

**Report of the
Comptroller and Auditor General of India
on
Mahatma Gandhi National Rural
Employment Guarantee Scheme**

**Government of Karnataka
Report No.13 of the year 2025
(Performance Audit – Civil)**

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Preface

1. This Report of Comptroller and Auditor General of India for the year ended 31 March 2024 has been prepared for submission to the Governor of Karnataka under Article 151(2) of the Constitution of India for being laid before the Legislature of the State.
2. The Report covering the period from 2019-20 to 2023-24 contains the results of Performance Audit of '*Mahatma Gandhi National Rural Employment Guarantee Scheme*'.
3. The Audit was conducted in conformity with the Auditing standards issued by the Comptroller and Auditor General of India.

Executive Summary

Executive Summary

Why we chose this topic?

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

Government of Karnataka (GoK) notified (February 2007) ‘Karnataka Rural Employment Guarantee Scheme’ as required under the National Rural Employment Guarantee Act, 2005. Since October 2009, the Scheme was renamed as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) which provided for the minimum features specified in Schedule I of the Act.

A Performance Audit on “Mahatma Gandhi National Rural Employment Guarantee Scheme” was conducted during the period from June to September 2024 to ascertain whether i) Planning process and financial management practices were adequately geared towards achieving the goals of the Act, while adhering to relevant rules and regulations; ii) Fair access to employment opportunities was achieved, as well as employment adequately generated, leading to social protection and livelihood security as envisaged; iii) Durable and useful assets were created and maintained in compliance with rules and regulations, while ensuring convergence with other programmes/schemes and iv) Appropriate and adequate monitoring, social audit and grievance redressal systems were in place and functioning as envisaged to achieve greater transparency and accountability.

What did we find?

Planning and Financial Management

The assessment of demand for employment under MGNREGS was deficient as the bottom-up approach in preparation of Labour Budget was not adhered to. Baseline survey of job card holders to assess the quantum and timing for demand of employment was not carried out affecting preparation of realistic development plans. These deficiencies led to large variation in demand for employment recorded as Person Days in the approved labour budget to that of consolidated at Grama Panchayat level. Apart from the above deficiencies, there was delay in submission of Labour Budget at various levels of Panchayat Raj Institutions.

The recruitment of contractual staff for the Scheme was carried out without following the State's reservation policy for contractual recruitment resulting in

inadequate representation of women, SCs, STs, disabled individuals *etc.*, as envisaged in the Operational Guidelines 2013.

There was shortfall of outsourced manpower available under the Scheme. Audit observed that contracts for outsourcing of manpower services were extended unauthorisedly without calling fresh tenders. Further, the Department incurred excess service charges on account of the failure to avail the most competitive rates while re-assigning the contracts among the manpower agencies providing services in other districts. Audit also observed shortfall in conduct of capacity building training programmes.

Expenditure under the wage component of the Scheme showed declining trend during 2022-23 and 2023-24. The Rural Development and Panchayati Raj Department (Department) also failed to utilise the entire amount released under material component, as the funds were released at the fag end of the year. The delay by State Government in release of central and state share for the Scheme entailed a penal interest of ₹36.26 crore. Audit also observed inadmissible expenditure of ₹32.78 crore under the administrative head of the Scheme.

Aadhaar mapping with the accounts of 3.11 lakh workers out of 84.98 lakh active workers was pending (March 2024) at the State level due to which no assurance could be drawn about the preparation of wage lists and payments made to these active workers.

Pendency of ₹35.10 crore was observed in respect of Aadhar based payment of wage and material transactions which were rejected and later regenerated. The calculation of compensation for delayed payment of wages was carried out capturing partial delays only to the disadvantage of the beneficiaries. Audit also noticed rejection of delayed compensation amounting to ₹3.29 crore by Programme Officers on incorrect grounds.

Employment Generation

Issue of job cards was pending for 34,499 beneficiaries who had applied for jobs, as of March 2024. It was observed in test-checked districts that the job cards did not adhere to the prescribed format and special job cards were not issued to differently abled persons.

Though, MGNREGA guarantees 100 days of employment to each demanding household, the demand for employment from the registered households did not exceed 48 *per cent* of the issued job cards during the audit period. Moreover, the number of households who were provided with at least 100 days of employment during the period was only five *per cent* and majority of households were provided only 1 to 30 days of employment.

NREGASoft did not have provision to record the data of employment demanded by/provided to vulnerable groups such as nomadic tribals, HIV positive persons, *etc.* Audit scrutiny of the data of differently abled and vulnerable group beneficiaries maintained under the housing schemes indicated significant exclusion of such beneficiaries under MGNREGS.

Audit observed that contrary to the Scheme Guidelines vendors were hired and paid for manual (labour-oriented) components under the Scheme resulting in

denial of employment opportunities to the beneficiaries. There was a shortfall in conducting Information, Education and Communication activities as well as Rozgar Diwas resulting in lack of awareness among beneficiaries regarding the rights/entitlements under the Scheme.

The unemployment allowance to be provided to the beneficiaries could not be assessed accurately due to non-maintenance of demand register and incorrect recording of the demand for labour in the test-checked Grama Panchayats. The unemployment allowance assessed payable for the period 2019-20 to 2023-24, amounting to ₹1.28 crore, was also pending for payment to the beneficiaries.

Execution of Works

Large number of approved works under the Scheme were not taken up, apart from significant number of works remaining incomplete for more than one year. Convergence of MGNREGS works utilising the technical/financial resources of other departments was not effective due to the absence of prescribed institutional support and lack of co-ordination with the line departments. **Fraudulent transactions under housing works such as payment for houses already completed, payment to ineligible beneficiaries, payments without undertaking construction, payments in excess of prescribed limits, etc., were noticed. Similarly, fabrication of records and fraudulent payments were noticed under test- checked works related to Solid Waste Management sheds, check dams and raising of seedlings under Social Forestry.**

Non-constitution of Technical Committees at district/taluk level resulted in irregularities such as preparation of unrealistic estimates, improper execution and irregular expenditure on works. Audit observed that works benefitting individual beneficiaries were executed without the mandatory employment of such beneficiaries in these works. Expenditure was incurred in excess of sanctions on account of non-revision of estimates as stipulated in Scheme guidelines. Works were indicated as completed in NREGASoft even though expenditure incurred was less than five *per cent* of the sanctioned estimate. Material costs for individual works were paid directly to vendors, instead of beneficiaries, in violation of Government instructions.

Audit also observed irregularities such as printing of muster rolls without utilising NREGASoft and irregular payments on such manipulated muster rolls. The Joint Physical Verification of assets created under the Scheme with the Department officials revealed their non-existence or the assets being defunct.

Monitoring, Social Audit and Grievance Redressal

The prescribed monitoring and evaluation of the Scheme through State Employment Guarantee Council (SEGC) was deficient as it met only once during the audit period (2019-2024) and the prescribed sub-committees of SEGC were dysfunctional. The Vigilance units at the State /District/ Gram Panchayat levels were not constituted. The Scheme provisions related to the constitution of State Quality Management Unit and District Quality Monitors were not adhered to and prescribed inspection of works were not carried out.

Social Audit Unit suffered from institutional weaknesses such as deviation from the norms in appointment of the Director, shortage of staff, shortage/delay in release of funds and non-accessibility/availability of records for the audit. Consequently, the shortfall in conducting Social Audit increased from one *per cent* in 2019-20 to 57 *per cent* in 2023-24. Audit observed large pendency in settlement of Social Audit observations and irregularities in settlement of misappropriation cases reported in Social Audit.

The mechanism for grievance redressal was ineffective as the prescribed reporting, redressal and follow-up mechanisms were not in place. Though Ombudspersons were appointed in all districts, there was large pendency (59 *per cent*) in disposal of complaints. Audit observed that less than 20 *per cent* of the penalties imposed by the Ombudspersons were recovered in test-checked districts.

What do we recommend?

Planning and Financial Management

State Government should ensure the bottom-up approach in planning for MGNREGS ensuring the wholesome participation of all three tiers of Panchayat Raj Institutions in the planning process. Action should be taken to fill the vacant posts under MGNREGS following the reservation policy and providing adequate representation to women and differently abled persons.

State Government should take action to recoup the inadmissible expenditure incurred under MGNREGS. Action should be taken to reduce the pendency in regeneration of failed transactions and repayment to the beneficiaries in respect of Aadhar based payments. Automated systems may be devised to update the beneficiaries regarding status of failed transactions/ pending payments. Action should be taken to scrupulously adhere to the Government instructions regarding the calculation of delayed compensation and to re-examine the erroneous rejection of delayed compensation.

Employment Generation

The Department should conduct special drives and utilise available data with various line departments to identify vulnerable persons and provide employment under the Scheme. Necessary action may be taken to remove anomalies in the data sheets and ensure that due weightage is given to the labour components under the Scheme. The Department should take action to strengthen the IEC activities to create adequate awareness among the beneficiaries regarding the rights/entitlements under the Scheme. The demand for labour should be accurately recorded by the Grama Panchayats and matched with the actual provision of labour to calculate the entitled unemployment allowance. State Government shall take necessary action to provide budget allocation for payment of unemployment allowance to beneficiaries.

Execution of Works

Department should review the status of pending works and prepare an action plan to complete them or close them along with fixing responsibility for the monetary losses. The Government should adhere to the institutional framework envisaged in MGNREGS for execution of convergence works. Government should conduct detailed enquiry on fraudulent works and the discrepancies in muster rolls and initiate punitive action against erring officials.

Monitoring, Social Audit and Grievance Redressal

The State Employment Guarantee Council should be reconstituted as prescribed and the prescribed functions carried out. Social audit under MGNREGS should be strengthened by ensuring its independence and providing adequate financial and human resources.

Chapter I

An Overview

Chapter I

An overview

1.1 Introduction

Employment generation programmes have been an important component of Government interventions for reducing poverty. The expansion in both size and number of such programmes culminated in enactment (September 2005) of the National Rural Employment Guarantee Act (NREGA).

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. Creation of durable assets and strengthening the livelihood resource base of the rural poor are other important objectives of the Scheme. The name of NREGA was changed to Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA referred to as Act) in October 2009.

1.2 Implementation of MGNREGA in Karnataka

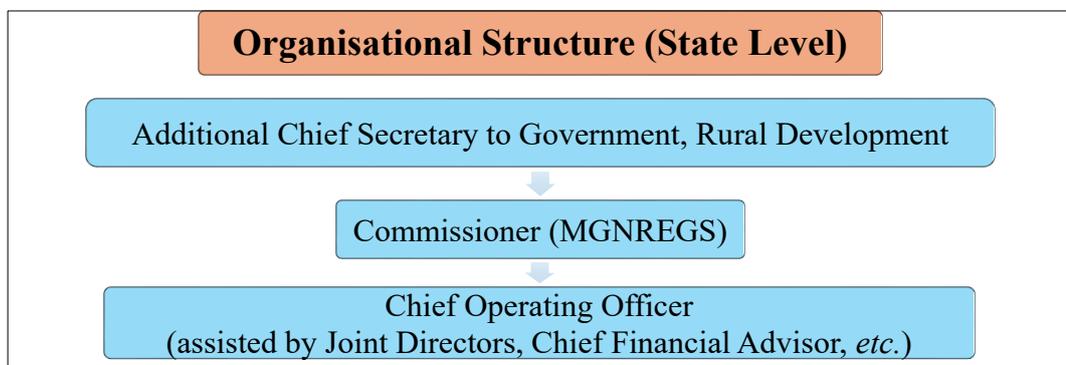
Government of Karnataka (GoK) notified (February 2007) ‘Karnataka Rural Employment Guarantee Scheme’ as required under the National Rural Employment Guarantee Act, 2005. Since October 2009, the Scheme was renamed as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) which provided for the minimum features specified in Schedule I of the Act.

In Karnataka, five districts¹ were notified under the Act in Phase-I (2006-07) and six additional districts² in Phase-II (2007-08). The remaining districts were notified with effect from 1 April 2008.

1.3 Organisation Structure of MGNREGS in Karnataka

At the grassroots (Gram Panchayat) level, the Scheme is implemented through Panchayat Development Officer (PDO) who is assisted by *Gram Rozgar Sahayak*, *mates*, *etc.* The Organisational structure at other levels (State, District and Taluk) is represented in **Chart 1.1** below:

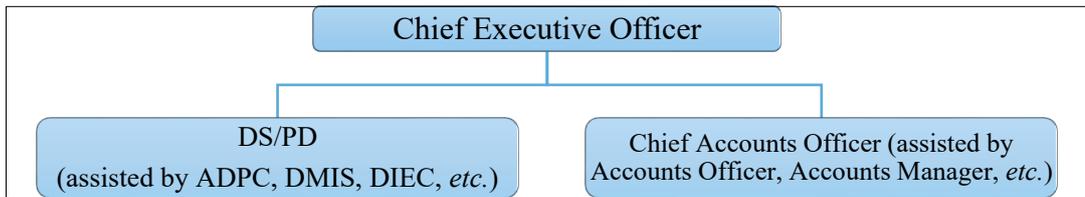
Chart 1.1: Organisation structure for implementation of MGNREGS



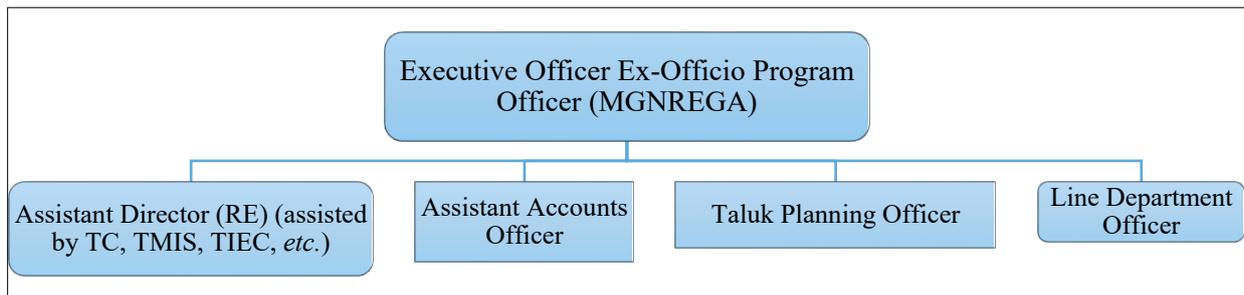
¹ Bidar, Chitradurga, Davanagere, Kalaburagi and Raichur.

² Belagavi, Ballari, Chikmagalur, Hassan, Kodagu and Shivamogga.

Organisational Structure (District Level)



Organisational Structure (Taluk Level)

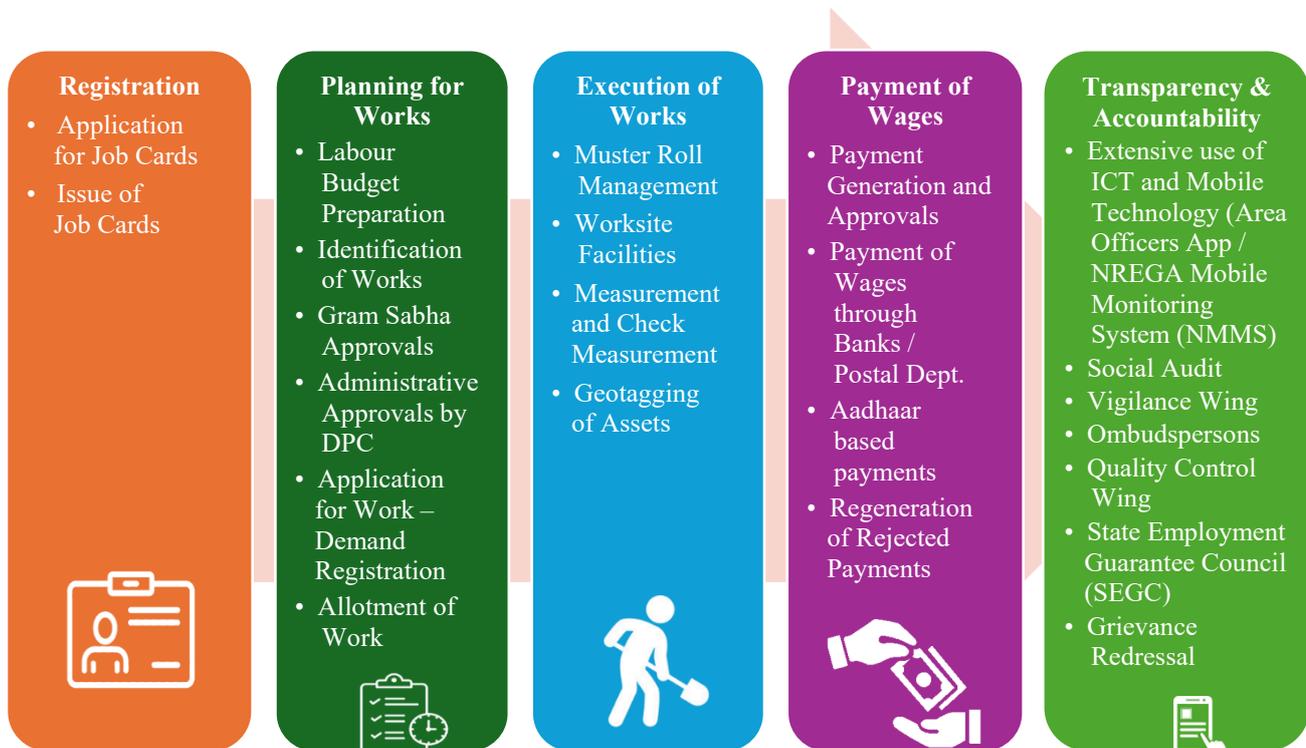


The institutional mechanism put in place by GoK for the implementation of MGNREGS and the roles and responsibilities of officials at different levels are summarised in **Appendix 1.1**.

1.4 Overview of MGNREGS Process

An overview of MGNREGS process is given in **Chart 1.2** below:

Chart 1.2: Overview of MGNREGS process

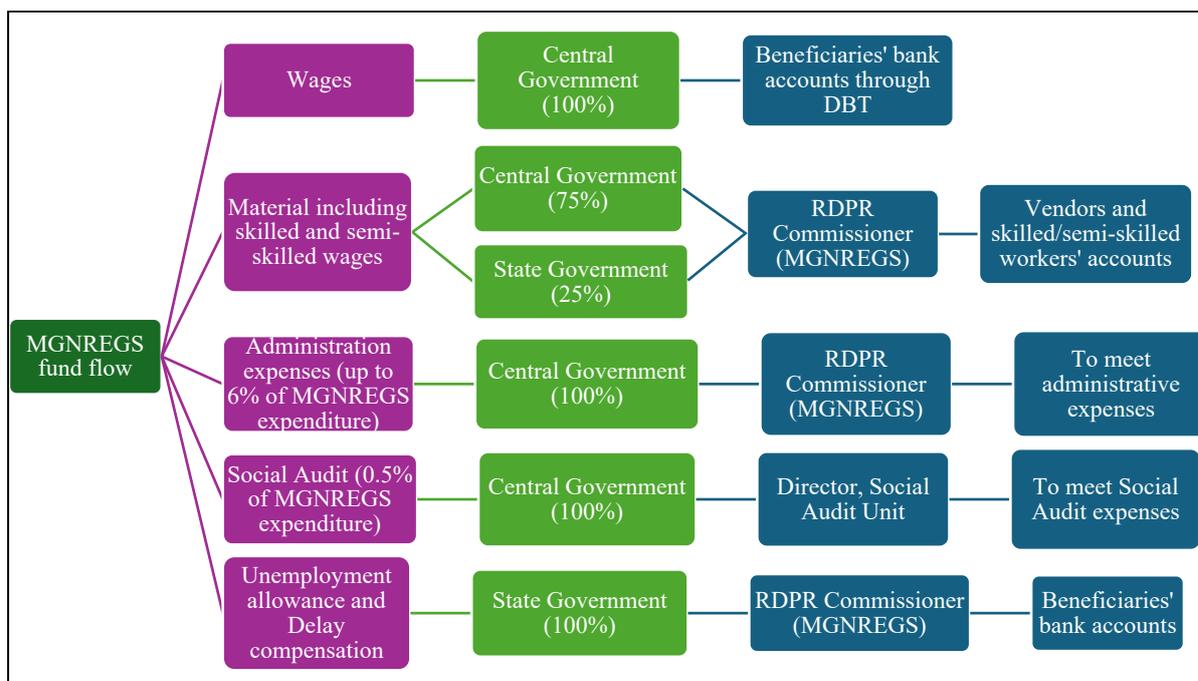


Source: MGNREGA, 2005 and Operational Guidelines, 2013

1.5 Funding Pattern

MGNREGS is a Centrally Sponsored Scheme implemented on a cost sharing basis between the Government of India (GoI) and the State Government. The GoI bears the entire cost of wages for unskilled manual workers and 75 per cent of the cost of material including wages for skilled and semi-skilled workers. The fund sharing pattern for MGNREGS between Centre and State is exhibited in **Chart 1.3**.

Chart 1.3: Fund flow under MGNREGS



Source: Schematic diagram prepared by Audit

1.6 Management Information System - NREGASoft

Ministry of Rural Development (MoRD), GoI has developed NREGASoft which is a workflow based, web enabled Management Information System (MIS) hosted at the portal <http://nrega.nic.in>. NREGASoft (hereinafter referred to as MIS) provides for recording of all transaction details of different processes in implementation of MGNREGA and placing the same in public domain.

All the entities (Central/State/District/Block and Panchayat levels) involved are expected to carry out timely reporting so as to represent the picture of Scheme implementation almost on or close to real-time basis in the public domain (<https://nrega.nic.in>), thereby ensuring transparency and accountability.

1.7 GeoMGNREGA- Geographic Information System Implementation

MoRD, GoI is implementing GeoMGNREGA for geotagging of assets created under MGNREGS in partnership with the National Remote Sensing Centre (NRSC) of the Indian Space Research Organisation (ISRO). It follows a systematic creation of a database on assets using technological interventions like mobile-based photo geo-tagging and a Geographic Information System (GIS) for online recording and monitoring. The location of each asset is to be geotagged along with three stage photographs (before taking up the work, during execution of work and after completion of the work).

Chapter II

Audit Framework

Chapter II

Audit Framework

2.1 Audit objectives

The objectives of the Performance Audit of implementation of MGNREGS in the State of Karnataka were 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, leading to social protection and livelihood security as envisaged.

Durable and useful assets were created and maintained in compliance with rules and regulations, while ensuring convergence with other programmes/schemes.

Appropriate and adequate monitoring, social audit and grievance redressal systems were in place and functioning as envisaged to achieve greater transparency and accountability.

2.2 Audit criteria

Audit criteria for evaluating the performance audit were derived mainly from:

- Mahatma Gandhi National Rural Employment Guarantee Act, 2005; Operational Guidelines, 2013; amendments thereto and Rules issued under the Act;
- Annual Master Circulars (AMC) issued by the Ministry of Rural Development (MoRD), GoI;
- Karnataka State Rural Employment Guarantee Scheme (as notified by State Government);
- Orders, circulars and instructions, Guidelines, *etc.*, issued by Government of India and the State Government;
- Karnataka Financial Rules and Karnataka Public Works Departmental Code (KPWD Code).

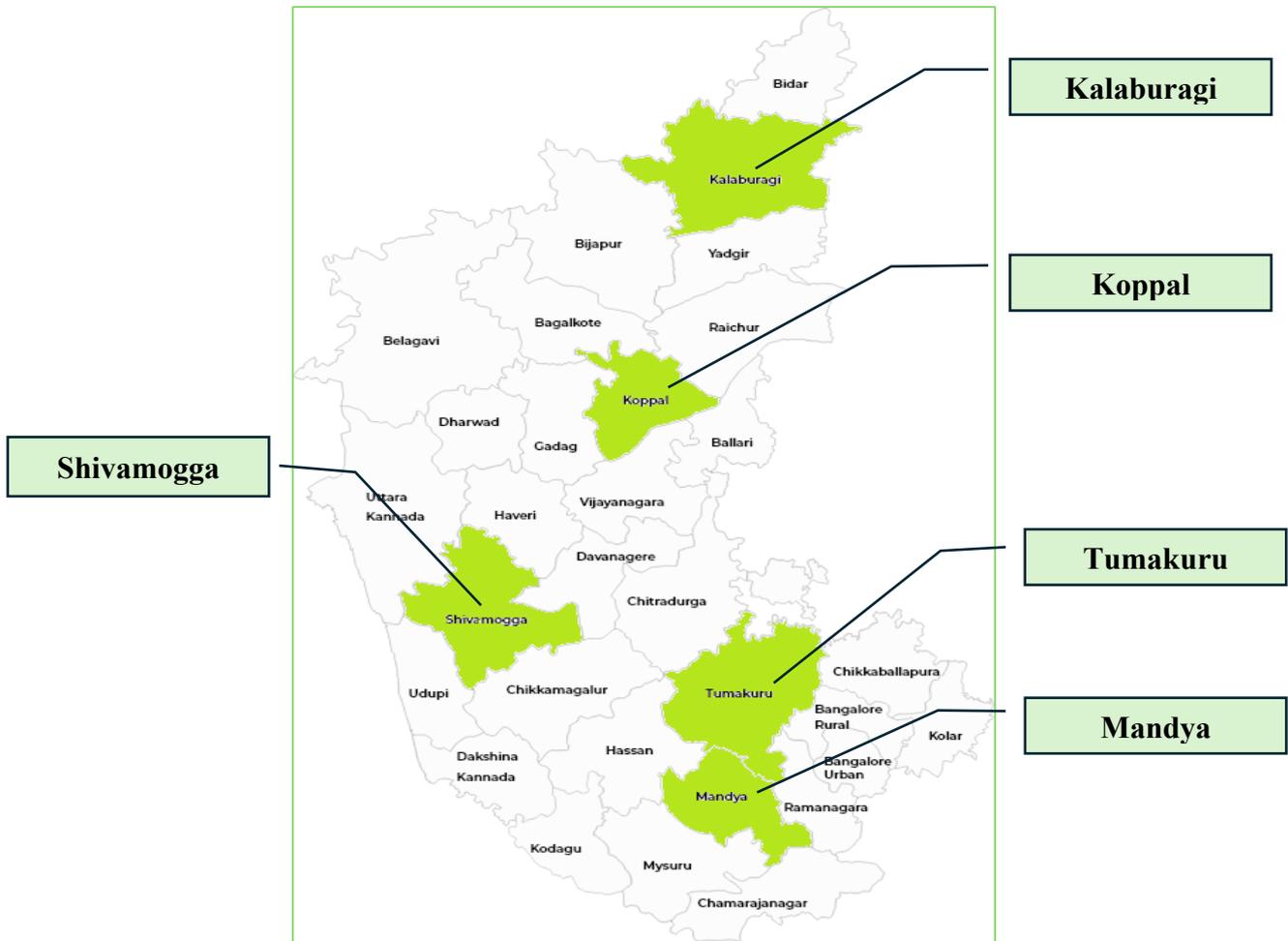
2.3 Audit scope and methodology

Field Audit was carried out between June and September 2024, involving scrutiny of records/documents at the Secretariat/Commissionerate, five selected Districts, 10 Taluks (two in each selected District) and 40 GPs (four in each selected Taluk) for the period from 2019-20 to 2023-24.

The sample was selected using stratified multi-stage sampling design *i.e.*, selection was at district, taluk, GP, works and beneficiary level. The sampling plan adopted is indicated in **Appendix 2.1**. Accordingly, the total sample size comprised 5 out of 31 districts (**Exhibit 2.1**), 10 taluks within the selected districts and 40 GPs within the selected taluks. This sample was approved by the Statistical Advisor on 03 July 2024. A total of 400 beneficiaries were surveyed and joint inspection of 400 works was conducted along with Departmental authorities during July to September 2024. The list of the selected districts, taluks and GPs is given in the **Appendix 2.2**.

Exhibit 2.1

Geographical presentation of district sample (5 out of 31 districts)



The Entry Conference was held with the Additional Chief Secretary to Government, RDPR Department (ACS) on 13 June 2024 wherein the audit methodology, scope, objectives and criteria were discussed. The audit methodology involved document analysis, responses to audit queries, Joint Physical Verifications (JPV) with department staff and collection of photographic evidence, wherever necessary. A beneficiary survey was also conducted with the help of a structured questionnaire designed to capture the perception of the

beneficiaries about the Scheme. The results of the Performance Audit were discussed with the ACS, RDPR in the Exit Conference held on 05 May 2025. Replies of the State Government received (May 2025) have been suitably incorporated in the Report.

2.4 Previous audit findings on MGNREGS

Performance audit of MGNREGS for the period from 2007-08 to 2011-12 was conducted during April to June 2012 and the findings were included in the Report of the Comptroller and Auditor General of India for the year ended March 2012 (Report No.7 of 2013 – Government of Karnataka).

The Committee on Local Bodies and Panchayat Raj Institutions discussed (June 2020 to March 2021) the Performance Audit Report and placed its Report (No.33) in the Legislature on 23.03.2021. As per the Report of the Committee, majority of the paragraphs were closed except three paragraphs wherein the cases were filed with the Lokayukta. Details of such paragraphs are given in **Appendix 2.3**. Current performance audit showed that similar omissions (irregular payment of wages, irregularities in muster rolls and execution of works) still persisted as detailed in Chapter-V.

2.5 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the State Government, Panchayat Raj Institutions (PRIs) and their officials at various stages for conduct of the performance audit.

2.6 Chapters

Audit findings are organised into four chapters:

- **Planning and Financial Management**
- **Employment Generation**
- **Execution of Works**
- **Monitoring, Social Audit and Grievance Redressal**

Chapter III

Planning and Financial Management

Chapter III

Planning and Financial Management

The assessment of demand for employment under MGNREGS was deficient as the bottom-up approach in preparation of Labour Budget was not followed with the result that the participatory and community level involvement of Grama Panchayats in selection and prioritisation of works was not ensured. Baseline survey of job card holders to assess the quantum and timing for demand of employment, which was to be completed by 2013-14, was yet to be carried out affecting preparation of realistic development plans under the Scheme. These deficiencies led to large variation in demand for employment recorded as Person Days in the approved labour budget to that consolidated at Grama Panchayat level. Apart from the above deficiencies, there was delay in submission of Labour Budget at various levels of Panchayat Raj Institutions.

Non-adherence to the Operational Guidelines, 2013, against the State's reservation policy for contractual employment – including adequate representation for women, Scheduled Castes (SCs), Scheduled Tribes (STs), and disabled persons was noticed in the recruitment of MGNREGS staff. The recruitment of contractual staff through outsourced agencies, resulted in inadequate representation of women, SCs, STs, and disabled individuals in the MGNREGS staff recruitment.

There was shortfall of outsourced manpower available under the Scheme. Audit observed that contracts for outsourcing of manpower services were extended unauthorisedly without calling fresh tenders. Further, the Department incurred excess service charges on account of the failure to avail the most competitive rates while re-assigning the contracts among the manpower agencies providing services in other districts. Audit also observed shortfall in conduct of capacity building training programmes under the Scheme.

Expenditure under the wage component of the Scheme showed declining trend during 2022-23 and 2023-24. The Department also failed to utilise the entire amount released under material component as the fund were released at the fag end of the year. The delay by State Government in release of central and state share to the State Employment Guarantee Fund entailed a penal interest of ₹36.26 crore. Audit also observed inadmissible expenditure of ₹32.78 crore under the administrative head of the Scheme.

Aadhaar mapping with the accounts of 3.11 lakh out of 84.98 lakh active workers was pending (March 2024) at the State level due to which no assurance could be drawn about the preparation of wage lists and payments made to these active workers.

Pendency of ₹35.10 crore was observed in respect of payment of wage and material transactions which were rejected and later regenerated. The calculation of compensation for delayed payment of wages was carried out capturing the delays up to the date of signing of second signatory to the Fund Transfer Orders rather than accounting the entire delay till the wages were credited to the accounts of the beneficiaries. Audit also noticed rejection of delayed compensation amounting to ₹3.29 crore by Programme Officers on incorrect grounds.

The most important and distinguishing feature of MGNREGS (also referred to as Scheme), is the provision of work on demand by wage-seekers and work provided as their legal right. MGNREGS is a demand driven public wage employment programme where works are opened and jobs offered whenever there is a demand for work. This necessitates prior assessment of the quantum and timing of work likely to be demanded. Concomitantly, a shelf of projects is to be prepared and prioritized to meet this demand. This matching of demand and supply of work is the process of planning under the Scheme which is to be achieved through the preparation of a Labour Budget. Capacity building and technical support of rural development functionaries/agencies and Panchayat Raj Institutions (PRIs) is also important in effectively implementing the Scheme.

3.1 Preparation of Labour Budget

Development Plan is an Annual Plan for MGNREGS to be prepared by every Gram Panchayat (GP) after considering the recommendations of Gram Sabha and Ward Sabhas. This involves identification of projects and preparation of Labour Budget (LB) estimate. As per the provisions under Sections 13 to 16 of the MGNREGA, the District Programme Coordinator (DPC) has to ensure strict adherence to the principle of bottom-up approach from the stage of planning to approval of the selected shelf of projects in the district. The assessment of need for asset creation through MGNREGS is to be undertaken at the community level, by the GP through participatory processes. The outputs of these processes need to be consolidated at the GP level and presented before the Gram Sabha for approval.

The Labour Budget should comprise a month-wise anticipated quantum of demand for work along with a plan that outlines the quantum and schedule of work to be provided for those who demand work. NREGASoft (referred also as MIS) contained separate links for entering Labour Budget, one for labour projection and the other for works. The entry made in this regard to the Labour Budget at GP will get aggregated at different levels. The consolidated Labour Budget will be submitted to the Empowered Committee chaired by Secretary, Ministry of Rural Development (MoRD). The Empowered Committee will discuss the projected Labour Budget with the Secretary of the Rural Development and Panchayat Raj (RDPR referred as Department) of the concerned State and a final Labour Budget for the whole State will be agreed to. The approved Labour Budget will be disaggregated district and month wise and entered in the MIS appropriately.

Audit observed various shortcomings in preparation of Labour Budget during the period from 2019-20 to 2023-24 as discussed in the succeeding paragraphs.

