CHAPTER-II

PERFORMANCE AUDIT ON IMPLEMENTATION OF MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME IN SIKKIM

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Performance Audit of Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) for the period 2012-17 revealed that the Scheme has contributed significantly towards employment generation in rural areas; creation of a number of durable assets to provide rural connectivity, water supply, etc.; help individual households to develop their land holdings for improved farming, construction of cow-sheds to enable them rear cattle and earn supplementary income; etc. The State Government had put in place appropriate structural mechanism for implementation of Scheme, issued job cards to households in time, provided wage employment on demand, ensured social equity by providing equitable share in employment to SC, ST and women, instituted independent Social Audit system to bring transparency, etc. These have culminated into a number of awards and accolades by Government of India (GoI) relating to implementation of MGNREGS in the State during 2012-17. Notwithstanding above, the Performance Audit also noted some weaknesses as mentioned below.

The analysis of structural mechanism revealed that the State Employment Guarantee Council (SEGC) was not fully functional and belated convening of DPC meetings led to delayed administrative and technical approvals to the Shelf of Projects (SoP), etc. The planning of Scheme was beset with some weaknesses such as incomplete formulation of SoP denoting only list of works to be taken up without any bearing with labour budget, devoid of individual works objectives and absence of convergence with other schemes, besides belated convening of Gram Sabha meetings to finalise Annual Plans and Labour Budget, etc.

Analysis of financial management disclosed that the Annual Work Plan & Labour Budget (AWP&LB) were unrealistic, leading to huge differences between the person days projected and person days actually sanctioned by GoI. Notwithstanding the low sanctions, the release of funds by GoI was even lower with shortfall of ₹ 77.30 crore. Similarly, the release of funds by the State Government was also inadequate and belated. While Utilisation Certificate was submitted late by the State Government to GoI, pending liabilities had shown an increasing trend and stood at ₹ 64.89 crore at the end of March 2017.

Analysis of Programme implementation revealed that the households provided with 100 days employment had reduced from 11,392 (21%) in 2012-13 to 8,442 (12%) in 2016-17; delays ranged between 60 and 90 days in payment of wages, besides non-formulation of Separate Schedule of Rates (SoR), variations between the estimates and actual expenditure on works, excess payment of wages, execution of works without conforming to specifications, failure to follow procedure of project initiation meeting and project completion report, absence of measurement of work in most cases, etc.

Impact of Scheme on poverty alleviation was not evaluated during 2012-17. The beneficiary survey (August 2017) by Audit, however, indicated that income generated from employment in MGNREGA helped the households to meet their basic needs and supplemented their income to raise their living standard. The beneficiaries rated the performance of MGNREGA in the State as Excellent (45%); Very Good (38%) and Good (17%).

The utilisation of assets and its proper maintenance to obtain value for money was not ensured in many cases by the State Government and the PRIs. The institutional mechanism for upkeeping and maintenance of assets was not instituted by the ADCs.

Monitoring mechanism and transparency revealed that the role of Worksite Material Management Committee was limited to certifying the statement of materials received and consumed at the time of processing of bills for payment instead of actual monitoring, inspection of works by ADCs without any documentation, absence of monitoring of works by the State Level Quality Monitors and Technical Resource Support Committee and failure to initiate outcome based monitoring by the Additional District Collators (ADCs), etc.

Highlights

Rules for operation and maintenance of State Employment Guarantee fund (SEGF) was established belatedly and did not include comprehensive framework to effectively manage the financial resources, mechanism to ensure transparency, efficiency and accountability, leading to absence of robust fund management and closing balances at the year end with the DPCs on the one hand and pending liabilities on the other.

(Paragraph-2.7.1)

Annual work plan and labour budget was not drawn up realistically leading to low sanction by GoI and mismatch between projected person days and actual person days generated during 2012-17. This also led to high average cost per day per person in the State as compared to national average and other North eastern States.

(Paragraph-2.7.2)

The State Government had neither formulated Separate Schedule of Rates (SoR) nor initiated carefully designed Work Time and Motion Studies (WT&MS) as of March 2017 for facilitating preparation of realistic estimates for works.

(Paragraph-2.8.3.1)

The State Level Quality Monitors and Technical Resource Support Committee had not undertaken monitoring of works executed under MGNREGS during 2012-17. The outcome based monitoring was also not initiated by ADCs.

(Paragraph-2.11.1)

2.1 Introduction

The National Rural Employment Guarantee Act, 2005 (NREGA) was enacted (September 2005) and implemented (February 2006) initially in the 200 most backward districts of the country. Remaining districts were covered in a phased manner (2007-09). The primary objective of MNREGA included enhancing livelihood security by providing 100 days annual employment to rural households, generating productive assets, protection of environment, empowering rural women, reducing rural-urban migration, fostering social equity, and strengthening rural governance through decentralisation, transparency and accountability.

In Sikkim, the Act in the first phase covered North district (2006-07), followed by East and South (2007-08) and West (2008-09) districts. The name of the Act was changed to Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in October 2009 by GoI.

2.1.1 Implementing agency

The Gram Panchayat is the single most important agency for executing works. The Act mandated earmarking a minimum of 50 *per cent* of the works to be executed by the Gram Panchayat and upto hundred *per cent* of the works may be allotted to the Gram Panchayat (GP) in the annual Shelf of Projects (SoP). The other Implementing Agencies are Block Development Officers and District Programme Coordinators.

2.1.2 Funding of the Scheme

The Scheme is primarily funded by Central Government and partly shared by State Government as shown in the table below.

Table -2.1

Item of expenditure	% shared by	
	Central Government	State Government
Wages (unskilled)	100	Nil
Wages (skilled & semi-skilled)	75	25
Material	75	25
Unemployment Allowance	Nil	100

Source: MGNREG Act

2.2 Organisational arrangements

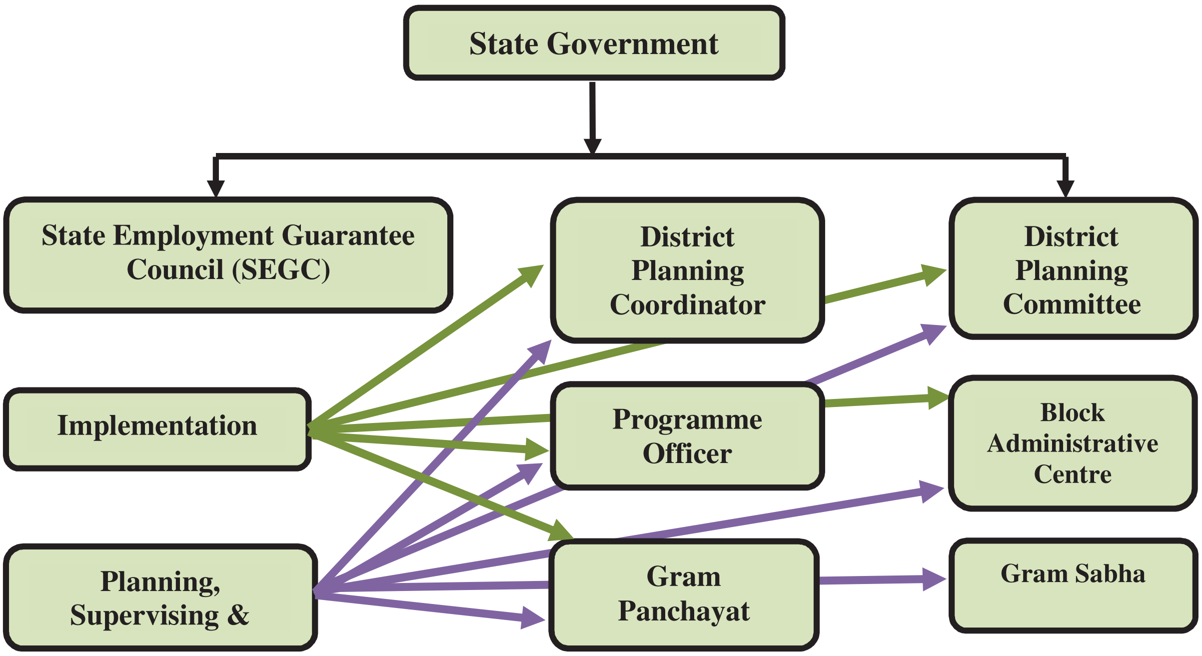
At the Central level, Central Employment Guarantee Council (CEGC) under the chairmanship of the Union Minister of Rural Development is responsible for advising the Central Government on MGNREGA related matters, and for monitoring and evaluating the implementation of the Act. The Ministry of Rural Development is the Nodal Ministry, responsible for ensuring timely and adequate resource support to the states and to the Central Council, regular review, monitoring and evaluation of processes and outcomes, to maintain and operate the Management Information System (MIS) to capture and track data on critical aspects of implementation and assess the utilisation of resources through a set of performance indicators.

At the State level, the State Employment Guarantee Council (SEGC), set up by the State Government, is responsible for rendering advice to the State Government on the implementation of the Scheme and to evaluate and monitor it.

At the District level, the Zilla Panchayats are responsible for finalising the District Plans and the Labour Budget and for monitoring and supervising the Employment Guarantee Scheme in the District. For this purpose, Additional District Collectors (Development) were designated as District Programme Coordinators (DPCs) for smooth implementation of the Scheme in accordance with the Act. At the Block level, instead of Intermediate Panchayat in other states, Block Development Officers are designated as Programme Officer in Sikkim. The Programme Officer essentially acts as a Coordinator for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) at the Block level and is responsible for consolidation of the Gram Panchayat (GP) plans into a Block Plan and monitoring and supervision to ensure provision of employment within 15 days of demand. At the Village level, the Panchayati Raj Institutions are the key implementing agencies for the Scheme. The *Gram Sabha* (GS) recommends works to be taken up under MGNREGS, conduct Social Audits on implementation of the Scheme and used extensively as a forum for sharing information about the Scheme.

The organisational structure for implementation of MGNREGS in the State is as follows:

Chart-2.1



2.3 Audit objectives

The Performance Audit was taken up with the objective to assess whether the livelihood security by providing 100 days of annual employment to the targeted rural community at the specified wage rates, empowerment of rural women, fostering social equity etc. were effectively achieved. In the process, the following were examined:

- Adequacy and effectiveness of planning including structural mechanism in the State for proper implementation of the Act;
- Economy, efficiency and effectiveness of financial management;
- Efficacy in implementation of the Scheme;
- Impact of Scheme on poverty alleviation of the wage earners;
- Utilisation and maintenance of assets created under the Scheme; and
- Adequacy and effectiveness of monitoring mechanism for efficacious implementation of the Scheme.

2.4 Audit criteria

The implementation of the MGNREGS in Sikkim was evaluated based on the norms and standards mentioned in the following documents:

- NREG Act, 2005;
- MGNREGA Operational Guidelines;
- Notification and circulars issued by Government of India and Government of Sikkim relating to implementation of MGNREGS in Sikkim from time to time;
- Sikkim Financial Rules, Sikkim Public Works Code and Sikkim Public works Manual;
- Guidelines for opening of account linked with AADHAR;
- Study report, if any, conducted by the Government agencies; and
- Monitoring mechanism prescribed by the State Government and MGNREGA guidelines.

2.5 Audit Methodology

The Performance Audit commenced with an entry conference (May 2017) with the State Nodal Department. The meeting was attended by Commissioner-cum-Secretary, Rural Management & Development Department (RMDD) who is also the State Employment Guarantee Commissioner and Special Secretary, RMDD who is the State Nodal Officer for MGNREGS in Sikkim among others. Group discussions with the Social Audit unit and District implementing officers were also held (June 2017). The Performance Audit covering a period of five years (20012-17) was carried out through test check of records at RMDD (MGNREGA cell), DPCs offices at East and West districts, nine Block Administrative Centre (BAC) offices and 15 GPs. Impact assessment of the Scheme was attempted through Beneficiary Survey (300) and physical verification of works (80) executed under the Scheme. The results of Performance Audit were discussed in the exit conference (December 2017) with the Commissioner-cum-Secretary, RMDD and the draft report prepared duly taking into consideration the replies furnished by the Implementing Agencies.

2.5.1 Audit Sampling

A Multi Stage Sampling plan was adopted for selection of sample. In the 1st stage, two (out of 4) districts (East and West) were selected. In the 2nd stage, within two selected districts, 25 *per cent* of blocks (9) were selected by simple random sampling method. In the 3rd Stage, within nine selected blocks, 25 *per cent* of Gram Panchayat (15) was selected by simple random sampling method. In the 4th Stage, within selected GPs (15), 25 *per cent* of works (80 nos.) was selected by simple random sampling method. In the 5th Stage, within selected GP (15) in 3rd stage, 20 beneficiaries were selected by simple random sampling method for beneficiary survey. The details of sample selection in given in ***Appendix-2.1***.

2.5.2 Scope of audit

Performance Audit of 'Implementation of MGNREGS in Sikkim' covering a period of five years (2012-17) was taken up through test check of records in the selected districts (East and West), nine BACs and 15 GPs during July-August 2017.

