

## **CHAPTER - 3**

### **MINISTRY OF RURAL DEVELOPMENT**

#### **Department of Rural Development**

#### **4. Rural Employment Generation Programme**

##### **Highlights**

The performance audit of Jawahar Rozgar Yojana and Employment Assurance Schemes in the Ministry and 25 states disclosed that the shortcomings in the critical areas of targeting, adequacy of resources leading to insignificant employment generation, evidence of employment actually generated and assets created, and fictitious reporting continue to persist despite the recommendations of the Public Accounts Committee (Report of the PAC on NREP - April 1987) and the Estimates Committee (Report of Estimates Committee – April 1993) to take measures to strengthen the system of implementation, controls and monitoring.

Despite Comptroller and Auditor General's Audit Reports having brought out the various lacunae in 1990, 1995 and 1997, the objectives of these rural employment programmes have not been fulfilled, due to the unsatisfactory execution of the programmes.

The Ministry has not been able to address satisfactorily the issue of targeting the rural families below poverty line for providing employment under Jawahar Rozgar Yojana and registration of employment seekers under Employment Assurance Scheme. Neither has the registration been carried out nor have family cards been issued to the beneficiaries under the scheme. Employment has, therefore, been provided to unregistered workers and in most cases they either did not have family cards or where these were available, the employment details were not noted in them. Thus, there was no certainty if the intended population which was to be provided employment under the schemes was actually targeted in a comprehensive manner nor if the persons provided employment had actually fulfilled the criteria for grant of wage employment. Infact, the criteria laid down for targeting are too complex for easy implementation.

The resource provided in the budget was too meagre to provide employment to the target BPL families (JRY: Estimated BPL population divided by 5 (assumed no. of members) to provide employment to one member in each family (pl. see paragraph 6.3). Even by macro consideration, the wage component of the funds provided under JRY and EAS were sufficient to provide only 15 and 16 days of employment to target population and registered workers respectively. This level of additional employment generated under the programmes did not make any significant difference in either tackling rural unemployment or alleviating rural poverty.

The reports sent by DRDAs and state governments both on the amount of expenditure and employment generated were not genuine. In most cases the employment generation reported by the state governments were based only on arithmetic calculation. They reported the employment generated as the figure arrived at by dividing the wage component of the total expenditure with the minimum wages rather than on the basis of actual count of muster rolls. Sample micro checks disclosed large variations between the employment figures reported and actually provided. Similarly, the reports of expenditure under the programmes were also erroneous since amounts advanced to implementing agencies, kept in various deposits/banks, diverted to other programmes, etc. were also treated and reported as expenditure under the programme. Even in the calculation of the employment generation theoretically worked out such deposits were reckoned as expenditure.

The actual employment generated under the programme to each BPL worker/employment seeker, as evidenced through sample micro-checks was between two and 27 days per annum under the JRY and between one and 84 days under EAS. The average number of days for which each BPL worker/employment seeker got employment ranged only between 7 and 21 days under JRY and between 9 and 18 days under EAS respectively. Such few number of days of employment cannot be expected to make any significant difference to the magnitude of unemployment in the rural areas nor to the attendant objective of rural poverty alleviation.

Evidence of actual employment generation is established through muster rolls, which contain the names and other details of the persons who are provided employment, works on which employment is provided. The details also include inventory of assets linked to the muster rolls with secondary evidence in the form of registration of employment seekers and maintenance of family cards of the employment seekers. None of these have been maintained in a systematic manner. Viewed in the context of theoretical reporting of the employment figures, absence of evidence of employment generation casts a doubt on the actual employment generation under these programmes.

There has been a multiplicity of programmes on rural employment running in parallel, sometime overlapping. Frequent resort has been made to revamping the schemes and rechristening them. However, no genuine effort seems to have been made to ensure proper implementation at the ground level and proper monitoring. Much of the over Rs 33000 crore spent on these programmes since 1992-93 have not borne desired results.

Monitoring of the implementation and execution of the programmes was unsatisfactory. If there had been effective monitoring at the Central and State levels much of the repeated failures could have been avoided. The emphasis seems to have been on spending the money and on collection of data on employment generation without verifying the accuracy thereof. Effective attention of the Ministry of Rural Development or the state governments was not attracted even when it was evident from year to year that the full money was not spent, unreliable data on the generation of employment was being received, non-permanent assets were statedly being created and that there was inefficient targeting of the poor and leakages all around.

Other shortcomings noticed in implementation of the programme related to diversion of funds to other programmes, works undertaken which were not approved under the programme, misappropriation of large amounts of funds, delay in payment of wages and payment of wages at lower than the minimum wages, non-adherence to the stipulated minimum 60 per cent of the total expenditure on wage component to maximise the primary objective of employment generation, failure to prepare and follow the shelf of projects and annual action plans, engagement of contractors for JRY/EAS works depriving employment generation which could be provided in the contractors margin, creation of non-durable assets, particularly rural kachcha roads, abandoned works, non-utilization and non-maintenance of assets created under the programmes, etc.

With a view to ascertaining the beneficiary perception, not ordinarily available from the documents maintained by government departments, a beneficiary survey across the country was commissioned by Audit. It was carried out by ORG Centre for Social Research. The survey has substantially reconfirmed the above audit findings. In addition, the following facts emerged from the beneficiary survey.

- the Above Poverty Line persons were also provided employment under JRY in a significant measure;
- the beneficiaries were, by and large, not aware of the general features of the scheme;
- the beneficiaries did not participate in the Gram Sabha meetings to decide on the development works relevant to the area;
- there were larger presence of contractors in the execution of work, contrary to instructions;
- assets were created on private lands of influential people in large number of cases.

There is an urgent need to review the existing design of the programmes for rural employment/development programmes, implementation systems, reporting and documentation formats and accountability procedures to address the persistent shortcomings frustrating the objectives of rural employment generation and poverty alleviation. Government should also consolidate all rural employment/development programmes run by different ministries with a view to consolidating them for a more focused area-specific approach. Without this, the multitude of the programmes are likely to continue in disaggregated manner and rendering it difficult to evaluate the effectiveness of their execution and impact on rural employment generation and poverty alleviation.

## 4.1 Introduction

In the context of the primacy given to the objective of poverty alleviation in the Sixth Plan, Government of India introduced two wage employment programmes in 1980 and 1983 respectively viz. National Rural Employment Programme and the Rural Landless Employment Guarantee Programme. While the NREP (National Rural Employment Programme) aimed at generating additional gainful employment for the unemployed and the under-employed in rural areas along with creation of productive community assets, the RLEGP (Rural Landless Employment Guarantee Programme.) had an added dimension of providing employment to at least one member of every landless labour household up to 100 days in a year. The NREP and the RLEGP were merged into a single Centrally Sponsored programme called the Jawahar Rozgar Yojana in April 1989.

**4.1.1** Eradication of poverty and generation of gainful employment has been an important component of poverty alleviation programmes in the various Five-Year Plans. According to the Planning Commission (Ninth Five-Year Plan (1997-2002), Volume II, Government of India, Planning Commission, New Delhi.), the incidence of poverty declined from 54.9 *per cent* in 1973-74 to about 36 *per cent* in 1993-94. However, the absolute number of poor did not decline significantly as there were 320 million poor in 1993-94 compared to 321 million in 1973-74. The rural poor accounted for 244 million and 261 million respectively. The number of underemployed and unemployed persons was also growing. Massive efforts were, therefore, needed to increase the employment levels.

**4.1.2** Planning Commission had always recognised that the main determinants of poverty in rural areas were (i) lack of income and purchasing power attributable to lack of productive employment and considerable unemployment and not lack of employment *per se*; (ii) continuous increase in the prices of food, especially foodgrains which accounted for 70-80 *per cent* of the consumption basket; and (iii) inadequacy of social infrastructure that affected the quality of life of the people and their employability.

**4.1.3** The “trickle-down” approach of the 3rd Five Year Plan was given up as the experience had shown that overall growth of economy did not percolate equitably and that poor continued to remain poor. Therefore, new programmes like Food for Work Programme was taken up during 1977-78 as a major rural employment programme to generate additional gainful employment in rural areas and with a view to improving their income and nutrition.

**4.1.4 Jawahar Rozgar Yojana:** The main objective of the JRY was to provide additional gainful wage employment to unemployed and under-employed persons, both men and women in the rural areas. It was targeted at people living below the poverty line. Preference was to be given to the Scheduled Castes, the Scheduled Tribes and the freed bonded labourers. At least 30 *per cent* of the employment was to be provided to women. JRY was a Centrally Sponsored scheme, being implemented by the state governments. The expenditure under the programme was to be shared between the centre and the states in the ratio of 80:20. Jawahar Rozgar Yojana fund were allocated to the States/UTs in proportion to the *per centage* of India's rural poor living in the States/UTs. JRY fund was distributed among DRDAs/ZP (District Rural Development Agencies/Zila Parishads), intermediate block panchayats and village panchayats in the ratio of 20:15:65.

Any works that created durable productive assets could be taken up under JRY. The wage and material ratio for JRY works was 60:40. The wages could be paid partly in cash and partly in foodgrains.

**4.1.5 Employment Assurance Scheme (EAS)** was started with effect from 2 October 1993 in 1778 blocks of 261 districts, in which the Revamped Public Distribution System was in operation. In 1994-95, it was extended to 409 blocks under DPAP/DDP (Drought Prone Areas Programme/Desert Development Programme) and MADA (Modified Area Development Approach) blocks having a relatively larger concentration of tribal population. In March 1995, it was further extended to 256 blocks out of which 233 blocks were prone to floods. The scheme covered all the 5448 rural blocks of the country since April 1997.

The scheme aimed at providing assured employment of 100 days of unskilled manual works to the rural poor, who were in need of employment and sought it during lean agricultural season. The secondary objective was the creation of economic infrastructure and community assets for sustained employment generation. The assurance of 100 days of employment was extended to men and women above 18 years and below 60 years of age, residing in the villages of the blocks covered by EAS. A maximum of two adults per family were to be provided assured employment of 100 days under the scheme.

