

4.1 Introduction

A key pre-requisite for proper implementation of any scheme is to ensure that adequate capacities exist at all levels. For a large Scheme like MGNREGS, that requires gram panchayats to carry out most of the implementation activities, capacities at the lower levels are even more important. This fact has been recognised in the Act and the Operational Guidelines. Capacity building activities consist of promulgating the necessary rules, setting up the required administrative structures, manning these structures adequately and ensuring that the personnel are adequately trained for proper implementation of the Scheme.

Several shortcomings were noticed during audit of the Scheme. These included:

- States not formulating rules for implementation of the Scheme;
- Councils not being constituted for effective monitoring of the Scheme, and;
- Deployment of insufficient manpower, and not investing enough effort and resources towards training.

These are discussed below.

4.2 State Government Rules

Under section 32 (1) of the Act, the state governments have powers to make rules for carrying out the provisions of the Act. The rules, inter alia, may determine the arrangements for proper implementation of the Scheme, for ensuring transparency and accountability, terms and conditions of payment of unemployment allowance, setting up the state councils, the grievance redressal mechanism, and manner of maintaining books of accounts.

These rules were to be formulated within one year from the implementation of the Act i.e., by February 2007. Audit scrutiny revealed that the state governments of Haryana, Maharashtra, Punjab, Rajasthan and Uttar Pradesh (five states) did not formulate rules for carrying out the provisions of the Act as of March 2012. Further, in Arunachal Pradesh, Himachal Pradesh, Kerala, Mizoram and Sikkim (five states) rules were notified with a delay ranging from seven months to four years. The state-wise position is detailed in **Annex-4A**. Karnataka, Mizoram, Nagaland and Sikkim (four states) had formulated rules but they did not incorporate all provisions as required under the Act.

Formulation of such rules was crucial for effective implementation of the Scheme. In the absence of a defined framework, the implementing agencies at GP, block and district levels would be working arbitrarily and without proper guidance. They would find it difficult to respond in a time bound manner to demands for employment and also to plan for creation of sustainable assets.

The Ministry stated that the states had been repeatedly advised to formulate unemployment allowance rules, establish a suitable mechanism for effective grievance redressal and set up the state councils. States had also been requested to follow the relevant provisions of the Act for proper implementation of the Scheme.

4.3 Constitution and Functioning of Employment Guarantee Councils

Under section 10 and 12 of the Act, Employment Guarantee Councils were to be set up both by the Central and state governments. The major functions of these councils included monitoring, evaluating implementation of the Scheme, advising the respective governments on all matters concerning the Scheme, etc. The functioning of the Central Employment Guarantee Council (CEGC) is discussed in Chapter 11 of this Report.

In terms of section 12 of the Act, each state was to set up a State Employment Guarantee Council (SEGC) within one year of enactment of the Act. Audit noted that the governments of Chhattisgarh, Goa, Gujarat, Haryana, Mizoram, Nagaland, Uttarakhand, West Bengal and Andaman & Nicobar Islands (eight states and one UT) had constituted the Council with delays ranging between one and four years. Dadra & Nagar Haveli had not constituted the Council (September 2012).

The state governments are required to designate an officer, not below the rank of a commissioner as member secretary of SEGC. The member secretary would be responsible for all the activities related to the Scheme. However, the governments of Assam, Karnataka and Uttar Pradesh (three states) had not designated an officer as member secretary (March 2012). Further, the SEGCs of Maharashtra, Nagaland and West Bengal (three states) had not initiated any measures to devise the system of grievance redressal, social audit or take any other public accountability/transparency measures as required under the Act. Thus, there were deficiencies both in the formation and in the support extended to the councils.

The working of the councils in relation to monitoring is discussed in Chapter-11.

Case Study- SEGC in Uttar Pradesh

The SEGC in Uttar Pradesh was constituted on 31 May 2006. However, 15 non-official members were nominated in the SEGC only on 15 January 2008, a year and a half after its constitution. The SEGC rules did not prescribe the number of meetings to be held or quorum for the meeting. Audit noted that SEGC met only once or twice in a year. The SEGC, thus, was functioning in an unstructured manner.

The delays in the constitution of the SEGCs and the other lapses noticed indicated significant gaps in the working of the councils from what was envisaged in the Act.

