CHAPTER-II
PERFORMANCE AUDIT

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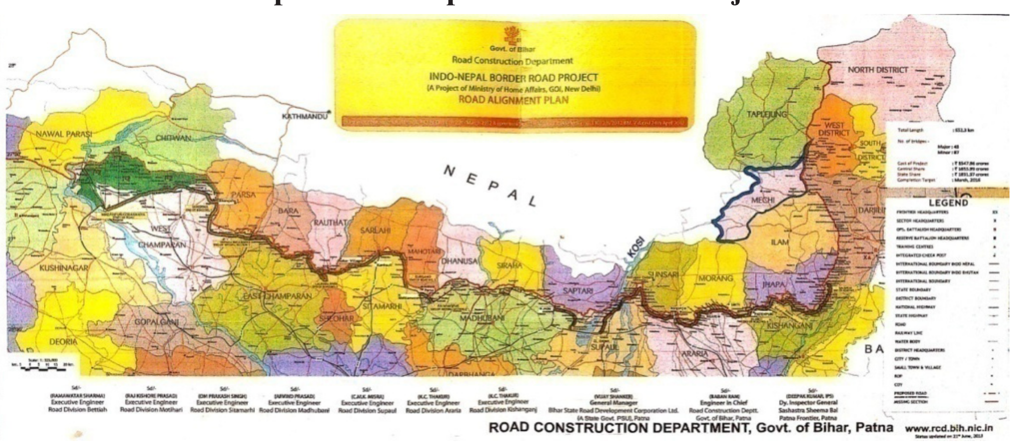
ROAD CONSTRUCTION DEPARTMENT

2.1 Indo-Nepal Border Road Project

2.1.1 Background

India and Nepal share an open border of 1751 km along the States of Uttarakhand (263 km), Uttar Pradesh (560 km), Bihar (729 km), West Bengal (100 km) and Sikkim (99 km). Due to its open and porous nature, the Indo-Nepal Border (INB) has been vulnerable to anti-national and anti-social activities. Sashastra Seema Bal (SSB) is deployed on this border and operate from 450 Border Outposts. Out of these only 160 Border Outposts were connected by roads. The lack of road infrastructure severely limited the mobility of the troops as fast operations could not be launched against the anti-national and criminal elements. Recent (June 2020) cross-border firings in Sitamarhi and Kishanganj districts underscored the sensitivity of SSB patrolling and connectivity of Border Outposts.

Map no.:- 1
Map of Indo-Nepal Border Road Project



(Source: RCD, Bihar)

Cabinet Committee on Security (CCS) of Government of India (GoI) approved (September 2010) construction of 1,377 km[1] road of operational and strategic significance along the INB, out of which 564 km was in Bihar which was revised to 552.29 km in April 2011. According to CCS, the main objectives of the INB Road Project[2] (INBRP) were:

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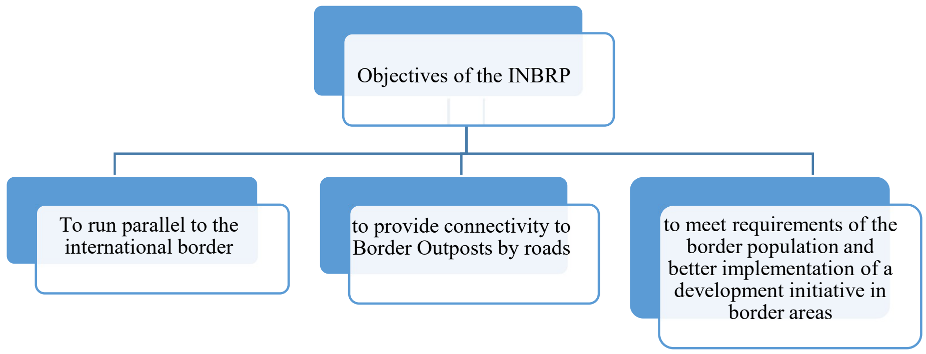
1 *Consisting of 564kms in Bihar,640 kms in UP and 173 kms in Uttarakhand*

2 *A project to construct a road parallel to Indo –Nepal border. In Bihar, total length of this proposed road 552.29 km spread across 15 stretches and awarded to six contractors (eight agreements). Details are given in Appendix –2.1.1(C).*

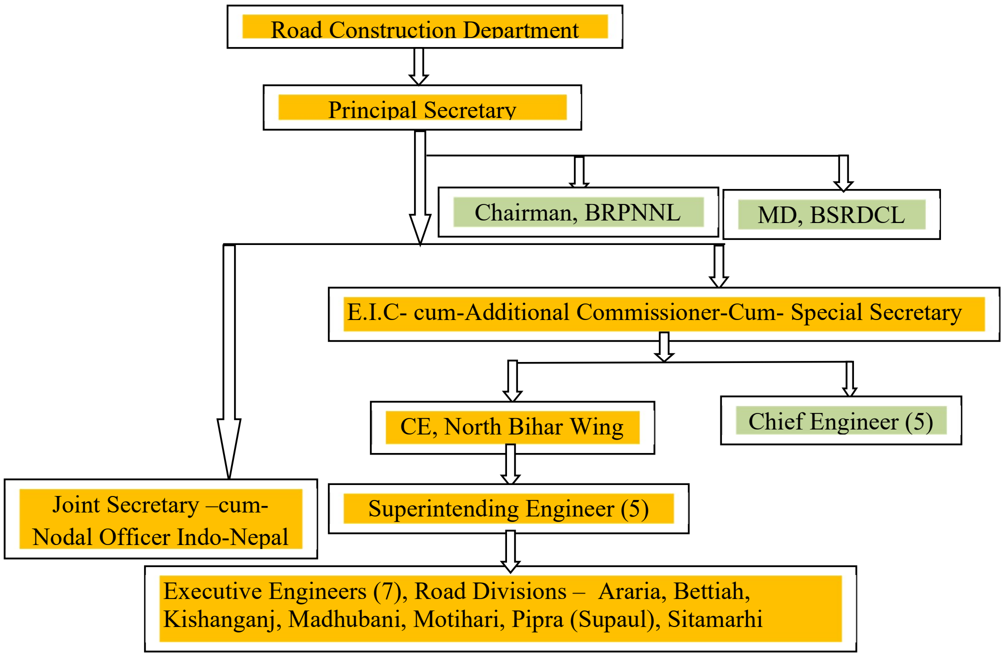


2.1.2 Organisational set-up

The overall responsibility of constructions of roads was with the Road Construction Department (RCD). Bihar State Road Development Corporation Limited (BSRDCL) was responsible for preparation of Detailed Project Reports (DPRs) for different stretches of INBRP. The Principal Secretary, Government of Bihar (GoB) is the overall in-charge of the RCD. The works were executed through road divisions headed by the Executive Engineers (EEs) under the supervision of Superintending Engineers (SEs) in respective circle offices. Besides, Bihar Rajya Pul Nirman Nigam Limited (BRPNNL) was responsible for construction of bridges.

Chart no. -2.1.1

Organisational setup for execution of Indo-Nepal Border Road Project



(Source: RCD, Bihar)

2.1.3 Audit objectives

The performance audit was conducted to examine whether:-

- the project was designed to provide connectivity to Border Outposts thereby adding to the mobility of the SSB;

- the preparatory work of identification and alignment of land for border roads, acquisition of land, statutory clearance and preparation of DPR had been completed timely and properly; and
- adequate resources[3] were obtained timely and economically utilised to meet the objectives of the INBRP.

2.1.4 Audit Criteria

The audit criteria were drawn from the following:-

- Decision of CCS (September 2010),
- Bihar Public Works Department (PWD) Code and Bihar Public Works Account (PWA) Code.,
- Central Vigilance Commission (CVC) guidelines,
- Standard Bidding Document (SBD)/Contract documents,
- General Financial Rules, Bihar Financial Rules, Bihar Treasury Code *etc*.
- Bihar Land Acquisition Act 1894 and Bihar Land Acquisition Act 2013
- Guidelines/Instructions issued by the GoI and GoB.

2.1.5 Scope of audit and methodology

The performance audit was conducted during February to March 2019 covering the period 2010-11 to 2018-19, by test-check of records in the office of the Principal Secretary, RCD. Besides, information was also collected from BRPNNL and its five works divisions[4] and BSRDCL. As the project was implemented in seven INB districts[5], all the seven districts' work divisions were selected for audit. Besides, records of four District Land Acquisition Officers (DLAOs)[6] were also test-checked.

To explain the audit objectives, its methodology and scope, an entry conference was held on 6 February 2019 with the RCD, SSB, BSRDCL and BRPNNL. An exit conference was held on 26 April 2019 with the Principal Secretary RCD, Managing Director BSRDCL, and representative of SSB to obtain their views on audit observations. Further, the report was updated during March to July 2020 and an updated report was issued to the Department (August 2020); the reply was awaited (November 2020).

Audit Findings

2.1.6 Planning

According to the Ministry of Home Affairs (MHA), GoI (December 2010), State Government was required to identify and finalise land alignment, acquire land, obtain statutory clearances including Environment, Forest and Wildlife

[3] *Land, finance and contractual agreements*
[4] *Champaran, Darbhanga, Katihar, Kishanganj, Muzaffarpur*
[5] *Araria, East Champaran (Motihari), Kishanganj, Madhubani, Sitamarhi, Supaul and West Champaran (Bettiah)*
[6] *Araria, East Champaran (Motihari), Kishanganj, Supaul*

clearance and preparation of DPRs. These were to be completed by March 2011 to ensure completion of construction of roads within the stipulated time period of five years (up to March 2016) commencing from April 2011. The time schedule was extended up to 31 December 2019 for completion of ongoing work on encumbrance free stretches and up to 31 December 2022 for balance stretches of new construction.

Audit noticed the slow progress of work (March 2020) as the financial progress of civil cost was only 44 *per cent* (₹ 726 crore out of sanctioned cost of ₹ 1,657.56 crore) whereas the physical progress was 4.38 *per cent* (24.20 km of road was constructed against the required 552.29 km).

2.1.6.1 Non-connectivity to Border Outposts hindering SSB mobility

One of the objectives of the proposed INB road was that it would be parallel to the border, enabling the SSB to dominate the border more effectively. The objectives also include providing connectivity to Border Outposts thereby, adding to the mobility of the SSB.

CCS approved (September 2010) construction of 564 km of road in Bihar which was in proximity to border (even inside the forest area). Thereafter, in January 2011, MHA directed that the road alignment should ensure maximum connectivity to Border Outposts of border guarding forces. Further, SSB also stressed (January 2011) that proposed road should run within 500 m radius of border. However, in April 2011, at the time of finalisation of road alignment, it was shifted to the southernmost boundary of the forest area making the alignment more than 20 kms from the international border.

In Bihar, there were 191 Border Outposts[7] of SSB for guarding the INB, of these, 122 (64 *per cent*) were away from the main alignment of the proposed border road and out of these 13 Border Outposts were away from the main alignment by five to 30 km as shown in **Table no.-2.1.1**.

Table no. – 2.1.1
Distance of Border Outposts from proposed border roads

	0 km	Up to 1 km	1-2 km	2-3 km	3-4 km	4-5 km	>5km	Total
No. of Border Outposts	69	59	27	14	5	4	13	191

(Source: RCD, Bihar)

24 Border Outposts had no link road, 26 link roads were in poor condition, three in the dense forest, while 10 had *kutcha* road connectivity (March 2012).

As per CCS, RCD had to fix the alignment in consultation with SSB. SSB stressed (January 2011) that proposed road should run within 500 m radius of border.

[7] *Number of Border Outposts: Araria- 36, East Champaran-18, Kishanganj -29, Madhubani-36, Pipra/Supaul-18, Sitamarhi- 18, West Champaran- 36.* ***Total- 191***

Scrutiny of records disclosed that the criteria of 500 m was not ensured. The alignment finalised by RCD (April 2011) was away from the border. In Araria district, four locations of the road alignment were at a distance of 10 to 20 km from border. In Birpur and Piparakothi, the distance of the main alignment of INB Road ranged from two to four km, while in Valmikinagar 18 locations along the alignment were located between five to 30 km from international border**.**

The Additional Director General (Border), CPWD, reviewed (August 2011) the alignment and objected that this road would not serve as border road for patrolling and dominating the international border as it was two to five km inside the border line. Some stretches were even 40 km away. It was further pointed out that at Indo-Bangladesh border, the road was constructed at 150 yards (137 meters) inside the border line to ensure border dominance. RCD was requested to reconsider the entire proposal to ensure that new proposed road should be as close to the international border as possible. SSB was also requested to liaison with their field units and RCD so that complete requirement can be seen in totality.

The patrolling jurisdiction of SSB is 15 km from the international border for chase, search and seizure. However, the actual work of the SSB involved patrolling the international border from pillar to pillar. Audit observed that the road did not meet the SSB requirement of effective patrolling. A large part of the alignment in West Champaran and Supaul districts was away from the international border up to 40 km. Resultantly, in these stretches, SSB would be constrained to patrol as it would be beyond its jurisdiction.

As per CCS notes, link road was not the part of this project and accordingly it was not taken up by the RCD. However, GoB envisaged for construction of link roads of 186 kms (January 2011) to provide connectivity of Border Outposts to the main alignment. The main alignment was changed in April 2011 and the length of proposed link road increased from 186 kms (January 2011) to 335.68 kms (177.00 km in the forest area and 158.683 km outside the forest area) (June 2012).

RCD responded (May 2019) that Border Outpost to Border Outpost connectivity was not the requirement of SSB. Proposal for connectivity to 122 Border Outposts, with length of 186 km was not approved until 2018. However, now Ministry of Rural Development would be the executing agency as per MHA (March 2019).

To facilitate uninterrupted movement of SSB, Border Outpost to Border Outpost connectivity would have been desirable but was not factored while finalising the alignment.

Thus, due to absence of minimum distance criteria, the proposed road would not serve the purpose of SSB to dominate the sensitive border area. SSB agreed with the audit observation.

2.1.6.2 Not obtaining wildlife clearance and unjustified change in alignment

The Wildlife (Protection) Act, 1972 and orders of Hon'ble Supreme Court (November 2000) makes it mandatory to get clearance for taking up any non-forestry activity inside a wildlife habitat. Ministry of Environment, Forest and Climate Change (MoEF) prepared (March 2011) a guideline to get Wildlife clearance for such activities. According to para 2.10 of the guideline, a simultaneous clearance under the Forest (Conservation) Act 1980 and wildlife clearance was available for border roads under **"**Single Window System**".**

Audit observed that in West Champaran, the first proposed alignment by CCS (September 2010) was in proximity with the INB touching Valmikinagar, which was on the northernmost side of the wildlife reserve area. Although the wildlife clearance under "Single Window System" was available for the border road, presuming that wildlife clearance would not be given by the MoEF, RCD did not apply for the same and changed the alignment (April 2011). The alignment was shifted to the southernmost boundary (April 2011) of the wildlife reserve area instead of following the aforesaid set procedure. This alignment was more than 20 km away from the international border. Shifting of alignment did not serve the purpose of Border road, as well as it was beyond patrolling jurisdiction (as mentioned in aforesaid ***Paragraph no. 2.1.6.1***) of the SSB.

Department replied that as per the guideline document for taking up non-forestry activity, only rural habitation could use it, no extension or widening in forest area was allowed. Besides, no bituminous roads could be constructed. It was also informed that the reason for shifting the alignment will be analysed and provided to Audit.

This confirms the fact that the Department did not explore the possibility of changing the road specifications to meet the environmental guidelines and they did not explain the reason for not approaching the MoEF for permission under Single Window System for Border roads. Reason for shifting the alignment was also not provided (January 2021).

2.1.6.3 Construction of bridges without connecting to main alignment

Construction of bridges was an essential requirement for smooth movement of the border guarding force. However, this was not a part of the proposal approved by MHA. GoB decided to award the work of construction of bridges to BRPNNL with the funding through loans from NABARD. An administrative approval for construction of 121 bridges at a total cost of ₹ 983.81 crore was accorded by GoB. Out of this, 34 bridges were sanctioned in West Champaran for ₹ 395.75 crore (March 2013).

The construction of bridges was initiated in July 2013 and 101 Bridges (84 *per cent*) were completed and 20 were under progress (June 2020). Total expenditure incurred on this was ₹ 928.77 crore (94.41 *per cent*).

As per records, Sr. Project Engineer, Bettiah, had completed the majority of the bridge works before August 2016. In August 2016, RCD changed the road alignment between the Chainage 10.06 to 77.063 in the Bettiah district due to forest land along the old alignment. However, it was not evident from the records why the bridges were constructed in the first place along the alignment falling in forest land. Existence of forest land where bridges were constructed was known to the Department, as alignment was finalised in April 2011. Also, EE, RCD, Bettiah communicated (June 2014) to Engineer-in-chief, RCD that any further alignment change would render about ₹ 100 crore expenditure incurred on construction of bridges wasteful.

Details of alignment change and its corresponding bridges constructed in old alignment as per records is given in ***Table no.- 2.1.2***.

Table no.-2.1.2
Details of alignment change of INB Road in Road Division Bettiah

(₹ in lakh)

Sl. No.	Name of the village	As per old alignment Chainage (April 2011)	As per new alignment Chainage (August 2016)	Constructed bridge	Bridge Chainage	Date of start / completion	Expenditure on the bridge
1.	Nautanwa, Dharahiya	10.6 to 12.6	10.628 to 12.724	1x20	11.710	31.07.2013 / 31.10.2015	316.43
2.				3x75	11.855	31.07.2013 / 31.10.2015	220.21
3.	Dholbhawa, Laxmipur	14.176 to 16.437	14.3 to 15.86	3x30	14.450	31.07.2013 / 30.10.2015	652.01
4.	Ratanpura, Bairagi, Sonbarsa	17.25 to 20.50	16.674 to 19.375	3x75	17.140	31.07.2013 / 31.10.2015	205.87
5.				1x21	18.460	31.07.2013/ 31.10.2015	231.67
6.	Dumri	27.857 to 30.057	26.731 to 28.851	50x30	27.534	31.07.2013/ 31.10.2015	2209.98
7.				1x25	27.785	31.07.2013/ 31.10.2015	274.88
8.	Nautanwa, Baghi, Khanghosri	30.857 to 37.81	29.651 to 36.751	8x25	30.081	20.08.2013 / 19.05.2016	1343.12
9.				8x25	32.947	20.08.2013/ 19.09.2016	1422.10
10.				4x25	35.517	02.08.2013/ 19.05.2016	906.64
11	Sirisia, Sherpur, Mandiha	43.71 to 47.297	42.651 to 46.291	8x25	44.482	09.10.2013 / 08.07.2016	1425.12
12.				8x25	45.456	09.10.2013 / 08.07.2016	1440.12
13.	Bairiya, Lauker, Chautta, Chal	66.097 to 71.40	65.091 to 72.711	16x25	67.212	09.10.2013/ 30.04.2016	2813.29
14.				2x21	72.703	09.10.2013/ 30.04.2016	0.72
15.	Pachrouta, Jasauli, Bhanga	74.70 to 77.363	76.011 to 78.923	7x30	75.734	09.10.2013/ 30.04.2016	1143.46
	Total						**14605.62**

(Source: RCD records)

Since most of the bridges were already completed in 21 villages before August 2016, alignment change delinked all the above mentioned 15 bridges from the main alignment. The bridges remained unutilised as they were not connected to roads and the expenditure of ₹ 146.06 crore incurred on these bridge did not yield intended benefit till June 2020.

Incomplete bridges noticed during joint physical verification	
	
Galgalia to Pintola in Kishanganj district under Mechi river (Chainage 124.12).	***Jobna river (Chainage 123.30) in Kishanganj district***

	
16x25 bridge at chainage 67.21 (river)	***7x30 bridge at chainage 75.734 (agricultural land)***

The Department stated that no bridge had gone out of alignment. In support of this, a joint inspection report of Executive Engineer (RCD, Bettiah) and Sr. Project Engineer (BRPNNL, Motihari) was provided by the Department. However, RCD reply did not mention any common alignment point or any document related to land acquisition both for road and bridge which could form the basis of this reply.

Audit team along with the engineers of the RCD Bettiah had conducted joint physical verification of three approachable bridges at chainage 67.212, 72.703 and 75.734 and it was found that bridges were incomplete and abandoned. Further the BRPNNL had decided to close these incomplete bridge projects. Other bridges were not approachable due to non-existence of alignment pillar and non-connectivity. It is not understand how the Department stated that the bridges had not gone out of alignment.

During physical verification, audit noticed that 23 out of 29 physically verified bridges did not have connectivity because of land acquisition issues in construction of INB roads, incomplete construction of roads and these bridges falling out of alignment.

Further, test-check of records revealed that in 31 bridges, the defect liability period is over. RCD had not taken over the bridges despite the request of the

BRPNNL. Due to lapse of defect liability period and bridges not being taken over by the RCD, the maintenance of bridges and its approach roads was not being done.

2.1.6.4 Other Observations relating to change in alignment

(i) Injudicious alignment change from upgradation to Greenfield area

RCD and SSB jointly fixed alignment of INBRP in April 2011, keeping in view that the project required minimum land acquisition and reduced quantity of earth work. Accordingly, alignment was finalised for upgradation of road in 191.06 km and 361.23 km in Greenfield. Out of this, 30.05 km[8] in West Champaran and 9.75 km[9] road in East Champaran was available for upgradation. However, this alignment was changed by the RCD (November 2011) without consultation with SSB and the entire stretch of aforesaid 39.80 km (*i.e.* 30.05 km in West Champaran and 9.75 km in East Champaran) was changed to greenfield requiring fresh land acquisition. Also, this decision resulted in hindrances in acquisition process *viz.*compensation payment, land measurement, utility shifting *etc*. The reason for change in alignment was attributed to objection by Water Resources Department (WRD) that the aqueducts and other irrigation structures being very weak and old, would be damaged.

(ii) Unfruitful expenditure on link road due to alignment change

As per CCS (September 2010), construction of link road was not the part of INBRP project. Construction work from Phulwaria on the Lalbakaiya river to Bahar in Sitamarhi district was awarded to M/s Rajesh Kumar Garg (January 2013) at the cost of ₹ 64.33 crore and was to be completed in 20 months *i.e.* by September 2014. However, the work remained incomplete due to the change in alignment. Scrutiny disclosed that between Phulbaria Ghat to Bahargram, road alignment between Chainage 99.200 to 102.30 (length 3.1 km) was changed (August 2016). However, before the change in alignment, the division had already spent ₹ 4.01 crore[10] on civil cost, forest clearance and utility shifting along the old alignment. Since expenditure incurred on the Phulbaria Ghat to Bahargram road alignment was no longer in Indo-Nepal project, the above expenditure of ₹4.01 crore was rendered unfruitful due to the change in road alignment.

The Department accepted the audit contention and stated that the road would be used as a link road for providing connectivity to the Border Outpost, although the project was not meant for the construction of link road.

The reply is not acceptable because the Government decision was not in conformity with CCS decision.

Thus, the project was impacted by deficient planning and execution and road alignment was away from the border and beyond SSB's patrolling jurisdiction in certain stretches. As against the objective of maximum

[8] *Between Chainage 5.7 km to 42.25 km (Inerwa to Dhutaha)*
[9] *Between chainage 45.25 km to 96.75 km (Dhutaha to Guabari)*
[10] *Civil Cost ₹3.99 crore, Forest clearance ₹0.01 crore and Utility shifting ₹0.01 crore*

connectivity to Border Outposts, only 69 out of 191 Border Outposts were on the main alignment. Further, due to certain further changes in alignment, 15 bridges which were constructed at a cost of ₹ 146.06 crore were delinked from the road and road connectivity was further impaired. The objective of constructing the border road to improve mobility of SSB remains to be addressed.

2.1.7 Acquisition of land

As per CCS decision (September 2010), the construction work was to be prioritised in such a manner that up-gradation works and new road construction in stretches, where no land acquisition/statutory clearances involved, were to be taken up in the first phase *i.e.* encumbrance free stretches were to be given first priority. The stretches involving land acquisition/statutory clearances were to be taken up in the subsequent phases of the project *i.e.* after land acquisition/ statutory clearance(s), as those activities would take some time.

The project was divided into 15 stretches. Out of this 191.06 km of road was said to be available for up-gradation. However, this proved to be incorrect reporting by RCD. After the alignment change (April 2011), the actual land available was sufficient for road length of 51.25 km (nine *per cent*) only for upgradation. Land acquisition was pending for 501.04 km (91 *per cent*).

Despite unavailability of land, the Department gave the contract for construction of road for the entire stretch of 552.29 km (March 2013). Resultantly, work could not progress, and the contractor refused to work due to unavailability of land. Only 24.20 km of land actually made available in two stretches could be completed (4.38 *per cent*) *(October 2020)*.

Works in three stretches (131.12 km) were under progress *(October 2020)*. The contractors in the remaining 10 stretches (396.975 km) had stopped the work, out of which work in one stretch (24.05 km) was rescinded (September 2017), whereas nine stretches (372.92 km) were affected by *arbitration/ tribunal* cases (March 2020) (***Appendix – 2.1.1)***.

Thus, Road works could be completed only in two (24.20 km *i.e.* four *per cent* of length) out of 15 stretches (October 2020).

2.1.7.1 Delayed initiation of emergency provision of Land Acquisition Act

According to MHA (April 2010), INBRP was of national importance from strategic point of view, which required emergent acquisition of land (under section 17 of LA Act 1894) by March 2011.

Section 17 of Land Acquisition Act 1894 provides that whenever the appropriate Government so directs, the Collector, on expiration of 15 days from the publication of notice mentioned in Section 9, subsection (1) may take possession of any land needed for a public purpose. Such land shall there upon vest absolutely with the Government free from all encumbrances.