2.5.3 Acknowledgement

Indian Audit and Accounts Department gratefully acknowledges the cooperation and support extended by the Commissioner-cum-Secretary, RMDD; its officers and staff; DPCs and its staff, BDOs and Gram Panchayat (GP) functionaries; etc. in completing the assigned task of audit in a time bound manner.

Audit findings

The audit findings are enumerated in the succeeding paragraphs.

2.6 Planning and structural mechanism

The Act enjoined upon the State Government for setting up of proper structural mechanism and devising appropriate plans for proper implementation of the Act. The position in respect of structural mechanism and planning is given below:

2.6.1 Structural mechanism

The Act enjoined upon the State Government to set up Employment Guarantee Council; formulate State Employment Guarantee Scheme (SEGS) and State Employment Guarantee Rules; appoint full time dedicated personnel such as Gram Rozgar Sahayak (GRS), Programme Officer, District Programme Coordinators, etc. for implementation of MGNREGS. Besides, mechanism for training of MGNREGS functionaries; a network of professional agencies for technical support and quality control measures; etc. were also required to be instituted for effective implementation of the Scheme.

Audit noticed that the State Government formulated (June 2006) SEGS and named it State Rural Employment Guarantee Scheme (SREGS) which *inter alia* covered all the essential features contained in the Act. Similarly, the State Government formulated (November

2010) State Employment Guarantee Rules (SEGR), after a gap of four years and nine months from the date of publication of the Act. The rules so made covered almost all the aspects except for manner of utilisation of State Fund and time frame for proposing, scrutinising and approving SREGS works by GP, Block and District levels as of March 2017. The State Government had also appointed supporting staff such as GRSs, Mates, Accountants and Junior Engineers as required under the SREGS rules and they were rendering services as per their allocation in the Act and instruction given to them by the State Government from time to time. The State Government, however, had not formed the 'Expert Group' as stipulated in the rules at State and district level as of March 2017. As a result, required technical support was not forthcoming either in the district or at the State level. The other shortcomings in structural mechanism are given below:

2.6.1.1 State Employment Guarantee Council

MGNREGA (Section 12) provided for setting up of a State Employment Guarantee Council (SEGC) by every State Government for advising the State Government on the implementation, evaluation and monitoring of the Scheme. SEGC was also required to decide on the preferred works to be implemented under MGNREGS, recommending the proposals of works to be submitted to the Central Government and preparation of Annual Report on the implementation of the MGNREGS and submission to the State Legislature.

The State Government constituted (February 2008) SEGC with a delay of nine months after enactment of the Act. Similarly, Secretary, Rural Management and Development Department was designated (October 2007) as State Rural Employment Guarantee Commissioner (SREGC) by the State Government recording a delay of 16 months from formation (June 2006) of SREGS and the first meeting was held in May 2008.

Even after belated establishment, the SEGC did not discharge its duties as it convened only one meeting against the required 10 meetings in five year. Minutes of the meeting revealed that the SEGC did not deal with important aspects such as preparation of list of preferred works to be implemented under the Scheme, preparation of Annual Reports for submission to the State Legislature and strengthening of monitoring and redressal mechanism.

Failure to decide on the preferred works in many cases led to creation of assets which were not durable and did not result in strengthening of livelihood resources of the rural poor as detailed in para-2.9.2.

2.6.1.2 District Programme Coordinator

The Act (Section 14(2) enjoined upon the State Government to designate a District Programme Coordinator (DPC). DPC will be responsible for information dissemination, training, consolidating block plans into a district plan, ensuring timely administrative and technical approvals to the shelf of projects, release and utilisation of funds, ensuring hundred *per cent* monitoring of works, muster roll verifications and submission of monthly progress reports, etc.

Audit noticed that Additional District Collectors (Development) were designated (December 2010) as DPCs with overall responsibility of implementation of Scheme in their respective districts. It was noticed that DPCs had obtained Block panchayat plans and convened DPC meetings, albeit belatedly during 2012-17. As a result timely administrative and technical approvals to the shelf of projects were not accorded. This led to delay in providing employment to the wage earners as pointed out in details in para-2.6.2.2.

Audit noticed that the DPC had released funds belatedly to BAC. The delay ranged between six and 26 days during 2012-17. Neither the funds were released in time, nor the funds were released in full as well. As against the requirement of ₹ 517.88 crore, the release was ₹ 445.18 crore only indicating short release of ₹ 72.70 crore during 2012-17. This was despite having sufficient balance of funds with the DPCs which ranged between ₹ 28 lakh and ₹ 242.81 lakh indicating one and 15 *per cent* during 2012-17. Reasons for retaining balances with DPCs instead of releasing the same to BACs were not on record.

Information dissemination, training, monitoring of works, muster roll verifications, etc. were not accorded due priority as detailed in subsequent para-2.11.

2.6.1.3 Programme Officer

SREGS 2006 (Section 7(4)) stipulated appointment of full-time dedicated officer as Programme Officer (PO) to act as a coordinator for MGNREGS at the Block level. The chief responsibility of the PO included scrutinising the annual development plan proposed by the GPs; consolidating all proposals into the block plan; matching employment opportunities with the demand for work at the Block level; monitoring and supervising implementation; disposal of complaints; ensuring conduct of Social Audits and their follow up; payment of unemployment allowance; etc.

Audit noticed that State Government did not appoint full time PO. The work of PO was assigned to Block Development Officers (BDOs) in addition to their normal duties. Subsequently in May 2012, Assistant Programme Officers (APOs) were appointed in each block on contract basis to assist the PO in implementation of the Scheme.

Audit checks revealed that the PO scrutinised the annual development plan proposed by the GPs, consolidated all proposals into the block plan and ensured conduct of Social Audits in the GPs. However, matching employment opportunities with the demand for work was not ensured, especially during initial months (April to June) of the financial year. This was due to late receipt of annual plans from GPs, ranging between 125 and 222 days during 2012-17. Details are shown in para-2.6.2.

2.6.1.4 IEC activities

MGNREGA Operational guidelines (Para-5.4) stipulated for creation of awareness among rural people and other stakeholders through Information, Education and Communicating (IEC) activities to ensure effective implementation of MGNREGS. IEC activities should aim at facilitating dissemination of right based provisions of the act to ensure that the workers know their right to demand wage employment and exercise their right by applying for jobs as per their need. States were required to develop an IEC Plan on MGNREGS with focus on reaching out to the registered workers as well as other groups which could benefit from MGNREGA.

Diversion of funds:

Audit scrutiny revealed that IEC plan as required in the guidelines was not prepared during 2012-17. Although staff were appointed in the district to impart IEC training to field personnel, no such training were imparted. IEC activities were not conducted by districts and instead IEC activities were undertaken by RMDD head office. The expenditure on IEC was merged with administrative expenditure till 2015-16. During 2016-17, a total of ₹ 41.87 lakh was incurred towards IEC. Audit analysis revealed that ₹ 6.41 lakh (out of ₹ 41.87 lakh) alone was related to IEC activities. The remaining funds were incurred towards printing of registers (₹ 15 lakh), field research by external agency (₹ 15.44 lakh), tour to attend meetings outside Sikkim (₹ 5.02 lakh), etc. Thus, the IEC activities was not accorded due priority. Inadequacy in IEC activities led to increase in number of inactive job card holders, failure to demand for 100 days employment, no demand for works during the month of April and May by wage earners, etc.

2.6.2 Planning

Planning is critical to the successful implementation of the MGNREGS. The basic aim of the planning process is to ensure preparedness of the State to offer productive employment on demand. The status of preparedness of planning in the State is given below:

2.6.2.1 Shelf of Projects

MGNREGA Operational guidelines (Para-6.4) stipulated for preparation of Shelf of Projects (SoP) covering at least two years of implementation by GPs to ensure adequate time for technical scrutiny and to eliminate delays in providing employment due to lack of requisite approvals.

Attempts should be made for convergence with other schemes and adopt Integrated Natural Resource Management (INRM) approach in implementation of MGNREGS. The works taken up in MGNREGS should change from individual, stand-alone works in a typical 'relief works mode' to an INRM perspective.

Audit checks in 15 GPs revealed that SoP was not prepared by the GPs as stipulated in the guidelines. In the name of SoP, only a list of works to be taken up during the ensuing year by the GP was drawn up and forwarded to BAC. The provisioning of employment by eliminating delays towards obtaining requisite approvals were not ensured, especially during initial months of the financial year.

The works listed out for the current year but not taken up owing to some reason were not considered next year for incorporation in the SoP. It was left unattended. Out of total of 750 works listed out in 15 GPs, 300 works could neither be taken up nor considered for execution during subsequent year as detailed in ***Appendix-2.2.***

Audit also observed that while preparing SoP adequate effort was not initiated for convergence with other schemes, such as Integrated Watershed Management Programme (IWMP), Rashtriya Krishi Vikas Yojana (RKVY), Command Area Development and Water Management (CAD&WM), etc. in order to attain sustainable livelihoods. Mostly, the works were stand-alone type without any bearing on the Integrated Natural Resource Management (INRM) approach. Out of 5,426 works, 3,010 works were stand-alone works which could have been executed by making it a cluster and forming a project as stipulated in the guidelines.

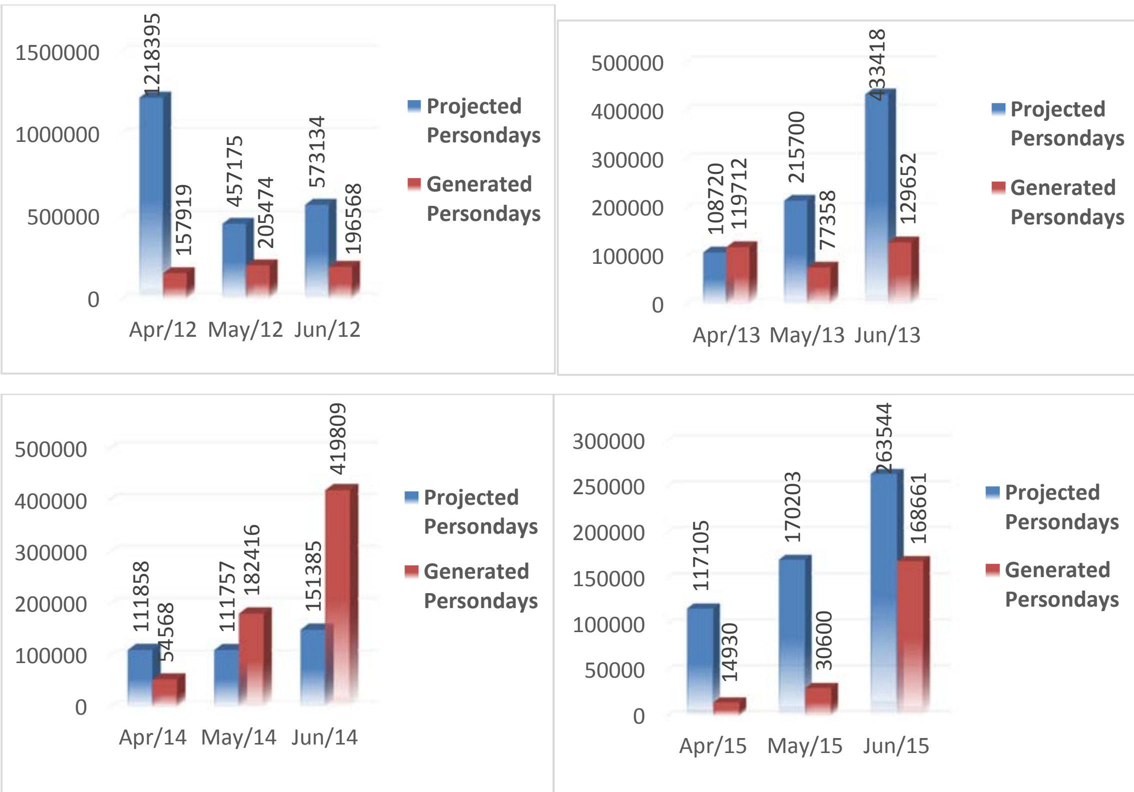
Thus, the SoP was incomplete, rather it was a list of works to be taken up, which did not have any bearing on labour budget, lacked convergence with other schemes and no linkage with Integrated Natural Resource Management devoid of individual works objectives in attaining overall objectives of MGNRGEA to contribute towards income generating durable assets, etc.

2.6.2.2 Annual Plan and labour budget

MGNREGA Operational guidelines (Para-6.5) stipulated that Annual Plans and Labour Budget (AP&LB) should be finalised by the GPs by every 15thAugust to prevent distress migration of households during the monsoon season. The PO will ensure that (i) a GP-wise calendar of meetings of Gram Sabha (GS) is drawn up well in time and (ii) meetings of GS are held on 15thAugust for this purpose.

