

To ensure that a scheme delivers on the intended objectives, it is essential that adequate capacities exist at all levels. A scheme like MGNREGS, that envisaged penetration up to the grassroots level viz the GP, various capacity building initiatives were detailed in the Act. These included promulgation of rules, setting up of required administrative structures, manning of these structures and adequate training to these personnel, dissemination of information, education, and communication.

Audit noticed several shortcomings in the area of capacity building which are highlighted in the succeeding paragraphs.

Audit findings

2.1 State Employment Guarantee Council

Section 12 of MGNREGA provided for a State Employment Guarantee Council (SEGC) to advise the Government on implementation, evaluation and monitoring of the scheme, under the chairmanship of Agriculture Production Commissioner (APC) at the State level. Other responsibilities of SEGC included deciding on the 'preferred works' to be implemented and recommending the proposal of works to the Government of India.

Scrutiny of the records of MGNREGA Cell, Lucknow revealed that the State Government constituted (May 2006) a 16 member SEGC. However, 15 non-official members were nominated with a delay of 19 months. Further, no quorum or frequency for SEGC meetings was prescribed by the State Government. Consequently, SEGC met only once/twice in a year. The State Government also did not designate a Commissioner under whose guidance the scheme was to be implemented. We during audit noticed that the Commissioner, Rural Development was periodically nominated as Commissioner MGNREGS during various spells.

The Government stated (January 2013) that the Commissioner, Rural Development was the ex-officio State Employment Guarantee Commissioner and the appointment of an independent Commissioner was under process.

Thus, the effective implementation of the scheme at the apex level itself was compromised.

2.2 Shortages of functionaries

The Government of India had suggested (January 2006; March 2007) administrative pattern for each level of hierarchy. As per the Act, the State Government was required to designate a Programme Coordinator and a Programme Officer (PO) at the district and block level respectively and to make available necessary staff and technical support as required for the effective implementation of the Act. In addition, the Operational Guidelines

(para 3.1.1) also suggested appointment of *Gram Rojgar Sevak (GRS)* in each *GP* and one Technical Assistant (TA) for every five to ten *GP*.

However, data collected in audit revealed overall shortfalls in deployment of personnel against the sanctioned strength in the State as of March 2012. Details are in the table 2.1 below:

Table 2.1: Status of deployment of staff as of March 2012

Levels	No of units	Functionaries	Requirement (No. of post per unit)	Sanctioned posts	Persons in position	Shortfalls
						Percentage in bracket
GP	51,980	Gram Rojgar Sevak	1	48,946 ¹	41,491	7,455 (15)
		Technical Assistant	Not posted			
Block	820	Additional Programme Officer	1	783	704	79 (10) ²
		Account Assistant	1	792	660	132 (17)
		Technical Assistant ³	1	7,931	5,398	2,533 (32)
		Computer Assisatnt	1	745	554	191 (26)
District	72	Works Manager	1	72	49	23 (32)
		IT Manager with Computer Assistant	1	53	35	18 (34)
		Accounts Manager with Account Assistant	1	47	22	25 (53)
		Training Coordinator	1	49	36	13 (27)
		Coordinator Social Audit and Grievance Redressal	1	273	256	17 (6)

(Source: Information provided by Additional Commissioner, MGNREGS Cell)

Shortage of personnel in all categories of functionaries ranged between 6 and 53 per cent. The table above reveals high shortfalls in critical cadres amounting to 15 per cent of *GRSs* and 32 per cent in Technical Assistant cadre at the levels of *GPs* and blocks respectively at the end of March 2012. In test check, it was noticed that in District Ghaziabad no *GRSs* and *TAs* were posted against the requirement of 405 *GRSs* and 41 *TAs* at *GP* level. Similarly, in Bulandshahar district also no *GRSs* were posted as against the requirement of 889. In remaining 16 districts also the shortfalls were noticed in deployment of these personnel.