The Ministry replied that section 12(1) of MGNREG Act provides for constitution of State Employment Guarantee Council by each state for the purpose of regular monitoring and reviewing implementation of the Act at the state level. Though the Act did not prescribe any time-frame for constitution of state council and number of meetings to be held within a fixed time frame, keeping in view the importance of role of SEGCs, the Ministry had constantly taken up these issues. For specific issues related to states, the states were being requested by the Ministry for compliance with audit observations.

The reply of the Ministry was not convincing as section 4 of the Act provides that, for the implementation of the Act, each state should make a Scheme within one year of enactment of MGNREG Act having the minimum features given in paragraph 4 of Schedule I of the Act which includes the role of state council also.

4.4 Personnel Support

The Act recognises the crucial role of adequate manpower support for implementation of the Scheme. The Act not only requires the state government to designate a Programme Coordinator and Programme Officer at the district and block level respectively, but also makes it mandatory for the state government to make available to these officials necessary staff and technical support as required for the effective implementation of the Scheme. In addition, the Operational Guidelines (para 3.1.1) also suggest appointment of one Gram Rozgar Sahayak (GRS) in each GP. The functions of these officials are outlined in the table below:

Table 6

Functionary	Functions
District Programme Coordinator (DPC)	DPC was responsible for ensuring proper Scheme implementation at the district level. He/she is also responsible for information dissemination, training, consolidation of the block plan, release and utilization of funds, monitoring of works and submission of monthly progress report, etc.
Programme Officer (PO)	PO was responsible for the implementation of the Scheme at the block level and for consolidation of the GP plan, monitoring and supervision, disposal of complaints, ensuring that social audits are conducted by GP, payment of unemployment allowance, etc.
Gram Rozgar Sahayak	Maintaining all documents at GP level, overseeing the process of registration, distribution of job cards, providing dated receipts against job applications, overseeing job applications, allocation of work, payment of wages and unemployment allowances, ensuring that the requisite gram sabha meetings and social audits are held, etc.

Audit scrutiny revealed that full-time dedicated POs were not appointed in two states and one UT viz. Manipur, Uttar Pradesh and Lakshadweep and in Bihar, 161 posts of the POs out of 207 posts in 15 test checked districts were vacant. The Operational Guidelines stipulate that if a full time Programme Officer was not appointed, then the Programme Officer should be supported by an Assistant Programme Officer. However, in Manipur and Rajasthan, posts of nine and 159 Assistant Programme Officers were vacant in four and eight of the test checked districts respectively. State government of Uttar Pradesh appointed APOs with a view to assist regular PO at a monthly remuneration of ₹ 20,000, but they were posted in offices other than block offices. Thus, ₹ 15.17 crore were incurred as inadmissible expenditure in the state, of which ₹ 1.43 crore pertained to 37 APOs posted in 14 test checked districts.

At village level, the Gram Rozgar Sahayak(GRS) was required to assist the gram panchayat in the implementation of the Scheme. Gram Rozgar Sahayaks assume particular importance in view of the fact that gram panchayats are the focus of the Scheme. The cost of GRS was the first charge on the administrative expense under MGNREGS. Audit observed that the governments of Arunachal Pradesh, Kerala, Manipur and Tamil Nadu (four states) had not appointed dedicated Gram Rozgar Sahayaks. Further, persistent and widespread shortages were noticed in the case of nine states ranging from 20 to 93 *per cent*. These are outlined in the table below:

Table – 7: Shortage of Gram Rozgar Sahayaks

Sl. No.	State/UT	Required	Actual	Shortage	Percentage of shortage
1	Assam	243	136	107	44
2	Gujarat*	13,715	5,371	8,344	61
3	Haryana	202	54	148	73
4	Himachal Pradesh*	3,243	1,055	2,188	67
5	Jammu & Kashmir*	4,131	889	3,242	78
6	Madhya Pradesh*	23,336	6,438	16,898	72
7	Punjab*	12,776	772	12,004	93
8	Uttar Pradesh	15,145	12,050	3,095	20
9	Uttarakhand*	1,811	648	1,163	64

***Data is for the entire state, in other cases it is for the test checked GPs.**

The Ministry replied that state government should make available to the District Programme Coordinator and the Programme Officer necessary staff and technical support as may be necessary for the effective implementation of the Scheme. The Ministry issued advisories to the state government to enable them to assess the staffing requirement and to deploy adequate staff at various levels for MGNREGS. The Ministry further stated that it suggested broad administrative frameworks with state governments being afforded some flexibility to decide for themselves. Keeping in view the challenges in implementation of MGNREGS, permissible administrative expenditure limit was also enhanced from four to six *per cent* for deployment of dedicated staff.

