Chapter I

Chapter I

Rural Development Department

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

1.1 Introduction

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 livelihood security of households in the rural areas of the country by providing at least 100 days of guaranteed wage employment in every financial year, to every household whose adult members volunteer to do unskilled manual work.

The other objective of MGNREGA was to create durable assets, social protection for the most vulnerable sections of rural India by providing employment opportunities, livelihood security for the poor through creation of durable assets, improved water security, soil conservation and higher land productivity. It also aimed to strengthen *Panchayati Raj* Institutions by deepening democracy at the grassroots and ensuring that there was a source of livelihood for the economically weaker sections of the population. MGNREGS is a centrally sponsored scheme implemented on a cost sharing[1] basis between GoI and the State Government. The State Government also bears the total expenditure of compensation[2] on delayed payment of wages to workers, unemployment allowance[3] and administrative expenses of the State Employment Guarantee Council[4] (SEGC).

Jharkhand is predominantly an agrarian state where agriculture is the main stay for 80 *per cent* of the rural population. The agricultural economy of Jharkhand is characterised by dependence on nature, low investment, low productivity, mono-cropping with paddy as the dominant crop, inadequate irrigation facilities and small and marginal holdings. As agriculture has a seasonal pattern,

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1 Unskilled wages of labour and administrative cost 100 *per cent* borne by Centre, Skilled/semi-skilled/materials cost 75 *per cent* borne by Centre and 25 *per cent* by State and Unemployment allowance/ delayed compensation 100 *per cent* borne by State.

2 Workers are entitled to receive compensation for delayed payment of wages beyond 15 days.

3 An applicant shall be entitled to unemployment allowance at a rate not less than one fourth of the wage rate for the first thirty days during the financial year and not less than one half of the wage rate for the remaining period of the financial year, if employment not provided within 15 days of receipt of application.

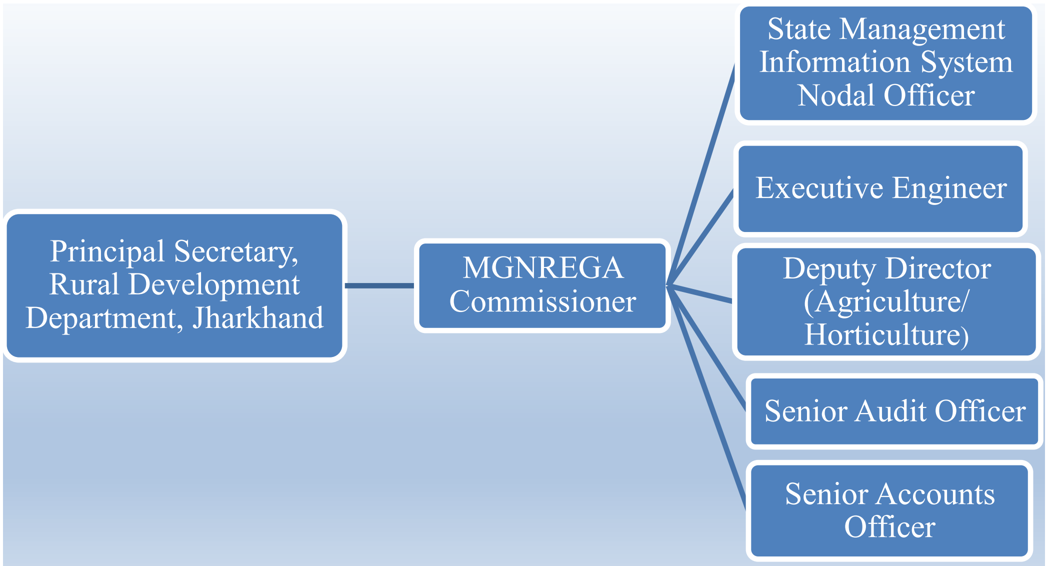
4 SEGC was constituted to play an advisory role for the State Government on all matters related to the scheme.

MGNREGS can be implemented effectively in the State by synchronising the demand for work with the periods when agricultural demand is slack.

1.1.1 Organisational Set-up

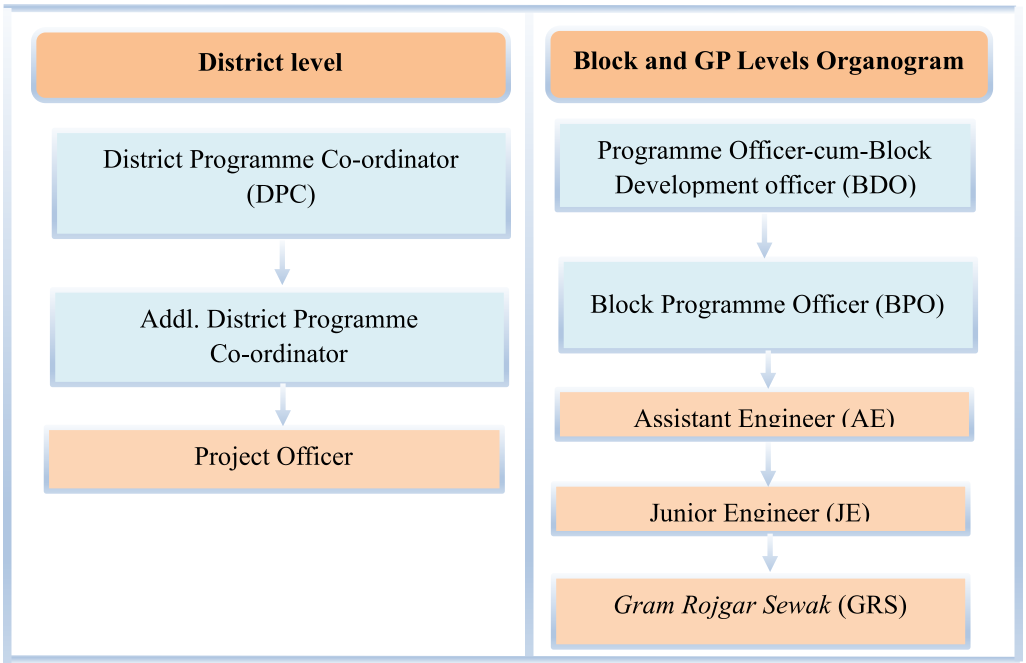
The organisational set up for implementation of the MGNREGS at the State, District, Block and Gram Panchayat (GP) levels are represented in **Chart 1** and **Chart 2**.

Chart 1: State Level organogram



(Source: Office of the Commissioner, MGNREGA, Rural Development Department, Jharkhand)

Chart 2: District and Block level organogram



(Source: Office of the Commissioner, MGNREGA, Rural Development Department, Jharkhand)

The institutional mechanism put in place by the Government of Jharkhand (GoJ) for implementation of MGNREGS and the roles and responsibilities of officials at different levels is summarised in **Table 1**.

Table 1: Responsibilities of designated officers for implementation of the Scheme

Level	Designated Officers	Roles and Responsibilities
State Level	Principal Secretary, Rural Development Department, GoJ	Monitor and co-ordinate with the relevant Departments and finalise relevant rules for the implementation of the Scheme.
	MGNREGA Commissioner Rural Development Department, designated as State Program Coordinator (SPC)	Co-ordinate with the District Programme Coordinators, review and monitor the Scheme, organise trainings, *etc*.
District Level	District Collector, designated as District Programme Coordinator (DPC)	Overall co-ordination and implementation of the scheme in the District
Block Level	Block Programme Officer (Coordinator for MGNREGS at the Block level)	Responsible for matching demand with work and for ensuring effective implementation of the Scheme at the block level; co-ordinate with the Deputy Development Commissioner (DDC) - District Rural Development Authority (DRDA).
	Assistant Programme Officer (APO)	Assists the Programme Officer & is in-charge of the Management Information System (NREGASoft) at Block level, upload the work orders, pay orders, muster rolls, *etc*.
Gram *Panchayat* (GP) Level	*Panchayat Sachiv* (PS)	Receive applications for Job Cards, wage employment, maintain muster roll, timely processing of payment of wages and maintenance of assets.
	Gram Rojgar Sevak (GRS)	Oversee the process of registration, distribution of job cards, allocation of work to applicants etc. Ensure availability of worksite facilities and updation of job cards of the workers. Assists the *Panchayat Sachiv* in maintaining relevant records.

(Source: Operational guidelines of MGNREGA, 2013).

1.1.2 Audit framework

1.1.2.1 Audit Objectives

A Performance Audit (PA) of implementation of MGNREGA in Jharkhand was conducted during the period 2019-24 with the following objectives.

- whether planning process and financial management practices were adequately geared towards achieving the goals of the MGNREGA, while adhering to relevant rules and regulations;
- whether fair access to employment opportunities was achieved, and employment was adequately generated, leading to social protection and livelihood security as envisaged;

- whether durable and useful assets were created and maintained in compliance with rules and regulations, while ensuring convergence with other programmes/schemes;
- whether appropriate and adequate monitoring, social audit and grievance redressal systems were in place and functioning as envisaged to achieve greater transparency and accountability.

1.1.2.2 Audit Criteria

Audit criteria for the Performance Audit were derived from the following:

- Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (further mentioned in the report as Act);
- Operational Guidelines 2013, amendments thereto, and Rules issued under the Act;
- Annual Master Circulars issued by the Ministry of Rural Development (MoRD), GoI;
- Jharkhand State Rural Employment Guarantee Scheme, 2007 as notified by State Government;
- Government orders, circulars and instructions, guidelines *etc*., issued by GoI and the State Government *viz,* Jharkhand State Compensation for Delayed Payment of Wages Regulation, 2015, Jharkhand State Unemployment Allowance Payment Regulation, 2015; and
- Jharkhand Financial Rules and General Financial Rules.

1.1.2.3 Audit scope and methodology

The PA was conducted for the period 2019-24 by test checking of records at the office of MGNREGA Commissioner, Jharkhand and in the sampled offices at the districts, blocks and *Gram Panchayats* levels. Besides, physical verification of selected works and a beneficiary survey covering 480 beneficiaries, was also conducted. The results of beneficiary survey have been included under the relevant findings.

An Entry Conference was held on 25 June 2024 with the Principal Secretary, Rural Development Department, GoJ and the MGNREGA Commissioner, Jharkhand, wherein audit objectives, criteria, scope and methodology were discussed.

The Exit Conference was held on 10 September 2025, and the Department's replies have been suitably incorporated in the Report.

1.1.2.4 Sampling methodology

There are 24 districts under five[5] administrative divisions in Jharkhand. Out of these, six districts (25 *per cent*) were selected for Audit by using Stratified Random Sampling (SRS) method in IDEA software based on expenditure. Selection of the districts was carried out to also ensure geographical representation from all five divisions *i.e.*, one district each from the four[6] divisions in the State, besides two[7] districts from the Santhal Pargana division.

Figure: 1.1 Location of selected district

Twelve (12) blocks (two from each district) were selected from the six sampled districts by using SRS method through IDEA software. From 12 selected blocks, 48 GPs (four GPs per block) were selected by using Systematic Probability Proportional to Size Sampling ***(Appendix 1.1)***. Further, 480 works were selected for detailed scrutiny during audit, including 82 works that had been undertaken in convergence with other Schemes. The status of these selected 480 works, categorised as completed/ ongoing (as of January 2025) is detailed in **Table 2**.

