

Chapter –VI Execution of works and creation of assets

Schedule I of the Act and MGNREGS guideline provide that the focus of the scheme should be on the following works in their order of priority (i) Water conservation and water harvesting; (ii) Drought proofing (including forestation and tree plantation); (iii) Irrigation canals including micro and minor irrigation works; (iv) Land development facility to SC/ST and other weaker section of the society (v) Renovation of traditional water bodies including desilting of tanks; (vi) Land development; (vii) Flood control and protection works including drainage in water logged areas; (viii) Rural connectivity to provide all-weather access; and (ix) Any other work which may be notified by the Central Government in consultation with the State Government.

Further, as per para 6.1.1 (viii) of the MGNREGS guidelines, no cement concrete roads should be taken. As per para 4.3 (v), each work taken up with unique number (irrespective of the implementing agency) has to be recorded in the Works register to be maintained at GP to enable verification and prevent duplication.

6.1 Lowest prioritised sector of work given highest priority

It was observed that lowest prioritised works (rural connectivity) were given highest priority. In 14 districts¹³, 25701 works out of total 66282 undertaken by sampled units (39 *per cent*) were executed of this sector and a sum of ₹ 365.91 crore (52 *per cent* of the total expenditure) was spent on the works of least priority. The State/District level authorities didn't take effective measures to stop this practice (**Annexure- XXIX & XXX**).

6.1.1 Creation of asset

From MPR through which status of works was reported to the government, it was observed that a total number of 133729 works were completed by the sampled districts during 2007-12. Of the total completed works, 49 *per cent* works involving expenditure of 53 *per cent* were of rural connectivity, though this was the lowest in the list of prioritised works. Works completed and its percentage to total works is given below:

¹³ Except Nalanda

Table-7
Position of completion of work

Total no. of works completed during 07-12	Category of works	No. of works	Percentage of work to total works completed	Expenditure involved (in lakh)	Percentage of expenditure on work
133729	Water Conservation	12346	9.23	16973.23	10.78
	Drought Proofing	10566	7.90	5584.73	3.55
	Micro irrigation	12207	9.13	15467.10	9.82
	Provision of irrigation facility to SC/ST/IAY beneficiary	3291	2.46	3155.53	2.00
	Renovation of traditional water body	14341	10.72	14285.04	9.07
	Land Development	5564	4.16	5147.30	3.27
	Flood Control	7965	5.96	10334.00	6.56
	Rural connectivity	64988	48.60	82703.60	52.52
Any other specified works	2461	1.84	3807.20	2.42	
Total		133729		157457.73	

(Details are given in **Annexure-XXXI**)

6.2 Execution of non-permissible works ₹ 2.11 crore

Scrutiny of records of five test checked districts disclosed that non-permissible works worth ₹ 2.11 crore were executed from the MGNREGS funds. Detail can be seen in the table given below:-

Table-8
Non-permissible works

Name of district	Name of non-permissible work	Expenditure (₹ in crore)
Madhubani	Construction of generator shade	0.03
Darbhanga	Construction of generator shade	
Aurangabad	Construction of pucca platform	0.15
	Construction of RTPS centre	0.30
Bhojpur	Construction of PCC roads	1.58
W.Champaran	Construction of PCC roads	0.05
	Total	2.11

(Source : Scheme files of unit)



Scheme No.- 4/11-12; GP-Dihara, PS-Obra (Aurangabad) Pucca platform was constructed in violation of MGNREGS guidelines.

Execution of non-permissible works was gross violation of the MGNREGS guidelines. Further it was also observed that unique number was not given to any of the works checked in audit.

It was replied that lowest prioritized works were executed as these works were the part of annual plan. Directions contained in Government letter No. 9419 dated 03.07.2008 regarding construction of generator shade was cited as reason for execution of work other than prioritized work. It was replied that RTPS centre in Aurangabad was constructed under instruction of the DPC. In the case of execution of non-permissible works in Bhojpur, reply is awaited.

6.2.1 Construction of earthen road

As per provision contained in schedule I of the Act, the work of rural connectivity to provide all weather access is permissible. Further, as per Field Work Manual, these works were not permissible under MGNREGS. Accordingly, under this field of work, road providing all weather access was to be constructed. But, out of 19822 works completed in test checked districts during 2007-12, a total number of 3213 earthen road works (16 per cent) was taken up which were not fit for all weather access as these roads were muddy in rainy season and dusty in summer and were not durable (**Annexure-XXXII**).

