

Chapter - 8

Execution of works

8.1 Introduction

One of the main objectives of the Act is to create durable assets to strengthen the livelihood resource base of the rural poor. In this context, the Act and the Operational Guidelines prescribe the following conditions for works to be taken up under MGNREGS:

- The ratio of wage to material costs should not be less than 60:40;
- The list of priority-wise permissible works which can be taken up under MGNREGS should be as indicated in the Act;
- Use of contractors and machinery are not allowed;
- Allotment of at least 50 *per cent* of the works to GPs for execution; and
- Administrative and technical sanctions for all works to be obtained in advance, by December of the previous year.

Audit findings related to works executed under the Scheme are discussed in succeeding paragraphs.

8.2 Physical and financial progress of works

The details of works taken up, completed, ongoing and abandoned during 2007-12 in test-checked districts are shown in **Table 17**.

Table 17: Details of works taken up, completed, ongoing and abandoned in the test-checked districts

| Year | Works taken up | | Completed works | | Ongoing works | | Abandoned works | |
|--------------|-----------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------|-------------------|
| | Number | Expr (₹ in crore) | Number (%) | Expr (₹ in crore) | Number (%) | Expr (₹ in crore) | Number | Expr (₹ in crore) |
| 2007-08 | 2,060 | 0.37 | 92 (4%) | 0.10 | 143 (7%) | 0.27 | 0 | NA |
| 2008-09 | 26,991 | 60.19 | 3,075 (11%) | 12.10 | 15,547 (58%) | 45.94 | 44 | NA |
| 2009-10 | 1,34,726 | 563.29 | 35,569 (26%) | 231.07 | 71,345 (53%) | 303.90 | 43 | NA |
| 2010-11 | 1,14,036 | 492.79 | 49,435 (43%) | 351.85 | 47,245 (41%) | 140.94 | 137 | NA |
| 2011-12 | 1,25,040 | 530.19 | 20,066 (16%) | 192.54 | 76,809 (61%) | 337.65 | 100 | NA |
| Total | 4,02,853 | 1,646.83 | 1,08,237 (27%) | 787.66 | 2,11,089 (52%) | 828.70 | 324 | |

Source: Information furnished by the RDPR department NA: Not available Expr: Expenditure

The various categories of works completed during 2007-12 in the test-checked districts and their percentage to the total number of works completed (1,08,237) are shown in **Table 18**.

Table 18: Categories of completed works in the test-checked districts

| Category of works | Number of works completed | | | | | | Percentage of category-wise works completed to the total number of works completed (1,08,237) |
|--|---------------------------|--------------|---------------|---------------|---------------|-----------------|---|
| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | Total | |
| Water conservation | 0 | 346 | 4,157 | 6,259 | 3,353 | 14,115 | 13 |
| Provision of irrigation facility to land covered by SC/ST/BPL families | 73 | 1,452 | 8,286 | 11,174 | 2,953 | 23,938 | 22 |
| Rural connectivity | 9 | 161 | 4,571 | 6,854 | 2,842 | 14,437 | 13 |
| Land development | 5 | 225 | 3,668 | 5,971 | 2,742 | 12,611 | 12 |
| Other works | 5 | 891 | 14,887 | 19,172 | 8,161 | 43,116 | 40 |
| Rajiv Gandhi Seva Kendra works | 0 | 0 | 0 | 5 | 15 | 20 | 0.02 |
| Total | 92 | 3,075 | 35,569 | 49,435 | 20,066 | 1,08,237 | |

Source: Information furnished by the RDPR department

BPL: Below Poverty Line

Works initiated were to be completed in a timely manner so as to ensure that meaningful benefits accrued to the local community. However, it was seen that 2.11 lakh works amounting to ₹828.70 crore were incomplete as at the end of March 2012. The percentage of completed works increased from 4 to 43 *per cent* during the period 2007-11 and slipped to 16 *per cent* during 2011-12. The expenditure incurred on completed works accounted for only 48 *per cent* of the total expenditure. There was no substantive effort to use the Scheme as an opportunity to improve the quality of life of the villagers by completing the works taken up and creating durable assets. The focus was on taking up more works rather than completing works already taken up. This contributed to a high incidence of incomplete works.

