Chapter I
Introduction

Rural Development Department

Performance Audit on 'Implementation of Mahatma Gandhi National Rural Employment Guarantee Act'

Chapter I: Introduction

1.1 Introduction

The Government of India (GoI) enacted the National Rural Employment Guarantee Act, 2005 in September 2005, subsequently renamed (October 2009) as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The mandate of the Act is to enhance the livelihood security of the households in rural areas of the country by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work on demand. Under the Act, Government of Rajasthan notified 'Rajasthan Rural Employment Guarantee Scheme' in July 2006 and renamed as "National Rural Employment Guarantee Scheme" in May 2007.

In Rajasthan, 75.18 *per cent* of the total population (6.85 crore) is living in the rural area as per census 2011. Main occupation of the rural population is agriculture and rural labour work force is dependent on agriculture. As agriculture has a seasonal pattern, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) can be implemented effectively in the State by synchronizing the demand of work during the period when agricultural demand is slack.

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

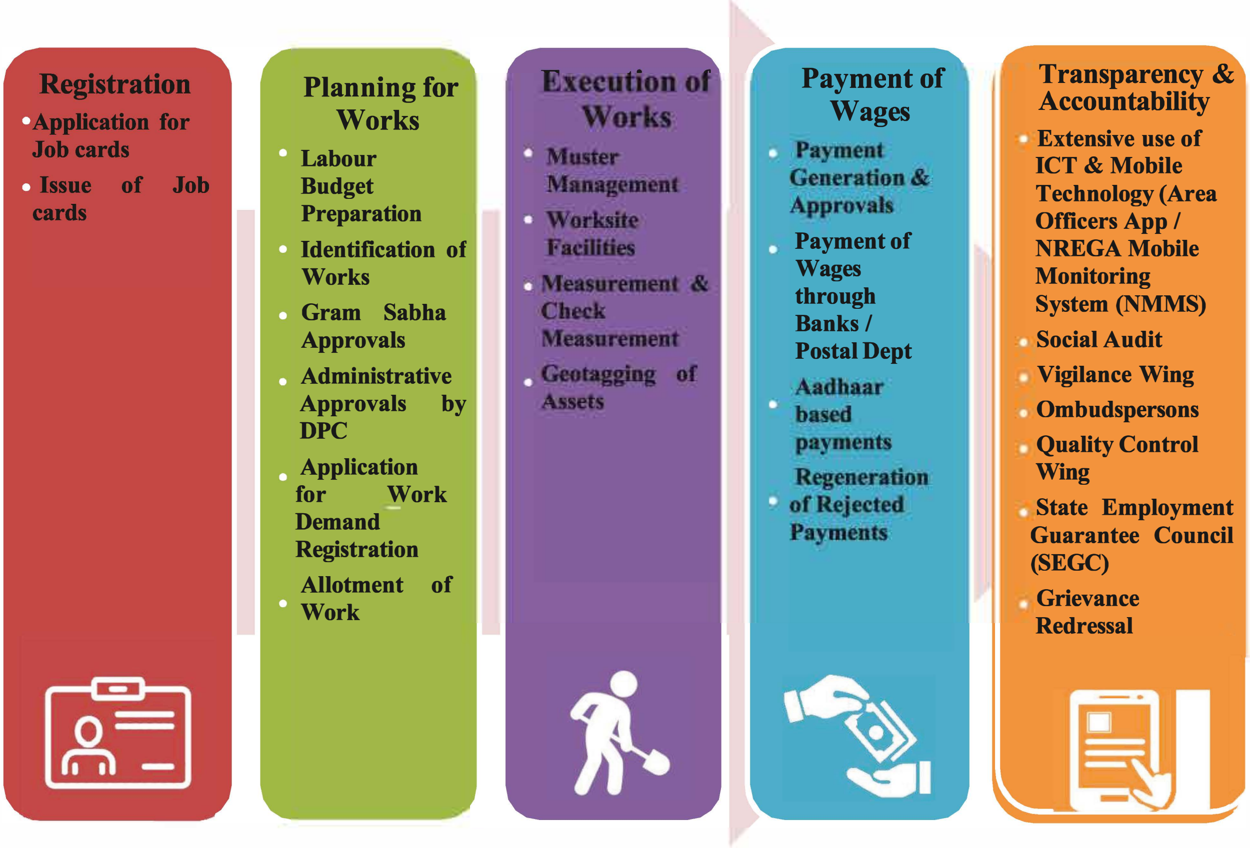
Goals of MGNREGA are:

- Social protection for the most vulnerable people living in 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.
- Drought-proofing and flood management in rural India.
- Empowerment of the socially disadvantaged, especially women, Scheduled Castes (SCs) and Schedules Tribes (STs), through the processes of a rights-based legislation.
- Strengthening decentralized, participatory planning through convergence of various anti-poverty and livelihoods initiatives.

1.2 Overview of the Scheme

The overview of the Scheme implementation is given in Chart 1.1.

