

## 7 Employment and Wages

### 7.1 Prescribed Requirements/Procedures

The Act and MoRD's Operational Guidelines stipulate the following:

- Applications for work (for at least 14 days of continuous work) may be submitted by adult members of registered households to the GP in writing; a dated receipt for the application for work must be issued to the applicant. The work entitlement of 100 days per household per year may be shared between different adult members of the same household.
- Work is to be provided to wage-seekers from registered households within 15 days of receipt of application for work; failure to do so entitles the worker to unemployment allowance. It shall be open to the PO and GP to direct applicants for work to do any type of permissible work.
- Applicants who are provided work shall be intimated by the GP/PO through a letter and also a public notice displayed at the office of the GP/PO.
- While providing employment, priority shall be given to women in such a way that at least one-third of the beneficiaries shall be women who have registered and requested for work under the Scheme.
- The schedule of rates of unskilled wage shall be so fixed that a person working for seven hours would normally earn a wage equal to the wage rate.
- Workers are entitled to being paid on weekly basis, and in any case within a fortnight. Delay in wage payments entitles the worker to compensation as per provisions of the Payment of Wages Act, 1936.

The main audit findings in respect of applications for, and allotment of work, and payment of wages/unemployment allowance are indicated below:

### 7.2 Applications for work

Audit scrutiny revealed that applications of work were not available and not being captured either on the job card or on AP's website for MGNREGS. ***On the MIS, applications for work were earlier shown as exactly equal to work allotment.*** Applications for work were also stated by Mandal level officials (as well as beneficiaries during surveys) to have been submitted orally. In a few solitary cases (in Kurnool and Vizianagaram districts), applications for work (which was evidently not provided) were found noted in the grievance register.

In the absence of applications for work, and dated acknowledgements/receipts thereto, compliance with the legal requirement of provision of employment within 15 days of demand by the worker could not be verified. Further, in the absence of these documents, the entitlement of the wage seeker to unemployment allowance in case of

non-provision of employment within the stipulated time-limit of 15 days could also not be verified by audit.

In response (August 2012), State Government stated that a Work Employment Plan (WEP) for each wage seeker had been formulated to capture the demand for work by the wage seeker in the year and works would be allotted based on the WEP. Further, a system for capturing demand for work, both physically and electronically using a mobile application, was being implemented with effect from 2 October 2012.

***Scrutiny of the MIS Reports as of December 2012 indicated that demand for work was being captured and reported through the MIS, as distinct from work allotted.***

Further, audit scrutiny revealed that:

- In Kotarautla mandal of Visakhapatnam district, beneficiaries of Panduru GP indicated that work was not being provided within 15 days of work. The PO replied that this was due to non-appointment of FA and also that beneficiaries were not coming forward to take up the position of mate of the group for taking up fresh works.
- In Ranga Reddy district and Kurnool district (Krishnagiri and Velgodu mandals), work allotment letters were not being handed over in many cases to the beneficiary groups, but were stated to have been communicated orally.

### 7.3 Employment Provided

Details of households who worked during 2009-12 and a profile of the days worked for the State as a whole is summarised below (as per the AP MGNREGS MIS web reports).

*Table 8 – Profile of employment provided for the State as a whole*

Year	No of HHs working	No of HHs completed 100 days	No of HHs completed 75 - <100 days	No of HHs completed 50 - < 75 days	No of HHs completed < 50 days	% of HHs completed 100 days	% of HHs completed 75 - < 100 days	% of HHs completed 50 - < 75 days	% of HHs completed < 50 days
2009-10	60,78,121	13,21,149	5,77,644	8,44,335	33,34,993	22	9	14	55
2010-11	61,97,244	9,66,291	6,26,303	10,16,242	35,88,408	16	10	16	58
2011-12	49,98,709	9,74,256	4,81,539	7,33,844	28,09,070	19	10	15	56

Source: AP MGNREGS MIS web reports

The above indicates that the proportion of households completing 100 days or more were only 16 to 22 *per cent*, whereas 55 to 58 *per cent* of households completed less than 50 days.