3.1.1 Non-conducting of Baseline survey

Paragraph 6.2 (i) and (ii) of Operational Guidelines, 2013 stipulated that a survey of job card holders was to be mandatorily conducted in every GP to prepare a base line to assess the quantum and timing of demand for employment. Expert institutions were to be empanelled separately in each State to finalize the framework and methodology. The pilots for baseline survey were to be done in

2012-13 so that the surveys for all GPs were completed in 2013-14. Moreover, reassessment of the base year for the Labour Budget should be done once every five years to account for changes in the local pattern of livelihoods and opportunities for work in production activities.

Audit observed that neither baseline survey was conducted nor expert institutions were empanelled within the prescribed time frame *i.e.*, before or after 2013-14. It was also observed that the baseline survey was not conducted during the audit period from 2019-20 to 2023-24 and no reassessment of base year for the Labour Budget was undertaken. In the absence of survey, GPs could not ascertain the actual demand of work from the beneficiaries, nature of works to be carried out and timing of demand for employment due to which a realistic development plan could not be prepared at the grassroots level. This was evident from the comparison of category-wise number of works and estimated person days included in MIS Report **R2.1.2**³(Work Planning) with the plans projected by test-checked ZPs to the Department. The number of works included in the plans prepared by ZPs ranged between 32 *per cent* and 215 *per cent* of works included in MIS whereas estimated person days were only 0.32 *per cent* to 11.57 *per cent* of those included in MIS **R2.1.2** (Details are given in **Appendix 3.1**).

Similar variations were noticed on comparison of work demand pattern (MIS Report **R3.1**) with employment provided pattern (**R5.1.4**). The comparison showed that number of households provided employment (month-wise) in test-checked districts/State was consistently less than the month-wise demand. The shortfall over the period of five years (2019-20 to 2023-24) ranged between 15 *per cent* and 25 *per cent*.

The State Government stated (May 2025) that though expert institutions were not empanelled, baseline survey had been conducted regularly. The reply is not acceptable as no documentary evidence were furnished and it is contrary to the replies furnished earlier by the Commissioner, MGNREGS (December 2024) and test-checked units (July-September 2024) wherein it was stated that the baseline surveys had not been conducted.

3.1.2 Non-adherence to bottom-up approach in preparing Labour Budget

MoRD has instructed (September 2020) that Labour Budgets should be reviewed at all levels of scrutiny *viz.*, Block, District and State level to arrive at a realistic assessment and should be submitted both online as well as in suggested booklet formats.

As seen from MIS Reports **R2.1.3** (Status of Labour Budget) and **R2.1.1** (Month-wise Labour Person days Projection Report), labour projections were not submitted online⁴ during the period from 2021-22 to 2023-24⁵ in any of the

³ MIS Report R2.1.2 contains the number of works and person days projected by GP for a particular financial year which, when consolidated at ZP level, provides such data for the district (accessed on 16.11.2024).

⁴ Except Koratigere GP of Shikaripura Taluk, Shivamogga District which submitted it during 2022-23.

⁵ Data was accessed on 16.11.2024 and data for the years 2019-20 and 2020-21 were not available on MIS.

test-checked districts. Further, test-checked districts (except Mandya) did not compile Labour Budget proposals received from TPs/GPs. Even the office of the Commissioner, MGNREGS did not maintain records related to compilation of Labour Budget proposals received from the districts. The procedure being followed was that the CEOs of ZPs made presentations to the Commissioner, MGNREGS for finalisation of Labour Budgets. However, in the absence of the prescribed procedure, the basis adopted for projecting person days by the test-checked ZPs and the State Government was not verifiable.

Only one test-checked ZP (Mandya) had compiled labour projections received from GPs/TPs. While conduct of such exercise by ZP, Mandya was appreciable, the fact, however, remained that the person days projected by ZP, Mandya to State Government was less than the person days as per the consolidated plan of GPs/TPs. The shortfall ranged from 17.58 lakh to 155.07 lakh person days during 2019-20 to 2023-24. (Table 3.1).

Table 3.1: Variations in projection of person days (PDs) in Mandya District

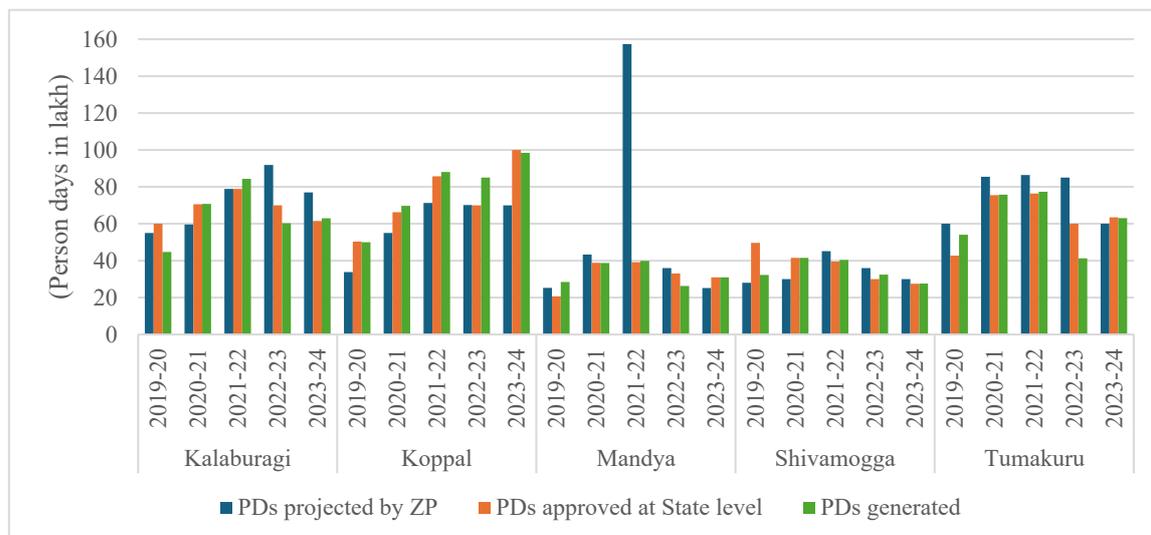
(person days in lakh)

Year	PDs as per consolidated plans of GPs/TPs	PDs projected by ZP	Difference
2019-20	110.98	25.30	85.68
2020-21	95.03	43.34	51.69
2021-22	174.96	157.38	17.58
2022-23	170.93	35.97	134.96
2023-24	180.20	25.13	155.07

Source: Information furnished (September 2024) by the Department

In addition to the above, Audit noticed that there were differences in the person days approved by the State Government as compared with the person days projected by test-checked districts. The variations ranged from 25 per cent to 177 per cent during the period from 2019-20 to 2023-24 in the test-checked districts (Appendix 3.2). Audit also observed that the actual person days generated was 25 per cent to 148 per cent of the projected person days. The reason for the variation was due to the allocation of Labour Budget to the Districts after receiving the allocation from MoRD rather than following the prescribed procedure of compilation of Labour Budgets received from GPs. The large variation between the person days projected by ZPs and person days approved at the State level indicate non-adoption of bottom-up approach in the planning process. Chart 3.1 depicts the inconsistencies between the person days proposed by ZPs, approved at the State level and person days generated during the period from 2019-20 to 2023-24.

Chart 3.1: PDs proposed, approved and generated in the test-checked districts



Source: Information furnished by the Department

The State Government accepted (May 2025) that month-wise labour budget projections from districts were not followed and demand for unskilled labour in terms of person days was presented to MoRD on the basis of presentations made by ZPs. It was also stated that preparation of action plans would be streamlined with the introduction of End2End Action Plan Module⁶ from the year 2025-26.

3.1.3 Gaps in projected and achieved person days at State level

The details of person days (PDs) proposed, approved and generated at the State level during the period from 2019-20 to 2023-24 are given in **Table 3.2**:

Table 3.2: PDs proposed, approved and generated at the State level

(PDs in crore)

Year	Estimated PDs as per MIS R2.1.2	PDs projected in LB	PDs approved by GoI	PDs actually generated	Revised approval of PDs by GoI
(1)	(2)	(3)	(4)	(5)	(6)
2019-20	NA	14.00	12.00	11.19	-
2020-21	NA	15.00	13.00	14.80	14.65
2021-22	2933.18	18.00	13.00	16.32	16.00
2022-23	1852.25	16.00	13.00	12.58	-
2023-24	1245.02	13.80	13.00	13.89	14.00

Source: Information furnished (June 2024) by the Department and MIS Report R2.1.2 dated 16.11.2024
NA: Not available

It could be seen that:

- There were huge differences in person days estimated as per MIS report **R2.1.2** and those projected by the State Government. As a result, no assurance could be drawn on the correctness of data included in MIS.
- The number of person days approved by GoI (column 4) was less than those projected by the State Government (column 3). The short approval

⁶ The workflow system developed for monitoring the applications received at GP level and timely approval of action plans.

ranged from 0.80 crore person days (2023-24) to 5.00 crore person days (2021-22). Possibility of this reduction to match it to the availability of funds could not be ruled out.

- During the period from 2019-20 to 2022-23, the State Government could not generate the projected person days in the Labour Budget. The shortfall in achievement of projected person days ranged between 0.20 crore person days (2020-21) and 3.42 crore person days (2022-23).
- The Labour Budget can be revised at any point of time of the financial year in case the performance of a State exceeded the approved Labour Budget. Despite this, excess generation of person days for the years 2020-21 (0.15 crore PDs) and 2021-22 (0.32 crore PDs) was not approved by GoI (June 2024). As a result, payments aggregating ₹133.73 crore⁷ beyond the approval of GoI were made for the years 2020-21 and 2021-22.

The State Government accepted (May 2025) that approval for the excess person days generated during the years 2020-21 and 2021-22 was not obtained and issues regarding inconsistencies in Report R2.12 had been raised with NIC.

3.1.4 Delays in submission of Labour Budget

Paragraph 6.8 of AMC, 2019-20 suggested the timelines for the planning process which is depicted in **Appendix 3.3**.

Audit observed that there were delays in preparation and approval of Labour Budget at every level in test-checked GPs as detailed in **Table 3.3** below:

Table 3.3: Delays in approval of Labour Budget of 40 test-checked GPs

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
No. of GPs with LB approval by GP after due date	11	10	14	17	16
No. of GPs with LB approval by TP after due date	28	29	28	28	24
No. of GPs with LB approval by ZP after due date	32	32	32	32	32
No. of GPs with LB approval by ZP after State approval	32	32	32	32	22

It could be seen that during 2019-20 to 2023-24:

- GPs ranging from 10 to 17 had approved their Labour Budgets after the due date (5th December).
- Labour Budgets of GPs ranging between 24 and 29 were approved by respective TPs after the due date (20th December).
- Similarly, there were delays in approval of Labour Budgets in 32 out of 40 test-checked GPs by the respective ZPs. In majority of these cases, ZPs had accorded approval after the Labour Budget had been approved by the State Government.

⁷ 0.15 crore × ₹275 (wage rate for 2020-21) + 0.32 crore × ₹289 (wage rate for 2021-22) = ₹133.73 crore

- Due date for submission of Labour Budget to Central Government was 10th February whereas there were delays ranging from 10 to 42 days⁸ during the period from 2019-20 to 2023-24.

The State Government accepted (May 2025) the audit observation and stated that the introduction of End2End Action Plan Module from the year 2025-26 would ensure timely approval of Labour Budget.

Thus, the Department's adoption of a top-to-bottom approach instead of a bottom-to-top approach in preparing Labour Budget led to meagre participation of PRIs in the preparation of Labour Budget. This resulted in denial of the right of workers to participate in Grama Sabhas and decide the nature/priority of works to be taken up under MGNREGS.

Beneficiaries' response on Gram Sabha meetings

The questions on Gram Sabha meetings received a mixed response from the sampled beneficiaries during the survey. While 57 *per cent* beneficiaries stated that they had attended Gram Sabha meetings held in their villages, 12 *per cent* beneficiaries stated that holdings of Gram Sabha meetings were not adequately advertised in the village. Though, 299 beneficiaries (75 *per cent*) claimed that details of the MGNREGS works were painted or written on the Panchayat Office building walls and notice boards, only 39 beneficiaries (10 *per cent*) stated that selection of MGNREGS works were largely discussed in the Gram Sabha meetings and works were prioritised as per requirement.

Recommendation 1: The State Government should ensure the bottom-up approach in planning for MGNREGS ensuring the wholesome participation of all three tiers of Panchayat Raj Institutions in the planning process. Action may also be taken to get approval for the person days generated in excess of the approved labour budget.

3.2 Status of manpower for MGNREGS

Section 18 of the MGNREGA stipulates that the State Government should make available to the District Programme Coordinator (DPC) and Programme Officer (PO) necessary staff and technical support for effective implementation of the Scheme. Supporting staff could also be hired, on a contractual basis, to provide professional services at the State level. The recruitment policy for the functionaries would be decided by the State Government. Paragraph 4.6.7 of the Operational Guidelines, 2013 mandated that the reservation policy of the State for contractual employment should be followed in the recruitment process and the MGNREGS staff should be adequately represented by women, SCs, STs, disabled, *etc.*

Audit observed that recruitment of contractual staff was done through outsourced agencies and no reservation policy was followed for such contractual recruitment. As a result, adequate representation of women, SCs,

⁸ Labour Budgets for the years from 2019-20 to 2023-24 were submitted by the State Government to MoRD on 20.02.2019 (10 days delay), 21.02.2020 (11 days delay), 04.03.2021 (22 days delay), 07.03.2022 (25 days delay), 24.03.2023 (42 days delay) respectively.

STs, disabled, *etc.*, though envisaged in the Operational Guidelines, could not be ensured.

Audit also observed that shortfall of available staff (outsourced/honorarium) against the sanctioned strength ranged between 7 *per cent* and 29 *per cent* in five test-checked districts.

Major shortage (more than 25 *per cent*) was noticed in respect of key posts such as Technical Assistants (Horticulture, Agriculture, Forest, Sericulture), Gram Kayak Mitra, Administrative Assistant, Data Entry Operators *etc.* Vacancies in such posts related to critical areas of functioning would have an adverse effect on implementation of Scheme.

The State Government accepted (May 2025) the audit observation and stated that requirement of the staff would be assessed and selection would be done accordingly.

3.3 Lack of preference to women and differently abled in appointment of mates

Paragraph 7.11.1 of Operational Guidelines, 2013, provided for appointment of mate for helping the *Gram Rozgar Sahayak* (GRS) in managing worksite facilities including taking attendance of the workers. It further stipulated that preference in appointment of mates should be given to women workers or differently abled persons who were adequately trained for performing the duties prescribed. The remuneration of mates should be based on person days of his/her work, calculated at a wage rate equal to that of a semi-skilled labour and should be included in the cost estimate under the material component of the Scheme (Paragraph 4.12 (vi)).

Scrutiny of information furnished by test-checked GPs showed that no mates had been appointed (March 2024) in five⁹ GPs. In remaining 35 GPs, 730 mates were appointed, out of which 196 (27 *per cent*) were women and only two (0.27 *per cent*) were differently abled. It was also seen that remuneration to mates was paid only in three (Mudagandoor, Chikkarasinakere and Hirolli) out of these 35 GPs. In 32 GPs mates were appointed, but the remuneration was either not paid or details were not furnished to Audit. Thus, lack of preference to women workers/differently abled persons in appointment of mates contravened the provisions of Operational Guidelines and non-payment of remuneration would disincentivize the appointed mates.

The State Government accepted (May 2025) the audit observation and stated that special drive was conducted during 2024-25 to register active mates with special consideration to women workers.

Recommendation 2: The Department should take action to fill the vacant posts under MGNREGS following the reservation policy and providing adequate representation to women and differently abled persons.

⁹ Dasarighatta, Gyarahatta, Hindiskere and Sarthavalli (Tiptur Taluk); Hadavanahalli (Turuvekere Taluk)

3.4 Outsourcing of Manpower services

Discrepancies in hiring of manpower services are discussed in succeeding paragraphs.

3.4.1 *Irregular and unauthorised extension of contracts for outsourcing of manpower services*

Section 4(e) of KTPP Act mandated that tender process should be followed whenever the value of goods/services exceeded Rupees one lakh (enhanced to Rupees five lakh with effect 27 April 2020).

Scrutiny of records showed that the office of the Commissioner, MGNREGS had invited (October 2012) tenders from manpower agencies for outsourcing the services of 2,920 personnel under MGNREGS in 29 districts. Consequent to tender evaluation, 14 agencies were selected for 29 districts. Letters of Intent in five test-checked districts were issued on 29 January 2013. In terms of Clauses 11 and 2 (viii) of the Request for Proposal (RFP), the period of contracts was up to 31 July 2016 (including extended period of one year).

Consequent to the Department's proposal, the Cabinet approved (August 2016 and March 2018) extension of time to the existing agencies up to 30.06.2018 and instructed to immediately call for fresh tenders. However, tender notifications issued during May 2018, June 2019 and December 2021 in this regard were cancelled citing administrative reasons. As a result, agencies appointed during January 2013 (including reassigned agencies) continued to provide manpower services in five test-checked districts and were paid amount aggregating ₹86.67 crore during the period from 2019-20 to 2023-24. This was irregular and unauthorised for the following reasons:

- Period of contracts as per RFP was extendable up to 31 July 2016 only. Thereafter fresh tenders were to be invited in terms of provisions of KTPP Act. The non-compliance resulted in Department losing the opportunity to avail competitive rates.
- The Karnataka Government (Transaction of Business) Rules, 1977 mandated that Cabinet approval was compulsory in case the revised cost of procurement of goods and services exceeded ₹10 crore (Rule 20 read with Clause 15A of the First Schedule). Further, Paragraph 15(4) of Karnataka Financial Code, 1958 stipulated that no authority should sanction any expenditure which was likely to involve expenditure beyond its own powers of sanction.

There was no time extension approval from the Cabinet for the period beyond 30 June 2018 and instructions (August 2016 and March 2018) of the Cabinet to appoint the agencies through fresh tenders were not complied with.

- In case of cancellation of a contract, RFP contained a clause (Clause 2(xii)) to assign it to any manpower agency working in another district. This assignment was to be on the identical terms and conditions as applicable in the cancelled contract and was to continue for a maximum period of six months, during which the Department was to invite fresh tender.

Contracts in test-checked districts (except Koppal) were re-assigned to other agencies during November 2017 to January 2022. Instead of the stipulated six-month period, the re-assigned contracts continued till date (October 2024). This contravened the Clause 2(xii) of RFP.

In view of the above, the amount of ₹86.67 crore paid to the outsourced agencies was irregular as the extension of their services was against the Cabinet decision besides being violative of the provisions of KTPP Act.

The State Government accepted (May 2025) the audit observation and stated that proposal to seek approval of the Cabinet would be submitted shortly.

3.4.2 Failure to avail the most competitive rates while re-assigning the tenders

Clause 2(xii) of RFP provided that in-case of re-assignment of contract to agencies providing services in other districts, the condition of RFP for restricting assignment of more than five districts to a single manpower agency would not be applicable.

Scrutiny of records in Tumakuru ZP showed that there was a complaint against the agency (M/s TDS Management Consultants Pvt Ltd) about non-remittance of EPF and ESI contribution to the concerned head of account. The Department initiated (03 May 2018) action against the agency to terminate the contract and re-assign the work. Offers were invited (08 May 2018) from six manpower agencies who were already providing services in neighbouring districts. Accordingly, the offer of M/s Invensis Technologies Pvt. Ltd. was accepted and Contract agreement executed (June 2018) at the accepted service charge of 6.5 *per cent*.

Scrutiny of proceedings and comparative statement showed that another agency (M/s BKR Security Agencies which was already working in five districts) had offered service charge of 1.5 *per cent*, but its offer was rejected citing Clause 2(xi) of RFP which prohibited allotment of more than five districts to a single agency. This rejection was incorrect as re-assignment of contract was governed by Clause 2(xii) which clearly stated that condition of RFP for not allotting more than five districts to a single manpower agency would not be applicable in case of re-assignment. It may also be noted that Shivamogga ZP had re-assigned the manpower contract to M/s BKR Security Agencies in January 2022 supporting the audit contention that limit of five tenders was not applicable in such cases.

Similarly, in Mandya district, the contract of existing agency (M/s Dexterity Projects (P) Ltd.) was terminated (November 2019) and entrusted (June 2020) to M/s Invensis Technologies Private Ltd at its offered service charge of seven *per cent*. There was no documentary evidence to suggest that CEO ZP, Mandya had invited offers from agencies working in nearby districts. As a result the Department could not avail the manpower services offered by M/s Megha Services Bureau in the nearby district of Mysuru at the service charge of four *per cent*.

Thus, incorrect rejection of the lowest offer (1.5 *per cent*) of M/s BKR Security Agencies by CEO, ZP, Tumakuru and failure of CEO, ZP, Mandya to avail the most competitive offer from nearby district of Mysuru (M/s Megha Services

Bureau) resulted in avoidable expenditure of ₹121.53 lakh and ₹35.19 lakh respectively during the period from 2019-20 to 2022-23.

The State Government stated (May 2025) that CEO, ZP, Mandya would be instructed to submit the compliance and reiterated that offer of M/s BKR Security Agencies in Tumakuru was rejected as per conditions of Clause 2(xii). The reply in respect of Tumakuru ZP is not acceptable as limit of five districts to a single agency was not applicable in case of re-assignment as detailed above.

3.4.3 Avoidable expenditure on payment of Goods and Services Tax for exempted service

The Government of India, Ministry of Finance (Department of Revenue) notified (June 2017)¹⁰ that the supply of services including 'Pure Services'(excluding works contract service or other composite supplies involving supply of goods) provided to the Central Government/State Government/Union territory/Local Authority/Governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G (11th Schedule) of the Constitution, is exempt from Central tax leviable with effect from 1 July 2017.

The 73rd Constitutional amendment envisaged transfer of 29 functions listed in the 11th Schedule of the Constitution of India to the PRIs. This was also covered in the Karnataka Panchayat Raj Act, 1993. The State Government transferred all the 29 functions as listed in the 11th Schedule to the PRIs by devising (November 2016) an activity map. 'Poverty alleviation programme' (Entry 16 of 11th Schedule) was one of the 29 functions which *inter alia*, included implementation of poverty alleviation and employment guarantee programmes. Thus, supply of outsourced manpower services for MGNREGS, one of the flagship schemes for poverty alleviation and employment guarantee, was exempt from levy of Central and State Goods and Services Tax (GST) as it was pure service (i.e. it did not involve any supply of goods) and was by way of an activity in relation to a function entrusted under article 243G.

Audit observed that, despite the availability of enabling provisions, the Department did not avail the benefit of GST exemption. The office of the Commissioner, MGNREGS and the test-checked five districts made payments to the manpower agencies towards wages of the outsourced staff as per the bills claimed by them, which was inclusive of 18 *per cent* GST. This resulted in avoidable expenditure of ₹15.43 crore on payment of GST during the period from 2019-20 to 2023-24 (**Appendix 3.4**).

The State Government stated (May 2025) that there was ambiguity in the notification regarding payment of GST on outsourced services and clarification would be sought from the Commercial Taxes Department.

3.5 Status of capacity building activities conducted for MGNREGS

Capacity building and technical support of all functionaries/ agencies and PRI officials and awareness generation of potential and existing workers formed the most strategic aspect in effectively implementing MGNREGS. Paragraphs

¹⁰ Notification No. 12/2017- Central Tax (Rate) dated 28 June 2017

5.2.2 and 5.2.4 of Operational Guidelines, 2013 stipulated that each State would set up Human Resource Development and Capacity Building Divisions at State level as well district levels.

Audit observed that district-level Human Resource Development and Capacity Building Divisions were not set up in test-checked districts. At the State level, Abdul Nazir Sab State Institute of Rural Development, Mysuru (ANSSIRD) organised capacity building activities under MGNREGS. The details of training programmes planned and conducted at ANSSIRD is detailed in **Table 3.4**.

Table 3.4: Details of training programmes planned and conducted

Year	Total training programmes planned	Total training programmes conducted	Total number of trainees proposed for training	Total number of trainees attended training
2019-20	16	8	7411	2592
2020-21	16 (13+3*)	12 (9+3*)	15859	5749
2021-22	16 (15+1*)	10 (9+1*)	16166	12985
2022-23	25 (19+6*)	16(10+6*)	23710	18254
2023-24	16 (14+2*)	13 (11+2*)	30485	21612
Total	89 (77+12*)	59 (47+12*)	93631	61192

* Additional programmes as directed by Commissioner, MGNREGS

Source: Information furnished (September 2024) by the Department

During the period 2019-20 to 2023-24, as against 89 training programmes¹¹ planned, ANSSIRD conducted only 59 programmes (shortfall of 34 *per cent*). It was also seen that there was shortfall to an extent of 35 *per cent* in number of participants to be trained in these 59 programmes as only 61,192 participants attended the training against the targeted 93,631 participants for 89 programmes. Major programmes with less participation were capacity building of Information Education and Communication coordinator as knowledge bank, role of line department officials in effective implementation of MGNREGS, enhancement of the capacity of PDOs in preparation of NRM based Labour Budget and operations in MIS, *samvadha* programme, etc. As against the available funds of ₹12.49 crore¹² during the period from 2019-20 to 2023-24, ANSSIRD spent ₹9.13 crore (73 *per cent*) towards training programmes.

Thus, more concerted efforts are needed to utilize the training programmes and further conduct all the programmes planned to enable trained personnel to implement the Scheme in the manner intended.

The State Government accepted (May 2025) the audit observation and stated that efforts would be made to increase the capacity building by identifying new training programmes and institutes for more exposure.

¹¹ 77 approved training programmes and 12 additional programmes approved by Commissioner, MGNREGS

¹² Opening Balance of ₹3.16 crore + Releases of ₹8.19 crore and interest of ₹1.14 crore

Financial Management

Section 22 of the MGNREGA provides the framework for the funding pattern. Funds are released to the States/UTs normally in two tranches based on agreed Labour Budget (LB), opening balance, pending liabilities of the previous financial year, if any, and overall performance. The fund sharing pattern for MGNREGS between Centre and State is already depicted in **Chart 1.3**.

3.6 Financial position

Details of funds released and expenditure incurred under MGNREGS during the period 2019-20 to 2023-24 are indicated in **Tables 3.5** and **3.6**:

Table 3.5: Details of funds released and expenditure incurred during the period from 2019-20 to 2023-24

Year	OB	Releases for wages	Central releases		State material	Misc. Receipt	Total fund availability	Expenditure	CB
			Material	Admin					
2019-20	236.91	2,690.18	1,596.43	68.68	139.03	16.19	4,747.42	4,553.98	193.44
2020-21	193.34	4,251.06	1,370.62	70.07	365.89	36.20	6,287.18	5,817.81	469.37
2021-22	469.37	4,527.38	936.28	149.42	723.48	23.21	6,829.14	6,275.31	553.83
2022-23	553.83	3,911.00	2,147.07	295.02	395.29	20.57	7,322.78	6,688.73	634.05
2023-24	634.05	3,794.03	1,502.62	118.41	500.87	17.35	6,567.33	6,298.54	268.79
Total		19,173.65	7,553.02	701.60	2,124.56	113.52		29,634.37	

Source: Information furnished (May 2024) by the Department and CA Reports

Table 3.6: Details of expenditure incurred (component-wise)

Year	Wages	Material	Administrative	Other expenditure	Total
2019-20	2,691.06	1,774.64	88.28	-	4,553.98
2020-21	4,143.03	1,476.16	158.83	39.79	5,817.81
2021-22	4,635.80	1,412.95	183.44	43.12	6,275.31
2022-23	3,865.81	2,585.00	227.61	10.31	6,688.73
2023-24	3,839.22	2,245.15	190.47	23.70	6,298.54
Total	19,174.92	9,493.9	848.63	116.92	29,634.37

Source: Information furnished (July 2024) by the Department and CA Reports

It could be seen the total expenditure incurred under MGNREGS increased during the period from 2019-20 to 2022-23 and declined thereafter by ₹390.19 crore (6 per cent). Expenditure under material component showed inconsistent declining and rising trends. It decreased during the initial three years (2019-20 to 2021-22), increased during the year 2022-23 and declined thereafter by 13 per cent. Wage expenditure during the year 2022-23 had decreased by ₹769.99 crore (17 per cent) compared to the previous year though the total expenditure had increased during the same period.

Audit also observed that despite the availability of funds under material component, the Department failed to utilise the entire amount. This was partly due to release of funds at the fag end of the year. It was seen that ₹566.91 crore for the year 2022-23 was released/credited on 28 March 2023 and ₹258.04 crore for the year 2023-24 was credited on 31 March 2024.

The State Government accepted (May 2025) the audit observation and attributed the increase in wage expenditure (2021-22) to migration of population towards rural areas during Covid-19 pandemic.

3.7 Delay in release of funds and non-payment of interest

MoRD, GoI, issued sanction orders from time-to-time for releasing central assistance towards material and administrative component for implementation of MGNREGS. On its receipt, the State Government was to transfer these funds along with the State share (*i.e.* 25 *per cent* share of material component) to the State Employment Guarantee Fund (SEGF) for programme implementation within 3 days (for the years 2019-20 and 2020-21)/15 days (for the years 2021-22 to 2023-24) positively. Else, the State Government was liable to pay interest at the rate of 12 *per cent* (for the year 2019-20, 2020-21 and 2023-24) per annum for delay in release of funds. There were no such instructions in sanction orders pertaining to the years 2021-22 and 2022-23.

Scrutiny of records showed that out of ₹10,379.17 crore released (material and administrative component) during the period from 2019-20 to 2023-24, an amount of ₹6,699.25 crore (65 *per cent*) was released by the Finance Department, GoK, with delays ranging from 1 to 146 days. As per the instructions of GoI, the State Government was liable to pay interest of ₹36.26 crore at the rate of 12 *per cent* per annum for delay in release of funds for the years 2019-20, 2020-21 and 2023-24 (detailed in **Appendix 3.5**).

The State Government accepted (May 2025) the audit observation and attributed the delays to established administrative procedures, holidays, *etc.*

3.8 Inadmissible administrative expenses

3.8.1 Inadmissible expenditure towards salary of Clerk-cum-DEOs

As per Paragraph 12.5.5 (ix), the permissible activities under administrative expenditure included expenses incurred on additional dedicated staff in key functional areas of the Scheme and at the GP/Block/District levels. Paragraph 12.5.6 (Expenses not allowed under administrative costs) stipulated that salaries/remuneration of functionaries already engaged by the Government/ PRIs/ any other implementing agency should under no condition be booked under the administrative costs of MGNREGS.

Department of Rural Development and Panchayat Raj, GoK (RDPR), requested (June 2020) Commissioner, MGNREGS to release funds to meet the salary expenses of 4,959 Clerk-cum-Data Entry Operators (DEOs) working at Gram Panchayats (GPs). Accordingly, the Government issued (02 November 2020) an order to release an amount of ₹62.99 crore in two instalments under the administrative cost of MGNREGS.

In accordance with the Government Order, Commissioner, MGNREGS released (24 November 2020) first instalment of ₹31.50 crore to the Secretary, RDPR. The second instalment was not released citing lack of funds and approval was accorded (August 2022) to withdraw the Government Order authorising the payment of salary under MGNREGS.

Audit observed that these DEOs were not dedicated staff to MGNREGS and were already engaged by PRIs. It was, therefore, the responsibility of RDPR Department to pay their salary/remuneration. It was also evidenced by the fact

that salary of these DEOs for the year 2021-22 was borne out of Government funds and own resource of GPs. Thus, the expenditure of ₹31.50 crore was not admissible under MGNREGS.

3.8.2 *Inadmissible expenditure towards expenses not related to MGNREGS*

Similarly, Paragraph 12.5.5 enlisted the permissible activities under administrative expenditure which specified that the office expenses must be related to MGNREGS.

Audit observed that expenditure of ₹1.28 crore incurred out of administrative fund at office of the Commissioner, MGNREGS was unrelated to the Scheme. Some of these activities were travel expenses for election duty, expenditure for other schemes of RDPR, *etc.* (detailed in **Appendix 3.6**).

The State Government stated (May 2025) that expenditure was made with the approval of competent authorities. The fact remains that these expenses were not admissible as per Scheme guidelines. During the Exit Conference (May 2025), the ACS assured that action would be taken to recoup the amount.

Recommendation 3: The State Government should take action to recoup the inadmissible expenditure incurred under MGNREGS.

3.9 Status of Aadhaar Based Payments

Paragraph 14.2 of AMC, 2019-20 provided that the account details of the beneficiaries would be updated regularly in the MIS. In order to enable Aadhaar Based Payments System (ABPS), Aadhaar seeding and its mapping at National Payments Corporation of India (NPCI) Mapper by the banks was essential. The Standard Operating Procedure (SoP) was issued (March 2017) by the Central Government for expediting Aadhaar seeding in bank accounts of MGNREGS workers.

Audit observed that despite a lapse of seven years from the issue of SoP, Aadhaar mapping with the accounts of 3.11 lakh workers out of 84.98 lakh active workers was pending (March 2024) at the State level. In the absence of mapping of bank accounts, no assurance could be drawn about the preparation of wage lists and payments made to these active workers.

The State Government stated (May 2025) that issues would be resolved and the pending mapping would be completed.

3.10 Outstanding liabilities

With a view to streamline the fund flow system and to empower the State Governments/grass-root implementation agencies to deliver entitlements as per the objectives of the MGNREGA, the Central Government introduced (May 2016) National Electronic Fund Management System (Ne-FMS) for wage payments. As per the instructions, the wage component of MGNREGS, which was entirely the responsibility of GoI, was to be operated as a central sector scheme and the material/administrative components were to continue to be

operated as centrally sponsored scheme, to be released to the State Consolidated Fund. One of the duties of the CEO, ZP and EO, TP was to ensure timely processing of all Fund Transfer Orders(FTOs) for payments

Audit observed that an amount of ₹780.91 crore was outstanding (May 2024) for payment in respect of unskilled wages, semi-skilled/skilled wages, material and taxes for the period from 2019-20 to 2023-24. The details are given in **Table 3.7** below:

Table 3.7: Details of outstanding payments (May 2024)

(₹ in crore)						
Year	Unskilled wage	Semi-skilled/Skilled wages	Material	Tax	Total	PDs corresponding to outstanding unskilled wages
2019-20	2.22	0.31	13.73	0.15	16.41	89,157
2020-21	2.66	0.76	19.52	0.18	23.12	96,727
2021-22	2.25	0.99	39.72	0.52	43.48	77,855
2022-23	3.22	1.36	122.70	3.86	131.14	1,04,207
2023-24	20.17	4.20	520.15	22.24	566.76	6,38,291
Total	30.52	7.62	715.82	26.95	780.91	10,06,237

Source: Information furnished by the Department (17.05.2024)

It could be seen that unskilled wages to an extent of ₹30.52 crore were pending for one to five years. In terms of days worked, it implied that wages for 10.06 lakh person days were yet to be paid. In case these were genuine, denial of wages would have an adverse impact on the sustenance of rural poor who depended on these payments for their livelihood. Similarly, the Department had not cleared the dues of ₹723.44 crore on material (including semi-skilled/skilled wages) for period ranging from one to five years. Non-payment of dues to workers/suppliers over unduly long periods not only indicated ineffective oversight mechanism but also raised the possibility of ghost workers and fake bills. These liabilities require detailed investigation and early resolution.

