four districts (Ranga Reddy, Nalgonda, Vizianagaram and Visakhapatnam) was conducted, based on the data provided by Director, EGS and the IT Services Provider (TCS), using IT Tools (Microsoft SQL Server 2008/2000 and Microsoft Excel 2007). The findings, based on such analysis, indicated huge discrepancies vis-à-vis the MIS web reports on the implementation of MGNREGA.

After discussions with officials of the IT Services Provider, it was informed that the data initially provided to audit covered only transaction data of 'online' computer centres and did not include data in respect of 'offline' centres. Subsequently, between September and November 2012, data in respect of five districts (Ranga Reddy, Anantapur, Kurnool, Nalgonda, and Vizianagaram) was provided, which, according to the IT Services Provider, covered data from online and offline computer centres. This data was consequently re-analysed, and audit findings from the data re-analysis in respect of four districts (Ranga Reddy, Anantapur, Vizianagaram and Nalgonda) are discussed below.

However, data analysis findings relating to Muster Rolls and wage payments are included in Chapter 7, while findings relating to registration of households are included in Chapter 6.

11.4 Audit Findings – AP MGNREGS MIS

11.4.1 Need for ensuring reliability of data transfer

The controls and procedures for authenticating transfer of MIS data for its completeness and reliability appear to be inadequate. While the provision of MIS data for CAG's audit teams is not a regular exercise, such MIS data is provided on a

regular, ongoing basis for the monthly rounds of social audit. Incomplete and unreliable data will have a correspondingly adverse impact on the conduct of social audit.

One of the major reasons, which forced audit to conduct re-analysis of data, was that no control totals were provided along with the MIS data transferred; this could have enabled early detection of the incomplete nature of data provided.

Government stated (February 2013) that a summary alongwith social audit formats for every round will be provided.

11.4.2 Unskilled wage payments not supported by Muster Roll entries

The MIS data provided (from the Wage Pay Order table) did not match with the data on unskilled wages reported through the web reports of the MIS; details of the discrepancies in respect of the re-analysed data for selected districts is indicated in *Appendix-4*.

One of the reasons for the discrepancy between the unskilled wage payments as depicted through the MIS web reports and the Muster Roll entries provided to us were on account of unskilled horticulture related tasks undertaken through EGS works³⁵. The logic behind the ‘Glance Reports’ indicates that both for expenditure payments and advance payments, a hypothetical number of days worked was computed by dividing the total amount paid (expenditure payments as well as advance payments) by ₹80.

State Government stated (December 2012) that to bring more authenticity and integrity in the reports generated, the following steps would be taken and that, additional data explaining the differences/discrepancies would be provided by the IT Services Provider.

- Complete Documented Quality Control System, wherein each report would have the logic and process to explain how it had been computed, would be implemented.
- Approval procedures for generating the MIS Reports based on the transactions would be placed and necessary protocols would be followed by the departmental authority in future.
- Control totals in all the report formats and data formats that were being shared with the Social Audit wing would be placed.

Government further stated (February 2013) that changes would be implemented in the reports for showing this expenditure under material/skilled labour payments from 2012-13 onwards.

³⁵ Commonly referred to as MCC works, as opposed to convergence works executed through other Departments, termed as ‘DCC works’

12 Grievance Redressal, Transparency and Accountability

12.1 Prescribed Requirements

The main mechanisms prescribed under the Act and MoRD's Operational Guidelines/circulars for grievance redressal, transparency and accountability are summarised below:

- **Grievance Redressal** – The PO and the DPC would be the Grievance Redressal Officers at the Block and District levels. Grievances are to be acknowledged, and disposal intimated to the petitioner. Details of grievance redressal are to be uploaded on the Internet on a weekly basis. Also, the State Governments should formulate rules for grievance redressal. Further, in September 2009, GoI directed all State Governments to establish, within three months, offices of Ombudsmen at the District level as an independent mechanism for redressal of MGNREGA related grievances.
- **Social Audit** – The Act mandates conduct of regular social audits under the Scheme by the Gram Sabha. MoRD's Operational Guidelines and the MGNREGA Audit of Schemes Rules, 2011 lay down the detailed procedures for half-yearly social audits by the Gram Sabha, including:
 - ❖ establishment of an independent social audit unit for facilitating conduct of social audits (through capacity building of resource persons, preparing social audit formats and guidelines, creating awareness, facilitating verification of records with primary stakeholders and worksites, facilitating smooth conduct of social audit by Gram Sabhas, and hosting social audit/action taken reports in the public domain);
 - ❖ specifying the process for conducting social audits; and
 - ❖ laying down the obligations of officials in relation to social audit.
- **Monitoring** – MoRD's Operational Guidelines provide for the formation of local Vigilance & Monitoring Committees (VMCs) for every work sanctioned under the Scheme, internal field verification of works (100 *per cent* of works at Block level; 10 *per cent* of works at District level; and 2 *per cent* at State level), and verification and quality audit by external monitors at the Central, State and District levels.

