

## 7.1 Introduction

The primary purpose for enacting MGNREGA was to ensure livelihood security for all rural households. The Act guarantees 100 days of employment to every household whose adult members are willing to undertake manual unskilled labour. In the light of the guarantee of employment enshrined in the Act, it is imperative that:

- Timely employment is provided to whoever needs it.
- In case it is not possible to do so, unemployment allowance as provided for in the Act is given.
- Wages are paid in full and in time.
- There is adequate transparency in the processes involved.

## 7.2 Delay in Providing Employment and Unemployment Allowance

Under para 5.4 of Operational Guidelines any person having a job card can apply for work to gram panchayat (GP) in writing, upon which the GP would issue him a dated receipt. Further, section 7(1) of MGNREGA envisaged that if an applicant under the Scheme was not provided employment, within fifteen days of receipt of his application seeking employment or from the date on which the employment was sought in the case of an advance application, whichever was later, he would be entitled to a daily unemployment allowance. For this purpose, an Employment Register in prescribed proforma was required to be maintained by GP (para 9.1.1 (vi) of Operational Guidelines). Unemployment allowance was to be paid from state government funds. We observed a number of deficiencies in the process.

### 7.2.1 Non-payment of Unemployment Allowance

In 12 GPs, one block and six districts in Assam, Bihar, Chhattisgarh, Jharkhand, Kerala, Maharashtra and Punjab (seven states) out of test checked units, employment was not provided within 15 days from the date on which work was requested. The delay in providing employment ranged between 2 and 1,218 days in 47,687 cases as given in **Annex-7A**. However, unemployment allowance was not paid in these cases.

In response, the Ministry stated that the liability to pay unemployment allowance was that of the state government. The state governments had been reminded several times of their duties under the Act. The Ministry also stated that the matter would be forwarded to the respective state governments.

### **Case study: Avoidable payment of unemployment allowance**

#### **Uttar Pradesh:**

In two blocks (Misrikh and Piswan) of Sitapur district, 860 workers demanded unemployment allowance on the ground that work was not provided to them despite written requests made during May 2007 to October 2007. The requests of the workers were rejected by the District Programme Coordinator (DPC) on the ground that the workers were provided work in another scheme running in the area. The workers' union submitted an appeal to the Commissioner for payment of unemployment allowance. During proceedings, DPC stated that the workers were offered work but they did not turn up. The DPC, however, failed to furnish any documentary evidence in support of this statement. The Commissioner, therefore, directed the DPC to pay unemployment allowance to the workers. Thus, avoidable payment of unemployment allowance of ₹ 14.99 lakh was made. It was also noticed that the payments were made by DPC from the balance of the MGNREGS fund, even though, payment of unemployment allowance was the liability of the state government.

The Ministry stated that the matter was being referred to the state government.

#### **7.2.2 Non-maintenance/Poor maintenance of records**

In 1,402 GPs (36.43 *per cent* of all test checked GPs) in Andhra Pradesh, Bihar, Gujarat, Haryana, Kerala, Mizoram, Tamil Nadu, Uttar Pradesh, West Bengal and Puducherry (nine states and one UT) and GPs of eight blocks of Meghalaya, dated receipt of applications for demand for work were not given.

In 2,068 GPs (53.74 *per cent* of all test checked GPs) and 149 blocks in Andhra Pradesh, Assam, Bihar, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Nagaland, Odisha, Punjab, Uttarakhand, Uttar Pradesh, West Bengal, Dadra & Nagar Haveli and Puducherry (21 states and two UTs), employment registers were not maintained/not properly maintained, as required under para 9.1.1(iv) of Operational Guidelines.

The matter acquires significance as in the absence of proper maintenance of records, the entitlement of unemployment allowance could not be worked out, thus depriving the beneficiaries of their rights as per the Act. The lapse calls for fixing accountability on the erring officials. The state-wise details are given in the **Annex-7B**.

The Ministry stated that it had already started certification of accounts of gram panchayat by CA/CA firms and this would facilitate proper maintenance of records at the grass root level. The Ministry also stated that the details provided by Audit would be forwarded to the state governments for response and initiation of adequate and necessary corrective action.