8.3 Execution of inadmissible works

While stipulating the priority of permissible works to be taken up under the Scheme, the Operational Guidelines prohibited execution of Cement Concrete (CC) roads. However, it was observed in two test-checked taluks²¹ that the GPs had taken up CC road works by incurring an expenditure of ₹84.04 lakh. Similarly the road works under 'rural connectivity' should be all weather roads and taking up of earthen roads was not permitted, whereas an expenditure of ₹14.70 lakh was incurred on earthen roads in two test-checked taluks²². Varlakonda GP of Gudibande taluk incurred an amount of ₹1.03 lakh on construction of Samudaya Bhavana, which was inadmissible. It was also seen that two works of construction of compound walls of graveyards

²¹ Gudibande (Chikkaballapur district)–₹71.55 lakh; Lingsugur (Raichur district)– ₹12.49 lakh

²² Belur (Hassan district)– ₹5.60 lakh; Naragund (Gadag district)– ₹9.10 lakh

(estimated cost: ₹11.00 lakh) in Beechaganahalli GP were abandoned after incurring an expenditure of ₹4.16 lakh. The abandonment of works rendered the expenditure unfruitful. The reasons for the abandonment of works were not furnished to audit.

Photographs 1 and 2: Inadmissible and abandoned works executed in Gudibande taluk (Chikkaballapur district)



Earthen road in Somenahalli GP (26 May 2012)

Abandoned work of construction of compound wall of graveyard in Beechaganahalli GP (18 May 2012)

The State Government stated (January 2013) that as per the Operational Guidelines roads were constructed in the ratio of 60:40.

The reply was not acceptable as the works detailed above were inadmissible as per the provisions of the Operational Guidelines irrespective of the maintenance of the wage-material ratio.

8.4 Execution of desilting works

Pre-measurements are required to be recorded in the measurement books prior to execution of works such as desilting, jungle clearance, *etc.*, as these are not susceptible to measurement after their completion. However, in respect of desilting works amounting to ₹57.46 lakh executed by four²³ test-checked taluks, no pre-measurements were recorded rendering the desilting works doubtful.

The State Government stated (January 2013) that there was no provision of pre-measurement as the estimate itself was a document of pre-measurement. It was further stated that such issues would be permanently solved as the department was introducing electronic estimates and electronic measurements.

The reply was not acceptable as an estimate cannot be taken as the document establishing pre-measurement for any work to be undertaken. Pre-measurements entailed actual measurements and thus estimates are not substitutes for pre-measurement.

²³ Gudibande (Chikkaballapur district)– ₹17.64 lakh; Belur (Hassan district)– ₹5.47 lakh; Naragund (Gadag district)– ₹28.67 lakh; and Shirahatti (Gadag district)– ₹5.68 lakh

8.5 Irregular expenditure on material component

As per the instructions (October 2010) of the State Government, the expenditure on material component of irrigation works taken up under MGNREGS was to be borne by the Water Resource Department/ Krishna Bhagya Jal Nigam Limited (KBJNL). However, in contravention of these instructions, four GPs in two selected taluks²⁴ debited an expenditure of ₹1.13 crore incurred (April 2011) on materials used in the irrigation works of KBJNL to MGNREGS funds.

The State Government stated (January 2013) that such mistakes would not be repeated and action would be taken in this matter.

8.6 Other points in execution of works

i) *Muddebihal taluk (Bijapur district)*

- In four GPs²⁵ of Muddebihal taluk, no planting had been taken up in seven cases after incurring an expenditure of ₹2.07 lakh on digging of pits during 2008-12.