Further, Section 15 (1) of the Act regarding the appointment of *PO* was not complied with by the State Government. However, it designated Block Development Officers as *POs* with another person appointed as Additional Programme Officer (*APO*).

The Government stated (January 2013) that as the desired officials were not available hence an *APO* was posted with the Block Development Officers (*BDOs*). It further stated that several districts did not generate sufficient number

¹ As per requirement it should be 51,980.

² Revised as Subsequently intimated by the State Government.

³ These include *TAs* of *GPs* also.

of mandays in order to earn enough for the administrative expenditure in order to engage the requisite staff.

Reply was incorrect in view of unspent amount of ₹ 20.80 crore in 2010-11 and ₹ 20.44 crore in 2011-12 in the bank account opened for administrative expenses at the State level. The Principal Secretary, during discussion (January 2013), assured that the vacant posts of APOs in blocks would be reviewed.

Thus, the implementation of MGNREGS in the State was adversely impacted due to inadequate management support at the *GP*, block and district levels.

2.3 Irregular expenditure on staff

MGNREGS Cell

The GoI directed (July 2008) the State Government to set up a State level office for implementation of MGNREGS and accordingly suggested creation of posts for establishing the office. The State Government thus appointed numerous functionaries viz IEC (Information, Education and Communication) Coordinator; Training Coordinator; Planning, Monitoring and Evaluation Coordinator; Works Manager; IT Manager; Social Audit Officer; Complaint Redressal Manager; Finance Manager; and APOs. They were hired on contract basis from a manpower supply service provider and payments were made as per the GoI norms. The State Government issued (October 2008, February 2009) directives to all concerned that the agreement with the service provider will be valid for one year subject to renewal for subsequent year on the basis of satisfactory services. The service provider was also required to deposit a bank guarantee⁴. However, Audit noticed various deficiencies in the process. Details are as under:

- Competitive bidding process for engaging the service provider was not followed;
- MGNREGS Cell entered (June 2009) into an agreement with Messer's Datamation Consultants Pvt. Ltd (firm) for providing various functionaries. These included various functionaries which were not provided for in the GoI directions viz: Clerks, Computer Operators, Helpline Executive, Manager Grievance Redressal, MIS analyst and Data Entry Operators;
- The contract, which was to be renewed on yearly basis, was automatically renewed year after year;
- Income Tax amounting to ₹ 1.67 lakh was short deducted while making payments (₹ 83.04 lakh) to the service provider;
- The bank guarantee, as required under rules, was not taken from the service provider; and

⁴ In the shape of fixed deposit worked out at the rate of 2 per cent of the annual amount payable to him before execution of the contract.

- The payments allowed for the IEC Coordinator was ₹ 30,000 per month whereas the maximum payment admissible in the staffing pattern suggested by the GoI for the post of APO was ₹ 20,000 per month.

In reply the Government stated (January 2013) that the information, education and communication coordinators were engaged as per order (July 2008) of the GoI which did not prescribe any rate for payment of honorarium. The Government further stated (January 2013) that they have now been engaged as per rates (₹ 20,000 per month) payable to APO. However no records were shown to audit in support of this claim. As regards the income tax deduction, the Government stated (January 2013) that the same would be adjusted from the amount payable in future.

Thus, the Government violated General Financial Rules in the matter of engaging personnel for the MGNREGS Cell. It also did not observe the GoI directives in the engagement of personnel for the MGNREGA Cell and engaged unapproved staff like the clerks, DEOs etc. The contract with the service provider was entered into without following a competitive biddings process and without taking a bank guarantee, thereby not only rendering the payment of ₹ 83.04 lakh to the service provider irregular but also indicating a lackadaisical approach in the implementation of the scheme in the State.