However, the emergent acquisition was finally initiated by RCD when Revenue and Land Reform Department, GoB, gave it the power (February 2015) to acquire land under emergency clause *i.e.* section 40 of the Land Acquisition Act 2013.

Upto March 2020, 2497.64 acres of land was acquired for 446.93 km (91 *per cent*) against 2759.25 acres of land required for the length of 492.97 km, as shown in ***Table no. – 2.1.3.***

Table no. -2.1.3
Status of required land and its possession (March 2020)

District	Land to be acquired (acres)	Land Acquired (acres)	Land for road under acquisition (in km)	Land for Road length acquired (in km)
Araria	455.96	362.98	102.20	70.58
East Champaran	553.48	428.84	74.60	65.45
Kishanganj	361.74	361.74	79.5	79.5
Madhubani	103.16	103.16	27.71	27.71
Sitamarhi	558.51	557.93	89.93	89.86
Supaul	42.01	42.01	7.93	7.93
West Champaran	684.39	640.98	111.1	105.9
Total	**2759.25**	**2497.64**	**492.97**	**446.93**

(Source: RCD Bihar)

Although, the Department claimed to have acquired 91 *per cent* of land as of March 2020, acquisition of land was actually not complete as ownership was legally not transferred to the Government due to non-completion of mutation process in any of the seven districts. In case of East Champaran, the land acquisition process lapsed completely (17 *per cent* of total land acquired) and fresh notification for the same was being issued (March 2020). Further, hindrances of various nature such as payment issues and protest by land owners were still persisting.

Audit enquired into reasons for delay in land acquisition despite availability of emergency clause. The Department replied that this sub-section (Section 17 of LA Act 1894) applied to any waste or arable land not withstanding the existence thereupon of forest, orchard or trees. The compensation rate in case of emergency was multiple of the market rate. So keeping in view the vast area to be acquired, no such measures might have been decided in those periods.

The reply was not tenable as the Department finally, did exercise the emergency clause, although with a delay of five years (February 2015) and the cost of land acquisition escalated multifold.

The Administrative Approval (AA) accorded for the acquisition of land was ₹ 868.92 crore (June 2012) which was revised to ₹2,244.25 crore (February 2017), thereby escalating the amount by ₹ 1,375.34 crore (158 *per cent*). Details of the original and revised estimates as per AA of the RCD are shown in ***Table no.-2.1.4***.

Table no.-2.1.4

Details of original and revised estimates of the land acquisition

(₹ in crore)

Sl. No.	Name of the District	Length of road	Original Cost of Land (June 2012)	Revised cost of Land (February 2017)	Cost Escalation
1.	Araria	102.12	203.02	591.61	388.59
2.	East Champaran	77.24	130.02	269.30	139.28
3.	Kishanganj	91.70	71.74	250.77	179.03
4.	Madhubani	39.21	21.97	136.74	114.77
5.	Sitamarhi	89.93	288.19	587.73	299.54
6.	Supaul	40.99	23.12	106.60	83.48
7.	West Champaran	111.10	130.86	301.50	170.64
	Total	**552.29**	**868.92**	**2244.25**	**1375.33(158%)**

(Source: RCD, Bihar)

2.1.7.2 Irregular land acquisition plan

BSRDCL was entrusted (September 2010) with the responsibility for preparation of DPR including preparation of Land Acquisition Plan (LAP). The LAP was to include details of landholding as per revenue records and their location in a strip plan and also the costs as per the district authorities.

Scrutiny of records disclosed that BSRDCL submitted LAP in July 2012, which had many deficiencies. The BSRDCL could not ensure wildlife clearance, finalise road alignment timely and obtain permission for land acquisition under emergency provision of the LA Act. The requisition of land prepared on the basis of plan by the RCD was not found in conformity with that of the revenue records of the DLAOs. LAP had discrepancies like missing land in strip plan, incorrect measurement of land holdings, incorrect landowners *etc*. Besides, in a large number of cases of fraudulent payment of compensation, excess compensation was made to the landowners due to incorrect measurement of the landholdings and misclassification of land, as elaborated in succeeding paragraphs. These issues remained unresolved at DLAO levels, and Land acquisition could not be completed till June 2020.

Department replied that the LAP was submitted to respective DLAOs from January 2012 onwards.

However, audit observed that due to discrepancies in LAP 2012 and irregular process followed at DLAO level, land acquisition could not proceed as per rule leading to hindrances like incorrect land measurement, compensation payment, utility shifting *etc.* occurred which caused delay in project.

2.1.7.3 Excess payment due to misclassification of land

During test-check of records of Road Division Araria and Pipra (Supaul), Audit observed that the DLAO and requisition authority (Road Construction Division) kept the land cost high by changing the classification of land. Agricultural land was classified as residential land and priced very high vis-à-vis the actual cost.

Scrutiny of records of DLAO Araria (March 2010) disclosed that in four circles, compensation related to acquisition of land for INBRP amounting to ₹ 98 crore was paid to 1381 land owners. Out of this ₹ 68 crore was paid fraudulently in excess of actual cost by changing the land type from agricultural to residential class (January 2019). Subsequently after investigation, the district administration reclassified the land from residential class to agricultural type and recovery was initiated. However, only ₹ 3.65 crore could be recovered till March 2020.

Further, scrutiny of records of EE, RCD, Pipra disclosed that Collector, Supaul requisitioned (April 2013) ₹ 3.79 crore for the acquisition of 1.545 acres of agricultural land in Birpur *Mauza*. Subsequently, in May 2013, EE requested the DLAO to make corrections in the land area from 1.545 to 15.45 acres. Corrections were made in the required area; however, the land type had been changed from agricultural to residential class. This resulted in an overestimation of land cost by ₹ 39.98 crore and excess payment to that extent.

The Department did not offer any reply to this observation.

Thus audit noted that excess payments were indicative of collusion of concerned officials as well as lack of oversight of district administration which defrauded the system of ₹ 104.33 crore[11].

2.1.7.4 Land acquisition improperly planned and executed

RCD provided excess fund of ₹ 582.54 crore to five DLAOs for land acquisition, out of which ₹ 455.47 crores was refunded by respective DLAOs. However, ₹127.06 crore was still (March 2020) lying with two DLAOs (Supaul and Kishanganj), as shown in ***Table no.-2.1.5.***

Table no.-2.1.5
Details of the excessive assessment of funds relating to land acquisition

(₹ in crore)

Sl. No.	Name of the Division	Actual Requirement of fund	Fund transferred to DLAO	Excess fund with DLAO	Refund by DLAO	Retention of fund with DLAO/ Division
1	Kishanganj	137.83	218.5	80.67	0.00	₹80.67 crore yet to be refunded by the DLAO, retained since five years
2	Madhubani	59.97	124.57	64.60	64.59	₹64.60 crore for 12 month
3	Pipra (Supaul)	60.21	106.60	46.39	0	₹46.39 crore yet to be refunded by DLAO, retained since two years
4	Sitamarhi	306.84	587.72	280.88	280.88	₹128.37 crore for six months: ₹152.51 crore for 19 month
5	West Champaran	191.5	301.5	110	110	₹110.00 crore for one to four years
	Total	**756.35**	**1338.89**	**582.54**	**455.47**	

(Source: RCD, Bihar)

Thus, ₹ 582.54 crore remained blocked with the DLAOs/Division for the period ranging from one to five years mainly due to over estimation of the value of the

[11] *₹68 crore – ₹3.65 crore +₹39.98 crore = ₹104.33 crore*

land. In test-check of records made available by DLAO, the fund was kept in PD account in Kishanganj and West Champaran.

Department replied that DLAOs have refunded the extra fund in respective heads of accounts. The reply itself was the admission of the fact that the value of land was overestimated, which led to the blockage of funds.

2.1.7.5 Other irregularities related to land acquisition

(i) Excess payment on land compensation

Scrutiny of records disclosed that DLAO, East Champaran paid 100 *per cent* of the compensation amount by violating the provision of the LA Act[12]. Out of the total payment of ₹ 226.81 crore, the Collector allowed excess payment of ₹ 45.36 crore to the landowners without ensuring the verification of the genuine claims.

The details of the land acquisition compensation for East Champaran (Motihari) district are given in ***Table no.2.1.6*** below.

Table no. 2.1.6
Details of land acquisition compensation

Total *Mauza* under land Acquisition (in acres)	Possession obtained *for Mauza* (in acres)	Total length under acquisition (km)	Total length acquired (km)	Compensation targeted amount (in ₹ crore)	Compensation payment as of 2/3/2020 (₹ in crore)
46/553.480	43/428.8403	75.002	65.462	268.00	226.81

(Source: DLAO Motihari)

Test-check confirmed that in ten such cases, landowners were given excess land compensation amounting to ₹ 22.51 lakh against the actual land holding from whom recoveries were pending. This required reassessment of all the land acquisition cases before final land award was made. This would further delay the project.

DLAO Motihari replied that the audit observation would be examined. Matter has been reported to Government and the reply is awaited.

(ii) Unauthorised payment to the awardees

Scrutiny of records relating to the payment of awards (2016-18) disclosed that the details of awardees in *khatiyan* register and valuation register maintained at the office of the DLAO, Motihari was full of errors, particularly with respect to the name of awardees and their respective share of land. Therefore, the concerned awardee took the payment of award as per the quantum of land indicated in the list of awardees for which the awardee was not authorised because in most of the cases other co-sharer approached the DLAO for getting corresponding share of their award. In this way, a total sum of ₹0.29 crore was paid unauthorised or in excess of the actual share of the award in ten cases relating to eight *mauza*

[12] *As per Section 40 (3) of the LA Act, 2013 before taking possession of any land under sub-section (1) or sub-section (2), the Collector shall tender payment of 80 per cent of the compensation for such land as estimated by him to the person entitled thereto.*

for the period 2016-18. However only two certificate cases had been lodged (February 2019).

(iii) Irregular notification process

Department started acquisition of land under emergency clause *i.e.* Section 40(1) of the Land Acquisition Act 2013 after February 2015. The section provides that the Collector, though no such award has been made, may, on the expiration of thirty days from the publication of the notice mentioned in Section 21, take possession of any land needed for a public purpose and such land shall thereupon vest absolutely with the Government, free from all encumbrances.

Scrutiny of records (March 2020) of DLAO Motihari disclosed that the DLAO had not issued any public notice under section 21 of the Act regarding Government intention of acquisition of land for public purposes, and invitation for the claim of compensations so that the land becomes free from all encumbrances and could be taken over within the prescribed time frame of thirty days. This further deprived all persons interested in the land to appear personally or by agent or advocate before the Collector at a time and place mentioned in the public notice. This was against the Land Acquisition law and lacked transparency and hindrances in acquisition process.

DLAO Motihari replied that the audit issues would be examined. The matter was reported to Government and the reply is awaited.

(iv) Fraudulent payment on fake documentation

Scrutiny of records of DLAO, Motihari disclosed that the *mauza* wise permanent award register was not maintained on the basis of which payment of compensation could be checked by the concerned staff of the office. No monitoring and necessary directive in this regard was found from higher authorities, although the matter was raised during previous audit.

Audit observed in the office of DLAO, Motihari that an FIR was lodged (December 2018) at police station Motihari for investigation of a matter relating to fraudulent payment on fake documentation. A land compensation claimant Sri Jai Krishna Tiwari submitted fake Aadhar Card, PAN Card, Voter Identification Card, Bank Pass Book, Land Possession Certificate *etc*., of two other beneficiaries Sri Rajendra and Pramod Mishra (original beneficiaries/ awardees) and received the compensation amount of ₹ 2.36 crore during 2017-19 in INBRP. After FIR, the concerned bank account had been frozen. The process of recovery was going on (March 2020).

Audit noted that non-observance of a proper system of cross verification of documents produced by the awardees and improper maintenance of award register was a risk factor and indicative of weak internal control.

(v) Short remittance of Establishment Charges

Rule 4(2) of Bihar Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Rules 2014 stipulated establishment charges[13] to be deposited by requiring body.

Scrutiny of records disclosed that DLAO, Motihari demanded ₹ 268 crore towards compensation of 46 Mauza, of which ₹44.41crore was estimated to be Establishment Charges (February 2015). The requisitioning authority provided funds for compensation and other charges amounting to ₹ 268 crore till 2017-18. As against the total amount of ₹ 44.41 crore demanded towards establishment charges, only a sum of ₹ 23.57 crore was deposited in the Treasury (2016-17). Remaining ₹ 20.84 crore was not deposited in the treasury. The reasons for the same were not provided by the DLAO, Motihari.

DLAO, Motihari assured to examine audit observation and to intimate the results to audit. Matter has been reported to Government (August 2020) and the reply is awaited.

(vi) Fund not deposited with authority

As per Section 40 of the Land Acquisition Act 2013, in case of urgency, the Collector, may on the expiry of 30 days from the publication of the notice take possession of any land needed for a public purpose and such land shall thereupon vest absolutely in the Government, free from all encumbrances. Further, section 77 *ibid* provided that if the person entitled to compensation shall not consent to receive it or if there be no person competent to alienate the land, or there be any dispute, the collector shall deposit the compensation in the Authority.

As notice for acquisition was issued during 2015 to 2016 in different test-checked divisions under emergency provision vide Section 40 of the LA Act 2013, it was required that possession of entire land was to be taken by Government and amount of compensation was to be paid to the beneficiaries. In case of any dispute, the amount was to be deposited with authority[14]. However, it was observed that even after lapse of five years of issue of notification and

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13 *As per this rule, the establishment charge is the component of the approximate value of land and shall be charged as per the Rule.*
(i) For the compensation amount of ₹ 15,00,000 and above; ₹ 3,50,000 or 20 per cent of the compensation amount, whichever is more.
(ii) For the compensation amount of less than ₹ 15,00,000 and above ₹ 10,00,000; ₹ 3,00,000 or 25 per cent of the compensation amount, whichever is more.
(iii) For the compensation amount of less than ₹ 10,00,000 and above ₹ 500,000; ₹200000 or 30 per cent of the compensation amount, whichever is more.
(iv) For the compensation amount of ₹500000 or less; 35 per cent of the compensation amount

14 *As per Rule 2 of LA Rules 2014 "Authority" means the Land Acquisition, Rehabilitation and Resettlement Authority established by the State Government to be appointed, by notification. District Collector has been declared authority for acquisition of land Upto 25 acres and RCD would be authority for more than 25 acres.*

declaration, the available funds were not deposited with Authority and an amount of ₹ 392.62 crore[15] was lying with DLAO (March 2020).

The Department replied that the whole amount would be utilised up to June 2019. Updated status has not yet been communicated to Audit (August 2020).

2.1.8 Deficiencies in Detailed project report

As per CCS decision (September 2010), the RCD had to undertake preparation of DPR for INB road. Audit observed that preparation of DPR was entrusted to BSRDCL. The agreement for preparation for DPR was executed by BSRDCL in five packages with five consultants.[16] The letter of acceptance was issued to the consultants in December 2010 with a completion period of two months (February 2011). Audit noted that work related to DPR preparation was made even before the finalisation of alignment. Two DPRs were submitted in March 2011. Thereafter, the alignment was changed in April 2011. During audit, no survey records were seen to be available with the BSRDCL.

Scrutiny of records further disclosed that initially BSRDCL submitted only two DPRs (March 2011) for construction of the road between (i) Inrwa to Jamunia River road (65.55 km) and (ii) Gariachowk on NH 57 to Raniganj Border Outpost road (30.775 km) at an estimated cost of ₹ 547.80 crore and ₹ 411.29 crore respectively. The unit cost per km of road was ₹ 9.04 crore and ₹14.89 crore respectively which was abnormally high against the approved unit cost of ₹3.02 crore as approved by CCS in September 2010. The detailed cost estimates, analysis of rates, details of measurements, longitudinal and cross-sections *etc*., of the proposed road works, which were essential for the examination of the proposal by the Technical Committee[17] (TC), were not given in the DPRs. Further, TC of MHA observed (March 2011) that as per the decision of the CCS, the DPR was required to be prepared by the RCD, but no clarification was given by the Department in this regard. In view of these observations, the TC did not examine these proposals and deferred them.

Subsequently, DPR for another five[18] stretches (only 107.70 km) were submitted (April 2011) by changing the name of old stretches. However survey record of new stretch was not found at the BSRDCL office. Therefore, authenticity of the

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15 *Araria: ₹167.43 crore, Bettiah:₹90.80 crore, Kishanganj:₹ 30.63 crore Madhubani:₹7.43 crore, Motihari:₹41.94 crore, Pipra: ₹34.97 crore, Sitamarhi: ₹19.42 crore.*

16 *M/s S. N. Bhobe, M/s V K S Infratech, M/s CritasInfratech, M/s CETEST and M/s ICEAP*

17 *The High level Empowered Committee (HLEC) in MHA has been formed for approval/clearance of works related to border management headed by the Home Secretary. The HLEC is assisted by a Technical Committee(TC) headed by Director General(Works), CPWD in which executing agencies as well as user agencies are represented. Estimates framed by executing agencies are examined by the TC and its recommendations are placed for approval before the HLEC which is empowered to take appropriate decisions for execution of the projects and their monitoring.*

18 *Guabari railway crossing to Manusmara river-26.50 km, Laukahi Andhra Math- Mahadev Math and Mahadev Math to BhutahaChowk near Nirmali - 29.40 km, Garia Village to Raniganj -27.60 km, Kuari to Sikti -12 km, Dhaveli to Fatehpur -12.20 km.*

data of the DPR was not verifiable during audit. Subsequently, deficiencies were pointed out during the vetting of DPR by concerned works divisions[19]. Some of them were about wrong road alignment, non-availability of land acquisition plan, non-provisioning of link road for SSB, incorrect right of way width, wrong design of bridges, wrong calculation of earthwork *etc*. The co-ordinates of alignment were also not correct in the DPR. This proved that the DPR was based on the co-ordinate of alignment fixed on first alignment.

However, these discrepancies were not rectified till the year 2015 despite several correspondence of RCD with BSRDCL, and the work remained affected for want of fixation of alignment and sanction of variations in quantities. BSRDCL stated that the DPR of the stretches were incomplete (March 2020). Despite aforesaid deficiencies, RCD got the approval of DPR by the High-Level Empowered Committee (HLEC). Against the agreement value of ₹5.13 crore, the consultants were paid ₹4.80 crore (up to April 2019) towards the preparation of DPR which was rendered unfruitful.

The Department replied that DPR consultants started their work in December 2010 and submitted DPR in March 2011. Based upon the 15 DPRs submitted by RCD, MHA sanctioned the DPRs of length 552.293 km during 4/4/2012 to 10/4/2013.

The reply is not in consonance with the fact, as the alignment was jointly signed by SSB and RCD on 13/4/2011, whereas the DPR was already submitted by the consultants before finalisation of fresh alignment. Besides, how the consultants conducted a survey for DPR preparation without finalising alignment and RCD got approval of the HLEC with so many deficiencies in the DPR, could not be explained by the Department.

2.1.9 Slow progress of works

Administrative Approval (AA) for ₹ 2552.86 crore was accorded (June 2012) by RCD for construction of 552.293 km of road. Out of this, the civil cost of ₹1656.56 crore[20] was to be borne by the GoI and the balance ₹ 896.30 crore by the GoB. The work was to be completed in four years and financial target (civil cost) was fixed at ₹ 414.14 crore *i.e.* @ 25 *per cent* of sanctioned amount per year during 2012-13 to 2015-16. Further, revised AA was accorded (February 2017) by GoB for ₹ 3935.13 crore, which included GoI share for civil cost of ₹1656.56 crore and GoB share of ₹2278.57 crore and the entire work was to be completed till 2016-17[21]. Besides, along the INBRP, 121 bridges were to be constructed through NABARD loan (arranged by GoB) at the cost of ₹ 983.81 crore.

[19] *August 2011, December 2012, August 2014, November 2015*

[20] *As per CCS approval, the project cost was 1702 crore while the administrative approval given by RCD Bihar was ₹ 1656.00 crore in respect of civil cost.*

[21] *Time was extended beyond 31st March, 2016 and up to 31st December 2019 for completion of ongoing work on encumbrance free stretches and up to 31st December 2022 for balance stretches of new construction.*

The availability and utilisation of funds for INBRP is summarised in ***Table no. 2.1.7*** and detailed in ***Appendix 2.1.2.***

Table no. – 2.1.7

Summary of progress in project execution and implementation

(Amount in ₹ crore)

Period	**Particulars (Borne by)**	**Sanctioned amount**	**Funds allotted/ transferred (to)**	**Expenditure/ Transfer (% w.r.t. sanctioned amount)**	**Impact**
2012-13 to 2019-20	Civil cost (Construction of Roads etc.) (GoI)	1656.56	740.04 (GoB)	726.19 (43.84%)	Revised civil cost was proposed as ₹2359.67 crore (enhanced from ₹1656.56 crore), an escalation of ₹703.12 crore. However, approval had been given in respect of only four districts by MHA, as discussed in **para 2.1.9.2.** Construction of only 24.20 km (two stretches) of roads could be completed (4.38 *per cent*) whereas works were under progress in 131.12 km (three stretches) (October 2020). In remaining 10 stretches, (396.975 km) contractors had stopped the work (March 2020). (The same has been detailed in **para no. 2.1.9.1**.)
2012-13 to 2019-20	Land acquisition, utility shifting, environment clearance (GoB)	2278.57	2278.42 (Divisions)	2250.36 (98.76%)	₹2250.36 crore was transferred to DLAOs, ₹28.04 crore was surrendered and ₹455.47 crore of excess fund was returned by DLAO and remitted to treasury. Upto March 2020, 2497.64 acres of land was acquired for 446.93 km (91 *per cent*) against 2759.25 acres of land required for the length of 492.97 km. However, acquisition of land was actually not complete as ownership was legally not transferred to the Government due to non-completion of mutation process in any of the seven districts. Further, in one of the District (East Chamaparan), the land acquisition process has lapsed completely (17 *per cent* of total land acquired). Therefore, Audit did not obtain assurance that 91 *per cent* of land acquisition had been completed in all respects.
2015-19	Bridges (NABARD Loan)	983.81	936.29 (BRPNNL)	928.77 (94.41%)	Along the INBRP, 121 bridges (40 major and 81 minor) were to be constructed by BRPNNL. Project cost (bridges) was ₹983.81 crore, financed from NABARD Loan arranged by GoB. The Work was initiated in July 2013 and 101 Bridges (84 *per cent*) were completed and 20 were under progress (June 2020). However, due to non-connectivity of bridges with road, 31 bridges had gone out of Defect liability period and 15 bridges have gone out of alignment due to change in road alignment as detailed in Para 2.1.6.3.

(Source:- RCD)

The financial progress related to civil cost was only 44 *per cent* of the sanctioned cost (March 2020). In other components *viz*. land acquisition, utility shifting, environment clearance and bridges funded by GoB and NABARD loan respectively, the financial progress was at 99 *per cent* and 94 *per cent* of the sanctioned cost respectively.

2.1.9.1 Slow Progress of civil works

As discussed in preceding paragraph, despite unavailability of land, the Department had given the contract for the entire stretch of 552.29 km (March 2013). Resultantly, the work could not progress. Construction of only 24.20 km (two stretches) of roads could be completed (4.38 *per cent*) whereas works were under progress in 131.12 km (three stretches) (October 2020). In remaining 10 stretches, (396.975 km) contractors had stopped the work (March 2020). Slow progress of works further resulted in short release of funds by GoI, blockage of funds provided by GoI and cost escalation (civil) *etc*.

(i) Short release of funds by GoI due to slow Progress of civil works

Audit observed that the required fund was not provided by GoI in any of the years due to less utilisation of funds by GoB. Huge funds were blocked at both the levels (State and Divisions) every year during 2013-20 ***(Appendix- 2.1.2)***. At the State level, savings ranged from 21 to 65 *per cent* whereas it ranged from 14 to 52 *per cent* at divisions level. During this period, GoI provided ₹ 740.04 crore out of which only ₹ 726.19 crore was shown utilised (March 2020). The low utilisation was mainly attributed to the slow progress of work due to poor planning, unavailability of land (non-possession) *etc*.

(ii) Requisition of fund in excess of requirement

Scrutiny of records disclosed that GoB requisitioned fund from GoI (April 2013 and August 2013) for civil work without assessing the actual requirement and kept this fund unutilised in the current account for different periods**.** On two occasions[22], more than ₹ 100 crore was blocked in the bank account for 12 to 17 months. Further, funds amounting to ₹100 crore received from the GoI in October 2013 was blocked in the bank account for more than 15 months as releasing of funds to the Divisions against this receipt started only by February 2015 (after 15 months).

Requisition of funds in excess of requirement and parking the fund in the bank account not only blocked public money, but also resulted in interest loss of ₹21.56 crore to GoB, which could have been utilised for INBRP.

The Department replied that current account was opened in State Bank of India with the approval of the competent authority. Besides, MHA also did not instruct to keep funds in an interest-bearing savings account.

The RCD accepted the audit contention and attributed the reason for less utilisation of funds to non-availability of land for road construction.

[22] *Minimum balance ₹141.59 crore for the period October 2013 to September 2014 and minimum balance ₹109.08 crore for the period August 2015 to December 2016.*

Thus, the funds were requisitioned in excess of requirement, kept idle in current bank account, which led to loss of interest as well. However, RCD deposited the unused balance fund in the interest bearing sweep account after February 2020.

