

Ministry of Rural Development

Performance Audit of National Rural Employment Guarantee Act

Highlights

The National Rural Employment Guarantee Act (NREGA) 2005, which came into force in 200 districts in February 2006, guarantees 100 days of employment in a financial year to any rural household on demand. At the request of the Ministry of Rural Development, a performance audit of the implementation of NREGA was carried out for the period February 2006 to March 2007, covering 558 Gram Panchayats (GPs) in 141 blocks in 68 districts in 26 States. The following are the important audit findings.

- The Act conferred a right on rural households to demand employment. It is noted that the NREG Act is a unique laudable Act of Parliament which enables the rural households to demand up to 100 days of employment as a matter of their statutory right.

(Paragraph 1.1)

- According to the Ministry's figures, 3.81 crore households had registered under the Act, Out of these, while 2.12 crore households had demanded employment, 2.10 crore households were provided employment during 2006-07. However, the Ministry's figures cannot be said to be very reliable or verifiable, as the record maintenance particularly at GP level, was poor. There is a high probability of only partial capturing of the demand for work.

(Paragraphs 7.1 and 11.1)

- The applications for work are to be submitted primarily at the Gram Panchayat; though the applications for work could also be submitted to the Programme Officer of the Block. Besides, 50 per cent of the works were to be allotted to GP. It was therefore crucial to maintain proper records of employment demanded, employment provided, number of days of employment generated, entitlement for employment allowance etc. It was noticed that the maintenance of basic records at the GP and Block levels was poor, as a result of which the authenticity of the figures of employment demanded, employment provided, number of days of employment generated, entitlement for employment allowance etc. could not be verified in audit. Significant deficiencies were also noticed in maintenance of Muster Rolls.

(Paragraphs 10.5 and 11.1)

- Photographs of job cards represent an important control against fraud and misrepresentation. There were significant delays in affixing of photographs on job cards.

(Paragraph 8.5)

- As the applications for demand for work were not documented or dated, and dated receipts for such applications were not issued in most cases, the eligibility of rural households for unemployment allowance, in these cases, was unverifiable.

(Paragraph 10.4)

Performance Audit Report No.11 of 2008

- There were several cases of delayed payment of wages, for which no compensation was paid. There were also instances of non-payment of unemployment allowance which became due to the employment seekers.

(Paragraph 10.2)

- Deficiencies were noticed in the set up of implementing machinery, particularly at the Block and GP levels like non-appointment of full-time Programme Officers and non-appointment of Gram Rozgar Sewaks. This insufficiency of manpower, particularly at GP level, had adverse impact on the maintenance of records at GP level, which made it difficult to verify compliance with the legal guarantee of 100 days of employment on demand.

(Paragraph 8.3)

- There were deficiencies in the planning process, particularly in the preparation of the 5 year District Perspective Plans (DPPs).

(Paragraph 8.4)

- Most States had not prepared District-wise Schedule of Rates and had adopted the Schedule of Rates of PWD/Rural Development Department, which may not necessarily ensure minimum wages for seven hours of work by labourers of weaker build like women in difficult geo-morphological conditions.

(Paragraph 10.1)

- The systems for financial management and tracking were deficient, with significant cases of failure to conduct monthly squaring and reconciliation of accounts. Several instances of diversion and misutilisation of funds and non-rendering of Utilisation Certificates and expenditure details were noticed.

(Paragraph 12.1)

- The status of inspection of works at the State, District and Block levels was poor, and most States had not designated State and District Quality Monitors. Also, in most cases, Gram Sabha was not held twice a year to conduct Social Audit Forums.

(Paragraphs 13 and 14)