According to the conditions required for release of second tranche, Ministry was to ensure adequate staffing in accordance with the GoI instructions. But the shortages indicated that the Ministry failed to do so. The absence of essential functionaries like Programme Officer and Gram Rozgar Sahayak would have an adverse effect on the implementation of MGNREGS.

4.5 Technical Support

The Act recognised creation of durable assets as an important objective of the Scheme. The main implementing agency under MGNREGS was the gram panchayat which did not have any dedicated technical resource for supporting the planning and execution of works required for creation of such assets. Therefore, the Operational Guidelines required the state governments to constitute panels of accredited engineers at the district and block levels to assist with estimation and measurement of works. The suggested model for administrative expenses also included a technical assistant for every 10 gram panchayats. Further, state governments were required to ensure Technical Resource Support Systems at the state and district levels to help in the process of planning, designing, monitoring, evaluation and to improve the quality and cost effectiveness of the Scheme (para 13.3 of the Operational Guidelines).

Audit observed that Arunachal Pradesh, Bihar, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Rajasthan, Tripura and West Bengal (16 states) had not constituted the panels of accredited engineers. In Assam, it was observed that engineers having no technical knowledge were appointed as accredited engineer, but subsequently retrenched. Details are given in **Annex-4B**.

Further, Assam, Bihar, Haryana, Karnataka, Meghalaya, Mizoram, Nagaland Sikkim, Uttar Pradesh, and West Bengal (10 states) had not set up Technical Resource systems at the state and district levels. In Maharashtra, Technical Resource Support System did not exist in three districts i.e., Ahmednagar, Bhandara and Nanded. Details are given in **Annex-4C**.

Audit noted that full time regular Technical Assistants were not engaged in Arunachal Pradesh, while in eight other states viz: Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Jammu & Kashmir, Madhya Pradesh, Punjab and Uttar Pradesh there was a shortage of technical assistants. In Odisha, additional work of other schemes was given to technical support and in Maharashtra additional charge was given to the Junior Engineer for technical supervision. Details are given in **Annex 4D**. Absence of dedicated support personnel for discharging the mandated functions would have an adverse impact on the quality of the Scheme delivery.

The Ministry stated that Operational Guidelines suggested that states could constitute panels of accredited engineers and set up technical resource support group. The Operational Guidelines also suggested training of all key agencies in discharging their responsibilities, but this advice was intended to suggest ways in which states could strengthen their own technical resources and train their personnel, if required. To address the issue of the shortage of technical personnel in the blocks and gram panchayats, the states were permitted to deploy two engineers per 6,000 population of rural households. In the North-Eastern states and hilly states like Jammu & Kashmir,

Himachal Pradesh and Uttarakhand, deployment of two engineers per 3,000 rural households was permitted. The audit report needed to take this fact into account that these were merely suggested arrangements and the states had the flexibility to adopt/adapt them.

The fact remains that the technical support for proper implementation of the Scheme was inadequate. The absence of adequate technical support would have adverse impact in the planning and execution of works.

4.6 Training

Training of personnel engaged in the implementation of the Scheme is essential to ensure that they discharge their duties as envisaged in the Act. For this purpose, all states were to designate an institute specifically for training of MGNREGS functionaries. The Operational Guidelines provide that all the key agencies were required to be trained for discharging their responsibilities in effective manner. A training calendar was to be made and training modules calibrated in content and process according to the needs of different stakeholders.

Audit observed that the training institutes were not designated in one state and a UT (West Bengal and ANI). In 11 states (Arunachal Pradesh, Assam, Chhattisgarh, Jharkhand, Karnataka, Meghalaya, Nagaland, Odisha, Sikkim, Tripura and Uttar Pradesh) inadequate training was imparted to the key functionaries. Training calendar and training modules were not prepared in two states (Jammu & Kashmir and Uttarakhand).

Further, it was seen that in three states and one UT substantial funds meant for training remained un-utilised as of March 2012, as detailed in **Table 8**.

Table – 8: Unutilized training funds

Name of the State/UT	Period of release	Funds released (₹ in lakh)	Unspent amount (₹ in lakh)
Punjab	2007-08	57.50	38.05
Rajasthan	2007-09	636.99	155.43
Uttar Pradesh	2010-11	994	736.58
Dadra & Nagar Haveli	2007-08	5.00	0.95

Further, in the case of Dadra & Nagar Haveli funds of ₹ 4.05 lakh were diverted on stationery, printing and videography.