12.2 Audit Findings

12.2.1 Grievance Redressal

Audit scrutiny revealed that:

- State Government appointed an Ombudsman in every district (entrusted with the responsibility of examining all complaints of irregularities pointed out by the

Social Audit and passing ‘Awards’ expeditiously) in a phased manner (August/November 2010 and July 2011). However, in Vizianagaram and Anantapur districts, the post of Ombudsmen fell vacant from July 2011 and August 2012 respectively for which the State Government replied (August 2012/ February 2013) that the selection process was in progress.

- During 2009-10, the State Government introduced a formal system of registering grievances, petitions at GP/block/district level and maintaining complaint registers for recording, investigating and disposing the grievances of workers and complaints of public. Review of the status of complaints received and settled during the last three years from 2009-10, as reported by Director, EGS, indicated that pending cases amounted to about 10 *per cent* of the total cases registered. However, the status of grievance redressal was not uploaded onto the AP MGNREGS MIS website.
- Audit scrutiny in the sampled districts confirmed maintenance of complaint registers at the Mandal level in all the sampled districts, as well as the pendency of complaints.
- In Vizianagaram district, out of 185 disposed cases, 121 were rejected and 64 were accepted/redressed. As per Praja Vani, the time taken for settlement of complaints ranged from 1 to 7 months; however, scrutiny of the complaint registers indicated delays of 2 to 5 months. As of August 2012, 26 cases from 2011 and 15 cases from 2012 were pending. Also, a representation from 130 villagers of Lakkidam GP³⁶ for provision of work was registered in Gantyada mandal, Vizianagaram district. This was not acted upon on the grounds that the beneficiaries refused to do work on account of low wages.
- State Government set up a toll free help Line (155321 BSNL users) and 1800-200-4455 (March 2012); complaints registered through the Help Line are redressed by Redressal officers at Mandal, Cluster, District and State levels by the Commissioner, Rural Development.
- In April 2011, the State Government created a legal cell to deal with MGNREGA related court cases filed by general public, voluntary organisations and such other entities. Further, the State Government enacted ‘The Andhra Pradesh Promotion of Social Audit and Prevention of Corrupt Practices Act, 2012’ in April 2012³⁷, providing for creation of special mobile criminal courts with powers to sentence erring officials for upto two years for fraud in record keeping, misappropriation of funds, non-disbursal of payments and abetment of these offences; the first mobile criminal court was set up in 2012.

³⁶ Outside our audit sample of GPs

³⁷ Replacing the Social Audit (Punishment of Corrupt Practices) Ordinance, 2011

12.2.2 Social Audit

Social audits of NREGA works were initiated in July 2006 under the aegis of the Strategic and Performance Innovation Unit (SPIU) of the Rural Development Department in collaboration with civil society activists. A multi-tier structure (consisting of State Resource Persons, District Resource Persons, and Village Social Auditors) was set up.

In contrast to other States, the social audit process concludes with a two level hearing:

- A hearing at the level of the Gram Sabha; followed by
- A consolidated 'public hearing' at the Mandal level where the major social audit findings in respect of all GPs under the Mandal are read out, opinions of villagers, officials and other stakeholders taken, and decisions taken on the social audit findings. While the meeting is chaired by a representative of DPC/Additional DPC, a Mandal level Specialist Officer (from outside any implementing agency) is deputed for this hearing.