It was also seen that there was discrepancies in figures of pending wage payments when compared with the details contained in MIS Reports¹³ **R14.6** (Timely payment status overall) and **R7.2.2** (Labour material ratio analysis). As per these reports, outstanding wage payment during the period from 2019-20 to 2023-24 aggregated ₹133.04 crore which was significantly more than the details of outstanding wages (₹30.52 crore) furnished by the Department. The Department acknowledged the difference and stated that e-ticket had been raised with NIC to resolve the discrepancy (September 2024).

One of the reasons for failure to clear these outstanding liabilities was rejection of transactions attributable to reasons such as de-seeding of Aadhaar number from NPCI mapper, incorrect/closed bank account, non-mapping of Aadhaar, invalid bank identifier, mismatch in IFSC code of bank account, etc. Empowered Committee of MoRD had instructed (December 2020) the State Government to give special emphasis on regeneration of transactions. It was directed to regenerate rejected transactions within two days.

¹³ As on 26 August 2024

The status of transactions rejected, and action taken thereon in respect of wage and material components is given in **Appendix 3.7**. It was observed that out of 6,76,244 total rejected wage transactions, 6,18,281 transactions (91 *per cent*) had been regenerated. Out of regenerated transactions, wage payment of ₹11.66 crore was pending (August 2024).

In respect of material component, transactions worth ₹477.62 crore (1,06,941 transactions) had been rejected. Though 93,677 transactions were regenerated, payment of ₹23.44 crore pertaining to 6,132 transactions was pending (August 2024). Further, 7,132 transactions worth ₹11.27 crore, pertaining to the period from 2019-20 to 2023-24 were still pending for regeneration (August 2024). Such instances of rejected transactions not only indicated deficiencies in regular verification and updating of bank accounts but also contravened the directions (December 2020) of MoRD.

The Department stated (August 2024) that rejected transactions were being monitored/reviewed regularly and the beneficiaries were intimated through oral communication by the field staff. While the efforts made by the Department in regenerating the rejected transactions are appreciated, the fact remains that rejection of wage payment transactions would lead to delays in payment of wages. Further, there was no automated system instituted for informing the beneficiary about the rejected/failed transaction.

The State Government accepted (May 2025) the audit observation and stated that necessary steps had been taken to clear wage and material transactions and ensure completion of long pending works.

Recommendation 4: Action should be taken to reduce the pendency in regeneration of failed transactions and repayment to the beneficiaries in respect of Aadhar based payments. Department may devise automated system to update the beneficiaries regarding status of failed transactions/pending payments.

3.11 Delay in wage payments and unjustified rejection of delay days for compensation

The MGNREG Act under Section 3(3) entitled the beneficiary to receive their daily wages on a weekly basis and in any case not later than a fortnight after the date on which such work was done. Paragraph 29 of Schedule II of the Act, *inter alia*, stipulated that in case the payment of wages was not made within fifteen days from the date of closure of the muster roll, the wage seekers should be entitled to receive payment of compensation for the delay, at the rate of 0.05 *per cent* of the unpaid wages per day of delay beyond the sixteenth day of closure of muster roll. The Act also mandated that computer system should have a provision to automatically calculate the compensation payable based on the date of closure of the muster roll and the date of deposit of wages in the accounts of the wage seekers. The State Government was liable to pay the compensation upfront after due verification within the time limits as specified above and recover the compensation amount from the functionaries or agencies who were responsible for the delay in payment.

To meet the objective of making the timely payments (within 15 days of closure of e-Muster) to the Scheme beneficiaries, it was essential that all stakeholders in this system adhered to the timelines advised. The stakeholders involved were: **(Stage-I) Field functionaries (State level)** involved up to generation of FTOs, **(Stage-II) MoRD Officials** involved in release of fund order and **Agencies (PFMS/Banks/NPCI/DoP/NIC-DRD)** involved in the movement and processing of FTOs and ultimate crediting into the accounts of beneficiaries. To track/fix responsibility on various functionaries and apportion recoveries as per delays, the State Government prescribed (January 2019) the timelines as detailed in **Appendix 3.8**.

Scrutiny of MIS reports and information furnished by the Department showed that provisions of the Act regarding timely payment of wages and payment of compensation for delayed payment of wages were not adhered to as detailed in subsequent paragraphs.

- i) There were no MIS reports in public domain which could give the consolidated status of payment of wages up to **Stage-II** *i.e.* till the actual credit of wages to the beneficiaries. There was a Report – **R14.5** (Delayed Payment (Stage 1) of Financial Year) which tracked the status till signature of FTOs by 2nd signatory (Stage-I) only and not the actual credit date.
- ii) Information furnished (August 2024) by the Department showed that wages aggregating ₹19,231.31 crore were paid and wages of ₹133.04 crore were pending for payment. Scrutiny of timely payment status (overall) reports showed that ₹9,499.43 crore (49 *per cent*) was paid within the mandated period of 15 days whereas there were delays in wage payment of ₹9,864.92 crore (51 *per cent*). Year-wise delays ranged from 26 to 70 *per cent* as detailed in **Table 3.8**:

Table 3.8: Details showing wage payments

(₹ in crore)

Year	Total wage payable (R7.2.2)	Total wage payment	Payment within 15 days (%)	Delayed wage payment		
				Payment beyond 15 days	Pending wage payment	Total (%)
2019-20	2,746.61	2,735.41	841.87 (31)	1,893.54	11.20	1,904.74 (69)
2020-21	4,009.01	3,923.17	2,979.23 (74)	943.94	85.84	1,029.78 (26)
2021-22	4,634.99	4,621.98	2,020.76 (44)	2,601.22	13.01	2,614.23 (56)
2022-23	3,780.36	3,771.41	2,389.99 (63)	1,381.42	8.95	1,390.37 (37)
2023-24	4,193.38	4,179.34	1,267.58 (30)	2,911.76	14.04	2,925.80 (70)
Total	19,364.35	19,231.31	9,499.43 (49)	9,731.88	133.04	9,864.92 (51)

Source: Information furnished by Department (MIS Reports 'R14.6-Timely payment status overall' and 'R7.2.2-Labour material ratio analysis' dated 26.08.2024)

Further scrutiny of delayed wage payments (₹9,731.88 crore) showed that wages aggregating ₹7,915.44 crore were paid after 16 to 60 days, wages of ₹1,582.72 crore were paid between 61 to 90 days and wages of ₹233.72 crore was paid after a gap of three months (90 days) from the date of closure of muster rolls (detailed in **Table 3.9** below):

Table 3.9: Delays (period-wise) in wage payments

Year	(₹ in crore)				
	Wage payment beyond 15 days	Between 16-30 days	Between 31-60 days	Between 61-90 days	More than 90 days
2019-20	1,893.54	503.48	948.02	378.60	63.44
2020-21	943.94	556.28	338.93	33.20	15.53
2021-22	2,601.22	1,017.85	1,157.88	360.66	64.83
2022-23	1,381.42	910.24	441.57	14.54	15.07
2023-24	2,911.76	662.76	1,378.43	795.72	74.85
Total	9,731.88	3,650.61	4,264.83	1,582.72	233.72

Source: Information furnished by Department (MIS Report 'R14.6-Timely payment status overall' dated 26.08.2024)

Delays were attributable to issues such as expiry/loss/damage of Digital Signature Certificates, technical issue with server, *etc.* The fact, however, remains that delay in payment of wages negated the very purpose of providing guaranteed employment and wages under the Act.

- iii) **Short payment of delayed compensation due to incorrect calculation:** In case of delay in payment of wages, NREGASoft (MIS Report **R14.1**-Delayed Compensation) had a provision to calculate the total compensation payable. The compensation was to be paid after due verification. Every Programme Officer was to decide, within 15 days from the date that the delay compensation became due, whether the compensation that had been calculated by the NREGASoft was payable or not. The compensation was not payable in cases of (i) Natural Calamities, (ii) Compensation not due i.e. wages had been paid in time but details not entered in MIS, *etc.* In all cases of rejection, the Programme Officer was to give detailed reason(s) for rejection on NREGASoft. The amount approved for compensation was to be met from the State Employment Guarantee Fund (SEGF) upfront and recovered later from the functionaries / agencies responsible for the delay.

Audit observed that the amount of compensation was calculated till the date of second signature of FTOs and not till the date on which wages were actually transferred to the beneficiaries' accounts. Thus, it captured partial delays only.

Moreover, delays were calculated only in cases where FTOs were signed after 15 days (T+15) and not T+8 days as prescribed in the Government Order. This resulted in partial calculation of delays and also exclusion of those eligible cases where FTOs signed within 15 days of closure of muster rolls but the wages were credited after 15 days. To illustrate this, Audit analysed 761 NMRs of 400 test-checked works and observed that delays in 373 (96 *per cent*) out of 389 delayed NMRs were not captured in MIS. As a result, the delayed compensation was shown as ₹0.02 lakh

(one *per cent*) though the actual payable compensation in these 389 NMRs was ₹1.62 lakh. Details are given in **Appendix 3.9**.

Thus, the delay calculation was carried out in violation of Government orders resulting in lesser compensation being paid to the beneficiaries than actual entitlement.

- iv) **Erroneous rejection of eligible compensation claim of beneficiaries:** The NREGASoft had calculated delayed compensation payable (2019-24) as ₹377.12 lakh for 390.11 lakh days of delay. Programme Officers had rejected delayed compensation for 380.55 lakh days (98 *per cent*), for which detailed reasons were not available in public domain (NREGASoft). Out of 390.11 lakh days, 329.06 lakh days (84 *per cent*) were rejected on the ground of ‘Compensation not due’ (detailed in **Table 3.10** below). Audit noted that rejection on this ground was incorrect as it was applicable in cases where wages had been paid but details were entered in MIS later. Under the current Ne-FMS system, wage payments could not be processed without the data entry in MIS.

Table 3.10: Details of incorrect rejection of delayed compensation

Year	Delayed compensation		Rejection Reason (in days)			Percentage of total rejection	Percentage of rejection under Compensation not due	Approved delay compensation in ₹ (Percentage)
	Payable (in delay days)	Payable amount (in ₹)	Natural calamities	Compensation not due	Total rejected			
2019-20	1,07,19,484	1,05,48,787	12,77,233	93,02,696	1,05,79,929	99	87	2,95,830 (3)
2020-21	82,91,985	82,33,486	10,89,072	70,31,136	81,20,208	98	85	2,15,362 (3)
2021-22	64,84,934	63,31,256	7,64,847	55,93,192	63,58,039	98	86	1,46,212 (2)
2022-23	87,10,393	80,12,918	12,93,735	72,88,419	85,82,154	99	84	1,62,272 (2)
2023-24	48,04,226	45,86,098	7,24,195	36,90,331	44,14,526	92	77	31,787 (1)
Total	3,90,11,022	3,77,12,545	51,49,082	3,29,05,774	3,80,54,856	98	84	8,51,463 (2)

Source: MIS Reports ‘R14.1-Delayed Compensation’ dated 05.09.2024

Consequent to this erroneous rejection, approved compensation was only ₹8.51 lakh (2 *per cent* of payable amount of ₹377.12 lakh). Against this, compensation paid was ₹4.45 lakh and an amount of ₹4.06 lakh (48 *per cent*) was pending payment (May 2024). Audit further observed that out of the compensation paid, an amount of ₹1.51 lakh has only been recovered from the functionaries responsible. Details of compensation borne by the State Government were not furnished by the Department (September 2024).

The State Government accepted (May 2025) the audit observation and stated that instructions had been issued to all the ZPs to initiate recoveries from the concerned officers.

Recommendation 5: The Department should scrupulously adhere to the Government instructions regarding the calculation of delayed compensation and take action to re-examine the erroneous rejection of delayed compensation.

Chapter IV

Employment Generation

Chapter IV

Employment Generation

The job card, an identity document that records workers' entitlements under MGNREGS, was pending issue for 34,499 beneficiaries who had applied for jobs, as of March 2024. Audit also observed in test-checked districts that the job cards did not adhere to the prescribed format and special job cards were not issued to differently abled persons.

Though MGNREGA guarantees 100 days of employment to each demanding household, the demand for employment from the registered households did not go beyond 48 *per cent* of the issued job cards during the period 2019-20 to 2023-24. Moreover, the number of households who were provided with at least 100 days of employment during 2019-20 to 2023-24 was only five *per cent* and majority of households were provided only 1 to 30 days of employment.

The percentage of differently abled persons provided with employment under the Scheme was lower than the national average indicating deficiencies in their identification. Further, NREGASoft did not have provision to record the data of employment demanded by/provided to other vulnerable groups such as nomadic tribals, HIV positive persons, *etc.* Audit scrutiny of the data of differently abled and vulnerable group beneficiaries maintained under the housing schemes indicated significant exclusion of such beneficiaries under MGNREGS.

Audit observed that vendors/agencies were hired and paid for manual (labour-oriented) components under the Scheme resulting in denial of employment opportunities to the beneficiaries. There was a shortfall in conducting Information Education and Communication activities as well as Rozgar Diwas resulting in lack of awareness among beneficiaries regarding the rights/entitlements under the Scheme.

The unemployment allowance to be provided to the beneficiaries could not be assessed accurately due to non-maintenance of demand register and incorrect recording of the demand for labour in the test-checked Grama Panchayats. The Department has not even paid the beneficiaries the unemployment allowance assessed for the period 2019-20 to 2023-24, amounting to ₹1.28 crore.

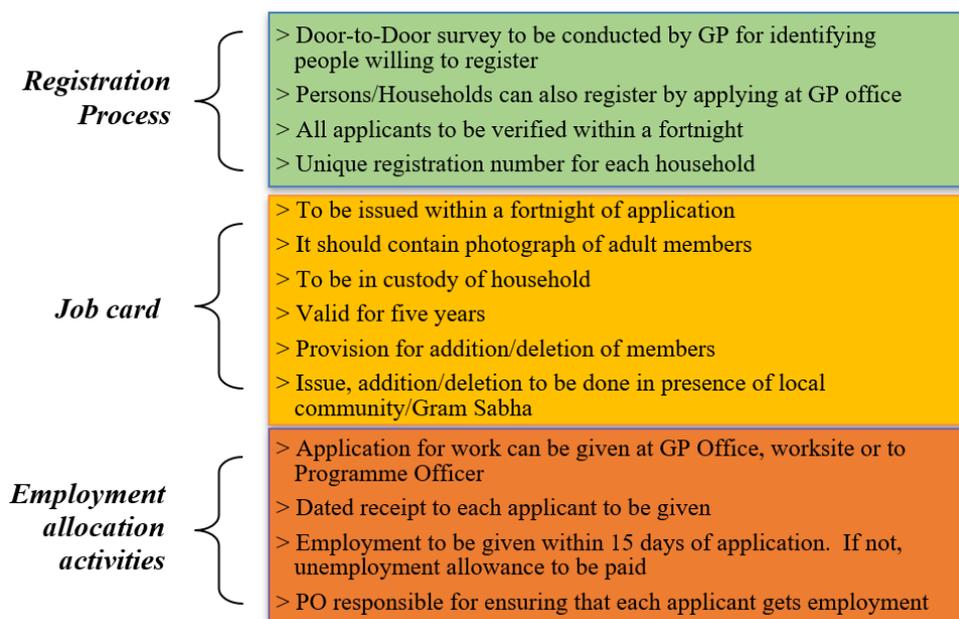
Provision of minimum 100 days of guaranteed wage employment and strengthening the livelihood resource base of rural poor require that the implementers pay close attention to generating awareness among potential wage-seekers and set up systems that facilitate and rigorously record registration for work, issuance of job cards and applications on demand for work. Further, the objective of enhancing the livelihood security of the poor households in rural areas of the country can be met only if special attention is focussed on vulnerable sections of the rural society.

Audit analysed the data of selected districts, taluks and GPs and observed that receipt of applications, verification thereof and process of issuance of job cards were not done as prescribed in the guidelines. The findings are discussed in the succeeding paragraphs.

4.1 Registration and issue of job cards

The first step in guaranteeing the beneficiary’s right to 100 days of employment under MGNREGS was ensuring registration of the household with the GP. Under Paragraph 2 of Schedule-II of the Act, it was the duty of the GP to register the household, after making suitable enquiries, and issue a job card. The process for registration of households, issue of job cards and employment allocation is detailed in **Chart 4.1** below:

Chart 4.1: Registration process, Job card and Employment allocation



4.1.1 Non-issue of job cards

It was seen that 79,43,273 households had applied for job cards, against which 79,08,774 job cards were issued (as of March 2024). Thus, job cards were not issued in respect of 34,499 registered households in the State. In the absence of job cards, the beneficiaries were deprived of their basic right to assured employment of 100 days.

The State Government accepted (May 2025) the observation and stated that monitoring would be done to avoid such occurrence in future.

4.1.2 Non-issue of prescribed job cards

Paragraph 3.1 of Operational Guidelines, 2013, stipulated that the Job Card was a key document that recorded workers’ entitlements under MGNREGA. It legally empowered the registered households to apply for work, ensured transparency and protection against fraud. Further, the Indicative Framework for MGNREGA job cards formulated (August 2017) by MoRD prescribed basic requirements which included content, layout, cost and implementation.

Audit observed that 5,403 (67 per cent) out of 8,053 registered/active job cards in seven¹⁴ out of eight test-checked GPs in Tiptur and Turuvekere Taluks (Tumakuru District) were issued online job cards instead of the printed

¹⁴ Dasarahalli, Gyaraghatta, Hindiskere and Sarthavalli (Tiptur Taluk); Bytharahosahalli, Hadavanahalli and Hullekere (Turuvekere Taluk)

(prescribed) job cards (detailed in **Appendix 4.1**). The issue of prescribed job cards in one remaining GP (Dandinashivara of Turuvekere Taluk) was not verifiable as the GP did not furnish the information to Audit.

GPs stated (September 2024) that online job cards were issued due to shortage of printed job cards. Audit, however, observed that these GPs did not communicate the shortage of job cards to TPs/ZP. The printed job cards were an important part of the framework issued by MoRD which facilitated manual updating of the information. By resorting to issue of online job cards, GPs not only rendered updating of job cards difficult but also contravened the Indicative Framework/Operational Guidelines, 2013. Thus, the registered households in these GPs were put to hardship and deprived of their basic entitlement.

The State Government accepted (May 2025) the observation and stated that all ZPs would be instructed to avoid the issue of online job cards.

4.1.3 Non-issue of special job cards to differently abled persons

Schedule II of MGNREGA and Indicative Framework for MGNREGA job cards formulated (August 2017) by MoRD stipulated that special job card of a distinct colour should be issued to the job seeker who is a single woman or disabled person or aged person or released bonded labour or belonging to particularly vulnerable tribal group. This would ensure special protection in providing work, work evaluation and work site facilities to them, as the case may be. The Commissioner, MGNREGS, also instructed (August 2014) that person with disabilities (PwD) should be treated as a household and issued a separate job card.

In a survey of 400 beneficiaries conducted (July to September 2024) by the Audit in test-checked 40 GPs, it was observed that 42 beneficiaries belonged to differently abled group but special job cards as envisaged were not issued in 26¹⁵ (65 *per cent*) GPs. The non-issue of special job cards to such vulnerable groups carries the risk of non-provision of special protection/facilities at workplace.

The State Government while accepting the observation stated (May 2025) that differently abled people were not deprived of employment. The fact remains that the provision of Operational Guidelines was not followed.

4.1.4 Beneficiaries' responses regarding issue of job cards

Out of 400 beneficiaries surveyed, 126 (32 *per cent*) had submitted written and 274 (68 *per cent*) beneficiaries had submitted oral requests for registration. However, 55 beneficiaries (14 *per cent*) responded that particulars required for issue of job cards (such as village name, name of the head of the household, house number, *etc.*) were not noted by the concerned GP official. The survey

¹⁵ Bhodhan, Hirolli, Kamalanagar and Kinni Sultan (Aland Taluk); Ambalga, Babalad (IK), Okali and Sonth (Kamalapura Taluk); Kesarhatti, Marali and Vaddarhatti (Gangavathi Taluk); Geddigeri, Gunnal, Hirevankalkunta and Talakeri (Yelburga Taluk); Chikkarasinakere (Maddur Taluk); Ganadalu, Kannali, Mudagandoor and Muthegere (Mandya Taluk); Dasarighatta and Sarthvalli (Tiptur Taluk); Hadavanahalli and Hullekere (Turuvekere Taluk); Hirenelluru and Padavagodu (Sagar Taluk).

showed that job cards of 24 out of 361 beneficiaries¹⁶ in 11 GPs of five TPs (Aland, Kamalapur, Maddur, Mandya and Tiptur) were issued after the stipulated 15 days.

The survey also showed that while no photograph had been affixed in 15 *per cent* of the job cards, 29 *per cent* of the job cards carried the joint photograph of the households and another 56 *per cent* had the photograph of only the sampled worker.

Analysis of beneficiaries' job cards showed that payment entries were not up to date in 33 *per cent* of the job cards, days on which the household had worked were not updated in 34 *per cent* and signature columns were blank or partly blank in 42 *per cent* of the job cards. Such omissions would not enable verification of the job cards or social audit of employment generated.

The State Government accepted (May 2025) the observation and submitted that directions would be issued to all field officers to mandatorily address the issues and monitoring would be undertaken strictly.

Recommendation 6: The Department should take action to issue the job cards in prescribed format to all job seekers under MGNREGS and completion of all required entries.

4.2 Employment generation

The details of employment demanded and provided in the State under MGNREGS during the period from 2019-20 to 2023-24 are shown in **Table 4.1**.

Table 4.1: Details of employment demanded and provided under MGNREGS in the State

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Total Job cards issued (in lakh)	63.68	71.31	75.95	78.15	79.09
Household demanded employment (in lakh)	24.77 (39%)	32.96 (46%)	36.81 (48%)	32.72 (42%)	32.41 (41%)
Employment provided to household (in lakh)	22.38 (90%)	30.15 (91%)	33.85 (92%)	29.59 (90%)	29.96 (92%)
Total person days generated (in lakh)	1118.63	1480.27	1632.10	1258.25	1385.01
Person days per household	49.99	49.09	48.21	42.52	46.23
Household provided 100 days of employment (in lakh)	1.87	2.40	1.76	0.32	0.43

Source: Information furnished (June 2024) by the Department and MIS data (November 2024).

It could be observed that not even half of the registered households had demanded work during the audit period from 2019-20 to 2023-24. Though there was a decline in demand for employment, the department could not meet the reduced demand even.

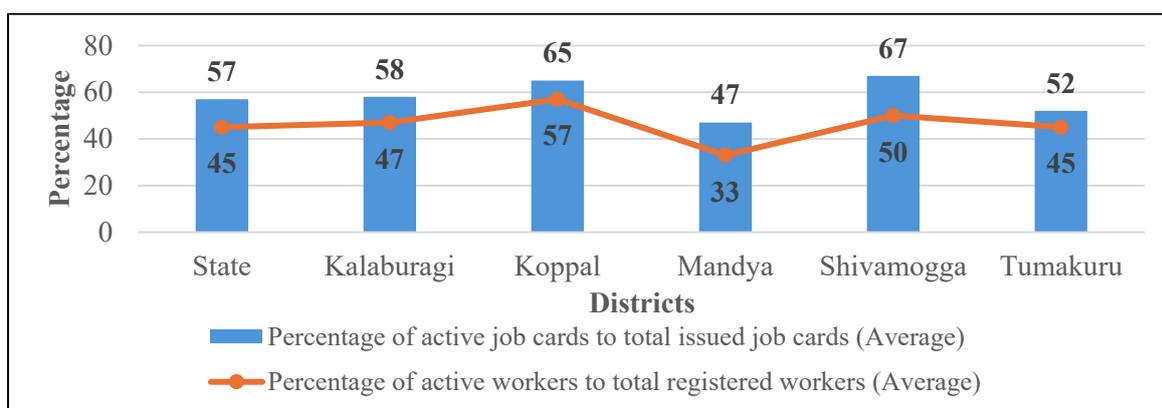
The State Government accepted (May 2025) the observation and cited multiple reasons such as inactive job cards, migration of workers, *etc.*, for less demand against the job cards issued. It was further stated that action would be taken to provide employment to all the workers who seek employment.

¹⁶ Out of 400 beneficiaries, 39 did not respond regarding the number of days taken by GPs for issue of job cards.

4.3 Active job cards

MIS Reports (*R1.1.1 – Category-wise household/workers*) contained the details of active households/workers. Active household is defined as household whose member had worked any one day in either the last three financial years or in current financial year. Scrutiny showed that the (average) percentage of active workers to total registered workers in the State during the period from 2019-20 to 2023-24 was only 45 *per cent*, evidencing that majority of the registered workers (55 *per cent*) did not work under MGNREGS. In the test-checked districts, the percentage of active workers varied from 33 *per cent* in Mandya to 57 *per cent* in Koppal (depicted in **Chart 4.2**).

Chart 4.2: Percentage (average) of active job cards and active workers in the State and test-checked districts during 2019-20 to 2023-24



Source: MIS data (R1.1.1 accessed on 26.07.2024)

Low percentage of active job cards/workers could be attributable to the existence of ghost workers, failure of GPs to undertake annual updating exercise of job cards, poor awareness levels of entitlements among potential beneficiaries, *etc.*

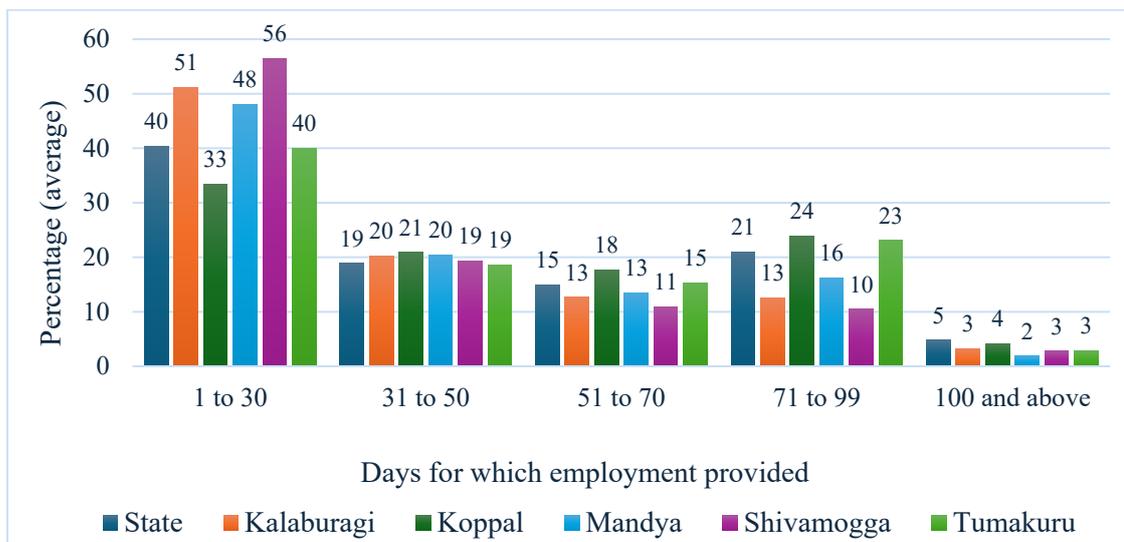
The State Government accepted (May 2025) the observation and attributed it primarily to reluctance of workers' participation in community works, migration *etc.*

4.4 Non-provision of 100 days employment

Audit observed that total number of households who were provided with 100 days of employment during the period from 2019-20 to 2023-24 was very low. At the State level, it ranged from 0.32 lakh to 2.40 lakh households during the period from 2019-20 to 2023-24. The average person days provided to households during the audit period showed that majority (40 *per cent*) of the households were provided employment for 1 to 30 days and only five *per cent* households were provided employment of 100 days and above.

In the test-checked districts, the percentage of households who were provided with employment for 1 to 30 days ranged from 33 *per cent* (Koppal) to 56 *per cent* (Shivamogga). Households ranging between 10 *per cent* (Shivamogga) and 24 *per cent* (Koppal) were provided employment for 71 to 99 days whereas only 2 *per cent* to 4 *per cent* households were provided employment for 100 days and above. The details are depicted in **Chart 4.3**. This proves the ineffective implementation of the Scheme with failure to achieve the very purpose of the Scheme.

Chart 4.3: Period-wise employment provided to households during the period from 2019-20 to 2023-24 (average)



Source: MIS Report (R5.1.1) dated 16.11.2024

The State Government accepted (May 2025) the observation and stated that the actual employment provided depends on individual demand and willingness to work. Other reasons include the workers disinclination towards community based works.

4.5 Employment provided to special category persons

Paragraph 9.3.9 of Operational Guidelines, 2013 stipulated that a special drive should be initiated to identify all persons with disability and other vulnerable persons (such as nomadic tribal group, HIV positive persons, internally displaced persons, etc.) and provide them 100 days of work in all the villages within a specified timeframe. Paragraph 9.2.2 mandated that each State Government should designate one officer in each District as a Coordinator (Vulnerable Groups) who would exclusively look after the needs and requirements of the special categories and create enabling conditions for their inclusion in MGNREGS works. The Co-ordinator (Vulnerable Groups) should hold a monthly meeting to review the progress of such implementation with Block/Gram Panchayat level officials and submit monthly and quarterly progress reports to the District Programme Coordinator.

However, Audit observed gaps in special drives/campaigns as detailed below:

- i) Instead of designating one exclusive officer in each district to create enabling conditions for inclusion of special categories under MGNREGS, mates, *Thanda Rozgar Mitra* and *Gram Kayaka Mitra*¹⁷ were entrusted with the additional responsibility of mobilising labourers and creating awareness.
- ii) The percentage of employment provided to disabled persons at the State level increased from 14 per cent (2019-20) to 32 per cent (2023-24) but it was still less than the national average during the period from 2019-20 to 2023-24 (detailed in **Table 4.2**).

¹⁷ These are hired on honorarium basis for assisting the PDOs in implementation of Scheme.

Table 4.2: Details of employment provided to disabled persons

Year	No. of disabled persons registered	No. of disabled persons worked	Percentage at State level	National average
2019-20	77,296	10,621	14	21
2020-21	97,887	20,354	21	27
2021-22	1,15,595	27,375	24	25
2022-23	86,673	26,862	31	35
2023-24	87,893	28,139	32	37

Source: Information furnished (June 2024) by the Department and MIS data (01.08.2024)

- iii) NREGASoft did not have the provision to generate report depicting the details of vulnerable persons identified and employment provided to them except for disabled persons. In respect of disabled persons also, details of such persons who demanded works were not shown in NREGASoft.

As per the information furnished (June 2024) by the Department, there were 87,893 disabled persons (physically handicapped) registered under MGNREGS, 'nil' HIV persons, and 475 tribal persons during the year 2023-24. Audit scrutiny of the data of houseless beneficiaries available on Rajiv Gandhi Housing Corporation Limited (RGHCL) website (November 2024) revealed that there were 5,70,830 disabled, 44,861 HIV and 2,813 tribal houseless beneficiaries in the State. This indicated significant exclusion of such vulnerable categories under MGNREGS and the absence of a reliable database of such beneficiaries under the Scheme. Moreover, 100 days of work in a year was not provided to any of the surveyed disabled beneficiaries in 26 test-checked GPs.

The State Government accepted (May 2025) the observation and stated that all CEOs of ZPs have been advised to have plans with special focus on vulnerable section under the Scheme.

Recommendation 7: Department should conduct special drives and utilise available data with various line departments to identify vulnerable persons and provide employment under the Scheme.

4.6 Denial of scheme benefits to MGNREGS workers

Paragraph 21 of Schedule-I of MGNREGA stipulated that the work executed should be done without engaging any contractor. Paragraph 22 stipulated that as far as practicable, works executed by the Programme Implementation Agencies (PIAs) should be performed by using manual labour and no labour displacing machines should be used.

Audit accessed (August 2024) Report “*S5.13-Vendor wise expenditure*” available on NREGASoft which contained details of material payments. Analysis of material components included in reports of selected 40 GPs showed that vendors/agencies were hired for manual (labour-oriented) component such as watering, weeding, watch and ward, *etc.* Nature of such activities did not warrant any specialisation and hence should have been executed through unskilled workers of MGNREGS.

Such hiring of vendors/agencies was attributable to inconsistencies in the data sheets of line departments. It may be noted that in respect of works executed by line departments (Social Forestry, Horticulture, *etc.*), office of the

Commissioner, MGNREGS approved the data sheets every year. These data sheets provided the rates of work components including the portion of labour and material. Scrutiny showed that there was no consistency in apportioning the cost of labour and material during the period from 2019-20 to 2023-24 for example, cost of conveyance of polythene/High Density Polyethylene (HDPE) bagged seedlings in data sheet of Social Forestry was categorised as material component during 2019-20 to 2021-22 whereas it was changed to labour component during 2022-23 and 2023-24. Similarly, watch and ward was categorised as labour component during 2019-20 but it was apportioned (with varying percentages) among labour and material during the period from 2020-21 to 2023-24. While approving the data sheet for the year 2024-25, the cost of watch and ward was again categorised as 100 *per cent* labour component. Illustrative cases of Social Forestry data sheets are given in **Appendix 4.2**.

As a result, vendors/agencies were extended undue benefits aggregating ₹3.87 crore in selected 39 GPs (except Kannali of Mandya Taluk). GP-wise details are given in **Appendix 4.3**.