Appointment of APOs

State Government posted APOs⁵ in the offices other than the Blocks also. For this, the State Government included (October 2008) Chapter-8 and 9 vide second amendment in the Scheme. The actual expenditure incurred on them was not furnished to audit though called for repeatedly. However, audit noticed payment of ₹ 1.43 crore by 14 test checked districts to 37 APOs posted there during March 2009 to March 2012. Thus, on the one hand there were vacancies of APOs (79) at the main executing agency (Block) level, while on the other hand APOs were deployed as support staff in the administrative offices of the State Government.

Audit further noticed that the second amendment (October 2008) in the Scheme vide which the provision of these APOs was made, was declared (September 2009) ultravires by the Hon'ble High Court of Uttar Pradesh at Allahabad. Supreme Court is now hearing the matter.

Technical Resource Support Group

The Operational Guidelines envisaged setting up of a Technical Resource Support Group (TRSG) at the state and district levels to assist in the planning, designing, monitoring, evaluation and quality audit of various initiatives. The Government decided (December 2010) to take services of engineers (State Government employees) of Technical Audit Cell (TAC) established under Rural Development Department. However, the Commissioner, MGNREGS paid ₹ 2.04 crore towards their salary and allowances for the period from January 2011 to March 2012 and accounted for the same under

⁵Two APOs each in the offices of Chief Development Officers, and Joint Development Commissioners and four in the office of Commissioner, MGNREGA.

administrative expenditure of MGNREGS. Since, the engineers engaged were permanent employees of the State Government and were not dedicated MGNREGS personnel, their pay and allowances were not admissible from MGNREGS funds.

Further, 20 such engineers were engaged and posted at Division level (five of them with dual charges). They were not sufficient for 72 districts of the State. Thus the districts remained largely without technical support and the funds which could have been utilised for engaging TRSG staff was diverted in paying salaries of State Government employed engineers.

Audit further noticed that ₹ 54.20 lakh released (2008) by the GoI as first installment for developing the TRSG remained unspent as of March 2012 at the State level. Consequently, the GoI did not release any subsequent installments.

In reply, the State Government stated (January 2013) that the payment of salary from MGNREGS funds to the employees of TAC has been stopped from January 2013.

Reply was not convincing as the amount ₹ 2.04 crore already paid inadmissibly was required to be refunded to the MGNREGS.

2.4 Inadequate training

As per Para 3.3 of the Operational Guidelines- 2008, the State Government was required to arrange training programmes for the key functionaries such as District Programme Coordinator (DPC), the PO etc., for effective planning, work measurement, public disclosures, social audits etc. A training calendar was to be made and training modules developed according to the varied needs of the various stakeholders. Scrutiny of records revealed the following:

Shortfalls in training sessions and number of trainees

The State Government authorised Deen Dayal Upadhyaya State Institute of Rural Development, Lucknow to organise training programmes for key functionaries at various levels. It was noticed in audit that the Institute organised (2011-12) only 235 sessions (30 *per cent*) against the target of 771 sessions. Similarly, only 6,987 trainees (23 *per cent*) were imparted trainings as against the target of 30,863. The shortfalls were despite the fact that the Government of India had released (March 2011) to the State Government first instalment of ₹ 9.94 crore out of the sanctioned amount of ₹ 19.88 crore. It was also noticed that ₹ 2.06 crore was made available to the Institute and ₹ 45.80 lakh to 31 districts for conducting the training programmes and ₹ 5.36 lakh was incurred on trainings/workshops. The remaining ₹ 7.37 crore was lying unspent as of March 2012. Further, ₹ 1.33 crore out of ₹ 2.06 crore transferred to the Institute was also lying unspent as of March 2012. As required (March 2011) the unspent balance was not refunded to MoRD. The Government stated (January 2013) that the expenditure on training was not incurred due to Assembly elections in the State.

Reply was not convincing as the elections were held during February to March 2012 only.