### 7.2.3 Detailed State-wise findings

State specific findings/irregularities relating to payment of unemployment allowance are given below:

- **Bihar:**
  - In one test checked GP in (Madhubani district), 105 persons having job cards, applied for work but were not provided work. It was observed that works were executed in the GP after the date of their application for work, yet no unemployment allowance was paid to them.
- **Chhattisgarh:**
  - Employment was not provided to 373 households in test checked GPs during 2009-10 to 2011-12.
- **Gujarat:**
  - Online entries of employment demand were made by entering any date within 15 days before commencement of work. This was purportedly done to avoid the payment of unemployment allowance.
- **Haryana:**
  - Unemployment allowance was not paid in the state since the inception of the Scheme.
- **Uttar Pradesh:**
  - In 436 GPs (out of 460 test-checked GPs) of all the test-checked districts information on new applications for work were not conveyed to the PO regularly. As a result, the PO could not ensure that anyone who applied for works got employment within 15 days.
- **West Bengal:**
  - Unemployment allowance was due to 1,10,161 households which were not provided any work in test checked districts during 2007-12. However, against this only a sum of ₹ 83,007 was paid to 218 workers as unemployment allowance, and that too only during 2008-09 and 2009-10.

Thus, cases of non-payment of unemployment allowance in respect of 47,687 workers were noticed in seven states and essential records for confirmation of unemployment to be paid were not maintained in 21 states and two UTs.

## 7.3 Payment of Wages

As per para 7.1.1 of the Operational Guidelines every person working under MGNREGS was entitled to wages at the minimum wage rate fixed by the state government (or the competent authority concerned) for agricultural labourers under the Minimum Wages Act, 1948, unless the wages had been notified by the Central Government under section 6(1) of the Act. Wages were to be paid according to piece rate or daily rate. The Operational Guidelines further stipulate that:

- Workers were entitled to being paid on a weekly basis, and in any case within a fortnight of the date on which work was done (MGNREGA, section 3(3)). In case the payment of wages was not made within the period specified under the Scheme, the labourers were entitled to receive compensation under the provisions of the Payment of Wages Act, 1936 (paragraph 30 in Schedule II of the MGNREG Act). Compensation costs were to be borne by the state government.
- Paragraph 6 of Schedule-I of the Act prohibits labourers being paid less than the wage rate. The schedule of rates (SOR) of wages for unskilled labourers was to be so fixed that a person working for nine hours would normally earn a wage equal to the wage rate (paragraph 8 in Schedule I of the MGNREG Act). When wages were directly linked with the quantity of work, the wages were to be paid according to the schedule of rates fixed by the state government for different types of work every year in consultation with state council (paragraph 7 in Schedule I of the MGNREG Act).
- Measurements were to be recorded transparently, for verification by the concerned individuals on a daily basis.

### 7.3.1 Non-Payment of Wages

In 24 GPs, nine blocks, 15 districts and one line department in Andhra Pradesh, Bihar, Goa, Gujarat, Haryana, Jharkhand, Punjab, Uttar Pradesh and West Bengal (nine states) out of test checked units, workers were not paid wages of ₹ 9.59 crore, even after 15 days of completion of work. Details are given in **Annex-7C**.

Substantial sums pending for payment were noticed in the case of Bihar (₹ 1.18 crore), Haryana (₹ 2.07 crore), Punjab (₹ 1.18 crore) and West Bengal (₹ 5.04 crore). The reasons for non-payments were attributed to non-opening of bank account of the individual and non-availability of funds. This indicated systemic inefficiencies which need to be addressed.

The Ministry stated that it had issued a number of advisories regarding various measures to be initiated by the state government to check delays in payment. The Ministry had also encouraged the banking correspondent model for easing institutional bottlenecks in the opening of bank accounts for individuals. The Ministry also stated that funds were immediately released on completion of the prescribed requirements by the state government.

### 7.3.2 Non-issue of Wage Slips

Para 7.2.1 (xi) of Operational Guidelines provides that for every payment due to the workers, a wage slip in prescribed format (Annexure B-3 (i) of the Operational Guidelines) should be issued by the implementing agency to the workers recording the amount and the period for which the work was done. Amount was to be disbursed to the worker only on production of wage slip and the withdrawal slip by the worker or his authorized representative.

