

9.1 Introduction

The Operational Guidelines (para 14.1.1) allow for convergence of MGNREGS funds with funds from other schemes and sources for creation of durable assets. Funds available with implementing agencies from other sources (such as the National Finance Commission, State Finance Commission, state departments) and other Central or Centrally Sponsored Schemes can also be dovetailed with MGNREGS funds for the construction of durable community assets/works permissible under MGNREGS.

The Operational Guidelines prohibit use of Scheme funds as a substitute for plan funds of different departments and agencies. Funds from other programmes for works permissible under MGNREGS could be merged with MGNREGS funds but *vice versa* was not permitted. Further, all aspects related to the convergence activities of the state were to be incorporated in state's perspective plans. All initiatives of convergence were to be within the parameters of MGNREGS and were expected to address the need to design labour-intensive works.

9.2 Absence of Convergence Activities

The Operational Guidelines (para 14.1.1) envisage convergence with other schemes. Audit, however, noted that in 13 states *viz.* Arunachal Pradesh, Assam, Jammu & Kashmir, Karnataka, Maharashtra, Manipur, Mizoram, Nagaland, Rajasthan, Sikkim, Tamil Nadu, Tripura and West Bengal no projects using the means of convergence were undertaken.

In three of these states *viz.* Assam, Jammu & Kashmir and Manipur no guidelines for convergence of MGNREGS with other rural development programmes were prepared. In Karnataka and Rajasthan, guidelines were framed but convergence activities were not noticed in any of the test-checked districts. In Karnataka, the scheme guidelines pertaining to convergence were sent to the implementing officers and the zila panchayats were instructed to converge programmes of Animal Husbandry and Fisheries with MGNREGS. However, no such activity was noticed in the sampled districts. In Jammu & Kashmir, a committee to study convergence was constituted in March 2012. The West Bengal government stated that guidelines had been prepared for convergence but comprehensive Perspective Plans covering all schemes of Rural Development Department were not prepared. The guidelines were, however, not furnished to Audit and no convergence activities were noted in the selected GPs.

Integrated Watershed Management Programme (IWMP) was identified by the Ministry of Rural Development as an important scheme for convergence with MGNREGS as more than 50 per cent MGNREGS works related to soil and water conservation. Joint convergence guidelines were issued in May 2009 to states for convergence between MGNREGS and IWMP. One of the important measures outlined in guidelines was creation of District Resource Group at district level with representatives from Watershed Department, Agriculture Department, Water Resource Department, Department of Rural Development and Panchayati Raj for facilitating knowledge sharing, planning, communication, training, technical support, resource pooling and monitoring and evaluation. Audit observed that in Manipur and Nagaland, no District Resource Group was formed in test checked districts. District Resource Group was not formed in eight out of nine selected districts in Maharashtra.

Further, under the joint convergence guidelines of MGNREGS and IWMP, Watershed Development Team/Project Implementation Authority was to submit detailed project report of the Watershed Development Project to gram sabha for approval which was to contain a description of the activities/ structures/tasks proposed for MGNREGS. The Perspective Plan and Annual Work Plan of MGNREGS were to include these activities/ structures/tasks and were to be submitted simultaneously with the detailed project report to gram sabha for ensuring proper convergence of the programme. Audit noticed that in Mizoram, the process of convergence of MGNREGS funds with funds from other sources for creation of durable assets was not carried out and shown in the perspective plans of the test checked districts. In Nagaland, Perspective Plan was prepared for the district and availability of resources under various Rural Development Programmes¹ for convergence was estimated, along with MGNREGS works. However, in three test checked districts (Dimapur, Mon and Tuensang) the same were confined to the Perspective Plan and no efforts were made for actual convergence. There was no convergence with other Rural Development Programmes in Arunachal Pradesh.

Thus, this important intervention was largely absent in all the states.

The Ministry in its reply to shortcomings in convergence stated that Guidelines were advisory and states were expected to use them to establish management systems to implement the Act. The Operational Guidelines thus indicated a normative framework that states must endeavour to reach. Non-compliance with the Operational Guidelines was, thus, not a violation as such.

