

Chapter - 3

Planning

The obligation to provide employment within 15 days of receipt of application necessitates advance planning. The basic aim of the planning process is to ensure that district is prepared well in advance to offer productive employment on demand. To adequately match the demand for work, prior assessment of the quantum of work likely to be demanded as well as the timing of this demand is required. The Act and the Operational Guidelines require the implementing agencies to draw up two types of plans- the perspective plan, which attempts to integrate work priorities with the long term strategy, and the development plan, which is an annual work plan.

3.1 District Perspective Plan

The Operational Guidelines stipulated preparation of a five year District Perspective Plan (DPP) to facilitate planning in advance and provide a development perspective of the district. The aim was to identify the types of MGNREGS works that should be encouraged in the district, and the potential linkages between these works and long-term employment generation. However, none of the test-checked ZPs had prepared this plan. Non-preparation of DPP deprived the State Government of the opportunity of adopting a project approach to works and providing a development perspective for the district.

The State Government (January 2013) stated that although most of the districts prepared DPP, the same were not submitted to the Government for approval. In order to maintain uniformity and prevent inconsistency in features of the DPP, the State Government entrusted (March 2012) the task of the preparation of a model perspective plan for 10 selected GPs to a private agency at a cost of ₹4.88 lakh; the plan was yet to be submitted (January 2013).

3.2 Annual Plan

The annual work plan identifies the activities to be taken up in a year. It is to comprise four components:

- assessment of labour demand;
- identification of works to meet the estimated labour demand;
- estimated cost of works and wages; and
- benefits expected in terms of employment generation and assets creation.

The first step in the planning process pertains to the Gram Sabhas, which ensure the participation and mutual cooperation of the villagers in developmental activities. Meetings of the Gram Sabha should be held on 2 October each year for identification and prioritisation of implementable works during the following financial year. Under section 16 (3) of the Act, every GP is required to prepare annual plan (AP) on the basis of

recommendations of the Gram Sabha. The process for preparation of the AP is shown in **Chart 6** below:

Chart 6: Process for preparation of Annual Plan



The following are the audit observations in this regard:

- Of the 157 GPs test-checked, only 28 GPs had conducted Gram Sabhas on 2 October. In the remaining 128 GPs, there was no evidence for having conducted the Gram Sabha on 2 October during 2007-12. Hadli GP in Naragund Taluk of Gadag district did not produce records.
- The questions on Gram Sabha meetings received a mixed response from the sampled beneficiaries during the survey. While 46 per cent stated that Gram Sabha meetings had been held two times last year, nine per cent stated that Gram Sabha had met only once. Though 58 per cent of the workers claimed to have attended the meetings, only 47 per cent of them spoke at these meetings. While 59 per cent of those at the meetings did not speak because they did not have anything important to say, another 15 per cent did not speak as they were not important persons in the villages. However, 89 per cent of the workers who attended the Gram Sabha

meetings confirmed that Scheme works had been discussed in the meetings and another 66 per cent stated that the details of the works were pasted or written on public and Panchayat office walls.

- The annual plans prepared by the test-checked GPs exhibited only the works proposed to be taken up, their estimated costs and estimated benefits. These plans did not provide information such as (a) physical improvement envisaged measurable in specific units and (b) benefits to the community, as envisaged in the Operational Guidelines.

The State Government stated (January 2013) that the detailed estimate making was a time consuming exercise and could not be completed physically between 2 October and 31 December; hence it was being resolved by computerised template-based estimate making. It was also stated that benefit to community, asset quality, asset creation, *etc.*, did not suffer on this account as works were selected in Gram Sabhas and community oriented works were taken up. The reply was not acceptable as the annual plans were not prepared as stipulated in the Operational Guidelines, lacked specific indicators and thus the projected benefits to the community were not realistic.

- The test-checked GPs did not have the requisite resource support and the estimates for the works approved in the development plan were sanctioned subsequently by the line departments. The estimated costs of works so sanctioned by the line departments were invariably the same as those shown in the approved plan. The technical sanctions were, thus, driven by the cost of works as per the approved plan and not by the need to create durable assets while taking up an activity to meet the demand for labour.

The State Government stated (January 2013) that the cost as per the approved plan and the sanctioned estimate being one and the same did not mean that the need to create durable assets was defeated. It was further stated that major items in the estimates were necessity based and as per technical requirements. The reply was not acceptable as no efforts had been made to ascertain the needs of the villages by convening the Gram Sabhas before including the works in the development plans. As these works had been included on an *ad hoc* basis, sanctioning the estimates subsequently for these works for the same amounts showed that planning incorporating an assessment of the labour demand, identification of the works to meet the demand and creating durable assets had been given a complete go-by.