In 1,021 GPs (26.53 *per cent* of all test checked GPs), 27 blocks and 26 districts in Assam, Bihar, Gujarat, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Nagaland, Sikkim, Uttarakhand, West Bengal and Lakshadweep (14 states and one UT), no wage slips were issued to workers. Audit noted that the practice of non-issuing of wage slips was widespread in all 15 states/UT mentioned above.

As a result, Audit could not ascertain the authenticity of the payment made to the workers for the work done by them. This also rendered the entire payment process susceptible to leakages and misappropriation. The details are given in **Annex-7D**.

The Ministry stated that the cases highlighted by the Audit would be submitted to the respected state governments for corrective action.

#### *Case Studies: Pending Liabilities*

##### **Karnataka:**

As of March 2012, 1.36 lakh muster rolls for ₹ 415.91 crore remained unpaid. In addition 82,534 bills for supply of materials costing ₹ 238.59 crore were also not paid creating a total liability of ₹ 654.50 crore. The total expenditure of the state during 2008-09 to 2011-12 was ₹ 6,468.97 crore (₹ 4,092.88 crore on wages and ₹ 2,376.09 crore for material). In addition to these bills, muster rolls and supply bills to the tune of ₹ 332.72 crore for the year 2009-10, which had not been entered in NREGASoft so far, were also pending for payments as of March 2012.

The Ministry considered the matter serious and sought comments from the state government.

##### **Bihar:**

In six test checked districts, liability amounting to ₹ 79.54 crore was created on account of pending wage and materials bills. The delay from due date of payment ranged between one and four years.

The Ministry stated that the matter was being sent to the state government for investigation and for fixing accountability.

**Uttarakhand:**

In three test checked blocks (Dhauladevi, Dwarahat and Chakrata), liability amounting to ₹ 1.73 crore was created on account of pending wage and materials bills for the years 2010-11 and 2011-12. The state government stated that the liability was created due to shortage of funds.

Substantial delays in payment processes negated the very purpose of providing guaranteed employment under the Act.

**7.3.3 Short Payment of Wages**

Under no circumstances should labourers be paid less than the wage rate (paragraph 6 in Schedule I of the MGNREG Act). However, in 94 GPs, 14 blocks, 12 districts and one LD<sup>1</sup> in Assam, Bihar, Himachal Pradesh, Jharkhand, Karnataka, Manipur, Meghalaya, Tripura, Uttar Pradesh and West Bengal (10 states) out of test checked units, the workers were paid wages less than the minimum wage rate. The under payment of wages to the beneficiaries amounted to ₹ 27.38 crore. The details are given in **Annex-7E**. Substantial short payments were noticed in the case of Karnataka (₹ 23.71 crore) in respect of eight test checked districts. In the case of Tripura, state government stated (August 2012) that ₹ 34.50 lakh had already been released to BDO for payment of arrears of wages.

The Ministry stated that under section 6 of the MGNREGA, the payment to the workers would be as per notified wage rate for the area, which may vary with respect to the minimum wages notified in the area.

The fact remained that the wages were not paid by the state governments as per rates revised from time to time.

**7.3.4 Non-payment of Compensation for Delay in Payment of Wages**

In the event of any delay in wage payments, workers were entitled to compensation under the provisions of the Payment of Wages Act, 1936 (paragraph 30 in Schedule II of MGNREG Act). However, in 574 GPs (14.92 per cent of all test checked GPs), 72 blocks, 27 districts and six LDs in Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Kerala, Madhya Pradesh, Maharashtra, Nagaland, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttarakhand, Uttar Pradesh, West Bengal, Dadra & Nagar Haveli and Puducherry (21 states and two UTs), workers were not paid wages of ₹ 686.72 crore on time i.e., within a fortnight from the date on which the work was done. The details are given in **Annex-7F**. No compensation under the provisions indicated above was, however, paid to them.

The above cases raise serious concerns about effective implementation of provisions of the Act. There is a definite need to ensure payment of prescribed wages and any other entitlement due to all workers within prescribed time frame.

<sup>1</sup> line department

The Ministry stated that the matter of delay of wage payment underlined by Audit would be referred to the respective state governments for corrective action.

