

CHAPTER III

Performance Review

3.1 National Rural Employment Guarantee Act (NREGA)

Highlights

During 2008-09, ₹ 522.02 crore was available for implementation of the NERGA in Tripura and ₹ 499.03 crore was spent for the purpose, leaving a balance of ₹ 22.99 crore unspent at the end of the year, depriving the poor people from benefit of the scheme to that extent.

Paragraph 3.6.1

Out of 5,49,022 job card holders during 2008-09, only 56,930 job cards holders (10.36 per cent) received 100 days of guaranteed wage employment and the primary objectives of the NREGA could not be achieved.

Paragraph 3.6.2

Execution of works without the approval of Gram Sabha for ₹ 48.13 lakh in violation of NREGA.

Paragraph 3.17.1

Un-authorized diversion of NREGA fund.

Paragraph 3.17.2

Due to non-adjustment of balance of ₹ 2.53 crore, the total generation of man-days created during 2008-09 could not be ascertained.

Paragraph 3.17.3

3.1.1 Introduction

The National Rural Employment Guarantee Act, 2005 (NREGA) provides guarantee of 100 days employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. The NREGA Act was implemented at different times in different district of Tripura such as Dhalai from 2nd February 2006, West Tripura District from April 2007 and North Tripura District from April 2008.

The Act requires every state to formulate a State Rural Employment Guarantee Scheme (SREGS) which should conform to the minimum features specified under the Act. According to the Act, rural households have a right to register themselves with the local Gram Panchayats and seek employment. Employment is to be provided within 15 days

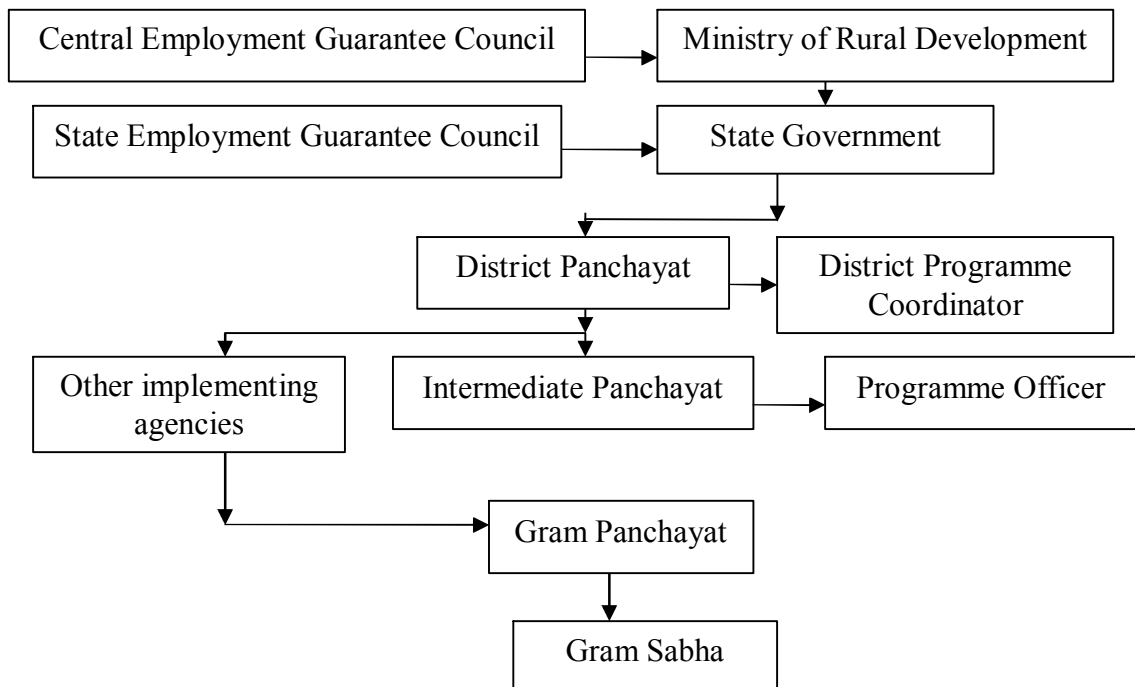
from the date of demand, failing which the State Government will have to pay un-employment allowance at the stipulated rates.

3.1.2 Objectives of the Scheme

The primary objective of the scheme is to provide legal guarantee of 100 days of employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work at the minimum wage rate prescribed in the State. The secondary objective includes protection of environment, empowering rural women, and reducing the rural/urban migration and fostering social equity.