### 7.4 Analysis of Electronic Data relating to Muster Rolls

Audit conducted a detailed analysis of the revised data provided for four districts from the AP MGNREGS MIS. The major findings in respect of muster rolls/wage payments for the years 2009-10 to 2011-12 are summarised below.

### 7.4.1 Overlapping Muster Roll Entries

Audit scrutiny revealed huge numbers of instances of overlapping Muster Roll entries i.e., where the same worker was noted against two muster rolls with overlapping periods for different works, as summarised below.

*Table 9 – Overlapping Muster Roll entries for the same worker – sampled districts*

Financial Year	Ranga Reddy	Anantapur	Vizianagaram	Nalgonda
2009-10	24,175	73,366	24,081	44,088
2010-11	17,832	1,04,592	80,997	49,320
2011-12	26,706	57,548	1,17,556	27,763
<b>Total</b>	<b>68,713</b>	<b>2,35,506</b>	<b>2,22,634</b>	<b>1,21,171</b>

*Source: Analysis of electronic data provided by the Department*

It may be noted that the actual dates worked as per the Muster Rolls were not captured in the MIS, in the absence of which audit could not compare the exact dates of overlap.

A sample of these overlapping entries were test checked through beneficiary interaction, as well as interaction with Mandal officials, in the test checked districts (138 cases in Vizianagaram, 28 cases in Ranga Reddy and 10 cases in Visakhapatnam). The most common explanation provided is that while the Muster Roll periods (e.g. 27 May 2011 to 3 June 2011 and 30 May 2011 to 30 June 2011) were overlapping, the exact dates on which the workers reportedly worked on both works (which are not captured in the MGNREGA MIS) were different. Other explanations provided for such overlapping MR entries included the following:

- Earlier work stopped due to various reasons, earlier work/task completed, own work coming up, switch from one work to another as per Field Assistant instructions, etc.
- In some cases, the actual dates on the MR were overlapping, while in some other cases, the beneficiaries accepted that they had not done the other work.
- In some cases, the dates were entered wrongly by the computer operator<sup>25</sup>.

In its response (August 2012), State Government stated that there were some works where available persondays for completion were very low, and after completion of one work, the same wage-seekers would be given wage employment on another work in the same week. However, no details were provided. In respect of Anantapur district, Government stated (February 2013) that the system was updated to enter daily musters against each wage seeker.

<sup>25</sup> One reason for 'data entry error' is that computer operators have timelines (from the MR end date) to enter the MR, and such errors facilitate late entry of MR data onto the MIS system

The numerous explanations provided for overlapping MR periods on different works for the same worker are not tenable for the following reasons:

- As per MoRD’s Operational Guidelines, the wage-seeker is allotted work on his demand. Once work has been allotted to the wage-seeker, another work cannot be allotted for the same/overlapping Muster Roll period to the same wage-seeker.
- The closing/completion of works/tasks is also doubtful, as measurements for works are taken only on a weekly basis (which is itself difficult, given the workload of the TAs). The possibility of measurements being taken in an emergent situation mid-week to enable stoppage/closure of one work and provide immediate allotment of work to workers on another work with overlapping MR periods is remote.
- If a work was indeed to be stopped/closed, the entire group(s) of workers would have to be found on the next work (with overlapping MR periods). This was not the situation in many cases, where only a few workers were provided with work on two works with overlapping MR periods.

*The view that workers can switch from one work to another within a Muster Roll period is not consistent with the letter or spirit of the Act, which provides that beneficiaries can seek employment for not less than 14 days and allocation of employment to such beneficiaries. Once such work/tasks are allocated, then there is no provision for suspending one work, and providing employment on another work.*

*One reason stated by Mandal/GP level officials is that the wage-seekers find the task very hard. The Act does not provide a choice of tasks to the beneficiaries (especially when SORs have been set after detailed work, time and motion studies). In fact, switching wage-seekers from one work to another mid-course clearly goes against the Act’s critical objective of creating durable assets.*

#### **7.4.2 Overlapping Muster Roll Entries, where total days worked was more than the physical number of days available**

