

6.1 Infrastructure

Good infrastructure will go a long way in enhancing the growth potential of the district and bridging the gap between urban and rural areas. It will also bring the remote and backward areas closer to the district headquarters and bring about inclusive growth of the economy. Infrastructure includes provision of good all weather roads, adequate electricity for household, industrial and irrigation needs, railway connectivity, air services and reliable communication facilities.

District Mandi has no airport. The nearest airport at Bhunter (Kullu district), is 62 kms away from Mandi town. Rail connectivity in the district is limited again to one town viz.,

Jogindernagar situated at a distance of 56 kms from the district headquarters, Mandi. A review of the development of roads in the district revealed that 57 per cent villages had been provided road connectivity upto March 2011. Audit findings in this regard are discussed below.

6.1.1 Roads

➤ Status of Road Connectivity

There are 2,833 inhabited villages in the district. However, in the records of Public Works Department only 2,823 villages existed. Also, data relating to road connectivity in the district maintained in the offices of SE, 1st Circle, Mandi and Engineer-in-Chief (E-in-C) Shimla, showed variation as depicted in the table below:

Table 17: Details showing position of road connectivity in the district

Description	SE's office		E-in-C's office	
	As on 31 March 2006	As on 31 March 2011	As on 31 March 2006	As on 31 March 2011
Total Number of Villages	2,823	2,823	2,823	2,823
Number of villages having road connectivity	1,571	1,889	1,339	1,596
Length of roads (kms)	3,535	4,630	3,572	4,640

Source: Information supplied by SE, HPPWD Circle and E-in-C office, Shimla

It is evident from the above details that departmental records did not depict exact picture of villages actually connected through roads as on 31 March 2011 as there existed difference of villages between SE's office and E-in-C's record and raises doubt about the reliability of the data.

In reply, E-in-C stated (March 2011) that circle office might have included sub-villages causing

huge difference in village connectivity and most of the road works are lying held up due to forest land/land dispute. The reply is not tenable as periodical reports and returns sent by the field offices were not closely monitored by the E-in-C office to ensure authenticity of data relating to road connectivity.

➤ **Schemes for Development of Roads**

The most important scheme being implemented for the construction/development of roads is Centrally Sponsored Pradhan Mantri Gram Sadak Yojana (PMGSY). Another scheme which aimed at construction of village link roads is Mukhya Mantri Gram Path Yojana (MMGPY). Besides, the State Government is also executing roads out of state funds.

• **Pradhan Mantri Gram Sadak Yojana (PMGSY) and State Sector Rural Roads**

The PMGSY was launched in 2000 and aimed at connecting every habitation that has a population of 1000 or more through good all weather roads within three years i.e. by 2003 and habitations with 500 people or more by the end of the Tenth Plan.

To achieve this, PMGSY envisage preparation of District Rural Roads Plan by the respective DRDAs. However, the department had prepared block-wise core network of road during 2005 but

not ensured preparation of District Rural Road Plan for construction of roads projects in the district in a time bound manner.

As of March 2011, out of 12 habitations sanctioned connectivity of roads with population of over 1000 people, only six were connected with roads. In the case of habitation with population of over 500 people connectivity in 23 out of 143 habitations remained to be provided.

During 2006-11, funds amounting to ₹175.88 crore were provided by the GoI for implementation of PMGSY and the State Government also allocated ₹177.73 crore out of State budget for construction of rural roads in the district. Of this, expenditure incurred was ₹168.83 crore and ₹171.34 crore respectively.

➤ **Status of rural road works undertaken under PMGSY and State Sector**

The details of road works taken up in the district during the review period and progress of their execution are tabulated below:-

Table 18: Details of road works taken up and completed in the district during 2006-11

Year	Works takenup (In Numbers)		Approved cost (₹ in crore)		Works completed (In Numbers)		Cost of completed works (₹ in crore)	
	PMGSY	State Sector	PMGSY	State Sector	PMGSY	State Sector	PMGSY	State Sector
Ongoing works as on 31 March 2006	87	473	69.36	175.02	61	27	37.10	54.08
2006-07	57	10	55.95	12.24	29	0	16.73	0
2007-08	38	65	61.51	36.95	14	1	15.83	0.24
2008-09	37	68	73.13	63.22	10	1	11.29	0.69
2009-10	26	45	26.86	52.40	0	1	0	0.10
2010-11	9	66	12.73	46.38	0	0	0	0
Total	254	727	299.54	386.21	114	30	80.95	55.11

Source: Data supplied by the Superintending Engineer, HPPWD Circle, Mandi, Hamirpur and Jogindernagar

Audit analysis revealed that out of 981 works (including 560 ongoing works of earlier period) taken up during 2006-11 under PMGSY and State Sector, only 144 works (PMGSY: 114 and State Sector: 30) were completed, 757 works were still

in progress and remaining 80 works were lying in a suspended state for a period ranging from 6 to 60 months due to land disputes, forest clearance and court cases.

As on 31 March 2006, three¹⁶ test-checked divisions had 184 ongoing works during 2006-11, apart from 112 new works sanctioned. Of these, 41 works (one within stipulated period and 40 works within delay of 3 to 240 months) were completed. The execution of 184 works was still in progress. The construction of 179 out of 184 works were lagging behind their schedule of completion for the period ranging between 3 and 327 months. Thirty (30) works were lying held up due to land disputes, forest clearance and abandoning of works by contractors, etc. The Department had not taken up execution of 41 works as of March 2011.

The EEs attributed (May 2011) the delay to land disputes in the alignment of roads, forest clearance, late tendering of works, slow execution of works by the contractors and insufficient funds. The reply is not tenable as the Department should have ensured availability of lands for construction of roads before taking up the execution of work. This indicates failure of the Department to ensure proper planning for timely availability of road connectivity to the people of the district.