The reply of the Ministry was not in conformity with the spirit of its own Operational Guidelines which envisage additional employment generation through convergence.

¹ LADP (Local Area Development Programme) Agriculture, Horticulture, R & B, School Education and Forest Programmes

9.3 Poorly Executed Convergence Activities

9.3.1 Entire Cost funded from MGNREGS

As per Operational Guidelines (para 14.1.2), MGNREGS funds should not be used as a substitute for departmental plan funds for different departments and agencies. Funds from other programme for the works permissible under MGNREGS could be dovetailed with MGNREGS funds but not *vice versa*.

In Jharkhand and Uttarakhand, instances were noticed where the entire cost of the convergence project was met from the funds of MGNREGS. The Operational Guidelines allow the funding of only labour component under MGNREGS when the work undertaken pertains to any another scheme. The details are given in **Table 15**.

Table 15-Incorrect funding from MGNREGS

Name of the State	Particulars
<p>Jharkhand</p>	<p>The Ministry had circulated guidelines on expanding the scope of works under para 1(g) in Schedule 1 of the Act to include construction of Bharat Nirman Rajiv Gandhi Sewa Kendra (BNRGSK). Under the guidelines, construction of BNRGSK was allowed in districts also where Backward Region Grant Fund Scheme (BRGF) was implemented with the condition that material component was to be met from BRGF and labour component from MGNREGS. In case material component from BRGF was inadequate the same was allowed from MGNREGS provided the material component was restricted to 40 <i>per cent</i> at the district level.</p> <p>Audit observed that in 18 blocks of Ranchi district, ₹ 3.35 crore were incurred entirely from MGNREGS to construct 18 BNRGSK during 2010-12 without allocating cost of construction between MGNREGS and BRGF. Audit further noted that even though sufficient funds (₹ 12.47 crore and ₹ 11.05 crore at the close of 2009-10 and 2010-11 respectively) were available under BRGF, ₹ 2.70 crore was incurred on material component from MGNREGS which was irregular as Ranchi was covered by BRGF and cost of material was to be met from BRGF.</p>
<p>Uttarakhand</p>	<p>Line departments (Forest Department, Animal Husbandry, Irrigation , Agriculture departments, etc.) carried out works on the pretext of convergence and expenditure of ₹ 2.57 crore on works was fully met from MGNREGS. Further, analysis of wage material ratio in 26 completed works revealed that material component varied from 41 to 86 <i>per cent</i> which was in contravention of the Act.</p>

The Ministry stated that as per the Act, line department could also implement the MGNREGS works and for such works the Operational Guidelines would be applicable. Some of the line departments had similar works under departmental schemes and in these works the guidelines

and norms of respective department would be applicable. Further, it was stated that construction of BNRGSK was a permissible work under MGNREGS, the norms prescribed in the guidelines for BNRGSK would be applicable, and they could construct entire building under MGNREGS also.

The reply of the Ministry was not convincing as Jharkhand did not follow BNRGSK guidelines and Uttarakhand utilized MGNREGS funds for its regular departmental works wherein wage material ratio was not maintained in works undertaken under convergence.

9.3.2 Low Achievement under Convergence

In Chhattisgarh and Jharkhand, instances were noticed where projects under convergence of schemes were initiated, but were pending completion or were stopped prematurely. The details are given in the **Table-16**.

Table-16: Incomplete works under Convergence activities

Name of the State	Particulars
Chhattisgarh	In Bastar block of Bastar district under MGNREGS, cashew plantation work in 157 hectares was sanctioned for ₹ 41.02 lakh at Bhond and Lamker gram panchayats. The work was to be completed in convergence with the National Horticulture Mission in July 2009. Audit observed that only an expenditure of ₹ 8.02 lakh (20 per cent) was incurred against the sanctioned amount of ₹ 41.02 lakh, yet completion certificates were issued. GP officials on inspection in Bhond found that plantation had not survived. In Lamker details of numbers of plants and land where plantation was done were not available on record. Therefore, veracity of works completed could not be established in Audit. On being pointed out, the department stated that due to lack of interest by beneficiaries, 100 per cent plantation work could not be executed.
Jharkhand	In six Backward Region Grant Fund districts, against the target of construction of 380 and 540 for 2010-11 and 2011-12 respectively, only 98 Bharat Nirman Rajiv Gandhi Sewa Kendras were completed as of March 2012 under the convergence option of MGNREGS.