***Case Study: Irregular Issue of Cheques amounting to ₹ 69.90 crore in favour of Sarpanch instead of banks/post offices.***

**Chhattisgarh:**

Scrutiny of records in Narharpur Janpad Panchayat of Kanker district and Makdi, Bastar and Bakawand Janpad Panchayats of Bastar district revealed that accounts were opened in the name of job card holders in the banks/post offices. Wage payments were to be directly credited to their accounts. However, during 2009-12, the POs issued cheques aggregating ₹ 69.90 crore (₹ 35.49 crore in Narharpur, ₹ 11.59 crore in Makdi, ₹ 11.26 crore in Bastar and ₹ 11.56 crore in Bakawand) in favour of the Sarpanches for making payment of wages to the labourers engaged in MGNREGS.

These payments contravened the Scheme provisions and were therefore irregular. It could not be ascertained if the disbursed amount reached the targeted beneficiaries. The matter calls for further probe.

The Ministry stated that the matter was being sent to the state government for examination.

### 7.3.5 Irregular Cash Payment of Wages

Para 7.2.1 of the Operational Guidelines prescribe payment of wages through banks or post offices where individual accounts for each worker or joint accounts (one for each job card) were to be opened. Separate individual accounts for women members of the household were to be opened in the case of households headed by men. As per Gol instructions issued in September 2008, cash payments of wages to workers were not to be made after September 2008.

In 55 GPs and two districts in Andhra Pradesh, Bihar, Maharashtra, Manipur, Punjab and Rajasthan (six states) out of test checked units, payment of ₹ 16.75 crore was made in cash by the implementing agencies in violation of Gol instructions. Cash payment of wages poses the risk of leakage of Scheme funds and payment to fictitious workers. The details are given in **Annex-7G**.

The Ministry stated that it had issued a number of instructions for payment of wages through banks and post offices. The pace of financial inclusion under MGNREGS had surpassed the pace of institutional out reach of banks and post offices and in some areas the under capacity of these institutions to manage such a large number of beneficiary accounts was noticed. The Ministry further stated that this matter was being reviewed seriously in all Performance Review Committee meetings and in other fora as well.

### Case study: Payment of Wages in Cash

#### Tamil Nadu:

Secretary, Rural Development and Panchayat Raj, government of Tamil Nadu (GoTN) communicated (December 2007) to the Gol his apprehensions about the payment of wages through banks. The reasons advanced were that the workers would have to commute long distances to get their wages from banks losing one day's wages and that the banks would adjust previous arrears from their dues.

State Employment Guarantee Council also directed (March 2008) the government of Tamil Nadu (GoTN) to continue the system of payment of wages in cash in the state.

In the Village Payment Committees, formed for the purpose of wage disbursement, majority of the members were persons who were responsible for implementing the Scheme, viz. President, Vice-President and Ward Member of Village Panchayats. As a result, the practice of making payments to the workers in cash was fraught with the risk of malpractices particularly since the wage disbursement agency and the Scheme implementing agency were the same.

Government of Tamil Nadu replied that from 2012-13 it had decided to dispense with the existing practice of disbursing wages to the workers in cash to curtail the scope of malpractices in wage payments and to separate the wage disbursement agency from the implementing agency. The wages were now being paid through banks on pilot basis in one GP in each block.

#### 7.3.6 Detailed State-wise Findings

State specific findings relating to payment of wages are as follows:

##### ■ Goa:

- Wages of ₹ 0.36 lakh in respect of 37 beneficiaries for August 2011 were paid after a delay of 40 days. The block office stated that they were not aware of any compensation to be paid for the delay.

##### ■ Jharkhand:

- Wages amounting to ₹ 2.14 crore were paid through Large Area Multipurpose Society (LAMPS) in two blocks during the period 2009-12. The LAMPS deducted service charges at the rate of four to five *per cent* from the wages of labourers. This resulted in less payment of wages of ₹ 8.81 lakh to the labourers.
- In 11 GPs, wages of ₹ 1.30 lakh relating to 101 job card holders were credited to only 49 accounts of post office. Thus, the payments procedures need to be investigated to rule out irregular or fraudulent payments.



#### ■ Kerala:

- In one GP, delay up to 71 days in payment of ₹ 12.00 lakh occurred due to delay in signing of cheques by the Panchayat Secretary. ₹ 6.00 lakh pertaining to the year 2011-12 was not paid up to May 2012 due to non-release of funds by block panchayat.
- In 45 cases of a GP, payment of ₹ 12.86 lakh was made without recording measurement of work done.