In the exit conference SE, Ist circle Mandi, accepted (October 2011) the facts.

➤ Implementation issues

(i) Under PMGSY, construction of three kms long Sidhyani Patha road was approved (April 2005) for ₹48.02 lakh. The work was awarded (January 2006) to a contractor for ₹46.93 lakh with a stipulation to complete it in one year.

Scrutiny of records of Mandi division No.II revealed that the contractor took up execution of work in May 2006 according to approved alignment of the road. However, during execution of work, the department changed earlier alignment of the road between km1/720 and 2/195 due to land dispute. As a result, construction of 15.25 metre span RCC-T-beam bridge was necessitated to be constructed over a

Nallah at km 1/930. The contractor executed road work valued at ₹47.50 lakh in length of 2/675km upto March 2008. Thereafter the contractor left the work and also refused to execute the bridge work on the plea that tender rates offered by him were not presently workable. Against the work done, the contractor had been paid ₹47.16 lakh upto eighth running account bills. The work remained incomplete as of May 2011.

Thus, failure of the department to get the balance road and bridge work completed for three years had resulted in idle investment of ₹47.16 lakh.

(ii) In Karsog division, construction of 2.200 km long link road to village Parlog alongwith 30 metre span bridge sanctioned (November 2006) under PMGSY for ₹79.50 lakh was also awarded (March 2007) to a contractor for the same amount. The work was stipulated to be completed in one year.

It was noticed in audit that after executing road work valued at ₹58.48 lakh (upto October 2008), the contractor left the remaining road and bridge work midway. Liquidated damages of ₹7.95 lakh were levied on him in June 2009. Out of this, ₹1.67 lakh was recovered and the balance amount of ₹6.28 lakh remained un-recovered as of May 2011. The work had been lying in suspended state since October 2008.

Thus, failure of the department to initiate timely action for getting the balance work completed for more than two years and seven months not only resulted in non-achievement of the objective of rural connectivity but also rendered expenditure of ₹58.48 lakh incurred as unproductive.

(iii) As per Forest Conservation Act, 1980 diversion of forest land for non-forestry purposes requires prior approval of GoI. In Karsog division construction of 6.855 km long road under PMGSY from Janoal to Jaral was

¹⁶ Karsog, Mandi and Sundernagar.

awarded (September 2006) to a contractor for ₹1.40 crore with a stipulation to complete in one year.

It was noticed in audit that the road work could not be taken up by the contractor due to involvement of forest land. GoI, however, conveyed approval for diversion of forest land in May 2010 and cutting of trees was got completed in December 2010. In the meantime, the contractor had been paid an advance payment of ₹21 lakh (Mobilisation Advance: ₹7 lakh; Machinery Advance: ₹14 lakh in March 2007) which remained un-recovered as of May 2011. Evidently, payment of advance of ₹21 lakh without taking up the work since March 2007 led to extension of undue financial benefit to contractor and loss of interest of ₹9.57 lakh at the rate of 9.4 per cent at borrowing rate of State Government.

(iv) In Sundernagar division eight roads were constructed at a cost of ₹2.71 crore between November 2005 and July 2008 to provide connectivity to 10 villages having 5590 inhabitants. These roads were not got passed from the Road Fitness Committee as of May 2011 since the date of completion of these roads. Delay in passing of road ranged between 33 and 65 months. Thus, investment of ₹2.71 crore remained unproductive as intended objective of providing all weather road connectivity to the inhabitants of above villages was not achieved.

The EE concerned stated (May 2011) that efforts were being made to get the roads passed from the Road Fitness Committee. The reply does not explain as to why the matter was not brought to the notice of district authorities for declaration of roads fit for plying of vehicles.

In sum, 43 per cent of the villages in Mandi district still remained to be provided with road connectivity, as acquisition of forest/private land and court cases being the main bottleneck.

Recommendation

➤ For Road Projects, District Rural Road Plan need to be prepared indicating the spacing of works for their timely completion. Besides, mechanism to resolve the land disputes also needs to be set up on priority basis.

• Mukhya Mantri Gram Path Yojana

The Mukhya Mantri Gram Path Yojana (MMGPY) was launched in 2003-04 as a State plan scheme for the construction of village link roads to meet the strengthened centralised planning process and to meet the aspiration and felt needs of the local population. The DC is fully empowered to sanction works under the scheme. But the scheme was withdrawn in the same year. The scheme has been re-introduced in 2008-09. The details of funds received and expenditure incurred there against during 2008-11 was as under:

Table 19: Position of funds received and expenditure incurred under Mukhya Mantri Gram Path Yojana

(₹in crore)

Year	Opening balance	Funds received	Interest	Total availability of funds	Funds utilised	Closing balance
2008-09	0.01	1.63	0	1.64	1.02	0.62
2009-10	0.62	1.62	0.05	2.29	2.10	0.19
2010-11	0.19	1.62	0.18	1.99	1.64	0.35
Total		4.87	0.23		4.76	

Source: Departmental figures

During 2008-11, ₹4.87 crore were allotted and the whole amount was drawn by the DC and kept in a bank account. The DC had unspent balance of ₹one lakh at the beginning of 2008-09 and also received ₹23 lakh from executive agencies on account of saving surrendered by them/interest credited in the bank accounts during the year 2009-11. Out of total available amount of ₹5.11 crore, ₹4.42 crore were released to the implementing agencies for execution of the 417 pucca path/jeepable road works besides ₹0.34 crore incurred as other expenditure and the balance amount of ₹35 lakh remained unspent with the DC as of March 2011 for utilisation in the subsequent financial year in violation of the guidelines of the scheme.

The DPO stated (April 2011) that funds could not be released due to shortage of manpower, introduction of MNREGA, non-execution of works/agreements by the Gram Panchayats and site disputes.