Thus, the department failed to augment wage employment and instead extended undue benefits aggregating ₹3.87 crore to agencies in 39 test-checked GPs. This also deprived the rural households of enhancing their livelihood security.

The State Government accepted (May 2025) the observation and stated that directions would be given to all implementing departments to take up such activities under the wage component only.

Recommendation 8: The Department should take necessary action to remove anomalies in the data sheets and ensure that due weightage is given to labour components under MGNREGS.

4.7 Information, Education and Communication (IEC) activities

4.7.1 IEC activities under MGNREGS

The Operational Guidelines, 2013 recognised that an important precondition to ensure effective implementation of MGNREGS was the creation of awareness among rural people and other stakeholders, particularly MGNREGS workers, in respect of the scheme provisions as well as their rights and entitlements. Paragraph 5.4.2 of Operational Guidelines, 2013 stipulated that all States should develop an IEC plan of the scheme with focus on reaching out to the registered workers as well as other groups which could benefit from the scheme. The IEC plan should clearly indicate State, District, Block and local level activities. The States were to evolve creative mix of interpersonal communication, mid media and mass media methods to disseminate the chosen message. Paragraph 11.6 of Annual Master Circular (AMC) 2019-20 stipulated that State IEC Nodal officers were to be nominated by the States to oversee the IEC activities in the State.

Audit observed that the State had prepared annual IEC plans for the period from 2019-20 to 2023-24. A dedicated State IEC nodal officer was appointed during the year 2020-21 whereas in other years, this post was held as additional charge by Joint Director, Horticulture (2019-20 and 2021-22) and Joint Director, Administration (2022-23 and 2023-24). As per the IEC plans, the State had proposed mix of interpersonal communication (IPC), mid media and mass media

methods. The details of amount/cost as per IEC plans and expenditure incurred during the period from 2019-20 to 2023-24 are given below (**Table 4.3**):

Table 4.3: Expenditure incurred on IEC activities

(₹ in crore)

Year	Amount/Cost as per IEC Plan	Expenditure incurred on IEC activities	Percentage of expenditure to total cost as per IEC Plan
2019-20	18.75	3.03	16
2020-21	33.87	13.39	40
2021-22	37.55	26.03	69
2022-23	42.88	20.40	48
2023-24	40.76	4.59	11
Total	173.81	67.44	39

Source: Information furnished (August 2024 and April 2025) by the Department

As observed in **Table 4.3**, allocation earmarked for IEC activities (₹173.81 crore) was only 0.59 *per cent* of the total expenditure of ₹29,634.37 crore under MGNREGS during the period from 2019-20 to 2023-24. Even the earmarked allocation of ₹173.81 crore was not fully spent as the expenditure incurred was only ₹67.44 crore (39 *per cent*). It ranged between 11 *per cent* to 69 *per cent* of the proposed expenditure over the period from 2019-20 to 2023-24. This indicated that the Department did not ensure adherence to the approved IEC plans and failed to conduct all the planned IEC activities. Activities with major shortfall (along with period of shortfall) in planned activities are detailed below:

- a) Shortfall in displaying information on hoardings to widely publicize campaign efforts ranged from 23 *per cent* (2021-22) to 100 *per cent* (2019-20).
- b) KSRTC bus branding to inform passengers about scheme benefits and raise awareness among village residents was not done during 2019-20, 2021-22 and 2023-24. The planned activity of display on buses was achieved during 2020-21 and 2022-23.
- c) Video documentaries to promote and motivate the beneficiaries, especially the people who returned to the villages to make a living due to hardship of Covid-19 pandemic, were not prepared during 2019-20, 2022-23 and 2023-24.
- d) Exhibitions to showcase MGNREGS works and increase public awareness were not held during 2019-20 and 2020-21.
- e) MGNREGS jingles were not telecasted in All India Radio to inform listeners about 100 days of unskilled work and availability of tollfree helpline service (2019-20 to 2023-24).
- f) No Civil Society Organisations were engaged for support and strengthening of IEC activities for creating awareness about rights, entitlements, demand work and demand wage payments on time as well as mobilizing workers as envisaged in Operational Guidelines, 2013.

Similar shortfall in test-checked districts was also observed as detailed in **Appendix 4.4**.

It was noteworthy that models of rural development work under MGNREGS were displayed at Mysuru Dasara Art Exhibition during the year 2023-24 and RDPR exhibition had won the first prize.

The State Government attributed (May 2025) the shortfall to Covid-19 pandemic and delays in release of administrative expenses.

4.7.2 Shortfall in conducting Rozgar Diwas

Paragraph 3.3 of Operational Guidelines, 2013 stipulated that every GP should organise an 'Employment Guarantee Day (*Rozgar 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 *Rozgar Diwas* should be earmarked for processing work applications and related activities such as disclosure of information, allocation of work, payment of wages and payment of unemployment allowances. The State Government would receive and review the district reports on the conduct of the *Rozgar Diwas* (Paragraph 4.5.1(d) of AMC, 2019-20).

Audit observed that all the test-checked districts except Koppal, failed to achieve the envisaged target of conducting monthly *Rozgar Diwas* during the period 2019-20 to 2023-24. In remaining four test-checked districts (Kalaburagi, Mandya, Shivamogga and Tumakuru), the shortfall in organizing the *Rozgar Diwas* ranged between 7 per cent and 65 per cent (Details in **Appendix 4.5**). As a result, these districts failed to fully utilise one of the important means available to GPs for registering demands, creating awareness and redressing grievances.

The State Government cited (May 2025) Covid-19 pandemic for the shortfall during 2019-20 and 2020-21. It was also stated that the data furnished to Audit did not include *Rozgar Diwas* which were conducted jointly with door to door visits. The reply is not acceptable as the data was compiled from the information furnished by ZPs to the Commissioner, MGNREGS.

Results of beneficiaries' survey about the awareness and IEC

- 87 beneficiaries (22 per cent) were not aware of the number of days of work, a household was entitled to in a year;
- 81 beneficiaries (20 per cent) were not aware of the timelines of payment of wages;
- 45 beneficiaries (11 per cent) were not aware about making request/demand for employment to authority concerned after getting job cards;
- 209 beneficiaries (52 per cent) were not aware about being entitled to unemployment allowance in case work was not provided within 15 days of demand of work;
- 234 beneficiaries (59 per cent) were not aware about the types of machines which were permissible for use in MGNREGS works.
- 98 beneficiaries (25 per cent) stated that details of the MGNREGS works were not painted or written on the Panchayat Office building walls and notice boards.

Thus, shortfall in conduct of IEC activities resulted in ineffective communication strategy and poor dissemination of rights/entitlements available under MGNREGS among the beneficiaries. This was also reflected in the survey of 400 beneficiaries by Audit in the test-checked GPs. Lack of awareness on the basic entitlements under MGNREGS was a key barrier for access to rights-based employment.

Recommendation 9: The Department should take action to strengthen the IEC activities to create adequate awareness among the beneficiaries and public regarding the rights/entitlements available under MGNREGS.

4.8 Non-payment of unemployment allowance

Paragraph 3.5 of Operational Guidelines, 2013 stipulated that if an applicant was not provided employment within 15 days of receipt of his/her application seeking employment, he/she should be entitled to a daily unemployment allowance which would not be less than one-fourth of the wage rate for the first 30 days and not less than one-half of the wage rate for the remaining period of the financial year. Further, the State Government was to frame rules governing the procedure and make necessary budget provision for payment of unemployment allowance.

Audit scrutiny showed that the State Government had not made necessary budget provision during the period from 2019-20 to 2023-24 for payment of unemployment allowance. Physical records such as demand register for employment demanded and offered were either not maintained or maintained partially in the selected GPs. Audit observed that work demand (**Form-6**) as submitted by workers were not entered in the demand registers in respect of 172 (43 *per cent*) out of 400 test-checked works. Scrutiny of the MIS data showed that the demand for labour had been entered in most cases either on the same day or the preceding day of engagement of the worker as per the muster rolls without any reference to the **Form-6** submitted by workers. Therefore, the correctness of the data for demand for labour could not be vouched in Audit.

Even 218 (55 *per cent*) out of 400 beneficiaries surveyed, responded that they were not issued a dated receipt for the demand request submitted to GPs.

Illustration of denial of unemployment allowances in test-checked GPs due to incorrect capture of the demand for labour

Review of the job seekers application forms (Form-6) available in the selected works files along with the job card/employment register (R1.3) maintained in the MIS of the 12 test-checked GPs (details in **Appendix 4.6**) showed that though there was a work demand for 100 days each from 283 registered households, it had not been provided to them in violation of MGNREGA. Scrutiny also showed that demand captured and employment offered on MIS did not match with these application forms. Thus, there was no assurance on reliable recording of demand.

As these 283 households were not provided the requisite employment of 100 days, they were entitled for the unemployment allowance. Audit worked out that unemployment allowance aggregating ₹43.63 lakh was payable to these households. Incorrect capturing of demand deprived these households of the eligible unemployment allowance.

Thus, the beneficiaries eligible for unemployment allowance were deprived of the same due to the incorrect recording of demand for labour. Audit further observed that even in respect of unemployment allowance amounting to ₹1.28 crore indicated as payable in MIS for the period from 2019-20 to 2023-24, remained unpaid (October 2024). This was also corroborated in the beneficiaries' survey wherein 143 beneficiaries (36 *per cent*) responded that they were not paid unemployment allowance though work was not provided within 15 days from demand/application for work. Further, no action had been taken to identify the functionaries or agencies responsible for failure to provide employment on time and consequent recovery of amount from them.

The Department attributed (July 2024) non-payment of unemployment allowance to (i) no demand for payment of unemployment allowance from workers, (ii) issue with unemployment allowance account and its mapping with PFMS and (iii) death of worker/job card not existing due to GP upgradation or family moved out of GP.

This was not acceptable as right to unemployment allowance was legal entitlement and its payment should have been automated. The fact that there is no budget provision, this key clause of MGNREGS was not built in the Scheme implementation.

The State Government stated (May 2025) that directions would be issued to Districts/Blocks/GPs to strictly adhere to the guidelines regarding payment of unemployment allowance.

Recommendation 10: The demand for labour should be accurately recorded by the GPs and matched with the actual provision of labour to calculate the entitled unemployment allowance. Government shall take necessary action to provide budget allocation for payment of unemployment allowance.

Chapter V

Execution of Works

Chapter V

Execution of Works

Large number of approved works under the Scheme were not taken up, apart from significant number of works remaining incomplete for more than one year. NREGASoft also did not capture the accurate details of incomplete/spill over works indicating incomplete reporting. Convergence of MGNREGS works utilising the technical/financial resources of other departments was not effective due to the absence of prescribed institutional support and lack of co-ordination with the line departments. Fraudulent transactions under housing works such as payment for houses already completed, payment to ineligible beneficiaries, payments without undertaking construction, payments in excess of prescribed limits, *etc.*, were noticed. Similarly, fabrication of records and fraudulent payments were noticed under test- checked works related to Solid Waste Management sheds, check dams and raising of seedlings under Social Forestry.

Non-constitution of Technical Committees at District/taluk level resulted in irregularities such as preparation of unrealistic estimates, improper execution and irregular expenditure on works. Audit observed that works benefitting individual beneficiaries were executed without the mandatory employment of such beneficiaries in these works. Expenditure was incurred in excess of sanctions on account of non-revision of estimates as stipulated in Scheme guidelines. Works were indicated as completed even though expenditure incurred was less than five *per cent* of the sanctioned estimate. Material costs for individual works were paid directly to vendors, instead of beneficiaries, in violation of Government instructions.

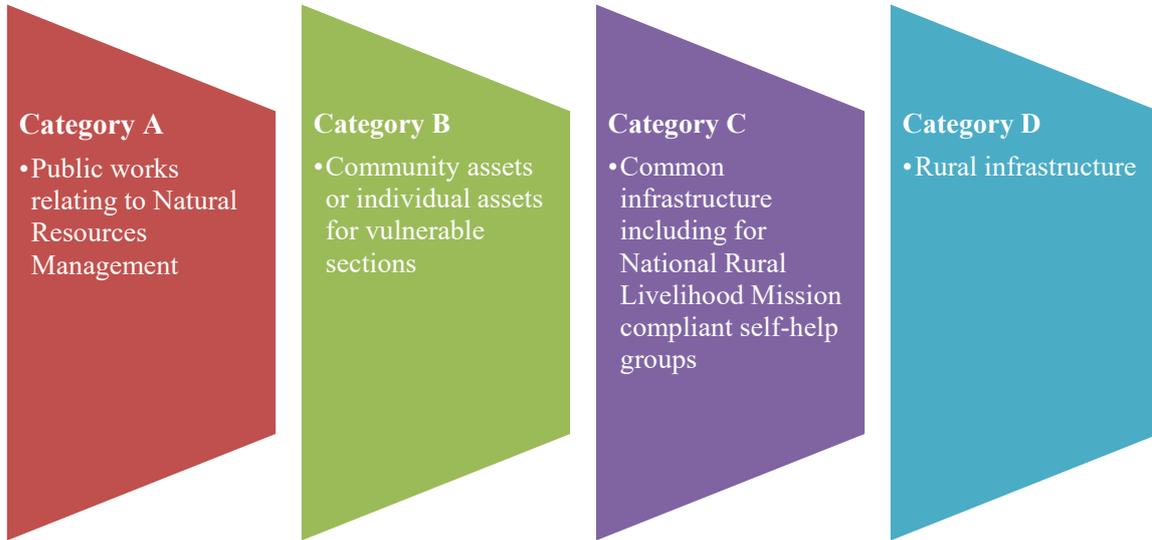
The target of 60 *per cent* fixed for agriculture and allied works under the Scheme was not achieved in majority of districts. Cluster Facilitation Project in Karnataka did not get the requisite financial support and failed to achieve majority of identified deliverables in the implemented taluks.

Audit also observed irregularities such as printing of muster rolls without utilising NREGASoft and irregular payments on such manipulated muster rolls. The Joint Physical Verification of assets created under the Scheme with the Department officials revealed their non-existence or the assets being defunct. Test-check of work records revealed absence of stipulated requirements such as geo-tagging, three stage photographs, quality checks, project completion report, *etc.*

The MGNREGS 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 in rural areas. Creation of durable assets and securing livelihood of rural households can also be facilitated through convergence of MGNREGS works with resources of other programmes/schemes available with Gram Panchayats and other line departments. These resources are not restricted to availability of funds but include technical expertise and knowhow that officials of the line departments may be endowed with.

Section 4 (3), Schedule-1 of MGNREGA categorises the works taken up under MGNREGS into four categories as shown in the **Chart 5.1** below:

Chart 5.1: Work categories under MGNREGS



Source: MGNREGA, 2005

5.1 Status of completion of works

Paragraph 7.17 of Operational Guidelines, 2013 provided that there should be a strategy to address incomplete works. Further, Paragraph 7.17.4 stipulated that no sanction should be given to those Project Implementation Agencies (PIAs) where works were lying incomplete for more than one fiscal year, after the year in which these were proposed. Thus, works initiated were to be completed in a timely manner to ensure that meaningful benefits accrued to the local community.

The details of works approved, completed and ongoing at State level during the period from 2019-20 to 2023-24 are given in **Table 5.1**.

Table 5.1: Details of works approved and completed (State level)

Year	Works approved		Completed/ Physically completed ¹⁸		Ongoing		Works not taken up
	Number	Sanction cost	Number (%)	Expenditure	Number	Expenditure	Number (%)
2019-20	6,12,330	3,274.21	3,51,883 (57)	3,260.13	629	14.08	2,59,818 (42)
2020-21	13,39,640	4,223.73	7,01,409 (52)	4,222.51	74	1.22	6,38,157 (48)
2021-22	15,10,478	5,901.75	7,48,584 (50)	5,731.06	18,064	170.69	7,43,830 (49)
2022-23	13,77,595	6,208.73	5,77,046 (42)	4,218.25	2,37,579	1,990.48	5,62,970 (41)
2023-24	13,60,674	7,286.74	2,06,449 (15)	1,962.65	6,81,478	5,324.08	4,72,747 (35)
Total	62,00,717	26,895.16	25,85,371 (42)	19,394.61	9,37,824	7,500.55	26,77,522 (43)

Source: Information furnished by the Department (May 2024)

¹⁸ Those works which were completed but yet to be updated in the MIS.

It could be seen that there was decline in percentage of completed/physically completed works and expenditure incurred on ongoing works accounted for 28 *per cent* of the total approved cost. Incomplete works not only delays the envisaged benefits of wages to the individual but also the incomplete assets remain unusable to the community. Moreover, number of works not taken up (26.77 lakh) was more than the number of completed works, evincing that works were being approved in a routine manner rather than insisting on completion of works already taken up. Thus, the efforts under the Scheme to improve the quality of life of the villagers by creating durable assets fell short of the objective due to not completing the works timely. This also contravened the provisions of Paragraph 7.17.4 of Operational Guidelines as new works were taken up despite works lying incomplete for more than one fiscal year.

It could also be seen that almost the entire sanctioned cost during the years 2019-20 to 2021-22 was incurred towards 50 to 57 *per cent* of works, evidencing preparation of unrealistic estimates or non-revision of estimated costs as detailed in Paragraphs 5.4 and 5.7 respectively.

Scrutiny of MIS Reports **R6.12** of five test-checked districts for the period from 2019-20 to 2023-24 showed that 1,22,868 works involving an expenditure of ₹1,007.83 crore remained incomplete for more than one financial year. Audit scrutiny revealed that work start dates in 36,644 out of 1,22,868 works did not correspond to the work start financial year (2019-20 to 2023-24) mentioned in MIS Reports. Out of these 36,644 works, start dates in 1,968 works were pertaining to the earlier periods from 2008-09 to 2018-19. It was also observed that the work start dates were not mentioned in 14,228 works in MIS. Thus, the data regarding spilled over/incomplete works was not depicting the correct position raising doubt on reliability and integrity of the data available on public domain. Audit also observed in the test-checked districts that 9,266 works which had commenced during the period 2019-20 to 2023-24 remained incomplete with meagre expenditure of less than five *per cent* of the sanctioned estimated cost which is liable to be rendered wasteful due to passage of time. The expenditure on these works amounted to ₹3.62 crore (August 2024) as detailed in **Appendix 5.1**.

The Department stated (November 2024) that matter of incomplete works with less than 5 *per cent* expenditure was being followed up. Steps are being taken to mark long pending works as discontinued and to recover the expenditure incurred from the authority concerned.

Recommendation 11: Department should review the status of pending works and prepare an action plan to complete them or close them along with fixing responsibility for the monetary losses.

5.2 Implementation of convergence works

As per Chapter 15 of the Operational Guidelines, 2013, the objectives of MGNREGS, namely creation of durable assets and securing livelihood of rural households, could be facilitated through convergence of MGNREGS works with

resources of other programmes/schemes¹⁹ available with GPs and other line departments. These resources provided would either be in the nature of availability of funds or technical expertise/knowhow of officials of the line departments. Out of the test-checked 400 works in 40 GPs, 81 were convergence works of other line departments. The audit observations in this regard are as follows:

5.2.1 Absence of institutional framework for implementing convergence

The projects which were identified for convergence were required to be discussed in the Gram Sabhas located in the project area. Planning for works and managing the convergence require institutional arrangements for proper coordination at district, block and village level. As GPs were the custodian of shelf of works, all works proposed by other PIAs working in the same GP had to ensure that their proposals were passed in the Gram Sabha and included in the Annual Development Plan of the GP.

Audit observed that:

- 1) No discussion was held in Gram Sabha regarding 60 out of 81 convergence works implemented by agencies other than GPs.
- 2) Envisaged District Resource Group (DRG), Block Resource Group (BRG) and Village Resource Group (VRG) were not constituted in any of the test-checked districts, taluks and GPs respectively though mandated under Paragraph 15.3.1.3 of Operational Guidelines, 2013.
- 3) MoRD, GoI, had issued (November 2013) convergence guidelines between MGNREGS and PMGSY. However, Audit observed that the State Government did not constitute a convergence team consisting of senior officials of PMGSY and MGNREGS to operationalise these convergence guidelines.
- 4) MoRD Guidelines for GPDP, 2018, stipulated, *inter alia*, that Gram Panchayat Planning Facilitation Team (GPPFT) should be formulated for every GP for shared understanding and facilitation of the entire planning process orienting and activating them to take up and carry forward the entire process of GPDP. It was also mandated that District Level Coordination Committee (DLCC) should be constituted in each district which would ensure that GPDP are formulated in each GP in a time-bound manner. However, DLCCs were not constituted in any of the test-checked five districts and GPPFTs were not constituted in four²⁰ test-checked districts.

The State Government accepted (May 2025) the observation and assured that corrective action would be initiated.

¹⁹ Such as Finance Commission Grants, National Rural Livelihood Mission, Integrated Watershed Management Programme, Total sanitation Programme, Rashtriya Krishi Vikas Yojane, National Afforestation Programme, Pradhan Mantri Gram Sadak Yojane, National Horticulture Mission *etc.*

²⁰ Kalaburagi, Koppal, Mandya and Shivamogga

Thus, the requisite institutional support for convergence was not provided which resulted in various shortcomings in implementation of convergence works as detailed in succeeding paragraphs.

5.2.2 Fraudulent payment for housing works

In terms of convergence guidelines for construction of houses under MGNREGS issued (July 2014) by MoRD and the State Government Order dated 06 July 2016 (revised on 25 October 2022), the beneficiary under any State or Central Government housing scheme was eligible for 90 person days of unskilled wage component under MGNREGS, provided the construction work was undertaken by the beneficiary herself/himself. The objective was to compensate the beneficiary for the foregone wage employment. The wage payments for 90 days were to be made on the basis of stages of construction as detailed in Table 5.2 below. MoRD had also instructed (September 2021 and May 2022) that no State should be allowed to generate muster rolls against already completed houses.

Table 5.2: Person days to be provided for house construction

S. No.	Stage of construction of house	Person days to be provided (G.O. dt. 06.07.2016)	Person days to be provided (G.O. dt. 25.10.2022)
1.	Up to plinth level	28	28
2.	From plinth level to lintel level	24	24
3.	From lintel level to roof level	10	38
4.	From roof level to finishing	28	-
	Total	90	90

Source: Government Orders dated 06.07.2016 and 25.10.2022

As per MIS Report No. R6.12 (Dynamic Report for Monitoring and details of works) for the period from 2019-20 to 2023-24, there were 2,560 housing works involving an expenditure of ₹5.04 crore in selected 39 GPs²¹. Of these, Audit test-checked 847 works (expenditure of ₹1.91 crore) and compared them with details of stage-wise construction available on housing scheme websites²²

Scrutiny showed that payment aggregating ₹1.19 crore (62 per cent of ₹1.91 crore) in 653 cases (77 per cent of test-checked 847 works) was irregular for the reasons detailed below:

- a) In 462 cases payments were made under MGNREGS through generation of muster rolls for various stages of construction (foundation, lintel, roof, etc.). However, the data obtained from the websites of the housing schemes indicated that the houses were already completed during previous periods (Illustrations 1 and 2).
- b) Unskilled wage employment was provided in eight cases to persons who were ineligible beneficiaries under the housing schemes such as beneficiaries who did not own the requisite land or had availed housing scheme benefits for already constructed houses, etc.

²¹ Out of 40 selected GPs, there were no housing works under MGNREGS during 2019-20 to 2023-24 in one GP (Ambalga of Kamalapur Taluk of Kalaburagi District).

²² <https://awaassoft.nic.in/netiay/Beneficiary.aspx> for PMAY-Gramin and www.ashrya.karnataka.gov.in for other housing schemes

- c) In 117 cases, person days were paid in excess of the permissible limit for stage-wise construction of the houses (Illustration 3).
- d) Payments in 12 cases were made on muster rolls generated though no work had been executed as seen from the Bhuvan portal and same photographs were uploaded for different stages of work (Illustrations 4 and 5).
- e) Wage in seven cases were paid for construction of houses *which were not approved and taken up* under Central/State housing schemes (Illustration 6).
- f) In 47 cases, person days were provided in excess of stipulated 90 days or payment under the Scheme was made for the house which did not belong to beneficiary (Illustration 7).

Illustrative cases are detailed in Appendix 5.2. Taluk-wise details are tabulated below (Table 5.3), and GP-wise details are given in Appendix 5.3.

Table 5.3: Irregular expenditure on housing works (Taluk-wise)

District	Taluk	Total housing works in selected 39 GPs	Housing works test-checked by Audit		Housing works where objections were noticed	
			No.	Expenditure in lakh	No. (% to test-checked works)	Expenditure in lakh (%)
Kalaburagi	Aland	46	45	8.77	27 (60)	4.29 (49)
	Kamalapur	194	60	12.47	34 (57)	5.74 (46)
Koppal	Gangavathi	307	127	25.30	117 (92)	23.36 (92)
	Yelburga	488	113	24.36	112 (99)	21.77 (89)
Mandya	Maddur	197	78	18.38	48 (62)	8.04 (44)
	Mandya	175	80	17.54	45 (56)	5.83 (33)
Shivamogga	Sagar	234	80	20.80	63 (79)	10.77 (52)
	Shikaripura	125	80	19.61	47 (59)	6.67 (34)
Tumakuru	Tiptur	587	105	24.53	94 (90)	18.10 (74)
	Turuvekere	207	79	18.80	66 (84)	14.01 (75)
Total		2560	847	190.56	653 (77)	118.58 (62)

Source: MIS Report R6.12 dated 28.10.2024

It could be seen that such irregularities in test-checked works ranged from 56 per cent to 99 per cent in selected taluks which indicated that checks were not exercised which resulted in irregular payment of ₹1.19 crore. Payments were made without taking measurements at the worksites. Such high incidence of irregularities pointed to lack of monitoring at various levels thereby rendering MGNREGS funds susceptible to leakages and misuse. It was also further submitted that social audit, wherever conducted, had not pointed out any such deficiencies. These are only illustrative cases and possibility of more cases in other GPs could not be ruled out.

The State Government accepted (May 2025) the audit observations and stated that strict action would be taken on the officer and staff responsible. It was also stated that State would issue detailed guidelines to all CEOs on the observations made by Auditors and assured to avoid repetition of such cases.

5.2.3 Discrepancies in construction of solid waste management sheds

i) Fabrication of records and fraudulent payment for works not executed

The work (code-1515005/RS/93393042892277606) for construction of solid waste management (SWM compost pit shed) at GP, Babalad (IK) of Kamalapur Taluk, Kalaburagi District was included in the Annual Action Plan for the year 2020-21. The work was estimated to cost ₹19.45 lakh and the implementing agency was EE, Panchayat Raj Engineering Division (PRED), Kalaburagi. Administrative approval and technical sanctions were accorded during July/August 2021. As per records, the work was commenced during April 2023 and an expenditure of ₹18.45 lakh²³ has been incurred (November 2024). The work is still in progress.

Audit observed that records such as NMRs, material quotations and material bills including geo-tagged photograph were fabricated as detailed below:

- The AEE, Panchayat Raj Engineering Sub-division, Kalaburagi communicated the PDO, Babalad (IK) to commence the above work from 24 April 2023. However, the first NMR of the work was already drawn for the period from 24 March 2023 to 29 March 2023 (before April 2023) and an amount of ₹15,450 was paid on 19 May 2023 for 50 person days.
- None of the 20 NMRs utilised in this work was generated through NREGASoft as evident from absence of details of bank account numbers of the workers. Moreover, none of these had mention about corresponding page numbers of Measurement Book (MB). Further, the wage payment of ₹1.17 lakh was made (for eight NMRs for the period of work executed during the period from 24 March 2023 to 17 October 2023) without MB recording. The first MB recording was done subsequently on 02 November 2023.
- The Department procured material worth ₹15.06 lakh by inviting quotations without resorting to the tendering process in contravention of the provisions of KTPP Act. The quotations did not bear dates and signatures of the vendors/suppliers which vitiates the genuineness of the transaction.
- All 20 NMRs were showing the engagement of labour for the period from March 2023 to November 2023. However, the required material (bricks, cements, sand, steel and rubble stones) costing ₹5.99 lakh were procured *vide* invoices dated 01 February 2024. Procurement of these materials after the completion of labour work was inexplicable and raises doubt on the veracity of the work undertaken.
- During Verification of geo-tagged photographs (Stage-2) uploaded (30 January 2024) on Bhuvan Portal, photograph of another existing waste management shed was uploaded (Exhibit 5.1) to show the execution of the work at Babalad (IK). Physical Verification

²³ Labour - Rs.3.39 lakh and material - Rs.15.06 lakh

conducted by Audit on 24 August 2024 revealed that no structure /shed/ building was available at that location (Exhibit 5.2).



This shows that mandatory records such as NMRs, material bills, photographs, etc., were manipulated to facilitate irregular payment for the above work which was never executed. This amounts to probable embezzlement of Government funds.

ii) Full payments made for incomplete execution of SWM sheds

The construction of SWM compost pit shed under MGNREGS at Gram Panchayat, Kamalanagar in Aland Taluk was estimated at ₹19.45 lakh. The work was executed by PRED, Aland. As per the MIS data (25.10.2024), the work commenced on 19 January 2022 and completed on 24 March 2023, at an expenditure of ₹17.09 lakh.

Audit scrutiny showed that:

- Materials costing ₹15.45 lakh were procured without calling for tenders.
- MB was not kept on record. As a result, correctness of the payment made could not be ascertained.
- Project completion report, Stage-3 geo-tagged photograph and quality control reports were also not kept on record.
- The work was completed after incurring an expenditure of ₹17.09 lakh which included labour cost of ₹1.64 lakh and material cost of ₹15.45 lakh.

As per approved estimates and building plan, SWM shed along with four compost pits, five dry waste stores, one office room, two toilets, electrification works and sign board were included in the scope of work. However, the Joint physical verification (05 August 2024) showed that only shed with outer structure was completed and none of these remaining components which were included in scope of work were executed. Nevertheless, the work was shown as completed in MIS even though items

costing ₹6.00 lakh²⁴ remained to be executed as shown in the Exhibit 5.3 below:



This resulted in financial irregularity by making full payment for incomplete work besides non-fulfilment of the intended objective of constructing SWM compost pit shed.

The State Government stated (May 2025) that in both cases explanation would be sought from the concerned officers/staff and necessary action would be taken. The matter may be expedited in view of such serious irregularities.

5.2.4 Payments made for construction of check dams without actual execution

PRED Yelburga took up (2019-20) two works for construction of check dam at Talakeri GP, Yelburga Taluk, Koppal District at the estimated cost of ₹10.00 lakh each. Audit Scrutiny revealed that records were manipulated to make fraudulent payment of ₹14.42 lakh (October 2019 to August 2022) without executing the works. The details are given below:

- As per Paragraph 7.1.5 of AMC, 2019-20, any work, whose outcome/benefit depended on the completion of the work in its entirety should not be split into smaller works. However, the work of construction of check dam with eight arches was split into two works (four arches each) and estimate cost was restricted to ₹10 lakh each to avoid the sanction of competent authority (EE, PRED).
- The muster rolls in these two work files were not generated through NREGASoft and hence their authenticity was doubtful. For example, one of the muster rolls (No.7570) kept in the second work file (1520004/WC/ 93393042892253342) was created by tampering with the muster roll of another work file (1520004/WC/93393042892253335). Quotations for material bills were

²⁴ Cost of 32 civil items, 10 electrical items and sign board included in the estimates but not executed.

5.2.5 Doubtful expenditure on raising seedlings (Social Forestry)

Each asset under MGNREGS was to be geotagged (November 2017 onwards) along with two photographs of three stages, viz, i) before initiation of work ii) during the execution of work and iii) after completion of work.

In three works relating to raising of seedlings at Central (Kudarikotagi) Nursery by RFO, Social Forestry, Yelburga Taluk, it was observed that there were inconsistencies such as mismatch between measurements recorded and geotagged photographs, payment of material bills to vendors who did not participate in procurement process, etc. Details are given below:

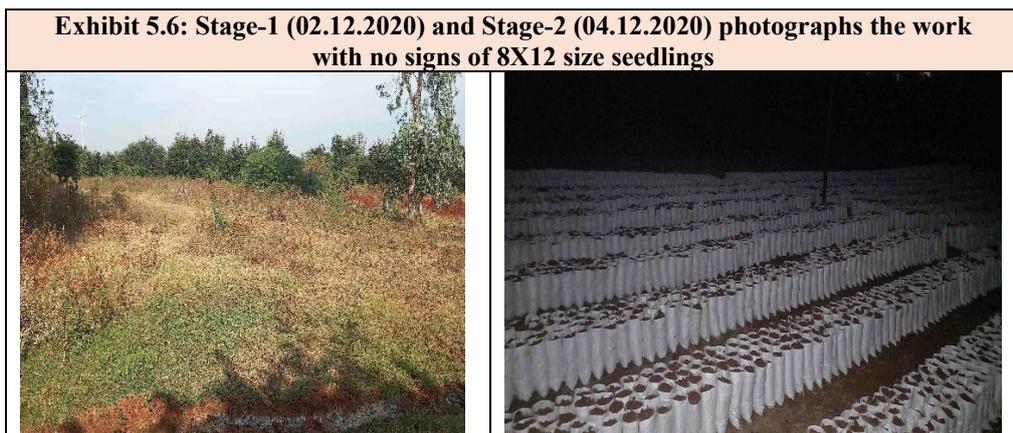
- As per records indicated in the MB of first work²⁵, plants were grown in the nursery during May 2020 to September 2020 and 10×16 size seedlings were watered twice a day till 01 September 2020 and expenditure of ₹3.35 lakh was made. However, Audit observed that the photograph (Stage-1) uploaded (06 September 2020) on Bhuvan portal did not show any seedlings on the site (Exhibit 5.5).