3.1.3 Organizational Setup

1.2 Organizational setup



3.1.4 Implementing Agencies

(a) **Gram Sabha:** The Act authorizes the Gram Sabha (GS) to recommend works to be taken up under Rural Employment Guarantee Scheme (REGS), to monitor and supervise the works and to conduct social audit of the implementation of the scheme. The Gram Sabha has a crucial role to play in ensuring transparency and accountability in the implementation of the scheme.

(b) **Gram Panchayat:** The Gram Panchayat (GP) has a pivotal role in the implementation of REGS. GP is responsible for planning of works, registering households, issuing of job cards, receiving applications for works, maintenance of records, allocation of employment, besides planning and execution of the Panchayat works. Employment guarantee assistant may also be appointed for carrying out the various activities at the GP level.

(c) **Intermediate Panchayat(Panchayat Samiti):** The Intermediate Panchayat (IP) will be responsible for planning at the block level and for monitoring and supervision. IP could take up the responsibility of executing works upto 50 *per cent* of works that are not executed by the GP.

(d) **District Panchayat(Zilla Parishad):** District Panchayats will be responsible for finalizing the District Plans and for monitoring and supervising the Employment Guarantee Scheme in the District. District Panchayats can also execute works from among the 50 *per cent* that are not to be executed by Gram Panchayats.

(e) **Other Implementing Agencies:** In addition to Panchayats, line Departments of State Government, Central and State Government Undertakings, Self-Help Groups can also be identified as Implementing Agencies.

The Programme Officer shall be responsible for coordinating the works undertaken by the GP at the Block level, while District Programme Coordinator shall be responsible for overall co-ordination and implementation of the scheme at the District level.

3.1.5 Funding pattern of the Scheme

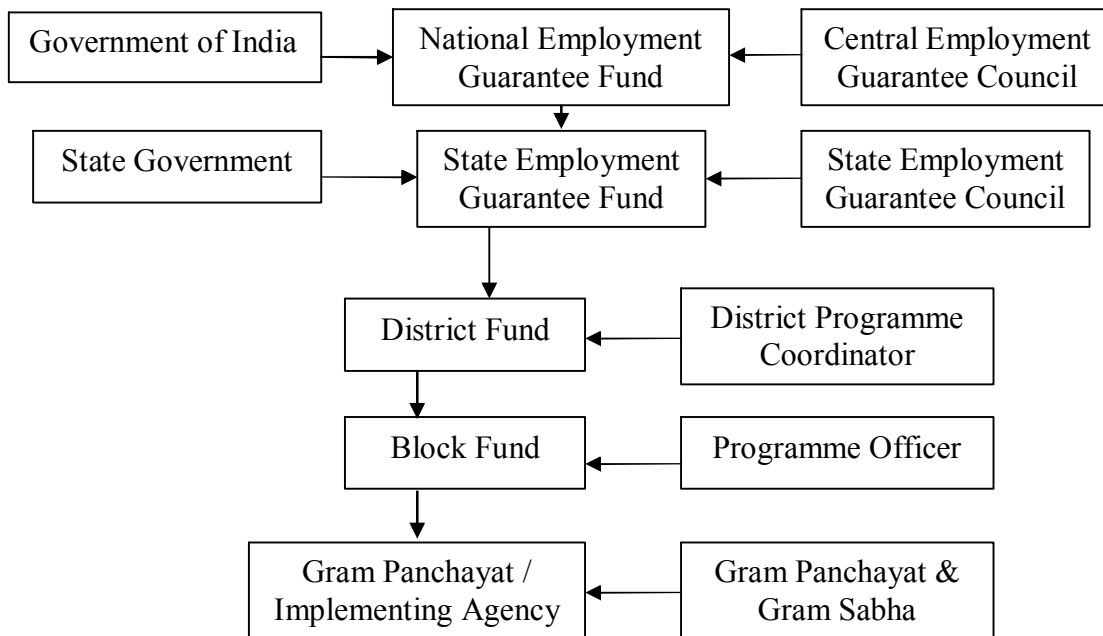
The Central Government will bear the following costs:

- (a) Entire cost of wages for unskilled manual workers
- (b) 75 per cent of the cost of material and wages for skilled and semi-skilled workers

The State Government will bear the following costs:

- (a) 25 per cent of cost of materials and wages for skilled and semi-skilled workers
- (b) Un-employment allowance to be paid to the job card holders who applied for the job but could not be provided wage employment within 15 days of application

3.1.6 Fund flow chart



3.2 Audit Objectives

The main objectives of Performance Audit were to ascertain whether:

- the financial and physical performance were achieved in implementation of scheme;
- perspective plan for estimating the demand for works and preparing a shelf of projects at District, Block and Gram Panchayat level was prepared;
- vigilance and monitoring committees were formed to verify the quality of works;
- the registers/records were maintained properly as prescribed;

- the intended objective of providing 100 days wage employment to the rural households having job cards was achieved;
- NREGA funds were utilized as per the guidelines;
- adequate and effective mechanism for social audit was in place.

3.3 Audit Criteria

Audit criteria for performance audit were from the following:

- (i) The NREGA, 2005 and notifications issued there under;
- (ii) NREGA Operational Guidelines, 2006;
- (iii) Circulars and letters issued by the Ministry of Rural Development, Government of India.

3.4 Scope of Audit

Audit of relevant records of Rural Development Department, offices of District Programme Coordinators, Block Panchayats and Gram Panchayats for the period 2007-08 and 2008-09 was conducted during December 2009 and February 2010.

3.5 Audit Sampling

Two Districts (out of four Districts) were selected for Performance Audit of NREGA. Records of four blocks in West Tripura District and two blocks in South Tripura District and 42 GPs/VCs under these six blocks where the number of households were comparatively more were test checked.

3.6 Financial and Physical performance

3.6.1 Financial Performance

During 2008-09, ₹ 522.02 crore was available for implementation of NREGA in Tripura and ₹ 499.03 crore was utilised for the purpose leaving an unspent balance of ₹ 22.99 crore at the end of the year (**Appendix I**).

The position of availability of funds and their utilization in respect of 42[✶] GPs/VCs of six blocks in West and South Tripura district during 2007-08 and 2008-09 is given below:

Table No. 7

(Rupees in crore)

Name of block	No. of GPs	Funds available	Expenditure	Balance
Teliamura	05	0.89	0.77	0.12
Mohanpur	08	1.13	0.73	0.40
Bishalgarh	11	1.36	1.00	0.36
Melagarh	10	1.04	0.74	0.30
Matabari	04	0.45	0.38	0.07
Rajnagar	04	0.42	0.39	0.03
Total	42	5.29	4.01	1.28
2008-09				
Teliamura	05	1.64	1.62	0.02
Mohanpur	08	3.74	2.28	1.46
Bishalgarh	11	3.94	3.51	0.43
Melagarh	10	2.74	2.08	0.66
Matabari	04	0.92	0.69	0.23
Rajnagar	04	1.13	0.84	0.29
Total	42	14.11	11.02	3.09

From the above it would be seen that out of ₹ 5.29 crore, ₹ 4.01 crore was utilized and balance of ₹ 1.28 crore remained unutilised at the end of the year 2007-08. During 2008-09, ₹ 11.02 crore was spent out of the available funds of ₹ 14.11 crore and ₹ 3.09 crore remained unspent at the end of the year 2008-09. The utilization of funds was 75.80 per cent in 2007-08 and 78.10 per cent in 2008-09 of the total funds received. Thus, there was an overall upward trend of utilisation of funds during 2008-09 as compared to the previous year.

3.6.2 Physical Performance

During 2007-08, there were 4,65,779 job card holders in three districts of Tripura (West Trpura, South Tripura and Dhalai) of which 4,23,724 job card holders were provided

✶ **Teliamura:-** Paschim Teliamura, Jaganathbari, Maiganga, Paschim Howaibari, Uttar pulinpur.

Mohanpur:- Ishanpur, Lambucherra, Nutannagar, Purba gandigram, Vidyasagar, Mohanpur, Budhjungnagar, Bhagaban Choudhury.

Bishalgarh:- Kamalasar, Purbagakulnagar, Lalsingmura, Bisramgang, Bishalgarh, Debipur, Madhupur, Promodhnagar, Amtali, Konaban.

Melagarh:- Purba Melagarh, Rudhijala, Dhakshin Nalchar, Purba Nalchar, Paschim Melagarh, Chandighar, Bagbasa, Paschim Nalchar, Uttar taibandal, Anandapur.