Audit scrutiny revealed a subset of the above analysis of instances of overlapping Muster Roll entries i.e., where the total number of days worked for both the works was more than the physical number of days available. For example, in Peddamul mandal, Jangam GP, one worker reportedly worked on Work ID ‘...60054’ from 8 April 2008 to 11 April 2008 (four days) and also on Work ID ‘...50013’ from 7 April 2008 to 12 April 2008 (six days). Given that there are only 6 days between 7 and 12 April, this is physically impossible for a person to work 10 days during this period. Hence, one (or both) of the MRs must necessarily have fictitious entries. The profile of such overlapping MR entries for the four districts was as follows.

**Table 10 – Overlapping Muster Roll entries for the same worker – sampled districts, total days not tallying**

Financial Year	Ranga Reddy	Anantapur	Vizianagaram	Nalgonda
2009-10	128	1,012	623	195
2010-11	2,873	21,802	6,400	3,962
2011-12	2,418	2,914	8,249	2,718
<b>Total</b>	<b>5,419</b>	<b>25,728</b>	<b>15,272</b>	<b>6,875</b>

Source: Analysis of electronic data provided by the Department

In almost all the cases, overlapping of muster rolls involved one work executed by the mandal/GP, while the other work was implemented by a Line Department (Forest, PRED, Horticulture, etc.). Test-check of 38 entries in Vizianagaram district confirmed the fictitious nature of MR entries.

In all probability, between the MRs for the mandal/GP and those for Line Departments, the MR for the Line Department is fictitious. This is also confirmed by the fact that while MRs for mandal/GP execute works were largely entered online, those in respect of Line Departments were entered offline, with subsequent online uploading, thus providing scope for fictitious MR entries. In fact, it is not just the specific overlapping MR entries that are likely to be fictitious. The sanctity of the whole MRs involved would be open to doubt.

In response (August 2012/February 2013), the State Government stated that overlapping instances were being addressed through social audit and also that the process of bringing all the DCCs into online mode was in progress. Disciplinary action was also initiated against the responsible persons.

## **7.5 Payment of very low wages**

Audit analysis revealed the payment of very low daily wages (average of less than or equal to ₹20/day) falling under two categories:

- Instances of households whose average daily wages during the entire financial year was ₹20 or less, as summarised below:

**Table 11 - Households drawing average daily wage of ₹20 or less during a financial year**

	Ranga Reddy	Anantapur	Vizianagaram	Nalgonda
2009-10	20	60	518	291
2010-11	12	90	38	352
2011-12	20	68	11	268
<b>Total</b>	<b>52</b>	<b>218</b>	<b>567</b>	<b>911</b>

Source: Analysis of electronic data provided by the Department

- Individual instances of MR entries during 2009-12, where average daily wage payments were ₹20 or less, as summarised below.

*Table 12 - Instances of average daily wage payments of ₹20 or less*

	Ranga Reddy	Anantapur	Vizianagaram	Nalgonda
Entries	4,236	14,312	34,104	30,038
Days worked	21,214	59,833	1,34,180	1,13,479
Amount	3,17,747	9,21,170	20,61,561	17,77,214

Source: Analysis of electronic data provided by the Department

There is a strong possibility that these low daily wages are due to irregular measurements of work by the Technical Assistant, or allocation of very small items of work to a large group. Such low daily wages are contrary to the spirit of the Act of providing gainful wage employment.

Government stated (February 2013) that required check was being introduced.

## 7.6 Delayed Payment of Wages

Field audit scrutiny revealed numerous instances of delays in payment of wages at various levels – in generation of pay orders from closing of Muster Rolls; in transfer of funds from generation of pay orders; in disbursement of smart card payments from the transfer of funds. However, the consolidated position of overall delay in wage payments (i.e., right from the last date of the Muster Roll to the actual date of cash disbursement to the beneficiary) was not available.

The profile of delay in smart card payments for the State as a whole is given below.