All works to be taken up under EAS had to be labour-intensive, i.e. works which had a ratio of wages of unskilled labour to equipment, materials and other skilled works of not less than 60:40. Works requiring a larger component of materials were not to be sanctioned under the scheme, unless the excess cost of materials was provided from other sectoral schemes.

Both JRY and EAS were Centrally Sponsored rural wage employment programmes. While the Union Government was to bear 80 *per cent* of the expenditure on both the programmes, the respective state governments were to contribute the remaining 20 *per cent*. The important features of the programmes were as under:

Feature	JRY	EAS
Year of launch	April 1989	October 1993
Area of implementation	Throughout the country	Identified 1778 RPDS (Revamped Public Distribution System) blocks in 261 districts, subsequently extended to 665 blocks covered under DPAP DDP and MADA blocks. The scheme extended in all the 5448 rural blocks of the country from 1st April 1997.
Primary objective	Provide employment to rural population	Provide assured employment for 100 days
Eligibility	Unemployed / under employed persons below the poverty line	Rural poor who were in need of employment and sought it.
Special conditions	Preference to the scheduled castes and the scheduled tribe	Assured employment of 100 days to each of two members of each family in the age groups of 18-60 years.
	At least 30 per cent of the employment was to be provided to women.	
Implementing Agency	DRDA/ZPs through line departments and village Panchayat	DRDA / ZPs through line departments and village panchayat
Secondary objectives	Creation of durable assets	Creation of economic infrastructure and economic assets for sustained agricultural production and employment generation.
Wage-material ratio of works undertaken under the programmes	Not less than 60:40	Not less than 60:40

The strategy for implementation of JRY was modified in 1993 to ensure better implementation of the programmes during the Eighth Plan, especially to achieve the target of providing 90-100 days of employment per person in the backward districts, where there was concentration of unemployed and under-employed persons. The implementation of JRY was done through three different streams. The original stream of JRY was implemented all over the country. The second stream called Intensified JRY was implemented in 120-selected backward districts, with the stipulation that the allocation to it would not be less than Rs 700 crore, or 20 *per cent* of the total fund earmarked for JRY. The third stream was for taking up special and innovative projects. In January 1996, JRY was again restructured. The second stream of JRY was discontinued and the programme in the backward districts covered under it were merged with the Employment Assurance Scheme. The Indira Awaas Yojana and the Million Wells Scheme, which were earlier sub-schemes of JRY, were made separate schemes.

Persons who needed and sought employment under the EAS were required to register themselves in the village panchayats where they were residing. A family card was to be issued to every family whose adult members were registered. Employment provided to the members of the registered family under EAS, or any other plan or non-plan scheme, was to be recorded in the family card.

Under both the schemes, the Ministry released the central share of the funds directly to the DRDAs / ZP. The state governments were required to release their share to DRDAs within 15 days of the central release.

**4.1.6** From 1 April 1999, JRY has again been restructured and named Jawahar Gram Samridhi Yojana with the primary objective of creation of demand driven community and village infrastructure and generation of supplementary employment for the unemployed rural poor as secondary objective.

**4.1.7** Total expenditure by the Union and state governments on all Centrally Sponsored rural employment generation programmes which included Food for Work Programme, NREP, RLEGP, JRY (Jawahar Rozgar Yojana) and EAS (Employment Assurance Scheme) from 1977-78 to 1998-99 was as under:

Period	Allocation	Expenditure(Rs in crore)	
		Total	Portion of JRY/EAS (1989-99)
V Plan (1977-80)	479.00	511.91	----
VI Plan (1980-85)	1620.00	1867.25	----
VIII Plan (1985-90) (JRY was launched in 1989-90)	8117.91	7809.93	2458.08
Annual Plan			
1990-91	2627.80	2588.52	2588.52
1991-92	2620.90	2663.23	2663.23
VIII Plan (1992-97) (EAS was launched in October 1993)	25205.02	22786.74	22786.74
Annual Plan			
1997-98	4960.96	5344.35	5344.35
1998-99	5083.70	5249.08	5249.08
<b>Total</b>	<b>50715.29*</b>	<b>48821.01</b>	<b>41090.00**</b>

\* Initially the allocations under EAS was made estimating 60 per cent of each agricultural labourers requiring employment for 100 days and taking wage rate of Rs 35 per manday. Thereafter allocation was made on demand from States.

\*\* Constitute 84 per cent of total expenditure on rural employment programmes during 1977-99.

## **4.2 Organisational arrangement**

**4.2.1** Organisational structure of the Ministry of Rural Development and other agencies responsible for the implementation of these rural employment programmes is as detailed below:

## **4.3 Scope of audit**

4.3.1 Reviews of implementation of the two schemes had been included in the Reports of the Comptroller and Auditor General of India in the past. Some of the more important observations contained in the previous Reports included.

- Error in reported employment generation under the programmes due to a general tendency of the state governments to report the figures on the basis of arithmetical calculation arrived at by dividing the wage component of expenditure with the minimum wages rather than by actual count of the muster rolls.
- Insufficient or lack of evidence of reported employment generation in the absence of muster rolls, family cards and inventory of assets casting a doubt on actual delivery of the programme.

- Insufficient resource allocation, which even at the level of full and faithful utilisation could provide significant number of days of employment to secure any dent in rural unemployment / poverty.
- Actual average employment per person was 18 days and 16 days during 1994-95 and 1995-96 under EAS against the promised assured employment of 100 days in one year.
- Widely prevailing errors in reporting of financial performance, large scale diversion and misuse of funds provided for the programme.
- Ineffective control monitoring and review of the programme by the Ministry.

The implementation of the programmes during 1992-93 to 1998-99 was reviewed again by test check of documents in the Ministry and in 148 districts of 25 states and 2 Union Territories during December 1998 - July 1999. The review aims at examining whether the Ministry had taken effective measures to address the weaknesses highlighted in the previous reviews and the effectiveness of the various components of programmes. Extent and adequacy of employment provided to workers and evaluation of overall impact of the programmes on rural unemployment were important audit objectives. Besides, progress made in identification of workers, issue of registration cards, creation of assets, arrangements for maintenance and upkeep of these assets, effectiveness of monitoring were also examined.

4.3.1.1 The districts/blocks covered under review were as under:

Total no. of districts		Per cent coverage	Total no. of blocks		Per cent coverage	Total expenditure (Rs in crore)		Per cent coverage
Covered under the programme	Test checked		Covered under the programme	Test checked.		Covered under the programme	Test checked	
547	148	27	2590	511	20	33380.17	9436.10	28.27

State-wise details of samples selected for audit are at **Annex 1**.

All observations in this review are based on the macro analysis at the central and state levels and detailed examination in the sample districts.

4.3.2 In addition, a beneficiary survey for rural employment programmes was commissioned by Audit with the primary objective to assess the reach of the JRY and EAS programmes; the coverage of the targeted population and verification of assets created under JRY and EAS as per the perception of the beneficiaries. The survey was carried out by ORG-MARG during August - October 1999 in 141 districts, 296 blocks and 2106 villages covering a sample of 15106 EAS, 20454 JRY and 82788 potential beneficiaries. The survey was carried out using both quantitative (primary survey using pre-tested beneficiary schedules) and qualitative (in-depth interview with programme functionaries) techniques. The main findings and recommendations of the survey are at **Annex 2** The specific findings of the beneficiary survey are included under appropriate paragraphs dealing with those aspects.

#### 4.4 Distortions in targeting

4.4.1 **Absence of a system of registration for job seekers:** Public Accounts Committee in its 94th report on NREP in 1986-87 had recommended the evolution of a system of registering the workers after their identification and issuing them identity cards cum pass books to record the number of mandays of employment generated, wages paid etc. This was subsequently reiterated by the Estimates Committee in their report on JRY in April 1993. The Ministry was yet to act upon these recommendations. Rather the Ministry had made the criteria for identification of workers too complex by fixing different weightages for employment to be given to BPL, SC,ST and women workers. 22.5 per cent of the annual allocation was to be spent on works, which directly benefit SCs/STs while 30 per cent of employment opportunities were to be given to women workers which had made targeting cumbersome and therefore were not achievable.

Guidelines on EAS also contained specific provisions for registration of workers seeking employment by village panchayats within the blocks covered by EAS. Panchayats were to maintain the registers and report the number of persons so registered, to the Block Development Officers who were to consolidate the details and report to the implementing authority and issue family cards to them.

**4.4.1.1** Registration of workers was not done under either of the schemes in **West Bengal, Haryana, Karnataka, Bihar, Himachal Pradesh, Jammu & Kashmir** and **Manipur**. Registration was partial in **Pondicherry**. No record of registration was maintained in **Assam, Rajasthan** and **Jammu & Kashmir** (Jammu Division). In seven talukas of four districts of **Gujarat** no record of registered persons was maintained. In other talukas where the registers were prepared, audit could not verify whether the prescribed procedure of registration was followed.

**4.4.1.2** Sample checks disclosed cases where payments were made to unregistered workers under EAS, which included casual staff of Public Works Divisions.

**Registration of jobseekers and issue of family cards to them, a pre-requisite for watching extent of employment provided to each worker was not done despite repeated recommendation of the PAC/Estimates Committee**

**4.4.1.3** Beneficiary survey also confirmed low *per centage* of registration of EAS workers. Less than one fourth of the total EAS workers were reportedly registered. Except Union Territories like **Pondicherry** and **Lakshadweep** and States like **Arunachal Pradesh** and **Tripura**, where registration was satisfactory, registration in other parts of the country was found to be quite low. Low *per centage* of registration of EAS workers clearly indicated that payments were made to the non-registered workers in violation of the programme guidelines.

#### **4.4.2 Family cards**

**4.4.2.1** Family cards are an essential control to establish the employment to the rural poor. These were not issued to majority of the registered persons. Sample check revealed that family cards were not issued or were issued partially to the registered persons in **Haryana, Meghalaya**, Kachchh district of **Gujarat, Himachal Pradesh**, 10 Gram Panchayats of **Rajasthan**, 14 Blocks of **Manipur, Pondicherry, Madhya Pradesh** (Bhopal district), 124 Gram Panchayats of **Karnataka, Andhra Pradesh, Bihar, Arunachal Pradesh, Punjab, Orissa, Uttar Pradesh** and **Tamil Nadu**. The state government of **West Bengal** reported 22.42 lakh registered persons to Government of India during 1995-96. In none of Gram Panchayats test checked family cards were shown to audit.