Matabari:- Matabari, Khilpara, Paschim kupilong, Paratia.

Rajnagar:- Barpathari, Rajnagar, Radhanagar, Trishna.

employment and 181.05 lakh man-days were generated. During 2008-09, there were 6,61,695 nos of registered households under the NREGA in four Districts of Tripura covering 513 GPs and 527 VCs under 40 blocks (**Appendix II**). Out of 6,00,615 nos of job card holders, 5,49,145 job card holders demanded employment; and 351.10 lakh man-days were generated by 5,49,022 job card holders (**Appendix III**). Out of 5,49,022 job card holders, only 56,930 job card holders (10.36 per cent) received 100 days of wage employment during 2008-09.

Test check of records of the 42 GPs/VCs revealed that only 12.85 lakh man-days were generated by 26,535 job card holders i.e. 48.34 average man-days during 2008-09 and the primary objective of the NREGA could not be achieved.

3.7 Perspective Plan

Requirement

Operational Guidelines of the NREGA provide for the preparation of a five year perspective plan at District, Block and Gram Panchayat levels to facilitate advance planning and to provide a development perspective for the District.

Audit finding

The test check of records at District, Block and 42 GP/VCs revealed that no such five year perspective plan was prepared as required under the NREGA Operational Guidelines. Due to non-preparation of perspective plan possibility of delay in selecting the works on priority basis and also delay in execution of works can not be ruled out.

Recommendation

The District, Block and Gram Panchayat officers should be made directly responsible for preparation of perspective plan in a timely manner so as to ensure a long term shelf of projects for execution of different works under NREGA.

3.8 Vigilance & Monitoring Committee

Requirement

For every work sanctioned under the scheme, there should be a local Vigilance and Monitoring Committee comprising of members of the locality or village where the work is undertaken to monitor the progress and the quality of work under execution. The Gram Sabha will elect members of these committees and should be ensured that members of SC/ST community and women are adequately represented on these committees.

Audit finding

Test check of records of 42 GPs/VCs in six blocks in the West and South Tripura Districts revealed that only 13 Vigilance Committees (Teliamura: 2, Mohanpur: 8,

Bishalgarh: 3) and 42 Monitoring Committees were formed. But the quality of works in these areas was not physically verified by the Vigilance Committees in respect of 29 GPs/VCs in six blocks.

Recommendation

The Programme Officers of respective blocks should take necessary steps to form Vigilance Committee in each GP/VC where such committees have not been formed.

3.9 District Schedule of Rates

Requirement

The NREGA Operational Guidelines provide that District Schedule of Rates (DSR) should be prepared for each District and should be displayed at work site in the local language. The State should prepare exhaustive and detailed list of works required for undertaking under NREGA in different geomorphologic conditions and the productivity norms against the DSR should be worked out for each locality in such a way that seven hours of normal works should earn minimum wages. Implementing Agencies may provide a description of daily work requirement to facilitate the fulfillment of productivity norms.

Audit finding

Test check of records of six Blocks and District Programme Coordinators of West and South Tripura Districts revealed that no such DSR was prepared during 2007-08 and 2008-09. The Schedule of Rates of Rural Development Department, Government of Tripura, was followed for execution of NREGA works.

Recommendation

The District Programme Coordinator should ensure preparation of separate District Schedule of Rates for NREGA works fixing productivity norms for works in different geomorphologic conditions.

3.10 Maintenance of Register at GP & Block levels

Requirement

Operational Guidelines of NREGA, 2005 has specified about the details of records and registers to be maintained at different levels.

Audit finding

Test check of records of 42 GPs/VCs in the six blocks of West and South Tripura Districts revealed that all the necessary registers were maintained by the GPs/VCs.

3.11 District Programme Coordinator

Requirement

Section 14 of NREGA, 2005 provides that the Chief Executive Officer of District Panchayat or Collector of the District or any other District officer of appropriate rank as the State Government may decide, shall be designated as the District Programme Coordinator for implementation of the scheme in the District.

Under Section 14(6) of NREGA, the District Programme Coordinator shall prepare in the month of December every year a labour budget for the next financial year containing the details of anticipated demand for unskilled manual work in the District and plan for engagement of labourers in the work covered under the scheme and submit the same to the District Panchayat.

Audit finding

Test check of records revealed that the State Government appointed the District Magistrate and Collectors as District Programme Coordinators for implementation of NREGA. All the functions as prescribed under the sections of the Act are performed by the DM & Collectors.

