Executive Summary

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Performance Audit on 'Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme in Jharkhand'

The Government of India (GoI) enacted the National Rural Employment Guarantee Act, 2005, subsequently renamed as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in October 2009. The mandate of the Act is to enhance the livelihood security of the households in rural areas of the country by providing at least 100 days of guaranteed wage employment in every financial year (FY) to every household whose adult members volunteer to do unskilled manual work.

Jharkhand is predominantly an agrarian State. Agriculture is the main stay for 80 *per cent* of the rural population of the State. The dependence of agriculture on the vagaries of seasonal rainfall can be gauged from the fact that as much as 92 *per cent* of the total cultivated area is un-irrigated. As agriculture has a seasonal pattern, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has the potential of being implemented effectively in the State by dovetailing it with lean agricultural seasons when the demand for work may be more.

The PA on the implementation of MGNREGS in Jharkhand was conducted for the period 2019-24 by test checking records of the MGNREGA Commissioner, and in the test-checked offices at the districts (6), blocks (12) and *Gram Panchayats (*48*)* levels. Besides, physical verification of 480 selected works and survey of MGNREGS beneficiaries was also carried out.

Audit examined the planning process for implementation of the Scheme; the allocation, release and utilisation of funds earmarked for MGNREGS and monitoring, internal control and grievance redressal mechanisms.

Significant audit findings

- Audit observed that a bottom-up approach was not used to prepare the Labour Budget for the Scheme and assessment of demand for work had not been properly assessed based on door-to-door and baseline surveys. The Department, therefore, had resorted to calculating the demand for work on budgetary basis and subsequently distributing the approved budget down to the districts and the Gram Panchayats. Further, Audit also noted that Development Plans at the Gram Panchayat level and District Perspective Plans were not prepared. There were deficiencies in issuing and updation of Job Cards in the test-checked districts.

[**Paragraph 1.2.1, 1.2.2.2 & 1.4.1**]

- Funds for the Scheme were released by the State Government with delays ranging between 40 and 55 days. As the Scheme was aimed at providing employment to those in need of daily wages, delay in payments and non-payment of wages defeated the very objective of the Scheme.

[**Paragraph 1.3.1**]

- There were discrepancies between the NREGASoft portal data and the certified financial accounts maintained by the Department. Further, it was noticed that, in three test-checked districts, expenditure of ₹ 32.62 lakh were irregularly incurred on inadmissible items of works *viz*., maintenance of old vehicles, salaries of functionaries engaged by Government/PRI/other Implementing Agencies (IAs) and on other items which were not covered under the MGNREGS.

[**Paragraph 1.3.2 & 1.3.8**]

- As of March 2025, wages to unskilled labour amounting to ₹ 321.84 crore for the period from 2019-20 to 2023-24, were outstanding. Non-payment of wages deprived the workers of their due entitlement, caused financial hardship, and defeated the objective of providing guaranteed employment under the Scheme.

[Paragraph 1.3.4]

- Out of total 1,02,68,484 works proposed to be executed during 2019-24, only 27,96,044 (27 *per cent*) were completed and 50,21,492 (49 *per cent*) were lying incomplete as of March 2024 after incurring an expenditure of ₹ 2,633 crore. Moreover, 24 *per cent* works were not taken up at all. It was noticed that out of the 480 works taken up for detailed scrutiny in the six test-checked districts, 139 works were lying incomplete as of January 2025. Mandatory records like Measurement Books (MBs) and Muster Rolls (MRs) were not maintained and the NREGASoft portal lacked necessary application controls to prevent the system from making payments in the absence of validated data from MBs. There were cases of payments being released, even though measurements were not recorded or, incompletely recorded in the MBs. Physical verification of certain works revealed that expenditure rendered remained unfruitful/ wasteful as it could not serve the intended purposes.