In **Sikkim**, the family cards were deficient, as they did not contain details of employment provided.

Thus, the correctness of the extent of provision of employment could not be ensured. This was also confirmed by the beneficiary survey, which showed that among the respondents the family cards were issued to 14 *per cent* of the beneficiaries and only 4 *per cent* possessed the family cards issued to them.

#### **4.4.3 Employment of women**

**Employment provided to women workers was less than the prescribed norms**

**4.4.3.1** Guidelines of the JRY envisaged 30 *per cent* of the employment opportunities to be reserved for women. Sample checks disclosed that in 4 blocks in **Meghalaya, Haryana** (three districts), five districts of **Uttar Pradesh, Punjab, Jammu & Kashmir, Arunachal Pradesh** and **Assam** employment provided to women workers was insignificant. In **Nagaland** employment to women workers was only **17.58 per cent** and **13.47 per cent** during 1997-98 and 1998-99. It ranged between 12 *per cent* and 25 *per cent* in **Manipur** and 0.07 and 26 *per cent* in seven Panchayat Samities of **West Bengal**.

**4.4.3.2** Beneficiary survey disclosed that proportion of women beneficiaries to the total beneficiaries was only 16 *per cent* in both EAS and JRY. The survey also revealed significant variations across various States and Union Territories. Under JRY, the proportion of female beneficiaries was less than three *per cent* in **Assam, Bihar** and **Uttar Pradesh**. No evidence was found about any female beneficiary in **Jammu & Kashmir**. Under EAS the female representation was less than five *per cent* in a number of states which included **Punjab, Assam, Uttar Pradesh, Haryana** and **Himachal Pradesh**. In **Nagaland, Mizoram** and **West Bengal** the proportion of female beneficiaries was less than

ten per cent.

#### 4.5 Financial performance under JRY and EAS (Annex 3 A & 3 B)

4.5.1 The release of funds and actual expenditure under JRY during 1992-99 and EAS since its launch in October 1993 to March 1999 was as under:

Table I (Rs. in crore)

Year	JRY				EAS				Total (JRY + EAS)	
	Release			Expenditure	Release			Expenditure	Release	Expend
	Centre	State	Total release		Centre	State	Total release			
1992-93	2524.88	657.45	3182.34	2709.59	-	-	-	-	3182.34	2709.59
1993-94	3229.66	653.43	3883.09	3878.71	439.10	109.66	548.76	183.75	4431.85	4062.46
1994-95	3497.53	873.14	4370.67	4268.33	1128.52	281.73	1410.25	1235.45	5780.92	5503.78
1995-96	3686.59	920.48	4607.07	4466.91	1705.69	425.95	2131.64	1720.61	6738.71	6187.52
1996-97	1639.10	409.28	2048.38	2163.98	1939.59	484.20	2423.79	2160.41	4472.17	4324.39
1997-98	1941.07	484.72	2425.79	2439.38	1968.72	491.76	2460.48	2904.97	4886.27	5344.35
1998-99	2050.96	495.57	2546.53	2428.31	1988.46	496.69	2485.15	2819.77	5031.68	5248.08
<b>Total</b>	<b>18569.79</b>	<b>4494.08</b>	<b>23063.87</b>	<b>22355.21</b>	<b>9170.08</b>	<b>2289.99</b>	<b>11460.07</b>	<b>11024.96</b>	<b>34523.94</b>	<b>33380.1</b>

Against the total release of Rs 34523.94 crore for both the schemes by the central and the state governments to the DRDA's/ZPs, the state governments reported expenditure of Rs 33380.17 crore, which consisted of an expenditure of Rs 22355.21 crore on JRY and Rs 11024.96 crore on EAS. It would be seen from the above table that the reported utilisation of fund was 97 per cent of releases for JRY and 96 per cent for EAS.

The above data shows a very high level of utilization with the allocation. The following factors should be taken into account to get a proper perspective.

- The utilization is highly inflated as has been brought in subsequent paragraph here.
- The amounts shown as utilised also include amounts kept in various deposits and hence not actually utilized. In many cases utilization certificates have not been received.
- The employment generation figures which is claimed to nearly equal the target are generated mechanically without reference to the actual employment as gleaned from the muster rolls.
- The resources allocated were much less than the total amount demanded by the Ministry of Rural Employment. With the actual provision of resources, registered poor can be given employment only upto 16 days in a year whereas the schemes provide for 100 days of employment to such persons.

These factors are analysed in detail in the following paragraphs.



#### 4.5.2 Adequacy of allocation of resources:

**Ab-initio the funds provided were too meagre to generate assured employment of 100 days to each registered worker and thus the implementation had inbuilt constraints for success of the programmes**

Viewed in the background of the target population which was intended to be provided with additional gainful employment under JRY and assured employment of 100 days to two members of each family who seek employment under the EAS, the actual release of fund by the Ministry for both the programmes would suggest an extremely thin spread of the resources for providing adequate employment even to the registered workers under EAS only. The programmes, thus, had inbuilt constraints of fund for providing assured 100 days of employment due to covering of all the areas instead of adopting area specific approach in targeting the most needy areas. The releases towards wage component made by the Ministry could provide employment to not more than 15 mandays to BPL persons under JRY and not more than 16 mandays to employment seekers under EAS, even if the programmes were implemented in the most ideal manner in which the entire fund was truthfully utilised for provision of the employment. The maximum mandays of employment that could be generated with the total amount of releases towards wage components were as under:

#### JRY

Year	Targeted BPL families to be provided employment (Number in lakh)	Total amount released by the central and state government (Rs in crore)	60 per cent of the total amount released, being the wage component (Rs in crore)	Average minimum wage per person per day (in Rs)	Total number of days for which employment could be generated (in lakh)	Average per person manday of employment that could have been generated (in days)
1992-93	463.76	3182.34	1909.40	25	7637.60	16.47
1993-94	488.06	3883.09	2329.85	25	9319.40	19.09
1994-95	488.06	4370.67	2622.40	25	10489.60	21.49
1995-96	488.06	4607.07	2764.24	25	11056.96	22.65
1996-97	488.06	2048.38	1229.03	25	4916.12	10.07
1997-98	488.06	2425.79	1455.49	35	4158.48	8.52
1998-99	488.06	2546.53	1527.92	35	4365.49	8.95
<b>Total</b>	<b>3392.12</b>	<b>23063.87</b>	<b>13838.31</b>		<b>51943.65</b>	<b>15.31</b>

#### EAS

Year	Total registered workers to be provided employment (Total number of workers registered under	Total amount released by the central and state government (Rs in crore)	60 per cent of the total amount released, being the wage component (Rs in crore)	Average minimum wage per person per day (in Rs)	Total number of days for which employment could be generated (in lakh)	Average per person manday of employment that could have been generated (in days)
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	EAS) (number in lakh)					
1992-93	-					
1993-94	-					
1994-95	150	1410.25	846.15	25	3384.60	22.56
1995-96	201	2131.64	1278.98	25	5115.92	25.45
1996-97	263	2423.79	1454.27	25	5817.08	22.11
1997-98	419	2460.48	1476.29	35	4217.97	10.06
1998-99	430	2485.15	1491.09	35	4260.26	9.90
<b>Total</b>	<b>1463</b>	<b>10911.31</b>	<b>6546.78</b>		<b>22795.83</b>	<b>15.58</b>

**4.5.3** Audit of execution of the programmes disclosed that whatever was provided for by the Ministry and the state governments did not reach the actual beneficiaries due to several aberrations in its implementation by the DRDAs/ Zila Parishads and absence of effective internal oversight by the Ministry and state governments. The efficacy of the programme within the limited resource depended preponderantly on the quality of expenditure incurred. There were many irregularities which affected efficient implementation of these programmes to secure the employment to the target population.

**4.5.4** Of the total expenditure of Rs 33380.17 crore spent under JRY and EAS during 1992-99, the sample selected by the Audit for detail examination covered about Rs 9436.10 crore. Scrutiny revealed as follows:

#### **4.5.5 Inflated reporting of expenditure (Annex -4)**

Records in the States revealed that expenditure on JRY and EAS were reported in excess of actual expenditure by Rs 160.47 crore in 12 states.

#### **4.5.6 Failure to release central/state share to implementing/executing agencies (Annex-5)**

State share and releases by the Union Government under JRY through state government until March 1999 aggregating Rs 236.14 crore were short released by the central/state governments to the implementing/executing agencies in **Rajasthan** (Rs 14.36 crore), **Manipur** (Rs 12.36 crore), **West Bengal** (Rs 6.18 crore), **Himachal Pradesh** (Rs 0.61 crore), **Punjab** (Rs 2.10 crore), **Jammu & Kashmir** (Rs 1.93 crore), **Madhya Pradesh** (Rs 82.76 crore), **Bihar** (Rs 88.00 crore) and **Assam** (Rs 27.84 crore). To the extent these amount could generate employment, the rural poor was deprived of the employment opportunities.

#### **4.5.7 Delay in release of fund to the executing agencies (Annex- 6)**

##### **Physical progress was affected due to delay in release of fund**

In **Madhya Pradesh, Assam, Meghalaya, Gujarat, Arunachal Pradesh, Jammu & Kashmir, Dadra & Nagar Haveli, Himachal Pradesh, Haryana, Orissa, Rajasthan, Tamil Nadu, Manipur, Uttar Pradesh, Sikkim, Nagaland, Karnataka, Goa, Kerala, and West Bengal**, state governments/DRDAs/Zila Parishad released Rs 2777.46 crore to the implementing agencies with a delay of upto 36 months. Delayed release of fund and release at the fag end of the year adversely affected the planning and execution process.

#### 4.5.8 Diversion of fund (Annex - 7 A & 7 B)

##### Financial achievement reported by state governments contained error of Rs 2178.07 crore

Sample check disclosed diversion of Rs 2178.07 crore during 1992-99 to activities not connected with the programmes and parking of the fund in Personal Ledger Accounts, Personal Deposits, fixed and term deposits, etc. Significant diversions of fund noticed in audit were as under:

##### 4.5.8.1 Deposits of fund (Annex -7 B)

Rs.1747.52 crore was parked in personal ledger accounts, personal deposit accounts, fixed deposits or term deposits, civil deposits and revenue deposits, etc. as under which affected generation of employment adversely.