As per scheme guidelines 25 *per cent* of the allotted budget was required to be spent for the construction of pucca path and link roads in the scheduled caste concentrated villages.

During 2008-11, the DC released ₹4.42 crore for execution of works under the scheme but the details of funds spent on SC/ST concentrated population were not available with them and therefore incurring of prescribed budget for construction of roads in SC/ST area could not be ascertained in audit as envisaged in the scheme.

6.1.2 Schemes for other developmental activities

Other developmental activities like renovation/repairs of Government Schools, health institutions, water supply schemes, etc., were taken up in the district under Vikas Mein Jan Sahyog (VMJS), Sectoral Decentralised Planning (SDP), Members of Parliament Local Area Development Scheme (MPLADS), Vidhayak Kshetriya Vikas Nidhi Yojana (VKVNY), etc.

(a) Vikas Mein Jan Sahyog (VMJS)

VMJS scheme was launched in January 1993 with the objective of ensuring community participation in developmental activities like construction of Government buildings for education, rural water supply schemes, rural roads, minor irrigation schemes, multipurpose community centres and other infrastructural facilities. It is a State sponsored scheme with funding in the ratio of 85:15 between the State Government and the public in areas where SC/ST population is over 50 *per cent*. Where the population is predominately of general category; the funding ratio is 75:25 in backward areas, and 50:50 in urban areas and rural areas.

During 2006-11, ₹11.44 crore was released by the DC to the executing agencies for developmental works in the district. Of this ₹7.18 crore was utilised by the executing agencies and the balance amount was lying with the latter as of March 2011.

The DC stated (April 2011) that due to shortage of manpower/non-cooperation from the GPs and late receipt of budget, the funds could not be utilised. The reply is not acceptable as these aspects should have been taken into consideration before the drawal of funds.

(b) Sectoral Decentralised Planning (SDP)

The SDP was introduced in 1993 (except the tribal areas) in all the districts to execute works relating to renovation/repair of Government owned public assets like schools, health institutions, water supply schemes, irrigation kuhl¹⁷ and village link roads. The works under this scheme are approved by the District Planning Development and Twenty Point Programme Review Committee. Under this scheme, five *per cent* funds are taken from the approved Plan in respect of selected heads of development and are placed at the disposal of the DC as 'untied funds' to be utilised on smaller works which do not find place in the budget and to ensure that public grievances are redressed instantly.

¹⁷ Kuhl: Small open irrigation channel.

The works sanctioned under this scheme were required to be completed within one year from its sanction. During 2006-11, ₹21.42 crore were released to the executing agencies against which only ₹10.59 crore (49 per cent) was utilised. Despite a specific stipulation to refund the unutilised funds at the close of the financial year, the executing agencies retained the funds. As per information supplied by the DPO, 1179 works worth ₹10.31 crore were completed and 890 works costing ₹11.11 crore remained incomplete due to receipt of funds from the Planning Department at the fag end of respective financial year and imposition of model code of conduct during the Assembly, Parliament and Panchayats elections.

(c) Member of Parliament Local Area Development Scheme (MPLADS)

District Mandi is a part of Mandi Parliamentary constituency which includes Kullu, Kinnaur and Lahaul Spiti districts, Pangi and Bharmaur sub-divisions of Chamba district and Rampur sub-division of Shimla district also. DC Mandi is the Nodal Officer for release of funds to the above districts/sub-divisions.

During 2006-11, ₹12.30 crore was received by the DC, Mandi for approval and sanction of works relating to the development of the constituency under MPLADS. Besides, the DC had an unspent amount of ₹1.50 crore at the beginning of 2006-07 and also received ₹1.39 crore from the executing agencies on account of savings surrendered by them and interest of ₹0.81 crore credited in the bank accounts. Of the total available amount of ₹16.00 crore, ₹6.68 crore was released to the executing agencies in the district and ₹8.53 crore was shown as other expenditure which includes release of amount to the Shimla, Kullu, Kinnaur, Chamba and Lahaul & Spiti being nodal district for execution of works sanctioned under this scheme and deposit of interest into Government account detail of which was not available with them and the balance ₹0.79 crore remained unutilised with the DC as of March 2011.

Scrutiny of the details of the works sanctioned under MPLADS revealed the following:

As per guidelines of MPLADS, the construction of office/ residential buildings and other works belonging to private co-operation and commercial organisation, repairs works and works within the places of religious worship are prohibited under the scheme.

Scrutiny of records revealed that eight works such as club house, press club buildings, works within the places of religious worship costing ₹13 lakh were sanctioned during 2006-11 from MPLADS in contravention of the above provisions.

The DPO stated (June 2010) that these works were sanctioned for community based utilisation. The reply is not acceptable as such works were not permissible under the scheme.

Against ₹6.68 crore sanctioned and released to the executing agencies, an expenditure of ₹2.98 crore was incurred by them as of April 2011.

(d) Vidhayak Kshetriya Vikas Nidhi Yojana (VKVNY)

District Mandi has ten Vidhayaks (Members of Legislature). Under VKVNY scheme, ₹25 lakh per year was released to each of the Vidhayaks during 2006-08 and ₹30 lakh during 2008-11 to ensure execution of developmental works in their respective constituencies. The works are to be selected by the Vidhayaks as per the guidelines of the scheme and sanction from the DC is to be obtained for their execution.

During 2006-11, the DC received ₹14.00 crore and had ₹1.67 crore unspent balance in the beginning of 2006-07 and miscellaneous receipts of ₹0.61 crore received during 2006-11. Of the available funds of ₹16.28 crore, ₹13.46 crore were released to the implementing agencies. Of this, only ₹7.05 crore was expended and the balance of ₹6.41 crore was lying unspent with the implementing agencies as of March 2011.

