

Chapter-I

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Government of India (GoI) had passed (September 2005) National Rural Employment Guarantee Act (NREGA) with a legal guarantee of providing, at least 100 days of guaranteed wage employment, in a financial year, to every household whose adult members volunteer to do unskilled manual work. The other objective of the NREGA was to create durable assets, to ensure that there is a source of livelihood for the economically weaker section of the population to proactively include the weaker section of society and to strengthen Panchayati Raj establishments across India. The scheme of NREGA was rechristened (October 2009) as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). It is a centrally sponsored scheme implemented on a cost sharing basis¹ between GoI and the State Government. The State Government also bears the total expenditure of delayed payment of the wages to the workers, unemployment allowance and administrative expenses of the State Employment Guarantee Council (SEGC).

Out of total area of 50,362 Square Kilometre (Sq km) in Punjab, 48,265 Sq km comes under rural area and out of 2.77 crore population in the State, 1.73 crore (62.52 *per cent*) is living in the rural area². Main occupation of the rural population is agriculture and rural labour work force is dependent on agriculture. As agriculture has a seasonal pattern, MGNREGS can be implemented effectively in the State by synchronising the demand of work during the period when agricultural demand is slack.

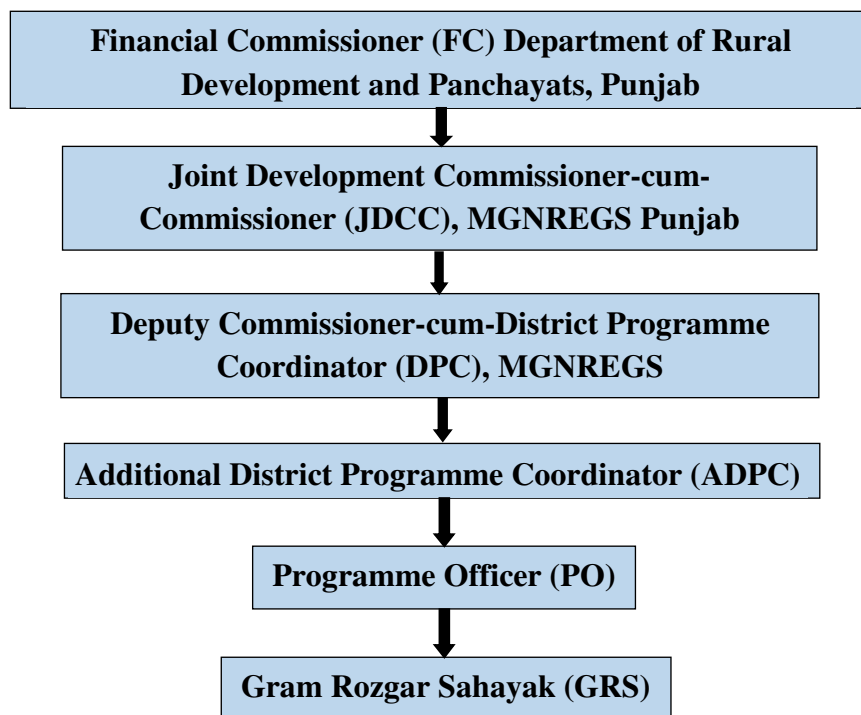
India, as part of the United Nations' member states, jointly committed (September 2015) to the Sustainable Development Goal (SDG)-1 and 2 which seeks to end poverty in all forms everywhere and to end hunger, achieve food security and improved nutrition. To that extent, this scheme supports these SDG goals.

1.1.1 Organisational Set-up

The organisational set up for implementation of the scheme at different levels is as follows:

¹ The GoI bears the entire cost of wages for unskilled manual workers, 75 *per cent* of the cost of material and wages for skilled and semi-skilled workers whereas, the State Government bears the 25 *per cent* of the cost of material and wages for skilled and semi-skilled workers.

² As per census 2011.



The responsibility of the designated officers at State, districts, blocks and GPs levels to implement the MGNREGS is given in **Table 1.1**.