Chart 1.1: Overview of the MGNREG Scheme



1.3 Funding pattern

The scheme is implemented as a Centrally Sponsored Scheme on a cost-sharing basis between the Centre and the States. GoI bears the entire cost of wages for unskilled manual workers, and up to 75 *per cent* of the cost of material including wages for skilled and semi-skilled workers. The State Government bears 25 *per cent* of the cost of material and wages for skilled/semi-skilled workers.

The State Government also bears the total expenditure of compensation allowance for delayed payment of the wages to the workers, unemployment allowance and administrative expenses of the State Employment Guarantee Council (SEGC).

1.4 Organisational Structure

Additional Chief Secretary (ACS) is the head of Rural Development Department (RDD). The MGNREGS is being implemented by RDD in the State. The organizational structure for implementation of MGNREGS is given in **Chart 1.2** below:

Chart 1.2: Organisational Structure in the State

ACS, Rural Development Department

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Commissioner (EGS), MGNREGS Rajasthan

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District Collector-cum-District Programme Coordinator (DPC), MGNREGS

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Additional District Programme Coordinator (ADPC)

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Programme Officer cum Block Development Officer

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Village Employment Assistant at GP

The functional responsibilities for implementation of MGNREGS is given in ***Appendix-1.1***

1.5 Audit Objectives

This Performance Audit was conducted to assess whether:

- Planning process and financial management practices were adequately geared towards achieving the goals of the Act, while adhering to relevant rules and regulations;
- Fair access to employment opportunities was achieved, as well as employment adequately generated;
- Durable and useful assets were created and maintained in compliance with rules and regulations, while ensuring convergence with other programmes/schemes; and
- Appropriate and adequate monitoring, social audit and grievance redressal systems were in place and functioning as envisaged to achieve greater transparency and accountability.

1.6 Audit Criteria

The audit findings were bench marked against the following criteria:

- National Rural Employment Guarantee Act, 2005 (amended up to 2017) and Operational Guidelines, 2013
- Annual Master Circulars issued by the Ministry of Rural Development, Government of India during the period from 2019-20 to 2023-24

- Orders/guidelines/notifications issued by the GoI and Government of Rajasthan (GoR)
- Gramin Karya Nirdeshika (GKN) 2010

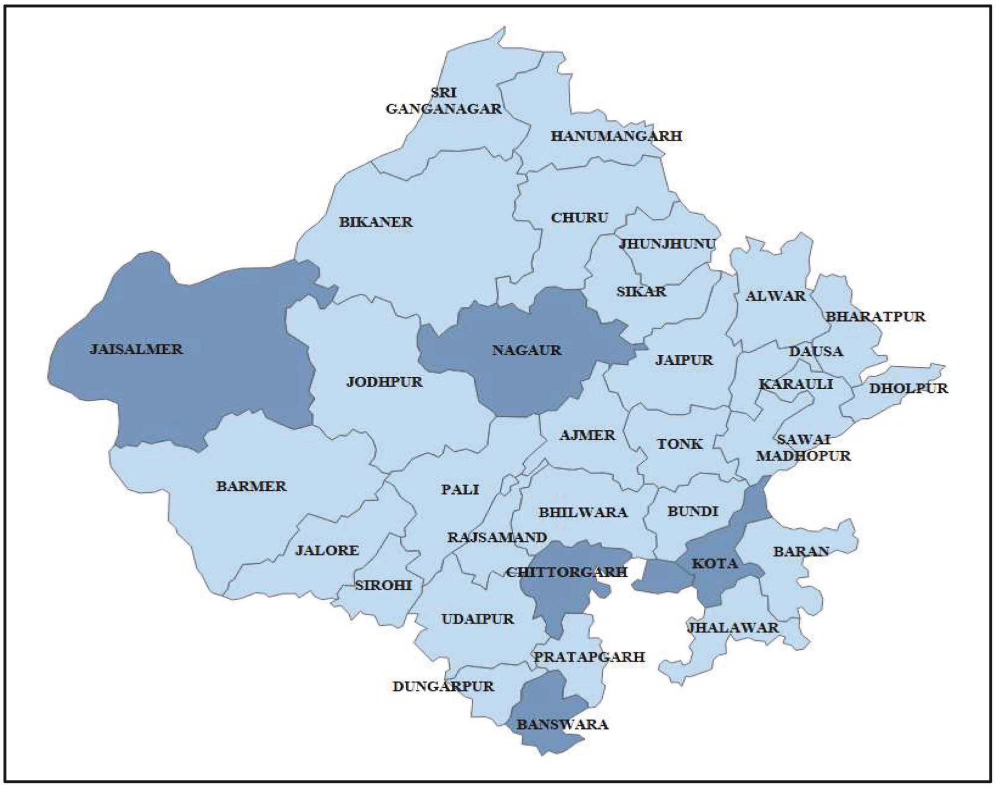
1.7 Audit Scope and methodology

The Performance Audit covering the period from 2019-20 to 2023-24 was conducted between July 2024 and November 2024 including Joint/physical inspections.