##### Three state governments kept Rs 905.11 crore in Personal Deposit Account

Sr. No.	Parking of fund in	States	Amount (Rs in crore)
1.	Personal Ledger Account	Gujarat, Punjab, Orissa, Andhra Pradesh, Tripura and Uttar Pradesh	238.51
2.	Personal Deposit Account	Andhra Pradesh, Rajasthan, and Karnataka	905.11
3.	Fixed Deposits/Term Deposit/ <b>Deposit at Call/ Bank Account</b>	Andhra Pradesh, Madhya Pradesh, Karnataka, Pondichery, Arunachal Pradesh, Meghalaya, Gujarat, Tamil Nadu, Uttar Pradesh, Mizoram, Sikkim, Assam, Himachal Pradesh and Nagaland	138.64
4.	Civil Deposits	Bihar, Madhya Pradesh Karnataka and Manipur	345.94
5.	Revenue Deposits	Assam	41.87
6.	Other State Receipts	Bihar, Madhya Pradesh, West Bengal, Kerala, Karnataka and Punjab	77.45
		<b>Total</b>	<b>1747.52</b>

##### 4.5.8.2 Diversion to activities not connected with programmes (Annex 7 A)

##### State governments spent Rs 251.81 crore on construction activities not covered under guidelines of the scheme

In Andhra Pradesh, Mizoram, Jammu & Kashmir, Assam, Meghalaya, Punjab, Madhya Pradesh, Haryana, Himachal Pradesh, Arunachal Pradesh, Orissa, Manipur, Uttar Pradesh, Rajasthan, Tamil Nadu, Kerala, Karnataka, Maharashtra, West Bengal and Tripura, Rs 251.81 crore were spent on construction of office building, volley ball court, high school, mandir, hospitals, electrification, college building, mini-stadium, etc. which were not covered under the guidelines on items of works that could be taken up under the scheme.

Rs 15.19 crore were spent on purchase of colour TV set, geyser, refrigerator, furniture, dinner set, photocopiers, air-conditioned car and jeep, payment of pay and allowances, travelling allowances of regular staff of DRDA, etc. in Jammu & Kashmir, Meghalaya, Arunachal Pradesh, Punjab, Tamil Nadu, Pondicherry, Uttar Pradesh, Haryana, Assam, Bihar, Nagaland, Andhra Pradesh, Karnataka and West Bengal

In Karnataka, Goa, Rajasthan, Uttar Pradesh, Pondicherry, Tamil Nadu, Andhra Pradesh, Nagaland, Gujarat, Himachal Pradesh, Mizoram, Madhya Pradesh, Punjab, Orissa, West Bengal, Assam and Bihar, Rs 123.57 crore were diverted to other schemes viz MPLADS (Member of Parliament Local Areas Development Scheme.), IRDP (Integrated Rural Development Programme), DWCRA (Development of Women and Children in Rural Areas), DPAP (Drought Prone Area Programme), TRYSEM (Training of Rural Youth for Self Employment) and state schemes, urban

areas, etc.

#### **4.5.9 Money lying unutilised / advances unadjusted treated as final expenditure (Annex - 8)**

**Rs 754 crore lying unutilised/ unadjusted were treated as final expenditure though actually not spent**

In 22 states, money lying unutilised / advances unadjusted, amounting to Rs 754 crore given to executing agencies and officers of DRDAs, etc. were treated as final expenditure though there was no evidence that this was actually fully spent, as utilisation certificates were not received. More important of such amounts lying unadjusted related to **Assam**: Rs 4.87 crore; **Tamil Nadu**: Rs 29.85 crore; **Madhya Pradesh**: Rs 4.77 crore; **Orissa**: Rs 40.24 crore; **Uttar Pradesh** Rs 311.08 crore; **Tripura**: Rs 47.40 crore and **Andhra Pradesh**: 70.54 crore.

#### **4.5.10 Administrative expenditure in excess of provisions.**

**State governments spent Rs 14.50 crore in excess of prescribed ceiling on administrative expenses**

Guidelines under the programmes contemplated expenditure of maximum two *per cent* of fund utilised in a year on the administration and contingencies. Rs 14.50 crore were, however, spent in excess of the prescribed ceiling in **Assam** (P&RD: Rs 5.88 crore), **Gujarat** (3DRDAs: Rs 0.36 crore), **Himachal Pradesh** (Rs 0.83 crore), **Arunachal Pradesh** (Rs 2.62 crore), **Rajasthan** (DRDA, Sikar : Rs 0.18 crore), **Sikkim** (Rs 0.28 crore), **Goa** (Rs 0.74 crore), **Karnataka** (Rs 0.30 crore in three districts), **Orissa** (DRDA, Jharsuguda : Rs 0.14 crore), **West Bengal** (ZPs, Bhirbhum and Jalpaiguri : Rs 2.10 crore) **Meghalaya** (Rs 0.02 crore), **Mizoram** (Rs 0.09 crore), **Pondicherry** (Rs 0.91 crore) and **Andhra Pradesh** (Rs 0.05 crore) between 1992-93 and 1998-99.

#### **4.5.11 Suspected misappropriation of fund/fictitious payments.**

**Deficient control led to suspected misappropriation of funds/ fictitious payment of Rs 9.52 crore in 10 states**

In **Gujarat**, **Punjab**, **Manipur**, **Karnataka** (Rs 1.14 crore), **Tamil Nadu**, **Bihar**, **Assam**, **Andhra Pradesh** (Rs 2.28 crore), **Nagaland** (Rs 3.50 crore) and **Uttar Pradesh** suspected misappropriation of fund and fictitious payments amounting to Rs 9.52 crore were as detailed in **Annex- 9**:

#### **4.5.12 Rush of expenditure**

In nine states Rs 1182.27 crore were spent in the last quarter of which Rs 910.31 crore were spent in the month of March. The expenditure in last quarter/March constituted 38.39 *per cent* and 29.55 *per cent* of the total expenditure of Rs 3079.58 crore by the agencies included in the **Annex 10**. In **Karnataka**, out of Rs 984.53 crore spent during 1995-98 for the entire state, Rs 261.02 crore constituting 27 *per cent* was spent in March. Rush of expenditure at the fag end of the year is not consistent with five programmes. The demand for employment generation is generally uniform throughout the year or is more concentrated in the lean season, if and when it exists.

#### **4.5.13 Execution without sanction (Annex - 11)**

**Rs 95.41 crore were spent in execution of works without sanction of the competent authority not included in the annual action plans**

Sample check of records disclosed that implementing agencies executed works valued at Rs 95.41 crore without obtaining the administrative approval/ technical sanction from the competent authority and/or on works which were not included in the annual action plans of the respective DRDAs during 1992-99. Some of the more important cases related to **Gujarat** (Rs 3.32 crore), **Arunachal Pradesh** (Rs 22.91 crore), **Haryana** (Rs 2.15 crore), **Jammu & Kashmir** (Rs 1.16 crore), **Orissa** (Rs 1.08 crore), **Maharashtra** (Rs 3.15 crore), **Rajasthan** (Rs one crore), **Mizoram** (Rs 1.41 crore), **Karnataka** (Rs 8.80 crore), **Bihar** (Rs 0.85 crore), **Pondicherry** (Rs 0.34 crore) and **West Bengal** (Rs 48.50 crore).

#### **4.6 Employment generation**



Source: 1. *Compilation of Data on JRY, EAS, MWS and IAY - 1995-96 Ministry of Rural Areas and Employment.*  
2. *Data furnished by the Ministry for 1996-97 onwards.*

\* The BPL persons had increased from 232 million persons in 1987-88 to 244 million persons in 1993-94 and to 350 million in 1996.

#### **4.6.4 Dismal rate of per person mandays of employment generated**

Sample checks in the individual implementing agencies revealed that against assured generation of 100 man-days of employment per person under EAS, the average generation between 1993-94 and 1998-99, on the basis of total man-days reportedly generated divided by the number of registered persons, ranged between nil and 73 in two districts of **Gujarat**, 7 and 38 in **Karnataka**, 12 and 33 in **Dadra and Nagar Haveli**, 8 and 40 in **Arunachal Pradesh**, 7 and 84 in **Maharashtra** 5 and 30 in **Madhya Pradesh**, 6 and 80 in **Orissa**, 50 and 65 in **Assam**, 8 and 71 in **Uttar Pradesh**, 1 and 2 in **Bihar**, 9 and 24 in **Kerala**, nil and 35 in **Himachal Pradesh** and 10 and 17 in **Punjab**.

**4.6.4.1** Even under JRY, which aimed at creation of additional gainful employment for the BPL population, mandays of employment provided per person was negligible. Sample checks of records in states revealed that generation of mandays of employment, ranged between 2 and 27 in **Tripura, Tamil Nadu, Madhya Pradesh, Orissa, Punjab, Manipur** and **Bihar**

#### **4.6.5 Mechanical determination of employment generated (Annex 12A and 12B)**

**Deficient reporting of employment generation by DRDAs/ZPs and state governments by mechanically calculating the wage component by minimum wage rate**

The system of reporting employment generation was unsatisfactory. The number of mandays of employment generated was inflated by 54.09 lakh by computation on notional basis by dividing the total expenditure on wage components by the prescribed minimum wage rate in **Assam, Manipur, Rajasthan, Uttar Pradesh, Punjab, Tamil Nadu, Jammu & Kashmir, Tripura, Mizoram, Nagaland, Himachal Pradesh, Sikkim, Kerala, Maharashtra, Orissa, Arunachal Pradesh** and **Madhya Pradesh**. Further in **Karnataka, Haryana, Kerala, Manipur, Himachal Pradesh, Uttar Pradesh, Punjab, Andhra Pradesh, Bihar, Nagaland** and **West Bengal** 24.04 crore mandays of employment generated were shown inflated due to incorrect reporting of figures of employment against those as per muster rolls or those furnished by executing agencies. Government of **Bihar** reported 22.27 crore days of employment generations more than the maximum that could be generated even with full utilisation of wage component of the expenditure. In **Tripura** no compiled and consolidated database or number of mandays actually generated was available at any level, hence reported figures of 3.47 crore mandays generated and number of beneficiaries was not genuine.