Audit observed that GS meetings to finalise AP&LB were convened belatedly in all nine BACs covered in audit. The delay ranged between 28 and 45 days. The delay was most pronounced in Soreng BAC (45 days), followed by Daramdin (36 days), Kaluk (32 days) and Nandok (30 days). No reason for the delay was furnished by the GPs and the POs. Delayed convening of GS led to consequential delay in approval of AW&LB by 96 days (2014-15) to 109 days (2012-13) during 2012-17. This also restricted providing of employment to the wage earners in the initial months of the year except during 2016-17. The employment during the initial months of the year ranged between 3.47 lakh and 9.15 lakh person days during 2012-16 as against the targeted person days of 9.55 lakh and 15.56 lakh leading to shortfall of 6.08 lakh (67%) and 6.41 lakh (41%) person days as shown in the chart below:

Chart-2.2



This also compared poorly with the person days generation ranging between 1.15 crore and 1.11 crore during the month of February and March respectively during 2012-16.

2.6.2.3 Calendar of activities not maintained

MGNREGA Operational guidelines (Para-6.10) stipulated timelines for various steps involved in preparation and finalisation of LB are detailed below:

Table-2.2

Date	Action to be taken
15thAugust	Gram Sabha to approve GP Annual Plan and submit to PO
15thSeptember	PO submits consolidated GP Plans to Block Panchayat
2nd October	Block Panchayat to approve the Block Annual Plan and submit to DPC
15th November	DPC to present District Annual Plan and LB to District Panchayat
1st December	District Panchayat to approve District Annual Plan
15th December	DPC to ensure that shelf of projects for each GP is ready
31st December	Labour Budget is submitted to Central Government
January	Ministry scrutinizes the Labour Budget and requests for compliance for deficiencies, if any
February	Meetings of Empowered Committee are held and LB finalized
February, March	Agreed to LB communicated to States. States to feed data of Month wise and District wise breakup of "Agreed to" LB in MIS and communicate the same to Districts/ blocks GPs
Before 7thApril	States to communicate OB, Center to release upfront / 1st Tranche.

Audit noticed that calendar was not adhered to at any level, right from GP to DPC. There were delays ranging between 28 and 45 days in holding Gram Sabha for finalising the SoP as mentioned in preceding paragraph. This had cascading effect on delay in submission of SoP by BAC and DPCs ranging between 10 and 25 days and 75 and 109 days respectively during 2012-17.

As a result, employment provided during first quarter of the financial year was much less than the projection (detailed in Para-2.6.2.2) and led to closing balances of funds at the end of the year. Availability of funds at the end of the year in turn led to curtailment in release of funds of ₹ 137.89 crore by GoI as actual allocation was reduced by the available funds with the districts by GoI.

2.6.2.4 District Perspective Plan

The MGNREGA Operational Guidelines and the SREGS (Para 12(a)) stipulated preparation of a District Perspective Plan (DPP) by each district. The DPP would include the estimate for employment and works that could be taken up to meet the need through a participatory process of planning in the Gram Sabha. The DPP will take into consideration the availability of resources in the district from other schemes and key indicators of success. The DPP is intended to facilitate advance planning and to provide a development perspective for the District.

Audit noticed that DPP in respect of all the four districts was prepared (2009) by engaging an agency at a cost of ₹ 26.10 lakh. The agency prepared the plan without obtaining feedback from GP, BAC and DPC. The input such as work, person days required and person days generated from the DPP was not taken into consideration. The DPP was never revisited after 2009 for updation to make it contemporary. Thus, DPP prepared at a cost of ₹ 26.10 lakh, by engaging an outside agency without associating DPC, did not serve its required purpose.

2.6.2.5 Annual Plan

SREGS (Para-12(b)) required preparation of Annual Plan by GPs. The Annual Plan will be the working plan that would identify the activities to be taken up on priority in a year and the framework for facilitating the identification. The PO will scrutinise the annual Plan for its technical feasibility and match the demand for employment. The DPC will scrutinise the plan proposals of all the BACs, examining the appropriateness and adequacy of works in terms of likely demand as well as their technical and financial feasibility. The DPC will coordinate the preparation of detailed technical estimates and sanction.

Audit checks in 15 GPs revealed that this procedure was not adhered to. Instead the Gram Sabha only identified the Schemes to be taken up, which was compiled by the POs and approved by the DPCs without any reference to likely demand for employment. As a result, there was mismatch between annual plans and actual execution in employment generation and in achieving the number of households which were to complete 100 days of employment (details in para-2.8.2 & 2.7.2).

2.7 Financial management

Government of India (GoI) released funds for implementation of MGNREGS based on requirement submitted by the State Government. The Act and Operational Guidelines prescribed that budget will be based on a realistic estimate for the works to be taken up as per the annual shelf of projects. State Government should ensure timely submission of AW&LBs (within December 31 each year) for all the districts to avoid delay in fund release.

Audit noticed that time schedule was not followed by any of the functionaries leading to cascading effect on fund management, especially with regards to belated release of funds by GoI, onward transfer to Districts, Block and GPs; inadequate release of funds to PRIs, belated sanction of projects for implementation; etc. as detailed in succeeding paragraphs.

2.7.1 State Employment Guarantee Fund

The Act and the Operational guidelines (Para-12.3) enjoined upon the State Government to establish State Employment Guarantee Fund (SEGF) to implement the Scheme. The State Government was also required to formulate and notify the SEGF Rules (Sec.32) indicating a comprehensive framework to effectively manage the financial resources, constitute Revolving fund and devise mechanism to ensure transparency, efficiency and accountability.

Although, the State Government constituted (August 2008) the SEGF, Revolving funds under MGNREGS at the District, Block and GP levels were not set up as of March 2017. Similarly, Rules for operation and maintenance of the above fund was established belatedly in February 2012. The Rules framed for the purpose did not include comprehensive framework to effectively manage the financial resources, mechanism to ensure transparency, efficiency and accountability. As a result, fund management was not robust leading to closing balances at the year end with the DPCs on the one hand and pending liabilities on the other. Absence of Revolving funds at district, block and GP level also affected delay in timely release of payment towards wages and materials.

2.7.2 Annual Work Plan and Labour Budget

The MGNREGA Operational guidelines (para-12.2) stipulated for submission of Annual Work Plan and Labour Budget (AWP&LB) by the State to the Union Ministry by 31st December each year for release of funds to SEGF. The Labour Budget, duly containing the details of anticipated demand for unskilled manual work in the district and the plan for engagement of labourers in the works covered under the Scheme, is required to be prepared by District Programme Coordinator (Section 14 (6) of the Act).

Audit noticed that the AWP&LB was unrealistic as anticipated demand for unskilled manual work in the district and the plan for engagement of labourers in the works was not drawn up by any of 15 GPs test checked in audit. The AWP&LB was not scrutinised by BACs and DPCs adequately to ensure proper submission to the State Government and finally to GoI. This led to huge differences between the person days projected and person days actually sanctioned by GoI as detailed below:

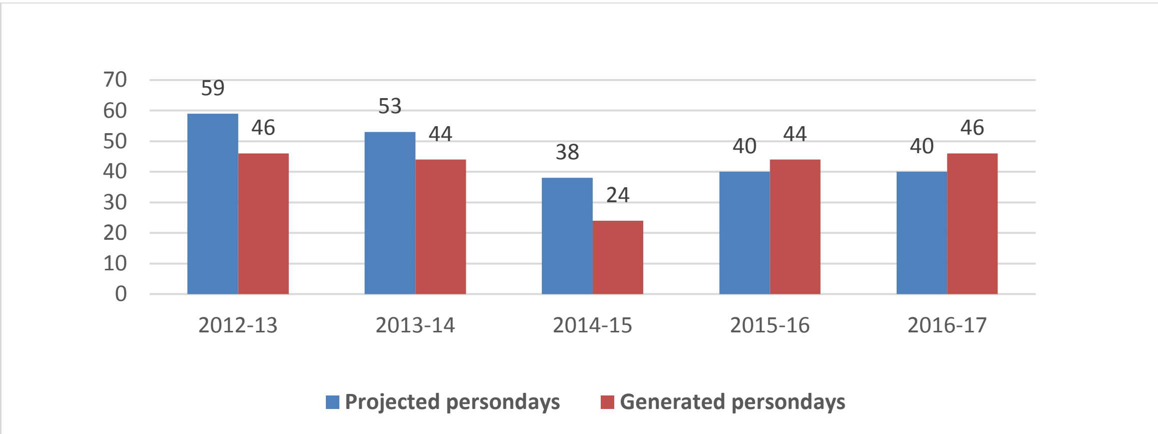
Table – 2.3

Year	Projected LB by the State		Sanctioned LB by GOI		Person days generated		Shortfall (-) / Excess (+) with respect to Sanctioned LB	
	Phy (in lakh)	Fin (in crore)	Phy (in lakh)	Fin (in crore)	Phy (in lakh)	Fin (in crore)	Phy (in lakh)	Fin (in crore)
2012-13	65.12	134.58	58.92 (90)	121.77 (90)	46.38 (79)	73.41 (60)	(-) 12.54 (21)	(-) 48.36 (40)
2013-14	62.34	140.27	52.78 (85)	118.76 (85)	44.03 (83)	114.92 (97)	(-) 8.75 (17)	(-) 3.84 (3)
2014-15	48.50	109.13	37.50 (77)	84.38 (77)	24.12 (64)	76.46 (91)	(-) 13.38 (36)	(-) 7.92 (9)
2015-16	57.00	158.65	40.01 (70)	111.37 (70)	43.83 (110)	95.97 (86)	(+) 3.82 (10)	(-) 15.40 (14)
2016-17	51.00	146.20	40.00 (78)	114.67 (78)	46.11 (115)	137.04 (120)	(+) 6.11 (15)	(+) 22.37 (20)
Total	283.96	688.83	229.21 (81)	550.95 (80)	204.47 (89)	497.80 (90)	(-) 24.74 (11)	(-) 53.15 (10)

Source: Cash Book and other related files;
Figure in bracket indicate percentage,
Phy – Physical person days, Fin - Financial

Notwithstanding the low sanction ranging between 70 and 90 *per cent*, the generation of person days was further lowered as can be seen from the above table. During 2012-15, against the sanction of 58.92, 52.78 and 37.50 lakh person days, the achievement was 46.38, 44.03 and 24.12 lakh person days indicating shortages of 21, 17 and 36 *per cent* respectively during 2012-15. The position, however, had improved during 2015-17 recording an increase of 10 and 6 *per cent* over the sanction as shown in the chart below:

Chart – 2.3

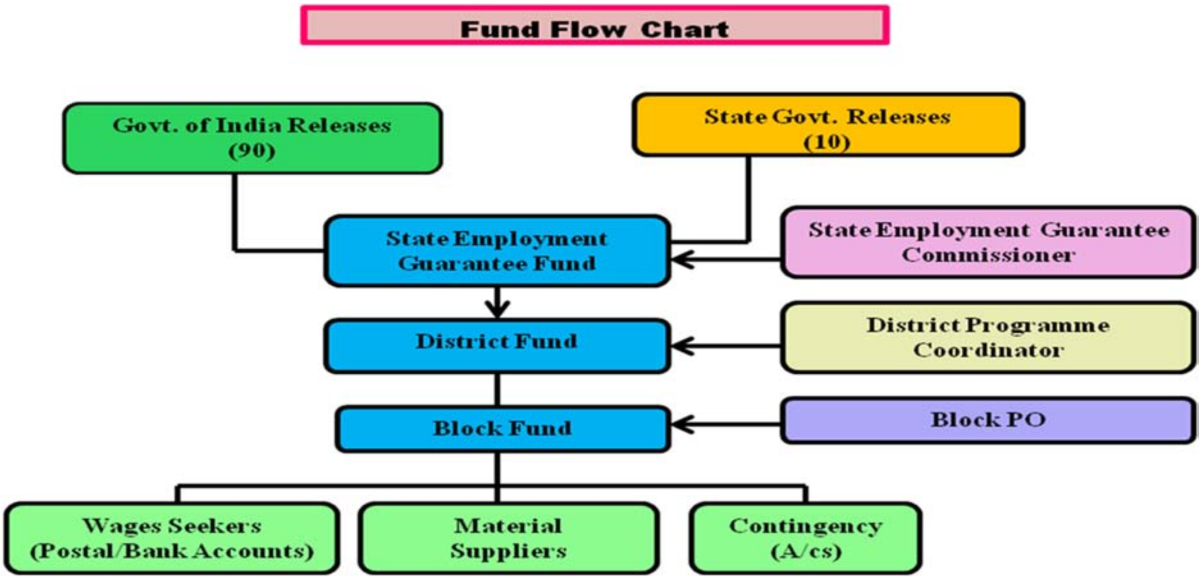


The low achievement during 2012-15 was primarily due to delay in finalisation of annual plan and failure to provide employment during initial months of the financial year, whereas the improvement during 2015-17 was due to taking up of additional works under convergence schemes which were not included in the labour budget sanctioned by GoI.