Out of 33 districts, five districts (15 *per cent*) viz. Banswara, Chittorgarh, Jaisalmer, Kota and Nagaur were selected using the Stratified Random Sampling Method through IDEA based on the total expenditure during 2019-24. Further, ten Panchayat Samitis (PSs) (two from each selected district) were selected using the Stratified Random Sampling Method through IDEA and four Gram Panchayts (GPs) in each selected Panchayat Samiti (total 40 GPs) were selected by PPSWoR (Probability Proportionate to Size without Replacement) method. Details of selected Districts, PSs and GPs are given in ***Appendix-1.2.*** Besides, in each selected Gram Panchayat, seven works for Joint Physical Verification (total 280 works) and 10 Beneficiaries for Survey (total 400 beneficiaries) were also selected randomly.

The geographical presentation of sampled districts (five out of 33 districts) is shown in **Chart 1.3**.

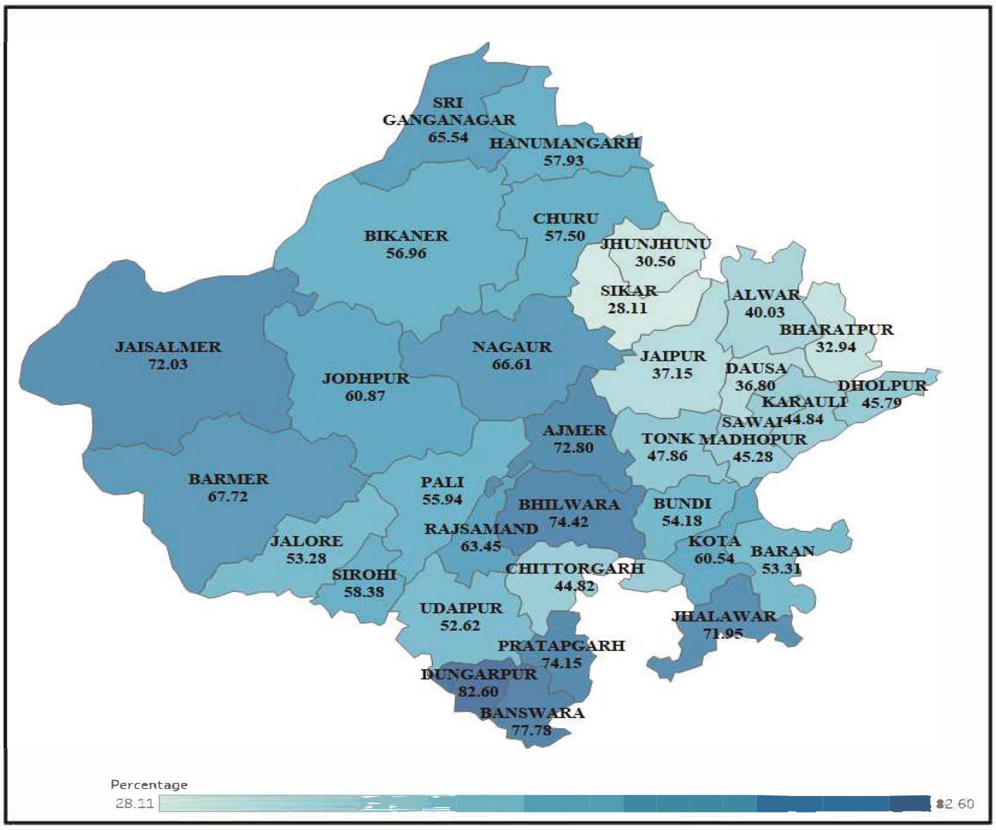
Chart 1.3: Geographical presentation of sampled districts



Under the field study, records at Commissioner, EGS, selected Districts, Panchayat Samitis and Gram Panchayats were scrutinized. Joint physical verification of selected works and survey of selected beneficiaries were also conducted through questionnaire.

A general trend of the percentage of households that availed employment vis-à-vis households registered in Rajasthan during the period 2019-24 is shown in **Chart 1.4**.

Chart 1.4: District-wise trend of percentage of households which availed employment vis-a--vis households registered



As seen from **Chart 1.4**, the scheme is less popular in eastern Rajasthan, with the percentage of HHs that availed employment vis-à-vis HHs registered being lowest in Sikar district.

Earlier two Performance Audits on “Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme” were featured in the Reports of Comptroller and Auditor General of India (Local Bodies) for the year ended March 2012 and March 2017. The first Performance Audit was considered as deemed discussed by the “Committee on Local Bodies and Panchayati Raj Institution”. The second performance audit was discussed in the “Committee on Local Bodies and Panchayati Raj Institution” in September 2024 and their recommendations are awaited.

An Entry conference was held in August 2024 with the Commissioner, Employment Guarantee Scheme (EGS) in which Audit methodology, scope, objectives and criteria were discussed. An Exit conference was held in June 2025 with the Additional Chief Secretary, Rural Development Department, Government of Rajasthan in which audit findings were discussed.

1.8 Acknowledgement

We acknowledge the co-operation extended by the Commissioner, EGS and selected District Programme Coordinators, Programme Officers and Gram Panchayats during the conduct of the performance audit.