2.1.9.2 Cost escalation on account of slow progress of works

As discussed in the above paragraphs, the progress of the project was hampered due to incomplete DPR, incomplete land acquisition, pending statutory clearance, alignment change *etc*. These factors resulted in arbitration, variation in quantities and consequent cost escalation. Project cost escalation (civil cost) is as mentioned in ***Table no.-2.1.8.***

Table no.-2.1.8
Escalation in civil cost

(₹ In crore)

Sl. No.	Name of Road (District/ Length in km)	Original cost as per AA	Revised Estimate proposed	Difference in cost	Revised estimate approved by HLEC (Month of Approval)	Remarks
1.	Madan pur to Dhutaha (West Champaran/111.10)	331.39	516.76	185.37	489.36 (December 2019)	
2.	Dhutaha to Lalbakaiya (East Champaran/77.24)	238.59	330.09	91.50	-	Approval is pending.
3	Lalbakaiya to Bhittamore Parsa (Sitamarhi/89.92)	272.05	412.03	139.98	453.93 (November 2018-December 2019)	
4	Parsa to Bhutaha Chawk (Madhubani/39.21)	116.72	145.57	28.85	-	Approval is pending.
5	Saraigarh to Refugee colony (Supaul/40.99)	117.70	205.66	87.96	190.44 (November 2018)	
6	Refugee colony to Sikti (Araria/114.33)	321.33	419.39	98.06	185.97 (November 2018)	Out of four stretches (total 114.328 km), approval is accorded for only one stretch of 44.32 km
7	Fatehpur to Galgalia (Kishanganj 79.50)	258.77	330.17	71.40	-	Approval is pending.
		1656.55	**2359.67**	**703.12**		

(Source: RCD records)

It was observed that the reason for revision of project cost was attributed to upgradation of existing carriageway, increase in crust thickness, extra items, revision in the calculation in earthwork quantity, change in specifications of culverts and bridges, cost escalation *etc*. The civil cost of the project had escalated by ₹ 703.12 crore as per revised estimates (2016) submitted to MHA for approval during July 2018 to November 2019. However, approval was given in respect of only four districts.

2.1.9.3 Other issues related to cost escalation

Test-check of revised estimates revealed some of the provisionings which were not required, as discussed in succeeding paragraphs:

(i) Provisioning of extra carriage

As per RCD instruction (August 2013) and Rule 9 of Bihar Financial Rule, materials for road construction are to be procured from nearest point and with minimum carriage cost.

Scrutiny of records of works division Araria disclosed that in Technical Sanction (August 2013) estimates, carriage for stone aggregate and boulder was provided from Pakur rake point to Bathnaha rake point in one work in the stretch between Refugee Colony to Sikti. However, in the revised Technical Sanction prepared in November 2016, the extra carriage was provided by changing the railway rake point from Bathnaha to Jalalgarh with the explanation that the Bathnaha rake point was closed. Therefore, provision of extra carriage of ₹ 16.86 crore was made in the revised estimates.

According to Station Superintendent, N.F. Railway, Bathnaha (July 2016), railway rake point at Bathnaha railway station was available for unloading since 30/5/2016. Despite that EE, RCD, Araria revised (November 2016) the carriage provision from Bathnaha to Jalalgarh rake point. This put an unjustified burden on the exchequer of the Government to the tune of ₹16.86 crore.

Department replied that Station Superintendent NF railway, Bathnaha was informed about non-functioning of railway rake unloading at Bathnaha and carriage provision was accordingly revised.

The reply of Department was not correct as the letter quoted by the Department mentioned that rake point at Bathnaha was available for unloading since 30/05/2016.

(ii) Extra provisioning for Sales Tax

As per clause 35(1) of SBD, all tendered rates are inclusive of all taxes and levies payable under respective statutes. However, if any further tax or levy is imposed by the statutes, the contractor shall pay such taxes/levies and the contractor shall be reimbursed the amount so paid.

Scrutiny of revised estimates disclosed that provision of TDS pertaining to VAT was enhanced from four *per cent* to five *per cent* (September 2016) and later five *per cent* to eight *per cent* (November 2016) on contractors bill amount. Thus, net payment to be made to contractor was reduced to the extent TDS was increased. To compensate this lower net payment to contractor, additional amount was provisioned in the estimate. A sum of ₹11.41 crore[23] was made towards extra payment for TDS on VAT, estimate was inflated to that extent. Audit noted that this was not warranted as final amount of contractor's tax liability was carried out by Sale Tax Department.

RCD replied that details of deduction had been informed to respective sales tax circles, and the final bills of the contractor would be settled accordingly.

[23] *Araria – ₹4.92 crore, Pipra (Supaul)- ₹6.49 crore*

The reply was not in conformity with the above rule as the amount reimbursed to the contractor was not related to any new tax/levy, but only an advance deduction of taxes at source, which is finally settled at the level of respective tax circle.

(iii) Short deduction of Granular Sub Base (GSB) quantity

The road stretch from Saraigarh to Refugee Colony is a part of the Eastern Kosi Embankment (Pipra division). The Embankment was raised and handed over by the WRD to RCD in the year 2012. As per the Joint measurement report (October 2013) between RCD Supaul and the WRD, the pre-laid GSB layer was found 23751.04 m^3. However, deduction of only 12043.40 m^3 was made from the total quantity of GSB. This resulted in a short adjustment of 11707.64 m^3, costing ₹ 3.45 crore.

The Department replied that appropriate adjustment of quantity had been done as per the report of joint measurement taken on 30/04/16 in the presence of RCD officers and representative of the contractor, which showed 70 mm thickness of GSB instead of 100 mm.

The reply was not acceptable as first joint measurement (October-December 2013) was taken in presence of representative of WRD, whereas no representative of WRD was present in second joint measurement (April 2016).

2.1.10 Financial management

The expenditure on construction of proposed roads was to be borne by the GoI while expenditure on land acquisition, utility shifting, forest clearance and future maintenance of the roads was to be borne by GoB.

2.1.10.1 Improper reporting of utilisation to GoI

As per Rule 239 of GFR 2017[24] (form 12-C prescribed for UC), the UC shall disclose separately the actual expenditure incurred and loan and advances given to suppliers of stores and assets which do not constitute expenditure at the stage.

Audit observed that expenditure (civil cost) reported in the UC to GoI did not exhibit correct financial progress. In five test-checked divisions[25], the reported expenditure was ₹ 280.91 crore (2012-13 to 2019-20) against the actual expenditure of ₹ 177.44 crore**.** The reported expenditure included Mobilisation and Tools and Plant (T&P) advances amounting to ₹103.47 crore to agencies[26]. Besides, an amount of ₹ 91.99 crore (***Table No. 2.1. 9***), refunded by contractors from the mobilisation advance after retaining them for more than five years, was also not depicted in the UC submitted to GoI. GoI was consequently not

[24] *Earlier version i.e. Rule 212 of GFR 2005 laid down that a certificate of actual utilization of the grant received for the purpose for which it was sanctioned should be insisted upon.*

[25] *Bettiah, Kishanganj, Madhubani, Motihari and Sitamarhi*

[26] *NKC Projects Private Ltd, JKM Infra Projects Ltd*

informed of actual availability of fund with GoB. The refund increased the cash balance with the Department, whereas the same was already reported as expenditure to GoI.

The Department replied that earlier advances to contractors being shown as expenditure were for getting further allotment from MHA. However, the UC would be rectified in the current year after incorporating the amount of advances returned by the contractor.

Details of the rectifications in the UC made by the Department were not provided.

(i) Unadjusted mobilisation advance and loss of interest

Rule 207 of BPWD code provides that advances (including Mobilisation advance) to contractors should be provided as per the condition of contract only. As per clause 10B (ii), (iii) and (iv) of SBD, mobilisation advance not exceeding 10 *per cent* of the tendered value may be given. Also, plant and machinery (P&M) advance required for bringing plant and machinery to the site by the contractor may be given. Recovery of such advance shall be made from the contractor's bill.

Further, the mobilisation and P&M advance bore simple interest and were to be equal to the prevailing rate of interest charged by the bank, as mentioned in contract data (schedule 'F').

Scrutiny of records disclosed that a sum of ₹103.47 crore (₹93.99 crore as mobilisation advance + ₹9.48 crore as P&M advance) was given to two contractors in five districts during March 2013 to June 2014. The status of recovery of advance and accrued interest are detailed in ***Table no. -2.1.9***.

Table no. -2.1.9

Status of recovery of advance and accrued interest

(₹ in crore)

Name of the Division (Agency)	Advance given		Advance recovered		Interest due @ 14.5 %		Interest recovered	
	Mobilisation	P and M	Mobilisation	P and M	Mobilisation	P and M	Mobilisation	P and M
Bettiah (NKC)	29.43	6.29	29.43	Nil	64.8	6.36	12.31	Nil
Kishanganj (JKM Infra)	23.64	3.19	23.64	Nil	13.3	2.32	0.13	Nil
Madhubani (JKM Infra)	10.2	Nil	8.2	Nil	7.43	Nil	0.37	Nil
Motihari (JKM Infra)	21.72	Nil	21.72	Nil	15.43	Nil	0.2	Nil
Sitamarhi (JKM Infra)	9	Nil	9	Nil	6.18	Nil	0	Nil
Total	**93.99**	**9.48**	**91.99**	Nil	**107.14**	**8.68**	**13.01**	Nil

(Source: RCD records)

Scrutiny further disclosed that the work was stopped for more than five years as land was not acquired and the contractor unauthorisedly retained the fund of ₹103.47 crore for this period. Out of this, ₹ 91.99 crore was recovered (June 2018 to February 2020) after the contractors retained it for more than five years. However, against the interest accrued on moblisation and P&M advance amounting to ₹115.82 crore, ₹102.81 crore was not recovered from the contractors (July 2020).

This also resulted in blockade of funds of ₹ 93.99 crore as mobilisation advance and ₹9.48 crore as plant and machinery advance.

The Department replied that as per general condition of contract in SBD, there was provision for advance payment for mobilisation, which was interest bearing and against Bank Guarantee.

The reply indicated that despite there being provision of interest, the same was not recovered from the contractors.

2.1.10.2 Diversion of GoI fund into account of State Government

Road Divisions Bettiah and Madhubani disbursed (March-August 2013) mobilisation advance ₹ 39.63 crore[27] to the agency, which later refused to execute the work. Subsequently, the agency returned the advance (as shown in Table 2.1.9) in seven instalments during July 2019 to February 2020. However, it was observed that the first instalment of refunded amount *i.e.* ₹15.55 crore was remitted (February 2018) by the divisional officer to the district treasury in receipt head (Major Head 1054) of state exchequer. This resulted in cash surplus due to diversion to the state exchequer and caused deficit to GoI fund and since then this fund was not available for INBRP.

The EE replied that the matter had been brought to the notice of the Finance Department for its refund to GoI.

2.1.10.3 Diversion of fund to meet cost escalation

CCS approved (September 2010) the civil cost of the project to be ₹1656.56 crore and the work was to be completed by March 2016. This cost was inclusive of cost escalation for five years amounting to ₹ 284 crore till 2015-16. HLEC did not permit cost escalation from the central allocation even later, and the original cost of civil works remained unchanged at ₹1656.56 crore. Any additional fund requirement on this account was to be borne by the State Government.

Scrutiny of records of works divisions of RCD disclosed that price of cost escalation was paid to contractors under the clause 10CC of SBD. But, the GoB did not provide any fund from its own share. The test-checked five works divisions paid a sum of ₹ 20.65 crore[28] (March 2020) towards cost escalation to the contractor from central fund without taking any prior permission from HLEC. This escalation was beyond the amount of cost escalation of ₹ 284 crore already included in civil cost of project. Therefore, this resulted in the diversion of the GoI fund ₹ 20.65 crore.

The Department replied that it sent corrected MoU to MHA, which would cover the provision of price neutralisation and MHA approved revised cost in Pipra (Supaul), Araria and one package of Sitamarhi.

27 *Bettiah- ₹ 29.43 crore and Madhubani-₹ 10.20 crore*

28 *Araria: ₹ 11.51 crore, Bettiah: ₹ 0.41 crore, Kishanganj: ₹ 4.76 crore Madhubani: ₹ 0.35 crore, Motihari: ₹ 3.62 crore*

Reply of the Department was not acceptable as CCS (September 2010) and MHA (March 2019) categorically disallowed payment of cost escalation from GOI fund. Further, in the revised estimate, the provision of escalation was related only in respect of post 2018 SOR.

2.1.11 Contract Management

2.1.11.1 Memorandum of Understanding

As per CCS (September 2010), MHA was required to sign MoU with the State Governments for INBRP implementation. Audit observed that MoU between the GoB and the MHA was signed in July 2020 after lapse of 10 years since conceptualization of the project. Reason for this delay was not available on record.

2.1.11.2 Apparent manipulation in the financial bid relating to DPR

(i) Overwriting in bid value

Para 18.2 of Instruction to Bidders (ITB) of special condition of contract stated that all pages of the bid where amendment had been made should be initialed by the person signing the bid and a certificate of correction must be given by the employer. Further, Paragraph 18.3 of the ITB of Standard Bidding Document (SBD) provides that there should be no addition and alteration in the financial bid except those to comply with the instruction of employer.

The work for the preparation of DPR was entrusted to BSRDCL (September 2010). Quotations were invited (December 2010) from the empanelled consultants. Scrutiny of records disclosed that the financial bid was opened before a committee[29] on 28/12/2010. As per the comparative statement of the financial bid, M/s ICEAP, New Delhi was L_1 and quoted the lowest price of ₹ 96,557/km.

However, Audit noted that the rate was altered (date not entered by bidder) from ₹ 77,144/km to ₹ 96,557/km. No certificate of correction was put by the employer on the pages where alteration was done. Also, justification for the alteration of the rate was not available on record regarding employer instruction to make the alteration.

(ii) Post tender negotiation

Further, as per CVC Guidelines (January 2010), post tender negotiation with L_1 *i.e.* the lowest bidder could often be a source of corruption. Therefore, it was directed that post-tender negotiations with L_1 should be done in exceptional circumstances. Further, as per Rule 164 of BPWD Code, negotiation of rates should be done with the lowest tenderer only if his tender is considered to be too high.

[29] *Chief General Manager (Chairman), General Manager (Member), Three Deputy General Managers (Members) and Chief Accounts Officer (Member)*

Scrutiny disclosed that a decision was taken to hold rate negotiation with all the bidders including L_1 by the rate negotiation committee[30] of BSRDCL. In the rate negotiation held on 29/12/2010, the committee negotiated the rate with all the bidders and took their consent to execute the work at the flat rate of ₹ 94,500 per km. Accordingly, the committee decided to distribute the entire stretches of 564.16 km among all the five bidders[31].

Thus, the rate was first raised through overwriting and brought down through rate negotiation with all the bidders against the codal provision which was apparently a case of rate manipulation. The overall inflated cost of DPR preparation for 564.16 km of the road was ₹ 97.92 lakh[32]. Against the agreement value of ₹ 5.13 crore, the consultants were paid ₹ 4.80 crore towards the preparation of DPR.

Department replied that the rate quoted by the agency was higher than the normal rate. Hence, the committee decided to negotiate the rate with all the bidders. Regarding overwriting in financial bid (quotation), it stated that as per RFP clause 2.6.1, financial proposal should contain no overwriting, except as necessary and made by the consultant themselves and it must be initialed by the person signing the proposal.

However, the fact remained that the department had not fixed any normal rate. In normal parlance of contract, normal/ reserve price needs to be discovered, but audit did not find any such process in records. Also, Rule 164 of the BPWD code was not complied. Certificate of correction was not put by the employer on the pages where alterations were done. Also, the justification for the alteration of the rate was not on record.

2.1.11.3 Bidder quoting below BOQ in two divisions

As per para 8(J)(b) of the Special Conditions of Contract, the bidder shall have to submit the rate analysis stating how it will complete the work on the quoted unbalanced rate[33].

Scrutiny of records disclosed that in two Divisions[34], three contractors[35] submitted rate for three stretches[36] at 15 *per cent* below the BOQ rate. However, the contractors did not state how they would complete the work on the quoted rate. Audit observed that no physical progress in these three works took place. As a result, RCD rescinded the work given to M/s Raj Kumar Garg and M/s JKM Infrastructure while agreement with M/s NKC Projects Ltd. was closed. Work re-tendering had been done in these stretches.

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30 *Chief General Manager (Chairman), General Manager (Member), Three Deputy General Managers (Members) and Chief Accounts Officer (Member)*

31 *S. N. Bhobe-113 km, VKS Infratech-113 km, Caritas-113 km, CETEST-113 km and ICEAP-113 km*

32 *(₹ per KM 94500 – 77144) X 564.16 KM = 97,91,560.96*

33 *The bid rate quoted below the BOQ is callsed the unbalanced rate.*

34 *Sitamarhi and Bettiah*

35 *M/s JKM infrastructure, M/s Rajkumar Garg and M/s. NKC Projects Ltd*

36 *Phulbaria ghat at Lalbakaiya river, Lalbakaiya river to Bahar and Madanpur to Bhangha*

The Department replied that the bidder might quote the lowest permissible rate (15 *per cent* below SOR) by lowering their profit or overhead. However, in the item rate contract, the Department asked justification for an unbalanced rate.

The reply was not acceptable as per para 8(J)(b) of the Special Conditions of Contract, justification for an unbalanced rate was required to analyse how the work could be done efficiently at such unbalanced rate. Ultimately the work could not progress and the progress of the project suffered.

2.1.11.4 Non-evaluation of bidding capacity and irregular award of contract

As per Rule 158A of the BPWD code, a two-bid/envelop system should be used in order to avoid the participation of unqualified tenderers and later on rejection on capability grounds. In the bid, the intending participants would be shortlisted based on the criteria of personnel, equipment and financial capabilities as per the requirement of the work specified in the tender notice. Further, as per the special condition of contracts of SBD, copies of evidence showing ownership/ lease agreement of Tools and Plants (T&P) with the date of manufacturing and evidence of the technical personnel to be engaged in executing work and their employment must be uploaded/attached with the technical bid. The agreement was to be executed only after verification of original papers of the tools and plants and key personnel.

Audit noticed that contractor M/s JKM infra had qualified in three stretches separately which included seven (47 *per cent* of the total length of road) out of 15 stretches spread across four districts. It was observed that M/s JKM infra had submitted the same bidding document with same T&P and key personnel separately for each group.

It was further observed that the work in the stretch of Madanpur to Dhutaha (111.098 km) was initially awarded to NKC in January 2013. However the work remained incomplete after an expenditure of ₹ 6.47 crore (2.2 *per cent* of the agreement amount). RCD issued fresh (Notice Inviting Tender) NIT in January 2019 without closing the agreement with M/s NKC and split the work in four packages. Two out of four packages were awarded to M/s Ujjain Engicon. Besides, the contractor M/s Ujjain Engicon had also been awarded the work of road maintenance contract in the West Champaran District.

The contractor was required to submit details of the availability of T&P for each group separately; however, documents of the same T&P and technical personnel were submitted in every group. This proved that though the contractor had limited T&P and technical manpower to execute the work, the Department Technical Bid Evaluation Committee didn't consider it while qualifying M/s JKM and M/s Ujjain Engicon in the Technical bid. Resultantly, work awarded to M/s JKM suffered and remained incomplete.

Non-availability of T&P and Technical personnel was confirmed during the departmental inspection (November 2015) also. The progress of work of

M/s Ujjain Engicon was far behind the work schedule approved by the EE, RCD, Bettiah.

The Department replied that by making an affidavit, contractors assured that they being the lowest bidder in more than one package would resort to new recruitment for arranging required manpower. Regarding the non-availability of tools and plants during the inspection of authority, it was stated that later it was rectified by the contractors.

The reply corroborated audit observation that the contractors did not have sufficient manpower and tools and plant at the time of bidding. Besides, no evidence was available on record regarding either new recruitment by the contractor or regarding rectification of insufficient tools and plants.

2.1.11.5 Excess payment on claim against carriage of earth

Scrutiny of records of EE, RCD, Araria disclosed that in two stretches[37] of work, initial sanctioned lead for carriage of earth and subgrade was one km. During progress of work, the contractor claimed extra carriage of five km due to non availability of earth within distance of one km in both the stretches. The EE, after verification, forwarded the claim of contractors to the Superintending Engineer (SE), Road Circle, Purnea.

Accordingly, the SE sanctioned the extra carriage of five km (August 2018) for the stretch Refugee colony to Meerganj at the rate of ₹53.43 *per* cum for earthwork as well as subgrade.

For another stretch Meerganj to Kuari and Sikti to Dhaveli, the SE sanctioned the extra carriage of three km at the rate of ₹38.48 per cum for 40 *per cent* quantity (earthwork). For remaining 60 *per cent* quantity, extra carriage of four km at the rate of ₹68.24 per cum was sanctioned. In case of subgrade, SE sanctioned extra carriage of four km at the rate of ₹59.51 per cum (September 2016).

Further, during March 2019, the SE sanctioned additional carriage of four km in both the stretches for same chainage for earthwork as well as subgrade. The rate was enhanced from earlier sanctioned rate of ₹53.43 per cum to ₹110.09 per cum in Refugee Colony to Meerganj stretch.

In the stretch Meerganj to Dhaveli, rate for earthwork was revised (from earlier sanctioned ₹38.48 per cum for 40 *per cent* earthwork quantity and ₹68.24 per cum for 60 *per cent* earthwork quantity) to ₹111.09 per cum. In case of subgrade, rate was revised from ₹59.51 per cum to ₹120 per cum.

Payment was made to contractors twice for the same quantity of earthwork and subgrade. This resulted in double payment of ₹ 8.96 crore (₹4.67 crore to M/s ASIF & AMR and ₹4.29 crore to M/s Bhartiya Infra projects Ltd).

On this being pointed out, the EE replied that the payments were made after approval of the competent authority.

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[37] *Refugee colony to Meerganj and Meerganj to Kuari-Sikti to Dhaveli*

The reply is not acceptable as approval of competent authority cannot justify the inadmissible payment.

2.1.11.6 Extra payment due to non deduction of below value

The agency ASIP & AMR executed an agreement with EE, RCD Araria to execute the work at the rate of 9.65 *per cent* below BOQ for stretch "Refugee colony to Meerganj". Therefore, all the payments were to be made after reducing the gross value of the bill by 9.65 *per cent*.

Scrutiny of records disclosed that by not lowering the bill value by 9.65 *per cent*, the Division allowed claims for excess payment of ₹ 2.05 crore to the contractor as shown in the ***Table no.- 2.1.10.***

Table no. -2.1.10
Details of excess payment of claim amount

(₹ in lakh)

Claim no	Claim item	Claim value allowed	Admissible (9.65% below BoQ)	Excess payment
Claim 2	Carriage aggregates	778.22	703.12	75.10
Claim 4	Carriage aggregates	262.15	236.85	25.30
Claim 5	VAT	114.67	103.60	11.07
Claim 7	Aggregates	188.67	170.46	18.21
Claim 8	Aggregates	134.90	121.88	13.02
Escalation	Escalation	640.64	578.82	61.82
Total		**2119.25**	**1914.73**	**204.52**

(Source: Records of works division, Araria)

EE replied that necessary deduction would be made. Matter has been reported to the Government. Reply was not received (January 2021).

2.1.11.7 Irregular reimbursement against GST claim

Scrutiny of records of EE RCD Araria disclosed that the contractor M/s ASIP & AMR had submitted a claim for reimbursement of Goods & Services Tax (GST) liability in performance of the work done in stretch Refugee colony to Meerganj. The contractor claimed that he had paid CGST and SGST each at a rate of six *per cent* (total 12 *per cent*). In the running bills of the work, only two *per cent* was deducted as TDS of GST. However the contractor M/s ASIP & AMR had not submitted any evidence that he had actually deposited GST with GST authorities at the rate of 12 *per cent*. The EE RCD Araria and SE, Road Circle Purnea while sanctioning the differential amount of 10 *per cent* GST claim had allowed payment of ₹1.82 crore without verification of his tax liability and compliance from the local GST authority. This resulted in irregular payment of ₹1.82 crore.

EE Araria division replied that the payment was sanctioned by the competent authority. Matter has been reported to Government (August 2020). Reply was not received (January 2021).

2.1.11.8 Non-recovery of the difference in the cost of bulk and packed bitumen

As per the provision of agreement (June 2013), packed bitumen (VG 30 and CRBM 55) was to be used in the different works. The estimate of the works were also prepared by taking the rate of packed bitumen.

Scrutiny of records disclosed that in two works[38] of works division, 2545.56 MT bulk bitumen was used instead of packed bitumen, resulting in the excess payment of ₹ 1.18 crore (December 2014 to January 2018). Despite that, recovery of excess payment could not be made (March 2020).

The Department replied that the excess payment would be adjusted in the final bill of the contractor.

2.1.11.9 Excess Payment for price neutralisation

As per Clause 10 CC of Standard Bidding Document, for computing price neutralisation in respect of Bitumen, the official retail price of Bitumen at the nearest IOC depot on 15th day of the month under consideration was to be compared with the price prevailing 28 days prior to the date of opening of bids. Similarly, for computing the price change in other local materials, all India wholesale price index (all commodities) in the month under consideration was to be compared with the price prevailing 28 days preceding the date of opening of bids.

Scrutiny disclosed that in case of two agreements[39] pertaining to Araria division, prices of Bitumen and WPI index used for computing price neutralisation was different from actual Bitumen prices and WPI index. Therefore, excess payment of ₹ 67.36 lakh was made under price neutralisation, as mentioned in ***Table no.2.1.11***.

Table no. – 2.1.11

Excess Payment under price neutralisation

(₹ in Lakh)

Name Of Work	Paid Amount		Payable Amount		Excess Paid		
	Bitumen	Other local Material	Bitumen	Other local Material	Bitumen	Other local Material	Total
Kuwari to Sikti and Dhaveli to Fatehpur	54.95	64.52	31.48	56.28	23.47	8.24	31.71
Meerganj to Kuari and Sikti to Dhaveli	20.28	68.12	1.53	51.22	18.75	16.90	35.65
Total							**67.36**

(Source- Works Division, Araria)

The Department replied that the enhanced payment would be adjusted from the final bill of the contractor.