2.7.3 Fund flow

The fund flow mechanism for implementation of the scheme in Sikkim is depicted below.

Chart-2.4



The financial position indicating total availability of funds and expenditure there against for the period 2012-17 is shown below:

Table – 2.4

(₹in crore)

Year	Opening Balance	Receipt			Total fund available	Expenditure	Closing Balance
		Centre	State	Misc.			
2012-13	0.97	74.07	3.00	0.24	78.28	73.41	4.87
2013-14	4.86	106.84	5.00	1.78	118.48	114.92	3.56
2014-15	3.56	73.86	5.00	0.43	82.85	76.46	6.39
2015-16	6.40	86.23	5.29	1.04	98.96	95.97	2.99
2016-17	2.99	132.63	3.33	-	138.95	137.04	1.91

Source: Annual Report (2012-17) & MIS (2012-17) Report on MGNREGS

Analysis of fund flow revealed inadequate and delayed release of fund by GoI and the State Government, delay in release of funds to PRIs, pending liabilities, etc. as detailed below:

➢ ***Inadequate release of funds by GOI***

Once LB of a State is agreed to by the Ministry, 1st tranche equivalent to 50 *per cent* of agreed LB, after deducting the available balance, as per MIS is to be released by GOI within 15 April. The 2nd tranche is to be released after incurring 60 *per cent* of the available funds by the State Government by September each year.

Audit checks revealed that release of funds by GoI was far short of allocation as shown below:

Table – 2.5

(₹ in crore)

Year	Total fund Allocated		Total fund released		Short release	
	GOI	State Govt.	GOI	State Govt.	GOI	State Govt.
2012-13	121.77	12.18	74.06	3.00	47.71	9.18
2013-14	118.76	11.86	106.85	5.00	11.91	6.86
2014-15	84.38	8.44	73.87	5.00	10.51	3.44
2015-16	111.37	11.14	86.23	5.29	25.14	5.85
2016-17	114.67	11.47	132.63	3.33	(-) 17.96	8.14
Total	**550.95**	**55.09**	**473.64**	**21.62**	**77.31**	**33.47**

Source: Information compiled from records of RMDD, Government of Sikkim

During 2012-17, Government of India allocated ₹ 550.95 crore for work component (₹ 517.88 crore and administrative expenses (₹ 33.07 crore). Against this, only ₹ 473.64 crore (86%) was released by GOI towards work (₹ 445.22 crore) and administrative expenses (₹ 28.42 crore), leading to shortfall of ₹ 77.30 crore (14 *per cent*).

The short release was primarily due to late submission of utilisation certificates (UC) and non-release of matching share by the State Government as pointed out in succeeding paragraphs.

➢ ***Delay in release of funds by GoI***

As mentioned in preceding para-2.7.3.1, GoI is required to release funds for 1st and 2nd tranches by 15th of April and 30th of September respectively every year. Audit scrutiny revealed that there were delays in release of funds ranging between 13 to 55 days and 52 to 178 days in respect of 1st tranche for the period 2012-13 to 2015-16 and 2nd tranche 2012-13 to 2016-17 respectively.

Table-2.6

(₹ in crore)

Year	Inst. No.	Amount released	Date of release by GOI		Date of release by State Government		Date of submission of UC to GOI	
			Due	Actual	Due	Actual	Due	Actual
2012-13	1st	53.27	15.04.12	07.06.12 (51)	12.06.12	20.06.12 (7)	07.04.12	30.05.13(417)
	2nd	20.80	30.09.12	18.03.13(168)	23.03.13	30.03.13(6)		
2013-14	1st	82.46	15.04.13	29.04.13(13)	04.05.13	10.05.13(5)	07.04.13	11.06.14(63)
	2nd	24.39	30.09.13	19.02.14(141)	24.02.14	12.03.13		
2014-15	1st	58.86	15.04.14	26.05.14 (40)	01.06.14	02.07.14(31)	07.04.14	22.07.15(469)
	2nd	15.00	30.09.14	04.03.15(159)	09.03.15	13.03.15(3)		
2015-16	1st	59.53	15.04.15	10.06.15 (55)	15.06.15	07.07.15(21)	07.04.15	05.04.16(362)
	2nd	26.71	30.09.15	28.03.16(178)	-	31.03.16		
2016-17	1st	59.53	15.4.16	7.4.16	12.4.16	19.5.16 (36)	07.04.16	07.02.17 (305)
	2nd	73.09	30.9.16	22.11.16 (52)	27.11.16	16.12.16(18)		

Source: Records from RMDD, Figure in brackets delay in release of funds

Audit analysis revealed that the delay in release of funds by GoI was primarily due to delayed submission of UC by the State Government for the 1st tranche and failure to utilize 60 *per cent* of the available funds with the State as required to be spent before the proposal for the 2nd tranche was submitted to GoI.

- ***Short and belated release of State matching share***

As mentioned in preceding paragraph, expenditure of the Scheme is to be borne between GoI and State Government in the ratio 90:10. It was noticed that the State Government had not released its 10 *per cent* matching share. Against the requirement of ₹ 55.09 crore, only ₹ 21.62 crore was released by the State Government, resulting in short release of ₹ 33.47 crore with reference to the requirement. The State share was never released in full during 2012-17. The short release ranged between ₹ 3.44 crore (2014-15) indicating 41 *per cent* and ₹ 9.18 crore (2012-13) indicating 75 *per cent*.

Neither the funds were released in full, nor released in time. Against the requirement to release State share within 15 days of release of Central share, the State released its share belatedly, with delays ranging between 106 and 278 days during 2012-17. No reason for such delay was on record. Audit checks revealed that the RMDD had not adequately followed up with the State Government to obtain the mandatory State share except for requisition of funds through demands for grant in supplementary budgets.

- ***Delay in release of funds to PRIs***

MGNREGA operational guidelines (Para-12.3) prescribed that funds received from GoI is to be released to PRIs within 15 days of receipt. It was noticed that funds were not released within the prescribed time limit of 15 days, especially during 2014-15 to 2016-17. The extent of delay increased from 1 to 3 days (2012-14) to 14 to 33 days (2014-17) involving ₹ 292.72 crore. The RMDD had not taken adequate steps to cut down the delay.

2.7.4 Non submission of UC in time

As mentioned in preceding para (2.7.3), 1st tranche of fund, equivalent to 50 *per cent* of the approved labour budget, is to be released upfront by GoI subject to fulfillment of certain conditions which *inter-alia* included submission of UC for the funds received upto previous financial year.

Audit scrutiny revealed that the UC detailing the expenditure for the previous financial year was submitted belatedly by the State Government to GoI. The delay ranged between 63 (2013-14) and 469 (2014-15) days during 2012-17.

Delay in submission of the UC was one of the primary reasons for the delayed release of funds by GoI.

2.7.5 Administrative expenditure

MGNREGA Operational guidelines (Para-12.5) permitted incurring upto 6 *per cent* of the total budget in a financial year as administrative expenses to enable the states to augment human resources and develop capacity for critical activities such as training, IEC, operational expenses, etc. The expenditure towards purchase/repair of vehicles was not allowed under administrative expenditure.

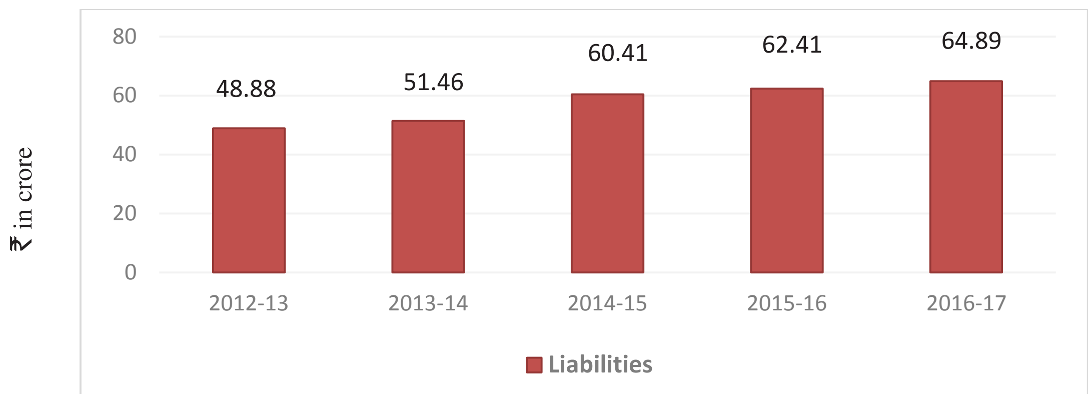
Audit noticed that prescription of 6 *per cent* was not adhered to by the GoI in release of administrative costs to the State Government leading to short release of ₹ 6.71 crore during 2012-17. Audit analysis revealed that impermissible expenditure of ₹ 16 lakh was incurred by RMDD during 2015-17 towards maintenance of vehicle, tour to attend various meetings not related to MGNREGS, etc. in disregard of the guidelines.

2.7.6 Pending liabilities of ₹64.89 crore

According to MGNREGA operational guidelines (Para-12.4.4), the 2nd tranche of funds from GoI would be released to the State Government on submission of certificates stating utilisation of 60 *per cent* of available fund and audited report of previous year. The audit report should also indicate pending liabilities, if any, at the close of the financial year.

Audit scrutiny revealed pending liability aggregating to ₹ 64.89 crore as at the end of March 2017. The pending liability (₹ 64.89 crore) was mainly towards outstanding payment of material component ₹ 44.69 crore (69%) and wage component ₹ 20.20 crore (31%). The pending liabilities had been increasing over the years as shown in the graph below:

Chart-2.5



Audit analysis revealed that the pending liabilities among other things had accumulated due to increased cost per person per day as compared to the sanctioned cost per person per day by GoI based on which fund allocations were made as per AWP&LB. The average cost per day per person in Sikkim ranged between ₹ 239.56 to ₹ 318.90 as against the sanctioned cost per day per person of ₹ 206.67 to ₹ 286.60 during 2012-17. This comparison with national average and North eastern States was high except during 2015-16 and 2016-17 of Manipur (₹ 305.39 and ₹ 311.82).

The increase in pending liabilities was very disquieting considering the fact that person days generated was less than that of approved by GoI, based on which funds were sanctioned. As against the allocation of ₹ 550.95 crore to generate 229.21 lakh person days during 2012-17, ₹ 497.80 crore was spent by State Government in generation of 204.47 lakh person days indicating utilisation of 90 *per cent* of the allocated fund and generation of 89 *per cent* of targeted mandays.

2.7.7 Diversion of expenditure

The Act has not permitted diversion of Scheme funds for any other purposes. It was however noticed that ₹ 11.59 lakh was diverted towards meeting expenditure for repair of vehicle (₹ 3.21 lakh) and for donation to various organisations (₹ 8.38 lakh) which were not connected to the implementation of the Scheme.

2.8 Programme implementation

As mentioned in preceding para-2.1, the primary objective of MGNREGA was to enhance livelihood security by providing 100 days annual employment to rural households, generate productive assets, empowering rural woman, fostering social equity, etc. To provide employment, households were required to be registered, issued with job cards and provided with employment on demand within 15 days of application. The position in respect provisioning of employment, ensuring social equity, creation of assets, etc. are shown below:

2.8.1 Registration, job cards and employment to households

The Act guarantees 100 days of employment to rural households on demand each year. For this, the MGNREGA Operational guidelines enjoined submission of application for registration by households to the GP; undertaking of door-to-door survey, issue of Job cards within a period of fortnight by GPs, provisioning of employment within 15 days of application, etc.

Audit noticed following:

2.8.1.1 Registration of households

The Act empowers rural households to apply for registration under the Scheme for 100 days employment in a year. The GPs would be required to register the households after due verification. Position of households registered, job cards issued, work demanded and employment provided, etc. is given below:

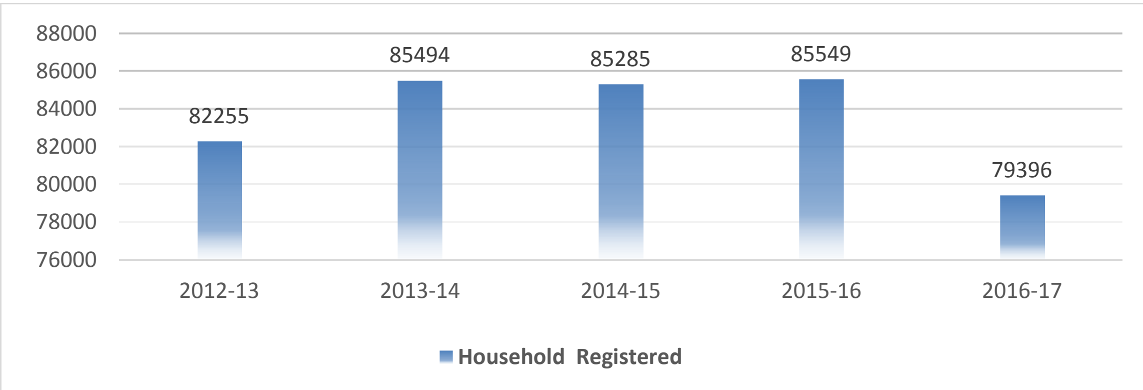
Table – 2.7

Performance Indicator	2012-13	2013-14	2014-15	2015-16	2016-17
H/H Registered	82,255	85,494	85,285	85,549	79,396
H/H issued job cards	81,917 (99)	85,183 (99)	85,184 (99)	85,336 (99)	78,981 (99)
H/H demanded works	55,758 (68)	64,155 (75)	73,102 (86)	67,505 (79)	69,908 (89)
H/H provided works	55,432 (99)	62,218 (97)	56,755 (78)	65,454 (97)	68,098 (97)
H/H completed 100 days (in number)	11,392 (21)	13,789 (22)	3,293 (6)	9,732 (15)	8,442 (12)
Person days generated (in lakh)	35.29	43.28	24.12	43.84	46.12
No. of days per H/H	63.90	69.57	42.51	66.98	67.72

Source: MIS of MGNREGS   H/H – Households   Figure in bracket indicate percentage.