The State Government stated (January 2013) that planting was not done due to severe drought condition. The reply was not acceptable as the works were taken up without adequate planning, which resulted in wasteful expenditure.

ii) *Sindagi taluk (Bijapur district)*

- The Assistant Executive Engineer, Panchayat Raj Engineering (PRE) Sub-division, Sindagi had incurred (February to April 2010) an expenditure of ₹12.96 lakh on site clearance and excavation for roadway for a layout²⁶ by mechanical means through contractors which was inadmissible.
- Payment of ₹7.08 lakh had been made by three GPs²⁷ during 2009-12 towards hire charges of machinery engaged for loosening of soil and earthwork excavation.

The State Government stated that (January 2013) machinery hire charges were accounted under material component and use of machinery in hard/rocky strata was permissible under MGNREGS. The reply was not acceptable as the machinery was used for loosening of soil and earthwork excavation which was not permissible under MGNREGS.

- In 10 works executed during 2010-12 in nine test-checked GPs, royalty had not been calculated and recovered.

²⁴ Devdurga (Raichur district) – ₹109.63 lakh and Sindagi (Bijapur district) – ₹2.91 lakh

²⁵ Alur, Bidarkundi, Hirur and Rakkasagi

²⁶ Layout to be formed for accommodating people shifted from flood affected areas

²⁷ Gabasavalagi, Rampura and Yenkanchi

iii) Gudibande taluk (Chikkaballapur district)

- None of the action plans of the test-checked GPs had been approved by DPC during 2008-12. Moreover, GP, Somenahalli had spent ₹1.21 lakh on seven works during 2008-09, though no action plan for the year had been prepared.

The PDO, GP replied (May 2012) that no works would be taken up in future without the action plan.

- Audit scrutiny of five test-checked canal repair works in GP, Tirumani showed that the GP had incurred an expenditure of ₹18.45 lakh during 2009-11 to clean up the feeder channels to tanks. The joint physical verification (May 2012) of these works showed that the quality of execution was poor and the channels had not been cleared of vegetative growth, silt and debris. The expenditure of ₹18.45 lakh, therefore, did not result in creation of durable assets. It was further seen that the GP had executed a total of 19 canal repair works and had incurred an expenditure of ₹46.62 lakh during 2009-11. With the poor quality of execution seen in all the test-checked canal repair works, the fruitfulness of the entire expenditure of ₹46.62 lakh was doubtful.



Photograph 3: Canal repair work executed by GP, Tirumani (25 May 2012)

- Two GPs (Tirumani and Ullodu) of Gudibande taluk had purchased materials like cement, sand gravel, etc., at a cost of ₹22.67 lakh during 2009-12 and debited the cost to 16 works included in the action plan. However, these works were not taken up for execution (May 2012). This resulted in unfruitful expenditure of ₹22.67 lakh.
- GP, Tirumani had spent ₹12.21 lakh on seven works during 2009-11. However no records relating to these works were made available.

The State Government stated (January 2013) that CEO, ZP, Chikkaballapur was asked to initiate action on individual cases.

iv) Bagepalli taluk (Chikkaballapur district)

- The Operational Guidelines provided for obtaining technical and administrative sanctions in advance. However, these were not available in respect of five estimates (₹3.50 lakh) relating to Somanathapura and Pathapalya GPs.

- Wage-material ratio did not conform to the Operational Guidelines (60:40) and varied widely from 26:74 to 46:54 in respect of works executed by four test-checked GPs²⁸ during 2010-11.

v) **Hassan taluk (Hassan district)**

- During 2010-11, three GPs²⁹ spent ₹3.58 lakh on material component (eight works). However, the supply bills were either blank or in the name of a person other than the PDO, GP.
- GP, Shanthigrama abandoned a canal work in Tholalu village costing ₹1.50 lakh after incurring an expenditure of ₹0.37 lakh on labour due to litigation by the land owners during 2010-11.

vi) **Shirahatti taluk (Gadag district)**

- In eight GPs³⁰, 15 works (estimated cost: ₹28.92 lakh) had been executed and expenditure of ₹13.69 lakh incurred. However, sanctioned estimates were not available on record.

The State Government stated (January 2013) that sanctioned estimates would be produced.

vii) **Naragund taluk (Gadag district)**

- GP, Hadli did not produce records in respect of all the 10 selected works.