Table 2: Category wise selection of works

Name of district	Total selected works	Completed works	Ongoing works
East Singhbhum	80	63	17
Garhwa	80	67	13
Giridih	80	58	22
Godda	80	65	15
Gumla	80	25	55
Pakur	80	63	17
Total	**480**	**341**	**139**

During the PA records maintained at MGNREGA Commissionerate, RDD along with the sampled districts, blocks and GPs were scrutinised during the period July 2024 to August 2024 and November 2024 to February 2025. Pictorial

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5 Kolhan, North Chhotanagpur, Palamu, Santhal Pargana and South Chhotanagpur

6 Kolhan- East Singhbhum, North Chhotanagpur- Giridih, Palamu- Garhwa, and South Chhotanagpur- Gumla

7 Santhal Pargana- Godda and Pakur

evidence of selected works was also gathered and has been used to strengthen audit observations, wherever necessary.

1.2 Planning

Participatory planning is a way for communities to work together to identify and solve problems and create plans to achieve a desired goal. It's a key part of MGNREGS approach to sustainable development. MGNREGS is a demand driven programme for timely generation of employment. Therefore, it was expected that *Gram Panchayats* (GPs) would identify their own needs to create infrastructure or quality assets for their communities.

MGNREGS policy framework, adopts a bottom-up approach wherein de-centralisation of power is institutionalised. As per MGNREGS guidelines, under the planning process, the Department had to conduct a baseline survey[8], and an annual door-to-door survey and accordingly prepare a Labour Budget[9] (LB) for anticipation of quantum of demand of works and for further submission to GoI.

The irregularities noticed in the planning process during audit are enumerated in the succeeding paragraphs:

1.2.1 Non-conduct of surveys

MGNREGA Operational Guidelines, 2013 stipulated that a survey of job card holders was to be mandatorily conducted in every GP, to prepare baseline data to assess the requirement and timing of demand for employment. The survey would help in eliciting information on the seasonal demand for labour from job card holders in the GP.

The baseline assessment would also be a mandatory component of the Development Plan of the GP and the district. A Development Plan was an Annual Plan for MGNREGA that was to be prepared by every GP by matching prioritised needs with the resources available, and after incorporating the suggestion of the Gram Sabha and consolidated at Block & District level.

Further, a multi-year District Perspective Plan (DPP) should be prepared by the District Programme Co-ordinator (DPC), which would identify the needs and gaps in the districts in all sectors for implementation of convergence between different departmental projects. Further, the Operational Guidelines of the scheme, also required maintaining a shelf of possible works to be taken up under the Scheme as and when the demand for works arose.

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8 As per the Operational Guidelines, 2013, a baseline survey was to be conducted and subsequently an assessment of work demand was to be done every five years as part of household surveys.

9 The District Programme Co-ordinator (DPC) under MGNREGA shall prepare LB for the next financial year in the month of December every year, containing the details of anticipated demand for unskilled manual work in the district and the plan for engagement of workers in the works covered under the programme.

In addition to the baseline survey, Operational Guidelines also provide that a door-to-door survey should be undertaken by each GP every year to identify eligible households that may have been missed out and wish to be registered under the Act.

Scrutiny of records revealed that no baseline survey or door-to-door annual surveys were conducted in the test-checked GPs during 2019-2024 despite being mandatorily required. As a result, required information/data to realistically assess the quantum and timing of demand for employment in the GPs was not available. Moreover, in absence of the baseline survey, GPs could not ascertain the nature of works that may be required and timing of demand for employment, thereby impacting the preparation of Development Plans and LB at the GP level.

Since Development Plans play a pivotal role in implementing the Scheme, in absence of the same, the Department could not ascertain the labour demand and benefits expected from employment generated. Scrutiny of records further revealed that the DPP was also not prepared in the selected districts, though some convergence works *viz., Birsa Sinchai Kup*, PMAY (*Gramin*), Construction of *Anganwadi, etc*., had been executed as per instructions issued by the State Government. Thus, overall needs and gaps of all sectors in the districts, with reference to convergence of schemes and developmental works, could not be identified.

During field audit, it was also observed that due to the absence of regular and systematic door-to-door surveys, there was a risk of eligible and willing households being left out of the benefits of the scheme. This undermined the core objective of the MGNREGA to provide livelihood security to every rural household.

1.2.2 Preparation of Labour Budget

Paragraph 6 of the Operational Guidelines, 2013 for MGNREGS provides that matching demand and supply of work would be achieved through preparation of a Labour Budget (LB) by the GP annually.

The needs of the people were to be identified through consultations with different stakeholders[10] and the needs thus identified were to be prioritised, with special focus towards priorities suggested by SCs and STs. Further, before the preparation of the LB, reassessment of the demand for work on the basis of a baseline survey was to be done once in every five years to account for changes in the local pattern of livelihoods and opportunities for work in production activities, after which a Development Plan and shelf of projects[11] would be prepared by the GP.

[10] MGNREGS workers, Self Help Groups (SHGs), small and marginal farmers, Watershed Committees and agricultural labour

[11] Approved list of available works that a GP has prepared and prioritised to meet the expected demand for work.

However, in the preparation of LB various deficiencies/irregularities were noticed, which are discussed in the succeeding paragraphs.

1.2.2.1 Non-adherence to timeline in preparation of Labour Budget

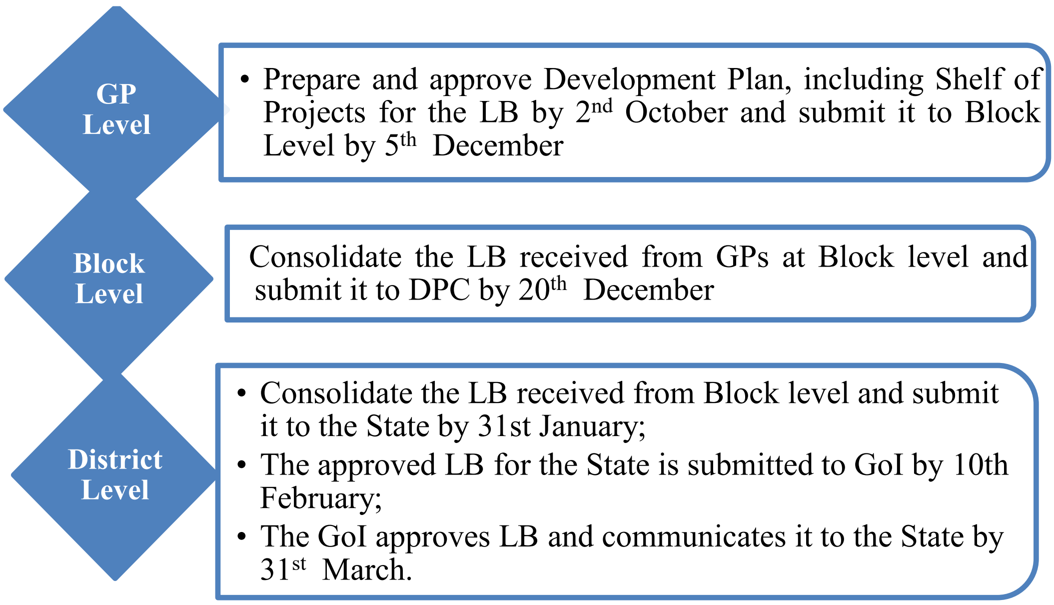
Sub-section 6 of Section 14 of the Act, mandates that the DPC under MGNREGA would prepare the LB for the next financial year in the month of December every year, containing the details of anticipated demand for unskilled manual work in the district and the plan for engagement of workers in the works covered under the programme.

Further, the DPC also had to ensure strict adherence to the principles of bottoms-up approach from planning to approval of the selected shelf of projects by each *Gram Sabha* in the district.

Ministry of Rural Development, GoI issued (September 2019) directions to all the States to take up a time bound participatory planning exercise to ensure timely and realistic preparation of LB.

The roadmap for preparation, submission and approval of the LB is given in **Chart 3**.

Chart 3: Roadmap for preparation, submission and approval of labour budget



From the information provided by the 48 selected GPs in the six selected districts, it was noticed that no GP had submitted proposals to blocks during 2019-24 for formulation of LBs. Further, LBs had also not been submitted by these blocks to the concerned districts to consolidate a district wise LB by following a bottom-up approach. Without participatory planning, the LB exercise was reduced to a mere act of fitting the numbers to the approved budget of the Department.

These shortcomings in planning at the GP, block and district levels with regard to LBs had repercussions on the State level budget planning which is discussed in the succeeding paragraph.

On this being pointed out the Rural Development Department (Department) stated (August 2025) that State had issued advisories and guidelines to the district regarding preparation of LB.

1.2.2.2 Gaps in projected and achieved person days

As per para 6.1.1 of the Annual Master Circular, the LB includes planning, approval, funding and project execution modalities for anticipation of demand for unskilled manual work. Further, RDD had issued directions (every year) to prepare LB to generate projected Person Days (PDs)[12] to ascertain the demand of work prior to the commencement of any financial year.

As explained in para 1.2.2.1 above, no proposals for LBs were flowing up from the GP to Blocks and then on to the districts. Scrutiny of records revealed that RDD without obtaining inputs from the Districts, on its own projected and allotted district-wise PDs. Due to lack of inputs from the ground level, and unrealistic assessment Audit noted that in sampled districts either there was shortfall in achievement of PDs (5.66 *per cent* for 2020-21 and 7.94 *per cent* for 2023-24) or, there was excess generation of PDs (2.59 *per cent* for 2019-20, 5.52 *per cent* for 2021-22 and 3.09 *per cent* for 2022-23) as mentioned in ***Appendix 1.2***.

Further, as per NREGASoft database, PDs were not projected by respective Programme Officers (POs), in three[13] and seven[14] selected blocks during 2022-23 and 2023-24 respectively, thereby impacting the accurate estimation of labour demand, allocation of funds, and timely implementation of works under the programme.

Thus, due to not conducting of door-to-door and baseline surveys, there was lack of bottoms-up approach and projection of PDs was made without actual basis resulting in gaps between projected and generated PDs.

***Recommendation 1**: 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.*

1.2.3 Non-formation of District Level Technical Committee

Paragraph 4.4.3 of Operational Guidelines, 2013 for MGNREGS provided that a District Level Technical Committee (DLTC) should be formed to examine GP and Block Development Plans on the basis of technical considerations and

[12] Number of workdays of employment generated for workers

[13] Garhwa, Gumla and Nagar Untari

[14] Basia, Garhwa, Gumla, Hiranpur, Mahagam, Nagar Untari and Pakur

district level development priorities. The Committee would examine the shelf of projects submitted by GPs and PSs, and lay down norms to ensure quality of assets being created under MGNREGS.

Audit observed that DLTCs were constituted in all test-checked districts for guiding MGNREGS implementation. However, records of activities and workings of these Committees were not made available to Audit. As a result, no assurance could be gained regarding the technical assessment carried out by these Committees and the possibility of over/under-estimation of cost of works and time overrun cannot be ruled out.

The Department stated (August 2025) that directions have been issued to the districts to provide guidance regarding implementation of the Scheme.

1.2.4 Shortfall in conducting *Rojgar Diwas*

Para 3.3 (i) of the Operational Guidelines, 2013 provides that every GP should organise a *Rojgar Diwas* at least once every month. At this event, the GP should pro-actively invite applications for work from potential workers for the current, as well as subsequent quarters. The *Rojgar Diwas* should be earmarked for processing work applications and related activities such as disclosure of information, allocation of work, payment of wages, payment of unemployment allowances and grievance redressal. Further, RDD, GoJ instructed (June 2020) the concerned functionaries to organise *Rojgar Diwas* every week on Thursday at the GP level.