Exhibit 5.5: Stage-1 photograph (06.09.2020) of the work of seedlings where no seedlings were found	
	
stage:1 1 2	stage:1 1 2
Sl.No	127387809
Category	Drought Proofing
Sub-Category	Raising of Nursery for Community
Creation Time	2020-09-06 16:38:16
Sl.No	127387809
Category	Drought Proofing
Sub-Category	Raising of Nursery for Community
Creation Time	2020-09-06 16:38:16

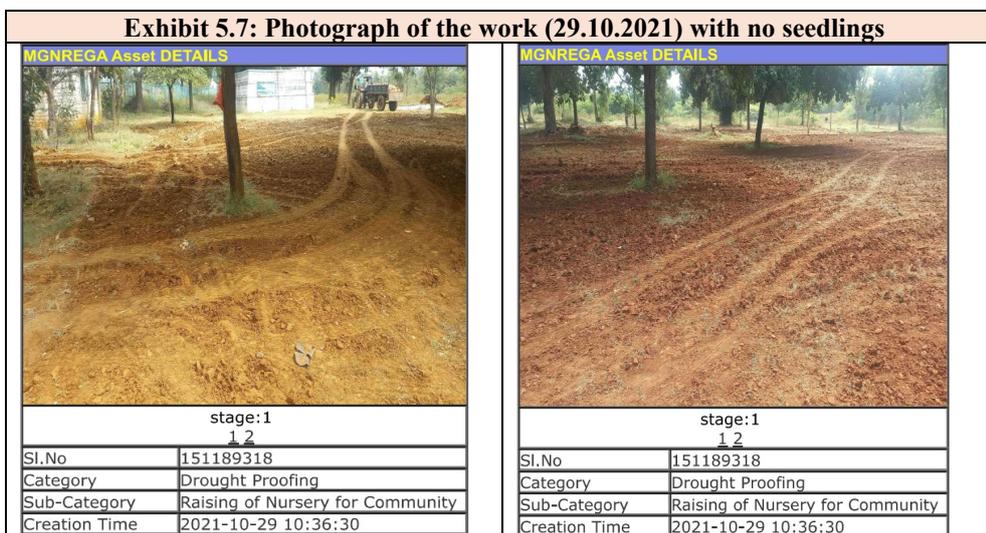
- In respect of second work²⁶ transplanting of 4” x 6” polythene bags into 8” x 12” polythene bags and watering of 50,000 polythene bags containing seedlings twice a day was carried out during the period from 29 September 2020 to 30 November 2020. For this, an expenditure of ₹11.89 lakh was incurred during this period. This was, however, not corroborated by Stage-1 and Stage-2 photographs uploaded on Bhuvan portal (Exhibit 5.6):

²⁵ Work of raising of 10 x16 size Pb seedlings (1520004/DP/93393042892249759) during 2020-21, Hirevankalakunta GP

²⁶ Work of raising of 8x12 Pb seedlings (1520004/DP/93393042892257741) during 2020-21, Geddigeri GP



- Similarly, in respect of third work²⁷, transplanting of 4” x 6” polythene bags into 8” x 12” polythene bags and watering of 50,000 polythene bags containing seedlings twice a day was carried out during the period from 09 October 2021 to 31 October 2021 at an expenditure of ₹7.75 lakh. However, this was not supported by Stage-1 photograph (29.10.2021) uploaded on Bhuvan portal (Exhibit 5.7):

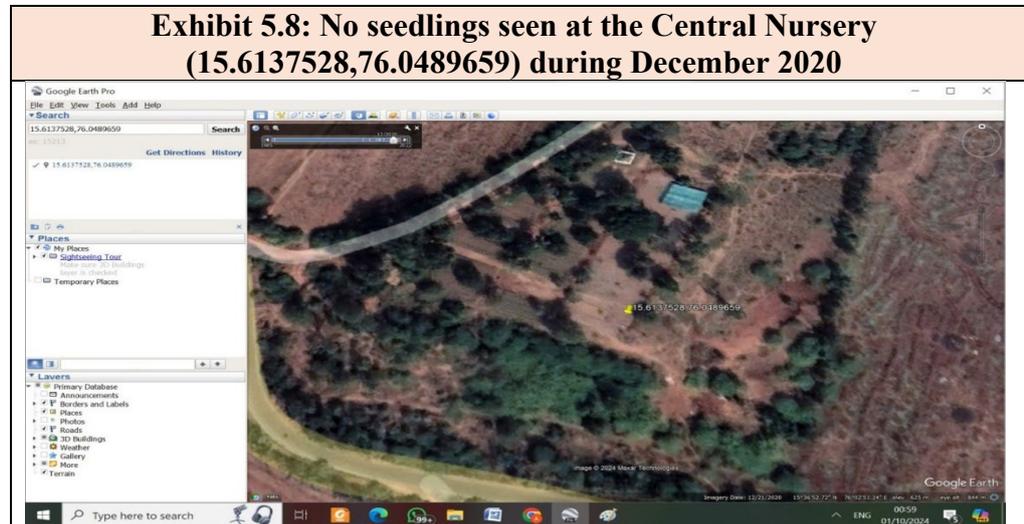


- Three²⁸ agencies were paid material amount aggregating ₹6.60 lakh though they were neither the L1 bidder nor had submitted any bill.
- As per the estimates of the third work the labour component was ₹1.31 lakh (454 person days) and material component was ₹16.36 lakh. However, only one person day (₹289) was generated, and the remaining entire amount of ₹14.77 lakh was paid to the vendors. Possibility of generating single person day to circumvent Paragraph 7.17 (f) of AMC 2029-20 which prescribed that wage payment must precede the payment for material could not be ruled out.

²⁷ Work of raising of 8 x 12 Size Pb seedlings (1520004/DP/93393042892305796) during 2021-22, Geddigeri GP

²⁸ M/s Pragathi Enterprises – ₹2.19 lakh (1520004/DP/93393042892305796) and ₹1.90 lakh (1520004/DP/93393042892257741); M/s RMR Enterprises – ₹2.00 lakh (1520004/DP/93393042892305796); M/s Balaji Polymers – ₹0.51 lakh (1520004/DP/93393042892249759)

- Muster rolls for first work pertained to the period from September 2020 to February 2021 and those for second work pertained to period from December 2020 to March 2021. Thus, seedlings should be visible from December 2020. Historical imagery of the location of the Central Nursery (Kudarikotagi) showed that no seedlings were raised during December 2020 (Exhibit 5.8):



In view of the above discrepancies, total expenditure of ₹34.55 lakh²⁹ incurred on test-checked three Social Forestry works of Yelburga Taluk was suspect.

The State Government replied (May 2025) that improper photos were uploaded on Bhuvan portal due to technical error and such mistakes would not be repeated. The reply is not acceptable as the geotagged photo was to be taken at the asset location and hence uploading of improper photo was not possible.

Recommendation 12: The Government should adhere to the institutional framework envisaged in MGNREGS for execution of convergence works.

Recommendation 13: The Government should investigate similar cases in all the GPs, ensure recovery of payments made along with fixing responsibility on erring officials.

5.3 Non-constitution of Technical Committees at District/Taluk level

Paragraph 4.4.3 of Operational Guidelines, 2013 provided that a District-level Technical Committee may be formed to guide the implementation of MGNREGS. The State Government instructed (January 2021) to constitute District and Taluk Level Technical Committees to ensure scientific preparation of estimates for MGNREGS works timely technical sanctions, adequate geo-tagging and implementation of quality works. These Committees were to meet once in every 15 days to verify the technical aspects of MGNREGS works.

²⁹ ₹ 5.14 lakh + ₹14.64 lakh + ₹14.77 lakh

It was seen that District-level Technical Committees (DLTCs) were not constituted in two districts (Kalaburagi and Tumakuru). In remaining three selected districts (Koppal, Mandya and Shivamogga), though the DLTCs were constituted, these Committees did not meet at the prescribed interval of 15 days. It was further observed that in selected ten Taluks, Taluk-level Technical Committees was constituted in Shikaripura Taluk only. Non-constitution of requisite Technical Committees and failure to conduct the meetings at prescribed interval adversely affected the implementation of MGNREGS works.

The State Government accepted (May 2025) the observation and stated that necessary directions would be issued to all the districts.

5.4 Discrepancies in preparation of estimates

5.4.1 Unrealistic estimates

Indicative framework for case record/work file issued (July 2017) by MoRD stipulated that preparation of technical estimate was mandatory for each work. Prior to the preparation of technical estimate, primary and secondary data was to be collected, based on which drawing and design of the work should be prepared. Technical sanction was to be accorded by the competent authority.

Scrutiny of records in eight test-checked GPs showed that though the estimates of 37 works included an amount of ₹4.89 lakh for engaging semi-skilled and skilled workers, they were not deployed and no expenditure was incurred on this component (detailed in **Appendix 5.4**). On the contrary, in three works in two GPs, the estimates included an amount ₹40,065³⁰ towards semi-skilled workers but expenditure of ₹69,452³¹ was incurred on skilled workers.

Records also showed that actual expenditure on material component was much lesser (ranged from 60-100 *per cent*) when compared with the sanctioned estimated amount (detailed in **Appendix 5.5**) in 22 works of seven GPs. Instances of unrealistic scope of work were also observed in few estimates which are detailed below:

Illustrations (unrealistic estimates)
1. Improvement of drain at Survey No. 116 at Geddigeri GP (1520004020/WH/93393042892217634) - Breadth of the drain (<i>nala</i>) recorded in the sanctioned estimate ranged from 35 m to 25 m whereas its actual breadth ranged from 2.7 m to 2.9 m as shown in the MB .
2. Desilting in southern part of tank at Talluru Village of Geddigeri GP (1520004020/WC/93393042892420413) - Breadth of the tank (<i>kere</i>) recorded in estimate ranged from 42 m to 20 m whereas its actual breadth ranged from 1.0 m to 15 m as shown in the MB .
3. Improvement of drain (<i>nala</i>) at Hunasihal Village of Gunnal GP (1520004007/WH/93393042892221219) - Breadth of the drain (<i>nala</i>) was taken 10 m whereas execution was only 3.5 m to 4 m as seen during joint inspection (19.07.2024).

³⁰ ₹4,390 (1521002003/IC/GIS/286377) and ₹31,075 (1521002003/WC/GIS/804398) in Chikkarasinakere GP, ₹4,600 (1521002035/IC/GIS/225880) in D.A. Kere GP.

³¹ ₹4,206, ₹60,796 and ₹4,450 respectively.

This shows that due diligence was not carried out while preparing estimates through conduct of survey and collection of requisite data regarding the work executed.

The State Government stated (May 2025) that capturing of pre-measurement of each work had been introduced from the year 2025-26 which would bring greater accuracy in estimates and execution.

5.4.2 *Inconsistencies in preparation of estimates*

Software for Estimate Calculation Using Rural rates for Employment (SECURE) was implemented from 01 April 2018 for preparing estimates of MGNREGS works in India. It is a workflow-based web application consisting of estimate preparation, generation of Administrative Sanction and Technical Sanction slip for MGNREGS works. One of the benefits/objectives of SECURE was to ensure that the process of estimate creation was standardized through provision of templates.

To ascertain the consistency in preparation of estimates through SECURE in selected GPs during the audit period (2019-20 to 2023-24), Audit analysed 2464 approved estimates of two individual works viz. (i) construction of cattle shed (estimated cost of ₹57,000) and (ii) construction of soak pit (estimated cost of ₹14,000) to assess the ratio of labour and material component. The State Government had prepared the model estimates wherein the prescribed ratios of unskilled labour to material were 14:86 and 37:63 respectively.

Audit scrutiny, however, showed that there was no consistency in the sanctioned estimates of these two works in selected GPs as detailed below:

- **Construction of cattle shed** – There were 669 such works with the sanctioned estimate cost of ₹57,000. The sanctioned labour amount in those works varied from ₹4,834 (8 per cent) to ₹16,956 (30 per cent). Accordingly, the ratio of unskilled labour to material ranged from 8:92 to 30:70.
- **Construction of soak pit** - In 1,795 works of soak pit with the sanctioned estimate cost of ₹14,000, the wage component varied from ₹2,808 (20 per cent) to ₹7,018 (50 per cent). As a result, the ratios of unskilled labour to material ranged from 20:80 to 50:50.

Thus, despite the provision of standardised template in SECURE, there was no consistency in preparation of estimates.

The State Government stated (May 2025) that appropriate directions would be issued to the districts regarding maintenance of wage to material ratio.

Recommendation 14: The Department should ensure the utilisation of SECURE software for standardisation and consistency in preparation of estimates for the works taken up under MGNREGS.

5.5 Irregular expenditure on works for creating individual assets

One of the goals of MGNREGA was to provide livelihood security for the poor through creation of durable assets, improved water security, soil conservation and higher land productivity. Paragraph 5 of Schedule-1 of MGNREGA and Government Order dated 02 August 2021 mandated that works creating individual assets should be prioritised on land or homestead owned by households belonging to various categories³² and following two conditions should be ensured while taking up individual works under MGNREGS:

- 1) Household of the selected beneficiary should have a job card; and
- 2) At least one member of the household of the selected beneficiary should be employed on such individual work.

NREGASoft was provided with inbuilt check to ensure that job card number of the owner of the private land or homestead on which work was taken up, must be entered along with work details (Paragraph 11.5 (xiv) of Operational Guidelines, 2013). NREGASoft reports titled ‘Capturing Individual Benefit Work’ contained details of the approved individual works and job card of the household concerned for whom individual benefit was to be provided. These details were entered at PIA level while generating the work.

Audit scrutiny of ‘Capturing Individual Benefit Work’ reports and Report 6.12 (Dynamic Report for Monitoring and details of works) of selected 40 GPs revealed that there were 18,459 individual works for which payments had been made. Audit also obtained (September to December 2024) the details of workers employed on these works from the office of the Commissioner.

Audit observed that out of 18,459 works, members of the household concerned (*i.e.* the household for whom the individual work was sanctioned) had worked only in 9,835 works (53 *per cent*). In remaining 8,624 works³³ wherein expenditure of ₹22.10 crore had been incurred (October 2024), Audit observed that none of the members of the household concerned was employed. An illustrative case is given below:

Illustration

Work - Construction of soak pit at the house of Smt. Kamalibai w/o Naganayaka of Salur Village, Shikaripura Taluk, Shivamogga (Work Code - 1524004010/IF/93393042892552015)

Job Card (JC) number of beneficiary household (Smt. Kamalibai) was KN-24-004-010-001/533. As per the Asset Register, total expenditure was ₹14,004/- and persons employed (14 person days) on this work were Smt. Lalithabai and Shri Channanayaka (JC number KN-24-004-010-001/540).

The above expenditure of ₹14,004/- was irregular as individual work pertained to the household of Smt. Kamalibai but none of her household members had participated in this work. This was violative of the provisions of MGNREGS.

³² SC, ST, Nomadic Tribes, De-notified Tribes, other BPL families, Women-headed households, Physically handicapped headed households, *etc.*

³³ with approved cost of ₹34.74 crore

Thus, individual assets were created for those households which did not fulfil the employment obligations under the Scheme. This not only resulted in irregular expenditure of ₹22.10 crore (detailed in **Appendix 5.6**) but also deprived livelihood security to eligible households. As these are only illustrative cases in sampled GPs, possibility of similar omission in other GPs of the State could not be ruled out.

The State Government accepted (May 2025) the observation and stated that corrective measures would be taken to prevent such irregularities.

5.6 Irregular splitting of works

Paragraph 7.1.5 of AMC, 2019-20, stipulated that any work, whose outcome/benefit depended on the completion of the work in its entirety should not be split into smaller works *e.g.* if desilting of a canal was to be carried out for 10 km, then its estimate should not be split into smaller pieces. Paragraph 7.2.2 stipulated that works which were non-tangible, not measurable and repetitive in nature should not be taken up under MGNREGS.

The financial delegations for technical/administrative sanctions for GP works (up to Rs.30 lakh) was as follows (**Table 5.4**):

Table 5.4: Financial delegation for according financial/administrative sanctions to GP works up to ₹ 30 lakh

Cost of work (Rs.)	Technical Sanction Authority	Administrative Approval Authority
0 to 3 lakh	Technical Coordinator	PDO and President
>3 lakh to 10 lakh	AEE, PRED	
>10 lakh to 30 lakh	EE, PRED	EO, TP

Scrutiny of MIS Report **R6.12** (Dynamic Report for Monitoring and details of works) of sampled GPs for the period from 2019-20 to 2023-24 showed that 13 GPs had split 65 works (estimated cost of ₹42.15 crore) into 463 works with cost ranging from ₹2.41 lakh to ₹10 lakh. Details are given in **Appendix 5.7**.

All these works (except one work of construction of compound wall in GP, Marali of Gangavathi Taluk) were desilting works which were repetitive in nature and were not susceptible to measurement. Execution of such works and splitting into smaller works, therefore, contravened the provisions stipulated in AMC. This resulted in irregular expenditure of ₹28.17 crore incurred (October 2024) on these works without obtaining the sanction of competent authority.

Audit also observed that photographs in some of these cases uploaded on Bhuvan Portal were not genuine as these were not captured from the work sites but appeared to be taken from existing/old photographs (**Exhibits 5.9** and **5.10**). The above practices call into question issues of transparency and genuineness of the work.



The State Government accepted (May 2025) the observation and stated that directions had been issued for not splitting any work.

5.7 Expenditure incurred in excess of sanctioned cost

Paragraphs 7.17.3 of Operational Guidelines, 2013 and 21.6.4 of AMC, 2019-20 mandated that in respect of projects which were under execution when the Schedule of Rates (SoR) were revised, the District Programme Coordinator must conduct a survey re-estimating the value of the unfinished portion of works. The estimates of these works were to be recalculated based on the new unskilled wage rate and material rate/semi-skilled/skilled labour component were not to be changed. The entire process of re-estimation must be done within a period of one month from the revision of SoRs. Similarly, in respect of projects not yet started, the District Programme Coordinator must revise the approved estimates on a *suo moto* basis, and the approval of the revised estimates conveyed to PIAs. The revised estimate was required to be entered in NREGASoft following the same process as for original estimate.

MoRD, while reviewing the status of incomplete/ongoing works till FY 2016-17, instructed (February 2018) that the works with expenditure more than the sanctioned cost should be reviewed and necessary action taken in this regard.

Analysis of MIS Report **R6.12** (Dynamic Report for Monitoring and details of works) of five test-checked districts (Kalaburagi, Koppal, Mandya, Shivamogga and Tumakuru) for the period from 2019-20 to 2023-24 showed that expenditure of ₹14.29 crore was incurred in excess of the sanctioned cost in respect of 17,816 works (4,109 community works and 13,707 individual works). Evidently, the instructions related to revising the estimates were not adhered to in the test-checked districts and this resulted in expenditure in excess of sanctions to an extent of ₹14.29 crore. District-wise details are given in **Appendix 5.8**.

The State Government stated (May 2025) that excess expenditure pertained to wage revision when the works got spilled over to the next year. It was further submitted that from 2023-24 onwards, there was a check by default (in built in system) to not exceed either wage or material cost. Reply confirms the audit contention that estimates of spill-over works were not revised as required. Audit also noticed excess expenditure in 126 (43+83) works pertaining to the year 2023-24 contrary to the reply furnished.

5.8 Works reported as completed even after incurring less than five per cent of the sanctioned estimate

Audit scrutiny (July 2024) of MIS Report No. **R6.12** (Dynamic Report for Monitoring and details of works) of five test-checked districts for the period from 2019-20 to 2023-24 revealed that there were 1,929 works (421 community works and 1,508 individual works) which has been shown as completed though the expenditure incurred on these works was less than 5 per cent of the sanctioned estimated cost. Total expenditure on these works was ₹58.16 lakh (**Appendix 5.9**). The details regarding physical progress achieved was not available in MIS.

Further scrutiny showed that expenditure in majority of these works was incurred towards part payment of unskilled wage component and no expenditure was incurred on material despite provision in the estimates.

Test-check of the photographs available on BHUVAN and details from Asset Register showed that these works were stopped after incurring initial expenditure and shown as completed in MIS. Some of the photographs are shown below (**Exhibit 5.11**):

Exhibit 5.11: Photographs depicting status of works shown as completed with expenditure less than 5 per cent of estimated cost

		
Community work at Tumakuru	Community work at Koppal	Individual work at Shivamogga
Work Code - 1525003016/ RC/93393042892273049	Work Code - 1520001/WC/ 93393042892222421	Work Code - 1524004022/IF/GIS/417469
Work of construction of CC road at estimated cost of ₹9.93 lakh was shown as completed (18-03-2024) after incurring an expenditure of ₹12,375/-.	Check dam was to be constructed at an estimated cost of ₹9.90 lakh. Expenditure of ₹47,808/- was incurred in June 2019 and work was shown as completed (1-04-2021)	Cattle shed was proposed to be constructed at estimated cost of ₹0.57 lakh. Work was shown as completed (13.03.2024) after paying unskilled wages of ₹2,781/-.

Thus, the objectives of creating durable assets for the community and extending individual benefits to the rural households were not achieved. This also resulted in wasteful expenditure of ₹58.16 lakh incurred on these incomplete works. These are the test-checked cases only and possibility of similar cases could not be ruled out.

The State Government stated (May 2025) that CEOs of the ZPs had been instructed to recover the payment made to these works from the concerned and deposit it to the SEGC Account. Necessary directions had also been issued to clear pending payment on material component.

5.9 Irregular expenditure on material payment to agencies

The Commissioner, MGNREGS had instructed (October 2013 and December 2021) that full amount of material cost of individual works must be paid into beneficiaries' bank accounts. This was also reiterated in sample IEC template on individual benefits circulated (March 2020) by MoRD.

Scrutiny of vendor-wise expenditure reports (Report **S5.13** of MIS) of test-checked GPs for the period 2019-20 to 2023-24 showed that cost of material in respect of 3,695 individual works of 39 out of 40 test-checked GPs (except Uduvani GP of Shikaripura Taluk) was paid by Department directly to agencies (vendors) instead of paying it to beneficiaries' bank accounts. Out of ₹4.27 crore payable to 146 material suppliers (agencies), an amount of ₹4.13 crore has already been paid and ₹13.66 lakh was pending for payment (October 2024). Taluk-wise and GP wise details are given in **Appendix 5.10**.

This not only resulted in irregular direct payment to material suppliers contrary to the specific directives of MoRD and Commissioner, MGNREGS but also extended undue financial favours.

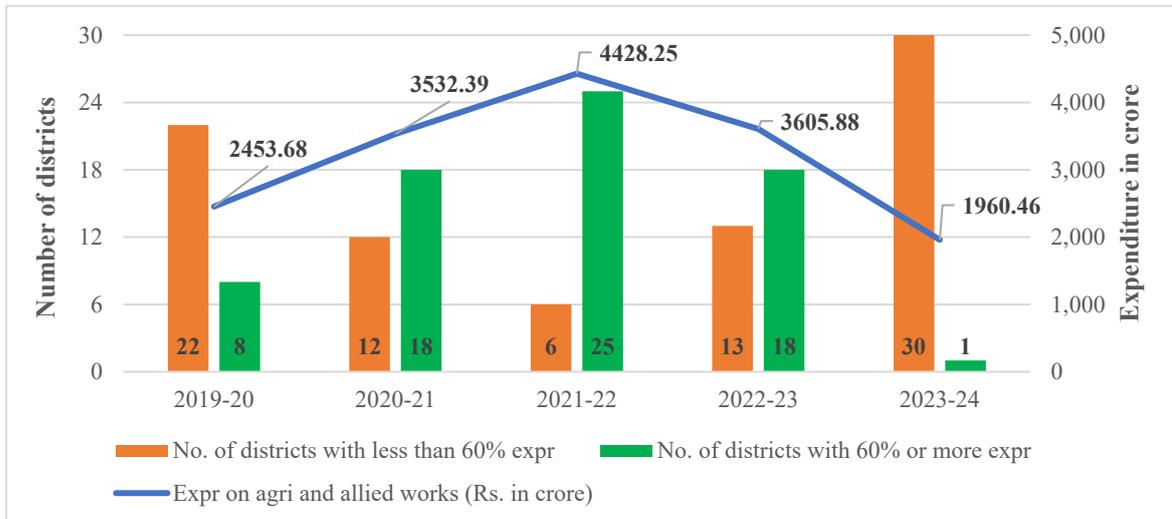
The State Government while accepting the observation attributed (May 2025) it mainly to the inability of the beneficiaries to purchase the required materials. This was, however, contrary to its own directions.

5.10 Non-achievement of targets for expenditure on agriculture-allied works and Natural Resources Management works

The proviso below Paragraph 4 (2) of Schedule-1, MGNREGA made District Programme Coordinator responsible to ensure that at least 60 *per cent* of the works taken up in a district in terms of cost should be for creation of productive assets directly linked to agriculture and allied activities through development of land, water and trees.

Scrutiny of information furnished showed that number of districts with less than 60 *per cent* expenditure on agriculture and allied works ranged from 6 (2021-22) to 30 (2023-24). Details are given in **Appendix 5.11**. The expenditure on agriculture and allied works increased significantly during the period from 2019-20 to 2021-22 and declined thereafter (exhibited in **Chart 5.2**). This adversely affected the objective of improving the livelihoods of rural communities by boosting agricultural productivity and income generation.

Chart 5.2: Non-achievement of targets for expenditure on agriculture and allied works



Source: Information furnished (December 2024) by the Department

Similarly, out of 78 Mission Water Conservation (MWC) Blocks³⁴ in Karnataka, the requisite percentage (65 per cent) of expenditure on Natural Resource Management (NRM) works³⁵ was not maintained in 15 to 77 MWC Blocks.

The State Government stated (May 2025) that action would be taken to increase the percentage of expenditure on agriculture and allied activities. It was also stated that prescribed NRM expenditure was maintained except for the year 2019-20. The reply is not acceptable as the information furnished pertained to the overall status of the State whereas there were shortfall in NRM expenditure in the MWC Blocks.

5.11 Mission Amrit Sarovar – works executed in disregard of criteria

The Mission Amrit Sarovar was launched on 24th April 2022 by Hon'ble Prime Minister with objective of "construction/development of at least 75 *Amrit Sarovar* (ponds) in every district of the Country". As per the guidelines, each *Amrit Sarovar* was to have pondage area of minimum of one acre (0.4 hectare) with water holding capacity of about 10,000 cum. The guidelines also stipulated that funds for this activity could be pooled in from MGNREGS.

As per information furnished (July 2024 and November 2025) to Audit, 4,177 *Amrit Sarovar* works taken up in Karnataka under various schemes, out of which 4,056 works were reported as completed. It was further furnished that 3,118 works were taken up under MGNREGS and 3,031 works were completed (September 2024).

Audit scrutiny revealed that in completed 1,115 works (37 per cent), prescribed criteria of having pondage area of minimum of one acre (0.4 hectare) and water

³⁴ Regions identified as highly stressed with regard to groundwater exploitation.

³⁵ Watershed management works (such as contour trenches, terracing, contour bunds, boulder checks, etc.), renovation of traditional water bodies including desilting of irrigation tanks, afforestation, tree plantation, land development works in common land, etc.

holding capacity of about 10,000 cubic metre was not satisfied. This resulted in expenditure of ₹51.61 crore on these 1,115 works which did not fulfil the required criteria.

The Commissioner, MGNREGS had requested (25.01.2024) GoI to accord approval for regularising such non-ideal *Amrit Sarovar* sites citing hindrances to expansion of these water bodies due to lack of sufficient open spaces, tanks being pitched with granite or hard stones and having cultural/historical significance, *etc.* The approval was awaited (October 2024).

The State Government, while accepting the observation, reiterated (May 2025) that proposal for regularizing it was pending with GoI.

5.12 Non-achievement of objectives of Cluster Facilitation project

Cluster Facilitation Project (CFP) was initiated with a vision of addressing poverty through a multi-pronged strategy of leveraging of synergies of different flagship programmes of the Central Government / State Government in convergence with MGNREGS through better coordination, planning and implementation in 250 blocks of 117 aspirational districts and 50 blocks of other backward regions across the Country. MoRD was to bear 100 *per cent* of the cost of CFP and project period of CFP was from 1st April 2020 to 31st March 2023. Depending upon the performance and the requirement of the CFP, the duration could be further extended for a period of two years. In Karnataka, five Taluks (Chincholi, Devadurga, Raichur, Yadgir, and Shorapur) were selected for CFP.

Audit observed that CFP in Karnataka did not get the requisite financial support and failed to achieve majority of identified deliverables as detailed below:

- i) CFP became operational in Karnataka from March 2021. The project was extended initially for one financial year up to 31 March 2024 and later extended up to 31 March 2025. For implementing the project, Department had demanded an amount of ₹384.37 lakh (₹268.87 lakh in 2020-21 and ₹115.50 lakh in 2023-24) under the budget head “Capacity building & technical support” of CFP under MGNREGS.

Against this demand, only ₹67.22 lakh (17 *per cent*) was released in 2020-21. As on March 2024, total expenditure of ₹294.56 lakh under CFP was incurred under selected five taluks which included funds of ₹217.95 lakh which were diverted from MGNREGS Fund along with interest of ₹9.39 lakh.

- ii) Paragraphs 12.1 and 12.2 of CFP Guidelines specified about deliverables to be achieved from the commencement of CFP. After achieving the target in 18 months from start of the project, CFP would move to the next block. The details of achievements against the targets in these selected five CFP Taluks (**Appendix 5.12**) revealed that the achievement in ten (out of 14) deliverables was short of target. In five deliverables, the achievement was very less than the target as detailed in **Table 5.5**.

Table 5.5: Details of targets and achievements under CFP

Deliverables	Target	Range of achievement
Expenditure under NRM works	65	36 per cent (Shorapur) to 53 per cent (Yadgir)
Expenditure on individual works	60	34 per cent (Chincholi) to 58 per cent (Shorapur)
Expenditure on agriculture and allied works	60	20 per cent (Raichur) and 48 per cent (Shorapur)
SC/ST households.	10 per cent more person days than the district average	Not achieved in Devadurga, Raichur, Yadgir, and Shorapur Taluks
Works to be taken up as per GIS based INRM Plan	100	41 per cent (Devadurga) to 69 per cent (Shorapur)

- iii) At the district and taluk level, review meeting was to be conducted once in a month and a week respectively. Scrutiny of information furnished by the Department showed that there was shortfall in conducting weekly review meetings³⁶ in three CFP Taluks (Devadurga, Raichur and Shorapur) during the period from 2021-22 to 2023-24.

Thus, CFP failed to achieve its intended objective of effective implementation of MGNREGS through better planning, coordination and monitoring, despite incurring an expenditure of ₹294.56 lakh.

The State Government accepted (May 2025) the observation and stated that necessary directions would be issued to the concerned districts and clusters.

5.13 Implementation of Unnati Scheme

Project 'Unnati', a skilling project (launched in the year 2020-21), intended to upgrade the skill base of MGNREGS beneficiaries, and thereby improving their livelihoods so that they could move from the current partial employment to full-time employment. The objective was to reduce their dependence on MGNREGS.

This project was meant to provide training to one adult member of a household who had completed 100 days of work under MGNREGS in the previous financial years. Training under Unnati was to be imparted by Institutions like Deen Dayal Upadhyaya Grameen Koushalya Yojana (DDU-GKY), Rural Self Employment Training Institute (RSETI) and Krishi Vigyan Kendra (KVK) and covered areas such as dairy farming, mushroom cultivation, sheep rearing, etc.

Scrutiny of records showed following deficiencies in its implementation:

- i) No training was conducted under DDU-GKY and KVK training programmes during the period from 2020-21 to 2023-24;

³⁶ Shortfall in weekly review meetings - Devadurga Taluk (5 to 7), Raichur (3 to 5), Shorapur (16 to 24).

- ii) Against the target of training 7,963 beneficiaries for the entire State, 3,712 beneficiaries (47 *per cent*) were trained by RSETIs during the period from 2020-21 to 2023-24.
- iii) The Department did not have information about unskilled workers who had shifted as skilled worker or self-employed person after attending RSETI training. Comparison of training details with respective job cards, however, showed that candidates continued to work as unskilled workers under MGNREGS as illustrated below:

Illustration

Candidate Name: Shri K. C. Doddegowda from Kodihalli Village, Gyarahatta GP, Tiptur Taluk, Tumkuru District (having Job Card No. KN-25-008-005-017/77) had attended training from 18 September 2021 to 30 September 2021 (13 days) under RSETI Scheme and was also paid the stipend of Rs.3,757/-.

The latest MGNREGS work where the candidate was employed as unskilled worker is cemetery development work (December 2024) (Code-1525008005/AV/93393042892343077).

Thus, the Department failed to implement Unnati – a skilling project which was aimed to improve livelihoods of beneficiaries enabling them to move from the current partial employment to full-time employment and reduce their dependence on MGNREGS.

The State Government stated (May 2025) that necessary directions would be issued to conduct trainings as per the approved plans and requisite data of the candidates would be collected.

5.14 Other irregularities/deficiencies in implementation of test-checked works

As stated in Chapter II, Audit selected 400 works (10 works in each of the 40 GPs) for Joint Physical Verification (JPV). This included 319 GP works and 81 convergence works.

Paragraph 7.12.5 of AMC, 2019-20, contained indicative framework for each work file and specified standard set of documents/records to be maintained for each work under MGNREGS. This would enable review, monitoring and auditing of the implementation of the work during execution and after implementation.

Discrepancies noticed while reviewing the documents of test-checked works are discussed in succeeding paragraphs:

5.14.1 Non-prioritisation of works to be taken up

One of the paradigm shifts under MGNREGS was that plans and decisions regarding the nature and choice of works to be undertaken, the order in which each work was to be triggered (priority), site selection, *etc.*, were all to be made

in open assemblies of the Gram Sabha (GS) and ratified by the GP (Paragraphs 1.4 (x) and 7.1.5 of Operational Guidelines, 2013). The order of priority of works should be determined keeping in view potential of the local area, its needs and local resources (Paragraph 4(2) of Schedule-I to the Act).

It was seen that test-checked GPs (in eight³⁷ out of 10 Taluks) did not prepare proper annual plans as stipulated in the Operational Guidelines by giving priority to works to be executed during the ensuing year and lacked systematic approach to ensure optimum utilisation of limited resources available in creating assets as envisaged.

The State Government stated (May 2025) that introduction of online preparation of action plan from 2025-26 would address such issues.

5.14.2 Non-accordng of administrative approval and technical sanction

Paragraph 7.12.5 of AMC 2019-20 stipulates that copies of Administrative and Technical Sanction orders of works taken up under the Scheme should be kept in the work file.

Audit scrutiny of the selected works revealed that:

- 1) Administrative sanctions in 24 test-checked works were either not on record or not accorded by the competent authority;
- 2) technical sanctions in 25 works were not accorded by the competent authority;
- 3) dates of technical sanction (64 works) and administrative approval (48 works) were not indicated.

