

Executive Summary

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This Report contains matters arising out of two performance audits. The Report has been organised into the following chapters:

Chapter 1: Performance Audit on Functioning of Micro Project Agencies for development of Particularly Vulnerable Tribal Groups in the State.

Chapter 2: Performance Audit on Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme in the State.

CHAPTER 1: Performance Audit on Functioning of Micro Project Agencies for development of Particularly Vulnerable Tribal Groups in the State

About the Report

During the 5th Five Year Plan period (1974-79), the Government of India (GoI) decided to lay special emphasis on the all-round development of vulnerable tribal groups and identified 75 such groups in the country for the purpose of giving special attention for their sustainable development. Out of the 75 ‘Particularly Vulnerable Tribal Groups (PVTGs)’ identified in the country, 13 PVTGs belong to Odisha with a population of 2.94 lakhs. For uplifting the socio-economic status of the PVTGs, the Government of Odisha (GoO) established 20 Micro Project Agencies (MPAs) during the period 1976-77 to 2020-21 across 14 districts of the State. To adopt an integrated approach towards inclusive planning, better management and mobilisation of available resources in the implementation of schemes/ programmes for PVTGs, the GoO launched (2016-17) the Odisha PVTG Empowerment and Livelihood Improvement Programme (OPELIP). All developmental programmes of the Central and State Governments for PVTGs were implemented in Odisha under OPELIP. The programme implementation period was for eight years (2016-2024).

Why did we take up this Audit?

To assess the overall impact and effectiveness of the schemes/ programme interventions implemented by the MPAs, Performance Audit on ‘Functioning of Micro Project Agencies for development of Particularly Vulnerable Tribal Groups in the State’ was conducted between July 2024 and January 2025. The coverage of the audit was from 2019-20 to 2023-24, with the objective to assess whether planning to improve the income level and other socio-economic conditions of the PVTG households was in place and was effective; Micro Project Agencies, as institutional mechanism, were able to execute the plans and programmes effectively; Interventions extended by the Micro Project Agencies had been carried out in an economic, efficient and effective manner to improve income levels and other socio-economic conditions of the PVTG households; and Monitoring and evaluation mechanism was in place and was functioning effectively.

Major Audit Findings

Audit noticed that although the establishment of MPAs and implementation of schemes/ programmes including OPELIP had contributed to improving the

socio-economic conditions of a section of the PVTG population, the overall performance was sub-optimal. Implementation of schemes and programmes by the MPAs for development of PVTGs, also suffered from various shortcomings. The major findings of the Performance Audit are summarised below:

- The SSD department and its field formations had an apathetic approach towards implementing developmental programmes in newly notified (June 2020) 1,138 villages, due to which 1.60 lakh (54 *per cent*) PVTG population remained excluded from the coverage of welfare programmes/ schemes. The PVTG specific programmes had been implemented only in 541 villages having 1.34 lakh PVTG population.

(Paragraph 1.5.1)

- There were deficiencies in the administration of the 'PVTG Empowerment Fund' as instances of irregular payment of loan to ineligible SHGs (₹6.39 crore) were noticed. Repayment rate was low (45 *per cent*), as out of ₹12.95 crore loan provided to 1,437 PVTG SHGs, ₹7.10 crore was outstanding for recovery, as of March 2024.

(Paragraph 1.8.1)

- Late marriage incentive programme with the aim of curbing child marriage, was not executed in its true spirit, and only 43 *per cent* villages had been covered under the programme, during 2019-24.

(Paragraph 1.8.2)

- In the absence of proper arrangement for repair and maintenance, defunct irrigation and drinking water projects could not be made operational by immediate repair, resulting in potential water scarcity. During joint physical inspection, 23 (58 *per cent*) out of 40 irrigation projects and 38 (55 *per cent*) out of 69 drinking water projects were found non-operational. The people of these areas resorted to the old practice of fetching water from river, springs, canals/ channels, *etc.*, which was unhygienic, with possible risk of water borne diseases.

(Paragraphs 1.9.1.3 and 1.10.1)

- Due to lack of planning, 55 Nutrition Resource Centres, established for providing nutrition support to children and women, and involving an expenditure of ₹3.59 crore, were lying non-operational.

(Paragraph 1.9.2)

- Establishment of eco-cottage complexes in MPA areas for creating livelihood opportunities for the PVTGs had not been completed (January 2025), despite sanction of funds (₹4 crore) in 2018-19.

(Paragraph 1.9.4.2)

- Interventions like establishing Reverse Osmosis plants (cost: ₹77.36 lakh) and cold storage units (cost: ₹ 1.91 crore) were mostly defunct/ not established/ incomplete, which led to non-fulfilment of the objective of supplying quality water and cold storage facilities to the PVTG population, besides rendering the expenditure unfruitful.