Audit observed that in 14[15] out of 48 test-checked GPs, no *Rojgar Diwas* was organised. In the remaining 34 test-checked GPs, shortfall in organising of *Rojgar Diwas* ranged between 21 *per cent* and 96 *per cent* during 2019-2024. ***(Appendix 1.3).*** Due to non-conducting of *Rojgar Diwas* in the GPs, awareness generation with respect to the MGNREG scheme, opportunity for job card holders to formally demand work, opportunities for grievance redressal etc., could not be provided to the intended beneficiaries.

On this being pointed out the Department accepted the fact and ensured (August 2025) that *Rojgar Diwas* will be held as per norms.

1.3 Financial Management

MGNREGA is a Centrally Sponsored Scheme implemented on a cost sharing basis between the GoI and the State Government as detailed in **Table 3**.

[15] Giridih Block- Bajto, Barahmoriya, Pindatand; Suriya Block- Chachaki, Kailatand, Kusumadih; Basia Block- Kumhari, Oreya, Pantha, Kaliga; Gumla Block- Amboa, Nawadih, Kaseera, Katri

Table 3: Sharing ratio between GoI and State

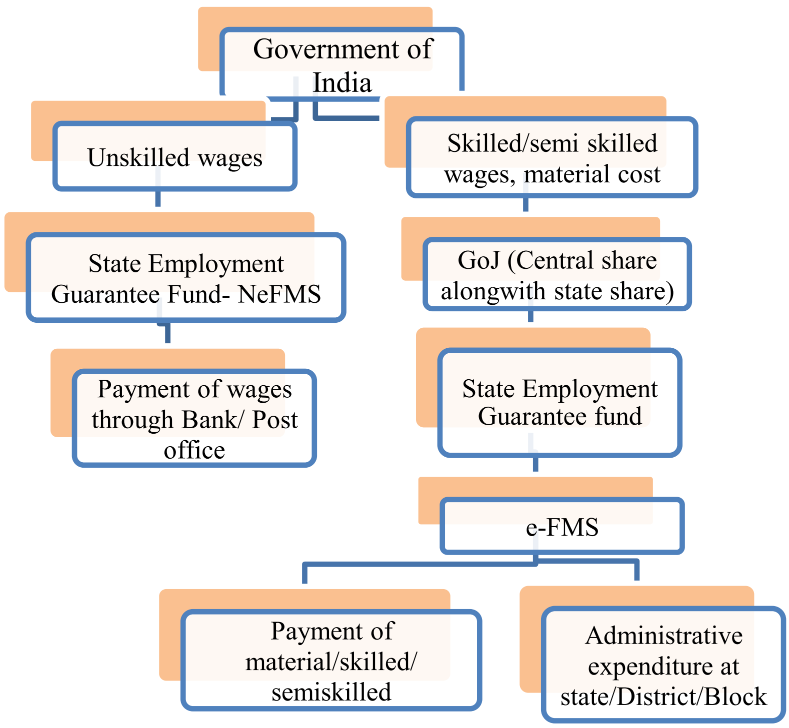
(in per cent)

Details of component	Central share	State share
Wages for unskilled manual workers	100	Nil
Wages for skilled and semi-skilled workers	75	25
Cost of material	75	25
Unemployment allowance/ delayed compensation	Nil	100
Administrative Expenditure	100	Nil

Funding Pattern

Central Share (CS) of funds under the Scheme is normally released in two tranches. While release of the 1st tranche of CS is based on proportionate fund requirement as per the agreed upon LB to take care of the requirement for the first six months of the financial year[16], the release of the 2nd tranche is based on unspent balances and actual performance against the agreed upon LB during the year. Accordingly, the funds flow under the Scheme to the State during the period 2019-24 is given in **Chart 4**.

Chart 4: Funds flow under MGNREGS



Funds for unskilled wages under the Scheme are transferred by the GoI directly into beneficiary's account through the State Employment Guarantee Fund Ne-FMS[17] (SEGF Ne-FMS). The GoI also releases 75 *per cent* of the expenditure for skilled, semi-skilled labours and material cost to the State in two tranches. The GoJ subsequently releases this 75 *per cent* fund to the SEGF

16 Subject to a maximum of 50 *per cent* of the total fund required for the whole year

17 NeFMS (National Electronic Fund Management System)- a system used to transfer funds for the MGNREGA scheme for wage payments from Central Government to respective state

including the State's share. Payments for skilled/semi-skilled wages and material are made into the accounts of labour/vendors/suppliers through eFMS.

1.3.1 Release of funds and Expenditure

Para 2 of the sanction letters (01 February 2023 and 19 July 2022) issued by the GoI provided that the State Government must transfer Central funds along-with the State Share (SS) to the SEGF for programme implementation within a maximum period of 15 days from the receipt of Central funds in the State treasury (in case of materials) and three days from the date of receipt of these funds (in case of administrative expenses).

The funds released and expenditure incurred in Jharkhand during 2019-24 are given in **Table 4**.

Table 4: Funds released, and expenditure incurred

Year	OB	Release of funds					Total releases	Total fund available	Expenditure incurred			Misc Exp	Total Exp	CB
		Material		Wages	Admin	Misc*			Material	Unskilled	Admin			
		CS	SS	Unskilled (CS)	(CS)	receipt			CS+SS	Wages	exp			
1	2	3	4	5	6	7	8 (3+4+5+6+7)	9 (2+8)	10	11	12	13	14 (10+11 + 12+13)	15 {9(-)14}
2019-20	140.98	327.14	88.40	948.68	0	685.05	2049.27	2190.25	513.82	1,095.43	78.75	398.76	2,086.76	103.49
2020-21	103.49	1024.67	300.00	2,404.56	0	891.63	4620.86	4724.35	799.31	2,268.85	82.22	1,372.50	4,522.88	201.47
2021-22	201.47	837.91	226.87	2,228.66	0	1,021.47	4314.91	4516.38	844.9	2,531.25	80.08	542.92	3,999.15	517.23
2022-23	517.23	518.46	149.26	2,204.68	0	43.79	2916.19	3433.42	618.18	2,223.82	102.23	151.3	3,095.53	337.89
2023-24	337.89	576.46	192.15	2,265.15	90.66	232.09	3356.51	3694.40	852.96	2,501.53	106.52	11.11	3,472.12	222.28
Total		**3,284.64**	**956.68**	**10,051.73**	**90.66**	**2,874.03**	**17257.74**	**18558.80**	**3629.17**	**10,620.88**	**449.80**	**2,476.59**	**17,176.44**	**1,382.36**

(Source: data provided by RDD)

****Misc. receipt includes Bank Interest and compensation paid by the State Government due to delay in transfer of funds***

Scrutiny of records revealed that during the period 2019-20 to 2023-24, a total of ₹ 18,558.80 crore was available under MGNREGS with the State, of which a total expenditure of ₹ 17,176.44 crore was incurred. The unspent amount during these five years ranged between four to 11 *per cent* of the total available funds with the State.

Further, GoI released Central Share (CS) of ₹ 1,356.37 crore under the material component (₹ 837.91 crore in 2021-22 and ₹ 518.46 crore in 2022-23). Of this, ₹ 231.83 crore (₹ 153.87 crore in 2021-22 and ₹ 77.96 crore in 2022-23) was credited into SGEF by the State Government with delays of 40 days and 55 days, respectively. Thus, the State Government was liable to pay interest at the rate of 12 *per cent* per annum for this delay in release of funds which works out to ₹ 3.43 crore[18].

[18] ₹ 77.96 crore x 55 days/365 x 12/100 = 1.41 crore and ₹ 153.87 crore x 40/365 x 12/100 = ₹ 2.02 crore. Records related to 2019-20, 2020-21 and 2023-24 were not provided by the department.

On this being pointed out the Department stated that (August 2025) delay was only of six days from the date of receipt of sanction order. The reply of the Department is not acceptable as delay in days should have been counted from 15 days from the receipt of the Central funds.

1.3.2 Mismatch of Departmental data with NREGAsoft data

Para 13(a) of Schedule I of the NREGA Act, 2005 stipulates that all information relating to implementation of the Act shall be pro-actively put in public domain. Further, to ensure transparency and accountability the scheme data was put in the public domain through a workflow based, web-enabled application known as NREGASoft[19]. This web application enabled real time data capture from the field for quick and easy analysis and allowed the implementing and supervising authorities to take timely corrective action.

Further, Para 13.5.1, 13.5.2 and 13.5.3 of the Operational Guidelines 2013, envisaged that MGNREGS accounts for each district as well as accounts of the State Employment Guarantee Fund shall be annually audited by the Director, Local Fund Audit or equivalent authority or by Chartered Accountants (CAs). The Director, Local Fund Audit, or CAs, as the case may be, shall submit the accounts together with the audit report thereon to the State Government, for laying before the State Legislature.

Scrutiny of Accounts certified by CAs and reports of NREGASoft revealed that there was mismatch between data related to release of funds by GoI and corresponding release by the State. Further, there were also mismatches in expenditure figures related to payment of wages, material/skilled/semi-skilled as reflected in Accounts and as uploaded on NREGASoft during 2019-24. The differences are given in **Tables 5** and **6**.

Table 5: Mismatch of funds received from GoI and release of State share and expenditure thereon

(₹ in crore)

Year	As per Certified Accounts			As per NREGASoft			Difference		
	CS	SS	Misc. (CS+SS)	CS	SS	Misc. (CS+SS)	CS	SS	Misc. (CS+SS)
2019-20	1,275.82	88.40	685.05	1,311.15	88.40	36.97	-35.33	0	648.08
2020-21	3,429.23	300.00	891.63	3,489.84	0	17.11	-60.61	300	874.52
2021-22	3,066.57	226.87	1,021.47	2,724.56	0	0	342.01	226.87	1,021.47
2022-23	2,723.14	149.26	43.79	2,731.96	146.83	0.07	-8.82	2.43	43.72
2023-24	2,932.27	192.15	232.09	2,585.11	106.65	0	347.16	85.5	232.09

(Source: NREGASoft and Certified Financial Statements)

[19] NREGASoft is a workflow-based e-Governance system available in offline as well as online mode to capture all the activities under NREGA at the Centre/ State/ District/ Block and GP level.

Table 6: Mismatch of expenditure incurred on scheme component

(₹ in crore)

Year	As per Certified Accounts			As per NREGASoft			Difference		
	Wages	Material	Admin	Wages	Material	Admin	Wages	Material	Admin
2019-20	1,095.43	513.82	78.75	1,092.11	549.61	78.8	3.32	35.79	0.05
2020-21	2,268.85	799.32	82.22	2,268.36	799.46	82.57	0.49	0.15	0.35
2021-22	2,531.25	844.9	80.08	2,138.66	831.74	78.94	392.59	13.16	1.14
2022-23	2,223.82	618.18	102.23	2,207.91	618.09	103.42	15.91	0.09	1.19
2023-24	2,501.53	852.96	106.52	2,821.97	852.70	106.46	320.44	0.26	0.06

(Source: NREGASoft and Certified Financial Statements)

The above discrepancies indicated lack of reconciliation between certified accounts and the data uploaded on NREGASoft. As a result, the reliability of financial reporting in public domain was undermined, besides indicating lack of transparency.