**4.6.6** The beneficiary survey also underlined the grossly inadequate *per centage* of per person employment days provided. According to the survey, under JRY and EAS, employment generated per person was only 21 and 27 mandays respectively.

#### **4.7 Improper maintenance of muster rolls (Annex - 13)**

JRY and EAS were fundamentally wage employment programmes and it was important to maintain muster rolls properly, wherein particulars of workers engaged in the works were required to be noted. The guidelines envisaged compilation of figures of employment generation on the basis of certificates of muster rolls.

Public Accounts Committee had also emphasised this aspect in its report for watching employment generation to the registered workers.

**Muster-rolls, the authentic record of employment generation were either not maintained or maintained in imperfect manner in 18 states**

Muster rolls were not maintained or were kept in an imperfect manner or were manipulated in **Bihar, Sikkim, West Bengal, Tripura, Tamil Nadu, Uttar Pradesh, Kerala, Andhra Pradesh, Rajasthan, Jammu & Kashmir, Punjab,**

**Orissa, Gujarat, Haryana, Goa, Maharashtra, Assam and Nagaland.** In some of them, payments were made without measurement of the work.

In **Goa**, Rs 10.58 crore were paid without measurement of work done while in **West Bengal** and **Orissa** Rs 2.06 crore and Rs 3.11 crore respectively were paid on unattested thumb impression/ without evidence of verification of persons.

**In Jammu & Kashmir, the muster-rolls indicated payments made on non-existent dates**

In **Jammu & Kashmir**, the muster rolls indicated payments made on 31 September 1995, 29 February 1997, 31 April 1997, 31 June 1997, 29 February 1999 in eight cases ; at one each of Bhalwal, Dansal and Chenani blocks, two of Srinagar block and three of Pampore block.

In **Tamil Nadu**, the state government abolished maintenance of muster rolls for JRY in September 1990 and instead provided for maintenance of the attendance register only. Some muster rolls were charged to particular items of works, thus abolition deprived the link between the employment and the specific work on which the persons were employed.

The beneficiary survey also brought out that the muster rolls were not available in many of the Panchayats. Even in some cases where the Panchayats made muster rolls available, many names were found to be false. The trend was found to be identical across all the states. In **Karnataka** and **Jammu & Kashmir** all the names in muster rolls of the sample villages were false. Despite the fact that all the beneficiaries were required to put their signatures or thumb impressions on the muster rolls at the time of receiving payment, only half of the total respondents reported to have either put their signatures or thumb impression on the muster rolls while receiving payment. The survey report brought out that nearly half of the payments were made without the beneficiary's acknowledgement of the receipt lending scope to manipulation of records. States where majority of beneficiaries did not sign on the muster rolls were **Andhra Pradesh** (98%), **Tamil Nadu** (85%), **Kerala** (79%), **Jammu & Kashmir** (66%), **Bihar** (60%), **Mizoram** (88%), **Meghalaya** (83%), **Manipur** (83%), **Assam** (62%) and **Orissa** (69%). According to the survey, further under EAS, nearly half of the beneficiaries reportedly did not sign on the muster rolls and nearly 2/3rd of beneficiaries in **Bihar** reportedly did not sign on the muster rolls at the time of receiving payments.

#### **4.8 Wage related issues**

The guidelines contemplated that of all the expenditure incurred on various works, 60 *per cent* was to be incurred on the wages of unskilled workers. In case of need for supplementary requirement of fund for material component, it was to be provided by dovetailing resources from state government plan/non-plan/sectoral programme fund.

##### **4.8.1 Non-adherence to ratio between expenditure on wage and non-wage components (Annex 14)**

**State governments did not adhere to ratio between expenditure on wage and material components**

Test check revealed that minimum ratio between expenditure on wage and material components was not observed in **Punjab, Madhya Pradesh, West Bengal, Gujarat, Meghalaya, Haryana, Arunachal Pradesh, Tamil Nadu, Nagaland, Tripura, Karnataka, Jammu & Kashmir, Orissa, Rajasthan, Manipur, Pondicherry, Uttar Pradesh, Sikkim, Goa, Kerala, Himachal Pradesh, Mizoram, Dadra & Nagar Haveli and Andhra Pradesh.** The *per centage* of expenditure on wages was very low and ranged between 3 in **Orissa** and 59 in Bilaspur district of **Madhya Pradesh.** In 16 states/UTs there was excess expenditure of Rs 95.15 crore on non-wage component. Since the programmes were basically for wage employment and a ceiling of 40 *per cent* on the expenditure that could be met on material was prescribed to maximise the employment generation, the excess expenditure on the material by the state governments was un-authorized and reflected poorly on their sensitivity about the rural poor. As a consequence, generation of man-days of employment also fell short. At a minimum wage rate of Rs 35 per man-day, the extent of shortfall in generation of employment would work out to 2.72 crore man-days.

##### **4.8.2 Payment of wages**

Rates of wages to be paid under the programmes were to be minimum agricultural wages for the unskilled labourers as notified by the concerned state government and were to be the same for men and women workers. Wages were to be paid weekly at the work-site in the presence of local persons like 'Sarpanchs', 'Panch' and Block Committee

members, etc. Test check of records in the states disclosed following shortcomings in wage payment.

#### 4.8.2.1 Delay in payment of wages (Annex 15)

##### There was delay in payment of wages in 16 states

In **Gujarat, Pondicherry, Assam, Maharashtra, Uttar Pradesh, Andhra Pradesh, West Bengal, Himachal Pradesh, Arunachal Pradesh, Haryana, Rajasthan, Goa, Karnataka, Nagaland, Tamil Nadu** and **Orissa** there were delays in payment of wages between one and 38 months in some cases due to late receipt of fund rendering the workers without wages. Beneficiary survey also showed that nearly 21 *per cent* of the beneficiaries were paid on completion of the projects, contrary to payment of wages every week.

#### 4.8.2.2 Short / non-payment of wages (Annex 16)

The implementing/executing officers of DRDA/Panchayats/line department in **Haryana, Goa, Orissa, Uttar Pradesh, Madhya Pradesh, Tamil Nadu, West Bengal, Assam,** and **Bihar** under-paid the wages of Rs 43.90 crore to the workers reportedly due to payment of wages at lower rates than the prescribed minimum wage rate.

#### 4.8.2.3 Other shortcomings

##### Payment of wages at lower rates than prescribed led to underpayment of Rs 43.90 crore to workers in nine states

Payment of wages was not made in the presence of 'Sarpanch' 'Panch' Block Committee members, etc., in **Arunachal Pradesh** (3 Block - Rs 10.53 lakh), **Haryana** (2 districts - 1.86 crore), **Orissa** (52 executing agencies - Rs 3.11 crore), **Assam** (six districts - Rs 1.62 crore) and **Madhya Pradesh** between 1992-93 and 1998-99. In **Sikkim**, no records of payment of wages in the presence of local persons were available. Thus, an important tool of assurance of wage payment was foiled by the state governments.

Beneficiary survey also disclosed that one tenth of beneficiaries under JRY and two fifth under EAS were paid at home.

State governments of **Gujarat** (4 districts), **Manipur** (BDO, Moreh block, Chandel district) and **Andhra Pradesh** paid Rs 32.71 lakh as wages through gangmen, Jamadars, MLAs and President of Village Development Committee instead of directly to the workers.

Beneficiary survey revealed that nearly 1/3 rd of total beneficiaries reported having been paid by the contractors.

BDO, Dirang in Bomdila district of **Arunachal Pradesh** reportedly paid Rs 99.76 lakh towards wages during January 1996 to December 1998 without recording the payments in cash book. Bills for payment of wages could not be located for verification in Audit.

#### 4.9 Assets creation

The guidelines contemplated prioritization of activities under the programmes for creation of rural economic infrastructure and community assets for sustaining employment in the following proportions.

##### State governments did not follow prescribed sectoral priorities. There was pre -ponderance on construction of kachcha roads and buildings

Sectors	EAS	JRY
Economically productive assets: Water and soil conservation measures, land protection, vegetative barriers, agro-horticulture, afforestation, silvi -pasture, etc. under watershed development, Minor irrigation works and Link roads featuring in the master plans of the respective districts	40 <i>per cent</i> 20 <i>per cent</i> 20 <i>per cent</i>	60 <i>per cent</i>



Individual beneficiaries projects for SCs/STs	-	22.5 <i>per cent</i>
Works including roads and buildings/Public Community buildings	20 <i>per cent</i>	17.5 <i>per cent</i>

Sample-check of records in the states revealed non-adherence of prescribed sectoral weightage, the highest priority to construction of '*kachcha*' rural link roads and low priority to work of soil and moisture conservation, etc.

Prescribed sectoral earmarking of fund was not followed in **Uttar Pradesh, Andhra Pradesh, Punjab, Maharashtra (Thane district), Sikkim, Goa, Jammu & Kashmir, Kerala, Tripura, Tamil Nadu, Karnataka, Gujarat, Haryana, Arunachal Pradesh, Mizoram, Madhya Pradesh, Rajasthan, Dadra & Nagar Haveli, Nagaland and Bihar.**

Construction of '*kachcha*' rural roads and buildings was given the highest priority in **Uttar Pradesh, Sikkim, Goa, Tripura, Tamil Nadu, Andhra Pradesh, Karnataka, Gujarat, Haryana, Arunachal Pradesh, Dadra & Nagar Haveli, Mizoram, Madhya Pradesh, Rajasthan, Punjab, Nagaland and Bihar** where expenditure on roads and buildings was very high and which ranged between 22 and 99 *per cent* under the programmes.

Beneficiary survey also disclosed that proportion of link roads and civil construction such as school building, panchayat ghar, community building, etc. was much higher compared to other assets created during 1996-99.