[**Paragraph 1.1.2.4, 1.3.5, 1.4.3.2, 1.4.6 & 1.4.7**]

- Monitoring and steering of MGNREGS as envisaged under the Scheme was not conducted at regular intervals by the State Employment Guarantee Council. The manpower required for the Scheme was not deployed as per requirement (with shortfall ranging between 8.24 to 21.07 *per cent*) and relevant records and registers were also not maintained. There was no assurance that demand for work and payment of wages therein, had been accurately recorded, thereby defeating the objectives of the Scheme.

[**Paragraph 1.3.6, 1.4.2, 1.5.1.1 & 1.5.3**]

- Achievement of 100 days of guaranteed wage employment and representation of women beneficiaries under the Scheme could not be assessed as the prescribed Demand Registers were not properly maintained in the test-checked GPs.

[**Paragraph 1.4.11 and 1.4.12**]

- The Grievance Redressal Mechanism under the Scheme was ineffective as complaints were not disposed off in time. Further, Vigilance cells were not constituted, State and District Quality Monitors (SQM/DQMs) were not appointed and Citizens' Charter was not prepared, as required under MGNREGA guidelines.

[**Paragraph 1.5.1.2 to 1.5.1.5**]

Recommendations:

- ***The Department may ensure that periodic surveys and bottoms-up approach are adopted in the preparation of Shelf of Projects, Development Plan and Labour Budgets, as envisaged in the Operational Guidelines of MGNREGA***.
- ***The Department may take corrective measures to ensure that delays in payment of wages to workers are minimised. Also, Department should ensure expeditious calculation and release of unemployment allowance and compensation for delayed payments to unskilled workers, as per MGNREGS guidelines.***
- ***The Department should ensure that complete work files, including approved estimates, measurement books, muster rolls, and vouchers are properly maintained and duly authenticated, with strict reconciliation in NREGASoft to enhance transparency and prevent irregularities.***
- ***The Department should ensure reconciliation of physical e-MRs with entries in NREGASoft, maintain complete e-MRs in work files, and fix accountability for discrepancies to prevent underpayment, overpayment, or non-payment of wages.***
- ***The Department should strengthen accountability mechanisms by ensuring regular SEGC meetings, timely disposal of complaints, constitution of Vigilance Cells, appointment of SQMs/DQMs, and preparation of a Citizens' Charter in line with MGNREGA guidelines.***
- ***The Department should ensure adherence to the prescribed six-monthly frequency of social audits in all GPs and establish a robust mechanism***

for timely settlement of audit observations to enhance transparency and accountability in scheme implementation.

- ***The Department may reassess the manpower requirement and provide adequate number of skilled staff for effective functioning of the scheme, particularly at the field level.***

Performance Audit on 'Implementation of *Jal Jeevan* Mission in Jharkhand'

Jal Jeevan Mission (JJM) was launched (August 2019) by GoI to provide access to safe and sufficient drinking water to each rural household (HH) through Functional Household Tap Connections (FHTCs) by 2024. The State Water and Sanitation Mission (SWSM) was responsible for the implementation of JJM in Jharkhand with the assistance of the Programme Management Unit (PMU), District Water and Sanitation Missions (DWSMs) and the Village Water and Sanitation Committees (VWSCs). The Drinking Water and Sanitation Department (the Department), Government of Jharkhand (GoJ) was the nodal department for implementation of JJM.

The Performance Audit (PA) on "Implementation of JJM in Jharkhand" was conducted (between September and November 2024) for the period from 2019-20 to 2023-24 to ascertain whether the programme objectives had been achieved, efficient institutional framework was in place for planning, implementation, and post operational management of the schemes, financial resources had been employed in an economic and efficient manner and assets created under the programme were sustainable for the next two to three decades.

Significant audit findings

- The State Government approved 98,067 schemes under JJM at an estimated cost of ₹ 24,360.91 crore. Of these, 97,535 schemes had been taken up for execution at an agreed cost of ₹ 24,665.29 crore. However, only 27,249 (28 *per cent*) schemes could be completed, as of December 2024. This affected planned coverage of HHs through FHTCs.