(Paragraphs 1.10.1 and 1.10.2)

- Most of the processing units like dal processing unit, oil extraction unit, established (₹48.29 crore) for providing income security to the PVTG people were found in defunct conditions, due to incorrect assessment of the capabilities of user groups, actual requirements in the locality and inadequate monitoring.

(Paragraph 1.10.3)

- Although Income Generation Activities and livelihood programmes like goat rearing, were found to be profitable interventions, proper monitoring and necessary hand-holding support could have yielded better benefits for PVTGs, in improving their livelihood.

(Paragraphs 1.9.4.1 and 1.9.3.4)

- The State level Programme Steering Committee, Programme Management Committee and Programme Implementation Committees did not meet regularly for effective management and monitoring of the Programme. As a result, the performance of the MPAs in implementing the schemes and interventions remained sub-optimal. The PVTG households were yet to be saturated with basic amenities like *pucca* house, drinking water, electricity, land ownership/ title, *etc.* and many PVTG villages had no accessibility to motorable roads (288), electricity (231), drinking water source (297) and telecommunication facilities (773).

(Paragraphs 1.11.2.1 and 1.5.1)

What do we recommend?

- 1.1. The SSD Department should make diligent efforts to operationalise the newly created MPAs and include the left out PVTG population under welfare programmes for ensuring their socio-economic development.*
- 1.2. The SSD department along with its field functionaries should take proactive action to scale up awareness campaigns amongst PVTG youth regarding the benefits of late marriage and incentives offered under the Scheme therein.*
- 1.3. The State Government may consider assuming responsibility for operation and maintenance of irrigation projects for delivering intended benefits to the targeted PVTG population.*
- 1.4. Nutrition and livelihood support schemes may be designed with the involvement of local communities, and proper training as well as hand holding support may be provided for upliftment of the PVTG population.*
- 1.5. The Department may design nutrition support schemes with community involvement and strengthen crop development interventions through assured water supply for improving crop production.*
- 1.6. The State Government may take early measures for providing safe drinking water to all the PVTG households of the identified villages, and consider providing operational & maintenance cost of drinking*

water projects from its own source, instead of collecting user fees from the PVTG households.

- 1.7. A robust evaluation mechanism should be in place, focusing on regular monitoring, data collection and feedback from stakeholders to identify and address the gaps with regard to programme objectives and provision of basic facilities for PVTGs.*

CHAPTER 2: Performance Audit on Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme in the State

About the Report

The National Rural Employment Guarantee Act (NREGA) was enacted by the Government of India (GoI) in September 2005 with the aim of providing at least 100 days of guaranteed wage employment in a financial year to every rural Household (HH) whose adult members were willing to do unskilled manual work. The overarching objective of the Act was to ensure livelihood security for the economically weaker section of the rural population. The Act promotes creation of durable assets in rural areas through labour-intensive infrastructure projects like building of roads, water conservation and afforestation. The NREGA was later rechristened (October 2009) as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is a Centrally Sponsored Scheme implemented on a cost sharing basis between GoI and the State Governments. GoI provides the entire cost of wages for unskilled manual workers, and 75 per cent of the cost of material and wages for skilled and semi-skilled workers required for execution of the work. The State Government provides 25 per cent of the cost of material and wages for skilled and semi-skilled workers and also bears the total expenditure on unemployment allowance and compensation for delayed payment of wages to workers. GoI also provides up to six per cent of the total expenditure on MGNREGS in a financial year for administrative expenses to the State Government.

Why did we take up this Audit?

To assess the outcome of the Scheme in ensuring livelihood security for the economically weaker section of the rural population in terms of providing wage employment and creation of durable assets, the Performance Audit on “Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme” was conducted between June 2024 and September 2024. The coverage of the audit was from 2019-20 to 2023-24, with the objective to assess whether the planning process and financial management practices were adequately geared towards achieving the goals of the Act, while adhering to relevant rules and regulations; fair access to employment opportunities was achieved and employment was adequately generated, leading to social protection and livelihood security; durable and useful assets were created and maintained in compliance with rules and regulations, while ensuring convergence with other programmes / schemes; appropriate and adequate monitoring, social audit and

grievance redressal systems were in place and were functioning as envisaged, to achieve greater transparency and accountability.

Major Audit Findings

The major findings of the Performance Audit are summarised below:

- The Department had not conducted survey to identify new/ eligible HHs, include/ delete names of members in the Job Cards and to rectify incorrect data in the existing database, if any.

(Paragraph 2.7.2)

- In the five test-checked districts, out of 64.26 lakh HHs who had applied for Job Cards during 2019-24, Job Cards were not issued to 0.82 lakh HHs, without any recorded reasons. These HHs were deprived of availing the employment opportunities under MGNREGS.