#### ■ Manipur

- In 20 test checked GPs of Imphal East, ₹ 31.11 lakh were paid for holidays in respect of 78 works in contravention of the provisions of the Act.

#### ■ Lakshadweep:

- In the test checked three GPs, there were delays ranging from 15 to 65 days in payment of wages.

### 7.3.7 Unauthorized Payment from Central Share

Under the Scheme, the cost of providing employment above 100 days was to be borne by the state governments. In one test checked GP and 16 districts of Kerala, Rajasthan, Tripura and Uttar Pradesh respectively, an expenditure of ₹ 24.48 crore towards 45.88 lakh persondays in excess of 100 days, was met out of the Central share. Details are given in **Table-12**.

**Table-12: Unauthorised payment from Central share**

Sl. No.	Name of State	No. of GPs/ Blocks/ Districts	No. of households	No. of excess persondays	Amount of Excess payment (₹ in lakh)
1	Kerala	1 GP	265	2,960	4.42
2	Rajasthan*	8 districts	1,72,866	33,84,000	1,196.58
3	Tripura*	4 districts	2,80,155	9,84,869	1,022.00
4	Uttar Pradesh	4 districts	85,884	2,15,762	224.94
<b>Total</b>		<b>1 GP and 16 districts</b>	<b>5,39,170</b>	<b>45,87,591</b>	<b>2,447.94</b>

\* Figures as per MIS

Thus, the Scheme provisions were not complied with in these states.

The Ministry stated that the cases highlighted by Audit were being forwarded to the respective state governments for their comments and necessary compliance.

## 7.4 Deployment of Mates

For supervision of work and recording attendance at worksite, a mate may be designated for each work. Mates were to be selected through a fair, transparent and participatory process with adequate representation of women. An adequate number of mates were to be trained in each village, to ensure an adequate 'pool' of trained mates at all times. The ratio of mates to labourers at a given worksite was to be at least 1:50. Suitable norms in this regard were to be specified by the state governments in consultation with the State Employment Guarantee Council. Mates were to be rotated for work on a fortnightly basis when the muster was usually closed (para 6.4.4(i) of Operational Guidelines). The remuneration of the mates was to be included in the material component of the work. The following irregularities were noticed during audit:

- In 177 GPs and nine districts in Assam, Maharashtra, Mizoram and Uttarakhand (four states) out of test checked units, mates had not been engaged in test checked works. Mates had not been rotated in six GPs in Kerala out of the test-checked cases. Further, no training was given to mates in 10 GPs in West Bengal.
- In one GP and 11 blocks in Kerala and Rajasthan (two states) out of test checked units, wages to mates was classified under unskilled wages under labour component. As a result, wage material ratio was not worked out accurately.

Details of above cases are given in **Annex-7H**.

The Ministry stated that the cases of violation of the Operational Guidelines as pointed by Audit would be forwarded to the state governments for necessary corrective action.

## 7.5 Irregularities in Muster Rolls

Para 6.5.1 of Operational Guidelines provides that before commencing a work, the gram panchayat was to inform the Programme Officer, so that he could issue the required muster rolls. Each muster roll was to have a unique identity number and was to be certified by the Programme Officer. The muster roll would indicate the job card number, name of the worker and days worked. Workers attendance and the wages paid would be shown against each name with the signature/thumb impression of the worker. A number of irregularities were noticed in the maintenance of muster rolls as discussed in succeeding paragraphs.

### 7.5.1 Tampering of Muster Rolls (MRs)

Cutting, crossing out and overwriting in muster rolls were noticed in 200 GPs and five blocks in Andhra Pradesh, Bihar, Haryana, Jharkhand, Karnataka, Kerala, Manipur, Nagaland, Odisha and Uttar Pradesh (10 states) out of test checked units. The corrections were not attested. The related payments were therefore fraught with the risk of misappropriation of funds. State-wise details are given in **Annex-7I**.

The Ministry stated that the matter was being sent to the state governments for investigation.