[38] *Kuwari-Sikti and Dhaveli- Fatehpur and for Meerganj to Kuari and Siktito Dhaveli*

[39] *Agreements for Kuwari-Sikti and Dhaveli- Fatehpur and for Meerganj to Kuari and Sikti to Dhaveli*

2.1.11.10 Loss due to non-renewal of Additional Performance Guarantee and undue aid to the contractor by refunding

As per clause 1 of the SBD, the contractor shall submit an irrevocable Performance Guarantee (PG) of two *per cent* of the tendered amount, including earnest money in the shape, as mentioned in the BFR. Also, as per RCD direction (August 2010), a contractor had to deposit Additional Performance Guarantee (APG) for unbalanced rate quoted by him. In the event of the contract being rescinded under the provision of any of the clauses/conditions of the agreement, the PG shall stand forfeited in full.

Scrutiny of records disclosed that two divisions failed to extend the validity period of Bank Guarantees (BGs) submitted by contractors, resultantly the APG amounting to ₹ 47.65 crore lapsed as detailed in ***Table no. -2.1.12***.

Table no. 2.1.12
Details of lapsed Additional Performance Guarantee

(₹ in crore)

Sl. No.	Division	Contractor	BG. Nos./ Date	Amount	Validity upto
1	Bettiah	M/s. NKC projects	PSBG/2013/6/02/01/2013	25.75	20/10/2015
2.	Sitamarhi	JKM infra	316020448187AP/01/05/2013	21.90	31/10/2015
	Total			**47.65**	

(Source: RCD records)

In both cases, the contractors had stopped the work and it was retendered. Thus, the non-renewal of APG by the Executive Engineers of the Bettiah and Sitamarhi road construction divisions resulted in a loss of ₹47.65 crore as risk and cost amount could not be recovered from the contractor.

It was further observed that in two test-checked divisions[40], the APG amounting to ₹ 39.69 crore was encashed by the division (August 2018) due to the poor performance of the contractor. However, said APG was refunded (February 2019 - June 2020) to the contractor irregularly, though work was in the very initial stage.

Regarding loss of ₹ 47.65 crore, the Department stated that both the contractors had already filed their claims in the Public Works contractor dispute arbitration tribunal separately and this amount would be added along with risk and cost while submitting counter claims by respective divisions.

2.1.12 Third party quality check not carried out

Third-party quality check was required as per CCS instruction. Audit observed that the quality check of the work was not done by third party. However, quality tests were being conducted in the contractor's laboratory.

[40] *Kishanganj: ₹20.69 crore and Motihari ₹19.00 crore*

The RCD replied that the flying squad of the Department was being considered as the third party for quality inspections. Details of the flying squad would be provided to the audit along with the detailed reply.

Reply was not acceptable as flying squad was internal to the Department and hence not the third party.

2.1.13 Conclusion

Cabinet Committee on Security, GoI approved (September 2010) 564 km Indo-Nepal Border Road parallel to the international border for adding to the connectivity, mobility of the SSB, enabling them to dominate the sensitive border effectively in Bihar.

RCD had changed the alignment in April 2011, which rendered the original DPR irrelevant.

In a span of ten years, 64 *per cent* of Border Outposts remained unconnected to the main alignment, which had been affecting the mobility of the SSB. The second road alignment decided in April 2011 by RCD was at a distance of five to 40 km away from the International Border at least in four districts, constraining the SSB in dominating the Border areas.

Due to further changes in alignment in a few stretches in 2016, at least 15 bridges, which were constructed as a part of this project by GoB at a cost of ₹ 146.06 crore, were delinked from the main alignment and thus the bridges remained unutilised.

Fraudulent payment of compensation of land acquisition, unutilised bridges due to non connectivity, alignment change and cases of excess payment to contractor have wasted precious public resources.

Due to poor planning, resource management and for want of preparatory work like land acquisition, DPR finalisation, statutory clearances *etc.,* only four *per cent* of the total INB road could be completed (October 2020). Also, third party quality check was not carried out.

Thus, the proposed alignment of Indo Nepal Border Road remained incomplete without serving the desired objectives of providing connectivity, mobility and ability to dominate border areas effectively by the SSB.

2.1.14 Recommendations

The GoB may:

- ***Ensure connectivity to* Border Outposts *for smooth mobility of SSB*.**
- ***Ensure that the distance between the border road and international border is reduced to a practical distance which enables the SSB to dominate the border effectively. Link roads and Border Outposts to Border Outposts connectivity must be factored in.***

- ***Ensure the optimum utilisation of newly constructed bridges for the intended purpose.***
- ***Look into the matter of land acquisition and accordingly expedite actual land possession.***
- ***Investigate the circumstances under which the land type was changed by DLAOs and fraudulent payment was made and fix the responsibility for the same. Effective steps should be taken to further strengthen oversight of District Administration over land acquisition offices and officers.***
- ***Ensure that the funds provided by GoI should not be diverted.***
- ***Strengthen the quality control mechanism as per CCS direction.***

RURAL DEVELOPMENT DEPARTMENT

2.2 Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme

2.2.1 Introduction

The Government of India (GoI) enacted the National Rural Employment Guarantee Act, 2005 (notified in September 2005) which was subsequently renamed as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in 2009. The objective of MGNREGA was to enhance livelihood security of rural households (HHs) by providing at least 100 days of guaranteed wage employment in every financial year to the HHs whose adult members volunteer to do unskilled manual work. Besides, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) aimed at providing social protection for the most vulnerable people living in rural India by providing employment opportunities, livelihood security for the poor through creation of durable assets, empowerment of socially disadvantaged, especially women, Scheduled Castes (SCs) and Scheduled Tribes (STs), strengthening decentralised participatory planning through convergence of various anti-poverty and livelihoods initiatives etc. The MGNREGA provides a number of legal entitlements[41] to rural workers through a series of provisions in the Act.

2.2.2 Organisational set-up

The Rural Development Department (RDD) was the nodal Department for implementation of MGNREGS (the Scheme) in Bihar. It was under the overall supervision of the Principal Secretary of the Department acting as the State Programme Coordinator. Bihar Rural Development Society (BRDS), under overall administrative control of the RDD, was the nodal agency for monitoring the Scheme at State level and it was responsible for management of the State Employment Guarantee Fund (SEGF). The District Magistrate was designated as the District Programme Coordinator (DPC) and was responsible for implementation of the scheme at District level. The organisational structure and roles and responsibilities of various stakeholders for implementation of the Scheme are detailed in ***Appendix-2.2.1***.

2.2.3 Audit objectives

The objectives of the Performance Audit (PA) were to assess whether:

- process of registration of HHs and allotment of job cards was efficient;

[41] *(i) right to a job card (ii) right to demand and receive work within 15 days (iii) right to unemployment allowance (iv) right to plan and prepare a shelf of project (v) right to obtain work preferably within a radius of five km of his/her residence (vi) right to worksite facilities (vii) right to notified wage rate and receive wage within 15 days of closure of Muster Roll (viii) right to compensation for delay in payment of wages (ix) right to conduct social audit of all MGNREGS expenditure (x) right to time bound redressal of grievances.*

- objectives of ensuring livelihood security to rural population and creation of rural assets were effectively achieved through due implementation of the Scheme works;
- adequate capacity building measures were taken at different levels by the GoB for implementation of the Scheme;
- funds were released, accounted for and utilised in compliance with the provisions of the Scheme; and
- transparency was maintained in implementation of the Act by involving all stakeholders at various stages from planning to monitoring and evaluation.

2.2.4 Audit criteria

Audit criteria for the PA were based on the following;

- The MGNREG Act, 2005 (the Act) and amendments thereon, notifications, circulars and guidelines issued by the GoI/GoB.
- The Operational Guidelines (the guidelines) of MGNREGS, 2013.
- MGNREGA Audit of Scheme Rules, 2011.
- MGNREGA Works Field Manual.
- Bihar Panchayat Raj Act (BPRA), 2006.
- Management Information System (MIS) data on MGNREGA website.

2.2.5 Audit scope and methodology

The PA on 'Implementation of MGNREGS' for the period 2014-19 was conducted during November 2019 to May 2020 through test-check of records related to the Scheme maintained at RDD, nine Districts, 18 Blocks and 54 Gram Panchayats (GPs) ***(Appendix-2.2.2)***.

Selection of the units was done using different performance indicators of the Scheme viz., deprived rural HHs, active as well as inactive job cards, persondays generated, expenditure on the Scheme, works taken up by GPs etc., for the period 2014-19. Besides, 15 beneficiaries[42] of each sampled GP were selected for survey. Further, the works taken up by the sampled GPs during 2014-19 were categorised into four broad categories and two works (work with the highest and the lowest expenditure) from each category were selected for joint physical verification.

The audit methodology consisted of scrutiny of records, beneficiaries' survey, obtaining response to audit queries, joint physical verification, obtaining information through questionnaires and scrutiny of Management Information System (MIS) (NREGASoft).

An Entry Conference was held on 18 November 2019 with the Commissioner, MGNREGA, RDD, GoB to discuss the audit objectives, criteria, scope

[42] *Three from inactive job cards HHs, nine from active job cards HHs and three from the HHs headed by woman*

and methodology. An Exit Conference was held on 8 July 2020 with the Commissioner, MGNREGA, RDD. The report was issued to the Department for their comments in July 2020 and reminders were issued in October and December 2020. However, the replies are awaited (January 2021).

Audit findings

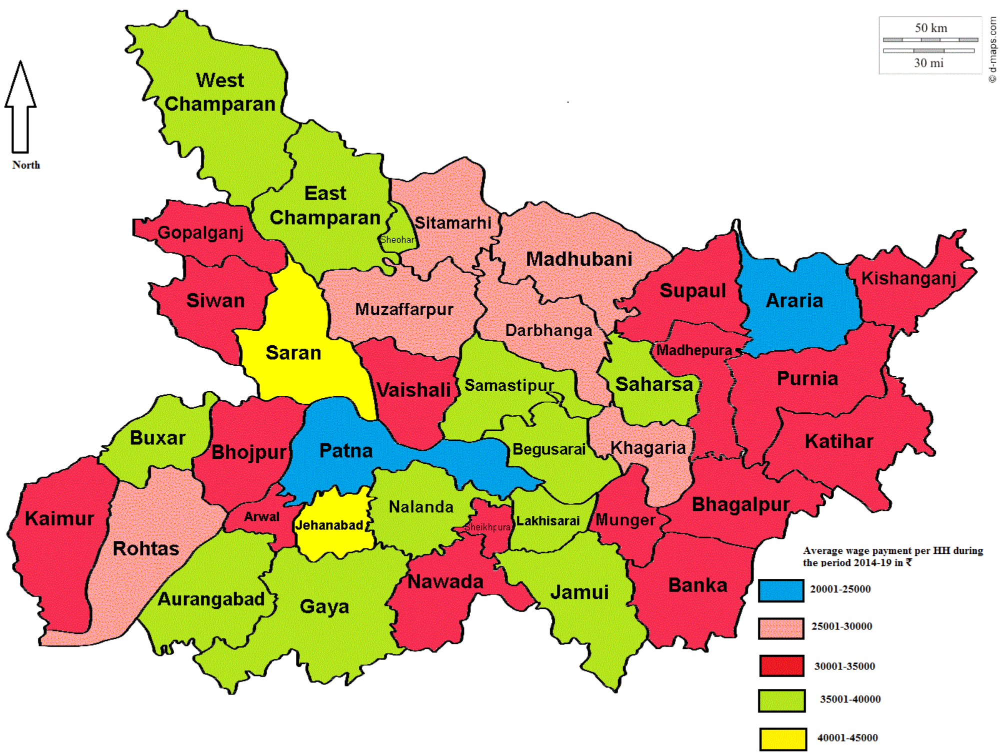
2.2.6 Overview

During the period 2014-19, the State utilised scheme funds of ₹10,960.52 crore (98 *per cent*) out of available funds of ₹11,181.72 crore. Wage employment was provided to 99.44 lakh HHs and 39.08 crore mandays were created with a wage payment of ₹ 6,693.02 crore. On an average, HHs earned wages amounting to ₹ 33,642[43] in the State during the period, which was lower than the national average of ₹ 37,639. The State was ranked 21st in the country in terms of average wage generation.

The State created 5.98 lakh assets of various types viz, rural infrastructure, land development, water harvesting etc.

Across districts, average wages earned by HHs, that availed benefits from the scheme, during 2014-19, ranged between ₹23,522 and ₹ 44,089 as shown in the **map** below:

Map-2.2.1:
Average wage payment per HH (District wise) during 2014-19



(Source: MGNREGA website)

[43] *Average wage 2014-15 (₹ 5,323.46), 2015-16 (₹ 6,853.74), 2016-17 (₹ 6,264.09), 2017-18 (₹ 7,834.53) and 2018-19 (₹ 7,366.15) = ₹ 33,641.97 i.e. ₹ 33,642*

2.2.7 Objective- 1: *Whether process of registration of HHs and allotment of job cards was efficient.*

The MGNREGS, a demand driven public wage employment programme, where works were opened and jobs offered to willing HHs whenever there was a demand for work, required setting-up the systems to facilitate and record registration of workers and issue of job cards. Issues noticed in registration and issue of job cards have been discussed in the following paragraphs:

2.2.7.1 Registration and issuance of job cards

- ***Door-to-door survey for registration of HHs***

As per the Scheme guidelines, a door-to-door survey was to be conducted at GP level every year to identify and register the eligible HHs who were missed out to ensure registration of all eligible and willing persons under the scheme.

Audit observed that door-to-door survey was not conducted annually for registration of willing HHs. Applications for registration submitted by willing HHs were documented in the prescribed Application Register only in three out of 54 test-checked GPs. Specific reasons for not conducting the door-to-door survey annually was not stated by the test-checked units and by the Department. However, audit observed that shortage of staff and lack of monitoring and coordination on the part of the Programme Officer resulted in not conducting the annual door-to-door survey.

- ***Partial coverage of household of landless casual labourers***

Ministry of Rural Development, GoI (MoRD) issued directives that the State had to proactively reach out to landless manual casual labourers HHs as per data of Socio-Economic Caste Census (SECC), 2011 and register those HHs who were missed out and willing to work under the Scheme (December 2016). Further, data of manual casual labourers as per SECC were to be mapped with the data of job cards in NREGASoft by September 2017.

Audit observed that though Bihar had the highest number of landless casual labourers in the country at 88.61 lakh, only 60.88 lakh (69 *per cent*) were surveyed. Only 3.34 *per cent* (3,007 out of 90,161 of willing landless HHs) were issued job cards. In the test-checked Districts, less than one *per cent* (146 out of 22,678 willing HHs) were issued job cards and survey work was discontinued ***(Appendix-2.2.3)***. The objective to cover all willing landless casual labourers under the Scheme and provide job cards to the willing HHs was not achieved.

The Department cited (July 2020) technical difficulties as constraints and stated that the link for mapping of SECC families in NREGASoft was not functional presently.

Completing the survey would have helped to locate more HHs who are the most vulnerable and in need for work. Willing landless casual labourers should have been offered job cards and better coverage ensured. Locating such labourers and registering them in NREGAsoft would have been of immense help in building requisite database and assisting such vulnerable people. Any technical difficulties could have been resolved by taking it up with MoRD. One of the reasons observed in audit, was also that the State Government could not ensure complete availability of job cards to the GPs during 2014-19.

- ***Slow progress in updation of Job card***

As per the Scheme guidelines, Job card was valid for a period of five years and there was provision for addition/deletion of name of members of HHs eligible to work. GPs had to undertake an annual updating exercise in the same manner as for registration of HHs. The GoB had directed all DPCs to complete updating work on priority basis (November 2016).

Audit observed that 36.45 lakh out of 57.08 lakh active job cards (64 *per cent*) were verified and updated in the State as of March 2020. Similarly, in the test-checked Districts, 10.93 lakh out of 15.59 lakh active job cards (70 *per cent*) were verified and updated as of February 2020 ***(Appendix-2.2.4)***. Audit also observed that multiple job cards were issued to 287 HHs in 16 out of 54 test-checked GPs[44].

Test-checked units replied that the progress of updation was less than desired due to absence/migration of HHs during verification period, direction to issue job cards to IAY beneficiaries as soon as possible and non-availability of photographs of HHs etc. Regarding issuance of multiple job cards, units replied that job cards were issued to IAY/PMAY-G beneficiaries in campaign mode and on priority basis and therefore, job cards issued to such beneficiaries in earlier instances were not verified.

The Panchayat Rozgar Sewak (PRS) was required to visit the HHs again and if it was found that the HHs had migrated permanently, the job cards were to be deleted. In the case of IAY beneficiaries, job cards were to be issued only after verification of the eligibility of beneficiaries by GPs.

2.2.7.2 Non-documentation of verbal application for Job/non-issue of dated receipt

The Scheme guidelines provided that registered MGNREGA workers were allowed to submit application for work in writing on plain paper or present themselves at the GP office or at the worksite to indicate their willingness to work. In the case of verbal demand for job, the Panchayat Rozgar Sewak had to document the request in the prescribed application form and later in the Employment Register. The GP and the Programme Officer were required to accept valid applications for work and issue a dated receipt to the applicants.

In response to audit queries and physical visits, it was assessed that in the test-checked GPs, oral application for demand of job given by the willing

[44] *Ajna-23, Bakhri-34, Bhualpur-29, Ekamba-11, Fenhara-25, Gorai-6, Khan Pipra Madhurpur-8, Kharasand West-48, Nautan-9, Nej Gehuyan-15, Olhanpur-21, Pakri Dixit-2, Parsauni Wazid-19, Rupauliya-24, Sarouja-5 and Southa-8 (Total-287 HHs).*

applicants were not documented properly by the Panchayat Rozgar Sewaks in the Employment Register and dated receipts were not issued to the applicants in any of the test-checked GPs. Therefore, actual number of HHs who demanded job and denial case, if any, could not be ascertained in audit. Besides, the right given to MGNREGA workers to get a receipt for their demand for work was also not protected.

Panchayat Rozgar Sewaks of the test-checked GPs replied that it would be maintained in future.

2.2.7.3 Employment generation

The Act provided that every adult member of a registered HHs was entitled to apply for manual work under the Scheme and was to be provided employment within 15 days from the date of application for job.

The status of registration, demand for work and employment generation in the State during 2014-19 is given below:

Table-2.2.1

Employment generation during 2014-19 (State level)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
HHs registered under MGNREGS (lakh)	130.56	139.31	151.36	158.96	169.34
HHs issued job cards (lakh)	127.23	133.60	142.48	148.33	155.66
Mandays as per approved LB (lakh)	848.64	937.91	1,425.00	1,250.00	1,400.00
HHs demanded job in lakh (percentage of registered HHs)	14.73 (11)	19.23 (14)	29.79 (20)	29.05 (18)	36.71 (22)
HHs provided job in lakh (percentage of HHs provided job)	10.34 (70)	14.87 (77)	22.95 (77)	22.47 (77)	29.25 (80)
Mandays generated (lakh)	351.98	670.92	858.36	817.20	1,233.99
Average mandays provided per HHs	34	45	37	36	42
HHs provided 100 days job in lakh (percentage of HHs demanded job)	0.31 (2.10)	0.58 (3.02)	0.14 (0.47)	0.16 (0.55)	0.24 (0.65)
SC/ST population in State (in lakh) /Rural	166	166	166	166	166
SC/ST HHs issued Job card (in lakh)	36.05	37.44	39.04	39.06	39.88
SC/ST HHs provided job (in lakh)	6.74	11.22	17.63	17.76	23.67
Mandays provided to SC/ST HHs (in lakh)	92.06	173.10	212.71	186.29	263.70
Average mandays per SC/ST HHs	14	15	12	10	11

(Source: MGNREGA website)

In test-checked Districts, out of 40.48 lakh to 53.93 lakh registered HHs, 3.90 lakh to 11.46 lakh HHs demanded employment and 2.38 lakh to 9.31 lakh HHs were provided employment. A total of 86.42 lakh to 407.65 lakh mandays were provided during 2014-19 ***(Appendix-2.2.5)***. The deficiencies in providing employment are discussed below:

- ***Low demand for work and less creation of mandays***

In test-checked Districts, only 10 to 21 *per cent* of the total registered HHs demanded work. Of these, 61 to 82 *per cent* of HHs were provided employment during the period 2014-19. The average mandays provided to a HH in a financial year ranged between 36 days to 46 days against the entitlement of 100 days in a year. However, during the lean period (July to November), against work demanded by 26 to 36 *per cent*, only two to nine *per cent* of HHs were provided employment during 2014-19.

- ***Providing of 100 days employment to a HH***

The Scheme guidelines provided that at least 100 days of guaranteed wage employment in a financial year to every rural HHs whose adult members volunteer to do unskilled manual work.

Audit observed in test-checked Districts that out of total HHs who demanded jobs, only 0.59 to 2.82 *per cent* HHs (0.05 lakh to 0.15 lakh) were provided 100 days employment during 2014-19. Thus, the primary objective of the Scheme of providing 100 days of guaranteed wage employment in a financial year to every rural HH was only partially achieved.

- ***Employment provided to vulnerable group***

The Scheme guidelines provided that while preparing the estimate for anticipated demand for job, special focus should be provided to vulnerable group and a specific plan was to be prepared to include these special categories of people.

Audit observed that only nine to 14 *per cent* of registered disabled persons and five to nine *per cent* of senior citizens (60 years and more) were provided employment under the Scheme during 2014-19 in the State. No specific planning was observed to have been carried out for engagement of workers from vulnerable groups.

The Department replied (July 2020) that the reasons for low generation of mandays were low wage rate under the Scheme compared to labour Department rates for Agriculture labourers, non-revision of SoR for MGNREGA workers, low percentage of potential labourers, etc. Further, the Department stated that much progress could not be done also due to shortage of funds related to the material components.

Audit observed that the Department did not take effective steps to sort out problems like delay in payment of wage, non-payment of compensation and non-conduction of awareness programme etc. Infact, the Department itself was responsible for revision of the schedule of rate.

2.2.7.4 Non-payment of Unemployment allowance

As per the Act, if an applicant for employment under the Scheme was not provided employment within 15 days of receipt of application for job, he/she would be entitled to a daily unemployment allowance at the rate specified by GoB.

GoB did not notify the rate for payment of unemployment allowance and rules for governing the procedure for payment of unemployment allowance were not framed. Unemployment allowance was not given to the labourers to whom employment was not provided.

In 18 test-checked Blocks, unemployment allowance was not paid to 19,815 labourers for 2,18,254 days amounting to ₹ 1.93 crore[45] for the period 2017-19 ***(Appendix-2.2.6)***.

The Department replied (July 2020) that no claim for unemployment allowance was received during 2014-19 and jobs were offered to 129.41 lakh out of 129.51 lakh HHs who demanded jobs. Only a fraction of HHs were not offered jobs, hence question of unemployment allowance did not arise.

Claim for unemployment allowance was automatically generated on NREGASoft and Department should have monitored and reached out to the individuals/HHs. The HHs are not required to file claims under the Act. Even if the number of HHs to whom jobs could not be offered was around 10,000, as per reply above, unemployment allowance should have been initiated and paid to such HHs.

2.2.7.5 Non-imparting of training under Project for Livelihoods in Full Employment

As per direction issued by MoRD, Livelihoods in Full Employment (LIFE) MGNREGA project, was formulated as a convergence initiative to proactively prioritise willing youth of age group of 18 to 35 years from HHs largely dependent on MGNREGS for imparting them skill training to achieve livelihoods (May 2015). Under the project, youth from those rural HHs whose members had completed at least 15 days of work under the Scheme in a financial year were eligible for training[46]. State Rural Livelihood Mission (Mission) was overall implementing agency for the project.

Audit observed that youth of 71.19 lakh HHs were eligible under the project, for the period 2014-19. The Department set the target for imparting training to 11,496 youth and provided the list (as per NREGASoft) of youths to the Mission. Out of 11,496 targeted youth; 7,985 youth were counselled and training was imparted to only 1,189[47] by the Mission during 2016-20 under *Deen Dayal Upadhyay-Gramin Kausalya Yojana*, Rural Self employment Institutions and National Rural Livelihood Mission. The MoRD released (September 2016) first tranche of ₹ 7.42 crore for skilling of wage component to the State. The fund was to be released to the Mission as a project training cost after ensuring prescribed conditions[48] but the Mission did not demand training cost from the Department. As a result, ₹7.42 crore received from the MoRD was lying blocked till May 2020.

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45 *As per provision of the Act, rate of unemployment allowance was one fourth of the wage rate for the first 30 days and not less than one half of the wage rate for the remaining period.*

46 *(i) skilling for wages; (ii) Skilling for self-employment; and (iii) Livelihood upgradation*

47 *Training under skilling for wage- 11 youths, skilling for self-employment- 603 youths and livelihood up-gradation- 575 youths.*

48 *(i) Mission shall enter the name of the PIAs, project sanction numbers and the selected trade against the name of each candidate in the NREGASoft (ii) Mission shall record the completion of training and subsequent placements in jobs.*

The Department replied (July 2020) that the project LIFE was to be implemented through the Mission but proposal was not received from them. The Mission stated (December 2020) that training was not provided to other eligible youth as they were not eager to be trained in the available trades, rather they wanted training in agriculture based trades.

The LIFE project, through a convergence from various schemes as mentioned above, did not include agricultural based trades. Since a specific number of youth were targeted, demand for type of training required could have been ascertained and resources provided accordingly. Commissioner, MGNREGA was required to conduct a survey to identify the need of the eligible and willing beneficiaries. The Mission also faltered as it could not provide training to all targeted youth and for trades in demand.

2.2.7.6 Direct Benefit Transfer (DBT)

All payments to the beneficiaries were to be credited into their Aadhaar linked bank accounts. It was essential to seed Aadhaar of MGNREGA workers with their bank accounts for transfer of wages near real time basis with the consent of the respective worker and its mapping at National Payment Corporation of India (NPCI) mapper in bank. Deficiencies in expediting DBT are discussed below:

- ***Aadhaar Based Payment (ABP) System***

The Programme Officer had to ensure that verified Aadhaar were seeded both in the bank core baseline banking system and in the NPCI mapper. The Aadhaar seeding of all active workers and hundred *per cent* payment through Aadhar Based Payment (ABP) was to be completed by June 2019.