As would be noticed from above, households registered showed a decline from 82,255 (2012-13) to 79,396 (2016-17) during 2012-17 as shown in chart below:

Chart-2.6



The number of households registered declined during 2016-17 to 79,396 from 85,549 in 2015-16 as new job cards were issued to households as required under the guidelines (para-3.1.5) to issue job cards afresh after a gap of five years.

2.8.1.2 Job cards

The Operational Guidelines to the Act envisaged issue of job cards to every registered households after due verification by the Gram Panchayat.

It was noticed that almost all (99%) the registered households were provided with job cards. The position was also confirmed during the test check in sampled GPs (15) wherein all the registered households were provided with job cards. Further, beneficiary survey (August 2017) by Audit also confirmed that job cards were issued to households in time and free of cost. All the entries in the job cards were done in the presence of wage earners.

2.8.1.3 Door to door survey

The Act and Operational guidelines stipulated undertaking of a door-to-door survey by a team headed by the President and the Secretary of the Gram Panchayat to identify persons willing to register under the Act.

Audit noticed that door-to-door survey to identify persons willing to register under the Act was not conducted either before implementation of the Scheme or thereafter. However, the wage earners were informed about the Scheme during Rojgar Diwas organised every month in 1st week. As a result, some of the interested adult members may not have been included as registered households. This may be one of the reasons for decline in households registered during 2016-17 over 2015-16.

2.8.2 Livelihood security

The Act aimed to ensure livelihood security by providing 100 days of annual employment to the targeted rural community at the specified wage rates and provide job on demand.

Audit noticed that although the household provided with employment declined marginally from 99 (2012-13) to 97 (2016-17) *per cent*, the average person days generated in Sikkim was better than the national average in all the years under review but was less than Tripura (88) and Mizoram (76) as shown in the Chart below:

Chart – 2.7

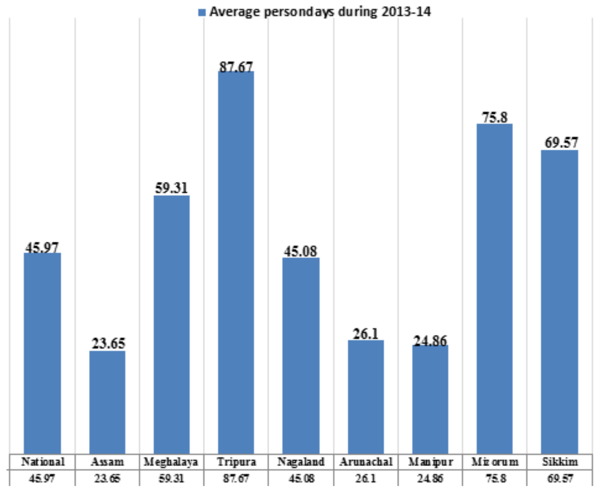


Chart – 2.8

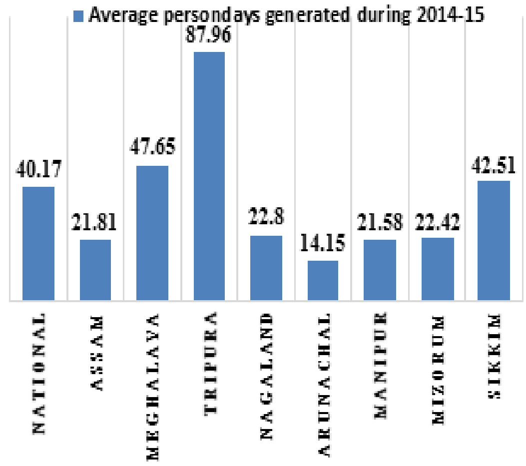


Chart – 2.9

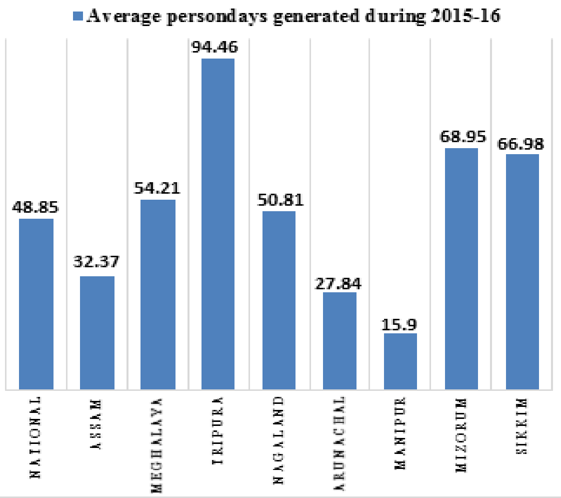
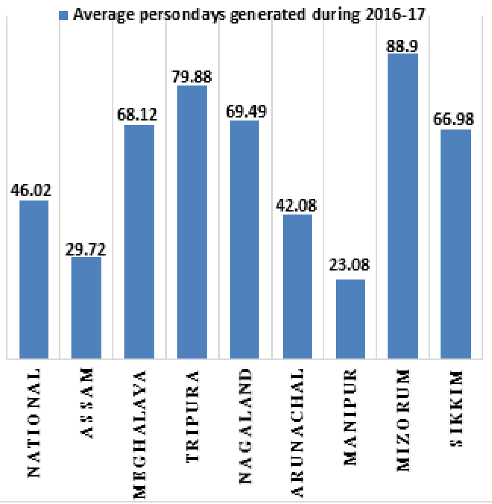
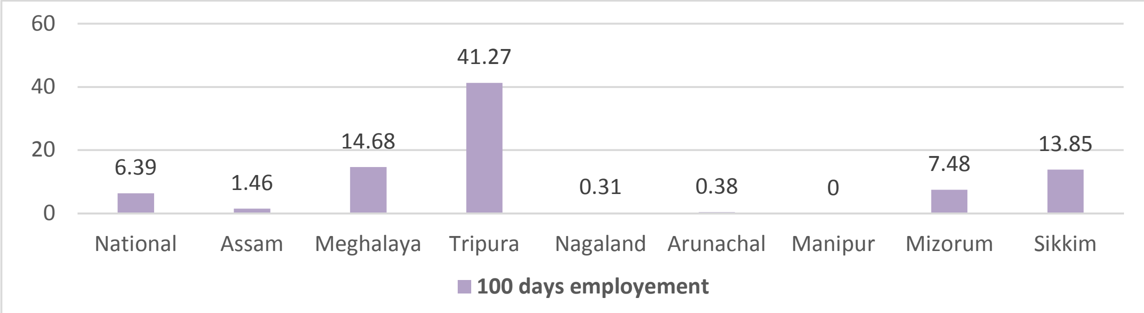


Chart – 2.10



However, the household provided with 100 days employment was drastically reduced from 11,392 (21%) in 2012-13 to 8,442 (12%) in 2016-17 indicating a decrease of 9 *per cent* over 2012-13.The provisioning of 100 days employment touched it's lowest at 6 *per cent* during 2014-15. This compared poorly with national average and other North-eastern states as shown below:

Chart-2.11



This was primarily due to belated finalisation of 'Shelf of Projects', coupled with delayed sanction of works and delay in release of funds by DPCs. This led to belated sanction intimation to the BACs and in turn to GPs for commencement of works. Consequently employment to workers was delayed and was to be provided mainly during 3rd and 4th quarter of the year.

2.8.2.1 Employment within 15 days

MGNREGA Operational guidelines (Para-3.4) stipulated for payment of unemployment allowance in case where applicants are not provided employment within fifteen days of receipt of application seeking employment.

The DPC claimed to have provided employment within 15 days of demand to the registered households. This claim however was not verifiable in audit as in most cases applications were neither dated nor dated receipts were given to the applicants by the GPs. From the samples test checked, audit observed that while in 16 cases (out of 50) the exact date of application was not on record. As a result, employment provided within 15 days was not verifiable. In the absence of dated application, unemployment allowances, if any, required to be paid in accordance with the Act could not be verified in audit. However, beneficiary survey (August 2017) by Audit also confirmed that jobs were provided to wage earners on demand within fifteen days.

2.8.2.2 Social equity

The Act and the Operational guidelines stipulated adequate representation to women (1/3rd of the beneficiaries) and SC and ST class. The position is shown in the table below:

Table –2.8

Year	H/H issued job cards			HH employed			Person days			
	SC	ST	Others	SC	ST	Others	SC	ST	Women	Others
2012-13	4,114	30,089	47,714	2,562	21,525	31,146	1,50,318	14,36,838	15,27,974	19,42,204
2013-14	4,265	31,091	49,827	2,781	23,687	35,750	1,81,481	17,48,597	19,37,156	23,98,208

2014-15	4,236	30,985	49,963	2,437	21,966	32,352	1,01,460	8,61,383	11,60,990	14,49,640
2015-16	4,153	31,168	50,015	2,963	24,610	37,881	1,93,917	16,79,789	20,85,385	25,10,105
2016-17	3,607	29,386	46,299	2,990	25,480	39,628	1,92,615	17,59,680	22,08,113	26,59,492
Total	**20,375**	**1,52,719**	**2,43,818**	**13,733**	**1,17,268**	**1,76,757**	**8,19,791 (4)**	**74,86,287 (39)**	**89,19,618 (46)**	**1,09,59,649**

Source: MIS, Figure in bracket indicate percentage.

Audit noticed that the share in employment of ST and SC were 74.86 lakh and 8.20 lakh indicating 39 and 4 *per cent* respectively which appears to be adequate in view of households registered. Similarly, the share of women was 46 *per cent,* which is at par with minimum requirement (1/3rd) of the Act. Details are shown in the chart below:

Chart – 2.12

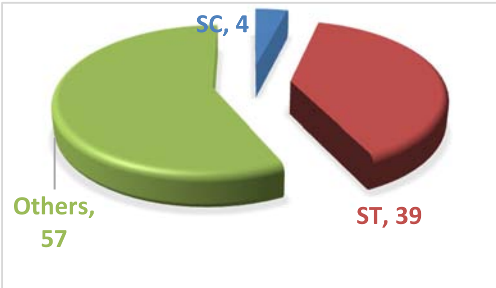
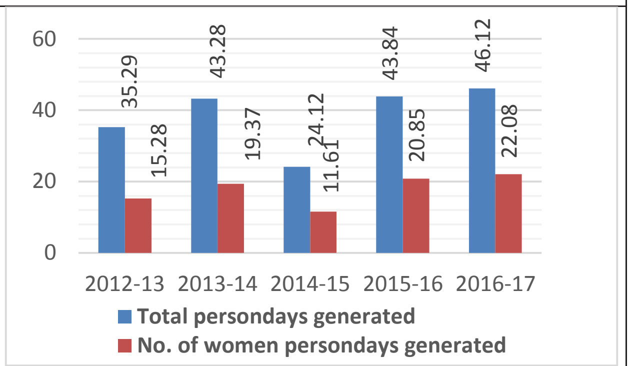
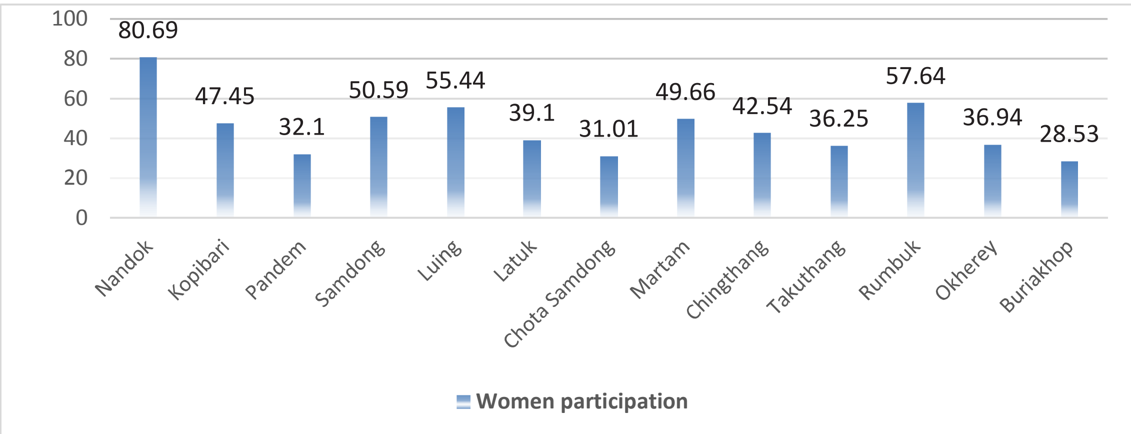


Chart-2.13



However, in the eight test checked GPs, the share of women ranged between 31 and 81 *per cent* as shown in the graph below.