The Ministry stated that as MGNREGS was demand based, no target could be fixed for completion of work and work could be executed as per the demand for employment.

9.3.3 Violation of Operational Guidelines under convergence

As per Operational Guidelines (para 14.1.3) all initiatives of convergence were to be within the parameters of MGNREGS, especially the need to design labour-intensive works and ensure a complete ban on contractors.

Madhya Pradesh: In eight selected districts of Madhya Pradesh 570 road works were sanctioned in 2010-11 and 2011-12 in convergence with Mukhya Mantri Sadak Yojana (MMSY) and BRGF for ₹ 252.92 crore. The implementing agencies reported an expenditure of ₹ 36.45 crore. Audit noted that works were executed in contravention of the Operational Guidelines as the wage material ratio of 60:40 was maintained only on the share of MGNREGS funds and not on the whole amount. Further, engagement of contractors and heavy machinery was resorted to for execution of work from share of MMSY and BRGF missing out on the opportunity for creating additional employment. It was also observed that administrative/technical sanction of these works did not contain name of the GPs, where the works were to be carried out or the details of beneficiaries and wage payment. Further, though 59 road works were completed, none of these assets were handed over to the concerned GPs.

On the above being pointed out, the state government replied that they had designed a sub-scheme called Chief Minister Gram Sadak Yojana in which work to be done by un-skilled manpower could be carried out under MGNREGS and the work which required extensive use of machinery or involved substantial component of material was to be carried out through funds from state resources or BRGF. They further stated that (a) it was not mandatory to keep records of employment generation through contracting of works as per state rules, (b) the ratio of 60:40, though valid and maintained for MGNREGS component was not mandatory for the whole work, and, (c) the handing over of completed roads would be carried out in due course of time.

The reply does not take into account the requirement of Operational Guidelines of MGNREGS that 60:40 ratio between wage and material on total funds available under MGNREGS and MMSY/BRGF were maintained and ban on contractors was ensured.

In **Uttar Pradesh**, ₹ 178.69 crore was utilized irregularly for departmental works (*viz.* afforestation, de-silting, Ram Ganga Command Project, etc.) from the MGNREGS funds by the District Programme Coordinators (DPCs) for 37,236 projects in all 18 test checked districts by line departments. In gross violation of the Guidelines and objectives, the state government had fixed financial targets of ₹ 6,438.12 crore to its different line departments during 2010-12 for executing works from MGNREGS funds for the entire state. These departments had actually incurred ₹ 1,432.14 crore out of ₹ 1,675.25 crore released to them. It was also seen that the state government treated MGNREGS fund as the state's fund. For instance, the Chief Secretary, through a letter dated 30 September 2009 directed the concerned authorities to manage allotment of sufficient fund from the MGNREGS as supplementary budget for Irrigation department. In another instance, in a meeting presided over by Chief Secretary it was decided that efforts should be made to get maximum funds from GoI funded schemes to save funds for state run schemes.

The above instances clearly show that the states had not recognized the potential of convergence, as envisaged under MGNREGS. The state governments had made little effort for carrying out convergence activities or used convergence effectively to fund state government schemes.

The Ministry, in its reply, stated that the provision of the Act was only applicable to the work conducted from MGNREGS fund, the state government could use additional fund for the same works as per the norms of respective schemes. For example, if the road was constructed under Mukhya Mantri Sadak Yojana, the 60:40 ratio would be applicable to the work which was carried out under MGNREGS fund, and state could use additional money from other schemes. Further, it was stated that convergence was an evolving process and while broad principles could be laid out by the Central Government, the actual contours of convergence would be determined by the nature and quantum of resources available at the field level.

The reply of the Ministry was not convincing because Operational Guidelines envisage that in works involving convergence, all initiatives were to be within the parameters of MGNREGS.