3.12 Programme Officer

Requirement

The State Government shall appoint a person who is not below the rank of Block Development Officer (BDO) with such qualification and experience as may be determined by the State Government as Programme Officer (PO) at intermediate level. The PO shall assist the Intermediate Panchayat in discharging its functions.

Audit finding

Test check of records revealed that the State Government appointed the existing BDOs as POs in addition to their normal duties. The full-fledged POs were not appointed for implementation of the NREGA programme. Besides the BDOs are also holding the charges of Executive Officers of the Panchayat Samitis. Due to non appointment of full-fledged POs 100 *per cent* supervision of NREGA works as required under the guidelines could not be carried out and no report of 100 *per cent* verification of works was made available to audit.

3.13 Fixing of wages rate to the labourer

Requirement

Section 6 of NREGA provides that until such time as a wage rate is fixed by the Central Government, the minimum wage fixed by the State Government under section 3 of the Minimum Wages Act, 1948 for agricultural labourers shall be considered as the wage rate.

Audit finding

In compliance of the above provisions, the Government of Tripura fixed the rate of wages for NREGA workers equivalent to the rate of agricultural workers @ ₹ 85 per day upto 28.02.09 and ₹ 100 from 01.03.2009 onwards.

3.14 Social Audit

Requirement

Section 17 of the NREGA provides a central role to ‘Social Audits’ as a means of continuous public vigilance. The guidelines indicate two types of social audit:

- Periodic assembling in the Gram Sabha for scrutiny of details of project;
- Public Vigilance involving potential beneficiaries and other stakeholders, which cover verification of 11 stages of implementation right from registration of families upto formation of Social Audit Forum. Social Audit Forum must be held twice in a year at the Gram Sabha level for all works done in the preceding year.

Audit finding

Test check of records of 42 GPs/VCs in six blocks revealed that in all the 42 GPs/VCs Social Audit was conducted during 2008-09. The reports of Social Audit were not made available to audit.

3.15 Monitoring and Reporting

Requirement

As per para 8.2.3 of the Operational Guidelines, field visits, inspections and sample checks (internally and externally) must be undertaken on a regular basis to ensure comprehensive and continuous assessment of the Scheme. State and District level officers should inspect 2 per cent works and 10 per cent works respectively. Block level officers will inspect 100 per cent works.

Audit finding

During scrutiny of records it was noticed that the District level officers verified more than 10 per cent of works. But it could not be ascertained in audit whether the block level officers verified 100 per cent of works as no report was prepared by them for such

verification. Besides, district internal audit cell was not constituted. Out of test checked of two districts, the District Quality Monitors were not constituted in South Tripura district. The reports of the quality monitors were not made available to audit. It was seen that Local Vigilance Committee and Monitoring Committee had been constituted in 42 GPs/VCs (Vigilance Committee: 13 and Monitoring Committee: 42). The records of the monitoring on the quality of work by these committees were not made available to audit.

Recommendation

The State Government should take effective steps to ensure the requisite number of inspection at different levels. Vigilance Committee should be formed wherever yet to be formed. The monitoring report of these committees and quality monitors should be submitted to designated authority in the Government for the appropriate action.

3.16 Muster Rolls

Requirement

According to NREGA Operational Guidelines, Muster Rolls issued from Block level should be maintained with unique identity number by the Gram Panchayats and other Implementing Agencies in the proforma suggested by the Ministry of Rural Development, Government of India. Further, photocopies of MRs are to be kept for public inspection in every GP/VC and MRs should be digitized at Programme Officer level.

Audit finding

Scrutiny of records of 42 GPs/VCs (32 GPs + 10 VCs) revealed that MRs were maintained with unique identity number as per the guidelines and no irregularities were noticed.

3.17 Irregularities

3.17.1 Execution of works valued ₹ 48.13 lakh without approval of Gram Sabha in violation of NREGA

Under Section 13(1) of the NREGA, the Panchayats at District, Intermediate and Village level shall be the principal authorities for planning and implementation of the scheme. As per Section 16(1) of the Act, the Gram Panchayat shall be responsible for identification of the projects in the Gram Panchayats area which are to be taken up as per the recommendations of the Gram Sabha and the Ward Sabha. Section 16(3) of the Act states that every Gram Panchayat shall, after considering the recommendations of the Gram

Sabha and the ward Sabha, prepare a development plan and maintain a shelf of possible works to be taken up under the scheme as and when demand for work arises.