Similarly, in the six test-checked districts, differences were observed between certified accounts and data uploaded in NREGASoft with respect to expenditure incurred during 2019-24 ***(Appendix 1.4)*** and between opening and closing balances for the period 2019-2024 (***Appendix 1.5***).

On this being pointed out the Department accepted the fact and stated (August 2025) that the districts don't have dedicated accounts related to MGNREGA, hence data entered by the districts in the NREGASoft was different from that of Certified Accounts.

The reply of the Department is not acceptable as the data in both NREGASoft and Certified Accounts was furnished by the districts, and therefore uniformity should have been ensured.

1.3.3 Short release under material component

As per MGNREG Act, 75 *per cent* of the funds for material component of the Scheme, would be provided by GOI, while the remaining 25 percent would be met from the State share. Scrutiny of sanction orders and their releases for the period 2019-2024 revealed that out of ₹ 4,633.94 crore sanctioned by GoI, ₹ 1,349.30 crore (29.12 *per cent*) was short released. Similarly, SS was also short released by ₹ 521.32 crore (35.27 *per cent*) as detailed in **Table 7**.

Table 7: Statement of Sanction and release of Central and State share for the material component

(₹ in crore)

Year	Central share				State Share			
	Sanction	Release	Short release	Short release (*Per cent*)	Sanction	Release	Short release	Short release (*Per cent*)
1	2	3	4(2-3)	5	6	7	8 (6-7)	9
2019-20	750.00	327.14	422.86	56	175.00	88.40	86.60	49
2020-21	981.97	1024.67	-42.70	(-)4	300.00	300.00	0.00	0
2021-22	981.97	837.91	144.06	15	363.00	226.87	136.13	38
2022-23	975.00	518.46	456.54	47	325.00	149.26	175.74	54
2023-24	945.00	576.46	368.54	39	315.00	192.15	122.85	39
Total	**4,633.94**	**3,284.64**	**1,349.3**	**29**	**1,478.00**	**956.68**	**521.32**	**35**

(Source: data provided by the Department)

It was observed that the State as well as GoI had released less funds than the sanctioned amount**,** despite having pending liabilities on account of payments towards materials, skilled/semi-skilled labour as discussed in ***paragraph 1.4.4***.

On this being pointed out the Department did not furnish any specific reply.

1.3.4 Pending Liabilities

As per instructions issued by MoRD, GoI, pending liabilities of wages under the scheme should be cleared as per the MGNREGS Guidelines and payment to workers should be made within 15 days of work done. Based on scrutiny of NREGASoft data, audit observed the following:

(i) In the State, ₹ 603.91 crore was outstanding in respect of unskilled wages, semi-skilled/skilled wages, material components, and taxes during 2019-24. The details of outstanding liability are given in **Table 8**.

Table 8: Outstanding liabilities

(₹ in crore)

Year	Unskilled wages	Semi-skilled/ skilled wages	Material	Tax	Total
2019-20	2.87	0.34	3.12	0.10	6.43
2020-21	3.96	0.36	14.58	0.53	19.43
2021-22	300.63	2.74	44.86	1.73	349.96
2022-23	7.01	4.20	66.87	2.37	80.45
2023-24	7.37	3.84	132.85	3.58	147.64
Total	**321.84**	**11.48**	**262.28**	**8.31**	**603.91**

(Source: Departmental NREGASoft data)

As can be seen from the **Table 8**, liability of ₹321.84 crore and ₹ 262.28 crore was not cleared with respect to unskilled wages and material respectively as of March 2025.

Further, it was also observed that:

(i) In the six test-checked districts, the pending liability on account of unskilled/semi-skilled/skilled wages, material and taxes was ₹ 218.58 crore (as of March 2025), due to insufficient funds ***(Appendix 1.6)***.

(ii) Further, in 48 selected GPs, ₹ 13.61 crore was pending as liabilities on account of wages for unskilled/semi-skilled/skilled workers and for material, whereas in selected blocks, pending liabilities amounted to ₹ 49.43 crore (as of March 2025) due to insufficient funds**.**

Non-payment of wages to unskilled labour deprived the workers of their due entitlements, caused financial hardship, and defeated the objectives of providing guaranteed employment under the scheme.

1.3.4.1 Non-regeneration of rejected transactions

As per National electronic Fund Management System Framework, Fund Transfer Orders (FTOs) were to be generated by the GP/Block after due verification of the work and muster rolls, to transfer the wages direct into the beneficiary accounts. Further, as per Paragraph 2.2.1(xiii) of the Operational Guidelines, 2013, for MGNREGS, the POs at block level were responsible for liaising with banks and post offices for opening of new accounts and for liaising between GPs, blocks and districts for all correspondence and communication relating to opening of accounts in banks / post offices for payment of wages.

During the period 2019-24 it was noticed that FTOs related to 42,45,281 transactions of ₹ 231.09 crore for payment of wages to unskilled workers were rejected. The stated reasons for this were dormant bank accounts, change of banks, variations in IFSC code, incorrect bank accounts and non-mapping of Aadhaar of beneficiaries ***(Appendix 1.7)***.

Scrutiny of NREGASoft data revealed that a total of 301 wage transactions amounting to ₹3.23 lakh and 2,584 material transactions amounting to ₹ 1.94 crore were pending regeneration by the POs of the concerned blocks in the six selected districts.

Lack of timely regeneration of rejected transactions by the POs of the concerned blocks adversely affected timely disbursement of wages to beneficiaries and highlighted persistent inefficiencies in the effective implementation of the Scheme.

1.3.5 Pending compensation for delayed payments to workers

As per the provisions in para 30 of Schedule II of the MGNREG Act, workers are entitled to compensation in the event of any delay in wage payments. This compensation cost had to be borne by the respective State Governments. The wage seekers were entitled to payment of compensation at the rate of 0.05 *per cent* of the unpaid wages per day of delay beyond the fifteenth day of closure of muster roll.

Scrutiny of muster rolls of 423 out of test checked 480 works in six selected districts revealed that there were delays ranging from one to more than 180 days in payment of wages, but compensation for delayed payment had not been made to the concerned workers in any of the cases. Delay in payment of wages was also corroborated during the beneficiary survey wherein 188 (out of 480) beneficiaries stated that they had not received timely payment of wages, and neither was any compensation for delayed payment made to them.

On scrutiny of 4,300 Muster Rolls related to 423 selected works, an amount of ₹ 7,37,824 was calculated as compensation by Audit (***Appendix 1.8***).

On this being pointed out, the Department accepted (August 2025) the audit observation.

1.3.6 Non-providing of unemployment allowance

Para 3.5 of the Operational Guidelines, 2013 provides that an applicant shall be entitled to a daily unemployment allowance, if not provided employment, within fifteen days of receipt of application. Further, Register III (demand register) was to be maintained manually at the GP level in which employment demanded and work offered were to be recorded.

As per MIS available in NREGASoft, employment was not provided to 5,308 households (HHs) within the stipulated 15 days period in the test-checked districts during 2019-24 and therefore unemployment allowance amounting to ₹ 5,05,075 was payable by the State. Details of unemployment allowance due and payment made therein are given in **Table 9**.

Table 9: Unemployment allowance due and payment made to the beneficiaries

(in ₹)

Year	Unemployment allowance due	Amount paid	Amount due
2019-20	89,145	0	89,145
2020-21	1,11,654	6,111	1,05,543
2021-22	37,350	506	36,844
2022-23	2,41,299	1,62,964	78,335
2023-24	25,627	19,128	6,499
Total	**5,05,075**	**1,88,709**	**3,16,366**

(Source: NREGASoft data)

As it can be seen from above, unemployment allowance of ₹ 5.05 lakh was to be paid to 5,308 HH but only ₹ 1.89 lakh was paid and an amount of ₹ 3.16 lakh remained outstanding (as of April 2025).

In case of test-checked GPs, Audit noted that the required demand registers (Register III) were not being maintained properly. Due to improper maintenance of records, Audit could not verify the number of cases where employment had not been made available within the stipulated time of 15 days (of demand being raised) or assess the unemployment allowance due.

This lack of record-keeping not only impeded transparency but also raised concerns about the potential denial of entitlements to beneficiaries.

On this being pointed out the Department accepted (August 2025) the audit observation regarding non-payment of unemployment allowances as per data of NREGASoft.

Recommendation 2: 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.

1.3.7 Transfer of unspent balance to SNA account

As per instructions[20] of GoI, after opening of a Single Nodal Account (SNA) for the Scheme, all Implementing Agency (IAs) at every level were required to return any unspent balances lying in their accounts to the SNA. It was the responsibility of the State Government to ensure that the entire unspent amount was returned to the SNA by all IAs. The SNAs were also required to maintain a record of the unspent balances held by the IAs and the amounts refunded by them.

Scrutiny of certified Accounts of RDD for the year 2019-20 to 2023-24 revealed that ₹ 36.47 crore was lying unspent with the district level IAs and had not been transferred to the SNA as on 31 March 2024.

Failure to return unspent balances to the SNA undermined the very objective, behind the constitution of a SNA. Timely transfer of unspent balances might have reduced to that extent, the burden of pending liabilities.

On this being pointed out the Department stated (August 2025) that the matter was regularly monitored, and that necessary directions have been issued to the districts for returning the balance amount.

1.3.8 Inadmissible expenditure

Para 12.5.6 of the Operational Guidelines, 2013 provides that expenditure should not be incurred on certain specific items such as purchase of vehicles, repair of old vehicles, civil works, salaries/ remuneration of functionaries already engaged by the Government/ PRIs/ any other implementing agency and material procurement for works. Under no circumstances were these to be booked under the administrative costs of MGNREGA.

Scrutiny of records revealed that in three selected districts (Giridih, Gumla and Pakur), ₹ 32.62 lakh was irregularly spent during 2019-20 to 2021-22 on maintenance of old vehicles, purchase of tyres/ battery for old vehicles, salary of functionaries who were engaged by Government/PRIs/any other IAs and on other inadmissible items, violating the provisions of the Operational Guidelines of the Scheme ***(Appendix 1.9)***.

On this being pointed out the Department replied (August 2025) that directions would be strictly followed, and the amount would be adjusted as soon as allocation was received.

1.3.9 Discrepancies in Cash balance

Scrutiny of Receipt and Payment Accounts prepared and certified by CA for the years 2019-20 to 2023-24 of Garhwa district revealed that in case of Manjhion Block there was a discrepancy of ₹ 78,27,923 between the Cash book being

[20] LN-. F No. 1 (13) PFMS/FCD/2020 dated 23 March 2021 and F No. 1 (13) PFMS/FCD/2020 dated 08 December 2021

maintained by the cashier and the CA's Audit report. There was nothing on record to show if any action had been taken by the district authority to sort out the discrepancy that had carried forward over the years.

On this being pointed out Department stated that empanelled CA was instructed to reconcile the difference.

1.4 Implementation and Employment Generation

The main objectives of MGNREGS were to provide minimum 100 days of guaranteed wage employment every year to a willing household whose adult members volunteer to do unskilled manual work and to create durable assets to strengthen the livelihood resource base of the rural poor. The scope of works/ activities to be taken-up under the Scheme are broadly categorised into water conservation and harvesting, drought-proofing, micro and minor irrigation work, renovation of traditional water bodies, rural connectivity and land development *etc*. Under MGNREGS employment is provided to only those beneficiaries, who have valid Job Cards issued by GPs.