Trainings at district level

Audit noticed that training was imparted to the functionaries of nine *Gram Panchayat* of Sitapur district for preparing district development plans by the district Institute of Rural Development. However, no such training was imparted in 427 *GP* of the remaining 16 test-checked districts. Even where training was imparted, lack of adequate knowledge affected the planning process as was evident from the fact that the preparation of the district development plans was delayed during 2008-12 in all the 460 *GP* of the 18 test checked districts. The State Government stated (January 2013) that trainings were organised by the Districts (District Rural Institute of Development).

Reply was not convincing as the concerned *GP* had stated during test check of records that no training was imparted.

Thus, this important tool envisaged for effective capacity building was inadequately used and trainings were not being provided as outlined in the Operational Guidelines.

2.5 Information, Education and Communication

MGNREGS was conceived as demand driven employment generation scheme. It thus required adequate information dissemination and sensitisation to the potential beneficiaries in order to achieve the end objectives of this programme. As per Para 3.2 of the Operational Guidelines, the Government was to undertake intensive Information, Education and Communication exercises to publicise key provisions of the Act and the various procedures to be followed viz the process of registration etc.

Scrutiny of records revealed that no State level comprehensive plan for IEC activities was prepared/made available to audit. During the initial phase of the scheme a few pamphlets were printed which were insufficient for vigorous information dissemination activity amongst the beneficiaries. The issue of ineffective activity under the IEC component was raised (March 2009) in the meeting of SEGC and budget of ₹ 10,000 for each block was approved for printing of pamphlets, visual and print media and related activity through documentations etc. In 16 test checked districts ₹ 3.06 crore was spent on advertisements, wall paintings, etc. during 2007-12.

The State Government decided (September 2008) upon slogan writing on walls as a way of disseminating information about the scheme. Pursuant to this, District Rural Development Agency (DRDA) of District Balarampur issued (November 2008) work orders to a firm for painting slogans at 3,800 places. The firm submitted bills for ₹ 9.77 lakh for 2,819 slogan writings. Audit noticed that before releasing payments, a Junior Engineer verified 546 paintings only. Nevertheless, Rupees nine lakh was paid (January 2010) to the contractor on the ground that the written slogans would have been washed

with the passage of time and rains, rendering expenditure of Rupees nine lakh irregular. Similarly, in December 2007, 1.50 lakh calendars were purchased (cost: ₹ 46.50 lakh) without following purchase procedure from the Uttar Pradesh Upphokta Sahkari Sangh Limited, Lucknow at the rate of ₹ 31 per calendar whereas in enquiry from Rural Development Department it was found that the prevalent market rate at that time was Rupees six per calendar only. Moreover though the supplier supplied 30,000 calendars, the payment for 1.50 lakh calendars was made. This resulted in inadmissible payment of ₹ 44.70 lakh.

In reply, the Government stated (January 2013) that the cases were under examination by Economic Offence Wing. The results of this examination were awaited.

Thus, MGNREGS was implemented in the State without effective dissemination of information to the potential beneficiaries as there was no comprehensive planning for information, education and communication. The activities such as distribution of pamphlets, wall writings were on adhoc basis. Moreover, irregular (Rupees nine lakh) and inadmissible (₹ 44.70 lakh) expenditure were incurred.

2.6 Conclusion

Capacity building for MGNREGS in the state was on an *ad hoc* basis. The role and responsibility of SEGC at apex level and the management support at the GP, Block and District levels was limited. Instead of creating posts of various cadres in MGNREGA Cell, a service provider was engaged irregularly. Besides, objective of trainings to the key functionaries for effective planning, work measurement etc. largely remained unachieved. There was no comprehensive planning for information, education and communication regarding the scheme.

2.7 Recommendations

- The Government should prescribe a quorum and periodicity for meetings of SEGC in order to ensure effective advice on implementation of the scheme.
- The Government should ensure that trained and adequate manpower is posted at each level as these shortages adversely affect the implementation of the scheme.
- The Government should frame effective information, education and communication policy as this being a demand driven scheme, it requires beneficiaries to be aware of their rights.