### Case Study: Irregularities in Muster Rolls

#### Uttarakhand:

In 899 works of 100 test-checked GPs, a total of 10,759 MRs were checked. In 1,110 cases cutting, in 771 cases overwriting and in 510 cases use of whitener fluid were noted. Such unverified changes in MRs render them unreliable. Further, in 17 cases job card numbers were not recorded and in 2,412 cases signatures/left thumb impressions of job card holders were absent. The related payments were therefore suspect.

The Ministry stated that the matter was being sent to the state government for necessary action.

### Sample cases of tampering/overwriting/cutting in muster rolls

Dabara GP of Lesliganj block in Palamu district (Jharkhand)





### 7.5.2 Payment of Wages through Suspected Muster Rolls

Numbered muster rolls (MRs) were to be maintained by the Programme Officer (PO). On receipt of intimation about commencement of work, MRs were to be issued to implementing agencies. It was the responsibility of the implementing agencies to ensure that only the MRs received from the PO were used in the works. In 25 GPs and four blocks in Bihar, Gujarat, Jharkhand, Odisha and Uttar Pradesh (five states), the implementing agencies utilized MRs which had not been issued by the PO or even used photocopies of MRs. Payments of wages of ₹ 25.01 lakh were made on such unauthorised muster rolls. State-wise details are given in the **Table-13**.

**Table-13: Cases of Suspected Muster Rolls**

Sl. No.	Name of State	No. of GPs/Blocks/Districts	No. of Muster Rolls	Amount (₹ in lakh)	Remarks
1	Bihar	6 GPs and 3 blocks	2,461	0.28 <sup>2</sup>	MRs were used prior to the issue/without issue/same MR used in two works
2	Gujarat	1 GP	7	1.99	MRs not issued by PO (photocopies of MRs used)
3	Jharkhand	9 GPs	250	9.20	Payment through un-authorized MRs. (without signature of PO)
		2 GPs	2	0.14	Two copies of same MR used.
4	Odisha	1 block	1	0.17	MRs not issued by the PO used.
5	Uttar Pradesh	7 Gps	201	13.51	MRs not signed by PO used.
<b>Total</b>		<b>25 GPs &amp; 4 blocks</b>	<b>2,922</b>	<b>25.01</b>	

The Ministry stated that the matter was being sent to the state governments for investigation.

<sup>2</sup> Amount could be worked out in some MRs only.

### Case Study: Suspected Misappropriation of Funds

#### Gujarat:

Scrutiny of muster rolls issue register at DRDA, Dahod revealed that the following muster rolls used at Fatepura taluka were actually issued to other talukas as shown below:

Name of Taluka to which MRs issued	Serial number of Muster Rolls		Payment made (₹ in crore)
	From	To	
Dhanpur	46001	56000	1.21
Dahod	101001	102500	0.40
	121001	123000	0.13
DevgadhBaria	56001	68000	0.85
Garbada	116001	118000	0.06
Zalod	78001	88000	0.94
Total			3.59

Examination of vouchers for the year 2009-10 disclosed that payment of ₹ 3.59 crore had been made to the workers engaged in Fatepura based on these muster rolls. Further, vouchers were not supported by muster rolls and only summary sheets mentioning muster roll numbers were attached. Thus, these payments were suspect.

The Ministry stated that the matter was being sent to the state government for investigation.

#### 7.5.3 Suspected Misappropriation of Scheme Fund through engagement of ghost workers in the MRs

Operational Guidelines (para 6.4.4) provide that implementing agencies should ensure that job card holders who demanded work should be provided work. Only genuine workers should be engaged at the work site and payment be made to them.

In 15 GPs, four blocks and eight districts in Assam, Haryana, Jharkhand, Karnataka, Odisha, Punjab, Rajasthan and West Bengal (eight states) out of test checked units, it was noticed that 5,470 ghost workers were paid ₹ 50.10 lakh. These included cases in which the name of persons to whom payment was made, were not found in muster rolls or payments were made to persons not having job cards. The state-wise details are given in **Annex-7J**.

The Ministry stated that the matter was being sent to the state governments for proper investigation.