Audit noticed irregularities in issuing, updation and maintenance of Job Cards as discussed in the succeeding paragraphs:

1.4.1. Deficiencies in issue and updation of Job cards

The Operational Guidelines, 2013 stipulated that a local[21] household having adult members desirous of seeking unskilled employment in MGNREGS may apply for registration under the scheme. If a household was found to be eligible for registration, the GP concerned would, within a fortnight of the receipt of application, issue a Job Card (JC) to the household. The JC[22], a key document that records workers' entitlements under MGNREGS, legally empowers the registered households to apply for work, ensures transparency and protects workers against fraud. Further, the *Gram Rojgar Sevak* (GRS) is responsible for overseeing the process of registration, distribution of Job Cards, provision of dated receipts against job applications, allocation of work to applicants *etc*. The key process of issuance of JC is given in **Chart 5**.

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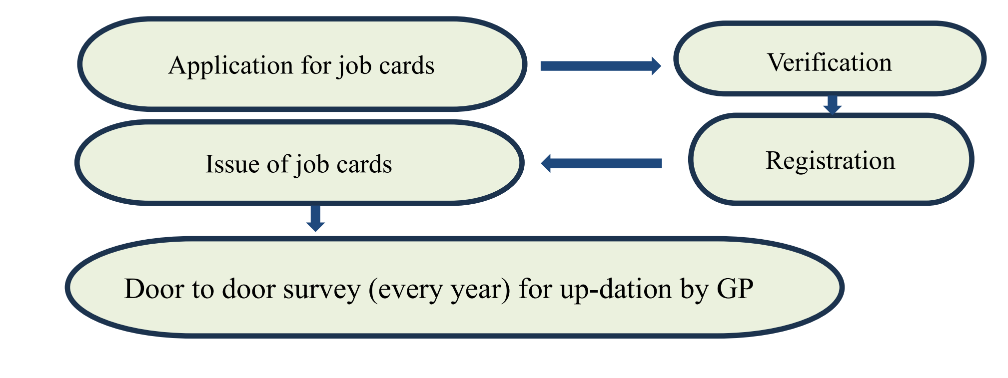
[21] Local implies residing within the GP and includes families of that area that may have migrated some time ago but may return.

[22] Job Card include number, particulars (such as age and sex) of all adult members of the family who are willing to work, household member-wise work demand and allocation, description of work done, dates and days worked, Muster Roll numbers by which wages have been paid, amount of wages paid and unemployment allowance if any paid. Photographs of adult members who are applicants or are interested in seeking work under MGNREGA have to be attached to the job cards.

Chart 5: Process of issuing of job cards



(Source: Operational Guidelines, 2013)

Analysis of NREGASoft database of MGNREGA for the period 2019-24 revealed that against 59,195 applications received under the Scheme in the test-checked GPs, 47,822 JCs were issued, and 11,373 applications were still pending for issuance with a delay ranging between 11 months to six years, since the receipt of the application.

Table 10: Status of issue of Job cards against application in selected GPs

Name of Districts	Total application receipt	Issued Job cards	Issued within time	Delay in issuance of Job Cards				JC issued with delay	Not issued (as of Feb. 2025)
				Up to 30 days	31 days to 90 days	91 days to 180 days	More than 180 days		
East Singhbhum	6,811	5,383	4,552	190	144	102	395	831	1,428
Garhwa	17,351	13,925	9,680	838	872	497	2,038	4,245	3,426
Giridih	10,274	8,886	6,817	480	386	257	946	2,069	1,388
Godda	7,847	5,728	4,048	236	319	319	806	1,680	2,119
Gumla	7,277	6,489	3,812	414	476	252	1,535	2,677	788
Pakur	9,635	7,411	4,877	290	336	308	1,600	2,534	2,224
Total	**59,195**	**47,822**	**33,786**	**2,448**	**2,533**	**1,735**	**7,320**	**14,036**	**11,373**

(Source: NREGASoft data)

It was also observed from the **Table 10** that there was a significant delay in the issuance of JCs to applicants, ranging between one day and more than 180 days beyond the prescribed 15 days. These delays were also corroborated during the beneficiary survey where it was noted that out of 480 beneficiaries, nine were issued JCs with delays of 16 to 30 days, 11 with delays of 31 to 90 days, two with delays of 91 to 180 days and two after more than 180 days.

Due to delayed issuance of JCs, eligible applicants remained unable to demand/ avail employment**,** which effectively denied them timely access to wage-based livelihood opportunities.

Job Cards were to include the card number, particulars (such as age and sex) of all adult members of the family who are willing to work, household member-wise work demand and allocation, description of work done, dates and days of work availed, photographs of the adult members etc. In this context, Audit observed that in 480 number of cases in test-checked GPs, the JCs were not updated to reflect attendance, payments, and work demanded by the beneficiaries. Photographs were also not found affixed to the JCs in 392 cases.

Further, during survey of 480 beneficiaries in the 48 test-checked GPs it was observed that payment details in respect of 364 beneficiaries were not updated in their JCs, despite the fact that they had worked recently.

On this being pointed out the Department stated (August 2025) that State had advised MGNREGA functionaries at all levels to issue JCs in a time bound manner.

1.4.2 Maintenance of Job Card Application Register

Para 10.3.5 of the Operational Guidelines stipulates that a JC Register was to be maintained at the GP level by the *Panchayat* Secretary, as it plays a crucial role in implementation and monitoring of the Scheme, payment of wages *etc*.

Scrutiny of records revealed that JC Registers were not maintained in all the 48 test-checked GPs. In the absence of JC Registers, Audit could not verify actual number of applications received and JCs issued against such applications. Audit also could not verify the number of workers who were eligible for payment of unemployment allowance as no work was provided to them within the prescribed 15 days period.

Thus, due to non-maintenance of JC register delay in provision of work or, denial of work to the JC holders cannot be ruled out.

On this being pointed out the Department stated (August 2025) that directions have been issued for maintenance of JC registers.

1.4.3 Execution of works and generation of employment

As per para 7.12.5 of GoI's Annual Master Circular for MGNREGA, a Work file should be maintained by the GP with listed relevant documents in a sequential manner for each project/ work under MGNREGS. This would enable review, monitoring and auditing of the project/work during execution and even after completion. In this regard, status of availability of records with respect to the 480 works that were test-checked during Audit is given in **Table 11**.

Table 11: Availability of records relating to the test-checked works

Sl. No.	Descriptions	Total test-checked works	Available in work files with GPs	Not available in work files with GPs
1	Gram Sabha approval	480	382	98
2	Administrative Approval	480	270	210
3	Technical Sanction	480	282	198
4	Technical Estimates	480	336	144
5	Filled e-muster Rolls	480	418 (in 215 works partial MRs available)	62
6	Measurement books	480	349	131

Impact of absence of important documents *viz*., technical estimates, sanctions, muster rolls, measurement books and vouchers in the test-checked work files are discussed below:

1.4.3.1 Work Estimates

Para 21.5.4 of the Annual Master Circular for MGNREGA stipulates that the estimates were to be prepared by the Junior Engineer/ Technical Assistant at Block Panchayat/ Gram Panchayat for each work, based on the State' SoR data.

Scrutiny of test-checked work files revealed that approved work estimates of 144 out of 480 test-checked works taken up under MGNREGA in 48 test-checked GPs during the period 2019-24 were not available in the files. In the absence of approved work estimates, Audit could not verify the executed quantity of work as against the estimated quantity to ascertain variations in items.

Further, Audit noticed that in 48 test-checked GPs, 324 works were completed at a total expenditure of ₹ 8.45 crore against the sanctioned amount of ₹ 9.91 crore during the period 2019-24. Of these, 28 works were completed at 40 to 73 *per cent* below the sanctioned amount.

Thus, there were significant variations between the estimated costs of works and the actual expenditure, indicating that either the estimates were not prepared on a realistic basis, or the work executed was sub-standard.

1.4.3.2 Measurement Books (MB):

Para 7.13.2 of the Operational Guidelines, 2013 provides that measurement of works should be taken weekly by measurement officers[23] and recorded measurement should be duly authorised by the competent authority[24]. All measurements were to be taken within three days of closure of the weekly muster rolls and payments were to be made based on the measurements of works as recorded in the MBs.

Further, para 7.13.4 of the Guidelines stipulates that measurements recorded in MBs need to be captured in NREGASoft also along with MB number, page number, measurement date and measurement period along with details like Activity, Length, Width, Height, Unit cost, Total cost and Labour component of the works to determine valuation of work done.

Scrutiny of records in 29 out of 48 test-checked GPs during 2019-24 revealed that MBs for 131 out of 480 test-checked works were not available in the work files. Further, it was noticed that only for the purposes of payment, an arbitrary MB number was recorded (for eg. 0, 1 etc.), in NREGASoft. Thus, due to the absence of MBs and improper referencing, Audit could not ascertain the accuracy and authenticity of payments made.

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[23] Technical Assistants/Overseers/Junior Engineers
[24] Assistant Engineer

Further, scrutiny revealed that in case of completed works, MBs were available in 277 out of 341 test-checked work files. Out of 277 MBs, 256 MBs were signed by JE but only 133 out of these 256 were authenticated by the Assistant Engineers (AEs). In a number of cases (48), it was also observed that the JEs had not put signatures with dates, making it difficult to ascertain whether the measurement was taken within the prescribed period.

1.4.3.3 Vouchers:

As per Annexure 7 of the Annual Master Circular, material supply vouchers submitted by suppliers/contractors and related bills should be kept in work files. The PO must ensure that all required records of implementing agencies were attached therein.

Scrutiny of records of 265 works in 46 GPs revealed that expenditure of ₹ 3.00 crore (related to 460 works), was booked under material component in the Asset Register of NREGASoft, however, vouchers for ₹ 0.71 crore were not available in the related work files at the GPs level.

Due to the non-availability of vouchers, Audit could not verify the actual procurement, quantity purchased, and consumption of material.

The Department did not provide any specific reply to the Audit observation.

Recommendation 3: 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.

1.4.4 Irregular booking of expenditure

Para 7.13.3 of the Operational Guidelines, 2013 stipulates that all measurements should be captured task-wise so that nothing remains invisible and underpaid.

Scrutiny of records such as muster rolls, vouchers, and measurement books revealed that during the period 2019-24, in 25 works across 14 GPs in five[25] test-checked districts, while as per MBs, the works were completed between the period October 2019 to June 2024, but payment of ₹ 12,19,225 was made based on Muster Rolls that were prepared after completion of these works (***Appendix 1.10***). Similarly, in 11 out of 70 works in seven GPs of four[26] test-checked districts, materials worth ₹ 12,95,175 were purchased after completion of work as per final measurements recorded in the respective MBs (***Appendix 1.11***). However, the expenditure against the material purchased had already been booked on the NREGASoft portal. Since, no expenditure can be

[25] East Singhbhum, Garhwa, Giridih, Gumla and Pakur

[26] East Singhbhum, Garhwa, Gumla and Pakur

booked against a work after final measurement, the expenditure of ₹ 25,14,400 appears to be doubtful.

Further in case of 202 works, Audit also noted that material statements were not prepared in the MBs[27] of these works during the period 2019-24 due to which quantity of material purchased and utilised, could not be verified by Audit.

On this being pointed out the Department accepted the fact and stated that Department had already issued orders in this regard.