*Table 13 – Profile of Delays in Smart Card Payments*

Year	Wages Disbursed Within Days (Percentage of Payments)				
	4 days	5 – 7 days	8 – 14 days	15 – 30 days	More than 30 days
2009-10	53	18	8	5	16
2010-11	27	23	26	14	10
2011-12	24	22	27	18	9

Source: AP MGNREGS MIS web reports

Further, the AP MGNREGS MIS also has a report on the amount kept under Suspense Account; this indicated an amount of ₹8.81 crore pertaining to 95,634 accounts lying undisbursed to end of February 2013, of which 83,338 (87 per cent) were pending to be paid for more than 3 months and above.

Instances of delayed wage payments noticed through field audit scrutiny are indicated below:

- In Ranga Reddy district,
  - ❖ The Mandal Co-ordinators (MCs) of FINO retained funds for weeks together without distributing to the non-card holders of MGNREGA beneficiary workers.

- ❖ The accumulating balances ranging from ₹2 crore to ₹8 crore both in the NREGS Pooling account and FINO Account (banking correspondent of Axis Bank) with Axis Bank (authorised bank for distribution of wage payments) led to doubts on the actual distribution of funds. Delay of 2 weeks and above was noticed in respect of 721 FTOs out of 3,442 FTOs in transferring the amounts to the beneficiary accounts (Yalal mandal).
- ❖ FTOs generated (2010-12) by PRED, Vikarabad, revealed inordinate delay (74 to 116 days) in funds transfer from Main Fund Account to the District Pooling Account with Axis Bank. Notwithstanding the delay in transfer of funds from one bank to another, the possibility of additional delays in credit to the beneficiaries' accounts could not be ruled out.
- ❖ No Acquittance Register for disbursement of wages was maintained by PO Yalal in respect of disbursements made through Mandal Co-ordinator and Community Service Providers appointed by FINO.
- In Visakhapatnam district,
  - ❖ In Kotarautla mandal, wages amounting to ₹1.20 lakh for the period July - November 2010 had not been paid as of June 2012; this was stated to be on account of discrepancies in the software.

State Government responded (August 2012) that the delayed wage payment was on account of the resignation of the Mandal Co-ordinator of the Business Correspondent. However, the fact remains that alternative arrangements for timely payment of wages should have been made.
  - ❖ Records of Butchayyapeta and Kotarautla mandals revealed huge delays in payment of wages through different sources, including smart card.
  - ❖ During field visit of Akshabpeta GP of Kotarautla mandal, it was noticed that wages (to be disbursed during April and May 2012) amounting to ₹2.86 lakh were retained by the representative of FINO agency for more than 10 days, purportedly on account of non-receipt of acquittance and pay slips.
  - ❖ Scrutiny of records of VRP, Bodapalem GP revealed delayed wage payments of ₹8.62 lakh for 20 to 38 days during the period November 2011 to February 2012. Further, wage payments for the period relating to July to November 2010 were still outstanding, reportedly on account of discrepancies in the software.
- In Vizianagaram district,
  - ❖ In Gantyada mandal, there were undue delays of 5 to 11 months in payment of wages through smart cards in 315 cases.
  - ❖ Wages of workers in works executed by SERP for the work 'Rainfed Sustainable Agriculture' were paid with a delay more than 180 days due to migration.

- ❖ There were also cases of funds relating to wage payments kept in suspense account (1100 days), for which specific reasons were found to be not recorded.
- In Nalgonda district,
  - ❖ In Neredcherla mandal, payment of wages in many cases was not paid due to non-recognition of finger prints of the beneficiaries by the bio-metric system; MPDO promised compliance. Similarly, in Pochampalli mandal, payments was observed as not paid for 5 months to one year in two test checked cases reportedly on the same reason.
  - ❖ Records of Chintapalli mandal revealed payment of wages by postal authorities without opening of postal accounts.
  - ❖ In Chintapalli mandal, three cases of non-payment for more than a year were noticed.
- In Anantapur district, delays in wage payment in Divisional Forest Officer (Social Forestry) (26 to 178 days), Divisional Forest Officer (Territorial) (16 to 63 days) and Horticulture (16 to 38 days) were noticed in the test checked works.