#### 7.5.4 Engagement of Same Workers under different Muster Rolls for the Same Period

Operational Guidelines (para 6.5) provide that it was the responsibility of the implementing agency to ensure utmost sincerity and care while maintaining muster rolls at the work site. The labourers were to be engaged in the work for the period for which they demanded work. In 61 GPs, 10 blocks and two districts in Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Odisha, Punjab, West Bengal and Lakshadweep (12 states/UT), double engagement of 4,553 workers at different locations for the same period was noticed. This means that in all these cases the same person was engaged on two works on the same date. The details are given in **Annex-7K**.

The matter requires investigation and fixing of accountability.

The Ministry stated that the matter was being sent to the state governments for investigation.

#### 7.5.5 Payment of Wages without Signature of Beneficiaries/Competent Authority

Under para 6.4.4(iii) of the Operational Guidelines, attendance of workers engaged in work was to be taken by the mate/supervisor at the work site and signature was to be taken at the end of the week in token of their acknowledgement of engagement. In 36 GPs, five blocks and one district in Andhra Pradesh, Jharkhand, Karnataka, Manipur, Odisha, Punjab and Uttar Pradesh (seven states), ₹ 1.12 crore were paid through muster rolls but signature or thumb impression was not taken in token of receipt of payments in 9,932 cases. In 43 GPs in Andhra Pradesh, Jharkhand and Tamil Nadu (three states), ₹ 86.23 lakh were paid through muster rolls but no signature of the competent authority/pass order/certified measurement of work for payment was found with the MRs for verification of payments. State-wise details are given in **Annex-7L**.

Genuineness of the payments, in cases of absence of proper signature/thumb impression on the attendance sheet of workers and payment made without pass orders from competent authority, could not be ascertained in audit.

The Ministry stated that the matter was being sent to the state governments for investigation.

#### 7.5.6 Suspected Misappropriation of Wages

Cases of doubtful payment of wages were noticed in 33 GPs, three blocks and eight districts in Bihar, Gujarat, Himachal Pradesh, Karnataka, Punjab and Uttar Pradesh (six states). The total payment in these cases amounted to ₹ 12.31 crore as detailed in **Annex-7M**.

The suspect payments need to be appropriately investigated.

The Ministry stated that the matter was being sent to the state governments for investigation.

#### 7.5.7 Requisite Details not entered in Muster Rolls

Para 6.5.1 of Operational Guidelines provides that the muster roll should indicate the job card number, name of the worker and days worked. Workers' attendance and the wages paid would be shown against each name with the signature/thumb impression of the worker.



In 317 GPs, four blocks and seven districts in Bihar, Himachal Pradesh, Jharkhand, Karnataka, Manipur, Punjab, Sikkim, Tamil Nadu and Lakshadweep (eight states and one UT) out of test checked units, it was observed that the MRs did not contain requisite details viz. the name of the person, job card number, days worked/absent, wages paid and unique identity number. The details are shown in **Annex-7N**.

The Ministry stated that the matter was being sent to the state governments for investigation and compliance.

### 7.5.8 Detailed State-wise Findings

State specific findings/irregularities relating to muster rolls are as follows:

- **Andhra Pradesh:**
  - In three districts, the same worker was shown in two muster rolls for overlapping periods and for different works. Further, the total number of days reported for both works were more than the physical number of days available in 40,829 entries.
- **Jharkhand:**
  - In one district, column for bank/post office account number of labourers was not printed on the muster roll used (series number 163126 to 163876).
  - In three GPs, persondays as mentioned in muster rolls did not tally with the persondays as measured by the junior engineer in measurement books.
- **Kerala:**
  - In one GP, signature of the same job card holder on different muster rolls did not match.
- **Maharashtra:**
  - In two blocks, five muster rolls received from PO were missing. Thirty seven MRs were reportedly damaged by termites. Muster roll forms having money value should have been accounted for and maintained properly to safeguard against damage and misuse.
- **Nagaland:**
  - Information like address, gender, total wages paid to the labourers were not indicated in the muster rolls in support of receipt of payment as well as attendance. In the absence of this, actual payment of wages to the entitled labourers could not be verified in audit. Further, although a committee comprising five members for verification of muster roll was set up (August 2007) at state level, no such verification was carried out in test checked GPs during 2007-12.

■ **Punjab:**

- In 14 GPs, measurement of works was not done before payment of wages to labourers. On this being pointed out, the POs stated that it was due to shortage of technical staff.
- In one GP, payment of muster rolls was made to two job card holders for 21 August 2007 whereas the work commenced from 22 August 2007.