1.4.5 Non-providing of Work site facilities

Para 7.12 of the Operational Guidelines provides that work site facilities such as medical aid, drinking water and shade etc., were to be provided to workers. In case, children below the age of six years accompany women workers at any site and are five or more, a crèche was also needed to be provided for. Para 7.12.5 of the Guidelines State that all expenditure on worksite facilities should be booked as part of administrative expenditure.

During beneficiary survey (of 480 beneficiaries), the following were noticed:

- 22 (5 *per cent*) beneficiaries stated that drinking water facility at work sites was not available;
- 107 (22 *per cent*) beneficiaries stated that first aid facility was poor;
- 145 (30 *per cent*) beneficiaries stated that provision of shade at work sites was not adequate; and
- 316 (66 *per cent*) beneficiaries stated that childcare facility was not provided.

The absence of such facilities not only violated mandated provisions but also adversely affected the working condition, health and safety of workers, especially women workers.

On this being pointed out the Department stated that guidelines had been issued (December 2024) to districts and field level functionaries for providing worksite facilities to workers based on their eligibility.

1.4.6 Absence of physical e-MRs in the work file and discrepancies in payment of wages

The Operational Guidelines 2013 for MGNREGS stipulates that before starting a work, the Programme Officer (PO) is required to issue e-muster rolls[28] (e-MR) within three days from the date of declaring the intent to start the work. The e-MRs should be authorised by the PO and issued to GPs. Attendance would

27 For each work, only one Measurement Book (MB) was maintained, as the estimates for works taken up under MGNREGS were of relatively low value. Accordingly, 202 MBs were maintained for 202 works.

28 e-muster roll has preprinted names of workers who have demanded employment and are allocated a particular work.

then be prepared by the *Gram Rojgar Sevak* (GRS) only in the e-MR duly signed and authorised by the PO. Further, Para 7.12.5 of Annual Master Circular for MGNREGA stipulates that the copies of the filled e-MRs for each muster period of the work, duly verified and certified by the competent authority should be placed within the case record/ work file.

Scrutiny of records in test-checked districts revealed that e-MRs were not available in work files of 62 out of 480 test-checked works in 22 test-checked GPs, while these were only partially available in 215 out of 418 work files. It was also observed that payments were being made based on e-MRs captured in the NREGASoft.

Due to non-availability of e-MRs in the work files, Audit could not verify the payments against attendance taken on the physical e-MRs as details of marked attendance on physical e-MRs were being entered in NREGASoft manually by the GRS. This could raise concerns over the transparency and accountability of the wage disbursement.

Further, cross checking of e-MRs of NREGASoft with physical e-MRs available in work files of 179 test-checked works in 35 GPs revealed cases of under/over payment and non-payment of wages as discussed below:

1.4.6.1 Underpayment of wages to workers

Audit noted that in case of 49 works under 15 test-checked GPs of three[29] selected districts, 551 labourers were deployed during 2019–24. The labourers were marked present in the physical copy of e-MRs in the work file, and their signatures or thumb impressions were duly recorded and authenticated. As per physical copy of e-MRs, wages amounting to ₹ 10.06 lakh were payable to the labourers against their attendance. However, it was noticed during Audit that wages amounting to ₹ 6.75 lakh only were paid to the labourers as per payment orders generated through the NREGASoft. This resulted in short payment of ₹ 3.30 lakh for 1,291 Person-Days work against their recorded presence.

Besides highlighting data discrepancies between NREGASoft and physical records, payment of less than entitled wages risked causing financial hardship to workers, while also impeding the effectiveness of the Scheme.

1.4.6.2 Overpayment of wages to workers

Similarly, Audit noted that in 29 works under 14 GPs of five[30] selected districts, 125 labourers were deployed during the period 2019–24 and wages amounting to 2.04 lakh became payable to them, against their attendance marked in 41 physical copies of e-MRs. However, it was noticed that wages amounting to ₹ 3.08 lakh were paid to these 125 labourers through payment orders generated on NREGASoft, resulting in excess wage payment of ₹ 1.04 lakh for 454 PDs.

[29] East Singhbhum, Giridih and Gumla
[30] East Singhbhum, Garhwa, Giridih, Gumla, and Pakur

This overpayment was due to manual entry of inflated attendance in the NAREGASoft system by GRS, leading to excess disbursement of wages to workers.

It was further noticed that in three GPs each of Gumla and East Singhbhum districts, 41 workers were paid wages of ₹ 0.49 lakh against 192 PDs in eight works, however, the workers were found absent as per the physical copy of e-MRs enclosed in the work file. It was noted that these workers had not worked even for a single day resulting in undue financial benefit, while also raising the possibility of fraudulent payment by entry of inflated working days against their names in the e-MR.

1.4.6.3 Non-payment of wages to workers

Audit observed that in case of 144 test-checked works, under 34 GPs of six[31] selected districts, 970 labourers were employed for MGNREGS related works. These labourers were shown as present in the physical copy of e-MRs and their signatures or thumb impressions were also recorded and authenticated. As per physical e-MRs, wages amounting to ₹ 13.91 lakh were payable to these labourers against their attendance for 6,101 number of PDs. However, the applicable wages were not paid to the labourers for the said person days as seen from the non-entry of their attendance in NREGASoft and lack of generation of any related payment orders. Therefore, the workers were denied their legitimate payment of wages against the work done, impacting the intended objectives of the MGNREG scheme.

On this being pointed out, the Department stated (August 2025) that instructions were issued to all the concerned officials to enter information in NREGASoft strictly on the basis of physical e-muster rolls.

Recommendation 4: 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.

1.4.7 Work execution under MGNREGS

As per Paragraph 1.2 of the Operational Guidelines, 2013 for MGNREGS, livelihood security by creation of durable assets and employment generation for rural HHs are the main objectives of MGNREGS. The Scheme has the potential to transform rural areas by creating durable assets that would not only enhance the livelihood security of rural poor but also result in substantial infrastructural development.

The status of total number of works to be executed under MGNREGA in the State is given in the **Table 12**.

[31] East Singhbhum, Garhwa, Giridih, Godda, Gumla, and Pakur.

Table 12: Status of approved works

(₹ in crore)

Year	No. of works to be taken up as per NREGASoft	No. of works completed	No. of incomplete works	No. of works not started	Expenditure incurred on incomplete works	Percentage of works not started
2019-20	11,34,671	3,53542	5,77,494	2,03,635	48.02	18
2020-21	20,32,932	4,97,356	11,36,826	3,98,750	267.41	20
2021-22	24,33,835	5,40,737	13,67,320	5,25,778	422.68	22
2022-23	23,29,156	7,17,322	10,21,984	5,89,850	554.23	25
2023-24	23,37,890	6,87,087	9,17,868	7,32,935	1,340.77	31
Total	**1,02,68,484**	**27,96,044**	**50,21,492**	**24,50,948**	**2,633.11**	**24**

(Source: NREGASoft data)

From the above table, it is evident that 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. The Department failed to start work in 24 *per cent* works even after planning.

Further, status of works approved, completed, incomplete and not started in the six selected districts during 2019-24 is given in **Table 13**.

Table 13: Status of works in selected districts

(₹ in crore)

District	Works to be executed as per NREGASoft	No. of works completed	Expenditure on completed works	No. of Works not completed/ suspended	Expenditure on incomplete works	No of works not started
East Singhbhum	4,46,104	1,13,374	358.19	1,87,980	74.28	1,44,750
Garhwa	7,87,951	2,35,505	1,024.39	3,74,218	211.44	1,78,228
Giridih	7,94,840	2,18,560	1,049.18	3,89,109	228.831	18,7171
Godda	3,36,133	86,202	512.61	1,75,496	142.14	74,435
Gumla	1,19,187	63,095	263.35	34,743	247.23	21,349
Pakur	1,20,130	80,208	136.44	18,806	49.74	21,116
Total	**26,04,345**	**7,96,944**	**3,344.16**	**11,80,352**	**953.66**	**6,27,049**

(Source: NREGASoft data)

It is evident from the table above that in the selected districts during 2019-24, out of 26,04,345 works, only 7,96,944 (30.60 *per cent*) were completed and 11,80,352 (45.32 *per cent*) were lying incomplete or suspended as of March 2024. Besides, 6,27,049 (24.08 *per cent*) works were not started even after approval.

Further, in the test-checked GPs, out of 61,276 works taken up during 2019-24, 37,401 were completed, 9,061 remained incomplete, 10,548 were not started, and 4,266 were abandoned/suspended ***(Appendix 1.12)***.

During Audit, 480 works were selected for detailed examination of which it was noted that 341 were taken up at an estimated cost of ₹ 10.32 crore, and completed at a cost of ₹ 8.87 crore. Besides, 141 works that were taken up at an estimated cost of ₹ 4.93 crore, remained incomplete for periods ranging from 12 to 70 months despite an expenditure of ₹ 2.72 crore (January 2025).

Joint physical verification of 480 works was conducted across 48 test-checked GPs between November 2024 and February 2025 in the presence of the *Mukhiya*, GRS, and *Panchayat Sachiv*. Audit observations based on this verification, are discussed in the following paragraphs:

1.4.7.1 Incomplete Works

The work "Construction of Anganwadi Centre (AWC) in Mahulia village, Garhwa block, was sanctioned (March 2017) at a cost of ₹ 6.12 lakh with 31 December 2017 as the due date of completion. An expenditure of ₹ 3.14 lakh was incurred on the work, while ₹ 71,364 was incurred on the labour component. During joint physical verification (December 2024), Audit noticed that the work remained incomplete even after incurring an expenditure of 3.85 lakh, and after expiry of seven years from the scheduled date of completion. The photograph below shows the status of the incomplete work:

Photograph 1: Incomplete construction of Anganwadi Centre, in Garhwa

1.4.7.2 Wasteful expenditure on plantation work

Technical and administrative approval was accorded (June 2021) for the work of "Mango orchard on one acre land of Upen Manki" in Asna GP, Block Ghatshila, East Singhbhum at an estimated cost of ₹ 3.73 lakh. A total of 112 mango saplings and 80 timber trees were to be planted with Cattle Protection Trench (CPT) around the orchard. Audit noted that an expenditure of ₹ 1.32 lakh[32] was incurred on this project as of October 2024. However, during physical verification (December 2024), no mango or timber plants were found on the site. Instead, there was a pond constructed on the same land, rendering the entire expenditure of ₹ 1.32 lakh wasteful and defeating the purpose of providing livelihood to the beneficiaries.

[32] Wages-₹ 97,569 and Material- ₹ 34,049

The site of the constructed pond as viewed during joint physical verification is given in the photographs below:

Photograph 2: Pond was constructed in place of mango plantation at Asna GP

1.4.7.3 Wasteful expenditure on construction of ponds

During JPV, Audit observed that in two[33] selected districts three ponds that were constructed under MGNREGS were either non-existent or, not in use. The details of the cases are discussed in **Case Study 1 and 2**.

Case Study- 1

The work "Construction of pond on land of Vijya Devi" in Pipardih GP (Block- Nagaruntari District –Garhwa) was technically sanctioned (October 2020) for ₹ 4,99,336. The work commenced in December 2020 and was to be completed by October 2021. Expenditure of ₹ 3,29,914 was incurred up to June 2021, entirely on the labour component. During JPV by audit (February 2025), no pond was found to be in existence on the site. Thus, the entire expenditure of ₹ 3.30 lakh incurred on the work was rendered wasteful (as seen from the photograph 3), besides not meeting the intended objectives of creating durable assets under the scheme.