Test check of records of the Gram Panchayats under Mohanpur Panchayat Samiti revealed that 33 nos of different projects were selected and completed without the approval of the Gram Sabha and an expenditure of ₹ 48.13 lakh was incurred on these projects. It was also observed that these projects were not included in the Action Plan. The details of the works executed without the approval of the Gram Sabha are shown in the table below:

Table No. 8

(Rupees in lakh)

Particulars of the work executed	Total projects(Nos)	Expenditure involved
Road connectivity	16	14.72
Drinking water purpose	09	27.00
Irrigation	08	6.41
Total	33	48.13

Thus, taking up of works without the approval of the Gram Shaba was in violation of the Act.

3.17.2 Unauthorized diversion of NREGA fund

Requirement

The list of permissible works are detailed in para 5.1.1 of the Operational Guidelines under schedule 1 of NREGA, 2005. It is also mentioned in para 5.1.1(ix) of the Guidelines that any other work may be notified by the Central Government in consultation with State Government. The following works have been carried out which were neither included in the list of permissible works nor any notification issued by the Central Government for execution of such works by utilizing NREGA funds.

Audit finding

- a) District Programme Coordinator (DM & Collector), South Tripura accorded administrative approval and expenditure sanction of ₹ 58.34 lakh for construction of 346 nos of Indira Awas Yojona (IAY) houses to Block Development Officer, Matabari and ₹ 58.95 lakh to the Executive Engineer, Rural Development, Store Division for supply of materials for the above purpose during 2007-08.

- b) The Programme Officers of Teliamura and Melaghar Panchayat Samiti incurred an expenditure of ₹ 1.87 crore[^] for construction of Steel Bridges and Market Complex/Stalls with NREGA funds.
- c) Teliamura Panchayat Samiti utilized NREGA funds of ₹ 54.96 lakh for excavation of ponds in private land.

Thus, the entire expenditure amounting to ₹ 3.59 crore was un-authorised and inadmissible under the guidelines.

Recommendation

It should be ensured that no works are taken up which are not in accordance with the guidelines.

3.17.3 Outstanding advances of ₹ 2.53 crore with Implementing Agencies

Requirement

Under Para 5.2.2 of Operational Guidelines of NREGA, 2005 the other Implementing Agencies can be Intermediate and District Panchayat, Line Departments of the Government, Public Sector undertakings of Central and State Governments, Co-operative Societies with a majority share holders by Central & State Government and reputed NGOs having a proven track record of performance. Besides, Self-Help Groups may also be considered as possible Implementing Agencies.

Under para 5.2.3 of the guidelines, the selection of Implementing Agencies will be based on technical expertise and resource capacity to handle the works within the given time. The selection of Implementing Agencies will have to be indicated in the Annual Plan.

Audit finding

Scrutiny of records of Programme Officers of four blocks revealed that for NREGA funds of ₹ 2.53 crore placed with line Departments and Implementing Officers for implementation of NREGA works as advances, no adjustments have been submitted to the respective Programme Officers as on February 2010 (**Appendix IV**). In absence of such adjustment, total nos of man-days generated with the funds of ₹ 2.53 crore could not be verified and the authenticity of expenditure could not be ascertained in audit.

[^] Teliamura (i) Construction of Steel Bridge ₹ 19.04 lakh (ii) Construction of Market/ Stalls ₹ 84.31 lakh. Melaghar (i) Construction of Dakbunglow ₹ 9.82 lakh (ii) Steel Bridge ₹ 7.34 lakh (iii) Construction of Market Complex/Stalls ₹ 66.28 lakh.

Recommendation

Systems should be in place to ensure adjustment of the advances given to Implementing Agencies in timely manner. They may be suitably instructed to submit adjustment in time while issuing the work orders.

3.17.4 Conclusion and recommendation

- All the projects executed during the year should be adequately publicized to ensure accountability and public scrutiny;
- Full fledged Programme Officer should be appointed for implementation of the NREGA so as to ensure 100 *per cent* supervision by the block level officers;
- Minutes of the Vigilance Committee and Monitoring Committee should be maintained and made public;
- Internal audit system should be introduced at the District, Block and Gram Panchayat levels; and
- Planning process should be strengthened and system of accountability should be strengthened at the District, Block and Gram Panchayat levels.