The State Government stated (January 2013) that records would be produced.

viii) **Hosanagara taluk (Shimoga district)**

- The work of construction of a footbridge at Kalandur Padukone village under GP, Karimane (estimated cost: ₹4.00 lakh) was taken up during August 2011 and completed during February 2012 at a cost of ₹3.90 lakh. However, records such as estimate, measurement book, bills for supply of material vouchers, etc., were not produced to Audit.

The State Government, in reply, stated (January 2013) that copies of the estimate, measurement book, supply bills, etc., were enclosed with the reply. However, no such documents were enclosed with the reply.

ix) **Kollegal taluk (Chamarajanagar district)**

- In a road work taken up by GP, Martalli during 2010-11, soil from borrow areas had been used for embankment instead of available excavated soils, resulting in an excess expenditure of ₹0.55 lakh.

²⁸ Devaragudipalli, Mitemari, Nallappareddypalli and Paragodu

²⁹ Channangihalli, Gorur and Honnavara

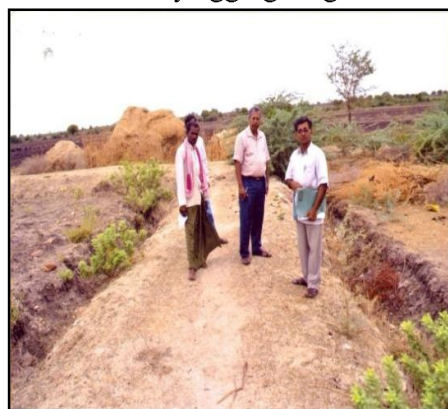
³⁰ Adarakatti, Balehosur, Bannikoppa, Bellatti, Doddur, Koganur, Magadi and Shigli

- In another road work executed (February 2010) by GP, Sooleripaalya, there was a payment ₹0.25 lakh for transportation charges of gravel, which was not provided in the estimate, as excavated soil was available. The payment was irregular.

x) Devdurga taluk (Raichur district)

- Estimate (₹11.40 lakh) for construction of drain and development of Ashraya colony had been split up (2009-10) into two parts (₹8.00 lakh and ₹3.40 lakh) by PRE Sub-division, Devdurga to avoid sanction of the Superintending Engineer. The vouchers for materials costing ₹5.16 lakh which included hire charges of machinery aggregating ₹3.16 lakh

debited to the work were not available. The muster rolls did not bear the signatures/thumb impressions of the workers. Bank advices for payment of wages to workers engaged were also not available. During joint physical inspection (June 2012), only formation of mud road for a length of about 200 metres against the estimated length of 580 metres was observed.



Photograph 4: Execution of mud road in Devdurga taluk, Raichur district (12 June 2012)

- While sending (October 2010) the advices to the bank, GP, Ganadhhal irregularly calculated the wages to be credited to the individual bank accounts of the beneficiaries, which resulted in excess payment of wages of ₹22,386 to six beneficiaries and short payment by the same amount to another six beneficiaries. The GP also irregularly advised (October 2010) credit of ₹12,300 to one beneficiary's bank account (name included twice) against admissible amount of ₹6,150.

8.7 Responses from sampled workers

- (a) Regarding supervision of works, responses from the workers are summarised in **Table 19**:

Table 19: Responses from the workers during survey

| Who supervised the works | Responses in terms of percentage of sampled workers |
|--------------------------|---|
| By Adhyaksha | 19 |
| By Mate | 39 |
| By Employment Assistant | 2 |
| By others | 28 |
| No response | 12 |

Source: Survey of the workers conducted by Audit

- (b) The responses to the query on the frequency of measurement of works are given in **Table 20**.