Photograph 3: Construction of pond in land of Vijya Devi at GP Pipardih in Garhwa

Case Study- 2

Technical and administrative approval was accorded for "construction of ponds on the land of Arjun Besra in Amuwar Santhali GP and of Jhumri Kisku in Bhataundha GP under Godda district in February 2023 and December 2021, respectively. The estimated costs of the works were ₹ 5 lakh and ₹ 4.99 lakh respectively. While the work of Arjun Besra was completed in December 2024 at a total cost of ₹ 4.56 lakh, the second work related to

[33] Garhwa and Godda

Jhumri Kisku was completed in July 2023 at an expenditure of ₹ 4.27 lakh. It was noted that the total expenditure of ₹8.83 lakh which was incurred, was entirely on the labour component.

During JPV (January 2025), Audit noticed that both ponds were surrounded by dense bushes and had no water, which showed that the ponds were not in use. Thus, expenditure of ₹ 8.83 lakh incurred on the schemes was rendered wasteful.

Photograph 4: Pond of Arjun Besra

Photograph 5: Pond of Jhumri Kisku

Thus, the objectives of creating durable assets, as per MGNREGA guidelines, as also improving land productivity, enhancing water conservation and sustainable natural resource management efforts, were not achieved despite significant expenditure.

On this being pointed out the Department stated (August 2025) that due to lack of interest by the beneficiaries, unavailability of funds for materials and disputes at local level, works planned could not be completed. The reply of the Department is not acceptable as these factors should have been assessed at the planning stage and failure to do so highlights inadequate planning and weak implementation of the Scheme. Further, regarding wasteful expenditure, the Department accepted the fact (August 2025) but did not furnish any specific reply.

1.4.8 Doubtful execution of work

1.4.8.1 Doubtful plantation work

A Plantation scheme in Jharkhand was being implemented in the name of *Birsa Harit Gram Yojna* in convergence with MGNREGS to provide enhanced livelihood security to rural households. In this scheme, a total of 112 mango saplings and 80 timber trees were to be planted with Cattle Protection Trench (CPT)[34] around the orchard.

[34] A Cattle Protection Trench is a narrow ditch dug around mango and timber saplings to prevent cattle from entering and damaging the plantation.

During scrutiny of NREGASoft data, Audit observed that in eight test checked GPs[35] in Gumla district, 31 plantations (incorporating both mango & timber) were administratively sanctioned (between February 2020 and July 2023) at an estimated cost of ₹ 108.34 lakh[36]. An expenditure of ₹ 49.68 lakh[37] was incurred on these 31 plantations as of December 2024, which included expenditure of ₹ 22.83 lakh (1,305 man-days) incurred on digging pits for timber plants, construction of compost pit and construction of CPT/dressing of CPT as also ₹ 3.94 lakh[38] (72 mandays) on excavation of *Jalkund* and related materials during the year 2020-21 to 2024-25 ***(Appendix 1.13)***.

However, during JPV of 31 plantation sites (between November 2024 to January 2025) by Audit and *Mukhiya*/GRS/P*anchayat Sachiv* no CPT, compost pit, *Jalkund* were found constructed and timber plants were also found to be absent, rendering the related expenditure of ₹ 26.77 lakh as doubtful.

Thus, officials failed to closely monitor scheme execution which resulted in payment being made for works that were not actually executed.

On this being pointed out the Department accepted the fact and stated (August 2025) that necessary instructions for carrying out modifications in plantation sites have been issued.

1.4.9 Construction of cowshed under *Mukhyamantri Pashudhan Vikas Yojna*

As per the instructions[39] of the Commissioner, MGNREGA, five cowsheds under the *Mukhyamantri Pashudhan Vikas Yojna (MPVY)* in convergence with MGNREGS were to be constructed in each GP, with priority to be given to needy beneficiaries. Further, as per Model Estimate for the scheme issued by GoJ in January 2022, the estimated cost of construction of cowshed for five cows was 1.51 lakh.

In the sampled GPs of five[40] test-checked districts audit observed that based on the number of GPs (51), only 255 cowsheds were required but instead a total of 2,795 cowsheds were constructed. This resulted in construction of 2,540 excess cowsheds at a cost of ₹15.96 crore, in violation of Departmental instructions regarding need-based implementation of the MPVY scheme.

Further, during the JPV conducted in December 2024 and February 2025 for 24 cowsheds in 19 GPs across five districts, the following was observed:

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35 Gumla Block: Kaseera, Nawadih, Ambua and Katri; Basia Block: Kumhari, Pantha, Oreya and Kaliga

36 Wages: ₹ 78.92 lakh, Material: ₹ 29.14 lakh and Contingencies: ₹ 0.28 lakh

37 Wages: ₹ 39.12 lakh, Material: ₹ 10.56 lakh

38 Wages: ₹ 1,25,964 and Materials: ₹ 2,67,877

39 letter No. 16-301/श्रम बजट /2018/ग्रा0 वि0/ (N)/154 dated 03-02-2021

40 Garhwa, Giridih, Godda, Gumla and Pakur

- Eight cowsheds in Pakur district and two cowsheds in Gumla district, constructed at cost of ₹ 14.27 lakh during 2021-22, were found being used for purposes other than intended. While nine cowsheds were used for residential purposes by beneficiaries, one was being used for storage purpose.

Photograph 6: Cowshed in Pakur district used for residential purpose

Photograph 7: Cowshed in Gumla district was being used for storage purpose.

- Two cowsheds in Gumla district, constructed during 2021-22, were found to have used bamboo/asbestos sheets in the construction of the ceiling instead of galvanized corrugated iron (GCI) sheets, in contravention of applicable provisions. However, instead of bamboo or asbestos, payments were seen to have been made as per rates prescribed for GI pipes/GCI Sheets, leading to doubtful payment of ₹ 44,160.

Photograph 8: Cowshed in Gumla district constructed with bamboo and asbestos sheet

Photograph 9: Cowshed in Gumla district used for constructed with bamboo and asbestos sheet

- One cowshed in Gumla district, constructed during 2021-22, was observed in a dilapidated condition during JPV, with its roof and floor fully damaged.

Photograph 10: Cowshed in Gumla district in dilapidated condition.

Thus, poor execution under MPVY in convergence with MGNREGS defeated the objectives of livelihood enhancement as well as led to the creation of non-durable assets.

On this being pointed out the Department accepted the fact and stated (August 2025) that beneficiaries had been directed to undertake animal husbandry work in the constructed cowshed. The reply of the Department is not acceptable, as it is silent on issues such as construction of 2,540 excess cowsheds, use of substandard materials, creation of non-durable assets etc.

1.4.10 Employment provided to differently abled persons

According to Paragraphs 9.3.1 and 9.3.4 of the Operational Guidelines, 2013 differently abled persons were to be considered as a special category of vulnerable persons for the purposes of MGNREGA. Each State Government needed to identify specific works that could be done by disabled and vulnerable persons under the scheme.

The details of employment generated for persons with disabilities in the State during 2019-24, as recorded in NREGASoft, are provided in **Table 14**.

Table 14: Employment generation for disabled persons

Year	Registered differently abled persons	Disabled provided work	No of person days	Percentage of disabled getting work	Average day per disabled who got work
2019-20	45,098	6,120	2,21,412	13.57	36
2020-21	45,089	9,783	3,47,508	21.69	36
2021-22	49,307	8,869	3,08,993	17.98	35
2022-23	30,500	7,226	2,48,902	23.69	34
2023-24	32,258	7,127	3,04,420	22.09	43

(Source: NREGASoft data)

It was evident from the **Table 14** that employment provided to disabled persons ranged between 13.57 to 23.69 *per cent*, while average person days employment provided to disabled persons ranged between 34 and 43.

In six selected districts, it was observed that employment provided to registered disabled persons under MGNREGA during the audit period ranged between nine and 50 *per cent* of those who were registered. This highlighted a significant gap between inclusion and participation of disabled beneficiaries in the Scheme.

On this being pointed out the Department accepted (August 2025) the fact and stated that districts had been requested to maintain a database of work demand for disabled persons.

1.4.11 Provision of 100 days guaranteed wage employment

Para 1.1 of the Operational Guidelines of MGNREGA mandates provision of at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to undertake unskilled manual work.

As per MIS data available in NREGASoft, the proportion of families completing 100 days of employment during 2019–24 against the registered households that demanded employment, ranged between two and four *per cent* at the State level and between one and three *per cent* in the test-checked districts. As the prescribed demand registers were not properly maintained in the test-checked GPs, Audit could not assess achievement of the stipulated 100 days of guaranteed wage employment.

1.4.12 Representation of women beneficiaries under the Scheme

Para 3.4 (x) of the Operational Guidelines, 2013, and para 15 Schedule II of the NREGA Act provides that while providing employment, priority shall be given to women in such a way that at least one-third of the beneficiaries shall be women who have registered and requested for work under the Scheme.

Further, Register-III relating to Demand for Work, Allocation of Works and Payments of Wages was to be maintained completely manually maintained running Register to be maintained by the GRS. Register III forms the core and non-negotiable transparency register from a worker's perspective and was to be maintained month-wise.

As per NREGASoft, women person days against the total generated employment was between 41 and 48 *per cent* in the State and ranged between 42 and 49 *per cent* in the test-checked districts during 2019-24. However, as the prescribed demand registers (Register III) were not maintained properly in the test-checked GPs, Audit could not verify the number of women who had registered and requested for work. As such, representation of women beneficiaries under the Scheme, as envisaged, could not be ascertained.

1.5 Grievance Redressal, Monitoring and Internal Control

In order to ensure transparency and accountability, it was important to have a robust and efficient monitoring, evaluation and review mechanism in place.

As per paragraph 13.6.1 the Operational Guidelines, 2013, a three-tier[41] vigilance mechanism was to be arranged by the State to proactively detect irregularities in the implementation of the Act. Besides, District Quality Monitor, State Quality Monitor, District Level Technical Cells were to be constituted for quality control of works executed under the Scheme. Audit observations on the monitoring and oversight mechanism are discussed below:

1.5.1 Existence of grievance redressal mechanism

1.5.1.1 Functioning of State Employment Guarantee Council

The State Employment Guarantee Council (SEGC) was constituted (January 2007) by RDD, GoJ to advise the State Government on all matters concerning the Scheme, review the monitoring and redressal mechanism and give recommendations for improvement, as well as to prepare the annual report to be laid before the State Legislature.

As per para 4 of the resolution of the State Government, the SEGC should meet at least twice a year, and the interval between two consecutive meetings should not exceed six months.

Scrutiny of records revealed that the SEGC met only two times (February 2021 and July 2023) against the required minimum of 10 meetings during 2019-2024.

Thus, monitoring and steering of the Scheme at the highest level was not being conducted regularly, as envisaged, thereby weakening the accountability mechanism also.

1.5.1.2 Disposal of Complaints

Section 23(6) of the MGNREG Act provides that the PO shall enter every complaint in a compliant register maintained by him and shall dispose of dispute and complaints within seven days of their receipt. In case the complaints relate to matters to be resolved by any other authority, they shall forward the same to such authority under intimation to the complainant. For monitoring of status, a complaint register had to be maintained at the GP, Block and District levels, as required under para 10.3.9 of Operational Guidelines, 2013.

Scrutiny of records revealed that out of six selected districts, in three[42] districts, no complaint registers were maintained. Hence, the status of complaints could not be verified by Audit. However, information provided to Audit regarding complaints, revealed that in the sampled six districts, 431 out of 811 complaints were still pending[43] at the district level as of March 2024, with delays in disposal ranging between one to five years.