Thus, this important tool for effective capacity building was inadequately used.

Four states (Goa, Haryana, Rajasthan and Uttar Pradesh) spent ₹ 1.97 crore on training programme of 28,343 employees at GP, block and district levels. However, training was imparted

to 21,994 employees. Thus, there was shortfall in imparting training to the key stakeholders. Details are given in **Annex-4E**.

The Ministry stated that training of functionaries engaged in the implementation of MGNREGS was one of the permissible activities. States in collaboration with State Institute for Rural Development (SIRD) prepare training calendar and modules for training of functionaries. Central Government from time to time provides financial support to SIRD for training of MGNREGS functionaries of state, districts, block and GP level.

However, despite the efforts outlined by the Ministry, training was not being provided to the functionaries as envisaged in the Operational Guidelines.

4.7 Information, Education and Communication (IEC) activities

MGNREGS is envisioned as a demand driven employment generation programme. Thus, awareness of potential beneficiaries and other stakeholders is key to ensuring that they are able to articulate their demand and claim their entitlements. The Operational Guidelines provide for the state governments drawing up an IEC plan and taking up an intensive IEC exercise. This exercise should target workers, rural households, PRIs and pay special attention to deprived areas and marginalized communities.

Audit observed that IEC plans were not formulated in Andhra Pradesh, Arunachal Pradesh, Assam, Chhattisgarh, Karnataka, Madhya Pradesh, Manipur, Odisha, Punjab, Rajasthan, Uttar Pradesh, West Bengal, Dadra & Nagar Haveli and Lakshadweep (12 states and two UTs).

Further, it was also seen that 32 districts of seven states and four UTs had received ₹ 2.57 crore from the Ministry for IEC activities. However, only ₹ 1.59 crore was incurred on these activities as of March 2012 as detailed in **Annex-4F**.

Case Study: Uttar Pradesh

In Balarampur district, payment of ₹ 9.77 lakh was made to a contractor for slogan painting at 2,819 places. On verification by Junior Engineer, slogan painting was found at 546 places only which was worth ₹ 1.89 lakh. However, payment was made to the contractor on the ground that due to passage of time and rain, the written slogans would have been washed away. The payment of ₹ 7.88 lakh against 2,273 unverified slogan paintings was therefore irregular. In Lucknow, payment of ₹ 46.50 lakh was made for purchase of 1.50 lakh calendars at the rate of ₹ 31 per calendar without adopting the required purchase procedure. Further, only 30,000 calendars were supplied by the vendor resulting in excess payment of ₹ 37.20 lakh.

The Ministry stated that it had undertaken various initiatives for IEC for generating awareness such as engagement of Nehru Yuva Kendra (NYK) to generate awareness among the workers, prepared FAQs, prepared workers' book in pictorial form, developed TV/Radio spots, developed training films, organized MGNREGA Sammelan to disseminate good practices, facilitated state governments to organize Rozgar Mela, etc. The Ministry also engaged State Institutes of Rural Development/ National Institute of Rural Development for awareness generation and training of workers, encouraged the state governments to go in for wall writing and pamphlets in local languages to disseminate information on workers' rights. Regular newspaper advertisements, railways tickets, trade fair tickets were also used as medium of communication. The Ministry was also reviewing IEC initiatives carried out by districts and states.

The fact remains that several states had not formulated IEC plans and the level of expenditure on IEC activities was quite low.

To implement the Scheme effectively, it is necessary to develop required capacities and to have enough people with requisite skill sets at each level. The shortcomings noticed during audit indicated that consistent efforts were required to build capacities of Scheme functionaries at each level. The Ministry may undertake suitable initiatives to strengthen the existing capacity for better implementation of the Scheme.

Recommendations:

- ***The widespread shortage of staff at all levels, adversely affects the implementation of the Scheme. The staff position should be closely monitored by the Ministry and shortfall on this account should be taken up with the state governments.***
- ***MGNREGS, being a demand driven programme, requires the beneficiaries to be aware of their rights. However, the shortfall in IEC expenditure and non-formulation of IEC plans indicated gaps in the creation of awareness among beneficiaries. IEC activities need to be stepped up for better beneficiary awareness.***