In the absence of required sanctions/details, the possibility of unauthorised execution of works could not be ruled out.

The State Government stated (May 2025) that checklist of work file was being thoroughly inspected by the officials concerned. The reply did not address the observation about specific omissions pointed out by Audit.

5.14.3 Measurement of works

Paragraph 7.13.2 of Operational Guidelines, 2013 stipulated that weekly measurement of works should be undertaken by measurement officers (Technical Assistants/Junior Engineers). Measurement officers should ensure that all measurements were taken within three days after close of weekly muster rolls. This was crucial for timely payment of wages.

Test-check of work files in sampled districts showed that (i) weekly measurements of works were not undertaken by technical officers in 150 works (38 *per cent*) and (ii) measurements were not taken within three days of closure of muster rolls in 115 works (29 *per cent*). Further, the requisite check measurements by the competent authority were not done in 163 (41 *per cent*) out of 400 test-checked works.

³⁷ Aland, Gangavathi, Yelburga, Mandya, Maddur, Sagar, Tiptur and Turuvekere.

Audit also observed that there were differences in material payment when compared with details mentioned in invoices/Measurement Books (MB):

- In respect of 23 test-checked works, the vendors/suppliers were paid ₹132.26 lakh though the amount payable as per invoices/MBs was ₹60.20 lakh, resulting in excess payment of ₹72.06 lakh.
- In 32 works, though the total amount as per the invoices was ₹127.60 lakh, payment recorded as per MIS was ₹110.56 lakh indicating short payment of ₹17.04 lakh.

The State Government accepted (May 2025) the observation and attributed it to work overload of Engineers. The fact remains that authenticity of payments made were questionable and needed investigation.

5.14.4 Quality Control and Transparency

With an objective to improve the transparency, MoRD had mandated geo-tagging of all MGNREGS assets at three stages - beginning of the work, mid-way and on work completion. Each photograph was to be taken from the same angle and landmark with the date printed over it. At least one geo-tagged photograph of the asset had to be attached in case record/work file. (Paragraph 7.12.5 of AMC, 2019-20).

Audit scrutiny of work files in test checked GPs revealed various discrepancies as detailed below:

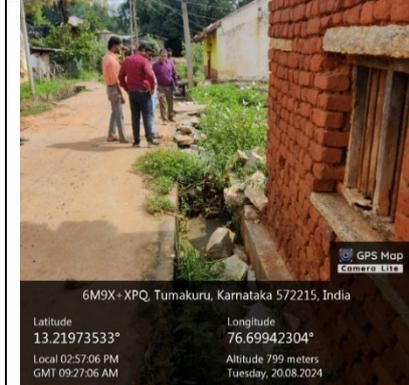
- Not a single geo-tagged photograph of the asset was attached in 163 completed work files.
- In 275 works, photographs were not taken from the same angle/landmark with date printed over it.
- Third stage photographs were not uploaded in 64 (18 *per cent*) out of 362 completed works. In case of 129 (36 *per cent*) completed works, 3rd Stage photograph were uploaded beyond the stipulated 30 days of completion.
- There was no documentary evidence of having conducted quality checks/control in test-checked 398 works.
- During JPV, it was observed that requisite Citizen Information Boards were not provided at the work sites of 265 (66 *per cent*) works. Test-check of photographs uploaded on BHUVAN also showed that Information Boards were not visible in respect of 153 (38 *per cent*) works.
- Paragraph 7.16.1 of Operational Guidelines, 2013, stipulated that on completion of every project, a Project Completion Report (PCR) should be prepared as per the prescribed format in the Works Register. However, PCR were either not available or were not in the prescribed format in 160 (44 *per cent*) out of 362 completed work files.

The State Government accepted (May 2025) the observation and assured of issuing necessary directions to implementing agencies to follow the procedures.

5.14.5 Unfruitful/Wasteful expenditure

Creation of durable assets and strengthening of rural livelihood base were important objectives under the Scheme. However, JPV of the test-checked works with department officials revealed the following:

- i) In 19 test-checked cases, works (construction of soak pits, CC roads/drains, etc.) were either defunct or not in use. As a result, expenditure of ₹80.17 lakh incurred on these 19 works was rendered unfruitful. Some of the illustrative cases are given below (**Exhibits 5.12 to 5.14**):

		
<p>Exhibit 5.12 Code - 1515002014/ RC/ 93393042892366875</p>	<p>Exhibit 5.13 Code - 1525008019/ WC/ 93393042892206702</p>	<p>Exhibit 5.14 Code - 1525010022/ FP/ 93393042892271444</p>
<p>Earthen (<i>kachcha</i>) road constructed at Ambalaga (Kamalapur taluk, Kalaburgi District) was not usable for want of upgradation.</p>	<p>Defunct water channel constructed in Dasarighatta (Tiptur Taluk, Tumakuru District) for want of maintenance.</p>	<p>CC drain constructed in Hullekere (Turuvekere Taluk, Tumakuru District) was blocked with boulders and was also covered with weeds.</p>

- ii) As per Paragraph 7.12.2 of AMC, 2019-20, expected durability of water conservation and water harvesting works (including construction of farm ponds) was 15-25 years (*pucca* works) and 5-10 years (*kachcha* works).

Three farm ponds³⁸ which were claimed to have been constructed (between May 2021 to April 2023) at an expenditure of ₹2.25 lakh in two test-checked GPs (Kyathgahtta and Mudagandoor of Mandya District) were not found to be in existence during JPV conducted in August 2024. The PDOs accepted (July 2024) the audit observation and stated that notice would be issued to individual beneficiaries and action taken as per Scheme guidelines.

- iii) Similarly, expenditure of ₹15.93 lakh incurred by Bytharahosahalli GP of Turuvekere Taluk was rendered wasteful due to improper execution/incorrect selection of work (**Table 5.6**).

³⁸ 1521002/IF/93393042893018142 (₹92,480), 1521002022/IF/GIS/89148 (₹68,259) and 1521004077/IF/93393042892496864 (₹63,840)

Table 5.6: Wasteful expenditure at Bytharahosahalli GP

Work Code	Work name	Expenditure in lakh	Remarks
1525010020/FP/ 93393042892238223	Flood control work from Y T Road to Village backside	8.38	As per the site conditions and plan, the drain should have been constructed straight down to the end of the road. However, a temple was located at this point and the drain was diverted at 110 m by crossing the road and drained towards the Nala behind few houses in the locality resulting in water contamination in the area.
1525010020/RC/ 93393042892286371	Construction of metal road in Varahasandra Village	7.55	The WBM road constructed towards, the dry waste collection centre was worn-out. The dry waste collection centre was abandoned as it was located in elevated rocky terrain.
Total		15.93	

Source: Test-checked work files

The State Government accepted (May 2025) the observation and stated that due action would be followed.

5.14.6 Execution of non-permissible work

Construction of *pucca* boundary wall (RCC/masonry) for crematoria was not allowed under MGNREGS.

Contrary to above, the AEE, PRED, Aland, Kalaburagi District, prepared (March 2023) an estimate of ₹8 lakh for constructing *pucca* (RCC/masonry) boundary wall surrounding the graveyard at Telekuni Village, Kinni Sultan GP, Aland Taluk (MGNREGS

Work Code - 1515002/RS/93393042892299161). The work was completed (November 2024) after incurring an expenditure of ₹6.89 lakh.



The irregular expenditure of ₹6.89 lakh incurred on non-permissible work was recoverable from the concerned officials/agency as per the advisory issued (20.10.2021) by MoRD. The State Government should ensure due recovery of such expenditure and deposit the recovered amount into SEGF account under intimation to the Ministry.

The State Government stated (May 2025) that explanation would be called for from the official concerned and action would be taken accordingly.

5.14.7 Discrepancies in muster rolls

NREGASoft contained the provision to generate electronic muster rolls (e-Muster rolls) with pre-printed name of the workers allocated to a worksite having a unique MIS generated muster roll number. In terms of Paragraph 12.3 of AMC, 2019-20, Program Officer was the competent authority to issue the muster rolls required for marking attendance of workers. Only those muster rolls that were signed/certified by the competent authority were considered authentic for generation of pay orders. District Programme Coordinator was responsible to ensure periodic verification of muster rolls and Social Audit was to verify its correctness by contacting the wage seekers (Paragraphs 2.3.1 and 13.3.4 of Operational Guidelines).

Scrutiny of records in test-checked works showed following discrepancies in muster rolls:

- i) Manipulation of muster rolls – In 1,799 muster rolls used for marking attendance in 257 works of 39 test-checked GPs (except Kinni Sultan), Audit observed that the e-muster rolls were not generated through NREGASoft but were found to be generated through unauthorised source/software such as www.scientysoft.com. This was confirmed as the requisite information such as bank accounts details of the beneficiary, details regarding financial year, captions such as name of Scheme/work, MGNREGS logo, etc., were not available on the muster rolls generated from sources other than NREGASoft. Illustrative cases of a system-generated (NREGASoft) muster roll and unauthorised muster roll are exhibited below (Exhibits 5.15 and 5.16).

ರಾಷ್ಟ್ರೀಯ ಗ್ರಾಮೀಣ ಉದ್ಯೋಗ ಸಾಕರಿ ಯೋಜನೆ
ಸುಸ್ತು ರೋಲ್ (For Unskilled Labourer)



ಎಸ್ಟಿಂಟ್ (MB) ಸಂಖ್ಯೆ _____ Page No. _____ Signature of Issuing Officer with seal

ರಾಜ್ಯ: ಕರ್ನಾಟಕಾ ಸುಸ್ತು ರೋಲ್ ಸಂಖ್ಯೆ : 170 Muster Roll Printing date : 04/04/2025 ಶಿಬಿರ: SHIVAMOGGA ತಾಲ್ಲೂಕು: SHIKARIPUR ಪಂಚಾಯತ: BEGURU Financial Year: 2025-2026

ಉಪರಾಜ್ಯ ಸಂಖ್ಯೆ : 1524004009/WH/933393042892265516 ಉಪರಾಜ್ಯ ಸಂಖ್ಯೆ : 1524004009/WH/933393042892265516

ದಿನಾಂಕ: 01/04/2025 ದಿನಾಂಕ: 07/04/2025 ತಾಂತ್ರಿಕ ಸಂಜ್ಞಾ ಸಂಖ್ಯೆ & ದಿನಾಂಕ : 1524004009/2024-2025/75325/TS(01/03/2025) Financial sanction no & Date : 1524004009/2024-2025/75325/AS(03/03/2025)

Name of technical staff responsible for measurement : CHANDAN K P (Technical Assistant Engineer)

ಕ್ರ.ಸಂ.	ಕೆಸು/ನೋಡ್ ಸಂಖ್ಯೆ	ಮುಖಂಡ ಮುಖಂಡರ ಹೆಸರು	ಉಪರಾಜ್ಯ ಹೆಸರು	ಹೆಸರು	ಬಾಂಕು ಸಂಖ್ಯೆ	ದಿನವೇ ಪಾಟರಾತಿ							ಒಟ್ಟು ಪಾಟರಾತಿ	ಒಂದು ದಿನದ ಪಾಟರಾತಿ	ಪ್ರಯೋಗ ಶುಲ್ಕ / Sharpening Charge	Implements / Sharpening Charge	ಒಟ್ಟು ಸೇವೆ	ಅಧಿಕಾರಿ ಸಹಿ/ ಸಂಪೂರ್ಣ ರೂಪ	
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3	KN-24-004-009-003/10	ಮಹಾದೇವ್	ಶಶಿ	ಬೆಂಗಳೂರು	Bank Canara Bank 0575108036561											OTH	X		

Exhibit 5.15: Sample of muster roll (genuine) generated through NREGASoft

ಮುಷ್‌ರೋಲ್ (For Unskilled Labourer)

Signature of Issuing Officer with seal
 ಹಿರೇವಾಂಕುಂತಾ ತಾಲ್ಲೂಕು ಹಿರೇವಾಂಕುಂತಾ ಗ್ರಾಮ ಪಂಚಾಯತ್
 Financial Year: 2022-2023

Page No. _____ Muster Roll Printing date : 05/04/2022 ತಾಲ್ಲೂಕು ಹಿರೇವಾಂಕುಂತಾ ತಾಲ್ಲೂಕು ಹಿರೇವಾಂಕುಂತಾ ಗ್ರಾಮ ಪಂಚಾಯತ್

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					1	2	3	4	5	6	7							
1	KN-20-004-030-002/3787	ಮುಷ್‌ರೋಲ್	ತಾಲ್ಲೂಕು ಹಿರೇವಾಂಕುಂತಾ ತಾಲ್ಲೂಕು ಹಿರೇವಾಂಕುಂತಾ ಗ್ರಾಮ ಪಂಚಾಯತ್	Bank PRAGATHI KRISHNA GRAMIN BANK XXXXXXXXXXXX	P	P	P	P	P	P	P	6	989	1724	OTHER			1724
2	KN-20-004-030-002/3789	ಮುಷ್‌ರೋಲ್	ತಾಲ್ಲೂಕು ಹಿರೇವಾಂಕುಂತಾ ತಾಲ್ಲೂಕು ಹಿರೇವಾಂಕುಂತಾ ಗ್ರಾಮ ಪಂಚಾಯತ್	Bank PRAGATHI KRISHNA GRAMIN BANK XXXXXXXXXXXX	P	P	P	P	P	P	P	6	989	1724	OTHER			1724
3	KN-20-004-030-002/3819	ಮುಷ್‌ರೋಲ್	ತಾಲ್ಲೂಕು ಹಿರೇವಾಂಕುಂತಾ ತಾಲ್ಲೂಕು ಹಿರೇವಾಂಕುಂತಾ ಗ್ರಾಮ ಪಂಚಾಯತ್	Bank PRAGATHI KRISHNA GRAMIN BANK XXXXXXXXXXXX	P	P	P	P	P	P	P	7	989	3083	OTHER			3083
4	KN-20-004-030-002/3787	ಮುಷ್‌ರೋಲ್	ತಾಲ್ಲೂಕು ಹಿರೇವಾಂಕುಂತಾ ತಾಲ್ಲೂಕು ಹಿರೇವಾಂಕುಂತಾ ಗ್ರಾಮ ಪಂಚಾಯತ್	Bank PRAGATHI KRISHNA GRAMIN BANK XXXXXXXXXXXX	P	P	P	P	P	P	P	6	989	1724	OTHER			1724
5	KN-20-004-030-002/3774	ಮುಷ್‌ರೋಲ್	ತಾಲ್ಲೂಕು ಹಿರೇವಾಂಕುಂತಾ ತಾಲ್ಲೂಕು ಹಿರೇವಾಂಕುಂತಾ ಗ್ರಾಮ ಪಂಚಾಯತ್	Bank PRAGATHI KRISHNA GRAMIN BANK XXXXXXXXXXXX	P	P	P	P	P	P	P	6	989	1724	OTHER			1724

Exhibit 5.16: Unauthorised muster roll with bank account numbers missing

Audit scrutiny revealed that payment of wages under MGNREGS amounting to ₹4.21 crore was made using these unauthentic muster rolls in 39 GPs of ten selected taluks (Appendix 5.13).

As muster rolls were the base for making wage payments (generating fund transfer orders), payment of ₹4.21 crore made on these musters was not only questionable but was also doubtful. Use of such unauthorised muster rolls was a matter of serious concern as it undermined the controls prescribed for use of musters and possibility of misuse of Scheme funds could not be ruled out.

The State Government stated (May 2025) that instructions would be issued to the ZPs for not using NMRs from unauthorised sources.

- ii) Irregular wage payment - Paragraph 12.3(f) of AMC, 2019-20, stipulated that muster rolls should be issued to implementing agencies by the Programme Officer within three days from their declaration to start the work. Attendance of labourers was to be taken everyday by Gram Rozgar Sahayak/mates in the prescribed muster rolls and no *kachcha* muster rolls were to be used for recording attendance (Paragraphs 20.1(f) and 7.12.5).

Audit observed the instances where attendance was marked in the muster roll for the period (dates) prior to the date of its printing. For instance muster roll number 18471 was printed on 15 February 2021 as seen from the date available on it. However, the attendance of labourers³⁹ for the period from 11 February 2021 to 17 February 2021 was recorded therein. Thus, the recording of attendance for the period from 11 February to 14 February on the muster roll which was printed on 15 February was irregular which resulted in irregular payment of wages of ₹0.45 lakh on this muster roll.

³⁹ For the work of desilting Nilogal Tank in Hirevankalkunta GP (Yelburga TP)

Audit observed similar irregularities in 958 test-checked muster rolls in 185 works of 38 test-checked GPs (except Gedigeri and Udugani) wherein irregular payment of wages amounting to ₹79.16 lakh was made as detailed in Appendix 5.14.

The State Government stated (May 2025) that there was an option to print the NMR between NMR date range and attendance was taken in *kachcha* book by the mates. However, the use of *kachcha* muster roll for recording daily attendance was not permissible as per Paragraph 7.12.5 of AMC.

- iii) **Blank/unsigned muster rolls – Paragraph 7.11.3 of Operational Guidelines, 2013 stipulated that worker’s attendance and the wages paid would be shown against each name with the signature/ thumb impression of the worker.**

Audit observed that either the attendance of workers was not marked or signature/thumb impression of worker was not obtained in 50 test-checked muster rolls of 10 works in seven⁴⁰ test-checked GPs. Despite this, an amount of ₹5.51 lakh was paid to workers which not only contravened the provisions of Operational Guidelines but also raised doubt about the genuineness of employment.

The State Government attributed (May 2025) it to incomplete work of mates/GKM and stated that instructions had been issued to generate wage list only after satisfactory verification of attendance.

- iv) **Non-payment of wages - In terms of Paragraph 7.11.7 of Operational Guidelines, 2013, the recorded attendance as per physical muster roll must be entered in NREGASoft for generating wage list/fund transfer order (FTO).**

Scrutiny showed that 497 workers (35 muster rolls) were employed in 17 works of 13⁴¹ GPs. Despite performing their duties at work sites (as seen from the NMRs available on records/files), wages aggregating ₹10.98 lakh were not paid to these workers. Denial of wages to beneficiaries despite having worked under MGNREGS was against the basic objective of the Scheme.

The State Government stated (May 2025) that the matter would be escalated to NIC for clearance of wages.

- v) **Excess payment of wages – There were instances where either original muster rolls were not available on record or excess attendance was marked while uploading it online. This resulted in excess payment of wages aggregating ₹39.47 lakh in 26 test-checked works. Possibility of giving undue favour to the workers by enhancing their working days during generation of FTOs could not be ruled out.**

⁴⁰ Ambalaga, Babalad (IK), Bhodhan, Ganadalu, Hirolli, Kamalanagar and Kinni Sultan

⁴¹ Bhodhan, CA Kere, DA Kere, Ganadalu, Gungal, Hirevankalkunta, Hullekere, Kamalanagar, Kesarahatti, Marali, Okali, Sonth and Talakere

The State Government stated (May 2025) that workers could receive payment on the basis of MB recording, check measurement and job card updates. The reply is not specific to the cases pointed out by Audit which also included marking of extra attendance while entering the data online.

Recommendation 15: The Government should conduct detailed enquiry on discrepancies in muster rolls, examine similar cases in other GPs and initiate punitive action against erring officials.

5.14.8 Violation of KTPP Act

As per Article 4(e) (ii) of KTPP Act, tenders process should be followed whenever purchases were made from private agency and the value of goods exceeded rupees one lakh (enhanced to rupees five lakh with effect 27 April 2020) to ensure transparency in purchases. Further, the State Government also exempted (October 2021) the purchase of materials up to rupees five lakh for MGNREGS works under KTPP Act.

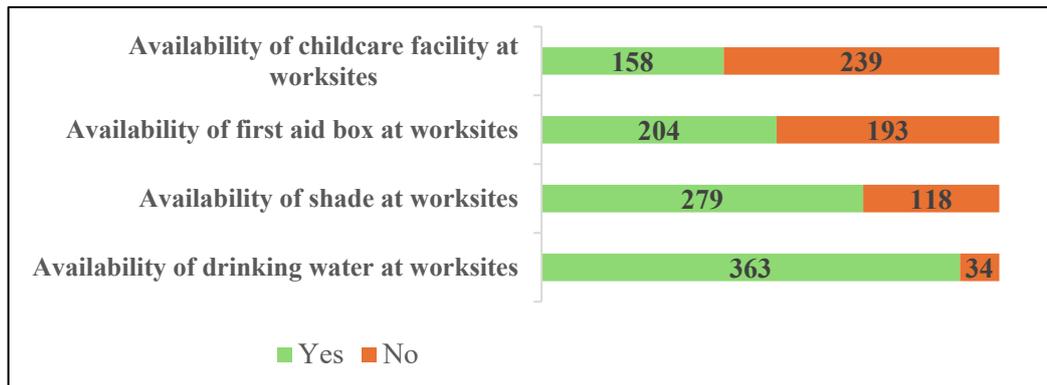
It was, however, observed that tenders were not called for in 61 test-checked works of test-checked nine Taluks (except Aland) though the material cost in each of these works exceeded the limit of rupees five lakh. Instead, the materials worth ₹5.68 crore were procured by inviting quotations only (**Appendix 5.15**).

The State Government accepted (May 2025) the observation and stated that a new online system of material payment had been introduced from January 2024 to avoid such instances in future. The reply was silent about the action on the cases pointed out by Audit.

5.15 Non-provision of facilities at work sites

Paragraph 7.12 of Operational Guidelines, 2013, stipulated that worksite facilities (medical aid, drinking water and shade) were to be provided. The first aid box should be replenished as and when required and should not have expired medicines. Provision of drinking water would require trolleys for fetching water from long distances. In case the children below the age of six years accompanying the women workers at any site were five or more, a crèche should be provided.

Beneficiaries' responses to queries showed that worksite facilities, particularly childcare facility, medical aid and shade) were not adequate as exhibited in **Chart 5.3**:

Chart 5.3: Availability of worksite facilities as per beneficiaries' survey

Source: Beneficiaries' survey conducted (July-September 2024) by Audit

Analysis of responses of 397⁴² out of 400 beneficiaries in test checked districts showed the following:

- 239 beneficiaries (60 *per cent*) stated that childcare facilities were not available at worksites.
- 193 beneficiaries (49 *per cent*) stated that first aid boxes (medical aid) were not available at worksites.
- 118 beneficiaries (30 *per cent*) stated that shade was not available at worksites.
- 34 beneficiaries (9 *per cent*) stated that drinking water was not available at worksites.

Absence of worksite facilities, particularly childcare facilities, medical aid and shade, would evidently discourage women with small children and old-age beneficiaries from working on MGNREGS.

The State Government accepted (May 2025) the observation and stated that directions would be issued to all the officers at District, Taluk and GP level to mandatorily provide the required worksite facilities.

⁴² Three beneficiaries of Kudaruru GP (Sagar TP, Shivamogga ZP) had not worked under MGNREGS.

Chapter VI

Monitoring, Social Audit and Grievance Redressal

Chapter VI

Monitoring, Social Audit and Grievance Redressal

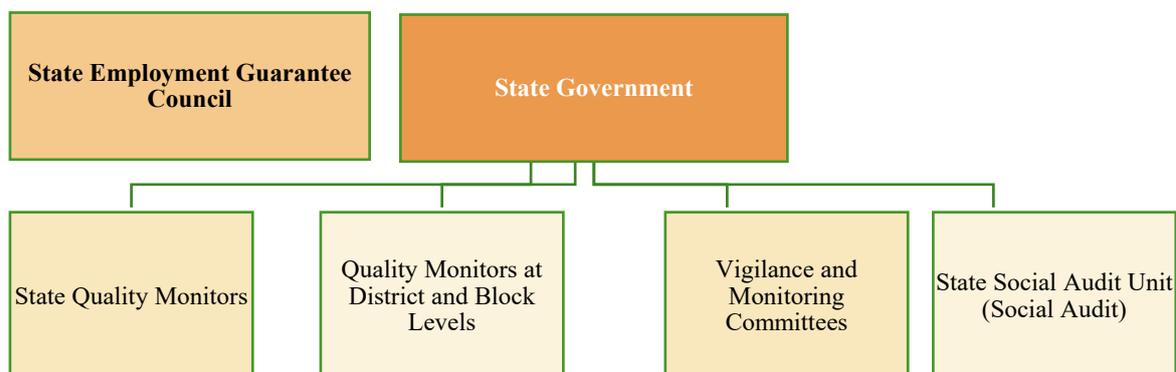
The prescribed monitoring and evaluation of the Scheme through State Employment Guarantee Council (SEGC) was deficient as it met only once during the audit period and the prescribed sub-committees of SEGC were dysfunctional. The Vigilance units at the State /district/ Gram Panchayat which were responsible for detecting irregularities in the Scheme were not constituted. The Scheme provisions related to the constitution of State Quality Management Unit and District Quality Monitors were not adhered to and prescribed inspection of works were not carried out.

Social Audit Unit suffered from institutional weaknesses such as deviation from the norms in appointment of the Director, shortage of staff, shortage/delay in release of funds and non-accessibility/availability of records for the audit. Consequently, the shortfall in conducting Social Audit increased from one *per cent* in 2019-20 to 57 *per cent* in 2023-24. Audit observed large pendency in settlement of Social Audit observations and irregularities in settlement of misappropriation cases reported in Social Audit.

The mechanism for grievance redressal was ineffective as the prescribed reporting, redressal and follow-up mechanisms were not in place. Though Ombudspersons were appointed in all districts, there was large pendency in disposal of complaints. Audit observed that less than 20 *per cent* of the penalties imposed by the Ombudspersons were recovered in test-checked districts.

The MGNREGA, 2005 and Operational Guidelines, 2013, prescribe monitoring at National level, State level and District level through Vigilance and Monitoring Committees, District Quality Monitors, State Quality Monitors, National level Monitors, State Employment Guarantee Council, and Social Audit by Social Audit Unit (SAU) as detailed in **Chart 6.1** below:

Chart 6.1: Monitoring Framework for MGNREGS works at State level



Source: MGNREGA, 2005 and Operational Guidelines, 2013

Audit findings pertaining to the monitoring, evaluation and review under the Scheme are discussed in succeeding paragraphs.

6.1 Functioning of State Employment Guarantee Council

MGNREGA stipulated that State Government should set up a State Employment Guarantee Council (SEGC), which was to be responsible for advising the State Government on the implementation, evaluation and monitoring of the Scheme, preparing an Annual Report on the Scheme to be presented to the State Legislature, *etc.* Section 12 (2) of the Act stipulated that norms regarding time, place and procedure of the meetings (including the quorum at such meetings) of SEGC were to be prescribed by the State Government. Karnataka SEGC Rules, 2006, mandated that SEGC should have four Sub-committees⁴³ to assist SEGC in discharge of its duties and functions.

Scrutiny of records showed that though the State Government had constituted SEGC, it did not prescribe the interval at which SEGC was to meet. The SEGC, thus, continued to function in an unstructured manner. During the period from 2019-20 to 2023-24, SEGC met only once (June 2020). Similarly, none of the four sub-committees conducted any meeting during the period from 2019-20 to 2023-24. Also, Annual Reports on the Scheme for the years 2019-20 to 2023-24 had not been laid before the State Legislature.

This contravened the provisions of the Act as well as directions of MoRD. Moreover, the envisaged monitoring and steering of the Scheme at the highest level was reduced to being a perfunctory exercise, reducing accountability of Executive to the Legislature.

The State Government stated (May 2025) that action had been initiated to reconstitute the SEGC.

Recommendation 16: The SEGC should be reconstituted as prescribed in the Act/ Guidelines and the prescribed functions carried out.

6.2 Constitution of State Vigilance Cell and its functioning

Paragraph 13.6.1 of Operational Guidelines, 2013, specified that all States should make arrangement for a three-tier vigilance mechanism to proactively detect irregularities in the implementation of the Act and to follow up detected irregularities and malfeasance, including those identified during social audit, and ensure that the guilty were punished and recoveries of misspent funds duly made.

Scrutiny of records showed that no Vigilance Cell was constituted at the State level. Further, the requisite Vigilance Cells/Vigilance and Monitoring Committee were not constituted in the selected districts and GPs during the audit period (2019-20 to 2023-24).

The Department stated (November 2024) that though there was no Vigilance Cell, there was a separate section in Commissionerate to look after the complaints received about implementation of MGNREGS. As per the information furnished, there were 1,034 complaints pending for disposal out of 14,945 complaints received during the period from 2019-20 to 2023-24. The reply is not tenable as the objective of the Vigilance Cell was larger than just

⁴³ Committee on preferred works, Committee on finalisation of proposals under Clause 1 (x) of the Act, Finance and Audit Committee and Committee on wage and labour standards.

fending to complaints. It was intended to detect irregularities in the Scheme implementation.

The State Government stated (May 2025) that the proposal to create Vigilance Cell would be placed before the SEGC and necessary steps would be taken.

6.3 Discrepancies in Quality Management Mechanism

6.3.1 State Quality Management

Paragraph 14.7 of Operational Guidelines, 2013 specified that State Quality Monitoring Unit comprising State Quality Monitors (SQM) for each district in the State and a Nodal Officer of the rank of at least Superintending Engineers (SE), designated as Director (QM), should be constituted.

Audit observed that provisions related to constitution of SQM Unit were not adhered to and targets of inspecting at least 10 *per cent* of works were also not achieved in any of the test-checked districts as discussed in succeeding paragraphs.

1. As per the Government Order dated 18 June 2020, the post of Director (QM) was re-designated as Chief Operations Officer (COO) along with the work tasks allotted to the post. The details regarding incumbency of the post of COO showed that the requisite condition of appointing Director (QM) of the rank of at least SE was not ensured for the period from June 2020 onwards.
2. The Operational Guidelines stipulated that no SQM should be allotted her/his home district (Paragraph 14.8). In contravention to this, nine SQMs were allotted their home districts as detailed in **Appendix 6.1**.
3. As per AMC, the empanelled technical officials should monitor and evaluate at least 10 *per cent* of the works executed under MGNREGS in each district. The expenditure of these 10 *per cent* works should be at least ₹5 lakh and above for *kutchha* (Earth) works and ₹10 lakh and above for *Pucca* (masonry) works. Monitoring of each work should be done in two stages *i.e.* during the construction and after completion.

Audit, however, observed that these targets were not achieved in any of the test-checked districts during the period from 2019-20 to 2023-24. Against the targets of works ranging from 274 to 599, only 39 (7 *per cent*) to 236 works (45 *per cent*) were inspected by SQMs during the period from 2020-21 to 2023-24. No works were inspected during the year 2019-20. Moreover, monitoring/inspection of works was done only once, though these were envisaged to be inspected twice. Year-wise details are given in **Appendix 6.2**.

Apart from the shortfall in inspection, the percentage of recovery in these test-checked districts against SQM objections was very low. Against the proposed recovery of an amount of ₹26.33 lakh, the amount recovered was ₹1.87 lakh and remaining ₹24.46 lakh (93 *per cent*) was yet to be recovered (November 2024).

4. As per Paragraphs 14.8 and 14.9 of Operational Guidelines, 2013, list of SQM applications received, their credentials, persons selected, and district allocation should be put up on NREGASoft and details of works visited (SQM-wise) along with observations emerged and action taken should also be uploaded.

However, no such details were uploaded on the NREGASoft. This would have an adverse impact on the envisaged objectives of ensuring transparency and accountability in appointment of SQMs and their activities.

The State Government stated (May 2025) that allocation of home districts to SQMs had been stopped and also assured to comply with other observations.

6.3.2 Non-appointment of District Quality Monitors

As per Paragraph 7.12.1 of AMC, 2019-20, there should be a District Quality Monitoring (DQM) Cell which would have a panel of 10 to 15 technical officials in the cadre of retired Assistant Engineers and above under Executive Engineer/Superintendent Engineer. These officials were to monitor and evaluate at least 10 *per cent* of the works executed under the Scheme.

Review of records furnished by the Department showed that DQMs were not appointed in the test-checked districts during the period from 2019-20 to 2023-24 (except Kalaburagi, Shivamogga and Tumakuru for the year 2020-21). Further, details pertaining to inspection of works were not available with the respective DQMs.

Hence, due to non-appointment of DQMs, the required inspection of works to ensure quality or authenticity was not done. Thus, there was an absence of quality management mechanism.

The State Government stated (May 2025) that action would be taken to appoint DQM in all the districts.

6.4 Social Audit

An innovative feature of the MGNREGS was that it institutionalized 'Social Audit' as a means of continuous public vigilance (Section 17). Social Audit can be described as verification of the implementation of a programme/ scheme and its results by the community with active involvement of the primary stakeholder. This is done by comparing official records with actual ground realities, with the participation of the community in the verification exercise and reading out the findings of the verification exercise aloud in a public platform. Oral testimonies and facts are obtained from the public and compared with the official records.

In exercise of the powers conferred under Section 32 of the Act, the State Government notified (January 2012) MGNREGA Scheme Implementation of Social Audit Rules 2011 in Karnataka (Karnataka Social Audit Rules). The Directorate of Social Audit [hereafter referred to as Social Audit Unit (SAU)], as mandated under the MGNREG Act, was registered (May 2012) under the

Karnataka Societies Registration Act, 1960, for conduct of Social Audit of MGNREGS in the State. The Organisational set up in SAU, Karnataka is given in **Appendix 6.3**.

Audit observations related to the functioning of SAU in Karnataka are as follows:

6.4.1 Deviations from norms in appointment of Director, SAU

As per Karnataka Social Audit Rules, a retired All-India Service Person/a retired Selection Grade Civil Servant of State Service should be the head of the SAU. Further, MoRD, GoI letter dated 29 June 2020 regarding criteria for selection of Director, SAU stipulated, *inter alia*, that in case a State was unable to recruit a Director for Social Audit after three consecutive advertisements, it could post an officer of the State Government on deputation basis (full-time) as Director of Social Audit. However, his tenure should be for a minimum period of one year but not exceeding three years.

During the audit period (2019-20 to 2023-24), the State Government had posted (February 2023 and September 2023) serving officers⁴⁴ as the Director without following the due process *i.e.* without inviting three advertisements. Moreover, tenure of these Directors was less than the mandatory period of one year. This was irregular and would adversely affect the independence of SAU.