**In seventeen states, lowest priority was given on taking up works of soil and water conservation, watershed development, etc. which have a direct and continuing benefits to the poor**

In **Sikkim, Goa, Jammu & Kashmir, Kerala, Tripura, Karnataka, Tamil Nadu, Gujarat (two districts), Haryana, Mizoram, Madhya Pradesh, Dadra & Nagar Haveli, Rajasthan, Arunachal Pradesh, Andhra Pradesh, Nagaland and Bihar** lowest priority was given to taking up of economically productive assets viz watershed development/water and soil conservation works, social forestry, etc.

In **Sikkim, Tripura, Uttar Pradesh, Mizoram, Nagaland and Bihar** only 4 *per cent* to 17 *per cent* of expenditure was incurred on minor irrigation works against 20 *per cent* prescribed under guidelines, while some other states viz **Goa, Kerala, Tamil Nadu and Gujarat**, the expenditure on minor irrigation was upto 53 *per cent*.

In **Andhra Pradesh, Sikkim, Goa and Jammu & Kashmir** no specific scheme/work benefiting the SC/ST were taken up under EAS though under the guidelines expenditure of 22.5 *per cent* of total expenditure was to be incurred on such schemes while in **Uttar Pradesh, Kerala, Karnataka, Haryana and Madhya Pradesh**, the works taken up were less than the prescribed weightage. This deprived the benefits to SCs/STs of economic assets under the programmes.

This pattern has to be seen against the observation of the Estimates Committee (Estimates Committee on JRY, 30<sup>th</sup> Report, April 1993) that there was no explicit prioritization of assets being created under the programme. The Committee had recommended that without interfering with the freedom of Panchayats, the asset creation plan should be dovetailed into an overall plan of development of the region with first priority for productive and labour intensive works viz. irrigation, water and soil conservation and reclamation of wastelands.

#### **4.10 Failure to prepare shelf of projects/Annual Action Plan**

The guidelines of the programmes enjoined upon the implementing authority to prepare Annual Action Plan/shelf of projects proposed to be taken up in the district in the current and succeeding years after detailed survey of local resources and felt needs of the people. Gram Sabha was to ratify every project executed under the programme. The works included in the shelf of projects/Annual Action Plans were to be such which would normally be completed within two years.

**Shelves of project were not prepared or were deficient and works were executed in a lackadaisical manner**

Shelf of projects were, however, not prepared or prepared without ascertaining local resources and their economic viability, expected number of mandays of employment to be generated, etc. in **Kerala** (Palakkad district), **Tripura**, **Nagaland**, **Madhya Pradesh** (Bilaspur district), **Sikkim**, **Haryana** (Sirsa district), **Meghalaya**, **Himachal Pradesh**, **Mizoram**, **Punjab**, **Orissa**, **Rajasthan**, **Manipur**, **Uttar Pradesh**, **Assam** (six districts) and **Andhra Pradesh**. This led to execution of works without sanction in many states as brought out in paragraph 4.5.13.

#### **Annual Action Plans/ integrated plans were not prepared in eleven states**

Annual Action Plan/Perspective/Integrated plans were also not prepared/approved in **Andhra Pradesh** (Cuddapah), **Assam**, **Nagaland**, **Meghalaya**, **Mizoram**, **Orissa**, **Rajasthan**, **Manipur**, **Goa**, **Punjab** and **Kerala**, (4 Panchayats)

In **Madhya Pradesh** (Bilaspur district), **Jammu & Kashmir**, **Assam**, **West Bengal** and **Kerala**, Annual Action Plans were prepared with delay of one to eight months/without considering details of location of works, employment likely to be generated and without identifying the basic needs of each area, etc. In **Sikkim** and **Manipur** no survey of districts-wise resources for selection of economically viable projects/works was done. This led to unplanned activities, which did not have any direct effect on the overall area development and consequential generation of employment on a sustainable basis. Ministry and state governments continued to release fund to the executing agencies without ensuring preparation of shelf of projects/Annual Action Plans.

The beneficiary survey brought out that only a little over one fourth of the beneficiaries participated in Gram Sabhas for identification and selection of projects under JRY and EAS. Participation in Gram Sabhas for identifying the projects under EAS was high in **Gujarat**, **Daman & Diu**, **Haryana**, **Himachal Pradesh**, **Rajasthan**, **Sikkim**, **Mizoram**, **Meghalaya**, **Manipur** and **Nagaland**. In **West Bengal**, participation was 40 *per cent*. Participation in Gram Sabhas was very low in southern region. Similarly, under JRY, the participation was quite high in **Himachal Pradesh**, **Haryana** and **Nagaland** while it was the lowest in **Andhra Pradesh**:

#### **4.11 Appointment of contractors (Annex 17)**

##### **Works for Rs 420.90 crore were executed through contractors depriving employment to local workers**

Under the programmes works were to be got executed departmentally employing local labour so that full benefits of wages to be paid reached the local workers and fund was not wasted on contractors or middlemen margins. It was, however, observed during test-check of records that works costing Rs 420.90 crore were got executed through contractors in **Andhra Pradesh**, **Assam**, **Himachal Pradesh**, **Meghalaya**, **Pondicherry**, **Punjab**, **Orissa**, **Rajasthan**, **Sikkim**, **Karnataka**, **Maharashtra**, **West Bengal**, **Kerala**, **Haryana**, **Jammu & Kashmir**, **Gujarat**, **Tamil Nadu**, **Madhya Pradesh** and **Uttar Pradesh**. Execution of works through contractors resulted in payment of at least Rs 38.26 crore towards contractors' margin of 10 *per cent* of the cost of works. This deprived the employment generation of at least 1.09 crore mandays which could have been generated out of the margin provided to the contractors taking average wage rate of Rs 35 per day.

Major instances of execution of works through contractors were noticed in **Andhra Pradesh**: Rs 20.85 crore, **Jammu & Kashmir**: Rs 319.10 crore, **Karnataka**: Rs 8.92 crore, **Maharashtra**: Rs 17.70 crore, and **West Bengal**: Rs 5.19 crore.

Beneficiary survey also highlighted the high influence and involvement of labour contractors with the beneficiaries. Labour contractors not only executed projects, they were also found to be instrumental in identification of projects to be executed, helping beneficiaries getting them registered, and providing labour for the execution of projects. It is evident from the fact that nearly 30 *per cent* of beneficiaries worked under labour contractors, about 28 *per cent* reported that labour contractors identified the projects, nearly two fifth reported that the labour contractors arranged for labour and about five *per cent* took help of middlemen to get registered. Influence of contractors/ middlemen was found to be relatively high in **Tamil Nadu**, **Gujarat**, **Jammu & Kashmir**, **Uttar Pradesh**, **Bihar**, **Orissa** and **Assam**.

#### **4.12 Irregularities in execution of works**

**4.12.1 Social Forestry:** Social forestry and agri-horticulture works were to be implemented to ensure that its benefits accrue to the rural communities and particularly to the rural poor. These works were to include soil and water

conservation measures to ensure the healthy growth and survival of plants. Cost of maintenance of plantation on community lands upto the period of three years of plantations was to be met from the programmes fund. Records in states disclosed irregularities like low survival rate of plantations, non-handing over of plantations for maintenance, non-provision of financial assistance for maintenance, planting of eucalyptus tree, etc. suggesting lackadaisical execution of the component.

**Orissa:** Horticulturist and ASCO, Bhawanipatna and ASCO, Nowrangpur failed to provide evidence in support of reported transfer of 'ber' and mixed plantations raised at Rs 1.46 crore to the SC/ST and poor beneficiaries.

In Bhawanipatna, the Horticulturist handed over 22000 plantations ('Ber' and cashew plants) raised at Rs 13.98 lakh to private beneficiaries in July 1998. However, Project Director, DRDA on inspection found only 100-150 plants against 22000 plants handed over and ordered for stringent action against the person responsible. No record of action taken was furnished to audit.

The ASCO, Bhawanipatna raised different plantations on 189 hectare in four blocks at Rs 25.41 lakh during 1994-96. During verification, DRDA found that the survival rate of plantations was 5 per cent to 60 per cent.

DRDA, Bhawanipatna in Kalahandi district released Rs 84.06 lakh during 1995-97 to Horticulturist, Bhawanipatna for raising 'Ber' and mixed fruit plantations in 324 hectare at the rate of Rs 15000 per hectare against the prescribed rate of Rs 3000-4000 per hectare, resulting in excess payment of Rs 35.46 lakh from EAS fund.

Five executing agencies in Phulbani, Bhawanipatna and Koraput reportedly distributed seedlings raised at Rs 79.25 lakh during 1994-99, free of cost to the beneficiaries. The actual plantation of the seedlings and their further maintenance was not assured.

**Madhya Pradesh:** The ADH, Mandla reportedly distributed mango plants costing Rs 6.17 lakh during September 1996 - February 1997 to Garden Superintendent and purchased 58505 mango plants at Rs 9.07 lakh in October-December, 1996 from two nurseries at Lucknow and **West Bengal** without the sanction of CEO, Mandla. The plants were reportedly distributed to beneficiaries after plantation season was over.

**Assam:** Three DRDAs, supplied seeds worth Rs 71.58 lakh in November 1998 free of cost to small and marginal farmers

**Rs 1.09 crore were released to executing agencies not nominated as Project Implementing Agencies**

**Maharashtra:** DRDA, Akola released Rs 1.09 crore to 19 different executing agencies, not nominated as Project Implementing Agencies, for execution of works in watershed areas. Details of utilisation of fund were not available. The amount is held as objected by Audit.

**The expenditure of Rs 5.55 crore on afforestation and agri-horticulture was unverifiable as records of plantation were not maintained**

**Nagaland:** Under EAS, Rs 5.55 crore was spent in afforestation and agri-horticulture in three districts during 1996-99. However, none of the Blocks in the three districts had information and records relating to area of plantation, basis of plant species selection, number of trees actually planted, sources of procurement of seedlings and plants, etc. Thus, the correctness of the expenditure could not be verified in audit.

#### **4.12.1.1 Low-survival rate of plantation**

The survival rate of plantation / horticulture crops planted at Rs.1.28 crore was negligible in **Assam** (Karbi Anglong) and 50 per cent in **Bihar** (DFO, Adityapur) and **Haryana** (Bhiwani).