Chart – 2.14



The share of employment to SC and ST was 4 and 39 *per cent* which appears adequate in view of households registered in those categories in the GPs. The share in employment of women ranged between 31 and 81 in 8 GPs (out of 15 GPs) indicating impressive percentage of women participation.

2.8.2.3 Payment of Wages

Payment of timely and adequate wages is considered important for ensuring livelihood security to the wage earners under the Scheme. The payment of wages was made through Direct Benefit Transfer (DBT) mode to the wage earners in their bank account.

The payment of daily wages was fixed by Government of India based on price index of the respective states. During 2012-17, the daily wages of Sikkim was enhanced from ₹ 136.38 in 2012-13 to ₹ 173.66 in 2016-17. The wage earners were released payments as per the above rates.

Although, the wage payments were released through DBT mode, there were delays beyond 15 days in payment of wages. The beneficiary survey by Audit also disclosed that the wage payments aggregating to ₹ 14.79 crore were delayed between 60 and 90 days in 15 GPs of two selected districts (East and West).

2.8.3 Execution of works

MGNREGA is a right based employment to wage earners on demand. The wage earners are deployed in works as per approved shelf of projects which aims at generating productive assets.

The Act and Operational guidelines (Para-6.6) stipulated obtaining of administrative and technical sanction for all works in advance by December of the previous year, provision of worksite facilities (medical aid, drinking water, shade, creche, etc.), and adherence to wage material ratio of 60:40, etc.

During 2012-17, the State Government took up a total of 13,385 works (valuing ₹ 517.51 crore), of which 7,797 works were completed (valuing ₹ 500.01 crore), and remaining 5,592 works (valuing ₹ 1.46 crore) were under progress indicating physical completion of 58 *per cent* of works as shown below:

Table-2.9
Physical Target and Achievement

(₹ in lakh and work in number)

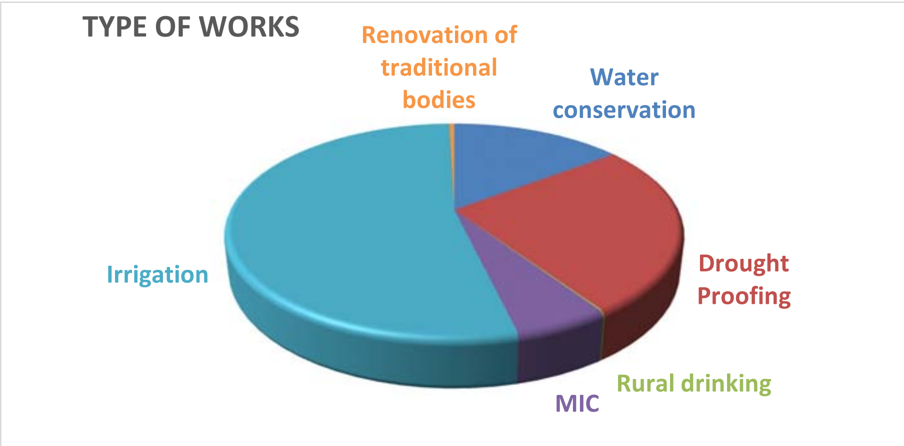
Year		OB	Added	Total	Completed	Work in progress
2012-13	P	1,856	550	2,40.6	1,366(57)	1040(43)
	F	96.53	7,730.12	7,826.65	8,134.02(104)	485.68
2013-14	P	1,040	1,200	2,240	1,074(48)	1166(52)
	F	485.68	11,362.30	11,847.98	10,889.24(92)	356.05(8)
2014-15	P	1,166	782	1,948	1,583(81)	365(19)
	F	356.05	7,929.69	8,285.74	7,643.42(92)	639.54(8)

2015-16	P	365	6,185	6,550	2,111(32)	4439(68)
	F	639.54	9,256.48	9,896.02	9,585.45(97)	299.32(3)
2016-17	P	4439	2812	7,251	1,659(23)	5,592(77)
	F	299.32	13,595.56	13,894.88	13,748.64(99)	146.24(1)
Total	P	1,856	11,529	13,385	7,793(58)	5,592(42)
	F	96.53	49874.15	51,751.27	50,000.77(97)	146.24(3)

Source: Departmental figure.
OB- Opening Balance; CB- Closing Balance. Figure in bracket indicate percentage

Audit analysis revealed that major percentage of expenditure was incurred towards providing irrigation facilities to SC/ST and BPL families (33) followed by land development (22), drought proofing (16), and rural connectivity (11), as shown in pie-chart below:

Chart-2.15



It was seen that the focus shifted from land development (577) and rural connectivity (188) to irrigation facility to SC, ST and BPL families during 2015-16 and 2016-17. The focus was thus shifted from community based assets to creation of assets to individual households by providing land development and irrigation facilities to households. However, this has not translated into improved socio-economic condition and households continued to be dependent upon MGNREGA as seen from number of households seeking employment during 2012-17.

2.8.3.1 Non formulation of Schedule of Rate (SoR)

MGNREGA Operational guidelines (Para-7.7) enjoined upon the State Government to devise separate SoR by an independent agency after undertaking Work Time and Motion Studies (WT&MS). The SoRs so designed should be simple which could be used by the GPs, GRSs and mates during execution of works.

Audit scrutiny revealed (July-August 2017) that separate SoR as required under the guidelines was not formulated as of March 2017. Estimates of works were therefore prepared based on SoR meant for execution of works by the State Government departments. This SoR was based on combination of man and machine operated works, contractors' involvement, store supply, etc. which were not relevant in case of MGNREGA works as the contractors were not allowed and the works were mostly labour intensive. The analysis of rates based on which SoR is prepared indicated wage : material ratio of 35:65, against the permissible limit of 60:40 in MGNREGA. Thus, the SoR did not serve the purpose for guiding the estimated cost of works.

Carefully designed Work Time and Motion Studies (WT&MS) were not initiated as of March 2017 to estimate the quantum of work a person can do in a given time and area. The SoRs in vogue was not that simple which could be used by the GPs, GRSs and mates during execution of works. Therefore they were dependent upon Junior Engineers and Assistant Engineers for preparation of estimates and execution as per specification. This led to defect in execution of works as pointed out in para-2.10.1.

2.8.3.2 Variation between estimated cost and actual cost

The MGNREGA Operational guidelines (Para-7.8) stipulated framing of estimates based on proper survey, specific design and vetting by accredited engineers. The estimates were prepared by the Junior Engineers attached to the BAC, without proper survey and specification of each item of work. The estimates were finally approved by Assistant Engineers. Based on the estimates, sanction intimation to BAC were given by DPCs.

Audit noticed that there were wide variations between the estimates and actual expenditure on works. The gap ranged between 12 and 20 *per cent* in 22 cases (out of 80) in execution of works in 15 GPs. This was due to insertion of extraneous wage component towards jungle clearance (₹ 1.66 lakh in 6 works), excavation (₹ 4.94 lakh in 6 works), ground leveling and head load (₹ 15.40 lakh in 10 works), etc. In actual execution, the actual requirement of these items was much less than the estimation. This indicated that the estimates were not based on sound assessment.

2.8.3.3 Project initiation

MGNREGA Operational guidelines (Para-7.10) stipulated for holding project initiation meeting with all the workers and stakeholders to explain provision of the Act, system of wage payment, SoR, standard output expected from works, worksite facilities and their entitlement in the event of injury/accidents/ deaths etc. before starting any work.

Audit scrutiny revealed (July-August 2017) that project initiation meeting was not held in 60 works (out of 80 works test checked) before commencement of the work. The workers were not explained about the standard output expected from them in lieu of wages. Information such as provisions of the Act, worksite facilities, entitlement during accidents etc. were explained to wage earners during *Rojgar Diwas* which was being observed during 1st week of every month in the GPs. However, in the absence of project initiation meeting, the wage earners were not aware about the standard output expected from them towards the works. The output therefore from the wage earners was much less as compared to output reflected in SoR which was the basis for framing of estimates of works. This was reckoned by the fact that wages paid was ₹ 8.42 crore as against the actual requirement of ₹ 4.23 crore in execution of 80 works during 2012-17 in 15 GPs as per SoR. The low productivity of labourers affected the physical progress of works.

2.8.3.4 Measurement of works

MGNREGA Operational guidelines (Para-7.13) stipulated for recording of measurement of works done on weekly basis and reflected in the Measurement Book (MB) issued by the competent authority.

Audit scrutiny revealed that measurement of work was not done in 42 (out of 80) cases. The MBs were simply used as stock registers recording entries of the procurement of materials in terms of quantity and price. No weekly measurements of works were undertaken by the Junior Engineers. Task-wise measurements as required in the guidelines were not captured to ensure invisible and underpaid/overpaid items. Thus, MBs did not serve the purpose of recording measurement of physical progress of works.

2.8.3.5 Project Completion Report (PCR)

MGNREGA Operation guidelines (Para-7.16) stipulated for preparation of Project Completion Report (PCR) on completion of every project in the prescribed format. Summary details should also be made available to concerned ward, block and district panchayat members, MLAs and MPs.

Audit scrutiny of 80 works revealed that this procedure of PCR was not followed in 60 works. The works were reckoned as completed on exhaustion of fund meant for wage component. The materials for the work were not supplied in full as per the technical estimate due to inadequate fund availability as the quantity of materials were worked out based on SoR which was meant for execution of civil works for Public Works Department having wage : material ratio of 35:65.

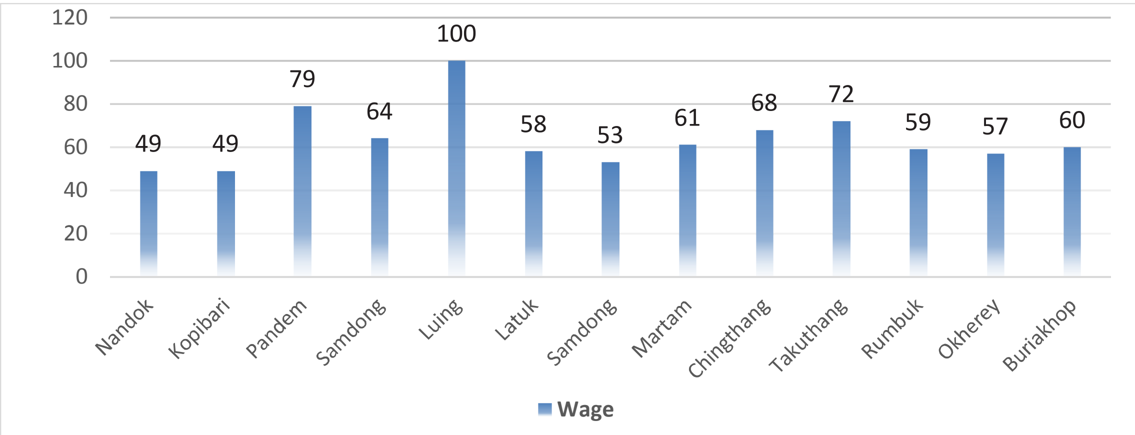
Audit noticed that as against the estimated quantity of 2,315 bags of cement in 12 works, 478 bags of cement was supplied and used, leading to under utilisation of cement ranging between 2 and 1,584 bags indicating 7 to 14 *per cent*. Although, adequate quantity of cement was not supplied and used, the works (12) were termed as completed. Thus, not only the PCR as required in the guidelines was prepared, the works were declared completed without actual completion in terms of technically sanctioned estimates.

2.8.3.6 Wage material ratio not adhered

The ratio of wage costs to material costs should be no less than the minimum norm of 60:40 as stipulated in the Act. The SREGS, 2006 also emphasised for maintaining the wage material ratio of 60:40. Despite this stipulation, audit test check revealed that the wage material ratio was not adhered to in some of the GPs of the East district.

The wage : material ratio in four GPs (Kopibari, Pandem (East), Latuk and Samdong) of East district ranged between 49:51 and 53:47 as shown in the chart below.

Chart – 2.16



Failure to maintain wage: material ratio of 60:40 was not only against the guidelines but deprived the employment opportunity to wage earners.

2.8.3.7 Execution of sub-standard works

According to the circular (September 2013) issued by RMDD, GPs were to ensure that stone for execution of works should be contributed by the general public who would be eventual beneficiaries of the works. This was to reduce the cost of material to bring it within the permissible limit of 40 *per cent*.

