

MGNREGA was introduced as a right based employment guarantee scheme for rural areas, guaranteeing 100 days of wage employment to every rural household willing to take up unskilled manual labour. The performance audit of the scheme revealed that the intended beneficiaries had not been able to exercise their rights fully due to various shortcomings at various stages.

In the State MGNREGA was implemented from February 2006. The Act gave the Gram Sabhas the focal role in operationalisation of the scheme. However, it was seen during the course of the audit that responsive and participative meetings of the *Gram Sabhas* were not conducted. Door to door surveys for registration of willing households for manual work were not undertaken. Further, very low priority was given to the planning process right from the *GPs* to the apex level at the State. The integrated planning at the district, block and village level was lax and the bottom up demand driven scheme was modified on numerous occasions into a top down allocation based one.

Capacity building throughout the scheme's hierarchy was inadequate. The role and responsibility of SEGC was limited. Neither the frequency of meetings was prescribed nor was quorum required for it fixed. Consequently, the Government and the stakeholders were devoid of direction. The management support at the *GP*, Block and District levels was also limited due a large number of posts remaining vacant. Besides, objective of trainings to the key functionaries for effective planning, work measurement etc. largely remained unachieved as funds for training were largely unutilised. There was no comprehensive plan for information, education and communication either.

The defined timeframes for various stages of the planning process were not adhered to and the demands for labour budgets were forwarded to GoI with considerable delays leading to consequent delayed release of Central and State shares. There were also instances of short releases of the State shares *vis-à-vis* the Central share released thereby vitiating the sharing conditions envisaged in the Act. The consolidated annual accounts were not prepared. The financial management system was inadequate and different criteria were adopted at different points of time for fund allocation between different implementing

agencies. Avoidable recurring expenditure is being incurred on the web based Budget and Funds Framework developed by UPDESCO despite availability of internet based MIS "NREGASoft" developed by MoRD.

The participation of the women was far less as compared to the prescribed percentage. Record maintenance, especially at GP level, was wanting. Thus various critical inputs viz whether the employment was being provided on oral demand, whether employment was being provided within the prescribed timeframe of 15 days etc. were not able to be ascertained in audit. As per data on the MIS, unemployment allowances were also not paid to eligible wage seekers.

Scrutiny of records relating to works showed that works were executed without due administrative approvals and technical sanctions. The estimates of works were also not realistic. While executing works, the priorities fixed in the Guidelines were not adhered to resulting in execution of low priority works and also inadmissible works. Besides, neither the rules for procurement of material under the Scheme were prepared as required nor the existing financial rules followed. There were also cases of excess and short payment of wages, disproportionate wage and material ratio.

The Act envisaged preparation of a sustainable development plan through synergized and convergent planning process. This was compromised. Instead of dovetailing funds from other programmes into MGNREGS works in order to strengthen the rural resource base, MGNREGS funds were dovetailed on a large scale for execution of departmental works and schemes. Moreover, funds remained blocked in incomplete works due to low priority given to them in subsequent years.

NREGASoft did not function for operational information, management facilities like data entry, authorization of works and expenditure, monitoring and common information access to all the stakeholders and functionaries of the Scheme. There were blank or ambiguous users entering/authorising data. The software not only accepted invalid and incomplete information but also failed to generate alerts on occurrence of the errors for rectifications. Besides, the data entry operators were also not proficient and as such unaware of relevance and the scope of their work.

Thus, nearly all aspects of the scheme's implementation- from registration of a household to providing of employment, monitoring, social audit, data integrity etc. require attention of the State Government authorities so as to achieve the scheme's objectives in Uttar Pradesh in both letter and spirit.



**(MUKESH P SINGH)**

Principal Accountant General  
(General & Social Sector Audit)  
Uttar Pradesh

ALLAHABAD  
THE 08 MAY 2013

**COUNTERSIGNED**



**(VINOD RAI)**

Comptroller and Auditor General of India

NEW DELHI  
THE 10 MAY 2013