6.3 Low percentage of completed works

Creation of durable assets and strengthening the livelihood resource base of the rural poor is the important objectives of the scheme. But, from scrutiny of records of the sampled districts and position furnished by RDD, Bihar, it was observed that percentage of actual completion of works against those taken up during 2007-12 declined during the period and ranged from 49.85 to 28.45 per cent and 50.62 to 28.23 per cent respectively during 2007-12. Less than 51 per cent works were completed in the year in which works were taken up.

Table-9
Position of completed work (sampled districts)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Works taken up	36837	40361	76130	89848	84804
Works completed	18364	18750	34443	38503	24134
Incomplete works	18473	21611	41687	51345	60670
Completion percentage	49.85	46.45	45.24	42.85	28.45

(Details in **Annexure-XXXIII**)

Table-10
Position of completed work (state level)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Works taken up	85277	107865	157866	199959	193342
Works completed	43171	53939	70491	83593	54589
Incomplete works	42106	53926	87375	116366	138753
Completion percentage	50.62	50.01	44.65	41.81	28.23

(Source: Monthly progress report furnished by the DRDA)

The main reasons for low completion of works were attributed to the working agency (PRS) was over burdened with different task at a time, very less percentage of monitoring of work by higher authorities, non functioning of Vigilance and Monitoring Committee, unavailability of fund and non issue of work order with the stipulated date of completion of works. This resulted in less creation of mandays and non creation of durable assets which ultimately deprived the people from benefit of the schemes.

6.4 Non-adherence to wage and material costs ratio

According to para 6.2 of operational guidelines the ratio of wage costs to material costs should be in proportion to 60:40, preferably at the Gram Panchayat, Block and District levels. During the test check of schemes, it was found that Wage: Material ratio was not maintained in 19 GPs and at block level in seven PS. In Banka and in Munger, prescribed ratio of wage and material was not maintained at district level. This resulted in excess consumption of material worth ₹ 7.94 crore over wage which caused less creation of 5.51 lakh mandays (**Annexure-XXXIV**).

Schemes included in the Annual Plan were cited as reasons for non-adherence to the Wage-Material ratio by the audited entities. The replies furnished was not acceptable as the P.O. had to scrutinise the works included in the plan and passed by the GS to ensure that works were technically viable and these were fulfilling the provisions of the guidelines. However, the P.O. did not consider the mandatory adherence of wage material ratio at the time of consolidation of Block Plan.

6.5 Use of Tractor (Wage displacer)

As per the GOI instruction though the use of labour displacing machines was banned for execution of MGNREGS, the State Government allowed use of tractor from (May 2010) with the instruction that the P.O might allow tractor in cases where it was the requirement of the site and wage displacement would not happen *i.e.* ratio of 60:40 would be maintained.

Scrutiny of records disclosed that since the day the Government allowed the use of tractor, it was used frequently by the panchayats. In seven test checked districts¹⁴ tractor was found used in 50 works involving ₹ 22.55 lakh without permission of the PO. Also violation of wage material ratio was found in GP-Kamtaul (42:58) and GP-Bramhpur East (39:61) (PS-Jale) of Darbhanga district due to use of tractor (**Annexure-XXXV**).

6.6 Suspected fraud in execution of MGNREGS

The payment to the tune of ₹ 3.84 lakh was doubtful on execution of 12 numbers of works in the blocks of Darbhanga as payment was made without vouchers and muster rolls, work was not found done at work site during physical verification and two Measurement Books were found for the same work (**Annexure-XXXVI**).

6.7 Less quantity of work done in comparison to payment

Audit scrutiny of schemes files in 12 districts¹⁵ disclosed less quantity of work executed than the payment made to the executing agencies in 546 works. Against payment of ₹7.30 crore, work was executed for ₹ 5.29 crore and balance ₹ 2.01 crore was still lying with the agencies. Although the said works were closed in incomplete state, yet the surplus amount of advance could not be recovered from the agencies (**Annexure-XXXVII**).

Further, during physical verification the actual work was found less in measurement by technical personnel in 112 cases of nine districts. The works were not found executed as per estimate in 54 cases of nine¹⁶ districts.

¹⁴ Madhubani, Muzaffarpur, Sitamarhi, Bhabhua, Darbhanga, Begusrai and West Champaran

¹⁵ Aurangabad, Araria, Bhabhua, Begusarai, Bhojpur, Banka, Jehanabad, Madhubani, Munger, Mujaffarpur, Nalanda, Sitamarhi.