Table 20: Responses regarding measurement of works

| When were the works measured | Response in terms of percentage of sampled workers |
|------------------------------|--|
| Daily | 42 |
| Weekly | 27 |
| Fortnightly | 2 |
| After completion of work | 12 |
| No response | 17 |

Source: Survey of the workers conducted by Audit

- Eighty eight *per cent* of the workers surveyed denied that machines were used for executing works that could have been done manually.
- Only 42 *per cent* of the beneficiaries stated that they had been provided with drinking water and shade.
- Only 40 *per cent* acknowledged the availability of first aid box at worksite.
- Eighty seven *per cent* of the beneficiaries informed that crèche had not been provided at the worksite. This evidently would have discouraged women with small children from working on MGNREGS.
- In test-checked districts, payment of ₹12.69 lakh had been made during 2011-12 to several persons towards provision of crèche facilities at worksite. However, only six *per cent* of the workers interviewed during the survey were aware of this arrangement.

The State Government stated (January 2013) that worksite facilities were being provided. However, the worksite facilities were poor as ascertained from the beneficiary survey.

8.8 Points noticed in Information System audit – Execution of works

The Information System audit observations are as follows:

- Construction of earthen roads was not permissible under the Scheme as such works were not of durable nature. However, it was noticed that during 2008-12, 23,816 earthen roads had been completed in 30 districts by incurring an expenditure of ₹77.30 crore on wages. In the test-checked districts 6,919 earthen roads had been completed by incurring an expenditure of ₹45.65 crore towards wages.

- The Operational Guidelines stipulated that a project completion report or a completion certificate was to be recorded on completion of every project. It was seen that 5.69 lakh works had been indicated as completed during 2008-12. However, completion certificates had not been uploaded in 4.07 lakh cases. Similarly in eight test-checked districts, though 1.48 lakh works had been indicated as completed during 2008-12, completion certificates had not been uploaded in 1.18 lakh cases. It was seen that there was also mismatch between information furnished by RDPR department and MIS data sets regarding the number of completed works.
- Three stage photographs (before commencement of work, during execution of work and after completion of work) had not been uploaded in 5.25 lakh completed works, though required. In another 10,490 completed works, photographs of only one or two stages had been uploaded.

Similarly in test-checked districts, three stage photographs had not been uploaded at all in 1.38 lakh completed works. In another 2,294 completed works, photographs of only one or two stages had been uploaded. As such, the status of projects was not ascertainable from records.

- As per the MIS data, 14,044 works and 3,370 works were reported as completed in the State and the test-checked districts respectively without any expenditure on wages through muster rolls.
- The works taken up and completed but not included in the Annual Plan aggregated 85,541 in 30 districts. Out of these works, 36,479 works were taken up in eight test-checked districts.
- Financial sanctions were entered more than once in 2.53 lakh cases in Works Sanction table and were missing in 970 cases.
- Sanctions were given without recording the Panchayat code in the State and the test-checked districts in 2,147 cases and 449 cases respectively.

The State Government agreed (January 2013) to set right these issues.

- As per the MIS data, while ₹641.09 crore had been paid (5.32 lakh bills) for supply of sand, stone, jelly, *etc.*, required for works during 2008-12, royalty had not been recovered. In the test-checked districts royalty had not been recovered though ₹162.44 crore had been paid (1.45 lakh bills) for supply of sand, stone, jelly, *etc.*
- Use of heavy machinery on works was not permissible under the Scheme. However, JCB machinery had been used on works in 5,002 cases during 2008-12 and hire charges of ₹15.94 crore had been paid. It was seen in the test-checked districts that JCB machinery had been used in 1,102 cases and ₹2.83 crore was paid as hire charges.

The State Government stated (January 2013) that there was no blanket ban on use of machinery and the maximum limit on material component including use of machine was 40 *per cent*. The reply was not acceptable

as what could have been done using manual labour was executed by deploying heavy machinery.

8.9 Convergence

The Operational Guidelines allow for convergence of MGNREGS funds with funds from other sources and sources for creation of durable assets. However, the Scheme funds should not substitute for resources from other sector or schemes.

Limited work on convergence was noticed in the test-checked district of Bijapur where the Scheme funds had been used on meeting the labour cost of ₹4.15 lakh in respect of two drain works executed in Upper Krishna Project.

The State Government stated (January 2013) that a circular on convergence with various departments regarding different categories and types of works to be taken up had been issued during July 2012 and line departments had been nominated during September 2012 for convergence activities.