

EXECUTIVE SUMMARY

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) was enacted with the objective of enhancing livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year, to every household whose adult member volunteer to do unskilled manual work.

The records relating to MGNREGS for the periods 2007-12 were examined in performance audit from 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. In test check, records of *Zila Panchayats* of 18 districts, *Kshetra Panchayats* of 46 Blocks (from within these districts), 460 *Gram Panchayats* (from within these blocks), 4,453 works in these *Gram Panchayats* and two line departments in each selected district were scrutinised. Apart from this, 4,600 beneficiaries (ten in each *Gram Panchayats*) were also interviewed. During the periods covered in audit, a sum of ₹ 22,174 crore was spent in Uttar Pradesh on the implementation of MGNREGA.

The important findings of the performance audit are given below:

- The Government constituted SEGC but non official member from PRIs were nominated with a delay of 19 months and also without prescribing any frequency for the meetings and required quorum. Consequently, SEGC met only once/twice in a year, thereby limiting its roles and responsibility in implementation of MGNREGA.

The Government may prescribe a quorum and periodicity for meetings in order to ensure effective roles and responsibility by SEGC.

- Management support at the *Gram Panchayat*, Block and District levels was limited due to shortage of staff despite suggestion by the GoI regarding administrative pattern to be followed. There was also no effective communication of information due to lack of comprehensive planning for information, education and communication.

The Government may ensure that trained and adequate manpower is posted at each level of responsibility centres so that the scheme could be effectively implemented and also frame information, education and communication policy to make the beneficiaries aware of their rights.

- The *Gram Panchayats* were to prepare annual development plans for the areas falling under its jurisdictions, the district for its territory as a whole. However, the planning process was not adhered to by the key functionaries at various levels. The planning at district level was inadequate leading to non-identification of the works to be taken up under MGNREGS for generating employment and sustained development.

The Government may ensure that the planning activities be initiated for completion by prescribed time frame, as envisaged.

- Due to non-adherence to the planning process, the requisite labour budgets were not submitted (2008-12) to the GoI by the prescribed date which eventually led to delayed release of Central and State shares. Apart from this, there were shortfall in releases of State share thereby the sharing conditions prescribed in the Act were not adhered to.

The Government may ensure submission of labour budget to GoI so as to ensure timely release of the funds.

- The consolidated annual accounts were not prepared for the periods 2007-12. The annual accounts prepared at district level and below did not give true and fair picture of the accounts. Besides, resorting to banking route for funding had adversely impacted accounting controls.

The Government may prescribe a uniform format of accounts for each level of hierarchy so that the accounts present a true and fair status besides ensuring accounting controls.

- The financial management system was inadequate leading to adoption of different criteria for transfer of funds at different points of time. Besides, instead of using internet based MIS developed by MoRD, web based software 'Budget and Fund Framework', was developed at an avoidable recurring annual expenditure of ₹ 2.13 crore.

The Government may rectify the inadequate financial management system and adopt MIS with modifications thereby saving the annual recurring expenditure of ₹ 2.13 crore.

- Analysis of data related to the performance of the scheme showed that there has been significant decline (14.54 per cent) in providing employment to the households during 2011-12 compared to the previous year (2010-11).

- Job cards were issued on the basis of applications received instead of identifying them through door to door surveys for their correct identification. As a result, the overall representation of women in the State, amongst those getting wage employment, ranged from 18 to 22 per cent (2008-12) against the targeted 33 per cent.

The Government may ensure registration of persons willing to work after door to door surveys so as to implement the scheme in letter and spirit.

- Only 2.3 to 6.80 per cent wage seekers were provided 100 days of employment during 2007-12. Further, it was noticed in some cases of households which were provided more than 100 days of employment.

The Government may ensure 100 days of employment to those registered.

- The lowest priority of works of the rural connectivity roads were given the highest priority while works of water conservation and water harvesting which were to be given the highest priority were given the lowest priority in the State. Besides, inadmissible works were also executed.

The Government may ensure that admissible works are executed as per the priority fixed in the Guidelines.

- The rules for procurement of material under the Scheme were neither prepared as required, nor the existing purchase rules followed. There were also cases of excess and short payment of wages and disproportionate wage and material ratio.

The Government may frame rules for procurement and ensure that these are observed in procurement of materials under the Scheme. The excess and short payment of wages and disproportionate wage and material ratio should also be avoided.

- The bottom up demand driven scheme was modified in various instances into a top down allocation based one. Instead of dovetailing funds from other programmes into MGNREGS works, 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.

The Government may ensure bottom up approach while deciding allocations and also complete the incomplete works by prescribing a time frame for their completion.

- The functionaries responsible for feeding data into MIS system were not proficient and as such unaware of relevance and the scope of their work which resulted in uploading of incorrect/invalid data.

The Government may ensure appointment of trained and efficient functionaries for uploading data.

- Vigilance and Monitoring Committees were not constituted in 57 Gram Panchayats out of 460 test checked and in 30 out of remaining 403 Gram Panchayats where these were constituted, they were not apprised about works, timeframe, quality parameters etc. Monitoring and evaluation by the State Employment Guarantee Council was also inadequate. The public accountability in implementation of MGNREGA through the Social Audits by Gram Sabhas at least twice in a year and by the Social Audit Committee constituted by the State Government was not ensured.

With a view to ensure public accountability in implementation of MGNREGA, the inbuilt monitoring mechanism may be adhered to.