#### **4.12.2 Land management works**

Land management works including soil and moisture conservation was one of the essential inputs for improving the productivity of land and increasing agricultural production. Land development works included land shaping, construction of drainage, field channels, providing vegetative hedges, boundaries, etc. The works taken up were to be

such, which could create durable productive community assets at least covering land of a group of ten farmers. Following shortcomings were noticed in land development works.

Scrutiny of records in states disclosed that either land management works were not undertaken or lower priority was assigned to such works. Also, the minimum requirement of benefit flowing to a group of at least 10 farmers was not given due consideration. Some significant cases are briefly discussed in the following paragraphs.

In 10 implementing offices in Bangalore (Rural), Dharwar, Raichur and Tumkur districts of **Karnataka** 294 water harvesting structures were constructed at Rs 1.24 crore even though the beneficiary farmers were less than the prescribed minimum number of farmers against each work. About six implementing offices in the same districts executed 23 works costing Rs 7.02 lakh in the land belonging to big farmers, who were ineligible to be covered under the programme.

In **Kerala** against 40 *per cent* of expenditure required to be incurred on land management and soil and moisture conservation works, the State Government spent only about 30 *per cent* of the amount on 1335 works under EAS in fifteen blocks during 1993-98.

Land management works were not taken up at all during 1992-99 in **Mizoram** and **Orissa**.

BDOs in eight blocks of **Meghalaya** distributed Rs 91.80 lakh in cash to 2228 beneficiaries for construction of minor irrigation and land development works at uniform rate irrespective of their area of land. The Directorate/DRDAs did not maintain records of utilisation of the fund. Neither did they ascertain the extent of benefits accrued from them.

#### **4.12.3 Construction of 'kachcha' rural link roads**

**Rs 164.64 crore were spent on construction of 'kachcha' rural link roads in 5 states contrary to the requirement of construction of durable nature**

Road works taken up under the programmes were to be of durable nature. Implementing agencies got executed 'kachcha' roads at Rs 164.64 crore between 1992-99 in **Tripura** (Rs 21.96 crore), **Mizoram** (Aizawl and Linglei districts: Rs 28.20 crore), **Assam** (Six DRDAs: Rs 60.46 crore), **Madhya Pradesh** (CEO, 4 districts: Rs 45.80 crore) and **Nagaland** (3 districts: Rs 8.22 crore).

DRDA, Jodhpur in **Rajasthan** released Rs 57 lakh to Rajasthan State Agricultural Marketing Board for execution of rural road works between March 1991 and February 1992. The expenditure was to be met from JRY fund and contribution from the Board was to be on 50:50 basis. The Board, however, spent Rs 56.56 lakh out of Rs 57.00 lakh and did not contribute its share. The DRDA was yet to recover the Board share.

Physical verification of a few assets created under EAS/JRY was carried out by Audit in **West Bengal** with a view to ascertaining their genuineness and maintenance. It revealed poor quality of construction of assets, works lying incomplete, non-handing over of assets, etc. as detailed in **Annex- 18**.

#### **4.13 Abandoned schemes (Annex - 19)**

**Midway abandoning of projects rendered Rs 10.12 crore infructuous**

Implementing agencies abandoned 5252 schemes in 11 states midway after spending Rs 10.12 crore. The schemes were aimed at creating durable assets like roads, irrigation channels, *pucca* dams, water harvesting structures, wells, fishponds, etc. The main reasons attributed for abandonment were shortage of fund/delay in release of funds, public protest, land disputes, etc.

#### **4.14 Delay in completion of works (Annex - 20)**

Under the programmes only those projects were to be taken up which could be completed within one to two years. In several states there was time over run ranging between two and nine years in 27779 works. The executing agencies attributed the delay in completion of works to local disputes, shortage of fund, lack of technical know-how, lack of

interest by beneficiaries, etc.

#### **4.15 Maintenance of assets and inventory**

The assets created under the programmes were to be maintained by the state/district level line departments/Panchayati Raj Institutions. Adequate fund was to be provided by the states for maintenance of assets taken over by the respective departments. Maintenance of assets under JRY was to be done by village Panchayat/Mandal with 10 *per cent* of the total allocation to be provided for maintenance. Inventory of all assets created under the programme was to be maintained by the implementing agencies. The assets were to be handed over to the line departments/beneficiaries to ensure accrual of benefits/usufructs therefrom to the rural poor.

#### **17 state governments did neither maintain inventory of assets created nor handed over the same to line departments for maintenance**

The state governments/implementing agencies neither maintained inventory of assets created nor handed over the same to line departments/local organisations for maintenance in **Madhya Pradesh, Meghalaya, Gujarat, Haryana, Mizoram, Jammu & Kashmir, Manipur, Orissa, Tamil Nadu, Uttar Pradesh, Karnataka, Rajasthan, Goa, Kerala, Nagaland, Himachal Pradesh** and **Tripura**. In the absence of vital record of assets, their actual construction and benefits reaching to beneficiaries could not be established. Some instances were as under:

In **Tripura** fund was not provided for maintenance of assets. BDO, Bishalgarh did not hand over 42 market sheds and 115 sales stalls constructed at the cost of Rs 24.87 lakh during 1994-98 to village panchayats and village level bodies as of August 1999.

#### **Plantations raised at Rs 10.58 crore were neither maintained nor handed over to executing agency for maintenance**

In four districts of **Karnataka**, plantations raised by Forest Department during 1986-96 at a cost of Rs 10.58 crore were neither handed over to Gram Panchayat nor maintained. In Dharwad and Gulbarga districts, DCF (Social Forestry) did not maintain the plantations raised at a cost of Rs 41.28 lakh under EAS.

#### **Register of plantations created at Rs 2.85 crore indicating their utilisation and handing over to beneficiaries was not maintained**

DRDA, Keonjhar in **Orissa** released Rs 3.20 crore to the Assistant Director, Sericulture for raising Arjun plantations in 760 hectare of land during 1994-97. He raised the plantations at Rs 2.85 crore through Tassar Rearing Co-operative Societies. The Assistant Director did not maintain any register of asset created at Rs 2.85 crore indicating their utilisation and handing over to the beneficiaries. The permission from revenue authorities for plantations on government land was awaited.

In 15 blocks of three districts in **Nagaland** 43 Anganwadi buildings constructed at Rs 21.83 lakh under JRY and EAS were not handed over to Social Welfare Department as of July 1999.

#### **4.16 Miscellaneous financial shortcomings**

The following other miscellaneous financial irregularities were noticed during examination of records in various states, which suggested that the regulation of expenditure lacked accountability, approvals and sanction and possible leakages, etc. Some instances, which were noticed in audit, are briefly discussed below:

**Pondicherry:** The Project Director accepted the expenditure of Rs 32.37 lakh reported by BDOs during 1992-98 without verification of vouchers under JRY.

**Goa:** The Rural Development Agency did not allocate fund to 29,49,52,15 and 31 village panchayats out of 188 panchayats each year between 1994-95 and 1998-99. Further, the RDA released Rs 8.63 lakh to 15 Panchayats, which was not accounted for by them between 1994-98 and five village panchayats did not account for Rs 2.35 lakh released to them by RDA between May 1997 and April 1999.

#### **Extra expenditure of Rs 7.61 crore was incurred in execution of works on task rates instead of Rural Standard**

**Schedule rates**

**Madhya Pradesh:** The CEO, Bilaspur got executed works costing Rs 76.07 crore, under JRY and EAS on task rates, which were higher than the Rural Standard Schedule Rates (SOR) fixed by the Rural Development Department. The task rates were higher by 10 to 180 *per cent*. The extra expenditure on the above work would work out to Rs 7.61 crore.

CEO, ZP, Mandla, made excess payment of Rs 26.47 lakh to Madhya Pradesh State Civil Supplies Corporation Limited towards payments at higher rate on supply of 20358.94 quintals of fine quality rice. Further CEO, Mandla, paid Rs 56.92 lakh to the District Central Co-operative Bank (DCCB) for distribution of rice under PDS in 1992-93. DCCB again included the above amount in the accounts rendered in February 1998, resulting in double payment of Rs 56.92 lakh to DCCB. The CEO, Mandla reported in April 1999 that action would be taken for reconciliation of accounts.

**Karnataka:** The state government did not reimburse subsidy of Rs 8.25 crore towards difference between the Central Issue Price and PDS price on foodgrains procured from FCI and distributed to workers to JRY fund as of March 1999.

**Jammu & Kashmir:** The Director, Rural Sanitation, Jammu spent Rs 1.38 crore up to March 1999 on execution of 1814 rural sanitation works against Rs 1.53 crore received for 4347 works. There was, thus, abnormal mismatch between the physical and financial progress.

**The manner of utilisation of Rs 28.19 crore lying unspent under IJRY was not on record**

**Uttar Pradesh:** The Commissioner (RD), Lucknow did not transfer the balances of Rs 28.19 crore lying unutilised under IJRY since January 1996 on its merger with EAS as of June 1999 as contemplated in the guidelines. The manner in which the fund was utilised was not on record.

**Arunachal Pradesh:** The BDO, CD Block Dirang under DRDA, Bomdila disbursed wages of Rs 99.76 lakh to workers under EAS during January 1996 to December 1998 without recording transaction in cash book. Cheques received from DRDA for payments of wages were also not accounted for in the cash book. Records showing receipt of cheques/drafts since 1993-94 to December 1995 were also not furnished,

**Bihar:** DRDA, Dhanbad advanced Rs 43.09 lakh to Mayank Printing Press during June to September 1998 for printing of stationery without inviting tenders and assessment of requirement. Rs 18.87 lakh remained unadjusted/unrecovered as of May 1999. Further DRDA, Dhanbad and East Champaran paid Rs 20.37 lakh as sales tax and Bazar Samiti tax on foodgrains supplied by FCI during 1992-97 from JRY fund which was to be borne by the state government. The DRDAs did not obtain reimbursement as of May 1999.

**Orissa:** DRDA, Kalahandi released Rs 37.63 lakh to 27 Voluntary Organisations during 1995-99. Of which, only three acknowledged receipt of Rs 2.50 lakh. Similarly DRDA, Ganjam released Rs 66.91 lakh to Voluntary Organisations during 1996-99 for execution of work, without ascertaining their financial status, past experience and administrative infrastructure available with them. Utilisation certificate for the full amount of release/details of works done even after 3 years of release of fund were pending.