¹⁶ Aurangabad, Banka, Bhabhua, Bhojpur, Darbhanga, Madhubani, Munger, Nalanda and ,Sitamarhi



Scheme No.8/10-11
PS-Lakhnaur: Foundation was not constructed



Scheme No. 17/11-12
Chahaka (Karha) was digging only in 11000 cft(1100'x10x1'), whereas 40955.79 cft work was shown in the MB.(GP-Baligaon, Rafiganj)

6.8 Measurement of work and Schedule of Rate

Schedule of rates (SOR) for the MGNREGS had to be prepared by the government on the basis of guideline issued in 2008. Since SORs would have horizontal application across the department/agencies, it should be notified by the state. Further, the SOR with standard design should proactively be disclosed and widely published. The SOR would be prepared on the basis of comprehensive work time and motion studies.

Measurement would be recorded in the MB maintained by qualified technical personnel in charge of work site and verification should be done by qualified technical personnel before payment of wage.

Audit scrutiny revealed the following deficiencies:

6.8.1 Non preparation of separate SOR for MGNREGS

The State Government had not devised SOR for works under MGNREGS. The work time and motion studies were not conducted by the Government as required under provision of para 6.7 of the Operational Guidelines.

Minimum wage fixed by the Government was based on inflation in place of productivity norms contrary to the provision of para 6.7.2 of the guidelines.

The same SOR was applicable all over the State and climatic conditions across and within the district was not taken into account for fixing the minimum wage. The SOR of public works department had been followed by the implementing agencies in all the test checked districts. Thus, it was not ascertainable whether the wages paid to the labourers were adequate and appropriate.

6.8.2 Payment without measurement of work and payment in excess to estimate

Scrutiny of records of West Champaran, Madhubani and Aurangabad district revealed that ₹ 67.81 lakh (27 works of the year 2009-11) was paid to the working agency without

measuring the value of work done. Further, in Bhojpur ₹ 30.33 lakh was paid in 37 works during 2010-11 in excess to the estimate (**Annexure-XXXVIII & XXXIX**).

6.8.3 Measurement Books not available

In Aurangabad and Jehanabad, it was observed that in 57 works involving expenditure of ₹ 55.17 lakh, MB were not available and as such the expenditure incurred on execution of these works could not be verified (**Annexure- XL**).

6.9 Works Executed by Line Department/NGO

As per para 6.3.3 of the guidelines, line departments and NGOs having a proven track record of performance may be considered for implementing agencies. The selection of implementing agencies was to be based on technical expertise resources, capacity of handling the work within the given time frame and overall interest of the beneficiaries.

Scrutiny of schemes undertaken by the line departments revealed the following facts:-

- Zila Parishad, Madhubani was appointed as implementing agency for execution of works under MGNREGS during 2007-08 and 2008-09. The Zila Parishad further engaged line departments and programme officers as sub-agency and released ₹ 9.01 crore to them. Of this, ₹ 2.95 crore was utilised for execution of the scheme, ₹ 75 lakh was refunded and balance ₹ 5.31 crore was lying outstanding for the last three years which caused less creation of 3.69 lakh man days.
- Further, in Madhubani, 54 works with estimated cost of ₹ 2.14 crore was awarded to the line departments (14 works) and NGOs (40 works) and half of the estimated cost (₹ 28.60 lakh and ₹ 74.34 lakh respectively) was released. However, the line department and NGOs neither rendered adjustment accounts nor demanded second instalment of fund. The works assigned to them were not executed and amount was still lying with them.
- In Munger, ₹ 1.70 crore was released to Minor Irrigation Department for execution of 34 works and against that only ₹ 1.58 crore was utilised and ₹ 12 lakh was kept blockage by line department for more than two years. (**Annexure- XLI**)

In reply, it was stated by the ADPC, Madhubani that an FIR had been lodged against erring NGOs and a letter was written to the line department for rendering accounts. No reply was received from Munger.

6.10 Payment in excess of muster roll and vouchers

During test check of scheme files, it was observed that in 277 works, ₹ 1.90 crore was outstanding for adjustment against implementing agencies in 12¹⁷ districts (**Annexure-XLII**).

The working agencies neither rendered accounts against amount paid for execution of the works nor the balance/surplus amount was refunded. Thus, ₹ 1.90 crore stands recoverable from the erring agencies.