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[41] i. State Vigilance Cell, ii. District Vigilance Cell and iii. Vigilance and monitoring Committee *at Panchayat level*

[42] East Singhbhum, Gumla and Pakur

[43] Complaints regarding non-issuance of JC, work was not given on demand and delay in payment etc.

Further, it was also observed that complaint registers were not being maintained at the Block and GP levels.

This improper maintenance of records as well as pendency in disposal of complaints highlighted the ineffectiveness of the MGNREGS grievance redressal mechanism in the State.

1.5.1.3 Non-constitution of Vigilance Cell

Para 13.6.2, 13.6.3 and 13.6.4 of Operational Guidelines, 2013 provide that at the State level, a Vigilance Cell consisting of a Chief Vigilance Officer (CVO), at the district level the District Vigilance Cell under the district level authority and at the local level a Vigilance and Monitoring Committee were to be set-up after approval of the Gram Sabha. These cells were required to be set up for receiving complaints about implementation of the scheme, for conducting regular field visits to detect irregularities, and for taking *suo moto* action based on reports appearing in the media, visit to the work sites and interaction with workers.

Scrutiny of records revealed that no Vigilance Cell was constituted at the State level as of December 2024. Further, the requisite Vigilance Cells were not constituted at any level of the selected districts and GPs during 2019-24.

Thus, regular oversight, early detection of irregularities, and prompt corrective action were not ensured.

On this being pointed out the Department stated (August 2025) that the constitution of vigilance committee is under consideration.

1.5.1.4 Non-appointment of State and District Quality Monitors

In terms of paras 14.8 (vi) and 14.10.4 of Operational Guidelines, 2013 the State Quality Monitor (SQM) would inspect at least five *per cent* of works while they are still in progress, to assess the quality aspects. Further, as per para 7.12.1 of the Annual Master Circular 2019-20, there would be a District Quality Monitoring (DQM) Cell which would have a panel of 10 to 15 technical officials. These officials will monitor and evaluate at least 10 *per cent* of the works executed under the scheme.

Scrutiny of records and information supplied by the MGNREGA, Commissionerate revealed that SQM/DQM was not appointed during the period 2019-24. As a result, no work was inspected either during its execution or, after completion for its quality or authenticity. Further, the Department had not made any efforts towards the appointment of SQM/DQM.

1.5.1.5 Non-preparation of Citizens' Charter

As per para 13.12.1 of Operational Guidelines, Citizens' Charter shall cover all aspects of the duties of *Panchayats* and officials under the Act. It should describe the specific steps involved in implementing the provisions of the Act and lay down the minimum service levels mandated by these provisions on the *Panchayats* and the officers concerned.

During test check of records, it was noticed that no Citizens' Charter was prepared by the State Government during the period covered under audit. It was also observed that the Ministry of *Panchayati R*aj had prepared a Model *Panchayat* Citizens' Charter/Framework for delivery of the services across the 29 sectors, aligning actions with localised Sustainable Development Goals (SDGs) for the *Panchayats* to adopt and customise during July-August 2021 and provided to the State Government for preparation of their own Citizens' Charter. However, the work of preparation of State Governments' Citizens' Charter was not initiated.

This shows deficient approach of the Department towards establishing the necessary accountability structures in the State.

On this being pointed out the Department accepted the fact and stated (August 2025) that the State has earlier asked all districts to comply with the citizen charter Guidelines of MGNREGA.

Recommendation 5: 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.

1.5.2 Social Audit

An innovative feature of the MGNREGS is that it has an institutionalised 'Social Audit' mechanism as a means of continuous public vigilance. The main objective of Social Audit is to verify the effective implementation of MGNREGS vide a participatory audit process at the level of every GP.

1.5.2.1 Shortfall in required social audit

Paras 13.1.1 and 13.2.2 of the Operational Guidelines, 2013 provided that Social Audit Unit (SAU) shall identify appropriate number of resource persons at the State, District, Block and GP levels to facilitate the *Gram Sabha* in conducting social audit.

As per applicable guidelines of the Scheme, social audit was to be conducted in every GP at least once in six months, involving a mandatory review of all aspects.

The status of conduct of social audit by GPs in the State during 2019-24 is given in **Table 15**.

Table 15: Status of conducting social audit in the state

Year	Total GP in the State	No. of GPs to be planned for social Audit as per norms	No of GPs planned for Social Audit	Social Audit conducted	Shortfall in Social Audit as per plan	Percentage of Shortfall against planned
2019-20	4,406	8,812	2,252	1,523	7,289	83
2020-21	4,392	8,784	1,139	737	8,047	92
2021-22	4,388	8,776	4,258	2,160	6,616	75
2022-23	4,388	8,776	0	0	8,776	100
2023-24	4,388	8,776	4,276	2,807	5,969	68
Total		**43,924**	**11,925**	**7,227**	**36,697**	**84**

(Source: Departmental data)

Audit noticed that the SAU had prepared the annual social audit plans for the years 2019-24 by considering an annual audit of each GP instead of the mandated six-monthly frequency, leading to deviation from the Operational Guidelines besides an overall shortfall in planning for social audits in the State. Further, there were shortfalls even with respect to the number of social audits carried out *vis a vis* the ones planned, as only between 68 to 100 *percent* of the planned GPs could be audited during this period.

Status of conduct of social audit in the test checked is detailed in **Table 16**.

Table 16: Social Audits in selected GPs during 2019-24

Total No. of GPs	Social Audit Not conducted even once	Social Audit conducted in all five years	Social Audit partially conducted
48	3	0	45

(Source: Departmental data)

As can be seen from above, in three GPs, social audit was not conducted even once in six months during the entire audit period. Further, in the remaining 45 GPs, annual social audit was conducted partially (once in two/ three years) and 100 *per cent* social audit was conducted in none of the selected GPs.

1.5.2.2 Pendency in settlement of Social Audit Observations

Para 13.4.2 of Operational Guidelines, 2013 provides that District Programme Co-ordinator (DPC) shall ensure that time bound corrective action is taken on the social audit report.

The status of social audit observations and their pendency at State level is given in **Table 17**.

Table 17: Social audit observations pendency status in State

Year	Social audit observations raised	Social audit observations settled	Outstanding Social audit observations	Percentage of outstanding
2019-20	32,969	23,946	9,023	27.37
2020-21	9,830	2,043	7,787	79.22
2021-22	23,032	33	22,999	99.86
2022-23	12,230	73	12,157	99.40
2023-24	56,437	0	56,437	100.00
Total	**1,34,498**	**26,095**	**1,08,403**	**80.60**

Source: Data provided by the Department

It was seen from **Table 17** that the social audit observations ranging between 27.37 *per cent* and 100 *per cent* were outstanding for want of corrective measures. The pending issues had remained unresolved for periods ranging from one to five years.

Scrutiny of records of selected GPs revealed the following:

Table 18: Social audit observations pendency status in selected GPs

No. of GPs	Social audit observations raised	Social audit observations settled	Outstanding Social audit observations	Percentage of outstanding
48	1,796	494	1,302	72

Source: Data provided by the Department

It was evident from **Table 18** that 1,796 observations were as part of social audit in selected GPs during 2019-24 but only 494 observations were settled, and rest 1,302 observations were still pending for settlement ***(Appendix 1.14)***.

Thus, the Department missed a crucial opportunity to strengthen implementation of the scheme for the benefit of the people through the mechanism of social audit. Persistent irregularities over an extended period can erode public trust in the scheme, particularly among the dependent population.

Recommendation 6: 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.

1.5.3 Shortage of manpower

Section 18 of the MGNREGA provides that State Government is mandated to make available to the DPC and PO necessary staff and technical support as may be necessary for effective implementation of the scheme. Supporting staff could also be hired, on contractual basis, to provide professional services at the State level. The recruitment policy for the functionaries will be decided by the State Government.

The availability of staff against the sanctioned posts are given in **Table 19**.

Table 19: Shortage of staff

Name of post	Sanctioned post	Person in position	Shortage	Shortage (*per cent*)
Block Programme officer	340	312	28	8.24
Assistant Engineer	261	214	47	18.01
Junior Engineer	857	712	145	16.92
Computer Assistant	261	206	55	21.07
Account Assistant	257	212	45	17.51
Gram Rozgar Sevak	4,317	3,960	357	8.27
Total	**6,293**	**5,616**	**677**	**10.76**

(Source: Departmental data)

It was seen from **Table 19** that shortfall of staff against the sanctioned strength ranged between 8.24 *per cent* and 21.07 *per cent* with respect to the main functionaries[44].

Scrutiny of records and information provided by the test checked districts revealed that in the districts there was shortage of MGNREGA related staff, as detailed in **Table 20**.

Table 20: Shortage of staffs of MGNREGA in selected districts

Name of districts	BPO			AE			JE			A. Ast.			C. Ast.			GRS		
	SS	PIP	S	SS	PIP	S	SS	PIP	S	SS	PIP	S	SS	PIP	S	SS	PIP	S
East Singhbhum	15	12	3	11	10	1	46	13	33	11	6	5	11	6	5	231	177	54
Garhwa	22	22	0	19	17	2	38	36	2	19	19	0	19	17	2	189	185	4
Giridih	23	21	2	13	10	3	69	58	11	13	13	0	13	12	1	344	323	21
Godda	14	14	0	9	8	1	39	38	1	9	9		9	8	1	197	197	0
Gumla	13	12	1	12	10	2	32	26	6	12	8	4	12	5	7	159	134	25
Pakur	8	6	2	6	4	2	26	10	16	6	2	4	6	4	2	128	124	4
Total	**95**	**87**	**8**	**70**	**59**	**11**	**250**	**181**	**69**	**70**	**57**	**13**	**70**	**52**	**18**	**1,248**	**1,140**	**108**

(Source:** Data provided by the Department**); SS- Sanction strength, PIP- Person-in-position, S- Shortage

It was evident from **Table 20** that there was a gap between the sanctioned strength and person in position in case of field level/grass root staff who play a crucial role in scheme execution, thereby hampering the smooth implementation of MGNREGS.

Recommendation 7: 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.

1.5.4 Conclusion

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) aims to provide at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. The scheme is demand-driven in nature and emphasizes transparency, accountability, and timely payment of wages.

Audit scrutiny, however, revealed systemic deficiencies in its implementation, marked by poor planning, financial irregularities, weak record management, and ineffective oversight. The Department failed to assess the quantum and timing of labour demand, as no surveys were conducted, thereby violating the demand-driven objective of the scheme. Key planning requirements such as demand assessment, preparation of labour budgets, and proper record maintenance were not fulfilled, reflecting lack of transparency and weak implementation. Further, delays in release of funds to the SEGF, non-payment

[44] Block Programme officer, Assistant Engineer, Junior Engineer, Computer Assistant, Account Assistant and *Gram Rozgar Sevak*

of compensation for delayed wages and unemployment allowances, irregular wage payments including delays, short payments, and cases of over/underpayment were observed. Basic records such as measurement books and muster rolls were poorly maintained or not maintained at all.

Additionally, monitoring and grievance redressal mechanisms were largely non-functional, SEGC oversight was weak, social audit objections were inadequately addressed. Key field-level posts remained vacant, and record management at the Gram Panchayat level was deficient. These lapses indicate that the scheme was not implemented in accordance with its guidelines, thereby undermining the objectives of transparency, accountability, and assured employment.