Details of social audit findings and action taken reports are available on the Social Audit website. A summary of Social Audits conducted during the last three years, and the status of cases settled, penal actions imposed are indicated in **Appendix-5**. It was noticed that against objections worth ₹347.61 crore raised in social audit during the last three years from 2009-10 to 2011-12, recoveries were effected for only ₹18.35 crore (5 per cent) to end of August 2012.

12.2.3 Inspection and Vigilance

- Details of inspections carried out at the State level, District level authorities and Block level and the shortfalls in the inspections at the respective levels for the three years from 2009-10 to 2011-12 are indicated in **Appendix-5**.
- State Government has established³⁸ a third party quality audit/control system, consisting of Chief Quality Control Officers and Regional Quality Control Officers at the State level, and Senior/Junior Quality Officers at the District level.

However, these third party quality control teams do not cover works by other Implementing Agencies (PRED, Horticulture, Forest, etc.), which are covered by their own quality control mechanisms. For effective, consistent and independent quality control, the control mechanism for works executed through Mandals/PRIs should also cover works by other implementing agencies.

State Government replied (August 2012) that the suggestion of audit would be examined in consultation with GoI.

- State Government also appointed a Chief Vigilance Officer (CVO) specifically for MGNREGA implementation, who is the designated State level vigilance authority. In addition to other vigilance matters, he was also made responsible for

³⁸ GO No. 387 dated 10 August 2007

monitoring action on Social Audit Reports. State Government has also developed standardised electronic templates for disciplinary action on social audit and related findings, including charge sheets, notices for personal hearing, and final orders.

12.2.4 Beneficiary Survey Findings

The findings of the beneficiary survey conducted by Audit relating to transparency, grievance redressal, monitoring and vigilance and social audit are summarised below:

Criteria	Findings
Painting/pasting of work details on walls	45 <i>per cent</i> stated that such painting took place; 54 <i>per cent</i> responded in the negative; 1 <i>per cent</i> did not respond. 100 <i>per cent</i> negative responses were received from Ranga Reddy, Visakhapatnam and Vizianagaram (Kurupam mandal).
Work sites visited by officials	93 <i>per cent</i> indicated that work sites were visited by officials and 7 <i>per cent</i> responded in the negative/did not respond. However, responses for Kurnool (Krishnagiri and Chagalamarri) and Vizianagaram (Gantiyada and Kurupam) were poor.
Harassment	All beneficiaries stated that there was no harassment at the worksite.
Social audit	Only 48 <i>per cent</i> beneficiaries stated that social audits were conducted in their village, 46 <i>per cent</i> beneficiaries stated that they knew what is social audit, and 35 <i>per cent</i> stated that social audit reports were discussed in the Gram Sabha. In particular, awareness was very poor in Ranga Reddy (Yalal and Yacharam mandals) and Visakhapatnam (Butchayapeta and Sabbavaram mandals), with 99 <i>per cent</i> beneficiaries stating that they did not know what social audit is.
Grievances	11 <i>per cent</i> beneficiaries stated that MGNREGA was not implemented properly in their villages, while 4 <i>per cent</i> (69 beneficiaries) had specific grievances (number allotted but job card not issued, delay in payment of wages, non-provision of work implements, poor planning and work allotment which may necessitate migration). Of these, only 9 beneficiaries had lodged complaints, of which 2 (relating to provision of implements) were redressed in 7 days.

State Government replied (August 2012) that remedial measures like updation of details of works, cumulative number of days and wages paid for painting on the walls by Village Social Auditor and web reports, creation of awareness among the beneficiaries were undertaken.

13 Assessment of Impact of MGNREGA

The main findings of the beneficiary survey in terms of the impact of MGNREGA on their lifestyle, etc., are summarised below:

Criteria	Findings
MGNREGA bringing significant changes in lifestyle	82 <i>per cent</i> indicated that there was a change in lifestyle, while 18 <i>per cent</i> indicated in the negative. All beneficiaries in Ranga Reddy, Vizianagaram, Kurnool (Chagallamarri mandal), Visakhapatnam (Kotaraula mandal) and Nalgonda (Chintapalli mandal) stated that there was a change in their lifestyle, while all beneficiaries in Butchayapeta and Sabbavaram mandals of Visakhapatnam district stated that they could not attribute the change in lifestyle only to MGNREGA (classified under not sure/don't know).
MGNREGA helped to avoid going hungry	78 <i>per cent</i> beneficiaries responded in the positive, 2 <i>per cent</i> responded in the negative, 20 <i>per cent</i> did not respond/were not sure.
MGNREGA helped to have better quality of food	79 <i>per cent</i> responded in the positive, 3 <i>per cent</i> responded in the negative, 18 <i>per cent</i> did not respond/were not sure.
MGNREGA helped to avoid migration	73 <i>per cent</i> responded in the positive, 10 <i>per cent</i> responded in the negative, 17 <i>per cent</i> did not respond/were not sure.
MGNREGA spared children from domestic/other work so that they could go to school	74 <i>per cent</i> responded in the positive, 3 <i>per cent</i> responded in the negative, 23 <i>per cent</i> did not respond/were not sure.
Change in family income because of MGNREGA	49 <i>per cent</i> indicated a marginal improvement, 32 <i>per cent</i> reported 50 <i>per cent</i> increase, 10 <i>per cent</i> reported doubling of income, 9 <i>per cent</i> indicated no change in income.
MGNREGA helped to reduce debts	65 <i>per cent</i> responded in the positive, 12 <i>per cent</i> responded in the negative, 23 <i>per cent</i> did not respond/were not sure.
MGNREGA helped in creation of useful assets in the village	71 <i>per cent</i> responded in the positive, 6 <i>per cent</i> responded in the negative, 23 <i>per cent</i> did not respond/were not sure.

14 Conclusion

As brought out in the foregoing paragraphs, structural and capacity building measures as well as planning by State Government for implementation of MGNREGA were largely adequate, with several good practices. Audit found certain deficiencies in financial management, although the implementation of a centralised Financial Management System by the State Government is commendable.

While Audit notes the importance of the State Government' transaction-based MGNREGS MIS, through which payments are generated (as opposed to the post facto MIS adopted elsewhere), significant control deficiencies were found in the MIS, which need to be addressed urgently. Audit analysis of MIS data revealed large number of overlapping Muster Roll entries, which were also substantiated through test-check. There were also huge delays (at different stages) in payment of wages to the beneficiaries.

While the beneficiary surveys conducted by Audit confirmed an improvement in the lives of workers (income, change in expenditure pattern, bargaining power), accompanied by a reduction in migration to urban areas, but it was also noted that MGNREGA implementation in the State lacked focus on creation of durable assets. Audit scrutiny revealed large numbers of incomplete works, as well as works (across different categories – land development, water conservation and harvesting, horticulture, and GP and Mandal office buildings) improperly executed and not serving the intended objectives of assets beneficial to the local community. High material component works (more than 90 per cent to wage component) were executed by the line departments, in violation of the Act and procedures for procurement were either not followed or inadequate.

15 Recommendations

1. State Government should initiate measures to ensure adequate participation of villagers and wage-seekers in Gram Sabha meetings for planning of MGNREGA works, so that the 'bottom-up' approach to planning is effectively implemented.
2. Processes for adjustment of advances need to be streamlined and strengthened.
3. All MIS data being transferred, including data being transmitted on an ongoing basis for the monthly round of social audit, must be supported by control totals, which are formally verified/signed off by the IT services provider. These control totals must also be fully reconciled with the web reports for the concerned period and unit of coverage (State/district/mandal). Where there are discrepancies, the logic behind the web queries needs to be verified and corrected appropriately.
4. Large households (typically 10 or more members) need to be segregated urgently into nuclear families. Audit notes that State Government has, in January 2012, issued a circular for 'removal' of job cards with more than 10 household members; implementation of this circular needs to be reviewed.
5. State Government may also consider capturing photographs of households as part of the MIS.
6. Potential for irregularities in overlapping MR entries (same worker noted against different works for overlapping Muster Roll periods) is high. State Government may consider ensuring that at least 50 *per cent* of the MR entries subject to check verification cover such areas of instances of overlapping MR entries for both EGS works and convergence/DCC works, where the potential for irregularity is high. Also, works involving only one worker of 10 or less persondays of work should be specifically included in the sample for MR check verification.
7. Cases of overlapping Muster Roll entries where the total number of days worked is more than the physical days available need to be investigated, and strict action taken against the concerned officials.
8. Cases of very low daily wages (₹20 or less) pointed out in the audit analysis should be investigated and necessary corrective action taken.
9. Priority should be accorded for completion of in-progress/incomplete works (rather than taking up new works), so as to ensure creation of durable assets.