The Department replied (November 2024) that the Government had taken the decision to post IAS Officers to set right the Social Audit administration. Once streamlined, action would be taken to post a retired officer as Director, SAU. The fact, however, remained that such action disregarded the norms stipulated by MoRD. Further, the reply did not address the audit observation on tenures less than mandatory period of one year.

The State Government accepted (May 2025) the observation and stated that steps would be taken to avoid its recurrence.

6.4.2 Shortage of staff

The SAU should have an independent staff structure consisting of State Resource Persons (SRPs)/State Programme Managers, Assistant Programme Managers, Regional Programme Managers, District Programme Managers, Taluk Programme Managers, *etc.*

Information furnished (August 2024) by SAU showed that against the sanctioned staff strength of 412 at State/District/Taluk levels, 318 persons were working, resulting in shortage of 94 persons (23 *per cent*). Major shortage was seen in the posts of Assistant Programme Managers and Office Assistants, Young Professionals at the State level, Regional Programme Manager at District level and Taluk Programme Managers at the Taluk level. The SAU also did not have requisite Quality Monitors to facilitate evaluation of asset quality during the social audit (Paragraph 13.2.3 of Operational Guidelines, 2013). Thus,

⁴⁴ Shri Nalini Atul, IAS (13.02.2023 to 17.08.2023), Shri Pradeep P., IAS (15.09.2023 to 28.06.2024)

shortage/inadequacy in deployment of requisite staff hampered the effective conduct of social audit.

The State Government assured (May 2025) to fill the vacancy based on requirements and availability of funds.

6.4.3 Finances for Social Audit Unit

The Director, SAU should be responsible for drawing up a proposed budget for conduct of Social Audit in all Gram Panchayats of the State at least twice a year. From the State's entitlement of 6 *per cent* towards administrative expenditure, up to 0.5 *per cent* should be earmarked for the State's Social Audit. The SAU should pay salaries/honoraria to its Resource Persons at the State, District, Block and Village level directly (subject to norms laid down by MoRD).

Scrutiny of information furnished showed that against the total admissible amount of ₹134.04 crore⁴⁵ for the period from 2019-20 to 2023-24, the GoI had released ₹51.10 crore. Thus, there was short release of funds by 62 *per cent* for SAU.

The expenditure was managed by availing advances from office of the Commissioner, MGNREGS (₹22.97 crore)/XV Finance Commission Grants (₹7.74 crore) and restricting to one round⁴⁶ of social audit from the year 2021-22 onwards. Details are given in **Appendix 6.4**. Thus, one of the pre-requisites to be followed to ensure independence of Social Audit was not adhered to.

The State Government accepted (May 2025) the observation and stated that SAU should submit fund proposals to GoI.

6.4.4 Delay in release of funds and non-payment of interest

MoRD, GoI, issued sanction orders from time-to-time for releasing central assistance towards conducting Social Audit in the State. On its receipt, the State Government was to transfer these funds to the Social Audit Bank Account within 15 days. As per the instructions of GoI, the State Government was liable to pay interest at the rate of 12 *per cent* (for the year 2019-20, 2020-21 and 2023-24) per annum for delay in release of funds.

Scrutiny of records showed that out of ₹ 44.61 crore released (after adjustment of ₹6.50 crore for 2020-21) during the period from 2019-20 to 2023-24, an amount of ₹37.06 crore (83 *per cent*) was released by the State Government, with delays ranging from 21 to 112 days. The State Government, however, did not pay interest of ₹43.76 lakh (detailed in **Appendix 6.5**).

The State Government attributed (May 2025) the delays in release of funds to Covid-19 pandemic, technical problems, *etc.* The fact remains that conditions stipulated in the sanction orders were not adhered to.

6.4.5 Inadmissible expenditure

Department of Rural Development, GoI, *vide* letter dated 30 October 2017 issued a list containing inadmissible items which were not allowed under the

⁴⁵ 0.5 *per cent* of MGNREGS expenditure

⁴⁶ The Social Audit rules prescribed one round of social audit every six months in a GP.

fund released to SAU. The list included expenditure incurred under purchase and maintenance of vehicles, purchase of air conditioners, among other items.

Audit observed that an amount of ₹10.51 lakh⁴⁷ was irregularly incurred on inadmissible items.

The State Government accepted (May 2025) the observation and stated that necessary steps would be taken to avoid any inadmissible expenditure.

6.4.6 Shortfall in conducting social audit

Paragraph 13.1.1 (ii) of Operational Guidelines, 2013, mandated that the Social Audit process was to be conducted in every GP at least once in six months, involving a mandatory review of all aspects.

As per the information furnished to Audit, it was observed that shortfall in conducting social audit ranged from 1 *per cent* to 57 *per cent* during the period from 2019-20 to 2023-24 (detailed in **Table 6.1**).

Table 6.1: Shortfall in conducting social audit

Year	Total number of GPs	Number of Social Audit due (Target)	Social Audit conducted	Shortfall	Percentage of shortfall
2019-20	6021	12042	11932	110	1
2020-21	6014	12028	8958	3070	26
2021-22	5989	11978	5964	6014	50
2022-23	5956	11912	5930	5982	50
2023-24	5951	11902	5154	6748	57

Source: Information furnished by SAU, Karnataka

Review of consolidated Social Audit Reports showed that the findings included cases such as payments made for works not executed; excess payments; payments made to ineligible persons; payments made for inadmissible works, *etc.* Thus, Social Audit had been pointing out many irregularities in implementation of Scheme and majority of these were persistent irregularities. Hence, shortfall in conducting social audit denied the opportunity of strengthening the Scheme implementation through this innovative mechanism.

The State Government and the Director, SAU, Karnataka accepted the facts and cited (October 2024 and May 2025) non-release of funds as major reason for the shortfall. As social audit gave voice to the marginalised and poor groups, its healthy functioning was necessary for promoting transparency and accountability in local governance.

6.4.7 Access and availability of records

For an independent review and examination of records and activities under MGNREGS, access and availability of records was the primary step to assess the quality of works being executed at different levels along with the details of disbursements made, the number of labourers employed and material used. Rule VIII of Karnataka Social Audit Rules and provisions of Paragraph 13 of

⁴⁷ ₹0.52 lakh (air conditioner) + ₹6.01 lakh (vehicle maintenance) + ₹3.98 lakh (refurbishment)

Operational Guidelines, 2013, stipulated that the Programme Officer should ensure that all the required information and records of all implementing agencies including Action Taken Report on previous social audits were properly collated in the requisite formats and provided, along with photocopies, to the SAU for facilitating conduct of social audit at least fifteen days in advance of the scheduled date of meeting of the Gram Sabha.

Scrutiny of the information showed non-production of records to Social Audit in large number of cases. It was seen that out of ₹17,064.53 crore to be verified during the period from 2019-20 to 2023-24, SAU did not verify expenditure aggregating ₹8,264.39 crore (48 *per cent*) for want of records (details are given in **Appendix 6.6**).

Non-production of records to such a large extent (48 *per cent*) to Social Audit indicated non-compliance with the laid down provisions and hampered the verification procedure. As a result, a reasonable assurance regarding the extent of compliance in proper implementation of the Scheme could not be arrived at.

The State Government stated (May 2025) that necessary directions would be issued to all the Programme Officers for furnishing records without fail to Social Audit and its compliance would be monitored regularly.

6.4.8 Follow-up of Social Audit

Social Audit would not be complete unless there is a time-bound follow-up action on the observations pointed out. Paragraph 13.4.4 of Operational Guidelines, 2013 mandated that the State Government should be responsible to take follow-up action on the findings of the social audit. Paragraph 25 (c) (ix) of Schedule-I to MGNREGA mandated that systematic follow-up action, recovery of amounts found misappropriated and disciplinary/criminal action on the irregularities should be completed within six months from the conduct of social audit. In this connection, the State Government prescribed (January 2020) the guidelines for recovery of amount in respect of social audit observations. It is mandated that money could be recovered from the officers/staff responsible for payment and outsourced employees and elected representatives to the extent they were responsible.

Audit observed the following deficiencies in settlement of observations and recovery of objected amount in social audit:

i) Pendency in settlement of social audit observations

As per MIS data, a total of 3,55,393 observations (detailed in **Appendix 6.7**) worth ₹5,275.88 crore were raised in social audit reports during the audit period (2019-20 to 2023-24). This included 79,284 (22 *per cent*) issues pertaining to financial misappropriation (₹187.38 crore) and 2,16,108 (61 *per cent*) pertaining to financial deviation (₹4,449.44 crore).

Status of pendency in settlement of social audit observations at the State level is given in **Table 6.2** below:

Table 6.2: Social audit observations pendency status in State

(in numbers)

Year	Total issues reported	ATR uploaded	ATR (issues) pending with				Issues closed	Issues pending with SRP
			Programme Officer	DPC	Commissioner	Total (%)		
2019-20	53099	23808	29268	22	1	29291 (55)	7315	16493
2020-21	36599	13731	22861	6	1	22868 (62)	4499	9232
2021-22	90087	24035	66048	3	1	66052 (73)	6271	17764
2022-23	64573	14868	49698	4	3	49705 (77)	5047	9821
2023-24	111035	15007	96018	7	3	96028 (86)	7790	7217
Total	355393	91449	263893	42	9	263944 (74)	30922	60527

Source: MIS Reports 9.3.1 and 9.3.2 dated 04.11.2024 DPC- District Programme Coordinator

It could be seen that:

- Out of 3,55,393 observations, action taken reports (ATRs) were uploaded for 91,449 observations only and 2,63,944 (74 per cent) cases were pending for corrective action. Year-wise pendency ranged from 55 per cent (2019-20) to 86 per cent (2023-24).
- Out of 91,449 observations for which ATRs were uploaded, Social Audit Resource persons (SRPs) had closed 30,922 cases and remaining 60,527 cases (66 per cent) were pending with SRPs for final settlement. This pendency ranged from one to five years.
- As a result of non-settlement of cases by SRPs, number of total pending issues was 3,24,471 i.e. 91 per cent of 3,55,393 observations raised during the period from 2019-20 to 2023-24 were still outstanding (October 2024).
- After the decision about cases in the Taluk level Ad-hoc Committee, the Gram Sabha was the final authority to settle/close the cases. However, there was neither any report in public domain (MIS) nor any reliable data with Department regarding the number of cases settled/closed in Gram Sabha and corresponding money value.

Thus, huge pendency in settlement of audit observations and lack of monitoring of action taken audit was detrimental to the objectives of Social Audit.

ii) Recovery of misappropriated amount

Rule VIII (3) (c) of Karnataka Social Audit Rules stipulated that every District Programme Coordinator or any official on his behalf should take steps to recover the amount embezzled or improperly utilised.

Audit, however, noted that out of misappropriated amount of ₹187.38 crore (79,284 cases) pointed out in Social Audit during 2019-20 to 2023-24, ATRs were pending (November 2024) in respect of 27,115 cases worth ₹75.30 crore (40 per cent). (Table 6.3). In respect of misappropriation cases having money value of ₹112.08 crore where ATRs were furnished, Audit noticed that an amount of ₹90.14 crore (80 per cent) was settled without any recovery i.e. the amount was not recoverable as per ATR uploaded. It was a matter of serious concern as it undermined the social audit process.

Table 6.3: Details of financial misappropriation recovery report at State level

(₹ in crore)

Year	Misappropriation cases reported by SAU		ATR uploaded (decided cases)		Amount of cases with ATR pending (%)	Out of decided cases, amount to be recovered	Amount not to be recovered i.e. cases settled without recovery (%)	Amount recovered
	Number	Amount	Number	Amount				
2019-20	14,710	60.58	12,954	49.17	11.41 (19)	7.90	41.26 (84)	7.43
2020-21	7,915	32.87	6,916	27.40	5.47 (17)	3.85	23.54 (86)	3.72
2021-22	16,747	23.28	14,388	16.19	7.09 (30)	4.34	11.85 (73)	4.12
2022-23	12,306	17.53	9,707	11.42	6.11 (35)	2.60	8.82 (77)	2.55
2023-24	27,606	53.13	8,204	7.90	45.22 (85)	3.24	4.66 (59)	2.91
Total	79,284	187.38	52,169	112.08	75.30 (40)	21.94	90.14 (80)	20.73

Source: MIS data (R9.2.6- Financial Misappropriation Recovery Report) dated 04.11.2024

Out of recoverable amount of ₹21.94 crore as per MIS data, amount of ₹20.73 crore was shown as recovered (November 2024). Thus, the percentage of recovery was claimed to be 94 *per cent*, which was incorrect and misleading as a significant number of cases were closed without recovery and the details regarding the same were not forthcoming.

In test-checked districts, Audit observed that there was no system of watching remittance of the amount recovered and there were instances of closing the observations without ensuring recovery, as detailed below:

- Yelburga – An amount of ₹3.82 lakh was shown as recovered in MIS whereas the actual recovery was only ₹0.06 lakh. EO, TP, Yelburga accepted the audit observation and stated (August 2024) that it was done by oversight.
- Mandya – 10 observations pertaining to financial misappropriation were closed by Ad-hoc Committee as well as SRP though the respective amount of ₹98,788 was not remitted to the concerned bank account/Treasury (detailed in **Appendix 6.8**).

There were also instances in Mandya district where challan was manipulated to close social audit observation and same challan was used to close two different observations as illustrated below:

Illustrations

1. Bevinahalli GP, Mandya Taluk – Issue No. KN-ISSUE-63391 - The Challan no. CR0620085300025777 attached with the compliance report indicated an amount of ₹11,214 and the *Ad hoc* Committee recommended (07 December 2021) to close the issue. Verification of Challan on *Khajane-2* Portal showed that the actual Challan amount was ₹214 only. Thus, incorrect amount was shown as recovered by tampering with the Challan.
2. Mandya Rural GP, Mandya Taluk - Challan no. MG1022085300001115 of ₹43,517 was shown as amount recovered against two different observations (KN-ISSUE-97001 and KN-ISSUE- 236360). *Ad hoc* Committee in its meetings (22 June 2023 and 06 October 2023 respectively) accepted it and both the observations were closed though the amount of ₹43,517 was remitted only once.

- Maddur –DDs amounting to ₹49,891 were submitted towards recovery in 11 cases. These DDs were returned (September 2023 to February 2024) by the bank for revalidation but were not revalidated till date (September 2024). Details are given in **Appendix 6.9**.
- Tiptur – An amount of ₹85,564 though shown as remitted was not traced to the bank account.
- Turuvekere – An amount of ₹32,561 was not traced to the bank account.

Thus, no assurance could be drawn in respect of the data regarding settled cases of misappropriation as observed above. Also, the Department has not furnished the details of action taken against the responsible officials in cases of financial misappropriation.

iii) Mismatch in reporting of misappropriation cases

As per Rule IX of Karnataka Social Audit Rules, social audit reports should be updated in MIS by Taluk Social Audit Resource person.

Audit observed that the amount uploaded on MIS (04.11.2024) under the category of financial misappropriation (FM) aggregated ₹134.26 crore for the period from 2019-20 to 2022-23 whereas the amount misappropriated was ₹194.10 crore as per Social Audit Annual Reports for the same period. Thus, correctness of observations being uploaded on MIS was not ensured by Social Audit Resource persons (SARPs) as there was short reporting by ₹59.84 crore.

The State Government accepted (May 2025) the observations and stated that (i) necessary action would be taken to upload action taken reports and reduce the pendency (ii) explanation for discrepancies in recoveries would be called for from the officials concerned and (iii) mismatches in reporting would be reconciled.

6.4.9 Non-conducting of concurrent social audit

Paragraphs 25 (b) of Schedule-I to the Act and 10.1.12 of AMC, 2019-20, stipulated that concurrent social audit should be done for all works every month. For this purpose, self-help groups, village social auditors, Village Monitoring Committees and other village level organizations (VO) would have the right to inspect all records of works done and expenditure made in the GP on a fixed day of the week. Copies of records, where needed, would be provided by the Programme Officer at a nominal cost. Every Gram Sabha would select a Village Monitoring Committee (VMC) consisting of five MGNREGS workers.

Scrutiny of records showed that neither the VMC was formed in any of the test-checked GPs nor the concurrent social audit was conducted during the period from 2019-20 to 2023-24.

The State Government stated (May 2025) that steps would be taken to conduct the concurrent audit of the Scheme in future.

Results of beneficiaries' survey: As per the survey, 193 beneficiaries (48 *per cent*) were not aware of the Social Audit conducted in their villages. Only 126 beneficiaries (32 *per cent*) stated that Social Audit Reports were discussed at Gram Sabha meetings and only 25 beneficiaries (six *per cent*) were satisfied with Social Audit and its reports

Recommendation 17: The social audit under MGNREGS should be strengthened by ensuring its independence and providing adequate financial and human resources.

6.5 Constitution of District Development Coordination and Monitoring Committees (DISHAs) and State Level DISHA Committees

MoRD directed (June 2016) all states to replace Vigilance and Monitoring Committees at State and District levels with DISHAs. These Committees were constituted to fulfil the objectives of ensuring quality of expenditure, particularly in context of optimization of public funds spent under different programmes of GoI; improve development coordination and monitor the implementation of programmes in accordance with prescribed procedures; and promote synergy and convergence of different programmes. MGNREGS is one of the schemes which would be monitored by these committees. These Committees were to be formed at State level as well as district levels. As per the Guidelines (June 2018), the State level Committee was to meet once in every six months and District level Committees were to meet once in every quarter.

As per the information furnished, the State level Committee was constituted in January 2020 and against the target of 10 meetings during the audit period (2019-20 to 2023-24), it conducted only one meeting (05 August 2022). In the test-checked districts, shortfall in conducting DISHA Committee meetings ranged from 20 *per cent* to 70 *per cent*. Year-wise details are given in **Appendix 6.10**.

The State Government accepted (May 2025) the observation and stated that necessary steps would be taken to conduct the DISHA meetings as prescribed.

6.6 Grievance Redressal Mechanism

Paragraph 13.13.1 of Operational Guidelines, 2013, in compliance with Section 19 of MGNREGA stipulated that State Government should determine appropriate grievance redressal mechanisms at each level for dealing with any complaint by any person in respect of implementation of the Scheme. The Grievance Redressal Officer at the village level was the Secretary of the GP, the Programme Officer at the taluk level, the District Programme Coordinator at the district level and the Commissioner of MGNREGS at the State level. All grievances were to be enquired into and action completed within seven days.

Audit observed that:

1. At the State level, the complaint register containing the name and address of the complainant was not maintained till the year 2021-22. Introduction

of e-file management in the year 2022 led to inclusion of all the relevant details.

2. As per the information furnished, 1,373 complaints were received in the test-checked districts during the period from 2019-20 to 2023-24. Out of these, 1,285 complaints were disposed and 88 complaints were pending (October 2024). It was also stated that complaint registers had not been maintained and in the absence of complaint registers, possibility of non-recording of complaints could not be ruled out.
3. The requisite committee, headed by the Deputy Commissioner at the district level, to review the progress of disposal was not formed in the test-checked districts except Mandya (Rule 9 of Karnataka Grievance Redressal Rules).
4. Monthly reports on grievance redressal were neither furnished by the test-checked districts to the State Government nor by the State Government to the Ministry though mandated under Rule 10 of Karnataka Grievance Redressal Rules.
5. None of the test-checked districts made disclosure about the status of complaints in one of the local newspapers though required under Rule 11.
6. There was no system of escalating grievances, if not resolved within 15 days, to the next higher level in the test-checked districts.
7. During the beneficiaries' survey, 138 beneficiaries (35 per cent) stated that they were not aware about the authority with whom their grievances were to be addressed.

The State Government accepted (May 2025) the audit observation regarding non-maintenance of the complaint register at the State level. The reply, however, did not address the other audit observations such as non-constitution of higher-level Committee, non-maintenance of complaint registers at district level, non-disclosure of status of complaints, *etc.*

6.7 Ombudsperson

Paragraph 13.14 of the Operational Guidelines, 2013 mandated that the State Government would establish the office of Ombudsperson in all districts for expeditious redressal of grievances regarding implementation of the Scheme.

Audit observed that Ombudspersons were appointed in all the districts during the period from 2019-20 to 2023-24. There were, however, following shortcomings which defeated the objective of expediting redressal of grievances:

- As per MoRD order dated 10 March 2017, the Ombudsperson shall have power to receive complaint from MGNREGS workers and others and consider such complaints and pass awards within 30 days from the date of receipt of complaints.

As per the annual progress report for the year 2023-24, 2,715 complaints were to be disposed by ombudspersons in the State. Against this, 1,118

complaints were disposed and 1,597 complaints (59%) were pending (July 2024). In the test-checked districts (except Shivamogga), 362⁴⁸ (17 *per cent*) out of 2,255 complaints were pending.

Out of 362 complaints pending in the test-checked districts, 340 complaints (94 *per cent*) were pending for more than the requisite 30 days. This included 165 complaints (46 *per cent*) which were pending for disposal for more than a year. System to monitor the action taken on the awards of ombudsperson was not efficient as award amount of ₹386.60 lakh (81 *per cent*) out of ₹476.19 lakh was yet to be recovered in the test-checked districts (March 2024). Thus, the objective of expediting redressal of grievances was not achieved.

- As per Paragraph 13.4, the State Government should set up a three-member appellate authority to consider representation by any party aggrieved by the awards of the ombudsperson. Such a representation should be disposed of within a period of two months by the appellate authority.

Information furnished by the Department showed that out of 626 representations (appeals) received during the period from 2019-20 to 2023-24, the Appellate Authority had disposed of 208 cases whereas 418 cases (67 *per cent*) were pending for disposal (September 2024). The pendency of representations (appeals) ranged from 16 *per cent* to 83 *per cent* over the period of five years, thereby defeating the purpose of establishing the appellate authority (**Appendix 6.11**).

- As per the guidelines, the Ombudsperson were responsible to upload MGNREGS related documents on MIS modules (Report No. R20_Ombudsperson Report) and ensure that they were easily accessible to public. Text of orders were also to be put on MGNREGS website.

It was, however, observed that no ombudsperson in the State had uploaded requisite details on MIS. Failure to pro-actively disclose the information, despite the availability of enabling modules, defeated the envisaged objectives of ensuring transparency and accountability in implementation of the Scheme.

- Paragraph 14.3 & 14.4 of instruction to Ombudsperson specified that summary report of the cases disposed by Ombudsperson and action taken on the award should be reported to the SEGC by the Secretary, State Nodal Department in its meeting and would also form part of the annual report of the nodal department.

The Secretary, RDPR, did not submit to SEGC the summary report of the cases disposed by Ombudsperson and action taken on the award during any of the years from 2019-20 to 2023-24.

⁴⁸ Kalaburagi – 63, Koppal – 103 , Mandya – 63 and Tumakuru - 133

- Out of 400 beneficiaries surveyed, 260 beneficiaries (65 per cent) were not aware about the establishment of ombudsperson at the district level for grievance redressal.

The State Government accepted (May 20225) the observations and stated that necessary instructions would be issued for disposal of the complaints and submission of necessary returns/reports.

6.8 Outcome orientation of works

Paragraphs 7.1.4 and 7.12.2 of AMC, 2019-20, mandated that the productivity/ outcome of each work should be strictly monitored by measuring the 'expected' outcomes, before any work is placed before the Gram Sabha/Ward Sabha for approval and should not be closed without measuring the actual outcomes.

In contravention to provisions of AMC, expected/actual outcomes were not mentioned in any of the test-checked works. As a result, it was not feasible to measure the efficiency of the panchayats and long-term positive impacts of MGNREGS on the rural economy/environment.

The State Government stated (May 2025) that necessary steps would be taken to provide expected/actual outcomes of the works.

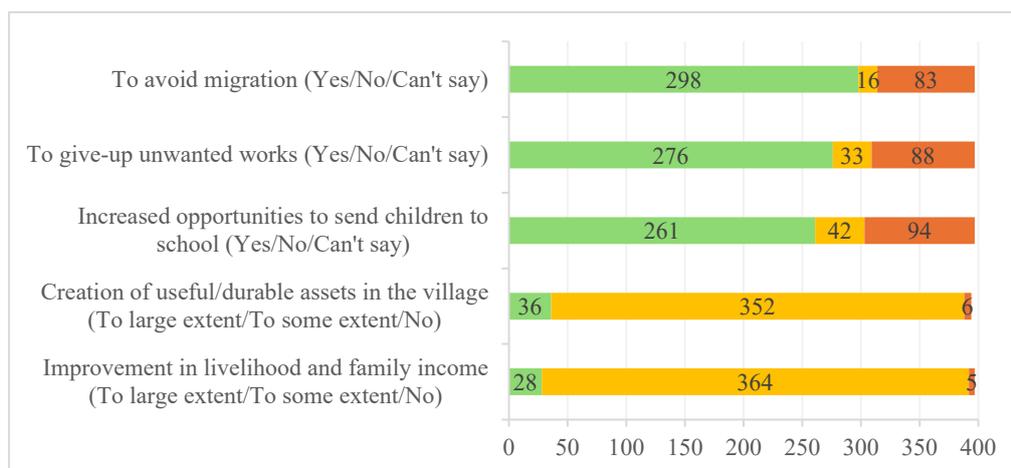
6.9 Impact assessment

The workers engaged on MGNREGS were largely poor and MGNREGS assumed a lot of significance as it provided the rural population with income during lean agricultural seasons and natural calamities like drought, *etc.* MGNREGS was designed to bring about significant improvement in the quality of life of the rural population by ensuring that the needy households got guaranteed employment for at least 100 days in the village. An attempt to assess the impact on individual households was made on the following broad parameters:

- to avoid migration;
- to give-up unwarranted works which households used to earlier;
- increased opportunities to send children to school;
- creation of useful/durable assets in the village; and
- improvement in livelihood and family income.

The impact of MGNREGS on individual households as ascertained during the survey is shown in the **Chart 6.2**.

Chart 6.2: Impact assessment of MGNREGS



Source: Beneficiaries' survey

The largest positive outcome of the Scheme was on reducing migration as 75 per cent of the beneficiaries felt that the Scheme had helped to avoid migration to other places for work. The status of workers had also improved as 70 per cent of the beneficiaries stated that the Scheme had helped to give-up unwanted works carried out earlier and 66 per cent of the beneficiaries informed that the Scheme provided enough employment to adults in the household, which spared children from engaging in work and enabled them to go to school.

The survey, however, showed that the Scheme lagged in achieving its main goals of improving livelihood of rural households and creating useful/durable assets. As per the survey, only seven per cent of the beneficiaries felt significant improvement in livelihood/family income whereas only nine per cent of the beneficiaries informed that MGNREGS had resulted in creation of useful/durable assets to a large extent.

The State Government stated (May 2025) that necessary steps would be taken to improve on the assessed issues in the impact assessment.

6.10 Good Initiatives by the Department

Planning - The State Government has developed in-house an action plan software (End2End Action plan module) which has enabled the State to monitor number of demand applications, timely approval of action plans from Taluk and Zilla Panchayats, capturing pre-measurement of works, etc. Action Plan for the year 2025-26 was prepared through this module.

Transparency and Accountability - The State has developed an in-house online application for recording inspection reports of all works that are executed and pending for material payment. New System is operational since 01.01.2024 and it has shown positive impacts on (i) resolving non-production of records to Social Audit (ii) ensuring equitable distribution of material funds and (iii) more effective implementation and better utilisation of funds.

Muster rolls - State has implemented National Mobile Monitoring System (NMMS) Photo audit on trial basis from 01.08.2024 wherein photographs are backed up on State Local Server and there are dedicated staff to audit photographs at district and taluk levels. Concerned GPs and other implementing agencies are provided facility to give response for the flagged NMRs. This has helped in enhancing accountability and streamlining processes.

Bengaluru

02 FEB 2026

(Ashok Sinha)

**Principal Accountant General (Audit-II)
Karnataka**

Countersigned

New Delhi

19 FEB 2026

(K. Sanjay Murthy)

Comptroller and Auditor General of India

Appendices

Appendix 1.1
(Referred to in Paragraph 1.3)

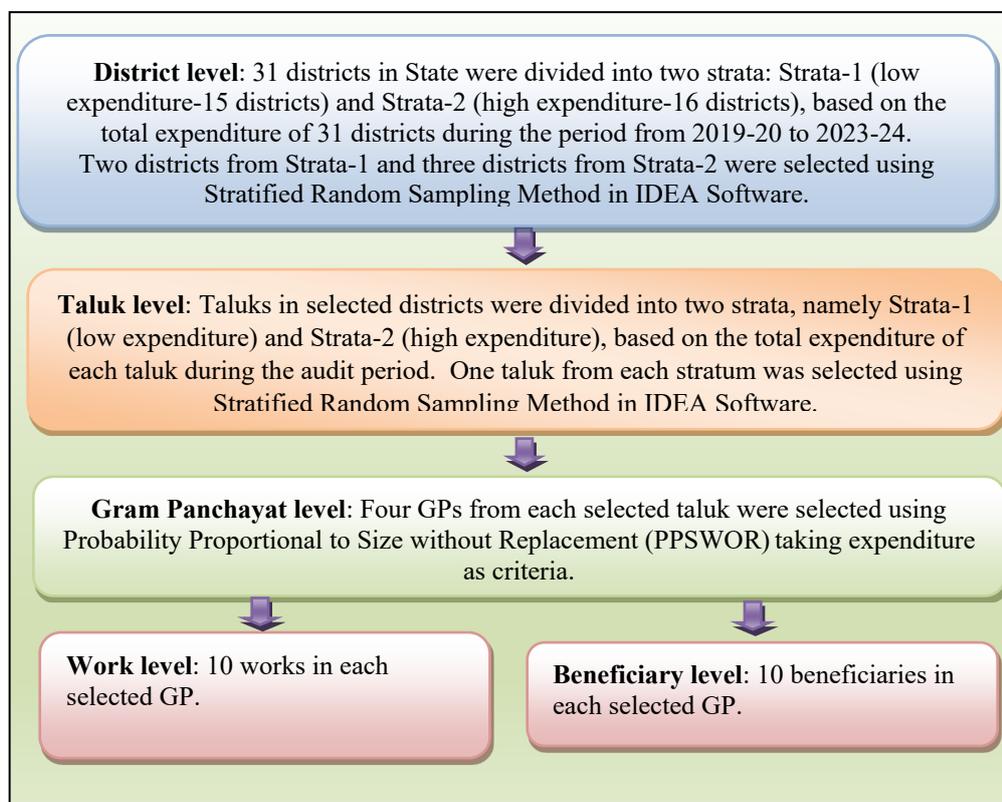
**Institutional mechanism and roles and responsibilities at different levels
for implementation of MGNREGS**

Level	Designated Officers	Roles and responsibilities
State	Additional Chief Secretary (ACS), Rural Development and Panchayati Raj (RDPR) Department	Provides guidance and support to the State Programme Co-ordinator (SPC), makes rules, plans and implements the Scheme.
	Commissioner, MGNREGS functioning as SPC	Co-ordinates with District Programme Coordinators (DPC) and other line departments for effective implementation and overall review and monitoring of the scheme.
	Chief Operating Officer, MGNREGS	Assist the Commissioner in overall implementation & monitoring of the Scheme.
District	Chief Executive Officer (CEO), Zilla Panchayat (ZP), designated as District Programme Coordinator (DPC)	Responsible for overall co-ordination and implementation of the scheme in the district and carry out all the statutory responsibilities as per the Act; Accords administrative approval to works of Gram Panchayat (GP) and other administrative departments.
	Deputy Secretary, ZP	To Assist the DPC in implementation of the scheme. To review the performance of the Taluk Panchayat (TP)/Gram Panchayat and outsourced staff and submit the weekly report to the Commissioner; Co-ordinates Banks & State govt for making payments and to bring any issue related to Scheme before the CEO and State Government.
	Additional District Programme Coordinator (ADPC)	To assist the CEO in monitoring the implementation of the Scheme in the district; Coordinate with TP/GP in preparation and timely submission of Action Plan and various reports; Responsible for disposal of complaints at district level through CEO; Supervision and coordination in formulation of Social Audit Schedule, training and assist in monitoring the action taken by Taluk Ad-hoc Committee in respect of social audit objections and recoveries indicated in the Reports of District Quality Manager, ZP Ombudsman, State Ombudsman Appellate authority and submission of requisite reports to Commissioner.
Block/ Taluk	Executive Officer, TP designated as Programme Officer (PO)	Ensures effective implementation of the scheme at block level; Responsible for matching demand with work and co-ordinates with ADPC and consolidates Labour Budget data; Ensuring timely and weekly payment of wages; Conduct weekly review meeting with Panchayat Development Officer, Engineers, Management Information System (MIS) Coordinator, Taluk Assistant Director and take necessary action; Monthly inspection of works at GP.
	Assistant Director (AD)	Assists the PO in full time review of the implementation of the Scheme; Monitoring and preparation of muster rolls and ensuring weekly payment of wages; Measurement of works with technical coordinator, uploads the work orders, pay orders, Nominal Muster Rolls (NMR), etc. on MIS and review of work files of 10 GPs monthly.
Gram Panchayat (GP)	Panchayat Development Officer (PDO), GP	Responsible for implementing the Scheme at GP including conducting Gram Sabha and Ward meeting for preparation of labour budget and annual action plans and submit to the Programme Officer for approval; Receiving applications for Job Cards & issuing them; Issue of e-NMR for all work demand, uploading in MIS, monitoring of work progress and Generation of Fund Transfer Orders (FTOs);

Level	Designated Officers	Roles and responsibilities
		Ensuring availability of basic facilities at worksite.
	<i>Gram Rozgar Sahayak (GRS)/ Gram Kayaka Mitra (GKM)</i>	Assists the PDO, collects the application for Job-card and work demand, submit them to the GP and to ensure that work is provided within time; Updating the job cards, fill out <i>e-NMRs</i> , taking attendance through NREGA Mobile Monitoring System and maintenance of registers; Assist the engineer during the visit to worksite, worksite management & supervision and Geo-tagging of three stage photos; Organising the <i>Rozgar Diwas</i> , SHGs meeting <i>etc.</i> and create awareness about the Scheme in Panchayat.
Other Implementing Agencies	Departments of Water Resources, Agriculture, Water Supply and Sanitation, Forest, Horticulture <i>etc.</i>	Assists the DPC in implementation of the Scheme by implementing works (other than works implemented by GPs) and provides technical support.