In its response (August 2012), the State Government attributed the delays to various reasons:

- As regards delayed post office payments, delays were attributed to beneficiaries without postal accounts and discrepancy in account number or job card details.
- As regard smart card delayed payments, delays were attributed to delay in supply/collecting acquittance copies by MPDO/MCs, considerable time taken by MCs to withdraw amounts from Banks, delay in distribution of wage slips by field assistants, delay in transfer of funds by the BC to CSP, finger print failure, leave vacancy not filled up, etc. Assembly by-elections in the areas under Visakhapatnam district prevented movement of physical cash, which resulted in delayed payments. Similarly, the constraints faced by the banks regarding internet connectivity, electricity, cash transportation also contributed to delay in wage payments.

Government stated (February 2013) that the delay in payments has been streamlined by introducing delay compensation system.

### **7.7 Payment of Unemployment Allowance**

Audit survey of 1,789 beneficiaries revealed only 3 instances of payment of unemployment allowance. It was impossible to verify eligibility for unemployment allowance in the absence of application details, either in the application register or the job cards. State Government replied (August 2012) that software would be developed to capture application for, and allotment of work.

### **7.8 Beneficiary Survey Findings**

The main findings from the beneficiary survey relating to allotment of work, measurement and other aspects are summarised below.



Criteria	Findings
Provision of employment within 15 days	91 per cent indicated allotment of work within 15 days, 1 per cent after 15 days; and 8 per cent did not respond/did not know.
Additional payment for works more than 5 kms away	107 beneficiaries stated that they worked at sites more than 5 kms away and 7 out of them stated that they were not paid 10 per cent extra wages.
Marking of attendance	96 per cent indicated daily marking of attendance, 2 per cent responded in negative, and 2 per cent did not respond/did not know.
Measurement of works	14 per cent indicated daily measurement of works, 84 per cent indicated weekly measurement, and 2 per cent did not respond/did not know.
Calculation of wages	43 per cent indicated that they knew how wages were calculated, 55 per cent responded in the negative, and 2 per cent did not respond.
Development works on SC/ST/BPL lands	86 per cent indicated development works on such lands, 2 per cent stated in the negative, and 12 per cent did not respond/did not know.
Usage of machinery/contractors	2 beneficiaries stated that JCBs were used, 26 beneficiaries did not respond/did not know about use of machinery/contractors.
Work site facilities	<ul style="list-style-type: none"> <li>• 10 per cent indicated provision of shade, 88 per cent indicated non-provision, while 2 per cent did not respond/did not know.</li> <li>• 47 per cent indicated provision of drinking water<sup>26</sup>, 51 per cent indicated non-provision, while 2 per cent did not respond/did not know.</li> <li>• 17 per cent indicated provision of first-aid box, 81 per cent indicated non-provision, while 2 per cent did not respond/did not know.</li> <li>• 1 per cent indicated provision of creche, 96 per cent indicated non-provision, while 3 per cent did not respond/did not know.</li> </ul>

State Government replied (August 2012) that orders were issued to provide first-aid box to each field assistant through Mandal Purchase Committee.

As regards payment of wages, the responses were as follows:

Criteria	Findings
Mode of payment	17 per cent indicated payment by cash, 45 per cent by post office, 38 per cent by banking correspondent and indicated others (smart card).
Delayed payment	33 per cent indicated payment was not received within 15 days; of this, 48 per cent indicated payment within 1 month, 41 per cent within 1 - 2 months, 2 per cent within 2 - 3 months, and 8 cases more than 3 months.
Reading payment details aloud	84 per cent indicated that payment details were read out aloud.
Entry of payment details entered in front of beneficiary	Only 42 per cent indicated entry of payment details on the job card in front of them, 56 per cent indicated in the negative, and 2 per cent did not respond/did not know.

<sup>26</sup> State Government has recently introduced a daily payment of ₹5.50 to wage-seekers in lieu of providing water; typically, wage-seekers make their own (group) arrangements from suppliers of mineral water cans