

1.1 Mahatma Gandhi National Rural Employment Guarantee Act

To enhance livelihood security of households in rural areas, the Government of India (GoI) enacted (September 2005) the National Rural Employment Guarantee Act, 2005 which came into force with effect from February 2006. Under the Act the GoI guaranteed minimum 100 days of wage employment (in a financial year) to every rural household whose adult members volunteer to do unskilled manual work. In the State of Uttar Pradesh, the Government made the Act *ibid* applicable in three phases (2005-08). In the first phase, 22 districts were notified (February 2006), in second phase 17 districts (May 2007) and remaining in third phase (April 2008). In October 2009, the Act *ibid* was redesignated as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

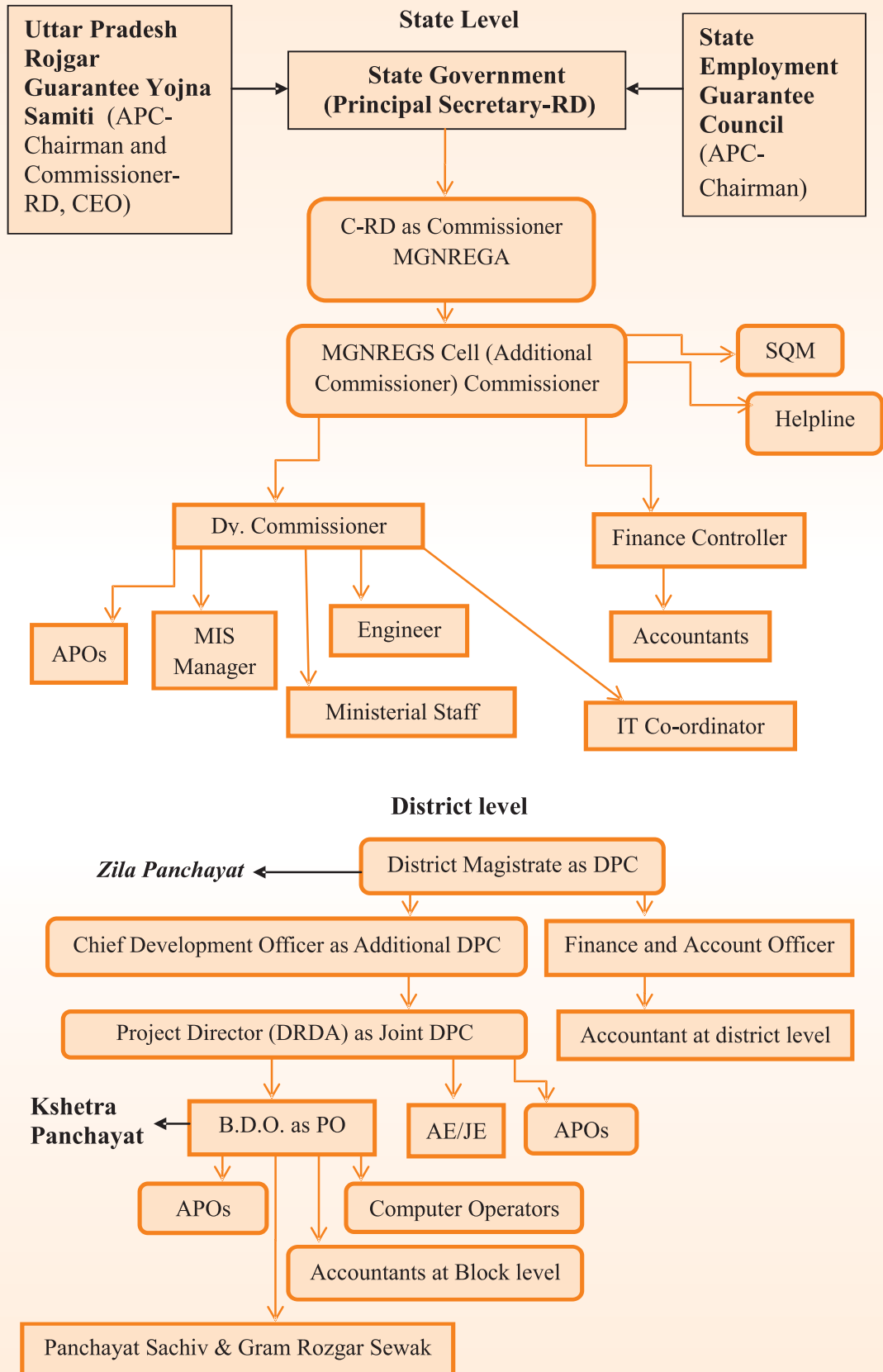
1.2 Objectives of MGNREGA

The objectives of MGNREGA were to:

- provide strong social safety net for the vulnerable groups by providing a fall-back employment source, when other employment alternatives are scarce or inadequate;
- serve as a growth engine by providing employment through works that strengthen the natural resource base and create durable assets in rural areas;
- empower rural poor through the processes of a rights-based law and
- introduce new ways of doing business, as a model of governance reform, anchored on the principles of transparency and grass roots democracy.