Physical verification by Audit in 12 (out of 20) works revealed that claim of the GPs that beneficiaries had provided 250 cum. of stone, was not correct as the work sites mostly comprised of mixed soil. The stones were either obtained from excavation of work sites or nearby vicinity. In both the cases, stones extracted were neither of good quality nor were sufficient to cater to the requirement of works. Thus expenditure of ₹ 54.76 lakh incurred on 12 works was fraught with the risk of sub-standard works besides execution of lesser quantity as compared to the approved estimate. The exact quantification could not be done in audit in absence of recording of measurement in the MBs.

2.8.3.8 Avoidable expenditure on purchase of construction tools

MGNREGA Operational guidelines (Para-7.4) stipulated that workers should be facilitated to bring their tools and implements for which appropriate sharpening charges would be paid. Alternatively, if the workers were unable to manage their own tools, these could be arranged by Panchayats/SHGs etc.

Scrutiny of records revealed (July-August 2017) that items such as Plywood, *Ramba, Belcha, Karai*, Shuttering wood and *Pharwa* aggregating to ₹ 19.59 lakh were purchased in each and every work but not recorded in the stock register. Whereabouts of the previous purchases were also not reflected anywhere. Had these construction tools been accounted for and re-used, expenditure of ₹ 19.59 lakh could have been avoided.

2.8.4 Convergence with other programmes

MGNREGA Operational guidelines (Para-15) permitted convergence of MGNREGA funds with funds from other sources for creation of durable assets and generation of additional employment.

Audit scrutiny revealed that the comprehensive perspective plan for convergence was not prepared for the district as required under the Act. District Resource groups headed by DPC were not formed and MGNREGS functionaries were not adequately trained for execution of convergence schemes. The convergence programme attempted by the RMDD during 2012-17 was towards plantation, construction of ICDS centres, construction of Chief Minister Rural Housing Mission (CMRHM) and land development in the premises of individual beneficiaries. The convergence was not in compliance with the Act and Operational guidelines as disclosed from the following:

- The RMDD executed CMRHM and utilised ₹ 50,000 per house from MGNREGS fund for construction of CMRHM for rural poor. Out of ₹ 50,000, amount of

₹ 20,000 was utilised for material component and ₹ 30,000 towards wage component. The payment of material component from MGNREGS was not permissible in the Act under convergence. Thus expenditure of ₹ 50 lakh on material component in convergence of 250 works was irregular.

- Similarly, ₹ 1.95 lakh (out of ₹ 3.95 lakh) per ICDS Centre was met from MGNREGS fund under convergence scheme with Social Welfare Department for construction of ICDS Centres for material component. This was impermissible as expenditure under material component was not allowed as per the Act in convergence scheme.

Thus, the convergence attempted by the State was faulty and in effect did not contribute towards additional employment generation as envisaged in the guidelines.

2.9 Impact of Scheme on poverty alleviation

The MGNREGA was introduced with the objective of creation of durable assets and strengthening the livelihood resource base of rural poor. Investments made under MGNREGA is expected to generate employment and enhance purchasing power, raise economic productivity, women's empowerment, strengthen the rural infrastructure by creation of durable assets, reduce distress migration and conserve and regenerate natural resources. The outlays for MGNREGS were to be transferred into outcomes.

To assess this, the Operational guidelines stipulated for carrying out regular evaluation and sample survey, commissioning of district-wise and block-wise studies by SEGC and DPCs respectively. Audit noticed that the SEGC commissioned (November 2016) only one study by engaging Tata Institute of Social Science, Mumbai for evaluating the impact of the Scheme at a cost of ₹ 21 lakh, of which ₹ 13 lakh was paid as of March 2017. However, the agency had only submitted the draft report which inter-alia highlighted experiences of MGNREGA beneficiaries relating to assets.

Audit attempted to evaluate the impact of Scheme through beneficiary survey and also test check of records in the sampled GPs, BACs, etc. The details are shown below:

2.9.1 Employment Generation

As mentioned in the preceding paragraph (Para-2.7.5) average person days generated per household ranged between 42.51 to 69.57 *per cent* during 2012-17. This was higher than the national average which ranged between 40.17 to 48.45 *per cent* during 2012-17. The average person days per household in Sikkim was better than most of the North Eastern States except Tripura and Mizoram.

Although, the 100 days employment to the household in a year came down from 21 to 12 per cent during 2012-17, it was better than the national average and a number of North eastern States such as Assam, Nagaland, Arunachal Pradesh, etc.

Beneficiary survey (August 2017) by Audit also confirmed that income generated from employment in MGNREGA helped the households to meet their basic needs and supplemented their income to raise their living standard. Thus, the impact of MGNREGS towards generation of employment was satisfactory.

2.9.2 Income Generating Assets

MGNREGA Operational guidelines stressed that the real success of MGNREGA will lie in raising the agricultural productivity of farmers with the ultimate objectives to return the wage earners to farming and not be dependent upon MGNREGA for their survival. It was therefore necessary to initiate urgent measures to convert MGNREGA into a productivity-enhancing instrument and foundation for solving the problems of the poorest.

The State Government accordingly shifted its priority in implementation of MGNREGS and executed works related to sustainable livelihood such as construction of cow/pig shed, plantation in beneficiary's land, land development in beneficiary's land, irrigation facilities by construction of minor irrigation channels, water tanks etc. in the beneficiary's premise. The position relating to income generation of these assets are given below:

- *Construction of cow shed:* A total of 229 cow shed was constructed at a cost of ₹ 151.14 lakh in the two districts. The cow sheds were constructed in the beneficiary's premises to give hygienic living conditions to the cattle so as to enhance the milk productivity. Also cattle urine and cow dung can be properly stored and used to enhance soil fertility with the cow shed flooring made of cement. The increased milk productivity would help in generating additional income to the rural households.

  Test check of 45 cases (out of 229) in 15 GPs revealed that cow shed was not constructed as per the specification in the guidelines. Urine pit was not constructed in 20 cases, drain for providing outlet of urine to the urine pit was not constructed in 12 cases, and in 15 cases, although urine pit was constructed, it was filled up with cow dung, etc. Thus, on the one hand the cattle were not kept in hygienic condition by proper outlay of urine and did not help in improving soil fertility, and on the other, the milk productivity had not shown improvement as disclosed during interaction with the beneficiaries (5) during beneficiaries' survey by Audit.

- *Plantation in beneficiaries land:* Plantation in the beneficiary's land holdings was executed in 268.10 hectares involving 536 beneficiaries during 2012-17. Physical verification by Audit of 20 plantation site revealed that the survival rate ranged between 20 *per cent* and 30 *per cent* as of August 2017 for the plantation done in 2013-14 to 2016-17. None of the plantation had shown fruition as of March 2017. Therefore, the income generation expected from these plantations was not forthcoming.
- *Irrigation facilities by construction of minor irrigation channels, water tanks, etc.:* The water tanks and minor irrigation channels were constructed under the Scheme for providing irrigation facilities to the farmers so as to improve their productivity. A total of 46 irrigation facilities (water tank 34 and MIC 12) was created at a cost of ₹ 100.22 lakh during 2012-17 in 15 GPs test checked in audit. Physical verification by Audit revealed that 10 (out of 12) MICs were non-functional due to variety of reasons such as non-availability of source, poor maintenance, etc. Water tanks in five cases were also not used towards increasing irrigation facilities instead it was used as storage tank for day to day domestic consumption of water.

  Thus, income generation through asset creation under individual households from MGNREGS funds had not taken place to the desired extent as of March 2017.

2.9.3 Beneficiary survey

The beneficiary survey was conducted during the course of Performance Audit in 15 GPs involving 300 beneficiaries from nine BACs. 45 *per cent* of the beneficiaries rated the performance of MGNREGA in the State as Excellent; 38 *per cent* Very Good and 17 *per cent* Good and stated that the employment was provided within 15 days of demand. However, the survey disclosed minimal awareness of beneficiaries regarding unemployment allowances, insurance cover and health checkup and that information boards were to be put up at work sites after completion of the works.

2.10 Utilisation and maintenance of assets

A total of 7,797 assets were completed at a cost of ₹ 500.01 crore during 2012-17. Audit noticed that utilisation of assets and its proper maintenance to obtain value for money was not ensured in many cases by the State Government and the PRIs as detailed below:

2.10.1 Institutional Mechanism for maintenance of Assets

The State Government instructed (May 2011) all the four ADCs, discharging the responsibilities of DPCs, to establish an institutional mechanism for maintenance of the assets created under the Scheme so as to ensure sustainable benefits from these assets.

Audit check revealed that the institutional mechanism for maintenance of assets was not instituted by the ADCs in any of the districts. Special attention towards maintenance of minor irrigation channel, *jhora* training works, village footpaths, rainwater harvesting and horticulture plantation as envisaged in the circular (May 2011) to ensure obtaining sustainable benefit in the long run was not ensured in 26 (out of 80) cases checked in Audit in 15 GPs.

2.10.2 Non-maintenance of assets

The maintenance of assets created under the Scheme was considered important and accordingly the expenditure on maintenance was permissible under the Act. The assets on completion were handed over to the GPs as its custodian. The GPs, however, could not take up maintenance of these assets due to non-availability of funds under maintenance. As a result, a number of assets created were not yielding value for money.

Physical verification of 80 works in 15 GPs revealed that 26 works (₹ 2.60 crore) in eight GPs were lying in unusable conditions since last two years owing to non-maintenance. Some of the photographs are given below to illustrate the position:

	***GPU*:** Aho Yangthang, East Sikkim ***Work*:**Rural Connectivity footpath from Assam Road to Jhongkhong Santi ***Expenditure*:** ₹ 9.99 lakh ***Date of commencement*:** 01.12.2013 ***Date of completion*:** 02.03.2014 ***Remarks:*** Footpath developed crack and was tilted; not suitable for use by pedestrian.
	***GPU:*** Aho Yangthang, East Sikkim ***Work:***Minor Irrigation Channel from Sonam Kholsa to Lepcha Khet ***Expenditure:*₹**9.95 lakh ***Date of commencement:*** 11.9.2013 ***Date of completion:*** 12.03.2014 ***Remarks***: Channel was defunct in absence of proper maintenance.

	***GPU:*** Ranka, East Sikkim ***Work:***Minor Irrigation Channel ***Expenditure:*** ₹ 8.89 lakh ***Date of commencement:*** 11.09.2013 ***Date of completion:*** 12.03.2014 ***Remarks:*** Channel was defunct in absence of proper maintenance.
	***GPU:*** Rey Mindu, East Sikkim ***Work:***Footpath from PWD road to Golay Busty ***Expenditure:*** ₹ 18. 41 lakh ***Date of commencement:0***7.09.2015 ***Date of completion: 0***2.03.2016 ***Remarks:*** The footpath was not usable in absence of proper maintenance.
	***GP:*** Okherey, West Sikkim ***Work:*** *Jhora* Training Work (JTW) at upper Okherey ***Estimated Cost:***₹9.01 lakh ***Date of commencement:*** 01.11.2014 ***Date of completion:*** 29.02.2015 ***Remarks:*** The JTW was damaged and partially used for conveying drain water in absence of repair and maintenance.

Thus, absence of maintenance led to non-accrual of intended benefits from these assets despite incurring ₹ 56.25 lakh.

2.10.3 Incomplete works

An important objective of the MGNREGA is creation of durable assets and strengthening the livelihood resource base of the rural poor. It was therefore of utmost importance to ensure good quality and durability of assets being created under MGNREGS.

Audit scrutiny revealed that a number of works were left incomplete due to shortage of fund, inadequate supply of materials, etc. Physical verification of 20 works in 7 GPs revealed that six works (out of 20) were left incomplete on exhaustion of sanctioned fund of the works. As a result, value for money was not obtained from these works despite incurring an expenditure of ₹ 20.40 lakh.

2.10.4 Non formulation of strategy to address incomplete works

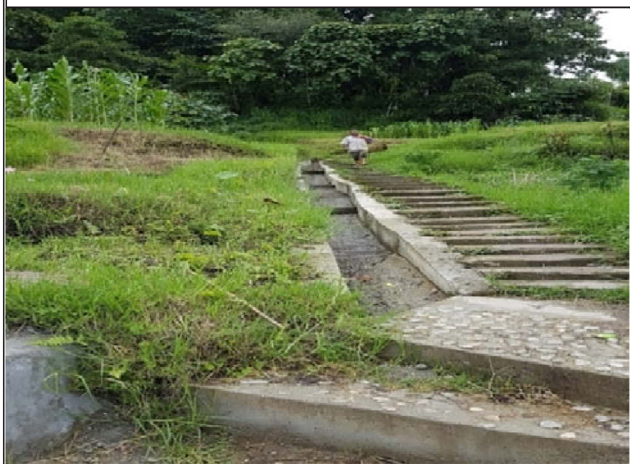
As mentioned above, a number of works were left incomplete for several reasons such as exhausting of sanctioned funds, shortage of materials and failure to carry forward the incomplete works of previous years. MGNREGA Operational guidelines (Para-7.17) recommended that works which are to be executed over more than one year, may be split into annual work elements with a distinct work identity. The GP should first allocate works that are incomplete and have the required labour employment potential.