Audit observed that out of 58.43 lakh active workers under the Scheme, Aadhaar seeding of 49.12 lakh (84 *per cen*t) workers was done in NREGAsoft but only 30.62 lakh (62 *per cent* of Aadhaar seeded) were verified/confirmed from Unique Identification Authority of India (UIDAI). Further, only 14.65 lakh workers (25 *per cent* of active workers) were paid through bank accounts linked to Aadhaar.

Further, in the nine test-checked Districts, the percentage of Aadhaar seeding of active workers ranged from 70 to 92 *per cent* while ABP ranged from 17 to 32 *per cent* ***(Appendix–2.2.7)***.

Audit observed that pending verification of Aadhaar data at Programme Officer level and pending demographic authentication of Aadhaar data seeded in NREGASoft at MoRD level, resulted in less number of confirmed Aadhaar. Further, due to lack of monitoring at Programme Officer level and pending NPCI mapping of Aadhaar at bank level, only 48 *per cent* in the State and 47 *per cent* (average) of verified Aadhaar in the test-checked Districts were converted to ABP as of February 2020.

Further, 3.16 lakh joint bank accounts of active HHs in the State were not converted into individual accounts till March 2020 which was required for Aadhar seeding and DBT.

The Department replied (July 2020) that the percentage of Aadhaar seeding and ABP conversion was low due to pending NPCI mapping of Aadhaar at bank level despite taking-up the matter in State Level Banker's Committee meetings and pending acceptance of Aadhaar seeding confirmation at MoRD level. It further stated that many HHs were not interested in MGNREGA works and as such they did not come forward for Aadhaar seeding and also many workers migrated.

The Department may ensure that cases pending at Programme Officer level are addressed at the earliest and the issues followed up closely.

2.2.7.7 Payment of wages

Timely payment of wage was one of the thrust areas for the implementation of the Scheme. The Act mandated that payment was to be made to the workers within 15 days from the date of closure of Muster Roll (MR). Audit observed the following in payment of wages:

- ***Delay in payment of wages***

Scrutiny of records at Department level and MIS data revealed that in a significant number of cases, payment of wages was made with delays during 2014-18. However, the position improved in the year 2018-19 as shown below:

Table- 2.2.2
Delays in payment of wages (State level)

(₹ in crore)

Year	Delayed payment				Total delayed payment	Total wage payments	Percentage of delays
	16-30 days	31-60 days	61-90 days	More than 90 days			
2014-15	36.36	52.40	38.14	237.66	364.56	431.90	84
2015-16	251.96	320.16	170.83	240.68	983.63	1,164.14	84
2016-17	280.04	332.02	216.09	171.03	999.18	1,471.35	68
2017-18	312.82	189.17	42.25	19.26	563.50	1,419.59	40
2018-19	226.03	39.46	4.57	2.58	272.64	2,149.65	13

(Source: MGNREGS website)

In the test-checked Districts, out of total wage payment of ₹ 2,057.72 crore during 2014-19, wages of ₹ 900.98 crore (44 *per cent*) were paid with delays ***(Appendix-2.2.8)***. Audit observed that payment was delayed due to delay in recording the measurement of works done, delay in generation of wage list, rejection of FTOs in large numbers and delay in regeneration of rejected Fund Transfer Orders (FTOs).

The Programme Officers of the test-checked Blocks replied that non-availability of sufficient funds, delay in generation of wage list, lack of infrastructure at GP level and rejection of FTOs were the reasons for delayed payment. However, the Department replied (July 2020) that the Scheme functionaries were responsible for delays in generation of wage list, delay in measurement, delays in generation of FTOs and beneficiaries were responsible for various types of discrepancies in their bank accounts.

The above replies point out the need for greater communication with the functionaries and requirement for close monitoring by Department officers of the delays in payment to help address stated constraints.

- ***Delay in payment of wages even after introducing Ne-FMS***

The National electronic Fund Management System (Ne-FMS) was introduced (April 2016) by MoRD to transfer wages to the workers' account within 48 hours (T+2) of uploading FTOs on NREGASoft to avoid multiple levels of fund release and for timely payment of wages to workers. The implementing units had to generate an FTO and push it on NREGASoft server after verification of the works and the Muster Rolls within T+8 days. There were two stages of payment of wages (i) Stage-I: till generation and pushing of FTO by the implementing units (ii) Stage-II: crediting the wages into the beneficiary account directly by the MoRD through Public Fund Management System (PFMS). Audit observed delays in processing of FTOs at both stages.

Stage-I delay: As per MoRD guidelines (May 2016), measurement of work was to be done in T+3 days while wage list was to be generated in T+6 days. The GoB framed Rules (September 2017) wherein T+9 days' time was stipulated for generation of wage list. Audit observed that there were considerable delays, ranging from 69 to 13 *per cent* in generation of FTOs in the State and 64 to 10 *per cent* in test-checked Districts during 2016-19 as shown below:

Table-2.2.3

Delays in generation of FTOs (State and test-checked District level)

Units	Year	No. of Musters filled	FTOs generated within T+8 (in *per cent*)	FTO generated in T+9 to T+ 15 days (in *per cent*)	FTO generated after T+15 days (in *per cent*)
State	2016-17	14,32,757	14.24	17.17	68.59
	2017-18	12,88,761	24.08	34.79	41.13
	2018-19	28,89,641	44.01	43.05	12.94
Test-checked District	2016-17	4,92,453	17	19	64
	2017-18	4,60,695	25	34	41
	2018-19	9,70,325	50	40	10

(Source: MIS data) ***(Appendix-2.2.9)***

The NREGASoft had provision for generating various reports[49] to track the status of timely payment of wages but the Programme Officers as well as the District and State level authorities failed to monitor the status of timely payment of wages. Programme Officers of the test-checked Blocks replied that due to delay in measurement of work, delay in generation of wage list, shortage of labour and lack of infrastructures etc., the generation of FTOs were

[49] *R-4.1 (MR issued vs MR filled), R-14.3 (stage wise pendency of MR), R-14.2 (list of MR pending beyond T+15 days), R-8.1.1 (FTOs pending for signing by 2nd Signatory)*

delayed. The Department replied (July 2020) that instructions were issued to all responsible functionaries to avoid delay in processing the FTOs and regenerate the rejected FTOs timely. The Department needs to sort out the difficulties in timely generation of FTOs with the Programme Officers on priority.

Stage-II delay: FTOs were to be processed at MoRD level through PFMS and payments were to be credited into beneficiaries' accounts within 48 hours (T[50]+2 days) of pushing FTOs in NREGASoft. However, overall 90 *per cent* FTOs for the period 2016-19 were processed in three or more days instead of T+2 days.

Thus, after introduction of Ne-FMS, though the overall position of delayed transactions decreased, still only 10.41 *per cent*[51] FTOs were processed on time by crediting the wages into the accounts of the beneficiaries.

- ***Delay and non-generation of wagelist***

Scrutiny of scheme files and other related records revealed that in 12[52] out of 54 test-checked GPs there were delays of two to 443 days (more than a year) in generation of wage list in 41 works. At the State level, wage list was not generated in respect of 7,37,020 labourers whose details were found filled in muster rolls during 2014-19.

Test-checked units replied that due to work load on PRS, non-uploading of bank accounts of workers on NREGASoft by Programme Officers and delay in submission of filled in muster rolls and measurement books by PRS for data entry at block level , generation of wage list got delayed.

- ***Delays in recording the measurement of works***

The Scheme guidelines provided that weekly measurement of works was to be undertaken by the competent technical personnel[53] within three days after close of the weekly muster. However, scrutiny of scheme files and related records revealed that in six[54] out of 54 test-checked GPs there were delays of five to 512 days in recording the measurement in 17 works.This resulted in delay in generation of FTOs which ultimately caused delay in payment of wages. Audit observed that shortage of technical persons, non-availability of required infrastructure at GP level and lack of monitoring by Programme Officer resulted in delay in measurement of work.

- ***Non-payment of wages due to non-generation of rejected FTOs***

The Scheme guidelines provided for proactive role of Programme Officer in opening of bank accounts of workers and linking of bank accounts with their job cards after verification to ensure prompt payment to the right beneficiaries.

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[50] *T is the day on which FTO is signed by the 2nd Signatory.*

[51] *Total FTOs sent to PFMS- 2,94,92,933; FTOs processed within T+2 days- 30,71,294*

[52] *Babhangam, Banpura, Jamal Nagar, Kateyan, Maharas, Mahkhar, Nautan, Olhanpur, Pakri Dixit, Rasalpur, Sarouja and Southa.*

[53] *Junior Engineer and Panchayat Technical Assistant*

[54] *Akbarpur Barai-1, Fenhara-1, Gorai-12, Pagra-1, Pakri Dixit-1 and Rupauliya-1 (17 works)*

Audit observed that 11.33 lakh transactions involving ₹ 245.06 crore were rejected during 2014-19 at the State level. It was also observed that number of rejected transactions increased from 67,511 to 2,76,585 during the years 2014-19. In the test-checked Districts, FTOs related to wage payments amounting to ₹ 62.83 crore involving 3,54,256 transactions and FTOs related to material payment of ₹ 15.31 crore involving 6,554 transactions, were rejected during 2014-19 due to wrong account number, inactive Aadhaar, pending Know Your Customer (KYC) etc. However, during 2014-19, 2,06,783 rejected transactions involving ₹ 46.86 crore were regenerated successfully. But 85,148 transactions involving ₹ 16.67 crore were pending for regeneration at the Programme Officer level while 69,307 regenerated transactions involving ₹ 14.10 crore were pending at bank level, where delays were of the order between one to five years ***(Appendix-2.2.10)***.

Audit observed that non-generation of rejected FTO was mainly due to casual approach of Programme Officers in verification of the bank accounts of the beneficiaries before its addition in NREGASoft and non-seriousness in removing the defects for regenerating the rejected transactions. Further, all rejected FTOs were not reflected in Programme Officer's login. FTOs rejected twice appeared in State and District login and the Programme Officer did not approach District to verify the same and regenerate the rejected FTOs. It was also observed that if the transactions were rejected then the bank account of the beneficiary gets deactivated and the entire process of payment has to be initiated again, which is time consuming.

Test-checked units replied that closure of accounts of beneficiaries, wrong bank account numbers, pending KYC etc., were the reasons for rejection of FTOs. FTOs rejected twice indicated that the defects were not removed properly by Programme Officers on first rejection and the same was also not monitored by District and State level authorities.

The Department replied (July 2020) that due to discrepancies in bank accounts of the beneficiaries and migration of the labourers, there were difficulties in regeneration of FTOs in time, however, the Department had issued instructions time-to-time to regenerate all rejected transactions in time.

Department has to ensure that FTOs are processed by Programme Officers in time and any rejected FTOs are followed up scrupulously within prescribed timelines to mitigate hardship to the already disadvantaged workers.

- ***Non - payment of compensation for delayed payment of wage***

The Act and the Payment of Compensation Rules, 2017 formulated by the GoB provided that in the case of delay in payment of wage, compensation was to be paid at the rate of 0.05 *per cent* of the unpaid wages per day of delay beyond 16th day of closure of Muster Roll. The guidelines provided that every Programme Officer, within 15 days from the date of delay compensation become applicable, had to decide whether the compensation automatically calculated by the NREGASoft was payable or not. In all cases of rejection, the Programme Officer had to give detailed reasons for rejection on NREGASoft and maintain records for the same. Further, compensation was to be paid upfront from SEGF and a separate account was to be maintained for the purpose and compensation paid was to be recovered from those functionaries responsible for causing the delay.

Audit observed that 91 *per cent* of total days of claim for compensation was rejected by Programme Officers at the State level and 93 *per cent* in the test-checked Districts during 2014-19 as detailed below:

Table-2.2.4

Status of compensation for delayed payment of wages during 2014-19

Units	Delayed compensation payable		Delayed compensation approved		Rejections reasons (days in lakh)					Delayed compensa-tion paid (₹ in lakh)	Payment due (₹ in lakh)
	Days (lakh)	Amount (in lakh)	Days (lakh)	amount (lakh)	Insuf-ficient fund	Natural calami-ties	Compen-sation not due	Others	Total rejected (percentage)		
State	12,255	9,858	458	409	805	873	6,492	2,976	11,146 (91)	257	152
Test-checked District	3,461	2,861	86	71	197	369	1,818	830	3,214 (93)	46	25

(Source: MIS data as of 16 November 2019) ***{Appendix- 2.2.11 (A) &2.2.11 (B)}***

Out of approved compensation claim of ₹ 4.09 crore, ₹ 1.52 crore (37 *per cent*) in the State for the period 2014-19 was not paid to the workers as of November 2019. The compensation which was paid (₹ 2.57 crore), was from SEGF material head of accounts in which Central and the State share was credited and separate account was not created for the purpose.

As per the MIS data, compensation not due (58 *per cent*), insufficient funds (7 *per cent*), natural calamity (8 *per cent*) and others (27 *per cent*) were the reasons stated by the Programme Officers for rejecting the compensation. Besides, the Programme Officers did not verify 6.51 crore days[55] claim for compensation at State level. Reasons like 'Natural Calamity' cited for rejection of compensation appeared unfair and reason 'Others' was ambiguous. Further, insufficient fund should have been addressed by the Programme Officers and Departments ahead of time so that hardship to workers could be mitigated.

The Department replied (July 2020) that it had requested MoRD to provide report on NREGASoft giving details of amount to be recovered from functionaries responsible for delay payment of wages. The Department should take proactive steps to recover the amount from officials concerned and closely monitor the reasons for rejecting the claims of compensation and institute a system to periodically verify these on a sample basis from time to time.

[55] *Total 122.55 crore payable days – 4.58 crore approved days - 111.46 crore rejected days= 6.51 crore days pending for verification*

2.2.8 Objective 2: *Whether objectives of ensuring livelihood security to rural population and creation of rural assets were effectively achieved through due implementation of the Scheme works.*

One of the objectives of MGNREGA was creation of durable and sustainable assets and strengthening livelihood resource base of the rural poor to enhance the livelihood security and substantial infrastructure developed in rural areas. As per the Act, the priority of the works to be taken up under the Scheme was water conservation, drought proofing, irrigation, renovation of traditional water bodies, land development, flood control, rural connectivity etc.

2.2.8.1 Execution of Works

As per the Act (amended), permissible works were classified into four broad categories with various sub-categories[56] viz., Category-A: works related to Natural Resource Management (NRM), Category-B: creation of community and individual assets for vulnerable groups, Category-C: creation of common infrastructure for National Rural Livelihood Mission compliant self-help group and Category-D: creation of rural infrastructure. Further, to address the issue of huge number of incomplete works, the Scheme guidelines provided that no sanction should be given for beginning of new works by the Programme Implementing Agencies, which had incomplete works for more than one fiscal year.

During the period 2014-19, the State had taken up 42.87 lakh works and incurred a total expenditure of ₹ 10,370.13 crore on execution of these works till March 2020 as shown below:

Table-2.2.5
Status of works taken up during 2014-19 (State level)

Broad category of works	Total no. of works taken up (3+4+5)	No. of ongoing works	No. of completed works	No. of works not started	Expenditure on completed & ongoing works (₹ in crore)	Category wise percentage of work	Category wise percentage of expenditure
1	2	3	4	5	6	7	8
A	8,12,917	4,69,385	2,10,345	1,33,187	4,162.89	18.97	40.14
B	25,42,889	20,92,942	1,41,807	3,08,140	869.49	59.32	8.39
C	2,552	899	281	1,372	3.19	0.06	0.03
D	9,28,182	4,86,651	2,45,437	1,96,094	5,334.56	21.65	51.44
Total	**42,86,540**	**30,49,877**	**5,97,870**	**6,38,793**	**10,370.13**		

(Source: MGNREGA website; dated 17 March 2020)

As evident from the table above, out of 42.87 lakh works taken up during 2014-19 only 5.98 lakh (14 *per cent*) works were completed till March 2020. Audit observed that in comparison to total works taken up in all the 38 districts, six districts[57] completed 20 to 29 *per cent* works and seven districts[58] completed six

[56] *Afforestation, land development, Road Connectivity, Rural Sanitation, Water Conservation, Construction of houses, improving land productivity etc.*

[57] *Buxar, Gopalganj, Jehanabad, Kishanganj, Nawada and Sheikhpura*

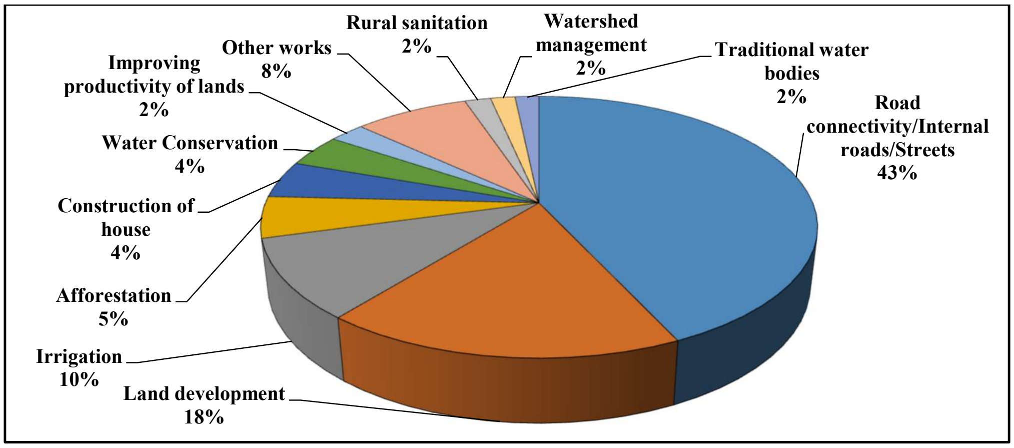
[58] *Banka, Darbhanga, Khagaria, Madhepura, Muzaffarpur, Patna and Saharsa*

to 10 *per cent* works whereas remaining districts completed 10 to 18 *per cent* works.

Works related to creation of rural infrastructure (Category D) were given top priority in terms of expenditure while less than one *per cent* expenditure was incurred on category C works[59]. The Act accorded Rural connectivity the lowest priority in the list of permissible works. However, such works were given the highest priority with 43 *per cent* expenditure on all works.

Audit further observed that seven out of 38 Districts of the State were identified as under irrigation deprived category but in these Districts also, the work related to road connectivity was given the top priority with expenditure ranging between 27 *per cent* and 78 *per cent*. The rate of completion of works was also low and ranged between 32 *per cent* (2014-15) and two *per cent* (2018-19) and it was below five *per cent* in three out of five years during 2014-19. The percentage of expenditure on various sub-categories of works is depicted in **Chart- 2.2.2** below:

Chart-2.2.2
Sub-category wise expenditure on works during 2014-19



In order to strengthen the livelihood resource base of the rural poor it was desirable to put adequate emphasis on creation of individual assets[60] (category B work) especially for the beneficiaries[61] included in paragraph 5 of Schedule-I of the Act. However, only eight *per cent* of total expenditure was incurred on creation of individual assets for this category of beneficiaries.

During 2014-19, 61,090 to 4,02,944 new works were taken up in the State despite 45,540 to 3,25,520 works remaining incomplete for more than one fiscal year, as of March 2019. Land dispute at sites and shortage of funds for materials were reasons discerned in audit.

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59 *Work for promoting agricultural productivity by creating durable infrastructure required for bio-fertilizer, storage facilities for agriculture produce etc.*

60 *Improving productivity of land by irrigation, improving livelihoods through plantation, sericulture, development of fallow land, creation of infrastructure for livestock etc.*

61 *SC, ST, nomadic/denotified tribes, BPL family and other vulnerable group HHs.*

In the test-checked GPs, out of total 17,404 works taken up, 11,310 works (65 *per cent*) remained incomplete for one to five years during 2014-19 which included 6,869 works (61 *per cent*) not started as shown below:

Table-2.2.6
Status of execution of works in test-checked GPs

Year	No. of works taken up	No. of works completed	Expenditure on completed work (₹ in lakh)	No. of incomplete works
2014-15	1,379	336	420.82	1,043
2015-16	4,729	2,128	2,380.72	2,601
2016-17	2,197	904	1,714.46	1,293
2017-18	3,745	1,223	1,371.86	2,522
2018-19	5,354	1,503	1,104.41	3,851
Total	**17,404**	**6,094**	**6,992.27**	**11,310**

(Source:NREGASoft)

Further, out of 33,137 works approved in 167 *Gram Sabha* meetings[62], only 2,499 works (eight *per cent*) were taken up for execution during 2014-19 ***(Appendix-2.2.12)***. Delays in payment of cost of materials, shortage of staff at implementing levels, low demand for jobs were some reasons for taking up less number of works.

Further, as per the direction of the Department (March 2018), the works were also executed by seven[63] out of 18 test-checked Panchayat Samitis (PSs) in the year 2018-19. A total number of 353 works were taken up for execution by the PSs and out of that only 31 works (nine *per cent*) were completed while 322 works remained incomplete (no expenditure was incurred in 91 works) ***(Appendix-2.2.13)***.

Thus, due to large number of incomplete works, taking up new works despite incomplete works of previous years, taking of less percentage of works to provide livelihoods for poor, low completion rate of works etc., the intended benefit of creation of assets and providing source of livelihood were partially achieved.

The Department replied (July 2020) that completion of works under PMAY-G depended on process of stages of work executed by beneficiaries. Plantation works were completed in six years of time span. Further, shortage of material funds impacted completion of works related to AWC, Rural Connectivity, Soakpit, Vermi Compost, Cattle shed etc. The reply of the Department was partially correct as difficulties with the implementing agencies viz., delay in payment of cost of materials, land dispute, lack of infrastructures at GP level, work load on PRS due to vacant posts etc. could not be sorted out. Infact 3,13,516 out of 4,20,263 works (75 *per cent*) other than plantation and PMAY-G were incomplete.

62 *GP Hafania (Purnea District) did not produce details of approved works*

63 *Purbi Champaran (Kalyanpur - 62 works), Purnea (Amour - 53 works), Saharsa (Simri Bakhtiyarpur - 9 works), Samastipur (Dalsinghsarai - 4 works and Kalyanpur - 124 works) and Saran (Lahladpur- 10 works and Marhaura - 92 works)*

2.2.8.2 Shortfall in achievement of targets for works

- ***Low coverage of agriculture and related works***

The DPC had to ensure that at least 60 *per cent* of the works to be taken up in a District in terms of cost for creation of productive assets which were directly linked to agriculture and allied activities[64] through development of land, water and trees.

Audit observed that during 2014-19, 38 to 54 *per cent* and six to 59 *per cent* of the total expenditure was incurred on agricultural and related activities in the State and test-checked Districts respectively ***(Appendix-2.2.14)***. Thus, statutory limit of expenditure on creation of agriculture assets was not ensured in cases and the objective to augment income of small/marginal farmers apart from increasing the agriculture productivity of farm land was partially achieved.

The Department replied (July 2020) that due to large number of housing schemes (PMAY-G) taken up under the Scheme, 30 - 40 *per cent* of expenditure was incurred towards PMAY-G and this reduced expenditure on agriculture and allied activities. As there was no limit of expenditure under the Scheme, Department could have addressed this gap and a proposal for revision of Labour Budget can be placed with MoRD any time during the year.

- ***Low achievement of target for works required special focus***

In order to strengthen the livelihoods resource base of the rural poor, the MoRD directed (April 2016) to put adequate emphasis on creation of individual assets viz., construction of Farm Ponds, Vermi/NADEP composting pits, AWCs, IHHL and road side plantation that required special focus. Status of target and achievement at State level for the year 2016-18 is given in below:

Table-2.2.7
Status of focus area works for the period 2016-18 in the State

Focus area works	2016-17			2017-18		
	Target (no.)	Achievement (no.)	Achievement (*per cent*)	Target* (no.)	Achievement (no.)	Achievement (*per cent*)
Farm Ponds	15,000	2,137	14.24	14,764	3,325	22.52
Vermi/NADEP Composting	40,000	49	0.12	33,959	2,966	8.73
AWCs	1,000	0	0	1,971	34	1.72
Road side plantation (in units)	20,000	NA#	-	4,500	NA#	-
IHHL for PMAY-G beneficiaries	2,31,000	9,623	4.17	12,13,886	9,201	0.76

(Source: Budget documents of RDD, GoB) *NA=Not Available*

Note: The State did not set target for the year 2018-19
** Including spillover of 2016-17*
 # Department furnished the data of total plantation instead of road side plantation

It is evident from the table above that achievement against the target of focus area works was very low and ranged between less than one *per cent* and 23 *per cent* during 2016-18 in the State. In test-checked Districts, against the target of

[64] *Development of land of individual/community, plantation, social forestry, compost pit, construction of canal for community, vermi compost structure etc.*

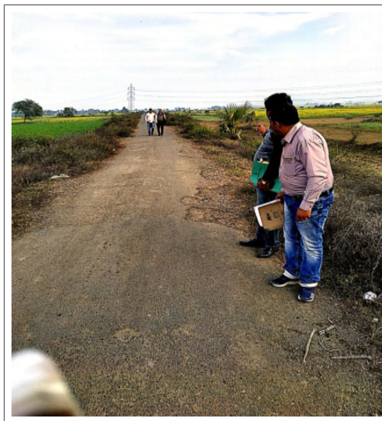
5,29,714 works in aforesaid four areas[65], only 10,082 works (two *per cent*) were completed. It was also seen through reports filed at the panchayat levels, scrutiny of scheme files and joint physical verification in certain cases that against the target of 34,64,000 roadside plants for 2016-18 only 1,99,415 plants (six *per cent*) were planted as of February 2020 ***(Appendix-2.2.15)***. Thus, due to low completion of these works, the intended objective of providing livelihood security of rural poor could not be adequately achieved.