10. For all programmes implemented through Line Departments/agencies (i.e., other than GPs/PRIs), the norms under MGNREGA should be enforced strictly viz., wage-material component of 60:40, and non-use of machinery and contractors. Further, transparent procurement procedures (in compliance with GFRs or equivalent) should be ensured.
11. Third party quality control teams should be constituted for inspection of works executed by Line Departments also for effective, consistent and independent quality control.



(VANI SRIRAM)

**Principal Accountant General (G&SSA)
Andhra Pradesh**

Hyderabad

The 25 March 2013

Countersigned



(VINOD RAI)

Comptroller and Auditor General of India

New Delhi

The 26 March 2013

Appendices

Appendix-1
(Reference to paragraph 2.5, page 7)

Details of Audit Sample

District	Mandal	Gram Panchayats
Nalgonda	Pochampally	Bheemanpally, Ghousekonda, Vankamamidi, Sivareddigudem, Dothiguda, Julur, Pochampally, Mukthapur, Jalalpur, Jiblakpalle.
	Neredcherla	Bettatanda, Bothalapalem, Guduguntlapalem, Gundla pahad, Komatikunta, Mukundapuram, Musivoddusingaram, Palakeedu, Ravi Pahad, Somavaram.
	Chintapalli	Chintapalli, Kistarampalli, Gadya Gowraram, Kurmapalli, Madnapur, Mallareddipalli, Melvalapalli, Varkal, Vinjamoor, Teeded.
Ranga Reddy	Yalal	Agnoor, Akkampalle, Bennur, Chennaram, Devanoor, Doulapur, Juntpalle, Nagasamundar, Rasnum, Sangamkurd.
	Yacharam	Chintapatla, Chowder Pally, Gaddamallaiahguda, Kothapally, Kurmida, Mall, Nanaknagar, Nandiwana Parthy, Thatiparthy, Toole Khurd.
	Mominpet	Amradikalan, Deverampally, Izra Chittampally, Kesaram, Kolkonda, Mekavanampally, Mominpet, Velchal, Yenkaithala, Yenkeypally.
Anantapur	Bukkarayasamudram	Bukkarayasamudram, Bommalthapalli, Dayyalakuntapalli, Govindapalle, K.K.Agraharam, Korrapadu, Pasatur, Podaralla, Siddarampuram, Venkatapuram.
	Garladinne	Budedu, Kalluru R.S., Kesavapuram, Koppalakonda, Kotanka, Mukundapuram, Munthimadugu, Penakacheral, Thimmameta, Yerraguntla.
	Raptadu	Bandameeda palle, Prasannaya palle, Bhoginipalli, Bommeparthy, Chelopalle, Gandlaparthy, Gollpalle, Gondireddipalle, Hampapuram, Kothapalli.
Kurnool	Krishnagiri	Alamkonda, Chityala, Kambalapadu, Katarikonda, Lakkasagaram, Pothugal, Sho Yerragudi, Talla Gokulapadu, Thogarchedu, Yerukalacheruvu.
	Tuggali	Chennampalle, Gooty Erragudi, Pendekallu, Rampalli, Ratana, Sabhashpuram, Tuggali, Kadamakuntla, Pagidiroy, Upparlapalli.
	Chagalmarri	Mallevemula, Godiganur, Peddavanigali, Nelampadu, Settiveedu, D.Vanipenta, Mutyalapadu, Chagalamarri, Madduru, Gotlur.
Vizianagaram	Gantyada	Budathanapalli, Gantyada, Gingeru, Kirthubarthi, Kondatamarapalli, Murapaka, Narava, Pentasreerampuram, Ramabhadrapuram, Ramavaram.
	Gurla	Damarasingi, Gudem, Gurla, Jammu, Kella, Kondaganredu, Pedabantupalli, Tatipudi, Tettangi, Vallapuram.
	Kurupam	Biyyalavalasa, Gujuvai, Kurupam, Marripalli, Neelakantapuram, Pedagottili, Thittiri, Valasaballeru, Voosakonda, Vudayapuram.
Visakhapatnam	Kotauratla	Akasahebpeta, Bodapalem, Chinnaboddepalle, Kodavatipudi, Neeligunta, Panduru, Pippallakothapalle, Ramachandrapalem, Thangedu, Yendapalle.
	Butchayapeta	Butchayapeta, Chittayypalem, Gunnempudi, Kondapalem, Mallam, Pedapudi, Rajam, R.Sivaramapuram, Turakalapudi, Vijayaramarajupeta.
	Sabbavaram	Anthakapalli, Aripaka, Asakapalle, Bangarammapalem, Batajangalapalem, Gullepalle, Nallaregulapalem, Narapadu, Rayapura Agraharam, Tekkalipalem.