[**Paragraph 2.2.1**]

- The Department could utilise Central share of only 1.41 *per cent* (₹ 83.35 crore) of funds on Support Activities and 0.85 *per cent* (₹ 50.58 crore) on Water Quality Monitoring and Surveillance during 2019-24, against the prescribed norms of five and two *per cent* respectively. This affected preparation of Village Action Plans, and water quality tests of all sources as per prescribed basic parameters.

[**Paragraph 2.2.2**]

- There were 52,27,214 rural households (HHs) in Jharkhand when the Scheme was launched (August 2019) as per the JJM Portal. Of these, 3,45,165 (seven *per cent*) HHs had already been covered with tap water connections. As of March 2025, 34,31,115 (55 *per cent*) out of 62,53,471 HHs had been provided FHTCs in Jharkhand. The FHTC coverage in the State was, however, below the national average of 80 *per cent*.

[**Paragraph 2.2.3**]

- At the time of launch (August 2019) of JJM, 3.45 lakh (6.60 *per cent*) HHs had FHTCs which went up to 34.31 lakh (55 *per cent*) HHs, as of March 2025. Further, 6,439 (22 *per cent*) out of 29,398 villages in the State had full coverage of FHTCs whereas 6,958 (24 *per cent*) villages had no FHTCs.

[**Paragraph 2.2.4**]

- The water inflow data (for July and September 2024) of 40 test-checked Single Village Schemes (SVSs) revealed that 20 SVSs supplied only 37 *per cent* of the prescribed minimum quantity of 55 litre per capita per day to HHs.

[**Paragraph 2.2.5**]

- Survey of 479 beneficiaries by Audit revealed that 19 to 40 *per cent* of the beneficiaries were not satisfied with the service provided to them under JJM as they were facing multiple issues like irregular or no supply of water, supply of insufficient water and supply of dirty water.

[**Paragraph 2.2.6**]

- All revenue villages, as enumerated in the census, were to be taken as the basic unit for planning under JJM. However, 3,339 villages, though appearing as census villages in the Local Government Directory of the Ministry of *Panchayati Raj*, GoI, were not included for the planning purpose under JJM.

[**Paragraph 2.3.1**]

- The Implementation Support Agencies (ISAs) were to assist *Gram Panchayats* (GPs) in preparing Village Action Plans (VAPs). Due to delay in engagement (September 2021) of ISAs, the divisions prepared VAPs at their own level without ensuring participation of the village community, as envisaged in JJM guidelines. The DWSMs also did not make any effective contribution in planning and implementation of JJM.

[**Paragraph 2.3.2]**

- The VAPs were the main documents for planning and implementation of JJM. However, it was seen that the VAPs lacked crucial details such as history and availability of water supply in the village, mapping of available sources of water and requirements/needs of the village community, as required in the Scheme guidelines. Annual Action Plans (AAPs), prepared at the State level, were also not based on reliable data and numbers of HHs in some listed categories fluctuated over the years.

[**Paragraph 2.3.5 & 2.3.6]**

- Against the prescribed 31 to 42 days, only five to 22 days were allowed for submission of bids in 36 (92 *per cent*) out of 39 test-checked cases. Shorter period for submission of bids was fraught with the risk of limiting the number of competitive offers.

[**Paragraph 2.4.1**]

- Multiple tenders were awarded to the same contractor, who did not have sufficient bid capacity and resources (manpower and equipment) as per the bid conditions. Further, collusive bidding or bid rotation between two to three bidders, who participated in 32 out of the 39 test-checked bids, could not be ruled out. These contractors had purchased bid documents for each other and had been awarded multiple contracts based on the list of same equipment and key personnel.

[Paragraph 2.4.2 & 2.4.3]

- Undue financial aid of ₹ 27.13 crore was extended to the contractors. This included inadmissible payments (₹ 8.17 crore), payment for unauthorized variation in quantity (₹ 2.75 crore), non-adjustment of price variation (₹ 41.01 lakh), non-recovery of liquidated damages (₹ 5.08 crore), non-recovery of mobilisation advances (₹ 9.77 crore) and excess payment (₹ 94.75 lakh). In addition, cost overrun of ₹ 280.85 crore was noticed in two test-checked Multi Village Schemes (MVSs).