The Department replied (July 2020) that works related to focus areas were material intensive and in case of farm pond due to small land holdings by HHs, target could not be achieved. The reply was not acceptable as the Department did not take steps for convergence to meet the material expenditure of the works from other schemes undertaken by GPs and other line Departments and target for works required small piece of land was also not achieved.

- ***Unfruitful expenditure on failed plantation***

The RDD, GoB fixed (February 2015) the target of plantation of 20,000 plants (100 units) in each GP on community/individual land, schools, river bank, road side land availability of work especially in lean period for generation of more mandays. The target was to be achieved till September 2015.

In the test-checked Blocks (covering 267 GPs), out of 3,516 works of plantation sanctioned in 205 GPs, only 2,521 works were undertaken in 144 GPs. Further, out of 2,521 works (72 *per cent*) undertaken, 595 works (24 *per cent)* were closed mid-way after incurring an expenditure of ₹1.71 crore ***(Appendix-2.2.16)***.

		
No plants found at the site. (Estimated cost- ₹6.35 lakh) (Expenditure- ₹ 2.29 lakh) **Work code: 20221530 (16-17)**_Roadside plantation in Gram Chausandi (GP Bathani) (PS-Bathani, District-Gaya) Date of JPV: 22 January 2020	No plant was found at the work site. (Estimated cost - ₹ 2.17 lakh) (Expenditure- ₹ 0.02 lakh) **Work code-20283584.** Plantation in private land. GP-Didhoura (PS- Tekari, District: Gaya) Date of JPV:17 January 2020	No plant was found at the work site except a working hand pump.. (Estimated cost- ₹ 8.56 lakh), (Expenditure- ₹ 0.21 lakh). **Work code-89007**, Roadside plantation work. GP-Amba (PS-Shahkund, Dist-Bhagalpur) Date of JPV:27 February 2020

Photographs: State of plantations as observed during joint physical verification

Audit further observed that plantation work was not done in 31 out of 54 test-checked GPs while in remaining 23 GPs, 22 *per cent* works were done

[65] *except road side plantation*

during pre-monsoon season (April to June), 44 *per cent* works were done in post-monsoon period and 34 *per cent* plantation works were done in monsoon seasons.

Thus, the purpose of the government's initiative to generate more mandays, providing employment in lean period (rainy season) of the year and protection of environment were severely compromised.

Programme Officers of the test-checked Blocks replied that due to negligence of *Vanposak* (caretaker of plants), widening of road, low water level, negligence of beneficiaries in case of plantation on private land, flood etc., plants got damaged and therefore works were closed mid-way. The reply itself indicated that there was lack of supervision and monitoring by the Scheme functionaries over plantation works and steps were not taken to remove the difficulties in plantation works. Audit observed that *Vanposaks* were engaged for eight days in a month and they also did not get timely payment of wages and therefore, they did not take interest in protecting the plants.

- ***Low expenditure on works related to NRM***

As per the Act, works related to water conservation were given the top priority in the list of permissible works. The MoRD issued (September 2016) guidelines to give priority to the works related to water conservation to create additional irrigation potential and made it mandatory that at least 65 *per cent* of the total expenditure to be incurred on NRM works in Mission Water Conservation (MWC) Blocks.

In the State, 100 Blocks of seven Districts were identified by MoRD as under irrigation deprived category and declared as MWC Blocks. The status of percentage of expenditure on NRM works are given below:

Table-2.2.8
Expenditure on NRM Works

Year	Expenditure on total works (₹ in lakh)	Total NRM works	Expenditure on NRM works (₹ in lakh)	Percentage of expenditure on NRM works	No. of Blocks with expenditure on NRM works (in percentage)		
					More than 65	between 50-65	Less than 50
2017-18	56,580.95	36,595	29,548.18	52	23	24	53
2018-19	86,284.85	53,263	42,160.55	49	18	17	65

(Source: MGNREGA website)

As evident from the table above, expenditure incurred on NRM works in the MWC Blocks was below the mandatory limit of 65 *per cent.* Thus, objective to create additional source of irrigation facilities in the MWC Blocks was partially fulfilled. The Department replied that the works related to NRM viz., plantation, check-dam construction etc., were material intensive and due to pendency of liabilities of materials, vendors were unwilling to offer credit. The reply was not acceptable fully as the Department did not take steps for convergence of NRM works with the works of Agriculture/Irrigation Departments (Integrated Watershed Management Programme) and no integrated planning was prepared to meet the material expenditure from other schemes in the block.

- ***Creation of non-durable assets/execution of inadmissible works***

Scheme guidelines provided for creation of good quality assets and ensure its durability to enhance livelihoods security of the rural poor and also creation of substantial rural infrastructure. Audit observed the following discrepancies:

- In 11 test-checked GPs, 267 works of earth filling in residence of individual HHs were executed with an expenditure of ₹ 14.51 crore during 2017-19. These works neither improved productivity of land nor were source of livelihood for the poor.
- In 35 test-checked GPs/PS, 228 works related to earthen roads involving expenditure of ₹ 5.47 crore were executed during 2014-19 ***(Appendix-2.2.17)*** which defeated the objective of creation of durable assets under the Scheme as construction of only earthen roads was not permissible under the Scheme.
- In four test-checked GPs, 15 works related to construction of bathing *ghats* and re-excavation of ponds on private land were executed with an expenditure of ₹ 81.85 lakh during 2014-19 though the same was not permissible under the Scheme.

		
Earth Filling in residence. (Nitish Nagar Ward no-03 *Mitti bharai in house at Mahadalit tola*) 0523012001/LD/20249884 (Estimated cost:₹ 3.10 lakh, Expenditure- ₹ 3.05 lakh) (GP-Akamba, PS-Jalalgarh, District: Purnea) Date of JPV:20 February 2020	The scheme was of renovation (UDAHI) of old pond. 2017-18, Construction of pond in private land (Manowar Alam) (Estimated cost: ₹ 1.09 lakh, Expenditure- ₹ 0.74 lakh) GP Southa (PS-Jalalgarh, District-Purnea) Date of JPV: 19 February 2020	The scheme was of renovation (UDAHI) of old pond. 2017-18, Construction of pond in private land (Md. Nair Alam) (Estimated cost:₹ 0.85 lakh, Expenditure- ₹ 0.75 lakh) (GP- Southa, PS-Jalalgarh, District-Purnea) Date of JPV: 19 February 2020

Photographs: Inadmissible works as seen during joint physical verification

Expenditure incurred on these inadmissible works stands recoverable from the beneficiaries concerned and also from the scheme functionaries responsible for execution of these works.

Test-checked units replied that works were executed as these were approved by the *Gram Sabha*. The reply was not acceptable as the Programme Officer and the DPC had to ensure that only permissible works were included in Annual Action Plan approved by the *Gram Sabha*.

- ***Geo-tagging of assets created under the Scheme***

The MoRD had institutionalised (March 2017) Geographic Information System (GIS) based Geo-MGNREGA with objective to improve transparency, accountability and to enhance visibility of the Scheme and started implementation of GIS for systematic creation of database of assets under the Scheme using technological interventions like mobile based geo-tagging. The BHUWAN geo portal of National Remote System Centre (NRSC) was customised for the purpose wherein location of each created asset was to be geo-tagged along with two photographs.

As per MoRD guidelines, geo-tagging of all completed assets was to be done mandatorily in phases within 30 days of its completion with effect from April 2017. Further, works completed since inception (from 2006-07) of the Scheme were also to be geo-tagged (Phase-I). The Department directed (April 2019) to complete the geo tagging of hundred *per cent* completed works up to 2018-19 till 15 June 2019.

The PRS at GP level was the MGNREGA Spatial Enumerator (MSE) who was to geo-tag the location and take photographs of the worksite of the assets. The data shared by MSE was required to be validated and moderated by Programme Officer at Block level within 48 hours and moderated data was to be pushed to BHUWAN Web GIS from where it was displayed on *Bhuwan* App. Under phase-II (from November 2017), geo-tagging of work was to be done in three stages i.e., before start of the work, during the work (after incurring expenditure of 30 to 60 *per cent* of estimated cost of works) and after completion of work.

As per data reflected on *Bhuwan* App, out of 8,83,165 assets created under the Scheme in phase-I, 8,21,721 assets (93 *per cent*) and out of total 5,57,505 works in phase-II 4,51,998 works (81 *per cent*) were geo-tagged in the State till May 2020. Further, there was difference between data shown on *Bhuwan* App and NREGASoft as detailed in **Table-2.2.9** and **2.2.10** below:

Table-2.2.9

Status of Geo-tagging phase-I (since inception of the Scheme)

<table>
<tr><th colspan="2">Bhuwan App</th><th colspan="2">NREGASoft</th></tr>
<tr><td>Assets created</td><td>8,83,165</td><td>Assets Created</td><td>8,80,095</td></tr>
<tr><td>Geo tagged</td><td>8,21,721</td><td>Geo Tagged</td><td>8,04,341</td></tr>
<tr><td>Yet to geotag</td><td>58,359</td><td rowspan="4">Pending for Geo Tag</td><td rowspan="4">75,754</td></tr>
<tr><td>Yet to moderate</td><td>1,004</td></tr>
<tr><td>Not geo taggable</td><td>1,524</td></tr>
<tr><td>Rejected</td><td>557</td></tr>
</table>

(Source: MGNREGA website)

Table-2.2.10

Status of Geo-tagging phase-II

<table>
<tr><th colspan="4">Bhuwan App</th><th colspan="4">NREGASoft</th></tr>
<tr><th>Particulars</th><th>Before</th><th>During</th><th>After</th><th>Particulars</th><th>Stage-I</th><th>Stage-II</th><th>Stage-III</th></tr>
<tr><td>Total works</td><td>5,57,505</td><td>2,66,871</td><td>43,537</td><td>Total works</td><td>1,93,523</td><td>1,90,599</td><td>24,136</td></tr>
<tr><td>Yet to geo tag</td><td>97,662</td><td>88,183</td><td>15,616</td><td>Shared but not Geo-tagged</td><td>1,03,759</td><td>82,303</td><td>0</td></tr>
<tr><td>Geo tagged accepted</td><td>4,51,998</td><td>1,76,595</td><td>26,984</td><td>Geo-tagged</td><td>89,738</td><td>1,08,296</td><td>24,136</td></tr>
<tr><td>Rejected</td><td>3,423</td><td>849</td><td>60</td><td rowspan="3">Pending for shared</td><td rowspan="3">26</td><td rowspan="3">0</td><td rowspan="3">0</td></tr>
<tr><td>Yet to moderate</td><td>4,422</td><td>1,244</td><td>319</td></tr>
<tr><td>Not geo-taggable</td><td></td><td></td><td>558</td></tr>
</table>

(Source: MGNREGA website)

Thus, as indicated in **Table-2.2.10** above 1,03,785 works[66] were shared but not geo-tagged and therefore execution of these works (under phase-II) could not be started as no expenditure was possible without geo-tagging the work. It was also observed that in 18 test-checked blocks 1,507 works were shown physically completed but these works were not geo-tagged due to liability of material payment. Further, necessary infrastructure such as mobile system with internet facilities was not provided to PRSs for geo-tagging and moderation was pending at Programme Officer level.

The Department replied (July 2020) that the reason for difference in data between *Bhuwan* App and NREGASoft was due to software and synchronisation issues between them. Further, the Department accepted pending moderation of geo-tagged assets shared by PRS at Programme Officer level and stated that instruction had been issued to remove the discrepancies and computer tablet would be provided to PRS for geo-tagging.

2.2.8.3 Irregularities in the execution of works

Scrutiny of scheme files, Annual Plan and data available on MGNREGA website revealed the following deficiencies in the execution of works:

- ***Execution of works without recommendation of Gram Sabha***

The Scheme guidelines provided that works included in the Annual Plan on recommendation by *Gram Sabha* were to be taken up. However, audit observed that in 12 test-checked GPs, 111 works involving ₹ 1.49 crore were executed without being included in approved Annual Plan ***(Appendix-2.2.18)***. PRS of the test-checked GPs replied that in the light of the direction of the Department and district level authorities some new types of works were taken up. This was in gross violation of the Act as it violated the principle of participatory planning.

- ***Non- execution of works***

The Act provided that an adequate shelf of works was approved and made available in every GP at all times to meet the demand for works of the job seekers and works were to be available on continuous basis. However, it was noticed that in the State, works were not executed in four (2017-18) to 1,030 GPs (2015-16) during 2014-18.

Audit observed that in 12 test-checked GPs[67], no works were executed for one to four years despite approval of 22 to 636 works by respective *Gram Sabha* during 2014-19. Further, in 21 test-checked GPs, no mandays were generated for one to two years during 2014-19 ***(Appendix-2.2.19)***. Non-execution of work in the GPs defeated the primary objective of providing employment under the Scheme. The Department replied (July 2020) that 2014-16 was the transition phase in term of fund disbursement as e-FMS/PFMS was rolled out in the State

[66] *As per NREGASoft 1,03,785 (1,03,759 +26) works in Stage-I could not be Geo-tagged*

[67] *Akbarpur Barari-593, Bambaiya Harlal-115, Gorai-798, Harnadh-409, Ismailpur West Bhitta-78, Jamalnagar-109, Kharsand West-580, Korari-468, Papraur-89, Punpun-118, Sardiha-651, Sarouja-374 (Total 4,382 works).*

during February-March 2015 and prior to that fund flow was not very smooth and huge sum of arrears was pending and that was the reason for nil expenditure. The reply of the Department is only partially acceptable as in eight out of 12 GPs despite approval of 2,994 works during 2017-19, no works were executed. Further, the Department had to ensure availability of funds for implementation of the Scheme and creation of employment opportunity.

- ***Non-provision of adequate worksite facilities to MGNREGA workers***

The Act provided that MGNREGA workers were entitled to get worksite facilities like safe drinking water, crèche, shade and first aid box at worksite. However, in 40 out of 54 test-checked GPs, worksite facilities were not provided while in 14 GPs the facilities like crèche, shade, first aid box etc., were partially provided. Test-checked GPs did not furnish reply as to why worksite facilities were not provided or provided partly.

- ***Non-preparation of Schedule of Rate (SoR) for MGNREGS works***

The guidelines provided that a separate SoR was to be devised for the works under the Scheme as the SoR based on contractor-led and machine based system was not appropriate for the works to be done manually. The SoR for MGNREGS works was to be based on Work Time and Motion Study to be done by an expert agency. The GoB, however, intimated MoRD that the Study would be completed till March 2018 but the Study could not be completed and a separate SoR could not be devised for works under MGNREGS as of July 2020 and SoR for Building Construction Department of the State was still being followed.

The Department stated (June 2020) that the SoR for works under MGNREGS would be revised on the basis of works Time and Motion Study done by Birla Institute of Technology (BIT) Patna, the study had been completed and it would be implemented after approval by the competent authority. BIT Patna had recommended 65 CFT and 57 CFT of works to be done by the MGNREGA labourers instead of present 80 CFT and 68 CFT for man and woman respectively which indicated that excess quantity of works was being done by MGNREGS workers and this also resulted in less creation of mandays in the State.

- ***Wage and material ratio not maintained***

The Scheme guidelines provided that the ratio of wage costs to material costs should be no less than the minimum norm of 60:40. The 60:40 ratios of wage and material costs should be maintained at District level. But, the mandatory wage and material ratio was not maintained in five test-checked Districts[68] for one to three years during 2014-19. On this being pointed out by audit, Additional District Programme Coordinator (ADPC) Begusarai replied that there was not much scope for *kutchh*a work in the district as Begusarai was an industrial area, while ADPC Samastipur replied that the ratio was maintained from the year 2015-16 onwards. The reply furnished by ADPC Begusarai was not acceptable

[68] *Begusarai (2016-17, 2017-18, 2018-19), Bhagalpur (2014-15, 2017-18, 2018-19), Purnea (2014-15, 2018-19), Samastipur (2014-15) and Saran (2014-15, 2016-17, 2017-18)*

as only eight *per cent* of the total works approved by Gram Sabha and reflected in annual plans were executed and the DPC did not ensure adherence of 60:40 between wage cost and material cost in the works executed uner the scheme at District level. While Bhagalpur, Purnea and Saran did not furnish any reply.

- ***Deployment of Tractors in works***

As per the directives issued by the Department (June 2010) order of deployment of tractor was to be issued with date by the Programme Officer concerned with a certificate that use of tractor in work is not leading to wage displacement. But, in 14 test-checked GPs[69], earth filling in road and residence was done using tractors in 84 works involving ₹ 1.04 crore without certifying the need for use of tractor by the Programme Officer. Test-checked units replied that as the Programme Officer accorded the administrative approval of work, separate certification of engagement of tractor in MGNREGS works was not required. The reply was not acceptable as the Programme Officer, after assessing site requirement, was required to issue a specific order regarding deployment of tractors.

- ***Unfruitful expenditure on abandoned works***

In 13 test-checked GPs[70], *Gram Sabha* approved 62 works relating to earth work with soling and PCC for construction of road (2014-19). But the executing agencies completed only earth filling work involving expenditure of ₹ 1.43 crore.The remaining portion of the works were left incomplete and abandoned since May 2015 to February 2019. It resulted in unfruitful expenditure of ₹ 1.43 crore as the intended objective of works could not be achieved. Details have been given below:

Table-2.2.11

Unfruitful expenditure on abandoned works

Year	No. of works	Estimated Cost (₹ in lakh)	Expenditure (₹ in lakh)	Period since abandoned
2014-15	7	40.83	13.29	May to December 2015
2015-16	19	11.31	63.02	January 2016 to February 2019
2016-17	13	80.38	24.98	December 2016 to February 2019
2017-18	19	106.45	35.37	May 2017 to August 2019
2018-19	4	21.38	6.35	May 2018
Total	**62**	**260.35**	**143.01**	

(Source: NREGASoft)

PRSs of test-checked GPs replied that due to flood[71], non-payment of materials etc., works could not be completed. The reply of the GPs that works were abandoned due to floods were not a valid reply as the works were closed (May –June 2018) midway prior to onset of monsoon. Further, the Department also failed to ensure timely payment of cost of materials.

69 *Akamba- 1, Bakainia- 1, Banpura- 2, Belchi- 2, Bhawanipur- 1, Bhualpur- 6, Hafaniya-1, Maharas- 5, Mahkar- 1, Nij Gehuanwa-1 , Olahanpur-1, Rasalpur-25, Sardiha-13, Sarouja-24 (Total 84 works).*

70 *Akauna-4, Amba-16, Bhawanipur-2, Didhora-3, Jamalnagar-2, Kamlakund-2, Maharas-1, Makhar-3, Narayanpur Laxmipur-2, Olhanpur-9, Punpun-7, Rasalpur-6, Sardiha-5*

71 *G.P Narayanpur Laxmipur and Kamlakund*

- ***Payment only on material/without bills***

In 65 Blocks of five test-checked Districts, the expenditure of ₹ 5.57 crore was incurred on account of procurement of materials (in 1,004 works[72]) but no expenditure was incurred on payment of wages/on generating mandays. Audit scrutiny of details of 89 works of 31 Blocks on MIS revealed that MRs were not issued in 55 works, MRs were issued but the same were deleted later in five works while in 29 works, MRs were shown with zero attendance but, a total sum of ₹ 1.51 crore shown incurred on procurement of materials[73] for execution of these works. Therefore, in 84 works[74] materials worth ₹ 1.44 crore were procured but no manpower was deployed while in five works, wage payment was not done to the labourers concerned.

Test-checked Shahkund Block replied that in eight works, MRs were issued but payment could not be made to the workers due to non-availability of their bank accounts, however, payment shown on MIS was the cost of plants paid to the vendor. It was also stated that supplied plants were destroyed due to non-supply of gabion to protect the plants. The DRDA, Bhagalpur replied that due to rejection of FTOs related to wage payment and missing of entries of expenditure, labour payment was not shown on MIS. Reply of the DRDA was not acceptable as MIS data revealed that muster rolls were not issued in 12 test-checked works while reply of the Programme Officer, Shahkund itself stated that proper monitoring on execution of work was not done. Replies of the Department and four test-checked Districts were awaited.

In 12 units of plantation work in GP Gorai, payment for material involving ₹ 10.74 lakh was made without obtaining bills from the vendor. Scrutiny of scheme files and its physical verification further disclosed that 50 *per cent* plants were not available at worksite and hence payment to *Vanposak* was discontinued for the last 10 months and also payment of ₹ 3.21 lakh was done in excess to measurement of works as per Measurement Book (MB). Further, payment was made without verification of bills by the PRS and *Mukhia* and at Block level, fake details of bills were entered in NREGASoft. The PRS Gorai replied (December 2019) that payment was made to the supplier by the Block and he had no information about the payment made and the Programme Officer of the concerned Block also accepted replies of the PRS.

Thus, not only irregular payment of ₹ 10.74 lakh was made to the vendor but also risk of suspected fraud cannot be ruled out due to payment without the bills and non-availability of 50 *per cent* of plants.

2.2.8.4 Irregularities in Muster Roll

The Scheme guidelines provided that recording of attendance of labourers engaged in a work every day by PRS or Mate in prescribed Muster roll was

[72] *Bhagalpur- 97 works (₹ 0.63 crore), Gaya- 154 works (₹ 1.42 crore), Samastipur-83 works (₹ 0.21 crore), Purnea- 528 works (₹ 1.58 crore) and Saran-142 works (₹ 1.73 crore)*

[73] *Bricks, Cement, Iron, stone chips, sand, plants, notice board etc.*

[74] *55 works (₹ 95.81 lakh) + 29 works(₹ 48.42 lakh)*

compulsory. Muster Rolls were to be issued and authorised by Programme Officer and a record of MR to be maintained at PS and GP levels. In test-checked units, audit noticed instances of MRs issued were not authenticated by Programme Officer (involving ₹ 24.47 lakh), filled MRs were rejected by Programme Officer (₹ 0.70 lakh), payment on blank MRs (₹ 4.54 lakh) and cutting and overwriting on MRs (₹ 0.85 lakh), payment of ₹ 6.19 lakh to 296 labourers for 3,501 days without taking signature/thumb impression of labourers etc. ***(Appendix-2.2.20)***. Further, MR issue register at Block level and MR receipt register at GPs level were not maintained in test-checked units. Thus, MRs were not maintained in these cases at worksite and possibility of misappropriation of funds could not be ruled out.

2.2.9 Objective-3: *Whether adequate capacity building measures were taken at different levels by the GoB for implementation of the Scheme.*

As per the Act, the GoB was mandated to make available necessary staff and technical support to the DPC and the Programme Officer for effective implementation of the Scheme. The status of capacity building and infrastructural facilities at the Scheme implementing units have been discussed below:

2.2.9.1 Shortage of manpower

The details of sanctioned posts, men-in-position and vacancy in key posts for implementation of the Scheme in various cadres at State and test-checked Districts levels are depicted below:

Table- 2.2.12
Sanctioned posts and Men-in-position (MIP) (July 2020)

Type of posts	State Level				Test-checked District level			
	Sanctioned post	MIP*	Vacant posts	Vacancy (*per cent*)	Sanctioned posts	MIP	Vacant posts	Vacancy (*per cent*)
Programme Officer	640	464	176	28	193	137	56	29
Accountant	534	299	235	44	172	98	74	43
Computer Operator/ Executive Assistant	534	113	421#	79	175	114	61	35
Panchayat Rozgar Sewak	8,886	5,642	3,244	37	2,752	1,821	931	34
Executive Engineer	38	23	15	39	9	7	2	22
Assistant Engineer	64	36	28	44	17	08	09	53
Junior Engineer (JE)	846	606	240	28	259	184	75	29
Panchayat Technical Assistant	2,218	814	1,404	63	661	303	358	54
Total	**13,760**	**7,997**	**5,763**	**42**	**4,238**	**2,672**	**1,566**	**37**

(Source: Information furnished by the Department and sampled Districts) ***(Appendix-2.2.21)***
 # outsourced staff

There were an overall 37 *per cent* and 42 *per cent* shortage of staff in various cadres in test-checked Districts and at the State level respectively. The Panchayat Rozgar Sewak was the only government staff to assist GP in implementation of the Scheme while Programme Officer was responsible for implementation and supervision of the Scheme at Block level. But, overall 37 *per cent* and 34 *per cent* posts of Panchayat Rozgar Sewak and 28 *per cent* and 29 *per cent* of posts of Programme Officers were vacant at the State and test-checked Districts levels respectively. The Panchayat Technical Assistant and the Junior Engineer were the technical staff to record measurement[75] of works at GP level but overall 63 *per cent* posts of Panchayat Technical Assistant and 28 *per cent* posts of Junior Engineer were vacant in the State. Audit further observed that vacancies were existed since long and 38 to 41 *per cent* posts were vacant during the period 2014-19. As a result, the Scheme functionaries were assigned additional charge of GPs and Blocks which impeded the progress in implementation of the Scheme.

The MoRD issued (January 2016) directives for appointment of a Bare Foot Technician (BFT) belonging to Households of MGNREGA workers to prepare estimate for work, monitor work execution, record measurement, conduct technical survey etc., after imparting them training in civil works. However, 841 BFTs were deployed (during June 2017 to February 2019) at Blocks against the requirement of 1,081 BFTs in the State.

The Scheme guidelines provided that a Mate was required for each work-site for specified works[76] and his selection was to be done with approval of the *Gram Sabha*. However, Mates were appointed only in 12[77] out of 37 GPs by *Mukhia* and residents nearby the worksites but not through *Gram Sabha*.