Appendix-2

(Reference to paragraph 5.6, page 22)

Statements showing district-wise household excess days for each financial year

Ranga Reddy

Year	Households	Actual Days	Entitled Days	Excess Days
2009-10	36,193	61,23,252	36,19,300	25,03,952
2010-11	22,296	33,65,048	22,29,600	11,35,448
2011-12	33,223	52,87,406	33,22,300	19,65,106
Grand Total	91,712	1,47,75,706	91,71,200	56,04,506

Anantapur

Year	Households	Actual Days	Entitled Days	Excess Days
2009-10	79,838	1,29,99,329	79,83,800	50,15,529
2010-11	63,231	92,95,636	63,23,100	29,72,536
2011-12	76,606	1,23,39,759	76,60,600	46,79,159
Grand Total	2,19,675	3,46,34,724	2,19,67,500	1,26,67,224

Nalgonda

Year	Households	Actual Days	Entitled Days	Excess Days
2009-10	67,364	1,05,41,041	67,36,400	38,04,641
2010-11	49,169	70,91,044	49,16,900	21,74,144
2011-12	38,630	60,11,388	38,63,000	21,48,388
Grand Total	1,55,163	2,36,43,473	1,55,16,300	81,27,173

Vizianagaram

Year	Households	Actual Days	Entitled Days	Excess Days
2009-10	1,05,330	1,71,95,458	1,05,33,000	66,62,458
2010-11	91,127	1,29,27,453	91,12,700	38,14,753
2011-12	1,21,963	1,86,06,218	1,21,96,300	64,09,918
Grand Total	3,18,420	4,87,29,129	3,18,42,000	1,68,87,129

Appendix-3

(Reference to paragraph 8.5, page 41)

Statement showing the profile of works physically verified in selected districts

District	Land Development			Water conservation			Horticulture			Road Formation			GP Buildings		
	Total	Completed	In progress	Total	Completed	In progress	Total	Completed	In progress	Total	Completed	In progress	Total	Completed	In progress
Anantapur	95	38	57	128	52	76	53	9	44	22	21	1	3	1	2
Ranga Reddy	35	30	5	157	92	65	100	71	29	8	8	0	0	0	0
Kurnool	88	23	65	155	92	63	51	42	9	8	0	8	0	0	0
Visakhapatnam	35	12	23	201	160	41	24	7	17	32	1	31	6	0	6
Vizianagaram	30	22	8	129	81	48	52	11	41	85	41	44	4	0	4
Nalgonda	136	14	122	101	31	70	41	1	40	32	17	15	5	0	5
Total	419	139	280	871	508	363	321	141	180	187	88	99	18	1	17

(Note: Status as reported on AP MGNREGS MIS)

Appendix-4

(Reference to paragraph 11.4.2, page 61)

Statements showing the district-wise differences between MIS data (MR entries) and web reports (Unskilled wages)

Ranga Reddy district

Financial Year	MIS Reports				Database				Difference			
	HHs	Workers	Days	Amount	Total HH	Total workers	Total days	Total amount	HH	Workers	Days	Amount
2009-10	1,25,438	2,81,412	98,91,908	1,02,53,42,000	1,25,648	2,81,745	98,87,297	1,01,74,41,907	-210	-333	4,611	79,00,093
2010-11	1,21,526	2,66,403	74,58,951	77,96,28,000	1,21,631	2,66,579	74,59,930	77,46,12,313	-105	-176	-979	50,15,687
2011-12	1,11,040	2,34,230	87,14,195	91,52,26,000	1,11,055	2,34,259	87,12,161	90,57,12,857	-15	-29	2,034	95,13,143
Total			2,60,65,054	2,72,01,96,000			2,60,59,388	2,69,77,67,077	0	0	5,666	2,24,28,923