6.11 Abandoned/ unfruitful works

In nine districts¹⁸ 753 works were found abandoned. A sum of ₹ 12.64 crore was expended on these works and in most of the abandoned works, pucca work like brick soling, construction of *Pulia/culvert etc.*, were left incomplete. Thus, the intended objectives of the works could not be fulfilled (**Annexure-XLIII**).

It was replied by the Panchayat Rojgar Sewak (PRS) that due to site dispute, restriction of 60:40 ratio, not taking interest by new elected *Mukhia* in old work and unavailability of fund, the works remained abandoned. However, the department replied that most of the works got dropped in mid of execution due to conflict of interest among villagers.

The reply is not tenable as the scheme functionaries had to take corrective measures to sort out the difficulties in successful implementation of the scheme.

6.12 Wasteful expenditure on plantation schemes



As per para 6.1 of operational guidelines, the drought proofing including afforestations and tree plantations were second in priority list of works. The State Government had given special focus for plantation work in the state. The plantation work was to be executed by the Gram Panchayats except on the land beside National Highway, railway track and river embankment. But, during audit it was observed that the entire plantation work almost failed in the sampled districts as revealed below:

- It was observed that plantation of 176350 numbers of plants done in 12 districts¹⁹ with expenditure of ₹ 2.07 crore were 100 *per cent* dead. Thus, the expenditure incurred on failed plantations proved infructuous. Further, in absence of pits and mounts at the sites plantation work appeared doubtful (**Annexure-XLIV**).

¹⁷ Aurangabad, Begusarai, Bhojpur, Darbhanga, Jehanabad, Madhubani, Munger, Muzaffarpur, Sitamarhi, West Champaran, Banka and Kishanganj

¹⁸ Araria, Aurangabad, Begusarai, Bhabhua, Jehanabad, Madhubani, Munger, Sitamarhi and West Champaran

¹⁹ Araria, Banka, Begusarai, Bhabhua, Bhojpur, Darbhanga, Madhubani, Muzaffarpur, Munger, Nalanda, Sitamarhi, and West Champaran

<p>The plantation scheme failed in 362 Cases of 12 districts.</p> 	
<p>Jainagar P.S (Dorbar G.P, Madhubani) Out of 200 plants, no plants survived.</p>	<p>P.S. Balia (GP Bhagatpur) BEGUSARAI Plantation (4000 Nos.) at river embankment done but NOC was not obtained, hence plants were uprooted by flood control division.</p>

- In Jainagar (PS) of Madhubani and GP, Dohat Narayat (PS, Baheri, Darbhanga), 3600 Plants involved expenditure of ₹ 8.30 lakh were distributed to BPL families instead of planting, which was in violation of the provision (para 8.2.2) of the guidelines for social forestry. Further, it was observed that all the distributed plants were dead due to insufficient protective measures which resulted in fruitless expenditure to the tune of ₹8.30 lakh.

Two hundred fifty eight units of plantation work amounting to ₹ 4.71 crore were undertaken in eight G.Ps. in Begusarai beside National Highway, Railway track and river embankment without obtaining N.O.C. from concerned department, violating MGNREGA guideline. As a result, in GP-Bhagatpur (Begusarai), 20 units (4000 plants) of plantation were destroyed/uprooted by flood control division during widening of river embankment and the expenditure incurred amounting to ₹ 13.11 lakh also proved infructuous.

The PRS and the POs of the panchayats replied that due to negligence of the *Van-poshak*, flood and disturbance by anti-social elements, the plants were damaged. Further, it was replied by the ADPC, Begusarai that as per instruction of the then Secretary, RDD, Bihar, NOC was not required by any department for execution of plantation work under MGNREGS. However, this instruction was issued in violation of guidelines.

6.13 Exclusive functions of GP performed by Panchayat Samiti

As per provision contained in para 4.6 of the guidelines for social forestry issued by RDD, the plantation work was to be executed by Gram Panchayat and not by the Panchayat Samiti. Contrary to the said provision 53 plantation works involving expenditure of ₹ 46.31 lakh was done by the Panchayat Samiti, Sikti (Araria), Noorsarai (Nalanda) and Runni Saidpur (Sitamarhi)

6.14 Purchase of material and employment of labour after completion of work

During test check of schemes files of Panchayats, it was observed that in 28 works involving expenditure of ₹ 21.71 lakh, materials were purchased after completion of works as vouchers for purchase of materials like bricks, sand, iron, stone chips, cement *etc.* were dated later than the period of engagement of labourers which was indicative of apparently fake claims, wrong booking of MB and possibility of involvement of middleman in execution of works. Similarly it was also noticed that labourers were engaged after the completion (final measurement) of 19 works involving expenditure of ₹ 7.99 lakh of seven districts²⁰ (**Annexure- XLV & XLVI**).