- **Common Implementation Issues**

Scrutiny of implementation of these four schemes brought out the following common aspects:

- All the works sanctioned under VMJS, SDP, MPLADS and VKVNY are required to be completed within a year. However, in the five test-checked blocks, it was observed that 226 works¹⁸ relating to construction of link roads, community centres, etc., sanctioned during 2006-11 for ₹2.96 crore were not taken up for execution as of March 2011 resulting in denial of the intended benefits to the public.
- 1,272 works¹⁹ like construction of community centres/mahila mandal bhawans, school buildings, roads etc., costing ₹13.97 crore sanctioned between April 2006 and March 2010 were lying incomplete as of March 2011. In the five test-checked blocks, 326 works²⁰ sanctioned between April 2006 and March 2010 for ₹4.28 crore were also yet to be completed. The delay in completion of these works ranged between three and 52 months.

The BDOs attributed (April 2011) non-commencement of works/delay in completion of works to non-availability of land, non-cooperation of GPs, shortage of man power and non-execution of agreements by the GPs, etc.

Thus, other developmental schemes like Vikas Mein Jan Sahyog (VMJS), Sectoral Decentralised Planning (SDP), Members of Parliament Local Area Development Scheme (MPLADS),

Vidhayak Kshetriya Vikas Nidhi Yojana (VKVNY), etc., were taken up in the district in an uncoordinated manner as the works were neither properly planned nor completed within the specified timelines thereby resulting in a situation of huge funds lying unutilised. The assets created out of these schemes also remained unknown to the district administration as no asset register was maintained at any level.

Recommendation

- *A co-ordinated approach needs to be adopted by the State/district administration with the executing agencies to ensure that the works are planned and completed in time to ensure that benefits percolate down to the people.*

6.2 Employment Generation

The GoI and the State Government have initiated numerous measures to tackle problems of poverty, unemployment and the slow pace of progress in the rural economy. In addition, provision of food security, especially to the poor and vulnerable sections of society, has been envisioned as one of the important components of an inclusive growth of the economy. The two most important schemes sponsored by the Central Government for providing employment in the rural areas as a means of poverty alleviation are Sampoorna Gramin Rozgar Yojana (SGRY) and Swarnajayanti Gram Swarozgar Yojana (SGSY). The implementation of SGRY in the district was subsequently subsumed in Mahatama Gandhi National Rural Employment Guarantee Act (MNREGA) in April 2007.

¹⁸ MPLADS: 32; VKVNY: 80; VMJS: 14 and SDP: 100.

¹⁹ MPLADS: 137; VKVNY: 554; VMJS: 74 and SDP: 507.

²⁰ MPLADS: 26; VKVNY: 127; VMJS: 17 and SDP: 156.

6.2.1 SGRY

The objectives of the SGRY were to provide additional wage employment to the rural poor who were in need and willing to do manual and unskilled work in and around their village, and to create durable community, social and economic assets and infrastructure in rural areas. Towards this end, the GPs were to submit work proposals through the BDOs to the DRDA, based on a comprehensive *shelf of works* to be approved at the beginning of the year.

Audit noticed that schemes were sanctioned by the DC in an *ad hoc* manner, since the GPs and Blocks had not prepared any Perspective Plan or

Annual Action Plans. Consequently, works were proposed on a perceived need basis, rather than in a planned and coordinated manner, resulting in overlaps in execution of works and underutilisation of available funds. Also, there was no database at the district/DRDA level, detailing the developmental works undertaken in various Blocks and GPs.

The SGRY was funded on 75:25 basis by the Gol and the State Government. The year-wise position relating to the funds received by DRDA, Mandi and utilisation thereagainst during 2005-07 (upto March 2007) is given below:

Table 20: Position of funds received and expenditure incurred under SGRY

(₹ in crore)

Year	Opening balance	Funds received			Total	Funds utilised	Unspent balance (Percentage)
		Centre	State	Other misc. receipts			
2005-06	1.93	3.16	1.05	0.20	6.34	5.61	0.73 (12)
2006-07	0.73	2.17	0.72	1.93	5.55	4.38	1.17 (21)

Source: Departmental figures

Note: Figures in parenthesis denote percentage.

The details of funds received and expended during this period by the five²¹ sampled Blocks are as follows:

Table 21: Position of funds received and expenditure incurred under SGRY in sampled blocks

(₹ in lakh)

Year	Opening balance	Funds received	Other receipts	Total	Funds utilised	Unspent balance (Percentage)
2005-06	73.57	201.12	13.21	287.90	210.20	77.70 (27)
2006-07	77.70	138.43	5.13	221.26	179.44	41.82 (19)

Source: Departmental figures

After merger of SGRY under MNREGA, the unspent balance of ₹1.17 crore was transferred to it.

²¹ Chauntra, Drang, Gohar, Karsog and Sundernagar.

➤ Employment Generation under SGRY

The details of employment generated under this scheme during 2005-07 as reported by DRDA to the Gol are as follows:

Table 22: Details of employment generated under SGRY during 2005-07

(Mandays in lakh)

Year	Mandays for SC/ST	Mandays for women	Mandays for others	Total mandays generated
2005-06	1.73	0.30	1.78	3.81
2006-07	1.20	0.23	1.19	2.62
Total	2.93	0.53	2.97	6.43

Source: Departmental figures

There were no annual targets relating to employment generation although the DRDA planned to execute small works like construction of tanks, playground, etc., for generating employment. Therefore, the extent of employment generated vis-à-vis targets could not be ascertained. Out of 6,090 works

sanctioned in the district during 2005-07, 6089 works had been completed after incurring an expenditure of ₹3.90 crore leaving one work incomplete in Karsog block as of May 2011.