Anantapur district

Financial Year	MIS Reports				Database				Difference			
	HHs	Workers	Days	Amount	Total HH	Total workers	Total days	Total amount	HH	Workers	Days	Amount
2009-10	3,43,094	6,63,212	2,34,39,000	2,28,45,19,000	3,45,257	6,66,819	2,33,62,373	2,28,25,64,066	-2,163	-3,607	76,627	19,54,934
2010-11	3,25,420	6,34,991	2,03,04,000	2,07,84,82,000	3,26,609	6,37,917	2,02,55,029	2,07,47,81,532	-1,189	-2,926	48,971	37,00,468
2011-12	2,39,847	4,57,549	1,97,65,000	2,10,55,63,000	2,40,691	4,59,602	1,92,57,315	2,05,72,24,147	-844	-2,053	5,07,685	4,83,38,853
Total			6,35,08,000	6,46,85,64,000			6,28,74,717	6,41,45,69,745			6,33,283	5,39,94,255

Vizianagaram district

Financial Year	MIS Reports				Database				Difference			
	HHs	Workers	Days	Amount	Total HH	Total workers	Total days	Total amount	HH	Workers	Days	Amount
2009-10	3,06,205	5,56,929	2,67,75,000	2,24,81,89,000	3,07,763	5,58,524	2,66,79,282	2,24,51,25,443	-1,558	-1,595	95,718	30,63,557
2010-11	3,14,297	5,90,959	2,41,93,000	2,18,59,37,000	3,15,853	5,92,527	2,41,52,578	2,18,22,04,728	-1,556	-1,568	40,422	37,32,272
2011-12	2,99,111	5,48,919	2,80,06,000	2,50,17,88,000	2,99,129	5,48,958	2,79,71,792	2,48,75,50,170	-18	-39	34,208	1,42,37,830
Total			7,89,74,000	6,93,59,14,000			7,88,03,652	6,91,48,80,341			1,70,348	2,10,33,659

Nalgonda district

Financial Year	MIS Reports				Database				Difference			
	HHs	Workers	Days	Amount	Total HH	Total Workers	Total Days	Total amount	HH	Workers	Days	Amount
2009-10	4,13,252	7,44,107	2,31,94,000	2,04,45,23,000	4,13,747	7,44,696	2,29,92,185	2,03,00,22,701	-495	-589	2,01,815	1,45,00,299
2010-11	4,28,278	8,05,210	2,11,69,000	1,91,17,68,000	4,28,365	8,05,386	2,10,55,418	1,89,80,10,888	-87	-176	1,13,582	1,37,57,112
2011-12	3,48,383	5,98,698	1,62,37,000	1,52,06,79,000	3,48,543	5,99,156	1,62,47,145	1,50,60,67,356	-160	-458	-10,145	1,46,11,644
Total			6,06,00,000	5,47,69,70,000			6,02,94,748	5,43,41,00,945			3,05,252	4,28,69,055

Appendix-5

(Reference to paragraph 12.2.2 and 12.2.3, page 64)

**Statement showing the details of social audits carried out;
number of objections and the status of recoveries**

Year	Social Audit to be conducted (Planned/as per Norms)	Social Audit conducted	Amount of Objections (₹ in lakh)	Major Penalties/ Action taken	Dismissals/ Removal	Recoveries made (₹)
2009-10	731	731	8800.57	153	3451	91846674
2010-11	1344	1344	10540.58	406	2959	64153284
2011-12	1085	1085	15420.27	192	7634	27455925
Total	3160	3160	34761.42	751	14044	183455883