(Paragraph 2.7.3)

- Labour budget was to be prepared and approved at the GP level by the Gram Sabha, forwarded to Panchayat Samiti (PS) and consolidated at the district level, which would then be submitted to the State Government for onward transmission to the Central Government. However, in all the test-checked districts, the labour budget targets were received from the State and the districts distributed the targeted person days to be generated amongst the PSs under their jurisdiction. In all the 40 test-checked GPs, no labour budget was prepared by the GPs. Rather, a shelf of projects was prepared and approved by the Gram Sabhas.

(Paragraph 2.7.5)

- MGNREGS Operational Guidelines provided that for the convergence of various Government sponsored projects with schemes like National Rural Livelihood Mission, Total Sanitation Programme, Pradhan Mantri Gram Sadak Yojana, Rashtriya Krishi Vikas Yojana, etc., a District Perspective Plan should be prepared by the ZP which would identify the needs and gaps in the district for all sectors. However, no such District Perspective Plans were prepared in test-checked districts due to which sector wise gaps could not be identified and convergence of works with departmental projects could not be done.

(Paragraph 2.7.6)

- Against the provision of 100 days of guaranteed wage employment to be provided to the registered HHs, Audit noticed that during the FYs 2019-24, 100 days' employment generation was provided to only 6.24 to 11.26 *per cent* HHs, whereas 25.77 lakh to 44.58 lakh HHs had demanded work. This figure ranged between 0.20 and 16.18 *per cent* in the test-checked districts.

(Paragraph 2.8.1)

- During 2019-24, there were delays of 1.44 crore days in payment of wages, for which the beneficiaries were entitled to receive compensation of ₹1.03 crore. Against this, ₹0.01 crore only was paid as compensation and the remaining amount of compensation of ₹1.02 crore was rejected

on the grounds of natural calamities, insufficient funds in the State Nodal Account, etc.

(Paragraph 2.8.4.2)

- In five test-checked districts, despite demand for work, 1.22 lakh HHs were not provided employment during 2019-24. However, no unemployment allowance was paid to these 1.22 lakh HHs, as envisaged in the Operational Guidelines of MGNREGS.

(Paragraph 2.8.4.3)

- Out of 36.99 lakh works taken up for execution during 2019-24, 12.96 lakh works (35 *per cent*) could not be completed even after incurring an expenditure of ₹ 9,898.70 crore, as of March 2024.

(Paragraph 2.9.1)

- MGNREGS Operational Guidelines allowed execution of rural connectivity works that provide all-weather access. In the test-checked PSs, ₹55.32 crore was utilised on creation of 1,317 non-durable assets.

(Paragraph 2.9.3)

- In nine test-checked Panchayat Samitis, ₹14.42 crore was utilised on execution of 331 works out of MGNREGS funds, for upgradation of schools. These works neither came under any category of works mentioned in the Operational Guidelines, nor were they approved by the Ministry of Rural Development.

(Paragraph 2.9.5)

- As per MGNREGA, State Employment Guarantee Council (SEGC) was to meet at least two times each year. Against the requirement of a minimum of 10 meetings, the SEGC met only three times during the FYs 2019-24. In the absence of regular sittings of the SEGC, the Summary Report of Ombudsmen could not be included in the Annual Report on outcome of MGNREGS. Further, the SEGC could not review and monitor the Action Taken Report of the State Government on the findings of Social Audit.

(Paragraph 2.10.1)

- Out of ₹1.61 crore recommended for recovery by the MGNREGS Ombudsman from the erring officials, only ₹14.54 lakh was recovered due to inaction by the District Programme Co-ordinators.

(Paragraph 2.10.4)

What do we recommend?

- 2.1. Gram Panchayats (GPs) may conduct annual surveys to enrol new eligible beneficiaries, issue and update Job Cards with correct details of information and also delete ineligible beneficiaries to avoid any irregular payment of wages.***
- 2.2. Bottoms up approach in the preparation of Labour Budgets with involvement of Gram Sabha may be ensured to assess the actual requirement, quantum and timing of the demand for work.***

- 2.3. *The Government may ensure payment of unemployment allowance to all eligible wage seekers who had not been provided work within 15 days of their demand. Also, the differently abled wage seekers may be encouraged by providing suitable employment under the scheme.*
- 2.4. *Status of incomplete works needs to be monitored closely by the State, district and block level authorities to ensure their timely completion and new works should be taken up only after ensuring completion of pending works.*
- 2.5. *Creation of non-durable assets and execution of inadmissible works/projects may strictly be prohibited while approving the consolidated labour budgets and preparing shelf of projects for the GPs at PS and ZP levels.*
- 2.6. *Monitoring through SEGC may be made effective with regular sittings, review of the recommendations of the Ombudsmen and Action Taken Report on the findings of Social Audit.*