The status relating to employment generation in five test-checked blocks was as follows:

Table 23: Details of employment generated under SGRY in sampled blocks during 2005-07

(Mandays in lakh)

Year	Mandays for SC/ST	Mandays for women	Mandays for others	Total mandays generated
2005-06	0.97	0.15 (7)	0.95	2.07
2006-07	0.62	0.13 (10)	0.56	1.31
Total	1.59	0.28 (8)	1.51	3.38

Source: Data supplied by the BDOs of test-checked Blocks. Figures in parenthesis denote percentage.

While 30 *per cent* of employment generated should have been in respect of women beneficiaries, the DRDA reported only 0.53 lakh mandays (eight *per cent*) for women out of 6.43 lakh mandays generated in the district.

In the five test-checked blocks, employment generation for women was also eight *per cent*.

In the district wage employment of 1.40 lakh mandays for women was, thus, less provided. The PO DRDA stated (May 2011) that due to non-availability of women power in the district the target for providing 30 *per cent* of the total employment to women could not be achieved.

The DRDA and the sampled Blocks had not maintained employment registers in the prescribed format indicating the category wise details of people provided employment and the number of mandays generated for each work. In the absence of these details, the figures of employment generated for women were compiled from the muster rolls directly. In the absence of complete details in the employment registers, the employment reported to have been generated, especially in respect of women and SC/ST categories could not be verified in audit.

6.2.2 Mahatma Gandhi National Rural Employment Guarantee Act

The Mahatma Gandhi National Rural

Employment Guarantee Act (MNREGA), 2005 is being implemented in the district from April 2007. The basic objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment.

Under MNREGA, the wages of skilled and semi-skilled workers and cost of material is shared in the ratio of 75:25 by GoI and State Government. In addition, the State Government bears the unemployment allowance and administrative expenses of State Employment Guarantee Council. The year wise position of funds received by the DRDA, Mandi and utilisation thereagainst during 2007-11 is given below:

Table 24: Position of funds received and expenditure incurred under MNREGA during 2007-11

(₹ in crore)

Year	Opening balance	Funds received from		Total availability of funds	Funds utilised	Unutilised funds at the close of year
		GoI	State Govt. (incl. interest and other receipts)			
2007-08	1.17	42.73	3.06	46.96	41.29	5.67 (12)
2008-09	5.67	149.71	9.46	164.84	86.61	78.23 (47)
2009-10	78.23	48.48	14.99	141.70	130.70	11.00 (8)
2010-11	11.00	160.00	13.02	184.02	134.97	49.05 (27)

Source: Departmental figures

Note: 1. Figures in parenthesis denote percentage.
2. Includes ₹1.17 lakh transferred from SGRY.

6.2.3 Planning for implementation of MNREGA

➤ District Perspective Plan

The MNREGA operational guidelines stipulate the preparation of a five year District Perspective Plan (DPP) to facilitate advance planning and to ensure long term employment generation in the district. Also, Annual Plans, identifying the activities to be taken up on priority in a year are required to be prepared.

Audit scrutiny, revealed that the DPP in Mandi district was not prepared. In the absence of DPP, the type of works which should be executed in the district to ensure long term employment generation and sustained development were not identified. Though annual plans were prepared during 2007-11 in the district but works were approved in piecemeal ignoring annual plans and spent ₹207.60 crore on works. This resulted in unplanned execution of works on *ad hoc* basis.

The details of funds received and expended during this period by the five sampled blocks are as follows:

Table 25: Position of funds received and expenditure incurred under MNREGA in sampled blocks during 2007-11

(₹ in crore)

Year	Opening balance	Funds received	Other misc. receipts	Total	Funds utilised	Unspent balance (percentage)
2007-08	0.13	23.76	0.16	24.05	20.67	3.38 (14)
2008-09	3.38	48.28	0.24	51.90	41.67	10.23 (20)
2009-10	10.23	55.45	0.15	65.83	63.92	1.91 (3)
2010-11	1.91	70.10	0.54	72.55	66.42	6.13 (8)

Source: Departmental figures

Note: Figures in parenthesis denote percentage.

The BDOs of the sampled blocks (Padhar and Gohar) stated (June-July 2010) that the under utilisation of funds was due to grant received at the fag end of financial year.

➤ Employment Generation under MNREGA

The details of employment generated under this scheme during 2007-11 as reported by DRDA to the Gol are as follows:

Table 26: Details of employment generation under MNREGA during 2007-11

(Number in lakh)

Year	Total mandays generated	Mandays for SC/ST	Mandays for Women	Mandays for others
2007-08	34.72	13.85	14.81	6.06
2008-09	55.75	21.38	27.73	6.64
2009-10	66.08	24.71	40.67	0.70
2010-11	86.92	20.76	34.56	31.60

Source: Data supplied by DRDA Mandi

During 2007-11 position with regard to employment provided to women was satisfactory. Audit did not notice any case where 100 days employment demanded was not provided to the beneficiaries.

➤ Muster Rolls

As per provisions of MNREGA guidelines, the Muster Roll (MR) in the prescribed format with a unique identity number are to be issued by the Programme Officers of the blocks to the Gram Panchayats/executing agencies. The MRs are

also required to be maintained by the GPs and other executing agencies in the prescribed manner.

In 47 test-checked GPs it was noticed that the MRs were not being maintained in the prescribed manner and the following discrepancies were noticed:

- In seven test-checked GPs, MRs used were not machine numbered.
- In the case of 379 MRs, issue date in the MR issue register was not recorded.

- Assessment of work done with respect to wages and material was not found recorded on MRs.
- The signature of Inspecting Officer, on MRs in token of having the works inspected was also not available in any of the GP test-checked in audit.

PO, DRDA Mandi stated (January 2011) that necessary directions have been given to BDOs to maintain the MRs as per MNREGA guidelines.

➤ **Payment of wages**

Disbursement of wages is required to be made on a weekly basis or in any case not beyond fortnight of the date on which work was done. In the event of delay beyond fortnight, workers are entitled to compensation as per the provisions of the Payment of Wages Act, 1936, to be borne by the State Government.