Inspection of works by the authorities of different level

Year	Number of works sanctioned	State level			District level			Block level		
		Number of works to be inspected as per norms	Number of works inspected	Difference	Number of works to be inspected as per norms	Number of works inspected	Difference	Number of works to be inspected as per norms	Number of works inspected	Difference
2009-10	5,20,416	10,408	9,680	728	52,042	51,365	677	5,20,416	5,10,008	10,408
2010-11	33,59,622	67,192	62,489	4,703	3,35,962	3,31,595	4,367	33,59,622	32,92,430	67,192
2011-12	15,92,383	31,848	29,618	2,230	1,59,238	1,57,168	2,070	15,92,383	15,60,535	31,848
Total	54,72,421	1,09,448	1,01,787	7,661	5,47,242	5,40,128	7,114	54,72,421	53,62,973	1,09,448

Glossary

AMR	Alimineti Madhava Reddy
APARD	Andhra Pradesh Academy of Rural Development
APO	Assistant Programme Officer
APREGS	Andhra Pradesh Rural Employment Guarantee Scheme
BCs	Business Correspondents
BNRGSK	Bharat Nirman Rajiv Gandhi Sewa Kendra
BPL	Below Poverty Line
BSNL	Bharat Sanchar Nigam Limited
CAG	Comptroller and Auditor General
CC	Cement Concrete
CCT	Continuous Counter Trench
CD	Cross Drainage
CSP	Customer Service Providers
CUG	Closed User Group
CVO	Chief Vigilance Officer
DCC	District Computer Centre
DFO(SF)	Divisional Forest Officer (Social Forestry)
DPC	District Programme Co-ordinator
DRDA	District Rural Development Agency
EC	Engineer Consultant
EE	Executive Engineer
eFMS	Electronic Fund Management System
EGS	Employment Guarantee Scheme
eMMS	Electronic Muster Measurement System
FA	Field Assistant
FIFO	First In First out
FINO	Financial Inclusion Network Operation
FSD	Further Security Deposit
FTO	Fund Transfer Order
FTR	Fund Transfer Requisitions

GFR	General Financial Rules
GoAP	Government of Andhra Pradesh
GoI	Government of India
GP	Gram Panchayat
GPRS	General Packet Radio Service
GPS	Global Positioning System
GS	Gram Sabha
IAY	Indira Awas Yojana
ICAR	Indian Council of Agricultural Research
ID	Identity
IEC	Information Education and Communication
IT	Information Technology
ITDA	Integrated Tribal Development Agency
IWMP	Integrated Watershed Mangement Programme
JCB	Josephy Cyril Bamford
KVK	Krishi Vigyan Kendras
LTI	Left Thumb Impression
MB	Measurement Books
MCC	Mandal Computer Center
MCs	Mandal Level Co-ordinators
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MI Tanks	Minor Irrigation Tanks
MIS	Management Information System
MoA	Ministry of Agriculture
MoRD	Ministry of Rural Development
MoU	Memorandum of Understanding
MoWR	Ministry of Water Resources
MPDO	Mandal Parishad Development Officer
MPP	Mandal Praja Parishad
MR	Muster Rolls

NFFWP	National Food for Work Programme
NIC	National Informatics Centre
NRM	Natural Resource Management
OBC	Other Backward Classes
PD-DWMA	Project Director-District Watershed Management Agency
PMGSY	Prime Minister Gram Sadak Yojana
PO	Programme Officers
POS	Point of Sale
POT	Point of Terminal
PRED	Panchayat Raj Engineering Department
PRI	Panchayat Raj Institution
RAGAS	Rashtra Grameena Abhivruddi Samacharam
RCP	Rural Connectivity Project
RR Act	Revenue Recovery Act
SC	Scheduled Caste
SEGC	State Employment Guarantee Council
SEGF	State Employment Guarantee Fund
SERP	Society for Elimination of Rural Poverty
SHG	Self Help Group
SIM	Subscriber Identification Module
SOR	Schedule of Rates
SPC	State Programme Co-ordinator
SPIU	Strategic and Performance Innovation Unit
SRSWOR	Simple Random Sampling Without Replacement
SSAAT	Society for Social Audit and Transparency
SSS	Shrama Shakthi Sangha
ST	Scheduled Tribe
TA	Technical Assistant
TCS	Tata Consultancy Services
UBI	Union Bank of India

UC	Utilisation Certificate
VMC	Vigilance and Monitoring Committee
VRP	Village Resource Person
WBM	Water Bound Macadam
WEM	Work Executing Member
WEP	Work Employment Plan
ZPP	Zilla Praja Parishad

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