- Due to non-availability of dates of forwarding the development plans by the GPs to the Programme Officers (POs) and by POs to the District Programme Coordinator (DPC), it was not possible to verify whether the development plans had been consolidated timely by POs and DPCs. The test-checked ZPs also did not furnish dates of approval of the developmental plans.
- As the Register of Works had either not been maintained or partially maintained in all the test-checked GPs, it was not possible to assess the delays in according technical sanctions and their impact on

implementation of the Scheme. However, analysis of the MIS data for 2007-12 indicated that technical sanctions in 4.01 lakh cases out of 17.42 lakh works had been delayed as late as October to March every year and technical sanctions had not been entered in another 1,032 cases, which had an adverse impact on the completion of works.

The State Government stated (January 2013) that instructions would be issued to avoid the delay in according sanctions to the estimates.

3.3 Labour Budget

3.3.1 Delay in submitting labour budget

After approving the development plan of the district, the DPC is to annually prepare a labour budget for the next financial year containing the details of anticipated demand for unskilled manual work in the district and the plan for engagement of labourers in the works covered under the Scheme. The Operational Guidelines note that the sequence of approvals laid down under the Act necessitates time-bound coordination among different levels, so that the spirit and intent of the Act is maintained. It also prescribes the time schedule as shown earlier in **Chart 6**. Till 2008-09, there was no systematic procedure followed in the preparation and consolidation of labour budgets in the State. There was no consolidated labour budget available for the years 2007-09 as some of the districts had not prepared the labour budget. Till 2008-09, labour budgets from the districts were forwarded to the MoRD as and when received.

Further, it was observed that though the target date for submission of labour budget to the MoRD was 31 January, there were persistent delays during 2009-12 as shown in **Table 3** below:

Table 3: Delays in forwarding labour budgets

Year	Date on which labour budget was sent to the MoRD	Date of approval of labour budget by the MoRD
2009-10	March 2009	27 April 2009
2010-11	26 March 2010	11 May 2010
2011-12	14 March 2011	30 March 2011

Source: Information furnished by RDPR department

The State Government, while agreeing to adhere to the schedule henceforth, stated (January 2013) that during the first three years some of the districts had not submitted proposals in time and funds were released on *ad hoc* basis. Hence, there was inconsistency during that period. After the creation of State Employment Guarantee Fund in 2009-10, submission of labour budget proposals to Government of India was done every year regularly and systematically.

3.3.2 Unrealistic labour budget projections

The labour budget is to be based on realistic estimate and close to actual achievement trends of the previous year in terms of household's demand, days of employment demanded and expenditure. If a sharp rise in the employment demand is estimated, proper justification should be presented by the district. As compared to previous year's actuals, there were abnormal increases in

labour budget projections ranging up to 473 *per cent* and 346 *per cent* during the years 2010-11 and 2011-12 respectively. The details are given in **Appendix 2**. In all these cases, no justification for such huge increases had been furnished.

The expenditure incurred was lower than the labour budget by 0.5 to 97 *per cent* in 17 districts during 2009-10, 7 to 81 *per cent* in all the 30 districts during 2010-11 and up to 97 *per cent* in 16 districts during 2011-12. It was higher than the labour budget by 3 to 218 *per cent* in 12 districts during 2009-10 and 1 to 89 *per cent* in 13 districts during 2011-12 (detailed in **Appendix 3**).

There were variations between the projection of persondays as per the approved labour budgets and those actually generated. The actual persondays constituted 24 to 440 *per cent* of the estimated persondays during 2009-10, 4 to 79 *per cent* during 2010-11 and 8 to 138 *per cent* during 2011-12. The details are given in **Appendix 4**.

The State Government stated (January 2013) that labour budget projections of the next year did not square up with the actual implementation as this was a demand driven programme and action would be taken to standardise the projections henceforth. Audit while noting the reply however, observes that as the demand for labour is dependent on several factors and will thus vary, it was incumbent on the State Government to link the labour budget to MIS and online progress, as set out in the Operational Guidelines. The huge variations between the projected and actual labour budget, as stated above, points to the fact that the linkage was not strictly monitored and in turn affected the GoI's mid-year review of the State's performance against its own labour budget estimates.