It was however, noticed that in the district, workers engaged on 27,028 muster rolls during 2007-11 were not paid wages (₹ 55.26 crore) on time i.e. within prescribed period of fortnight. The delay in payment of wages ranged between 15 and more than 90 days. No compensation for delay in payment of wages was paid to the workers. In five test checked blocks, workers engaged on 19,415 muster rolls during the period 2007-11 were not paid wages (₹36.60 crore) on weekly or fortnightly basis due to non-assessment of work beyond the maximum period of a fortnight.

The PO stated (May 2011) that timely payment of wages could not be made due to the shortage of staff and due to non assessment of works in time by the technical staff at block level.

➤ **Execution of low priority works**

As per operational guidelines read with Section 4 (3) and schedule-1 of MNREGA, the works were to be taken up in order of priority as laid down in the scheme. The works of water conservation and water harvesting were the first priority and

rural connectivity was at the lowest in the priority list. Out of 22,807 works executed at a cost of ₹207.60 crore during 2007-11, 12,160 (53 per cent) works executed at a cost of ₹113.41 crore, were pertaining to rural connectivity. Similarly, in the test checked five blocks, out of 10,938 works executed at a cost of ₹ 92.36 crore, 5,688 (52 per cent) works valuing ₹44.21 crore were pertaining to rural connectivity. Works such as water conservation and harvesting, drought proofing (including afforestation and plantation) irrigation and renovation of traditional water bodies- were not taken up in order of their priorities as execution of such works was important to strengthen the natural resource base and to address the main cause of poverty. This indicated that the concerned Programme Officers (i.e. BDOs) did not scrutinise the appropriateness of the plan proposals received from GPs as required under the guidelines to ensure that the works were undertaken according to the provisions envisaged in the scheme guidelines.

BDOs of concerned blocks stated (May 2011) that works were executed as per priority given by the Gram Sabha. The reply is not acceptable as necessary steps should have been taken to execute the works as per the provisions given in the scheme guidelines.

➤ **Construction of roads contrary to specifications**

As per guidelines rural connectivity was to be provided with all weather access within the village area. In four²² test-checked blocks, 152 works of kutchra roads were executed during 2007-11 at the cost of ₹2.90 crore without stabilisation of top surface and adequate provision for drainage and culverts. Due to this, it was not possible to make these roads negotiable in all seasons particularly in rainy season of the year as is evident from the following photographs:

²² Drang, Gohar, Karsog and Sundernagar.

Photograph: 9

Tractor road Thadhadhar to Upper Khanula
(May 2010)

Photograph: 10



Tractor road Bahwa to Dehari (May 2010)

While admitting the facts, BDOs of concerned blocks stated (May 2011) that Kutcha Roads were constructed as per shelf approved by GPs. The reply is not acceptable as minimum prescribed specification could have been followed for proper creation of assets under MNREGA Scheme.

➤ Execution of works without approval

As per MNREGA operational guidelines in respect of all works administrative approval and technical sanction is required to be obtained in advance by December of the year preceding the proposed year of implementation. Audit scrutiny revealed that in three out of five Blocks test-checked, 378 works costing ₹10.73 crore were started prior to receipt of administrative approval of the competent authority during the period 2007-08.

BDOs of the concerned blocks stated (April-May 2010) that normally approval comes after three to six months and as such works were started pending administrative approval to provide job to households within 15 days from the date of their demand. The reply is not acceptable as there is no exception for such deviation from the operational guidelines in any manner.

MNREGA operational guidelines stipulate the following procedures for Inspection and monitoring:

- State, district and Block level officers shall inspect 2, 10 and 100 *per cent* of works respectively every year.
- District Internal Audit Cells shall be constituted to scrutinise the reports of Gram Sabha.

Audit scrutiny revealed that against 243 inspections of works, State level officers inspected only 28 works out of 12,160 works executed under MNREGA during 2007-11 in Mandi district. However, no reasons for non-conducting of inspection of works were furnished to audit.

The position with regard to inspection of works by the block level officials also could not be verified in audit as no proof of inspection of works carried out by them was available in the test-checked blocks. Besides, District level Internal Audit cell had not been established as of May 2011 to scrutinise the reports of Gram Sabhas.

The PO stated (May 2011) that due to involvement of district level officers in other departmental schemes, the required inspection could not be carried out. The reply is not acceptable in view of the statutory provision for monitoring and reporting on implementation of MNREGA.

Recommendations

- For ensuring a long term shelf of projects, preparation of District Perspective Plan should be ensured.
- The State Government should ensure that works are taken up by the implementing agencies in the order of priority as envisaged in the Act.

6.2.4 Swarnjayanti Gram Swarozgar Yojana

Swarnjayanti Gram Swarozgar Yojana (SGSY) a holistic programme covering all aspects of self employment such as organisation of the poor into Self Help Groups (SHGs), providing training, credit, technology, infrastructure and marketing facilities was launched in the State from the year 1999-2000. The objectives of the scheme aimed at establishing a large number of micro-enterprises in the rural areas, building

upon the potential of the rural poor and to bring the assisted poor families (Swarozgaries) above the poverty line in three years by ensuring that the family had a monthly net income of at least ₹ 2000.

➤ Financial outlay and expenditure

SGSY was funded by Centre and State in the ratio of 75:25. Fifteen *per cent* funds out of total SGSY allocation were set apart by the Government of India for Special Projects under SGSY. Financial targets were also fixed by the Gol in terms of credit mobilisation (bank credit and Government subsidy). The central allocation of funds to the State was based on incidence of poverty in the State. Funds were directly released by the Gol/State Government to the DRDA.