[**Paragraph 2.4.4**]

- During 2019-22, expenditure of ₹ 1,578.25 crore was incurred without ensuring mandatory inspection and certification of works by Third-Party Inspection Agencies (TPIAs). TPIAs of two test-checked districts did not fulfil their contractual obligation of inspection of works and submission of work progress reports. In one test-checked division, ₹ 13.20 crore was paid to the contractors without ensuring correction of defects pointed out by the TPIA.

[**Paragraph 2.4.5**]

- Multi panchayat/village water and sanitation committees (VWSCs) were not formed in the test-checked villages to collect connection and user fee to meet the operation and maintenance (O&M) expenses of MVSs. User fee was also not being collected by VWSCs to ensure O&M of water supply projects.

[**Paragraph 2.4.6**]

- Four out of six test-checked district laboratories did not have NABL accreditation on prescribed five to eight basic water quality test parameters, due to non-deployment of required manpower and non-availability of testing equipment.

- The test-checked district laboratories had only eight (23 *per cent*) to 16 (46 *per cent*) types of equipment against the recommended 35 types of equipment. It was further seen that the test-checked district laboratories had not been supplied chemicals by PMU after 2021-22, due to which they could not conduct some tests, for which facilities were available with them.

[**Paragraph 2.5.1**]

- Bacteriological tests of water sources could be conducted only in two to 34 *per cent* of villages. The five test-checked district laboratories reported 37,928 bacteriological tests on JJM Portal, but none of the laboratories had Microbiologists/Bacteriologist and three out of five laboratories did not have the required NABL accreditation.

[**Paragraph 2.5.3**]

- The Department did not procure sufficient Field Test Kits (FTKs) for initial screening of all water sources and only 15 to 45 *per cent* of villages in the test-checked districts had been provided FTKs during 2021-23.

[**Paragraph 2.5.4**]

- The District Coordinators, responsible for feeding the data in the JJM Portal, did not maintain proper records to support the uploaded data. As of September 2024, while the six test-checked districts reported connection of 6.27 lakh FHTCs in their progress report, the JJM Portal reported connection of 8.31 lakh FHTCs.

[**Paragraph 2.6.1**]

- Monitoring of functionality of a particular SVS was difficult as only the device ID of the Remote Management System (RMS), attached with SVSs, was mapped with the online information and monitoring system (*Jhar Jal* Portal) of the State, without mapping the details of the scheme *viz.*, scheme ID and name of habitation/village or Panchayat.
- *Jal Sahiyas* of VWSCs, who were supposed to feed data on *Jhar Jal* Portal, had not been provided mobile phones with internet facility and required technical training to feed data in the Portal.

[**Paragraph 2.6.2**]

Recommendations:

- ***The Department may utilize the prescribed support and water quality monitoring funds to ensure long term sustainability of the water supply systems and supply of quality water.***
- ***The Department may ensure supply of the minimum prescribed quantity of water to every beneficiary by rectifying defects in the functional SVSs.***
- ***The Department may ensure mandatory third party inspection of all projects. Action may also be taken on adverse observations of TPIAs before release of any payment to contractors.***

- ***The Department may ensure effective implementation of O&M policy for water supply projects and participation of the village community.***
- ***The Department may take steps to ensure that NABL accreditation is obtained for testing at least 13 basic quality parameters, as required in JJM.***
- ***The Department may ensure procurement and distribution of sufficient chemicals and FTKs to field units in time, and training to Jal Sahiyas for timely testing of all water sources.***
- ***The Department may ensure maintenance of proper records in support of data uploaded on the JJM Portal.***
- ***The Department may ensure mapping of scheme details on the Jhar Jal Portal for monitoring of individual SVSs.***