Thus, adequate manpower at all levels, a pre-requisite for effective implementation of the Scheme, was not appointed by the GoB. The Department replied (July 2020) that recruitment process to fill up the vacant posts is in progress and appointment would be completed in 2020-21. The reply of the Department was not satisfactory as these posts were vacant since long and no effective step was taken to fill up the vacancies during 2014-19.

2.2.9.2 Lack of infrastructure at GP level

The GP was the pivotal body for planning and implementation of the Scheme. The important activities of GPs were (i) registering HHs (ii) issuing job cards (iii) receiving application for work and allocating works (iv) assess demand for work (v) maintaining accounts and records etc. PRSs were assigned the duty to assist GPs in performing all these works and they had to perform these works on GP data entry page by using NREGASoft.

Audit observed that the test-checked GPs lacked necessary infrastructures viz., office buildings, computers, internet connections etc.

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[75] *One PTA for five GPs while one to two JE for each Block*

[76] *Initial measurement, make available the worksite facilities, create awareness among labourers about their rights and entitlements of MGNREGS etc*

[77] *Belthu, Harnadh, Ismailpur West Bihta, Kamlakund, Narayanpur Luxmipur (Bhagalpur); Bakainia, Bhawanipur (Purnea); Maharas, Makhar, Rasalpur, Sarauja Sardiha, (Saharsa)*

	
GP Korari under PS Belchhi (Patna)- An expenditure of ₹ 6.58 lakh was incurred up to November 2019 on the construction of MGNREGA Bhawan.The Bhawan was found complete but painting work was not done. Presently the Bhawan was not being used by the GP as office	**GP Olhanpur under PS Marhaura (Saran)**- At present this building is used for commercial purposes. MGNREGA Office is not running in this building. Estimated cost - ₹ 10 lakh, expenditure- ₹ 7.867 lakh

Photographs: Status of functioning of some buildings constructed out of scheme funds as seen during joint physical verification

As a result, PRS had to visit Block office frequently for works[78] including submission of filled-in MRs and measurement of works for data entry which was time consuming and led to delay in generation of wage list, delay in generation of FTOs and also affected the completion of works. The Department replied (July 2020) that Mobile Monitoring System has been introduced recently and it had been planned to provide computer tablets to PRSs to perform works related to fill up the attendance of workers in MR, geo-tagging of assets and for other assigned works.

- ***Low achievement of target for construction of MGNREGA Bhawans***

The Scheme guidelines provided construction of *Bharat Nirman Rajiv Gandhi Sewa Kendra* (MGNREGA *Bhawans*) as Knowledge Resource Centre at the Block and GP levels to provide space for greater and more transparent interaction with citizens. The Department decided (October 2010) to construct MGNREGA *Bhawan* in every GP and Block and make them functional from April-May 2016.

In the test-checked nine Districts, against the target[79] of 2,859 MGNREGA *Bhawans* to be constructed at GPs and Blocks levels[80], 1,977 MGNREGA *Bhawans* (69 *per cent*) were sanctioned for construction but only 240 *Bhawans* (12 *per cent*) were completed ***(Appendix-2.2.22)***.

[78] *Placing demand for work, receiving of e-muster roll, generation of wage list, generation of FTO.*

[79] *Total GPs and Blocks of test-checked Districts*

[80] *GPs-2,687 and Blocks -172*

	
PS Punpun (Patna)- Against the estimated cost of ₹ 31.23 lakh expenditure of ₹ 9.15 lakh was incurred up to October 2014 on construction of MGNREGA Bhawan, but only plinth work was done and work was left (September 2019).	**P.S Belchhi (Patna)**- Against Estimated Cost of ₹ 31.23 lakh, Expenditure of ₹ 10 lakh was incurred on construction of MGNREGA Bhawan, but work was left (November 2019).

Photographs: Status of functioning of some buildings constructed out of scheme funds as seen during joint physical verification

The construction works were taken up during the year 2014-18 and were to be completed within four to six months but 88 *per cent* works were incomplete till February 2020 despite revision of estimate (May 2018) by the Department. Thus, the objective to create Knowledge Resource Centre at Block and GP levels for interaction with the citizen was partially achieved. The Department replied (July 2020) that non-availability of appropriate land, land dispute, delays in payment of cost of materials, etc., were the reasons for non-completion of MGNREGA *Bhawans*. The reply of the Department was not acceptable as it failed to monitor the progress of works and difficulties in execution of works were not removed by meeting the material cost from convergence with other schemes.

2.2.10 Objective-4: *Whether funds were released, accounted for and utilised in compliance with the provisions of the Scheme.*

2.2.10.1 Preparation of Annual Plan and Labour Budget

Preparation of Labour Budget was an essential annual work plan document which entailed planning, approval, funding, and project execution modalities. The matching of demand and supply of work was the process of planning and this was to be achieved through preparation of Labour Budget. The DPC had to prepare Annual Plan for the next financial year containing the details of the anticipated demand for unskilled manual work in the District. This was to be prepared by including (i) anticipated quantum and timing of demand for work (ii) Shelf of projects[81] to meet the demand for job.

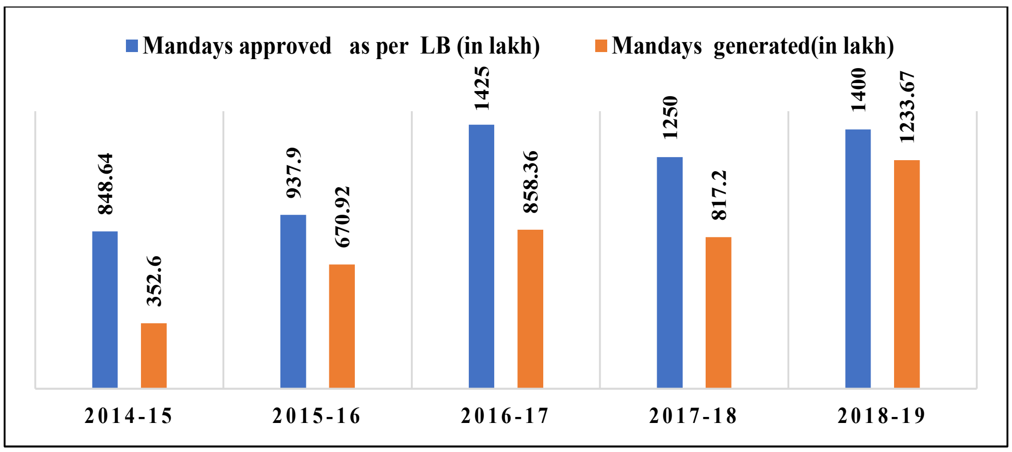
In order to assess the quantum and timing of demand for employment, a baseline survey of HHs was to be conducted for a five year period by trained personnel in

[81] *Project means any work taken up under a Scheme for the purpose of providing employment to the applicants.*

every GP with special focus on vulnerable HHs for formulation of Perspective Plan and Labour Budget. Besides a systematic participatory planning exercise at each tier of panchayats was to be taken every year in time bound manner[82] and all works to be executed by the GP were to be identified and discussed in the Gram Sabha for prioritisation and approval. The GP had to submit Labour Budget with approved Annual Plan to the Programme Officer and after scrutiny, the Programme Officer had to place consolidated plan of GPs before the PS for approval and thereafter submit the Block development plan to the District Panchayat. The DPC had to consolidate the Block plans and place it before District Panchayat for approval. After approval, the Labour Budget was to be communicated to GPs for MIS entries and aggregated at District levels for submission to the GoI.

Scrutiny of Labour Budget, MIS data and minutes of the Empowered Committee meetings at MoRD level disclosed that only 3,932.75 lakh mandays (67 *per cent*) were generated against approved 5,861.54 lakh mandays (as per agreed to Labour Budget of the State) for the period 2014-19 as detailed in **Chart-2.2.3** below:

Chart-2.2.3
Approved vis-à-vis generated mandays during 2014-19



(Source: Labour Budget, MIS data as of 28 January 2020 and minutes of Empowered Committee Meeting)
 # Labour Budget was revised from 1,400 lakh to 1,250 lakh in the year 2017-18 and from 900 lakh to 1,400 lakh in the year 2018-19.

As evident from **Chart-2.2.3** above, there were wide gaps between mandays approved as per agreed to Labour Budget and mandays actually generated ranged between 58 *per cent* (2014-15) and 12 *per cent (*2018-19) during 2014-19.

The Department replied (June 2020) that the reasons for low generation of mandays were mainly the low wage rate under the Scheme as compared to labour

[82] *Approval of GP Annual Plan-15 August (2014-15 to 2015-16), 9 to 11 February (2016-17), 2 October to 30 November (2017-18 to 2018-19); Approval of Block Annual Plan-2 October (2014-15 to 2015-16), 16 February (2016-17), 20 December (2017-18 to 2018-19); Approval of District Plan- 1 December (2014-15 to 2015-16), 29 February (2016-17), 31 January (2017-18 to 2018-19); Submission of Labour Budget to GoI-31 January (2014-15 to 2015-16), 10 March (2016-17), 15 February (2017-18 to 2018-19).*

department rates for agriculture labour, non-revision of SoR for MGNREGS works, non-receipt of adequate and timely funds from Central Government, exhaustion of mother sanction (large spell of 2-3 months when wage payment was halted due to exhaustion of mother sanction), three election in the State, flood etc. However, audit observed the following discrepancies in planning of the Scheme that led to wide gap between approved mandays and mandays actually generated.

- ***Non-assessment of quantum and timing of demand for work***

Door to door survey of the HHs to assess the quantum and timing of demand for job was not conducted by any of the test-checked GPs in 2015-16 and 2017-19. However, survey of HHs was conducted in the year 2014-15 and 2016-17 under *Hamari Gaon Hamari Yojana*[83] under Integrated Participatory Planning Exercise (IPPE-I) and IPPE-II respectively but survey data was not compiled properly and not utilised for preparation of Annual Plan.

Test-checked GPs prepared only a shelf of works for the next financial year and did not assess quantum and timing of demand for works for Labour Budget with expected outcome of the works as stipulated in the Scheme guidelines. The Department replied that steps would be taken to strengthen door to door survey of HHs to assess the demand for work and timing of works from GP level, however, from the year 2019-20 data collected under Mission *Antyodaya* was being utilised for MGNREGA.

- ***Non-fulfilment of quorum for Gram Sabha meeting***

The BPRA, 2006 provided that quorum of *Gram Sabha* meeting was to be fulfilled with 20th part of the total members (five *per cent*) of the *Gram Sabha*. The Bihar *Gram Sabha* Rules and directives (December 2015) of the Department provides that public representative of higher tiers of Panchayats, Government's functionaries at Blocks and Districts levels etc., were to be invited to participate in *Gram Sabha* meeting.

It was observed that out of total 270[84] *Gram Sabha* meetings to be held for approval of the Annual Plan in the test-checked GPs for the period 2014-19, proceeding registers of only 168 *Gram Sabha* meetings were produced to audit and out of that quorum of meeting was not fulfilled in 140 meetings (83 *per cent*) ***(Appendix-2.2.23)***. In the test-checked GPs, neither Government's functionaries at Blocks and Districts levels nor public representatives of higher tiers of Panchayats (nor their representatives) participated *Gram Sabha* meetings during 2014-19. Thus, participation of members of *Gram Sabha* in finalisation of plan, as intended in the BPRA and the Act and participatory role of various stakeholders in development of the panchayats could not be ensured.

The PRS of the test-checked GPs replied that villagers did not participate in *Gram Sabha* meetings even after being intimated to participate in the meeting.

[83] *A bottom up approach formulated with the objective to ensure public participation in decision making and approval of development works in the Gram Sabha*

[84] *270 meetings = 54 GPs X 5 years (2014-15 to 2018-19)*

Intimation given to the members of Gram Sabha was not verifiable in audit and also IEC activities[85] to make the workers aware about the provisions of the Scheme were not organised in any of the test-checked GPs.

2.2.10.2 Lack of implementation of Convergence Plan

The Scheme guidelines provided that creation of durable assets and securing livelihoods of rural HHs under the Scheme were to be achieved through convergence of MGNREGS with other schemes of panchayats and line Departments. The convergence at both the intra-departmental and inter-departmental level was to be encouraged to achieve the intended objectives.

The GoB framed a road map for Convergence in the year 2014-15 wherein it was provided that the works viz., construction of *Anganwadi* Centres (AWCs), Individual Household Latrines (IHHL) for IAY/PMAY-G beneficiaries, irrigation facilities, plantation, construction of ponds etc., were to be done in convergence with respective line Departments. Further, as per MoRD directives, road construction under *Pradhan Mantri Gram Sadak Yojana* (PMGSY), construction of houses under PMAY-G were also to be executed in convergence with MGNREGS.

Audit observed that none of the test-checked GPs received plans from other line departments for inclusion in GP's Annual Plan for the works to be executed in convergence with the Scheme and only works related to construction of houses for IAY/PMAY-G beneficiaries and construction of AWCs were taken up for execution by the test-checked GPs under convergence with the respective line Departments while the convergence with works under *Mukhymantri Nali-Gali Yojana*, Construction of roads from Fifth State Finance Commission, Forest Department, Agriculture Department etc., was not done. Audit observed following deficiencies in execution of works under convergence:

- ***Non-utilisation of funds received for construction of Anganwadi Centres***

Construction of AWCs with estimated cost of ₹ 7 lakh[86] was to be done by converging the resources of MGNREGS and Integrated Child Development Scheme (ICDS). Seven test-checked DRDAs[87] received ₹ 8.74 crore[88] from ICDS for construction of 459 AWCs between June 2017 and November 2018 but only 15 AWCs were completed[89] as of March 2020. The DRDAs transferred (January 2018 to September 2019) only ₹ 2.68 crore to Programme Officers after lapse of more than one to two years of release of funds from ICDS. DRDA Saharsa refunded[90] ₹ 1.40 crore to ICDS while balance amount of ₹ 4.91 crore[91] was lying in DRDA account ***(Appendix-2.2.24)*** till March 2020.

[85] *wall painting, door to door visit, display of poster, notice board etc.*
[86] *₹ 5 lakh was to be met from MGNREGS account and ₹ 2 lakh from ICDS*
[87] *Begusarai, Bhagalpur, Purbi Champaran, Purnea, Saharsa, Samastipur and Saran*
[88] *Six Programme Officers of the Bhagalpur district did not accept allotment of ₹ 0.44 crore*
[89] *Details in Appendix-2.2.15*
[90] *The DRDA Saharsa refunded ₹1.40 crore to ICDS on 27 March 2019.*
[91] *₹4.66 crore (balance fund) + ₹ 0.25 crore (interest)*

The Department replied (July 2020) that construction of AWCs is a material intensive work and due to shortage of fund for material component, scheme was not taken up as per target. Availability of land was also an issue which badly affected the progress. Reply of the Department that land was not available, was not acceptable as ICDS released amounts after ensuring the availability of land and land dispute was to be sorted out by the Block and District level functionaries.

- ***Convergence with IAY/PMAY-G scheme***

The Scheme guidelines provided that 90/95 unskilled persondays employment was to be provided to the IAY/PMAY-G beneficiaries under MGNREGS as a foregone wage and the cost of construction of houses was to be made from PMAY-G. Employment was to be provided to the beneficiaries in four phases with stages of progress in the construction of houses and MR was to be generated accordingly. However, in 34 test-checked GPs, 318 beneficiaries were provided employment of 15,486 person days involving ₹ 27.41 lakh ***(Appendix-2.2.25)*** for the houses which were already completed (as per *AwaasSoft*). Therefore, generation of e-MR, FTOs and maintaining MIS and other related documents for these works were mere a process of regularisation of past events and person days shown generated were actually not generated. The Department accepted the audit contention and stated that stage wise payment process would be followed in future.

Audit observed that there was lack in institutional arrangements and proper coordination among the Departments and the implementing units and the State did not constitute a convergence team consisting of senior officials of PMGSY and MGNREGA to operationalise convergence with PMGSY and resource groups at District, Block and GP levels were also not formed. As a result, durable assets through convergence was only partially achieved.

The Department replied (June/July 2020) that there was gap in procedure for execution of works and variations[92] under MGNREGS and other schemes of the State and thus, the line Departments were not willing to be part of the convergence work.

2.2.10.3 Receipts and utilisation of funds under the Scheme

- ***Funding pattern and fund flow mechanism of the Scheme***

As per the Act, the Scheme was implemented on a cost-sharing basis between the GoI and the State. The Central share of funds was based on the projection in the agreed to Labour Budget and being released in two tranches. Funding pattern of the Scheme is indicated below:

[92] *Difference in wage rate, SoR for the work, maintenance of MR, use of machinery and process of wage payment etc.*

Table-2.2.13
Funding pattern of MGNREGS

Component	Central Share	State Share
Wages for unskilled labour	100 *per cent*	Wages in excess of 100 mandays and excess of higher wage over notified wage by GoI
Wages for skilled/ semi-skilled labour and cost of material	75 *per cent*	25 *per cent*
Other components	100 *per cent* of Administrative Expenses as may be determined by the Central Government	100 *per cent* of unemployment allowance arises in the case when wage employment was not provided within 15 days of application for job by the job seekers
Employment Guarantee Councils	Administrative expenses of the Central Employment Guarantee Council (CEGC)	Administrative expenses of the State Employment Guarantee Council (SEGC)

(Source: The Act and the Scheme guideline)

The GoB established (May 2011) SEGF (State Fund) to manage the receipt, transfer and utilisation of funds under the Scheme effectively. Under the Scheme, funds received from the GoI (Central share) and the GoB (State share) were pooled into the SEGF accounts. The funds were held in one account at the State level (e-FMS Debit account) which was electronically linked to all implementing units and the implementing units after due verification of the work and the MR, generated Fund Transfer Order (FTO) to transfer the amounts directly into the beneficiaries' account. Further, from the year 2016-17, the payment of wage was directly credited into the labourers account by MoRD through Ne-FMS.

Financial outlay

During the period of 2014-19, out of the total available funds of ₹ 11,181.72 crore[93], ₹ 10,960.52 crore (98 *per cent*) was utilised on the implementation of the Scheme in the State. The details of year wise availability and utilisation of funds under the Scheme during 2014-19 in the State are given below:

Table-2.2.14
Availability and utilisation of funds during the period 2014-19

(₹ in crore)

Year	OB	Receipt				Total fund available	Expenditure					CB
		Central Share	State Share	Others	Total receipt		Wage	Material	Adminis-trative	Others	Total	
1	2	3	4	5	6 (3+4+5)	7 (2+6)	8	9	10	11	12 (8+9+10+11)	13 (7-12)
2014-15	525.31	959.68	350.00	56.95	1,366.63	1,891.94	561.40	442.54	145.77	1.21	1,150.92	741.02
2015-16	741.02	1,024.12	124.61	99.61	1,248.34	1,989.36	1,035.07	514.73	121.68	0.50	1,671.98	317.38
2016-17	317.38	1,569.14	310.18	58.56	1,937.88	2,255.26	1,190.61	601.14	123.66	1.41	1,916.82	338.44
2017-18	338.44	2,516.89	500.98	34.55	3,052.42	3,390.86	1,890.78	1,058.34	150.59	1.79	3,101.50	289.36
2018-19	289.36	2,733.58	312.00	5.56	3,051.14	3,340.50	2,015.16	931.47	171.38	1.29	3,119.30	221.20
Total		**8,803.41**	**1,597.77**	**255.23**	**10,656.41**		**6,693.02**	**3,548.22**	**713.08**	**6.2**	**10,960.52**	

(Source: CA report and information furnished by Department)

Audit observed that there was difference in the closing and opening balance in five out of nine test-checked Districts for one to two years and the difference was not reconciled by the Chartered Accountants (CAs). The data of finances of the Scheme certified by the CAs were not in consonance with the MIS data in all the test-checked Districts ***(Appendix-2.2.26)***. The Department stated that

93 *O.B. of ₹525.31 crore of 2014-15 and total receipts ₹10,656.41 crore during 2014-19.*

steps would be taken to reconcile the difference. The deficiencies in financial management have been discussed in succeeding paragraphs:

- ***Inadequate receipt of Central share by GoB***

As per the Scheme guidelines, release of 1st tranche of Central share was based on proportionate fund requirement as per the agreed to Labour Budget to take care of requirement for the first six months of the financial year or 50 *per cent* of the agreed to Labour Budget for the State, whichever was lower, less the opening balance every year as per MIS. The 2nd tranche was based on (i) unspent balances and (ii) actual performance of the State against the agreed to Labour Budget during the year. Further, the State had to submit a consolidated proposal for release of 2nd tranche to the Ministry, only after utilising 60 *per cent* of total available funds with the State and compliance of the pre-requisites[94] fixed by MoRD. Audit observed the followings deficiencies at the State level which resulted in curtailment of Central share to GoB:

➢ There was substantial closing balance ranging between ₹ 741 crore and ₹ 221 crore during 2014-19 which consisted of unadjusted advances lying with various executing agencies, rolling money with Post Office, balance of *Sampurna Gramin Rozgar Yojana* (SGRY), cheques in transit, amounts lying in inoperative accounts etc. Audit scrutiny of test-checked units revealed that there was blockade of Scheme funds of ₹ 37.16 crore as detailed below:

Table-2.2.15
Blockade of Scheme funds

(₹ in crore)

Particulars	Amount	Remarks
Inoperative bank accounts	2.43	The GoB directed (August 2017) that all bank accounts maintained by GPs, Blocks and Districts (except a single account at Block and District levels) were to be closed and balance lying in these accounts were to be deposited into the designated bank account of SEGF. However, 894 bank accounts were not closed.
Blockage of bank interest	8.24	In five test-checked Districts, bank interest funds amounting to ₹ 8.24 crore[95] was kept blocked in bank accounts since 2014-15.
Non-transfer of unutilised funds SGRY to MGNREGS accounts	4.78	The SGRY was subsumed (April 2007) into MGNREGS and the Department instructed (August 2007) District level authorities to transfer the unutilised funds of SGRY into MGNREGS accounts. However, in six test-checked Districts, cash component of ₹ 4.78 crore[96] of SGRY was not transferred to the Scheme accounts till March 2020.
Outstanding advances	21.71	In eight test-checked Districts, advances made out of SGRY/MGNREGS accounts amounting to ₹ 21.71 crore[97] to different executing agencies[98] were pending for adjustment for more than five years (as of March 2020).
Total	**37.16**	

(Source: Records of test-checked units)

[94] *Audit report of previous financial year, UCs of previous years, updated financial progress*

[95] *Gaya- ₹ 1.43 crore, Patna- ₹ 1.95 crore, Purnea- ₹ 1.39 crore, Saharsa- ₹ 2.04 crore and Saran- ₹ 1.43 crore,*

[96] *Begusarai - ₹ 0.55 crore, Gaya - ₹ 0.82 crore, Patna - ₹ 0.18 crore, Purbi Champaran- ₹ 0.59 crore, Purnea- ₹ 0.62 crore and Saran- ₹ 2.02 crore*

[97] *Begusarai- ₹ 0.26 crore, Bhagalpur- ₹ 0.44 crore, Gaya- ₹ 8.23 crore, Patna- ₹ 4.64 crore, Purbi Champaran- ₹ 0.66 crore, Purnea - ₹ 2.47 crore, Samastipur- ₹ 4.98 crore and Saran -₹ 0.03 crore*

[98] *Zila Parishad, National Rural Employment Programme, Programme Officer, PRS etc.*

The Department replied (July 2020) that steps had already been taken to conclude the issue and to make it zero. However, no efforts were taken to adjust the advances and utilise the blockade amount for more than eight years.

➢ The GoB failed to submit a consolidated proposal for 2nd tranche to the MoRD in time (October) after utilising 60 *per cent* of the total available funds with the State as a whole and also did not comply with other pre-requisites for release of 2nd tranche. Audit of the Scheme by the CAs for the period 2014-16 was completed with delays of four to six months while proposal of 2nd tranche and UCs of previous years for the period 2014-17 was submitted with delays of four to six months. As a result, the GoB received the funds in February 2015 after September 2014 for the year 2014-15 and did not receive 2nd tranche in 2015-16.

The Department accepted the audit observation and replied (July 2020) that delay in audit of the accounts of the Scheme for the period 2014-17 caused delay in submission of proposal for 2nd tranche but delay in release of grants was not linked with delayed submission of UCs or proposal. It was further replied that non-receipt of funds from Centre was beyond our control and State had released funds, even beyond its matching share (excess State share of ₹307.33 crore to ₹512.69 crore) during 2016-19 in view of increasing liabilities for payment.

- ***Delay in transferring of Central funds into SEGF account***

As per instruction issued by the MoRD through grants sanctioning letters, the GoB must transfer funds received from the Centre along with the State share into the SEGF account for programme implementation within three days of receipt of funds failing which the GoB was liable to pay interest at the rate of 12 *per cent* for the period of delays beyond the specified period.

Audit observed that there was delay ranging from 5 to 74 days in transferring the funds (₹ 3,636.37 crore) received from the Centre into the SEGF account during the period 2014-19. As a result, the GoB incurred an avoidable liability of ₹ 25.80 crore on account of penal interest ***(Appendix-2.2.27)***. The Department, stated (June 2020) that reasons for delay in the transfer was procedural and in the case of amount exceeding ₹ 200 crore, MoRD was required to get approval of Ministry of Finance, which took 10 to 15 days. Reply of the Department was not acceptable as delay was noticed even in the case where the amount was less than ₹ 200 crore and delays of more than 15 days were also noticed.