Yearwise position of funds released by the Gol and the State vis-a-vis expenditure incurred thereagainst during 2006-11 is given below:

Table 27: Position of funds received and expenditure incurred under SGSY during 2007-11

Year	Opening Balance	Funds received		Other receipts	Total available funds	Expenditure	Closing balance
		Centre	State				
2006-07	9.08	80.57	21.21	32.07	142.93	103.48	39.45
2007-08	39.45	112.35	33.92	21.52	207.24	126.82	80.42
2008-09	80.42	145.38	49.77	15.75	291.32	193.38	97.94
2009-10	97.94	142.21	60.36	9.57	310.08	189.01	121.07
2010-11	121.07	85.97	59.78	13.03	279.85	179.10	100.75
Total		566.48	225.04	91.94		791.79	

(₹ in lakh)

Source: Figures supplied by DRDA Mandi

As per SGSY guidelines allocated funds were to be utilised on various activities in the following proportions:

Subsidy on economic activities	:	60 per cent
Training of Swarozgaries for skill development	:	10 per cent
Infrastructure build up	:	20 per cent
Creation of revolving fund for capacity building of (Self Help Groups) SHGs	:	10 per cent

Audit scrutiny revealed that during 2006-11, expenditure on above activities was not regulated according to the prescribed norms as the DRDA mainly concentrated on providing subsidy for economic activities and utilised 71 per cent funds (including other miscellaneous expenses) on these activities. On training, infrastructure building and creation of revolving fund, percentage of funds utilised was 5, 16 and 8 respectively. Thus, DRDA administration failed to ensure bridging of gaps in training needs of Swarozgaries, infrastructure building and capacity building of SHGs.

Audit scrutiny further revealed that 1,467 SHGs were formed in the district since inception of the scheme. Of these only 1,132 SHGs are functioning in the district as of May 2011. In test checked blocks, out of 756 SHGs formed since inception of the scheme only 544 SHGs were functioning as on May 2011. Project officer DRDA stated (May 2011) that all the SHGs were not functioning due to the reasons that some groups are defaulters from banks and members of groups are not interested in taking loans from the banks. However, the fact remains that department failed to motivate the Swarozgaries to repay the bank loans or take loans from the banks for various enterprises.

➤ **Delay in creation of infrastructure for Swarozgaries**

In the five test-checked blocks, infrastructure development works such as shops, training centres, village haats, exhibition centres, stores, etc., were taken up between October 2007 and November 2010 and were stipulated to be completed within a period of three months from the date of sanction. It was noticed that these works after expending ₹34.89 lakh remained incomplete as of May 2011. Abnormal delay in completion of works resulted in non-accrual of timely benefits to the beneficiaries and expenditure incurred on works also remained

largely unfruitful. The concerned BDOs stated that the works could not be completed due to non-availability of funds, material and labour. The reply is not acceptable as the matter should have been brought to the notice of PO, DRDA, Mandi for providing funds for timely completion of these works.

➤ **Special project**

To uplift the BPL population and to solve the problems of rural un-employment or under employment in the district, GoI administratively approved (March 2002) a special project for ₹12.04 crore under SGSY for rural development through diversification in Agriculture. The Project was stipulated to be completed within five years. The cost was to be shared by the GoI and the State Government in the ratio of 75:25. The GoI, against its share of ₹9.03 crore released ₹7.22 crore in two installments (₹3.61 crore each) in March 2002 and June 2006 respectively. The State Government against its share of ₹3.01 crore, released ₹2.41 crore in April 2002 and July 2006 respectively.

Audit scrutiny revealed that the DRDA could not complete the project within the stipulated period and GoI granted extension of time for one year upto March 2008.

Audit scrutiny further revealed that implementation of some of the components of the project such as cultivation of medicinal plants, aromatic plants, construction of seed stores, room for storage of harvested herbs, cold storage for planting material, were not taken up as of May 2011. Thus, the fact remains that the project could not take off for providing intended benefits to the rural BPL beneficiaries. Besides, the State Government failed to avail benefit of central assistance of ₹1.81 crore due to non-implementation of the project in the stipulated period.

The PO DRDA stated (July 2010) that some of the sub-components have lagged behind being a new concept and some of them were not undertaken due to lack of technical know how. It was further stated (May 2011) that the special project could not be completed in time i.e. upto March 2008 as the project was having a vast area of operation and different components. The reply is not acceptable as such eventualities should have been foreseen at the time of formulation of project proposal.

Implementation of SGSY programme during 2006-11 was not satisfactory. The funds allocated could not be utilised optimally due to poor implementation of the Scheme. The objectives of the SGSY to bring 30 per cent of the rural poor above poverty line remained unachieved.

Recommendation

➤ *Selection of suitable key activities should be made for swarozgaries as per local needs, skill availability and meaningful support to rural poor to ensure achievement of objectives to bring 30 per cent rural poor above poverty line within the prescribed timeframe.*

6.3 Energy

Out of the 2,833 villages in the district, 2,830 villages were electrified upto March 2011. The State Government chalked out plans in March 2005 for electrifying the un-electrified 12 villages also through the Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY).

➤ **Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY)**

The RGGVY was launched by the Gol in March 2005 to provide electricity to all the rural households within a period of five years. The Rural Electrification Corporation (REC) is the nodal agency for implementation of this scheme aimed at facilitating overall rural development, employment generation and poverty alleviation. The scheme is to be implemented with

90 per cent funding from Gol. Electrification of BPL households is to be financed 100 per cent by the Central Government.

The HP State Electricity Board (Board) prepared a detailed project report (DPR) in March 2005 for Mandi district with the aim of:

- Electrification of 12 un-electrified villages;
- Electrification of 6,301 un-electrified households among electrified villages including 1,537 BPL households;
- Provision of new Sub-Station/transmission lines in blocks where these did not exist and distribution transformers in electrified villages; and
- Decentralisation of generation, distribution and supply of power.