Audit scrutiny revealed (July-August 2017) that despite this stipulation, the DPC continued to sanction new works and failed to formulate strategy for completion of incomplete works. The DPC failed to ensure reckoning of these works as incomplete works during the subsequent years and prioritise for its completion. Thus, six works remained incomplete although the works were closed and simultaneously 252 new works were sanctioned and executed during 2012-17.

2.10.5 Infructuous expenditure due to non-functional assets

Physical verification by Audit revealed that five projects in four GPs were not yielding value for money as the assets were not functional fully. The details are shown below:

	***GP:*** Buriakhop, West Sikkim ***Work:*** Minor Irrigation Channel (MIC) ***Expenditure:*** ₹1.93 lakh ***Date of commencement:***14.12.2013 ***Date of completion:***30.02.2014 ***Remarks:*** Source of water was not trapped. Only during rainy season, water was available in the channel. Agriculture land did not benefit from the MIC, especially during lean season.
	***GP :*** Timburbong, West Sikkim ***Work :***Irrigation facility to BPL family ***Expenditure :*** ₹2.11 lakh ***Date of commencement :*** 23.08.2015 ***Date of completion :***24.09.2015 ***Remarks:*** Tank was not used for irrigation facility as no water supply connection was provided in the tank.

	***GP :*** Martam, West Sikkim ***Work :***Cowshed ***Expenditure :*** ₹0.66 lakh ***Date of commencement :***15.06.2016 ***Date of completion :*** 15.07.2016 ***Remarks:*** Urine pit was not constructed. Shed was not used for rearing of cows.
	***GP:*** Okherey, West Sikkim ***Work:*** Footpath from Chyandara to 10th mile PWD road ***Expenditure:*** ₹ 8.05 lakh ***Date of commencement:*** 06.10.2015 ***Date of completion:*** 21.01.2016 ***Remarks:*** Connectivity not provided as 350 meter was only constructed against the target of 500 meter.
	***GP:*** Okherey, West Sikkim ***Work:*** MIC from Tama khola to Middle Okherey ***Expenditure:*** ₹ 7.65 lakh ***Date of commencement:*** 16.12.2016 ***Date of completion:*** 31.03.2017 ***Remarks:*** Source of water was not trapped. Only during rainy season, water was available in the channel. No agriculture land was benefited from the MIC during lean season.

Adequate efforts were not initiated by the GPs and DPCs to make the assets functional. In the above cases, due to non-functioning of assets, rural connectivity, irrigation facilities and additional income from cow rearing could not be provided to the households of the concerned GPs.

2.11 Monitoring mechanism and Transparency

The Act and Operational guidelines laid great importance to monitoring mechanism to ensure efficacious implementation of works and also to ensure transparency. The position in this respect is given below:

2.11.1 Monitoring

The monitoring mechanism had to be instituted right from State level to GP level. Audit scrutiny revealed that although monitoring mechanism was instituted and functional, in some cases, inadequacies were noticed, as detailed below:

- ***Worksite material monitoring committee***

The State Government constituted (August 2010) worksite material management Committee (WMMC) to bring transparency in procurement and utilisation of stock materials purchased under MGNREGS. The Committee was to be constituted for every worksite before the commencement of the works, comprising of concerned Ward Panchayts Members, Mate, three women and two men wage seekers who reside adjacent to the worksite and one member from the village level Vigilance and Monitoring Committee.

Audit noticed that although the WMMC was constituted for every worksite before the commencement of the work, the role of WMMC was limited to certifying the statement of materials received and consumed at the time of processing of bills for payment in all the 15 test checked GPs. The quality aspect of the materials was neither verified by the Committee nor mentioned in the certificate. Thus, the Committee was not discharging its responsibilities in full. As a result, a number of observations relating to short supply of materials were raised during Social Audit confirming the audit contention that the Committee was perfunctory.

- ***Periodical inspection of works***

The ADCs were designated as DPC in their respective districts. They were required to conduct regular monitoring of Scheme. ADCs claimed to have conducted inspection of works and issued verbal instructions on the spot. However, no written instructions were given to the concerned officials about the shortcomings, if any. In the absence of documentation, the result of inspection by ADC was not verifiable in Audit.

- ***Quality Management of MGNREGA works***

MGNREGA Operational guidelines (Para-14.1) stressed for quality management of works to ensure that the assets created achieved the objectives in terms of specifications, functionality and durability. The quality management was to be taken up through quality control at site, quality supervision and quality monitoring.

The State Government constituted (July 2010) State Level Quality Monitors and Technical Resource Support Committee to monitor the works executed under MGNREGS. The Committee was required to monitor in a particular BAC for 4 to 5 days normally twice in a year and submit their report containing impact assessment, implementation of procedural safeguard, recommendation for improvement and digital photos.

Audit noticed that the Committee had not undertaken monitoring of works executed under MGNREGS during 2012-17 in any of the test checked BACs. Therefore, the impact assessment, implementation of procedural safeguard and improvement of the defects, if any were not forthcoming.

At the GP level, the Mates were the only person available on work site to ensure quality control. However, they were ill equipped as they were not trained relating to design and specifications for the civil construction and copies of estimates were not provided to them. They were not even aware of the end objectives with which the works were executed.

Audit check revealed that the JEs had not visited the site as frequently as required. Details of visit by the JEs were not recorded in any of the 80 works test checked in audit. Interaction with Mates revealed that the JEs hardly visit the sites due to their preoccupation in the BACs. Even the estimates for works prepared by the Engineers were defective and the works were executed based on these defective estimates. These defects were not detected at various stages of hierarchy indicating absence of quality control mechanism for execution of works. Audit noted cases of preparation of defective estimates in 6 (out of 20) cases involving ₹ 19.50 lakh. Thus, the quality management of MGNREGS works were not ensured.

➢ ***Outcome based monitoring***

The State Government, realising the importance of outcomes of the asset, instructed (May 2012) all ADCs to conduct outcome based monitoring through standardised formats issued by RMDD.

Audit check revealed that outcome based monitoring was not initiated by ADCs in any of the 15 GPs test checked in audit. Therefore, outcomes envisaged in terms of increase in irrigated areas from MIC, increase in agricultural product, increase in annual household income, etc. remained to be assessed during 2012-17.

➢ ***Inspection of basic records***

The State Government stipulated (April 2012) for inspection of cash books, paid vouchers relating to material procurement, bank pass book and cheque issue register by the district level officer on quarterly basis with a view to make the financial records keeping system efficient and effective.

Audit check of records in 9 BACs revealed that inspection of cash books, paid vouchers relating to material procurement, bank pass book and cheque issue register by the district level officer on quarterly basis had not been done. Thus, inspection of basic records as envisaged in the circular (April 2012) was not carried out to ensure efficient and effective record keeping.

2.11.2 Transparency

The Act lays great importance to complete transparency in the process of administration and decision making, with an obligation on the government to *suo-moto* give people full access to all relevant information. Transparency is ensured through Social Audit, public grievance redressal system, people participation, consultation, consent and accountability. The position in this respect is given below:

➢ ***Social Audit***

Social Audit (SA) was functional in all the four districts of the State. The responsibility of SA was assigned to NGOs (viz. Voluntary Health Association of Sikkim (VHAS) as Social Audit Unit (SAU) of the State. All 176 GPs were covered under Social Audit by SAU during 2013-17 spread over all the four districts. Total number of issues raised vis-à-vis resolved and also direct recovery indicated by the Social Audit vis-à-vis recovery effected is given below:

Table-2.10

(₹ in lakh)

Year	No. of GPs covered	Issues raised		Issues settled		Issues pending	
		Number	Amount	Number	Amount	Number	Amount
2013-14	94	1,481	87.57	924	7.02	557 (38)	80.55
2014-15		1,053	38.59	721	2.90	332 (32)	35.68
2015-16	176	2,485	67.31	1,185	11.36	1,300 (52)	55.95
2016-17	176	2,163	37.62	271	0.46	1,892 (87)	37.15
Total		7,182	231.08	3,101	21.75	4,081 (57)	209.33

Source: Annual Reports of Social Audit Unit, Sikkim
Figures in bracket indicate percentage.

As would be noticed, out of total 7,182 issues raised, 3,101 (43%) issues were resolved. Similarly, against the indicted recovery of ₹ 231.08 lakh, ₹ 21.75 lakh was only recovered. Thus, the recovery was a miniscule (9) percentage of indictment in Social Audit. This was due to delayed submission of Action Taken Report (ATR), non-acceptance of SA findings by executives, etc. Social Audit was completed in all the 15 test checked GPs upto 2016-17.

ATRs however, were not submitted in 7 cases and in the 8 others, they were submitted belatedly ranging between 3 and 5 months.

- ***Redressal system***

According to the MGNREGA Operational guidelines, the PO will be the Grievance Redressal Officer at the Block level and the DPC at the District level. The name and address of the petitioner, nature and date of petition are to be entered into the Grievance Register, action for redressal is to be initiated within seven days and date and nature of disposal noted in the register.

The State Government designated (November 2008) the Programme Officer and the District Programme Coordinators as Grievance Redressal Officer at the Block and the District level respectively. However, their role was limited as no stakeholders came forward with any appeal which may be due to lack of adequate dissemination of information and awareness.

- ***Communication of MGNREGA***

Awareness generation through Information, Education and Communication (IEC) for people to know their rights under the Act, effective communication of information about the Act and Scheme was essential. The State Government was to devolve IEC Plan and develop communication material to help people articulate their demand and claim their entitlements. The IEC plan should clearly indicate State, District, Block and local level activities.

Audit noticed that although some communication material were published by the RMDD from time to time, no IEC plan had been drawn up to help people articulate their demand and claim their entitlements. Although guidelines stipulated that IEC activities should be done at district level, fund for IEC activities were not released by RMDD to districts for this purpose. During 2016-17, ₹ 41.18 lakh was incurred under IEC by RMDD towards evaluation and research (₹ 13.44 lakh) and printing, tour and meeting etc. (₹ 27.74 lakh). Analysis for 2012-16 could not be done as the IEC expenditure was not recorded separately under administrative expenditure. Thus, no IEC activity was undertaken by the districts.

- ***Proactive disclosure by Gram Sabha***

MGNREGA Operational guidelines (Para-13.10.1) stipulated proactive disclosure with regards to names of work both completed and ongoing with wages paid and material component, names of persons, days worked and wages paid to each of them, quantity and price of materials purchased for each project along with the name of agency which supplied the material to ensure transparency.

Audit check revealed that the above issues were neither discussed nor recorded in the minutes of the meeting of Gram Sabha. Further, while deciding beneficiary oriented works such as protective works, construction of cow shed, etc. name of the potential beneficiaries were not disclosed in the gram sabha. Thus, transparency was compromised in the absence of proactive disclosure enshrined in the guidelines.

➢ ***Citizens' charter***

A model 'Citizens' Charter' was required to be developed covering all aspects of the duties of Panchayats and officials under the Act. Audit check revealed that the specific steps involved in implementing the provisions of the Act, laying down the minimum service levels mandated by these provisions on the Panchayats and the officials concerned were neither delineated nor followed in any of the GPs test checked in Audit. The Citizens' Information Board was also not displayed in any of the fifteen test checked GPs.

2.12 Conclusion

The Scheme facilitated employment generation, adequate women participation, strengthening of rural infrastructure to a large extent, enhancement in purchasing power and improved health and educational status etc. However, employment generation was much less as compared to projection in AWP&LB, and the 100 days employment to rural households recorded a dip from 21 to 12 per cent during 2012-17. The cost per person per day was very high and needed to be brought down. Strategies to address incomplete works were not initiated. Work site Material Management Committee and State Level Quality Monitors were not effective and outcome based monitoring had not been initiating as of March 2017. Addressing of the above weaknesses by the State Government, the implementation of MGNREGS in the State will received a further fillip.

2.13 Recommendations

The following are the recommendations for further improving the implementation of the MGNREGS in the State.

- ➢ The Annual Work Plan and Labour Budget should be prepared realistically to ensure generation of expected mandays, provisioning of 100 days employment, etc.
- ➢ Action may be initiated to ensure full and timely release of both Central and State

share of funds, and release of funds to BACs and GPs on demand to facilitate timely commencement of works and payment to wage earners.

- Separate Schedule of Rates should be prepared after careful time and work studies to facilitate preparation of realistic estimate of works.
- Programme execution should be strengthened to avoid expenditure on infructuous works, completion of works on time and within the sanctioned cost, strategy to address incomplete works and maintenance of assets to obtain value for money.
- Monitoring mechanism should be strengthened to ensure quality monitoring of Scheme in the State by all concerned.