- ***Irregularities in utilisation of funds under Administrative expenses***

The Scheme guidelines provided that the State was entitled to incur administrative expenditure up to six *per cent* of the total expenditure on the Scheme in a financial year. GoB was suggested to supplement this, if required, for effective implementation of the provisions of the Act but during 2014-19, the State incurred an excess administrative expenditure of ₹ 130.37 crore and out of that ₹ 114.22 crore was recouped by the GoB and balance ₹ 16.15 crore remained to be recouped vide detailed below:

Table-2.2.16
Excess administrative expenditure

(₹in crore)

Year	Expenditure on Wage	Expenditure on Material	Total expenditure	Amount of admissible expenditure (6 *per cent*)	Actual administrative expenditure	Excess	Amount adjusted against State Share
2014-15	561.40	442.54	1,003.94	60.24	145.77	85.53	85.53
2015-16	1,035.07	514.73	1,549.80	92.99	121.68	28.69	28.69
2016-17	1,190.61	601.14	1,791.75	107.51	123.66	16.15	-
2017-18	1,890.78	1,058.34	2,949.12	176.95	150.59	0.00	-
2018-19	2,015.16	931.47	2,946.63	176.80	171.38	0.00	-
Total						**130.37**	**114.22**

(Source: CA report and UCs)

The Department replied (July 2020) that as expenditure on honorarium was a fixed expenditure and MoRD allowed six *per cent* on the basis of actual expenditure but the same was limited due to shortfall in release as evident from carrying forward of liabilities of previous years. It was also stated that MoRD was requested to consider six *per cent* limit of AE on accrual basis of expenditure on execution of Scheme and not only on the basis of payment made in a particular year. The reply was not acceptable as the GoI did not revise conditions for admissible limit for AE and less creation of mandays was the main reason for less availability of funds under the head.

- ***Diversion of funds***

The Scheme guidelines provided that the Scheme funds were not to be diverted for any other purposes and the State had to furnish a certificate regarding non-diversion of the Scheme funds with the proposal for release of 2nd tranche of grants. In four test-checked Districts, Scheme funds amounting to ₹ 4.17 crore[99] (including ₹ 1.29 crore meant for execution of Scheme) were diverted during 2015-19 for salary and other purposes of the District Rural Development Agency (DRDA) establishment and out of that ₹ 0.53 crore was recouped and balance ₹ 3.64 crore remained to be recouped till March 2020**.**

The Department replied (July 2020) that instructions had been issued to recoup the diverted amount on priority as and when funds available for DRDA establishment. The reply of the Department was not acceptable as diversion of MGNREGA fund was contrary to the Scheme guidelines and it had furnished a certificate regarding non-diversion of MGNREGS funds to the MoRD, which was not proper.

- ***Liability of pending wage and cost of material payment***

The Act mandated that disbursement of wages to be made on a weekly basis and in any case not later than a fortnight after the date on which work was done.

[99] *Gaya- ₹ 0.28 lakh (2015-17), Saharsa- ₹ 0.72 crore (2016-19), Samastipur- ₹ 0.93 crore (2016-19) and Saran- ₹ 2.24 crore (2015-19)*

Audit observed that wages and cost of materials amounting to ₹ 1,016.65 crore for the period 2012-19 were not paid to the beneficiaries for one to eight years as of March 2020 as shown below:

Table-2.2.17
Outstanding liabilities for the year up to 2018-19 (as of October 2019)

(₹in lakh)

Year	Wages	Materials	Admin.	Total liability
1	**2**	**3**	**4**	**5 (2+3+4)**
2012-14	22,829.66	7,342.41	-	30,172.07
2014-15	7,872.28	3,390.85	-	11,263.13
2015-16	1,596.27	5,359.10	-	6,955.37
2016-17	3,382.28	4,065.02	-	7,447.30
2017-18	2,424.71	4,057.00	-	6,481.71
2018-19	3,894.22	35,128.99	322.68	39,345.89
Total	**41,999.42**	**59,343.37**	**322.68**	**1,01,665.47**

(Source: CA report and UCs)

The Department stated (July 2020) that non-receipt of adequate and timely funds from the Central Government was the reason for accumulating liabilities. Further, liability shown for the period up to 2015 had error as during this period entries of payment was being made offline and entry of date of payment was left in many cases and thus, the amounts of liability shown was less than what was reflected in MIS and the matter was taken up with the MoRD several times to release adequate funds but State could not receive adequate funds to clear liability. Reply of the Department was not acceptable as the Department failed to fulfill the criteria for timely receipt of adequate funds from Central Government and failed to rectify the errors (if any) even after lapse of more than five years; as a result liability for this period persisted till July 2020. Further, reply also indicated that the Department could not ascertain the actual amount of liability to be cleared.

- ***Payment of wages at lower rate***

The Act provided that notwithstanding, anything contained in the Minimum Wage Act, 1948, the Central Government may, by notification, specify the wage rate for unskilled workers under the Scheme. Since, the wage rate notified by the GoI for unskilled workers for Bihar (₹ 158 to ₹ 168) was less than the wage rate notified by the GoB for agricultural labourers (₹ 177 to ₹ 246), the GoB decided (July 2013) to pay wages to unskilled labourers under the Scheme at the wage rate notified for agricultural labourers from time to time and borne the financial burden due to differences in wage rates.

Audit observed that MGNREGS workers were being paid ₹177 per day despite revision of wage rates by the Labour Resource Department (LRD), GoB for agricultural labourers from ₹177 to ₹ 246 during 2014-19, as shown below:

Table –2.2.18
Wage rate for MGNREGS workers during 2014-19

Year	Wage rate notified by GoI (₹ per day)	Wage rate notified by LRD, GoB for agricultural labourers (₹ per day)	Wage rate notified by GoB under MGNREGS (₹ per day)	Less wage rate (₹ per day)
1	2	3	4	5 (3-4)
2014-15	158	177 and 178	177*	1
2015-16	162	186 and 189	177	9 to 12
2016-17	167	197 and 227	177	20 to 50
2017-18	168	232 and 237	177	55 to 60
2018-19	168	244 and 246	177	67 to 69

(Source: Notification issued by LRD, RDD/GoB and GoI)
** ₹ 162 for the period April to July 2014*

As a result, the MGNREGA workers were reluctant to do work under the Scheme and expected mandays could not be generated during 2014-19.

The Department replied (May 2020) that the State met the differential wages from its own sources but since the gap between the wage rate notified by the GoI for MGNREGS workers and the minimum wage rate notified by the State for agricultural labourers became wide and therefore the State could not revise the wage rate for MGNREGS workers.

2.2.11 Objective-5: *Whether transparency was maintained in implementation of the Act by involving all stakeholders at various stages from planning to monitoring and evaluation.*

The Act and the Scheme guidelines provided various provisions for effective monitoring and evaluation mechanism for implementation of the Scheme in an effective manner. Audit observed following deficiencies in monitoring, evaluation and transparency in implementation of the Scheme:

2.2.11.1 Constitution of State Employment Guarantee Council (SEGC)

The Act provided constitution of the SEGC for the purpose of regular monitoring and reviewing the implementation of the Scheme at the State level. The SEGC had to prepare Annual Report on implementation of the Scheme for placing it before the State Legislature. It was mandated to have bi-annual meetings of SEGC.

The GoB constituted the SEGC in May 2012, after seven years of enactment of the Act, under chairmanship of the Minister, RDD. However, regular SEGC meetings were not held. Only three meetings were held (last meeting was held on 17 July 2018) instead of 10 meetings during 2014-19. Further, Annual Reports on implementation of the Scheme for the period 2014-19 were also not prepared. In the meetings, issues related to delayed payment of wages, payment of compensation for the delayed payment of wage, LIFE MGNREGA programme, slow progress of construction of MGNREGA *Bhawan*, non-appointment of Ombudsman in all Districts etc., were discussed but satisfactory progress was not done in this regard.

The Department did not furnish reply as to why meetings were not held regularly, however, it was replied that for meeting and its periodicity, rules framed by the GoI for CEGC were being followed in the State. The reply was not acceptable as the periodicity for CEGC meeting was not followed.

2.2.11.2 Inadequate arrangement for Social Audit

The Audit of Scheme Rules, 2011 provided that the GoB shall facilitate the conduct of social audit of the works taken up under the Scheme in every GP at least once in six months. The GoB constituted Social Audit Society (SAS) in April 2017 but it was not functioning effectively as discussed below:

- ***Inadequate number of resource persons***

The GoB had created (June 2015) various posts on contractual basis for functioning of SAS but appointment was not made on key posts and the SAS was functioning with deficient manpower as details given below:

Table-2.2.19

Sanctioned strength and men-in-position to facilitate Social Audit

Sl. No.	Name of Posts	Sanctioned Strength	Men-in-position
1	Director	1	0#
2	Social Audit Advisor	1	0#
3	State Resource Person	5	1
4	District Resource Person (DRP)	62	31
5	Block Resource Person (BRP)	534	0
6	Accountant	5	0
7	Office Assistant	3	0
	Total	**611**	**32**

(Source: Information obtained from SAS, GoB)# Officers of the RDD held additional charge.

The Village Resource Persons (VRPs) were to be identified by the SAS with the help of Mission, Bihar to facilitate the *Gram Sabha* for conducting social audit. 4,347 VRPs were imparted training as of March 2020, however, only 1,523 VRPs were working and there was significant drop out (65 *per cent)*. Also, BRPs were not appointed in the Blocks and 50 *per cent* posts of DRP were vacant. The SAS and the DRPs of the test-checked Districts[100] stated the following reasons for drop out (i) VRPs were women from *Jivika* and felt inconvenience to stay at night at other Blocks (ii) delay in payment of remuneration (iii) hampering the work related to SHGs due to their engagement in social audit (iv) cost cutting from remuneration of VRPs etc. It was also observed that VRPs were selected only from the members of SHGs of *Jivika* and not from members of Civil Society Organisations, *Nehru Yuva Kendra*, Volunteer organisations etc.

The SAS replied (June 2020) that hiring of Human Resource agency for recruitment of resource persons and other staff was in progress.

[100] *Saharsa and Samastipur*

- ***Inadequate conduction of social audit***

Audit observed that the SAS started facilitation to *Gram Sabha* in conduction of social audit of GPs of seven Districts[101] from the year 2018-19. Only 85 *per cent* and 39 *per cent* of GPs were audited (once in a year) against the target set for the years 2017-18 and 2018-19 respectively as detailed below:

Table-2.2.20

Status of social audit conducted during 2017-19

Year	Total GPs in the year	Social audit to be conducted	GPs planned for audit once in a year	No. of GPs covered
2017-18	8,386	16,772	300	255 of 7 Districts
2018-19	8,386	16,772	6,840	#2,644 of 32 Districts

(Source: Information furnished by RDD and SAS)
 # Audit of 2,644 GPs once in a year while audit one GP twice in a year.

While comparing with the total GPs of the State to be covered, the percentage of coverage was between two *per cent* and 16 *per cent* in the year 2017-18 and 2018-19 respectively. Further, social audit was not conducted in any of the GPs for the period 2018-19 in six Districts[102] of the State. Social audit was conducted by *Gram Sabha* itself (without facilitation by SAS) in one to 21 *per cent* of GPs for the period 2014-16 while no audit was conducted for the year 2016-17.

Thus, *Gram Sabha* could not monitor the implementation of the Scheme in GPs adequately and effectively through social audit. The SAS replied that inadequate manpower, drop out of VRPs in large number, election and natural disasters were the reasons for less coverage.

- ***Non-reporting of social audit findings/quality of report***

A summary of findings of social audit conducted during a financial year was to be submitted to the CAG of India as required under Rule 3(2) of Audit of Scheme Rules. But, the same was not submitted. Further, only routine discrepancies viz., non-updating/non-renewal of job cards, non-issue of wage slip to workers, non-conduction of *Rozgar Diwas*, non-providing of worksite facilities, non-appointment of Mates etc., were reported in social audit reports. Audit observed that VRPs were *Jivika didi* (from self help group of BRLPS with 8th pass) and they were not able to check the technical aspects of the execution of works and prepare report satisfactorily. The SAS replied that it would submit a summary of audit findings to CAG of India in future. Thus, system of SAS was not implemented effectively in the State.

2.2.11.3 Non-supervision of execution of works

The Act provisioned regular inspection and supervision of works taken up under the Scheme to ensure proper quality of works as well as to ensure that the total wage paid for the completion of the work is commensurate with the quality and quantity of work done. The test-checked implementing units did not maintain records for inspection done (if any) by the competent authorities. However,

[101] *Banka, Gaya, Khagaria, Madhubani, Muzaffarpur, Nawada and Purnea*
[102] *Jamui, Kaimur, Patna, Purbi Champaran, Saran and Siwan*

455 out of 803 beneficiaries stated in beneficiary survey that supervision of work was not done by higher authorities.

2.2.11.4 Inadequate complaints redressal mechanism

- ***Non-maintenance of complaint register***

A complaint register was to be maintained at GP, Block and District level in which complaints were to be entered and dated and numbered acknowledgement was to be issued to the complainants. The complaints were to be disposed of within the statutory time limit and monitoring of disposal was to be done at next higher level every month. But, complaint registers were not maintained by any of test-checked units. However, from NREGASoft it was observed that 698 out of 752 online complaints lodged during 2014-19 at District level by citizens, labourers and others were pending for disposal as of March 2020 ***(Appendix-2.2.28)***.

At the State level, 386 complaints were received online (CP GRAM[103]) during January 2014 to May 2020 and out of that 250 complaints were disposed off while 136 complaints were pending for disposal and average disposal time was 334 days. Further, rules to determine appropriate grievance redressal mechanism was not framed by the GoB. Thus, the complaint redressal mechanism was not adequate.

- ***Vacancy in the office of Ombudsman***

The Scheme guidelines provided establishment of office of Ombudsman in all Districts for expeditious redressal of grievances regarding implementation of the Scheme. However, it was noticed that in six[104] out of nine test-checked Districts[105], posts of Ombudsman were vacant for one to four years[106]. Further, in Saran, the post of Ombudsman was vacant for five years during 2014-19 In the State, Ombudsman was posted in nine Districts, in eight Districts[107] Ombudsman was in additional charge and in the remaining Districts, recruitment process for appointment of Ombudsman was in progress. The Department replied that the primary reason for vacancy was due to low remuneration and required experience of 20 years and now remuneration has been increased and required experience has also been reduced to 10 years and advertisement for appointment has been published accordingly. Due to vacant posts of Ombudsman, arrangement for

[103] *CPGRAM (Centralised Public Grievance Redress and Monitoring System) is an arrangement made by GoI to lodge complaint online and redressal of the complaints are monitored online*

[104] *Begusarai, Bhagalpur, Patna, Purnea, Saharsa and Samastipur*

[105] *Working period of Ombudsman- Begusarai (January 2016 to June 2017, November 2018 to March 2019); Bhagalpur (April 2014 to June 2017); Gaya (April 2014 to June 2017, September 2017 to March 2019); Patna (July 2017 to March 2019); Purbi Champaran (April 2014 to November 2015, September 2016 to September 2018); Purnia (April 2014 to May 2017); Samastipur (September 2016 to December 2018); Saran (not working during 2014-19) and Saharsa (April 2014 to January 2015)*

[106] *Arwal, Bhojpur, E. Champaran, Khagaria, Nalanda, Nawada, Patna, Rohtas and Shekhpura*

[107] *Aurangabad, Begusarai, Buxar, Gaya, Jehanabad, Lakhisarai, Muzaffarpur and Vaishali*

lodging complaints by MGNREGS workers and others to an independent authority and reporting the legal action against erring officials, if any, to the Government could not be ensured.

2.2.11.5 Vigilance and Monitoring Committee at GP level not set up

Scheme guidelines provided that the Vigilance and Monitoring Committee (VMC) consisting of 10 members, to be set up in each GP for a period of six months and not exceeding one year. The members of VMC were to be identified from teachers, *Anganwadi* workers, SHG members etc., and necessarily be appointed by the *Gram Sabha*. The functions of VMC included visiting work site, interacting with workers, realisation of workers' right, verifying worksite facilities and monitor the progress and quality of works and act as a forum for concurrent social audit and submit a report to be discussed in *Gram Sabha*. However, VMC was not constituted in 48 out of 54 test-checked GPs while in six[108] test-checked GPs, VMC was constituted at worksite by *Mukhiya* and not through *Gram Sabha*. Thus, monitoring of execution of works in GPs through VMC could not be ensured.

2.2.11.6 Non-communication of wage slip

Scheme guidelines provided that wage slip wherein the wage rate, number of days worked, amounts earned by the workers etc., were to be communicated to each worker to increase transparency in the implementation of the Scheme. However, the wage slips were not distributed to workers in any of the test-checked GPs. Non-distribution of wage slip indicated lack in monitoring as after introduction of Ne-FMS, wage slip was automatically generated in NREGASoft and after taking its print, the same was to be distributed to the workers.

2.2.12 Outcome of Joint Physical Verification of works

Audit conducted (November 2019 – February 2020) joint physical verification of 423[109] out of total 17,404 works taken up by the test-checked GPs during 2014-19 from all the four broad categories of works permissible under the Scheme. During the joint physical verification, construction of non-durable assets, execution of inadmissible works, non-construction of IAY houses despite providing employment to beneficiaries in these works, payment for gabion to protects plants without installing the same, failed plantation work, excess payments etc., were found. Out of aforesaid 423 works, deficiencies like works closed midway/abandoned works (33 works), no work found at worksite (17 works), assets created were not found used for intended purpose (3 works) and execution of inadmissible works (4 works) were noticed in 57 works. Details in ***Appendix-2.2.29***.

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[108] *Jamalnagar, Maharas, Mahkar, Rasalpur, Sarauja and Sardiha*

[109] *Physical verification of six works in Akbarpur Barai GP under Begusarai could not be conducted due to inconvenience in communication and one work in each of in Khan Pipra, Korari, Jamalnagar*

2.2.13 Outcome of Beneficiary survey

Beneficiary survey in respect of total 803 beneficiaries of 54 test-checked GPs was conducted (November 2019- February 2020) and feedback received indicated that MGNREGS workers were not aware of the key entitlements of the Act and provisions of the Scheme guidelines viz., job entitlement in a year, minimum wage under the Scheme, multiple channels for registration under the Scheme and placing demand for work, receiving of dated receipt regarding submission of application for registration, quantity of work to be done in a day etc. Further, the beneficiaries had also expressed their views regarding delay payment of wage, non-payment of compensation, non-availability of work regularly, non-providing of worksite facilities etc. Thus, the workers were not properly aware of their rights and entitlements under the Act ***(Appendix- 2.2.30)***.

2.2.14 Other points

2.2.14.1 Irregularities in payment of wages through E-Shakti programme

In order to increase transparency in implementation of MGNREGS, the RDD launched E-Shakti programme (December 2007) on pilot basis in Patna District through a secure and high-capacity electronic Smart Cards to be issued to workers registered under the Scheme to ensure correct and timely wage payment to the right beneficiaries. The RDD accorded approval for implementation of e-Shakti project in the State through Bihar State Electronics Development Corporation (the Company). The Company selected Smaarftech-Anil Printers Limited and Face Technologies (Proprieties) as Vendor for implementation of the programme.

- The DRDA Patna opened (December 2009) a separate bank account in Central Bank of India (CBI) for transferring of funds to the Vendor for distribution of wages to the workers. The bank routed the funds from DRDA account to workers' account through pool account maintained at bank level. After crediting wages in the workers' account, role of service provider was to instruct its Business Correspondents (BCs) to go in GPs with their hand held device through which a worker could withdraw money from their bank accounts through biometric identification. Audit observed the following discrepancies:

- Workers had no direct access to their bank accounts and they were totally dependent on BCs to get their payment, data regarding due amount of wages and actual payment made to the beneficiaries were not made available to the Block and DRDA levels which indicated serious lacking in transparency and monitoring system.

- The DRDA transferred ₹ 45.25 crore into the bank account (A/c no. 3057970573) maintained for the purpose between December 2009 to January 2016 and entire amount was credited to workers' bank account's as their due wages. However, as of March 2020, ₹ 8.16 crore (including interest) was lying into the beneficiaries' accounts in 10 link branches of CBI for more than four years.

- Integration of data on E-Shakti portal with NREGASoft was not done. Therefore, data regarding mandays generated, wages paid to labourers, wages due, muster roll details, assets created etc., in Patna District for the period April 2014 to January 2016 were not available in NREGASoft.
- Further, as per records of five test-checked Blocks, audit noticed that no Muster Rolls to record the attendance of the labourers were issued by the Blocks. Payments made to the labourers were not communicated to Blocks by the Vendor or by the District level authorities. As a result, payment made to the labourers was not found recorded in the Cash Book of the GPs.

The project was discontinued with effect from 23 February 2016 and data on E-Shakti portal was not integrated with NREGASoft till May 2020. The MGNREGA Commissioner stated that for integration of data of E-Shakti portal and NREGASoft, the matter had been taken up with the NIC and steps had been taken up to activate the dormant accounts of beneficiaries to make accessible to workers to enable them to draw money from their accounts.

2.2.15 Maintenance of records and registers

Proper records maintenance was one of the critical factors to ensure success in implementation of the Scheme. The MoRD simplified (October 2016) the 22 registers being maintained at the GP level to seven registers to ease the functioning of the field level personnel. The State had to ensure maintenance of these seven registers by GPs. Of these seven registers, three registers (register 2, 3 and 5) and part C of register-1 were to be maintained manually and remaining registers were to be maintained by taking print from NREGASoft and pasting the same in the registers concerned. However, it was noticed that all the seven registers were not properly maintained by any of the test-checked GPs. Status of maintenance of records and consequences of non-maintenance is given in ***Appendix-2.2.31***. The PRS of test-checked GPs cited workload, delay receipt of registers, non-provision of contingency for printing etc., as reasons for non-maintenance of records and stated that these records would be maintained in future.

2.2.16 Conclusion

Institutional arrangements and measures taken for capacity building for implementation of the Scheme need to be further strengthened. There was acute shortage of manpower in test-checked Districts (37 *per cent*) and at State level (42 *per cent*) in various cadres of posts. Necessary infrastructures like adequate manpower, office buildings, IT infrastructures etc., were not available at GPs level which may be augmented on priority.

Bottom-up approach of planning was not followed. Adequate public participation in *Gram Sabha* meeting could not be ensured and quorum of the meetings was not fulfilled in 140 out of 168 meetings. Preparation of Labour Budget at Block level without baseline survey and interaction with the HHs, led to wide gaps (12 to 58 *per cent*) between approved mandays and mandays actually generated during 2014-19.

Financial management was deficient as observed through huge liabilities in respect of pending wages and cost of materials, diversion of the Scheme funds, delays in deposit of funds released by the GoI into SEGF account, non-utilization of funds, pending adjustment of advances since long, non-closure of inoperative bank accounts etc.

There was low employment generation in the State. Of the total HHs registered in the State, eight to 17 *per cent* were provided job during 2014-19 while 100 days employment was provided to 0.47 to 3.02 *per cent* of the HHs demanded job in the State. Reasons for low generation of mandays were low wage rate, delay in payment of wage, non-payment of unemployment allowance, non-payment of compensation for delayed payment, job security etc., which discouraged the beneficiaries to avail employment under the Scheme.

In the State, only nine to 14 *per cent* of registered disabled persons and five to nine *per cent* of senior citizens were provided employment during 2014-19. Further, only 22 to 24 *per cent* of the registered SC/ST HHs were provided 10 to 15 average mandays employment. Unemployment allowance was not paid for non providing of employment in any of the test-checked Blocks.

Payment of wages and cost of material was not made timely and delays ranged from one to five years and this continued even after introduction of the Ne-FMS in April 2016. Out of 58.43 lakh active workers under the Scheme, Aadhaar seeding of 49.12 lakh (84 *per cent*) workers was done in NREGASoft but only 25 *per cent* workers were converted into ABP while in test-checked Districts, ABP ranged from 17 to 32 *per cent*.

Overall, 14 *per cent* works taken up during 2014-19 were complete as of March 2020. Out of 42.87 lakh works taken up during 2014-19, 36.89 lakh works remained incomplete in the State while in the test-checked GPs 11,310 works (65 *per cent*) were incomplete for more than one year. Besides unfruitful expenditure on incomplete and abandoned works, low coverage of works related to agriculture, NRM and Social forestry, execution of non-durable/non-permissible works, execution of works without approval of *Gram Sabha* and without follow up the priority of works decided by *Gram Sabha* indicated that works were not executed as per the Scheme guidelines.

Transparency measures and mechanism for monitoring and evaluation were deficient as evident from SEGC meeting for evaluation of implementation of the Scheme was not held regularly and Annual Report on status of MGNREGS in the State was not prepared and not placed before State Legislature, SAS was functioning with deficient manpower and covered only two to 16 *per cent* GPs of the State, non-appointment of Ombudsman in the test-checked Districts, non-supervision of works by the higher authorities, non-distribution of wage slips to workers etc.

Joint physical verification of works disclosed failed plantation work, execution of inadmissible works, non-construction of IAY/PMAY-G houses despite payment to beneficiaries etc. Beneficiaries survey of the selected beneficiaries and audit findings disclosed that IEC needs to be further strengthened and workers were to be made aware of the rights and entitlements under the Act viz., job entitlement in a year, minimum wage rate, multiple channels for registration and placing demand for work, receiving of dated receipt for work application, etc.

2.2.17 Recommendations

The GoB may:

- provide adequate and dedicated manpower at all levels for effective implementation of the Scheme and to provide necessary infrastructures like internet facility to the Scheme functionaries especially at GP level to perform their assigned function efficiently.
- make requisite efforts to provide a minimum of 100 days guaranteed wage employment to HHs in a year through effective IEC activities and motivating labours to work through involving Civil Society Organisation etc., and provide social protection to vulnerable section HHs by providing them employment opportunity as legal rights under the Act.
- ensure timely payment of wages and material components into the accounts of the right beneficiaries by streamlining the Aadhar Enabled Payment System effectively and generation of FTOs in time.
- take effective steps for skilling up the youths belonging to the HHs substantially dependant on MGNREGS through Project LIFE MGNREGA programme to make them self-reliant and improving their skill base to get full employment.

ensure timely meeting of SEGC and conduct Social audit adequately and properly in order to ensure effective implementation of the Scheme.