Against cost norm of Rs 21640 fixed by Panchayati Raj Department, the average expenditure on construction of wells was very high and ranged between Rs 0.50 lakh and Rs 2.94 lakh in eight districts during 1995-99. The total number of wells dug during this period was 1917 at a total cost of Rs 15.99 crore as detailed in the table below:

**(Rs in lakh)**

Districts	Year	No. of wells constructed	Total expenditure	Average expenditure
Bhadrak	1996-97	118	108.42	0.92
Gajapati	1995-96	152	221.05	1.45
Balasore	1998-99	85	79.73	0.94
Kendrapura	1996-97	43	70.75	1.65

Koraput	1996-97	382	264.54	0.69
Mayurbhanj	1996-97	993	498.95	0.50
Nayagarh	1996-97	28	82.18	2.94
Rayagada	1996-97	93	225.26	2.42
	1997-98	23	47.90	2.08
<b>Total</b>		<b>1917</b>	<b>1598.78</b>	

Thus, the total cost of digging 1917 wells was Rs 15.99 crore, which was about 4 times higher than the normative cost of Rs 4.15 crore.

#### **4.17 Accountability structure and acceptability procedure**

The scheme did not provide clearly demarcated accountability structure nor did it prescribed periodic accountability by procedure. In the absence of any system of annual inspection for accountability for evidence in support of the employment generated and correct reporting, there was a general tendency for exaggeration of achievements and non-maintenance of evidence in support of delivery.

#### **4.18 Monitoring**

At the central level, the Ministry is responsible for planning, implementation, financing and monitoring the overall performance of the programmes. A Review Committee comprising Secretaries in the Prime Minister's Office, Ministry of Rural Development, Department of Women and Child Development, and department of Post was to meet weekly to identify the problem areas to take mid term corrective steps. The Ministry was also to ensure success of the programmes through intensive field visits by Area Officers. The guidelines also envisaged submission of periodical financial and physical progress reports by state governments/ DRDAs to keep a close watch on the quality and trend of implementation.

The monitoring, control, inspecting and review mechanism of Union and state governments and district levels were insufficient to ensure correctness of the reported financial and physical achievement under the programme. Because of this, the executing agencies at the state levels continued to report inflated and incorrect physical and financial achievements without any accountability.

#### **The monitoring, control, inspecting and review mechanisms at apex level by the Ministry and state governments and at district level were insufficient to ensure effective implementation**

No evidence was available with the Ministry to indicate monitoring the implementation and attainment of the basic objective of generation of adequate mandays of employment. The Ministry merely compiled data on physical and financial achievements received from states/UTs. There was no evidence of follow-up action on the shortcomings/irregularities in the progress reports received by the Ministry. The field inspections carried out by the Area officers of the Ministry were inadequate quantitatively and qualitatively.

The State Level Coordination Committee for the Rural Development Programmes was responsible for overall supervision, guidance and monitoring of the programmes. The SLCC was to meet regularly to review the progress of implementation of the programmes. A schedule of inspections, prescribing the minimum number of field visits for each supervisory level functionary from state government to block level was to be drawn up and approved by SLCC. The state governments were also to constitute Employment Assurance Scheme Committee in every district and block for supervising the implementation of EAS.

Officers at the district, sub-division and block levels were to closely monitor all aspects of the programmes through field visits at work sites. Divisional Commissioners and Collector, were to constitute vigilance squads to undertake intensive inspection of the works in the districts under their jurisdiction regularly to ensure quality of works and payment of wages.

#### **SLCC did not meet regularly in eight states**

SLCC did not even meet once to monitor the implementation of the programmes in **Jammu & Kashmir, Pondicherry, Andhra Pradesh** (after 1994-95), **Orissa** and **Rajasthan**. In **Rajasthan**, the SLCC was constituted only in November 1998. The details of meetings held by SLCC were not available in **Madhya Pradesh** and **Tamil Nadu**. In **Sikkim** and **Maharashtra**, it met only once since its formation. The SLCC in **Karnataka** met only thrice during 1992-96 and never thereafter. In **Sikkim, Orissa, Punjab, Madhya Pradesh, Himachal Pradesh, Uttar Pradesh, Gujarat, Karnataka** (Tumkur district), **Tamil Nadu** (2 districts), **Assam** and **Rajasthan**, District and Block level committees were either not formed or did not meet even if formed.

Schedule of inspection was not drawn out or inspections not carried out in **Sikkim, Haryana, Rajasthan, Manipur, Pondicherry, Madhya Pradesh, Himachal Pradesh, Orissa, Jammu & Kashmir, Tamil Nadu, Nagaland** and **Bihar**.

Records of inspections carried out were not maintained or furnished in **Kerala, Manipur, Pondicherry, Assam, Madhya Pradesh, Dadra & Nagar Haveli and Bihar**. Tour inspection notes were not prepared or no follow up action was taken in **Kerala, Rajasthan, Punjab, Uttar Pradesh** and **Jammu & Kashmir**.

The prescribed periodical physical and financial reports were not submitted in **Goa, Kerala, Assam, Karnataka** and **Tamil Nadu**. In **Madhya Pradesh, Pondicherry** and **Rajasthan**, the delay in receipt of reports ranged from one month to above 19 months.

Vigilance squads were either not constituted or when constituted, records relating to their findings were not furnished in **Orissa, Karnataka, Sikkim, Rajasthan, Manipur, Madhya Pradesh, Himachal Pradesh, Nagaland, Goa** and **Assam**. While in **Andhra Pradesh**, the State Level Vigilance Committee though formed in March 1997, had not met as of October 1999.

#### **4.19 Evaluation**

**Overall evaluation studies were not got conducted in all the states except Uttar Pradesh**

Evaluation of impact of implementation of rural employment generation programmes is an important aspect of effective administration thereof. The Ministry and State governments were to undertake evaluation studies from time to time to assess the extent to which the programmes had been successful in generating employment for the rural workers and whether the achievements were commensurate with the investments made. However, overall evaluation studies were not got conducted for all the states except for **Uttar Pradesh** where a team from Government of India conducted evaluation studies of EAS in Sitapur district in January 1995 and pointed out unsystematic registration and maintenance of family cards, inadequate provision of employment to registered workers, execution of works through contractors, payment of wages at lower rate than the prescribed minimum wages, non-availability/fabricated muster rolls, high and often fictitious estimates not based on ground realities, etc. Yet no further overall evaluation of implementation of the programmes and their impact was conducted thereafter.

The impact of JRY was not conducted after May 1994. The last concurrent evaluation of JRY conducted in June 1993 and May 1994 brought out negligible provision of per person mandays of employment, higher non-wage component, provision of only 16.59 *per cent* on employment, poor quality/non-maintenance of created assets, etc.

#### **4.20 Previous recommendation of PAC**

Previous recommendations of the Public Accounts Committee and administrative inaction on significant recommendations of the Public Accounts Committee was also evident. Some of the important observations and recommendations in its 94th report on National Rural Employment Programme were as under:

- Provision of adequate employment to make it remunerative besides being productive and provision of adequate resources for generation of sufficient mandays of employment and on a sustained basis.
- Formulation of single development plan by a Single Development Authority to make it responsible and accountable for effective implementation and making it possible for beneficiaries to obtain adequate assistance to enable them to cross the poverty line in one go and in lasting manner.



- Comprehensive economic survey of rural areas to identify people living below poverty line and people in need of employment.
- Registration of workers and issuing the identity cards to them for watching employment generation to the registered workers.
- Maintenance of authentic records like muster rolls susceptible of verification in order to maintain correct position of achievements of generation of employment.
- Dovetailing of all works with an overall plan for rural development with explicit focus on prioritization of assets to be created, etc.

As would be seen from the results of audit review brought out above, none of the recommendations of the Public Accounts Committee have been implemented with any degree of success by the Ministry. All shortcomings pointed out in the previous Audit Reports and those identified by the Public Accounts Committee persist unabated.

#### **4.21 Conclusions**

Successive performance audits have established the following fundamental shortcomings in the execution of the programmes:

- i. Insignificant financial resources for providing on an average not more than about 16 days of employment during each year to the target population due to extremely thin spread of resources is not likely to have any impact either in tackling the magnitude of rural un-employment or making a perceptible dent on rural poverty.
- ii. Failure of the Ministry, state governments and DRDAs/Zila Parishads to ensure credible evidence of delivery raises doubts about the extent of actual employment generated even out of the meagre amount provided by the government for this activity. The veracity of the claims of employment generation is to be established through (a) proper targeting, including registration of the employment seekers, (b) issue and maintenance of family cards, (c) proper maintenance of muster rolls and measurement books and (d) proper inventory of assets with adequate details so as to facilitate easy verifications by inspecting and audit teams. Since none of these was maintained, the claim of employment generation remains unverifiable.
- iii. Added to this, Government's inability to address the basic issue of deficient reporting of employment generation by the DRDAs/Zila Parishads and state governments by mechanically calculating the wage component of the expenditure by the minimum wage has further compounded the magnitude of the problem of ensuring appropriate evidence for actual employment generation.
- iv. Absence of reliability and the resultant fallacy of the claim of employment generation is further established by the fact that DRDAs and state governments have included even those amounts which were parked in PLAs, Revenue and Civil Deposit Accounts, banks or were advanced to the implementing agencies whose utilisation reports were awaited in their theoretical calculation of employment generated.
- v. The problem of targeting and generation of awareness amongst the intended population, through a comprehensive and transparent process of registration and the establishment of control systems through compulsory family cards of the employment seekers is yet to be achieved, despite the programme being in operation for at least over two decades.
- vi. The monitoring control, inspecting and review mechanisms at the apex level by the Union and state governments and at the district level are insufficient to ensure correctness of outputs.

These persistent shortcomings erode the value for money spent on these programmes and cast serious doubts on the extent of the proclaimed inputs. The programmes appear to be running in a routine manner indifferent to the implementation lag, bottlenecks in execution and unverifiable outputs.

New Delhi

**(H.P.DAS)**  
**Director General of Audit**  
**Central Revenues**

Countersigned

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**(V.K.SHUNGLU)**  
**Comptroller and Auditor General of India**