Table 1.1: Responsibilities of designated officers to implement the Scheme

Level	Designated Officers	Roles and responsibilities
State level	Financial Commissioner, Rural Development and Panchayat Department	Provides guidance and support to the State Programme Co-ordinator (SPC); monitors and co-ordinates with the relevant departments; makes rules; plans and implements the scheme.
	Joint Development Commissioner-cum-Commissioner	Co-ordinates with Panchayati Raj Institutions (PRIs) and other line departments for implementation of the scheme Works as State Programme Co-ordinator (SPC) and Nodal Officer of the scheme.
	Director, State Employment Guarantee Council (SEGC)	Advises State Government, reviews and monitors the implementation of the scheme and prepares annual reports to lay before State Legislature.
District level	Deputy Commissioner, designated as District Programme Coordinator (DPC)	Responsible for overall co-ordination and implementation of the scheme in the district.
	Additional DPCs	Assists the DPC in implementation of the scheme.

Level	Designated Officers	Roles and responsibilities
Block level	Block Development Programme Officer designated as Programme Officer	Responsible for matching demand with work and ensures effective implementation of the scheme at Block level; co-ordinates with the ADPCs and consolidates Labour Budget data.
	Assistant Programme Officer (APO)	Assists the Programme Officer, in-charge of MIS at Block level; uploads the work orders, pay orders, muster rolls, etc. on MIS.
Gram Panchayat (GP) level	Technical Assistant (TA) - for a group of GPs	Assists the GPs in preparation of estimates and detailed designs, and conducts measurement of works.
	Gram Rozgar Sahayak	Assists the Panchayat Secretary, supervises the works, maintains the muster rolls, gives mark outs at work sites, maintains the register of material procured, maintains the village information boards.
Other Implementing Agencies	Departments of Water Resources, Agriculture, Water Supply and Sanitation, Forest, Horticulture etc.	Assists the DPC in implementation of the scheme by implementing works (other than works implemented by GPs) and provides technical support.

Source: Operational Guidelines, 2013

1.2 Audit framework

1.2.1 Audit Objectives

The objectives of the Performance Audit (PA) were to assess whether:

- the planning process for implementation of the scheme was efficient and effective;
- the allocation, release and utilisation of funds earmarked for the scheme was judicious, adequate and effective to achieve the goals of the scheme;
- the implementation of scheme was economical, efficient and effective and in line with achieving the objectives of relevant SDGs; and
- the monitoring, internal control and grievance redressal mechanism was adequate and effective.

1.2.2 Audit Criteria

The audit criteria were mainly derived from the following sources:

1. National Rural Employment Guarantee Act, 2005 (amended up to 2017) and Operational Guidelines, 2013;

2. Annual Master Circulars for the period of 2016-17 to 2020-21 issued by the Government of India, Ministry of Rural Development;
3. Orders/guidelines/notifications issued by the GoI and Government of Punjab (GoP);
4. Punjab Financial Rules (PFR) and General Financial Rules (GFR); and
5. State Employment Guarantee Fund Rules.

The Comptroller and Auditor General of India's Report on Social, General and Economic Sectors (Non Public Sector Undertakings) for the year ended 31 March 2012 (Paragraph 2.2-Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme) brought out several areas of concern such as; improper preparation of labour budget, short release of State's share, diversion of funds, non/delayed issue of job cards, execution of impermissible works, irregularities in muster rolls and lack of transparency and accountability towards implementation of programme. The Report was discussed (September 2014, May and November 2016) in the Public Accounts Committee (PAC). Audit also examined the compliance with recommendations of the PAC.

1.2.3 Audit scope and methodology

An entry conference was held on 09 August 2021 with JDCC (MGNREGS), wherein audit objectives, criteria, scope and methodology were discussed. The PA was conducted for the period 2016-2021 by test checking the records of JDCC (MGNREGS), Punjab and offices in the sample. In the PA, out of 22 districts, six districts³ covering 12 Blocks (two blocks from each selected district), and 120 GPs (10 GPs from each selected block) were selected (*Appendix 1.1*) by adopting Stratified Random Sampling method on expenditure basis through IDEA software. Besides, 1,200 beneficiaries⁴ (10 beneficiaries⁵ in each selected GP) were also selected randomly to conduct beneficiaries' survey. In the selected GPs, 1,573 works were completed during 2016-2021, out of which, 551 works⁶ were selected for physical verification.