■ **Sikkim:**

- In four blocks and eight GPs, entries in muster rolls were altered using whitener fluid and overwriting. It was observed in audit that the attendance of workers was not verified by any authorized official, certificate of the inspecting official was not recorded and measurement book was not cross referenced with the muster rolls.

■ **Tamil Nadu:**

- In one gram panchayat (Vembi) of Thimiri block, 46 bogus MRs were passed involving payment of ₹ 12.54 lakh. Attendance in these MRs was marked by one person only and signatures/ thumb impressions did not match with those in the job card registers of workers to whom payment were made. BDO, Thimiri failed to verify correctness of the muster rolls before passing these for payment. BDO, Thimiri block stated that action had been initiated to verify the facts.

■ **Uttar Pradesh:**

- In two test-checked GPs and one block, wages for 480 persondays in respect of 97 job card holders were fraudulently paid to workers who were present on two sites on same dates; paid twice for same work; paid to workers shown as absent in MR; and paid for more than the number of days the job card holders actually worked.

■ **West Bengal:**

- In three GPs, in eight cases it was observed that names, amount appearing in bank/post office advices did not match with those shown in muster rolls and employment register. In addition, in one district, wages of more than one household had been paid in a single account in 50 cases.

■ **Lakshadweep:**

- Muster roll issue register was not maintained and muster rolls used were not signed by POs in two GPs (Amini and Kavaratti). As such, the MRs used and all wage payments made by GPs based on these, were unauthorized. To mark attendance 'X' was recorded instead of signature of the workers. The particulars of job card numbers, wages paid, etc. were not recorded in many muster rolls and in almost all the cases test checked units, overwriting/erasures were noted.

- The muster rolls were issued by the PO after completion of the works and in some cases even after two months from the date of completion of the work. Hence, it was clear that the muster rolls were not maintained at the work site. The records of payments made based on these muster rolls were therefore unreliable.

### **Case Study: Non Verification of Expenditure of ₹ 25.97 crore**

#### **Haryana:**

Additional Deputy Commissioner, Ambala released ₹ 25.97 crore during 2007-12 to the Divisional Forest Officer (DFO) Ambala for afforestation, development of herbal parks, etc. The relevant records were not produced to Audit. The DFO Ambala stated (June 2012) that the relevant records were damaged during rains. Therefore, the expenditure could not be vouchsafed in Audit. However, scrutiny of an inspection report submitted (March 2010) by the ADC Ambala to the state government disclosed serious irregularities as summarized below:

- Job cards were issued by the Forest Department itself. Two agencies (GP and Forest Department) issued job cards in the village. Under these circumstances, chances of issue of double job cards could not be ruled out.
- Muster rolls were issued by the Additional Deputy Commissioner, Ambala in gross violation of the Operational Guidelines.
- The works executed by the Forest Department were not recommended by any of the gram sabhas.
- Cash withdrawals of ₹ 8.50 crore were made by the Forest Department during October 2008 to March 2010.
- In four villages, expenditure of ₹ 23.83 lakh was shown on afforestation but ADC during inspection found that no plantation was done in those villages.
- In village Firozpur Kath and Abupur, earth work was found to have been done through mechanical means at a cost of ₹ 0.61 lakh (approximates) for which ₹ 10.43 lakh were booked in the cash book on account of muster rolls wages.
- An expenditure of ₹ 74.03 lakh was shown as incurred on development of three herbal parks at village Barara, Holi and Samlehri during 2008-10, but as per assessment reports submitted by the SDO (PR), the actual expenditure incurred was assessed as ₹ 11.98 lakh only.

It was noted that final action of the state government on the report was awaited.

The Ministry stated that the matter was being sent to the state government for appropriate action as per norms.

**Recommendations:**

*Non-payment of unemployment allowance and non-maintenance of essential records were noticed by Audit across all states. A possible reason for non-payment of unemployment allowance could be the non-sharing of unemployment allowance by Central Government and the perceived burden on the state exchequer. In order to safeguard the interests of the beneficiaries, the Ministry may consider partial reimbursement of unemployment allowance. Further, strict action may be taken against erring officials when any case of non-payment of unemployment allowance is noticed.*