6.15 Project completion report (PCR)

A Project Completion Report (PCR) should be prepared after completion of every work. This report had to be prepared in prescribed format and photographs of the work and VMC report should be attached with the report.

PCR was not found attached in any of the completed scheme in the sampled districts.

The PRS has replied that due to ignorance about the PCR, it could not be prepared and attached with the completed scheme.

6.16 Muster roll

As per para 6.5.1 of operational guidelines, Muster Rolls (MRs) issued by the Programme Officer, each with a unique identity number, were to be maintained by the GPs and other executing agencies, in a pro-forma suggested by the Ministry. Further, photocopies of the MRs were to be kept for data coordination and for public inspection in every GP/Block. Scrutiny of records disclosed following irregularities:-

- In six districts²¹, 159 labourers were shown engaged twice in 13 works during same period (**Annexure-XLVII**).
- In Darbhanga, Muster rolls were found used prior to its issuance by the P.O. in two works of GP Bishath Bathia (Tardih block) and MRs found used without issued by the DRDA/P.O. in 12 works of GPs. Muster Rolls issued to the panchyats were found used by other panchayats and line departments in Darbhanga (**Annexure-XLVIII**).
- In five sampled districts, it was observed that in 10 works, date of payment was prior to the period of Muster Roll *i.e.* wages amounting to ₹ 3.14 lakh were paid to the labourers before being actually employed /start of work. Thus, the engagement of labourers was doubtful (**Annexure-XLIX**).

²⁰ Aurangabad, Begusarai, Darbhanga, Jehanabad, Madhubani, Muzaffarpur and West Champaran.

²¹ Araria, Aurangabad, Bhabua, Bhojpur, Madhubani and Sitamarhi

- In 38 works of five districts, serious tampering in the name of the labourers, period of works, attendance, amount of wages *etc.*, in Muster Roll was found (**Annexure-L**).
- Format of Muster Roll in Jehanabad, Aurangabad and Munger was found defective as it lacked signature of labourers in token of receipt of payment, quantity of work done, amount of wage paid and other necessary columns.
- In Madhubani period of work was not written on Muster Rolls (used in three works) amounting to ₹ 1.29 lakh and in Sitamarhi MRs for four schemes were not signed by any competent authority and a sum of ₹ 83,000 was paid without passing MRs.

6.17 Convergence

As per provision contained in para 14.1 of the operational guidelines, convergence of MGNREGS funds with funds available to panchayats from other sources for the creation of durable assets was to be done for better functioning of the scheme. Further, it was to be ensured that MGNREGS fund did not substitute resources from other sectors or the scheme and all initiatives of convergence would be within the parameters of the scheme.

In all the sampled districts, it was observed that the works taken under MGNREGS were not dovetailed with other rural schemes. Plan for convergence of works was not prepared and the scheme functionaries failed in integrating the MGNREGS with other activities.

6.17.1 Non-tie up of Bharat Nirman Rajeev Gandhi Sewa Kendra (BNRGSK)

As per direction contained in government's notification S.O.2877 (E) dated: 11.11.09, BNRGSK was to be constructed at each Gram Panchayat and Panchayat Samiti at an estimated cost of ₹ 10 lakh and ₹ 25 lakh respectively to create infrastructure and to provide space for greater and more transparent interaction with the citizens. In the labour budget for the year 2010-11, the number of such works was to be estimated on priority basis by indicating their location. Material component was to be met from BRGF and other rural sector scheme.

The construction of Rajeev Gandhi Sewa Kendra was undertaken by only five districts (out of 15 selected districts) in 45 Panchayat Samitis and in 38 GPs. A total number of 83 works involving expenditure of ₹ 6.67 crore were taken up by aforesaid five districts and all the works were going on. Construction of BNRGSK works was not undertaken by remaining 10 districts whereas no MGNREGS building at block and GP level exists and the office is running in the building of some other department with insufficient space. Further, the material component in the undertaken works was not supplemented from other rural sector scheme and convergence as envisaged in the guidelines could not be done (**Annexure-LI**).

Recommendation

- Only permissible works under MGNREGS should be executed.
- The State Government should ensure preparation of separate SOR for MGNREGS by conducting work time and motion study so as the labour could get appropriate wage.