1.3 Organisational structure

The Rural Development Department, Government of Uttar Pradesh is responsible for administration and implementation of the MGNREGA. The schematic diagram of organisational structures is depicted below:



1.4 Physical/Financial performance of MGNREGA in Uttar Pradesh

During 2007-08 to 2011-12, 1.43 crore households were registered and provided with job cards. These households demanded employment during different years of the execution of the Scheme. The total demand in terms of number of household who demanded employment over the review period was 2.93¹ crore of which only 28.03 lakh households (9.56 per cent) were provided with complete 100 days employment. However, total 2.90 crore households were provided with employment and 3.61 lakh households did not get the employment.

The programme cost for the period from 2007-08 to 2011-12 was ₹ 22,174.34 crore, of which the expenditure on wages, material and administrative expenses were ₹ 13,907.85 crore (62.72 per cent), ₹ 7,476.89 crore (33.72 per cent) and ₹ 789.60 crore (3.56 per cent) respectively (**Appendix-I**).

1.5 Audit Objectives

The objectives of audit were to ascertain whether:

- the Government has taken measures for adequate capacity building;
- effective procedures for preparing perspective plan and annual plan at different levels has been put in place;
- funds were released, accounted for and utilised as per provisions of Act/Rules;
- there was an effective process of registration of households, allotment of job cards, allocation of 100 days annual employment etc;
- works were properly planned, economically, efficiently and effectively executed, durable assets were created, maintained etc;
- converged effectively with other Rural Development Programmes;
- there was effective monitoring and evaluation at each level; and
- all the records at various levels were properly maintained and MGNREGS MIS data was accurate and reliable.

1.6 Audit Criteria

The criteria of audit were drawn from following sources:

- MGNREG Act, 2005;
- MGNREG Operational Guidelines- 2008;

¹ 2007-08: ₹ 41.04 lakh; 2008-09: ₹ 43.79 lakh; 2009-10: ₹ 56.64 lakh; 2010-11: ₹ 81.75 lakh and 2011-12: ₹ 70 lakh.

- Relevant orders issued by the Central and State Government from time to time; and
- Uttar Pradesh Employment Guarantee Grievance Redressal Mechanism Rules, 2009.

1.7 Scope and Methodology

The records relating to MGNREG Act for the period 2007-12 were scrutinised in audit during March 2012 to June 2012 in the offices of the Principal Secretary, Rural Development, Lucknow, MGNREGS Cell, Lucknow, State Institute of Rural Development and Commissioner, Rural Employment Guarantee, Lucknow.

The sample was selected using stratified multistage sampling design i.e. selection was at district, block, *Gram Panchayat* (GP), works and beneficiary level.

In test check, records of *Zila Panchayats* (ZP) of 18 districts, *Kshetra Panchayats* (KP) of 46 Blocks (from within these districts), 460 GPs (from within these blocks), 4,453 works in these GPs and two line departments in each selected district were scrutinised in audit. Apart from this, 4,600 beneficiaries (ten in each GPs) were also interviewed. The names of the selected districts, blocks and GPs are given in *Appendix-II*.

Entry conference was held on 2 May 2012 with the Principal Secretary, Rural Development, Government of Uttar Pradesh, Lucknow. In the conference, audit objectives, criteria, scope and methodology were discussed. The Exit Conference was also held on 12 January 2013 with Principal Secretary, Rural Development in which the audit findings were discussed. The results of discussions as well as the replies of the State Government have suitably been incorporated, wherever necessary.

1.8 Constraints in Audit

Audit was constrained by the delays in furnishing records/responses by the State Government. The State Government did not nominate a nodal officer for receiving audit observations and submitting replies though assured in the entry conference. Many a time they submitted the information on the concluding day of audit. Consequently, the authenticity and correctness of such records could not be verified by the Audit. Some information has still not been made available to audit. Details are annexed in *Appendix-III*. These adversely impacted the conduct of audit.

1.9 Acknowledgement

Audit acknowledges the overall cooperation and assistance provided by the State Government and its officials in the conduct of the performance audit.