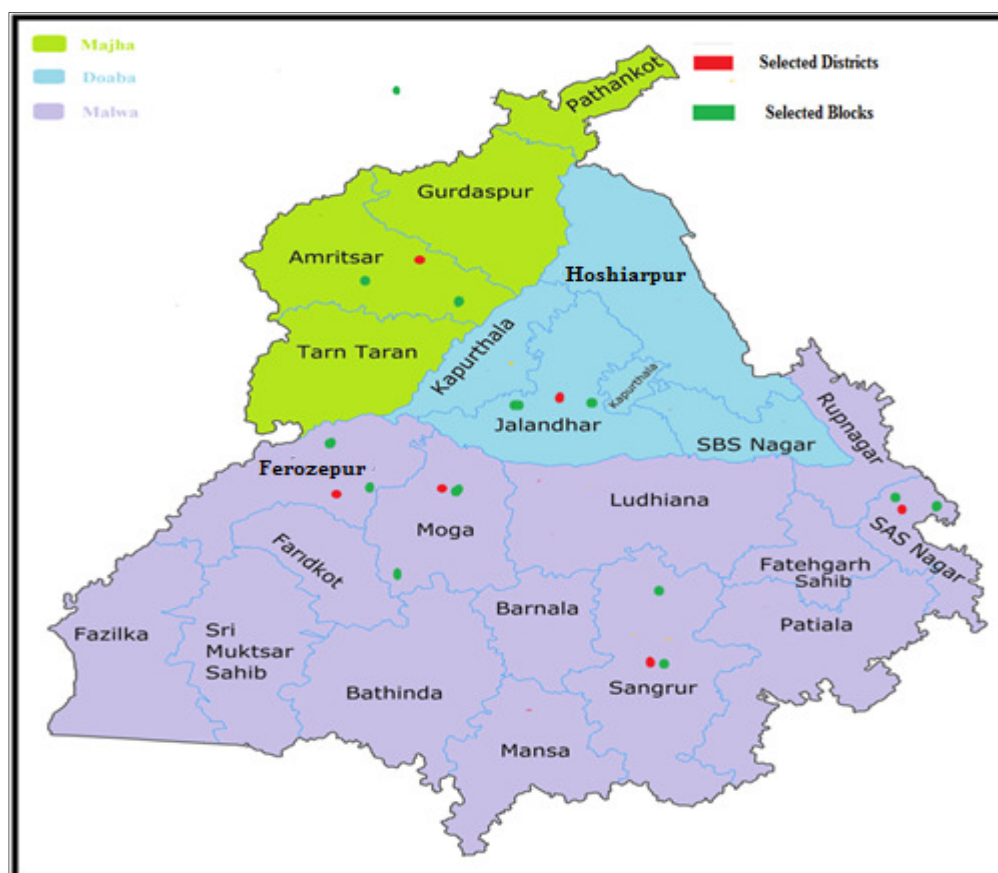
³ (i) Amritsar; (ii) Ferozepur; (iii) Jalandhar; (iv) Moga; (v) Sangrur; and (vi) SAS Nagar.

⁴ It includes 103 Below Poverty Line persons who were not covered under the scheme as job cards were not issued to them.

⁵ Two persons belonged to BPL families who were not part of the scheme.

⁶ Five completed works in each GP, subject to availability of works. In these works, two works in each GP relating to Line department were included.

Figure 1.1: Location of selected Districts and Blocks



For the PA, the records maintained at head office level and districts, blocks and GPs level were scrutinised during July 2021 to April 2022. The results of beneficiary survey have been included under the relevant findings. The pictorial evidences of selected works were also gathered and used in the PA to strengthen the audit observations, wherever necessary. In the selected units, the maintenance of records was poor, as prescribed basic records were not found maintained. Hence, Audit was forced to use data entered in the NREGASoft⁷ (MIS data), which was unreliable. Audit observed that the data was being uploaded in MIS at Programme Officer (PO) level on the basis of verbal information provided by the GRS.

The Exit Conference was held on 16 September 2022 and response of the Department has been included in the Report.

1.2.4 Acknowledgement

We acknowledge the co-operation extended by the Rural Development Department, JDCC, selected DPCs, ADPCs, POs and GPs during the conduct of performance audit.

⁷ It is a web enabled application, developed by GoI to capture the real time data of the scheme.