Scrutiny revealed that the above plans of the Board for electrification of rural areas did not fructify since the DPR was sent to the REC for approval only in December 2005, i.e. after a delay of eight months from the date of sanction (March 2005). The REC approved the project proposal for ₹22.73 crore in April 2008 i.e. after the lapse of two years and four months from the date of submission (December 2005) of DPR by the Board. Thereafter, on the basis of finalised tender cost (₹31.57 crore), the project cost was further revised and got sanctioned (February 2009) by REC for ₹33.66 crore. Further audit scrutiny revealed that as of March 2011 only nine out of 12 villages were electrified. Besides, 392 (26 per cent) out of 1537 BPL households in the electrified villages were also covered. Against sanctioned project cost of ₹33.66 crore an amount of ₹28.19 crore was released by REC. Of this, ₹17.42 crore (including pending liabilities of ₹1.93 crore) was spent leaving ₹10.77 crore with the Board unspent as of March 2011.

Thus, the delay in sanctioning the DPR not only resulted in cost escalation of ₹10.93 crore, but also deprived the eligible households of the benefits of electrification even after six years of launching (March 2005) of the scheme.

Recommendation

➤ *The district administration should streamline its internal processes and co-ordination among different agencies to ensure coverage of un-electrified villages and completion of the project within a specific timeframe.*

6.4 Calamity Relief Fund Scheme

Relief measures in the wake of natural calamities are provided from two Funds viz; Calamity Relief Fund (CRF) and National Calamity Contingency Fund (NCCF). GoI Ministry of Finance (MOF) has notified the Schemes for constitution and administration of the CRF/NCCF based on the recommendations of the 12th Finance Commission.

The scheme of CRF/NCCF *inter alia* provides that the State Level Committee headed by the Chief Secretary of the each State will be responsible to ensure that the money drawn from the CRF is

actually utilised for the purpose for which the CRF has been set up and on admissible items of expenditure as per norms approved by the GoI.

The scheme was made operative from the financial year 2005-06 and continued till the end of the financial year 2009-10. From 2010-11 onwards CRF has been renamed as State Disaster Response Fund and NCCF merged into National Disaster Management Fund.

Funds are provided to the Deputy Commissioner through budgetary process. After drawal, the funds are remitted to the implementing agencies i.e. Block Development Officers, Public Works, Irrigation and Public Health Department, Sub-Divisional Officer- Civil etc., for execution of works and providing immediate relief to the victims of natural calamities.

The year wise position of budget allotment and expenditure there against in the Mandi district during 2006-11 was as under:

Table 28: Position of funds received and expenditure incurred under CRF during 2006-11

(₹ in crore)

Year	Budget allotment (CRF/NCRF)	Expenditure incurred	Excess (+)/Saving (-) if any
2006-07	8.45	8.45	---
2007-08	10.35	10.35	---
2008-09	10.25	10.25	---
2009-10	15.59	15.59	---
2010-11	11.47	6.79	(-) 04.68

Source: Figures supplied by DC Mandi

Following points were noticed:

(i) Diversion of relief funds

As per instructions of GoI, funds allotted under CRF should be utilised on Repair/Restoration of immediate nature of the damaged infrastructure relating to Roads and Bridges, drinking water supply works, irrigation, power, primary education, health centres and community assets owned by panchayats.

Scrutiny of records revealed that during 2006-11, funds amounting to ₹2.67 crore allotted under

CRF had been diverted towards construction of new works such as construction of roads, community bhawans, school playgrounds, etc. The Deputy Commissioner Mandi stated (May 2011) that funds for new works were sanctioned under CRF to restore pre-natural calamity position in the affected areas as well as to provide immediate employment generation to the effected people. The reply is not acceptable because funds allotted under relief should have been utilised strictly as per instructions of the GoI for the intended purpose as per the scheme.

(ii) Delay in completion of repair and restoration works

Repair and restoration of damaged works sanctioned under CRF should be completed within a period of three to six months.

Audit scrutiny revealed that out of 2819 repair and restoration works sanctioned at a cost of ₹18.98 crore during 2006-11, 673 works after expending ₹6.51 crore were lying incomplete as of May 2011. The delay in completion of these works ranged between one to four years. DC Mandi stated (May 2011) that necessary directions had already been issued to the executing agencies to complete all the pending works immediately. The fact, however, remains that the works still remained to be completed despite issuance of instructions.

In selected blocks, 598 repair and restoration works were sanctioned at a cost of ₹471.70 lakh during the period 2006-11 and an expenditure of ₹380.04 lakh had been incurred on the execution of these works as of May 2011. However, it was noticed that 94 works sanctioned at a cost of ₹96.50 lakh between October 2005 and November 2010 were lying incomplete after incurring an expenditure of ₹65.75 lakh as of May 2011.

BDOs of Chauotra, Gohar and Karsog blocks attributed non completion of works to Panchayat Election, non-availability of labour and land

disputes, etc. The reply is not acceptable as these factors should have been taken into account at the time of sanction of works and the works sanctioned under CRF would require to be completed within the specific timeframe of the scheme.

(iii) Non-commencement of works

Audit scrutiny further revealed that in test checked blocks, 27 works such as repairs of roads, retaining walls, school grounds, community houses, etc., sanctioned during the period between March 2006 and February 2011 at a cost of ₹29.60 lakh had not been started as of May 2011 and the whole amount remained unspent in bank accounts. BDOs concerned stated that works could not be started due to land disputes, non-availability of land and non cooperation by the Gram Panchayats. The reply is not acceptable as in the event of non settlement of land disputes matter should have been brought to the notice of DC for appropriate action.

Recommendation

➤ *Diversion of funds under the scheme is a recurring problem. To stop diversion of funds the State Government should issue suitable instructions to the district administration to ensure utilisation of funds strictly as per Gol's norms.*