Source: Information furnished by the Department

Appendix 2.1
(Referred to in Paragraph 2.3)
Sampling Plan for the Performance Audit



Appendix 2.2
(Referred to in Paragraph 2.3)

Statement showing details of sampled districts, taluks and GPs

Districts selected	Total no. of Taluks	No. of Taluks selected	Names of Taluks selected	Total no. of GPs	No. of GPs selected	Names of GPs selected
Kalaburagi	11	2	Aland	42	4	Bhodhan, Hirolli, Kamalanagar, Kinni Sultan
			Kamalapur	18	4	Ambalga, Babalad (IK), Okali, Sonth
Koppal	7	2	Yelburga	22	4	Gedigeri, Gunnal, Hirevankalkunta, Talakere
			Gangavathi	18	4	Jangamar Kalgudi, Kesarahatti, Marali, Vaddarahatti
Mandya	7	2	Mandya	46	4	Ganadolu, Kannali, Mudagandoor, Muthegere
			Maddur	42	4	Chikkarasinakere, D.A.Kere, Koppa, Kyathaghatta
Shivamogga	7	2	Sagar	35	4	Channagonda, Hirenelluru, Kudaruru, Padavagodu
			Shikaripura	43	4	Goddanakoppa, Harogoppa, Saluru, Udugani
Tumakuru	10	2	Tiptur	26	4	Dasarighatta, Gyaraghatta, Hindiskere, Sarthavalli
			Turuvekere	27	4	Bytharahosahalli, Dandinashivara, Hadavanahalli, Hullekere
Total	42	10		319	40	

Appendix 2.3

(Referred to in Paragraph 2.4)

Gist of recommendations contained in the 33rd Report of the Committee on Local Bodies and Panchayat Raj Institutions, Karnataka Legislative Assembly on the Report of the C&AG of India on Performance Audit of Mahatma Gandhi National Rural Employment Guarantee Scheme for the year ended March 2012 (Report No.7 of 2013 – Government of Karnataka)

Sl. No.	Paragraph No.	Title of the Paragraph	Recommendations by the Committee to the State Government
1)	7.3.7 – (a), (b) and (d)	Irregular payment of wages	The Committee recommended to take action on the basis of the final report of Lokayukta as the cases were filed with Lokayukta.
2)	7.4 – (a), (c), (d), (f) and (h)	Irregularities in the muster rolls	The Committee recommended to take action on the basis of the final report of Lokayukta as the cases were filed with Lokayukta.
3)	8.6 – III, IV, V, VI, VIII and X	Other points in execution of works	The Committee recommended to take action on the basis of the final report of Lokayukta as the cases were filed with Lokayukta.

Note: All other paragraphs have been recommended to be closed.

Source: 33rd Report of the Committee on Local Bodies and Panchayat Raj Institutions

Appendix 3.1
(Referred to in Paragraph 3.1.1)

Variations in number of works and estimated person days projected by ZPs when compared with the work planning data of MIS R2.1.2

District	Year	No. of works as per MIS R2.1.2	No. of works in plan projected by ZP	Percent	No. of person days as per MIS R2.1.2 (in lakh)	No. of person days in plan projected by ZP (in lakh)	Percent
Kalaburagi	2021-22	99,861	44,871	45	24,866.25	78.86	0.32
	2022-23	64,635	40,278	62	16,044.30	91.89	0.57
	2023-24	41,181	24,123	59	9,244.78	77.00	0.83
Koppal	2021-22	67,996	40,659	60	6,425.26	71.29	1.11
	2022-23	48,456	40,472	84	4,669.63	70.12	1.50
	2023-24	31,909	51,195	160	3,837.56	70.00	1.82
Mandya	2021-22	40,223	86,517	215	1,359.70	157.38	11.57
	2022-23	28,784	13,709	48	1,000.85	35.97	3.59
	2023-24	24,921	7,992	32	850.18	25.13	2.96
Shivamogga	2021-22	18,787	18,684	99	985.42	45.14	4.58
	2022-23	29,074	11,529	40	1,911.49	36.01	1.88
	2023-24	16,962	6,707	40	1,075.68	30.01	2.79
Tumakuru	2021-22	81,146	67,090	83	11,002.14	86.45	0.79
	2022-23	52,970	62,286	118	6,831.65	85.00	1.24
	2023-24	1,00,969	53,137	53	10,766.15	60.00	0.56

Note: MIS reports R2.1.2 were not available for the years 2019-20 and 202-21

Appendix 3.2
(Referred to in Paragraph 3.1.2)

PDs proposed, approved and generated in test-checked districts

(person days in lakh)

District	Year	PDs projected by ZP	PDs approved at State level	Percentage of PDs approved to projected	PDs generated	Percentage of PDs generated to projected
Kalaburagi	2019-20	55.00	60.01	109	44.75	81
	2020-21	59.59	70.62	119	70.77	119
	2021-22	78.86	78.85	100	84.36	107
	2022-23	91.89	70.00	76	60.31	66
	2023-24	77.00	61.50	80	62.94	82
Koppal	2019-20	33.78	50.32	149	49.97	148
	2020-21	55.00	66.24	120	69.68	127
	2021-22	71.29	85.70	120	88.02	123
	2022-23	70.12	70.00	100	85.05	121
	2023-24	70.00	100.00	143	98.40	141
Mandya	2019-20	25.30	20.68	82	28.42	112
	2020-21	43.34	38.83	90	38.76	89
	2021-22	157.38	39.20	25	39.86	25
	2022-23	35.97	33.00	92	26.32	73
	2023-24	25.13	31.00	123	30.93	123
Shivamogga	2019-20	28.00	49.66	177	32.25	115
	2020-21	30.00	41.53	138	41.53	138
	2021-22	45.14	39.51	88	40.37	89
	2022-23	36.01	30.00	83	32.43	90
	2023-24	30.01	27.50	92	27.61	92
Tumakuru	2019-20	60.00	42.77	71	54.06	90
	2020-21	85.44	75.48	88	75.75	89
	2021-22	86.45	76.36	88	77.32	89
	2022-23	85.00	60.00	71	41.23	49
	2023-24	60.00	63.50	106	63.04	105

Source: Information furnished (24.09.2024) by the Department

Appendix 3.3
(Referred to in Paragraph 3.1.4)

Suggested timelines for planning

Action to be Taken	Time
Launch of Gram Panchayat level planning process and discussion of the planning process by Gram Sabha/Ward Sabha	2 nd October
Special Gram Sabha for approval of the Gram Panchayat level annual action plan	3 rd October to 30 th November
Submission of Gram Panchayat Level Plan to the Block Panchayat	By 5 th December
Approval of Block Level Consolidated Annual Plan by Block Panchayat and submission of the same to District Programme Coordinator (DPC)	By 20 th December
Presentation of Block Plans by Programme Officer before DPC in the suggestive format circulated by the Ministry and appraisal of same by the DPC	By 19 th January
Presentation of District Annual Plan and Labour Budget to District Panchayat by the DPC	By 20 th January
Approval of District Annual Plan by the District Panchayat and submission of the same to State Government	By 31 st of January
Submission of Labour Budget to the Central Government in the suggestive format circulated by the Ministry	By 10 th February
Meetings of the Empowered Committee and finalisation of the Labour Budget	20 th February onwards
Communication of the Labour Budget to the States by Ministry and further by the States to Districts, Blocks, and Gram Panchayats	By 31 st March

Source: Paragraph 6.8 of Annual Master Circular, 2019-20

Appendix 3.4
(Referred to in Paragraph 3.4.3)

Statement showing the avoidable expenditure on GST

(₹ in lakh)

District/ Commissionerate	Name of Agency	Period	Expr on remuneration	Service charge	GST	Total expr
Kalaburagi	M/s Manish Manpower Agency	2021-22 to 2023-24*	1,114.78	50.17	209.69	1,374.64
Koppal	M/s BKR Security Agencies	2019-20 to 2023-24	1,481.18	44.44	274.61	1,800.23
Mandya	M/s Dexterity Projects (P) Ltd.	Apr 2019 to Nov 2019	84.01	5.88	16.18	106.07
	M/s Invensis Technologies Pvt. Ltd	Dec 2019 to March 2024**	993.93	69.58	191.43	1,254.94
Shivamogga	M/s Sri Mahabaleshwara Enterprises	1-4-19 to 18-1-22	496.37	14.64	91.98	602.99
	M/s BKR Security Agencies	19-1-22 to Mar 2024	782.15	13.77	143.27	939.19
Tumakuru	M/s Invensis Technologies Pvt. Ltd.	2019-20 to 2023-24	2,059.84	133.89	394.87	2,588.60
Commissionerate	Megha Services Pvt. Ltd	01.04.2019 to 30.06.2021	426.91	3.57	70.52	501.01
	Madivalappa K Belawadi	01.07.2021 to March 2024	895.72	16.41	150.50	1062.63
Total			8,334.89	352.35	1543.05	10,230.30

Source: Information furnished by ZPs/ Commissionerate (06.09.2024)

* Kalaburagi ZP did not furnish the details of payments for the period from 2019-20 to 2020-21 citing destruction of records in fire accident.

** Mandya – Due to inconsistency in the information furnished, GST and service charge are calculated at the rate of 7% and 18% respectively

Appendix 3.5
(Referred to in Paragraph 3.7)
Delay in release of funds and non-payment of interest (₹36.26 crore)

Year	Sanction Order No. and date	Total to be released as per sanction order (incl State share) (₹ in lakh)	Amount adjusted (₹ in lakh)	Amount released after adjustment (₹ in lakh)	Date of release	No. of days taken to release	No. of days specified for release	Delay in days	Interest payable @ 12% (₹ in lakh)
2019-20	J-12102/1/2019-RE(IV) Sl.No.17, Date:09.04.2019	16,602.10	3,960.91	12,641.19	03-05-2019	24	3	21	87.28
	J-12102/1/2019-RE(IV) (Sl No. 41), Date:10.07.2019	22,622.07	-	22,622.07	06-08-2019	27	3	24	178.50
	J-12102/1/2019-RE(IV) (Sl No. 64), Date:05.08.2019	12,426.87	-	12,426.87	29-08-2019	24	3	21	85.80
	J-12102/1/2019-RE(IV) (Sl No. 72), Date:29.08.2019	57,011.64	13,601.76	43,409.88	24-09-2019	26	3	23	328.25
	J-12102/1/2019-RE(IV) (Sl No. 83), Date:22.10.2019	13,242.77	6,621.39	6,621.38	13-01-2020	83	3	80	174.15
	J-12102/1/2019-RE(IV) (Sl No. 119), Date:31.12.2019	11,511.22	2,746.33	8,764.89	06-02-2020	37	3	34	97.97
	J-12102/1/2019-RE(IV) (Sl No. 145), Date:11.02.2020	16,905.84	11,876.33	5,029.52	21-03-2020	39	3	36	59.53
	Total (2019-20)	1,50,322.52	38,806.72	1,11,515.80					1,011.47
2020-21	J-12012/01/2019-RE (IV) (Sl.No.9) Date: 05.04.2020	1,05,343.70	8,180.17	73,982.38	15-05-2020	40	3	37	899.95
	FD 122 Exp 6/2020(E), Date: 14.08.2020			23,181.00	01-09-2020	149	3	146	1,112.69
	J-12012/01/2020-RE (IV) (Sl.No.79), Date:27.11.2020	25,610.00		25,610.00	23-12-2020	26	3	23	193.65
	J-12012/01/2020-RE (IV) (Sl.No.81), Date:08.12.2020	25,610.00		25,610.00	02-01-2021	25	3	22	185.23
	J-12012/01/2020-RE (IV) (Sl.No.86), Date:09.12.2020	4,981.15		4,981.15		24	3	21	34.39
	Total (2020-21)	1,61,544.84	8,180.17	1,53,364.53					2,425.92
2021-22	J-12012/01/2021-RE IV, Sl.No.23, Date:23.06.2021	1,55,713.61	27,293.00	1,28,420.61	10-07-2021	17	15	2	NA
	Total (2021-22)	1,55,713.61	27,293.00	1,28,420.61					

Year	Sanction Order No. and date	Total to be released as per sanction order (incl State share) (₹ in lakh)	Amount adjusted (₹ in lakh)	Amount released after adjustment (₹ in lakh)	Date of release	No. of days taken to release	No. of days specified for release	Delay in days	Interest payable @ 12% (₹ in lakh)
2022-23	J-12012/1/2021-RE IV S.I.No.51, Date:31.03.2022	23,377.33	20,920.33	2,457.00	26-05-2022	56	15	41	NA
	J-12012/01/2022-RE IV S.I.No.12 Date:17.06.2022	1,56,167.37	1,25,077.67	31,090.00	05-08-2022 08-08-2022	52	15	37	NA
	J-12012/01/2022-RE IV S.I.No.68 Date:22.02.2023	1,06,959.46	50,268.62	56,690.63	28-03-2023	34	15	19	NA
	Total (2022-23)	2,86,504.17	1,96,266.62	90,237.63					
2023-24	J-12012/01/2023-RE IV S.I.No.26 Date:07.08.2023	1,44,738.31	-	1,44,738.31	23.08.2023	16	15	1	47.59
	J-12012/01/2023-RE IV S.I.No.38 Date:17.11.2023	4,169.68	-	4,169.68	06.12.2023	19	15	4	5.48
	J-12012/01/2023-RE IV S.I.No.71 Date:16.02.2024	37,478.70	-	37,478.70	13.03.2024	26	15	11	135.54
	Total (2023-24)	1,86,386.68	-	1,86,386.68					188.61
	Grand total	9,40,471.82	2,70,546.51	6,69,925.25					3,626.00

Source: Information furnished by the Department

Appendix 3.6
(Referred to in Paragraph 3.8.2)

Details of inadmissible expenditure incurred for activities not related to MGNREGS

(Amount in ₹)

S. No.	Voucher No.	Bank Account No.	Description	Bill date	Gross amount	Remarks
1	126	8270 (2022-23)	Food supplies of AKAM event	26.06.2022	3,99,000	Expenditure is not specifically related to MGNREGS
2	38	877 (2020-21)	TA/DA Election Duty	21.11.2020	26,000	Expenditure is not related to MGNREGS
3	218	877 (2020-21)	Press meet (RDPR)	25.03.2021	93,456	Towards 50% advance for Press Meet. No further details on record.
4	219	877 (2020-21)	Newspaper advertisement under SAGY	24.02.2021	15,750	Expenditure is not specifically related to MGNREGS
5	09	8804 (2019-20)	Rent for Program launching of <i>Jalamrutha</i>	06.03.2019	81,000	<i>Jalamrutha</i> Scheme is under RDPR but it is not related to MGNREGS
6	14	8804 (2019-20)	Event management <i>Jalamrutha</i>	05.03.2019	34,77,966	
7	35	8804 (2019-20)	Creative design <i>Jalamrutha</i>	23.03.2019	13,52,542	
8	38	8804 (2019-20)	Newspaper ad for <i>Jalamrutha</i>	22.03.2019	11,25,187	
9	39	8804 (2019-20)	Newspaper ad for <i>Jalamrutha</i>	20.03.2019	13,93,323	
10	43	8804 (2019-20)	Flight ticket election duty	27.05.2019	42,745	Expenditure not related to MGNREGS
11	157	8804 (2019-20)	Flight ticket election duty	19.12.2019	48,136	Expenditure not related to MGNREGS
12	360	877 (2021-22)	Decoration, food, etc., for launching of <i>Amrutha Grama Panchayat Yojane</i>	13.10.2021	47,16,105	Expenditure is not specifically related to MGNREGS
13	01	8270 (2023-24)	Flight ticket to attend <i>Swachh Sujal Shakti Samman</i>	01.03.2023 and 03.03.2023	18,987	Expenditure not related to MGNREGS
Total					1,27,90,197	

Note: These cases are illustrative and not exhaustive.

Source: Information furnished by the Department

Appendix 3.7

(Referred to in Paragraph 3.10)

(a) Status of failed/rejected transactions in respect of wage component

Year	Total Rejected/ failed Transactions		Rejected transactions Successfully regenerated and payment made		Transactions Regenerated but pending for payment		Transactions Pending for Regeneration	
	Number	₹ in crore	Number	₹ in crore	Number	₹ in crore	Number	₹ in crore
2019-20	1,40,374	28.12	1,31,390	26.34	8,984	1.78	0	0
2020-21	1,52,574	31.18	1,41,335	28.80	11,239	2.38	0	0
2021-22	1,76,243	35.35	1,70,744	34.22	5,499	1.14	0	0.02
2022-23	91,965	18.80	85,524	17.53	6,440	1.27	0	0
2023-24	1,15,088	22.50	89,288	17.38	25,747	5.10	55	0.01
Total	6,76,244	135.96	6,18,281	124.28	57,909	11.66	55	0.01

Source: Information furnished by the Department (August 2024)

(b) Status of failed/rejected transactions in respect of material including skilled and semi-skilled wages

Year	Total Rejected/ failed Transactions		Rejected transactions Successfully regenerated and payment made		Transactions Regenerated but pending for payment		Transactions Pending for Regeneration	
	Number	₹ in crore	Number	₹ in crore	Number	₹ in crore	Number	₹ in crore
2019-20	6,219	23.17	4,725	20.44	499	1.25	995	1.47
2020-21	9,865	20.65	6,729	16.25	1,465	2.49	1,671	1.91
2021-22	76,637	364.86	73,745	359.76	869	2.30	2,023	2.81
2022-23	5,704	19.43	4,520	16.79	499	1.60	685	1.04
2023-24	8,516	49.52	3,958	29.68	2,800	15.80	1,758	4.04
Total	1,06,941	477.62	93,677	442.92	6,132	23.44	7,132	11.27

Source: Information furnished by the Department (August 2024)

Appendix 3.8

(Referred to in Paragraph 3.11)

Timelines prescribed for wage payment

S. No.	Process/ Workflow Step	Person/ Agency/ Authority responsible for the step	Time Allotted for Step	No. of Days from date of e-NMR closure	How to track/ fix responsibility
Stage-I					
1	Closure of Muster Roll			T	
2	Closure of Muster Roll attendance, measurement of work & MB recording	Panchayat Development Officer/ Designated 1 st signatory and AE/JE/TAE/Technical Assistant	3-days	T+3	Entries in NREGASoft and relevant software with respect to the concerned person
3	Check Measurement	AD/ AEE (PRED)/ Technical Coordinator	1-day	T+4	-do-
4	Bill preparation & submission to Grama Panchayat/ Implementing Agency	JE/AE Section Officer/ Technical Assistant	1-day	T+5	-do-
5	Generation of Wage list and sent to 1 st Signatory	Data Entry Operator	1-day	T+6	-do-
6	Signing of FTO by 1 st Signatory	Panchayat Development Officer/Designated 1 st Signatory official	1-day	T+7	-do-
7	FTO Signing by 2 nd signatory	Grama Panchayat <i>Adhyaksha</i> Authority/ Designated 2 nd signatory official	1-day	T+8	-do-
Stage-II					
8	Wage credit into the account of the wage seeker	NIC New Delhi/PFMS New Delhi/ Nodal Bank (SBI) Mumbai	7-days	T+9 to T+15	Acknowledgement by Bank/FT's into NIC software

Appendix 3.9
(Referred to in Paragraph 3.11)
Analysis of delayed compensation in 761 NMRs of 400 test-checked works

Taluk	Total NMRs analysed	NMRs with no delays	NMRs with delays	Delayed cases shown in MIS	Cases not shown in MIS (Percent)	Actual delayed compensation payable (₹)	Delayed compensation amount as per MIS (₹)	Amount (₹) not calculated in MIS (Percent)
Aland	76	48	28	3	25 (89)	6920	395	6525 (94)
Kamalapur	78	35	43	2	41 (95)	8089	296	7793 (96)
Gangavathi	76	36	40	1	39 (98)	65531	60	65472 (100)
Yelburga	75	40	35	1	34 (97)	15143	43	15100 (100)
Maddur	75	41	34	0	34 (100)	5891	0	5891 (100)
Mandya	75	21	54	6	48 (89)	11911	681	11230 (94)
Sagar	78	35	43	3	40 (93)	16103	228	15875 (99)
Shikaripura	76	40	36	0	36 (100)	9843	0	9843 (100)
Tiptur	77	38	39	0	39 (100)	13779	0	13779 (100)
Turuvekere	75	38	37	0	37 (100)	8733	0	8733 (100)
Total	761	372	389	16	373 (96)	161944	1703	160241 (99)

Source: NMRs of test-checked 400 works

Appendix 4.1
(Referred to in Paragraph 4.1.2)

Non-issue of prescribed job cards to registered households

S. No.	TP	GP	Number of households registered/ No. of active job cards issued	No. of printed (prescribed) job cards issued	No. of online job card issued
1	Tiptur	Dasarighatta	1473	500	973
2		Gyaraghatta	1203	600	603
3		Hindiskere	1163	450	713
4		Sarthavalli	1390	420	970
5	Turuvekere	Bytharahosahalli	855	230	625
6		Hadavanahalli	896	225	671
7		Hullekere	1073	225	848
		Total	8053	2650	5403

Source: Information furnished by test-checked GPs

Appendix 4.2
(Referred to in Paragraph 4.6)

Illustrative cases of inconsistencies in data sheets of Social Forestry

S. No.	Work components	Year	Labour (%)	Material (%)
1	Conveyance of Polythene/HDPE bagged seedlings	2019-20	0	100
		2020-21	0	100
		2021-22	0	100
		2022-23	100	0
		2023-24	100	0
2	Loading and unloading of Polythene bagged seedlings (6"X9" size bags) – SSR No. KFD 23(c)	2019-20	0	100
		2020-21	0	100
		2021-22	0	100
		2022-23	100	0
		2023-24	100	0
3	Loading and unloading of Polythene bagged seedlings (10"X16" size bags) – SSR No. KFD 23(e)	2019-20	0	100
		2020-21	0	100
		2021-22	0	100
		2022-23	100	0
		2023-24	0	100
3	Watering to Polythene bagged seedlings	2019-20	0	100
		2020-21	0	100
		2021-22	0	100
		2022-23	0	100
		2023-24	0	100
4	Watch & Ward	2019-20	100	0
		2020-21	36.5	63.5
		2021-22	34.73	65.27
		2022-23	36.5	63.5
		2023-24	83.58	16.42
2024-25	100	0		

Source: Information (data sheets) furnished by the Department

**Appendix 4.3
(Referred to in Paragraph 4.6)**

GP-wise details of payments made to agencies for activities executable through MGNREGS beneficiaries

S. No.	GP name	TP name	Amount payable		Amount paid (till August 2024)	
			Skilled/ Semi-skilled	Unskilled	Skilled/ Semi-skilled	Unskilled
1	Bhodhan	Aland	3,23,921	24,60,470	3,23,921	17,37,970
2	Hirolli	Aland	14,621	4,45,689	14,621	4,45,689
3	Kamalanagar	Aland	53,980	10,00,189	53,980	9,38,589
4	Kinni Sultan	Aland	59,225	12,47,184	59,225	12,17,681
5	Jangamar Kalgudi	Gangavathi	10,43,095	1,75,192	10,43,095	1,74,498
6	Kesarahatti	Gangavathi	7,57,109	39,07,944	7,57,109	38,04,584
7	Marali	Gangavathi	7,80,065	15,69,337	6,49,204	12,04,736
8	Vaddarhatti	Gangavathi	5,63,658	19,27,552	5,63,658	19,27,552
9	Ambalaga	Kamalapur	75,652	2,10,571	75,652	2,01,872
10	Babalad (IK)	Kamalapur	-	1,40,234	-	1,40,234
11	Okali	Kamalapur	56,183	4,98,563	54,789	3,39,236
12	Sonth	Kamalapur	22,812	15,59,624	22,812	14,73,362
13	Chikkarasinakere	Maddur	4,569	67,528	4,569	67,528
14	DA Kere	Maddur	22,500	2,93,695	22,500	2,93,695
15	Koppa	Maddur	44,263	43,278	44,263	43,278
16	Kyathaghatta	Maddur	24,805	82,574	24,805	82,574
17	Ganadolu	Mandya	10,000	2,40,000	-	-
18	Mudagandoor	Mandya	64,438	2,81,765	63,448	2,72,755
19	Muthegere	Mandya	27,224	32,000	27,224	32,000
20	Channagonda	Sagar	13,092	57,733	10,672	57,733
21	Hirenelluru	Sagar	2,63,461	19,534	2,26,032	19,534
22	Kudaruru	Sagar	2,52,564	1,81,118	2,52,564	1,81,118
23	Pavagodu	Sagar	3,11,365	81,277	3,11,365	80,226
24	Goddankoppa	Shikaripur	1,45,524	2,300	1,29,119	2,300
25	Harogoppa	Shikaripur	1,52,290	115	1,52,290	115
26	Saluru	Shikaripur	2,21,683	16,847	2,21,683	16,847
27	Udugani	Shikaripur	46,858	31,635	46,858	31,635
28	Dasarighatta	Tiptur	1,08,937	1,275	95,573	1,275
29	Gyaraghatta	Tiptur	36,403	59,939	36,403	59,939
30	Hindiskere	Tiptur	68,338	1,227	68,338	1,227
31	Sarthavalli	Tiptur	46,108	1,41,035	46,108	1,41,035
32	Bytharahosahalli	Turuvekere	7,09,620	39,36,521	7,06,678	39,14,555
33	Dandinashivara	Turuvekere	14,05,338	18,23,064	14,05,338	18,23,064
34	Hadavanahalli	Turuvekere	1,81,372	-	1,31,048	-
35	Hullekere	Turuvekere	1,02,530	2,86,916	1,02,530	2,86,916
36	Gedigeri	Yelburga	1,48,188	35,16,681	1,41,788	32,37,230
37	Gunnal	Yelburga	1,34,585	12,80,149	1,34,585	12,80,149
38	Hirevankalkunta	Yelburga	4,61,827	20,31,333	4,56,773	20,17,103
39	Talakere	Yelburga	1,72,522	74,912	1,72,522	74,912
	Total		89,30,725	2,97,26,999	86,53,142	2,76,24,746
	Grand Total			3,86,57,724		3,62,77,888

Source: MIS Reports S5.13-Vendor wise expenditure (August 2024)

Appendix 4.4
(Referred to in Paragraph 4.7.1)
Details of targets and achievements of IEC activities planned and conducted in test-checked districts during 2019-20 to 2023-24

Activity	Kalaburagi		Kalaburagi		Koppal		Mandya		Mandya		Tumakuru		Tumakuru		Shivamogga	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
Rozgar Diwas/Mela/Jatha Campaign	14065	7809	9180	9180	14104	10274	19824	19020	14758	15485						
a) Rozgar Vahini	46	12	29	25	28	21	40	10	28	11						
b) Door to Door campaign	1050	3944	461	614	700	466	662	662	813	1423						
Theme based workshops	73	4	226	231	152	85	311	35	216	406						
Workshop for women SHG's	108	42	15	15	45	7	70	0	64	142						
Award for best GPs/TPs	308	79	13	0	124	0	74	0	54	7						
Job Card verification campaign	789	1034	459	459	467	233	1322	662	542	444						
Medical Camp	84	25	184	179	299	28	430	40	545	3447						
Caps/T-shirts/Saree	0	0	2000	8425	0	0	211	0	0	420						
Job card printing	520028	150000	153	153	0	0	185000	0	0	0						
Wall writing	1531	552	5760	1530	2119	1197	48187	323	3061	358						
Calendar/pamphlets	0	0	0	0	9200	37500	0	0	0	0						
Brochure printing (Dist. Level)	26100	440	3224	600	625173	75007	1000002	0	480800	346397						
Vinyl Pasting on hoardings.	0	0	50153	50153	0	0	0	0	0	0						
Exhibition	0	0	20	1	0	0	11	2	0	0						
Publication/Newsletter	26	9	0	0	0	0	0	0	0	0						
Poster Printing	3915	6000	2	1	8	7	210008	10000	127100	46450						
Circular Book printing/Booklet	4	0	300	200	5	6903	0	0	430	1001						
Handouts printing	46200	10100	51153	50153	1177	7007	1	0	456500	29242						
Display on KSRTC Buses	0	0	0	0	0	0	0	0	0	0						

Performance Audit on MGNREGS

Activity	Kalaburagi		Koppal		Mandya		Tumakuru		Shivamogga	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
Digital Camera	34	10	24	9	3	0	23	0	15	3
Drone Camera	1	0	0	0	0	0	0	0	0	0
Photo Album	12	1	0	0	0	0	0	0	0	0
Production and Telecasting										
i) Video documents	82	3	3	1	3	0	3	12	11	49
ii) MGNREGA Jingle telecasting in KSRTC Bus Stand	0	0	0	0	0	0	0	0	0	0
iii) MGNREGA Commercial add telecasting in TV Channels	0	0	47	0	0	0	0	0	0	0
iv) MGNREGA Sponsored Radio programmes (District Level)	259	1	7	3	31	10	20	8	4	4
v) MGNREGA Jingles telecasting in AIR	0	0	2	0	0	0	0	0	0	0
Newspaper Advertisements	0	5	96	21	110	20	10	0	167	45

Source: Information furnished (23.08.2024) by the Department

Appendix 4.5

(Referred to in Paragraph 4.7.2)

Details of organizing Rozgar Diwas in test-checked districts

District	Year	Target	Achievements	Shortfall	Percentage
Kalaburagi	2019-20	3236	1536	1700	53
	2020-21	3236	1134	2102	65
	2021-22	3132	2409	723	23
	2022-23	1772	1365	407	23
	2023-24	2689	1365	1324	49
Koppal	2019-20	1836	1836	-	-
	2020-21	1836	1836	-	-
	2021-22	1836	1836	-	-
	2022-23	1836	1836	-	-
	2023-24	1836	1836	-	-
Mandya	2019-20	2808	1356	1452	52
	2020-21	1398	1631	-	-
	2021-22	2796	2796	-	-
	2022-23	2796	2605	191	7
	2023-24	4306	1886	2420	56
Shivamogga	2019-20	3252	2572	680	21
	2020-21	3238	2514	724	22
	2021-22	3284	2975	309	9
	2022-23	3089	2724	365	12
	2023-24	3099	2719	380	12
Tumakuru	2019-20	3972	3960	12	-
	2020-21	3972	3540	432	11
	2021-22	3960	3960	-	-
	2022-23	3960	3600	360	9
	2023-24	3960	3960	-	-

Source: Information furnished (29.07.2024) by the Department

Appendix 4.6

(Referred to in Paragraph 4.8)

Details of non-provision of employment on demand and unemployment allowance payable

Taluk	GPs	No. of HHs who demanded employment	No. of days for which work was demanded	Employment provided (number of days)	Shortfall (number of days)	Unemployment allowance payable (₹)
Aland	Kamalanagar	8	100 each	10 to 44	56 to 90	185538
Tiptur	Dasarighatta Gyaraghatta Sarhavalli	76	100 each	7 to 99	1 to 93	905641
Mandya	Muthegere Mudaganadoor Ganadalu Kannali	152	100 each	0 to 98	2 to 100	2450730
Maddur	Chikkarasinakere D A Kere Kyathaghatta	35	100 each	10 to 94	6 to 90	682589
Turuvekere	Hadavanahalli	12	100 each	11 to 95	5 to 89	138942
	Total	283				4363440

Source: Test-checked work files and MIS data

Appendix 5.1
(Referred to in Paragraph 5.1)
Expenditure on incomplete works

(₹ in lakh)

District	Work start financial year	No. of works	Sanctioned amount	Expenditure
Kalaburagi	2021-22	2	10.03	0.09
	2022-23	703	19554.66	30.55
	2023-24	2100	5067.46	82.30
Koppal	2019-20	32	302.27	8.40
	2022-23	83	396.29	7.34
	2023-24	1421	317839.55	63.08
Mandya	2021-22	27	84.45	2.83
	2022-23	410	355821.64	20.95
	2023-24	732	2869.53	33.71
Shivamogga	2022-23	99	355.63	7.41
	2023-24	301	917.69	14.42
Tumakuru	2021-22	1	0.65	0.03
	2022-23	631	2124.72	29.97
	2023-24	2724	3304.62	61.31
Total		9,266	7,08,649.18	362.43

Source: MIS reports No. 6.12 accessed on 04.08.2024

Appendix 5.2

(Referred to in Paragraph 5.2.2)

Illustrative cases of irregularities in housing works

Illustration-1

**Payment made through Muster rolls generated for already constructed house –
(Mudagandoor GP of Mandya Taluk)**

MGNREGS Work name – Construction of house of Lakshmi w/o Papegowda of Bettahalli Village under Basava Housing Scheme (Work Code 1521004077/IF/93393042893738636) and RGHCL Beneficiary Code – 422803

As per Rajiv Gandhi Housing Corporation Limited (RGHCL) data¹, the construction of house was completed and PDO had uploaded the photograph on 06.05.2022. However, as per MGNREGS, the work was started on 21.09.2022 and completed on 15.07.2023. Muster rolls were generated accordingly, and entries were made in the MIS to facilitate payment of ₹18,596. Instead of geo-tagged onsite photograph, photograph captured from existing photograph was uploaded (18.07.2023) on Bhuvan portal to substantiate its completion under MGNREGS.



Photograph as uploaded (06.05.2022) on Housing website (RGHCL)



Photograph (Stage-3) as uploaded (18.07.2023) on Bhuvan portal for MGNREGS

¹ <https://ashraya.karnataka.gov.in/Beneficiary Status.aspx>

Illustration-2

House already constructed/completed under Housing Scheme but approval under MGNREGS was given and paid subsequently (Hirevankalakunta Gram Panchayat, Yelburga Taluk) –

MGNREGS Work name – Construction of house of Husenavva Modinasaab Mataladinni of Hirevankalakunta Gram Panchayat, Yelburga under Basava Housing Scheme (Work Code - 1520004030/IF/93393042893067472) and RGHCL Beneficiary Code – 204530.

As per RGHCL data, the construction of the house was completed and photograph uploaded by the PDO, Hirevankalakunta on 26.05.2020. However, as per MGNREGS, the work was started on 23.07.2021 and completed on 24.09.2021. This was also corroborated by stage-wise photographs on Bhuvan wherein completed house was visible.

Complete



GPS Date: 26-05-20
 Rec : Yes-
 Audit Dtd. : 05-06-20
 Ok-



stage:1	
1 2	
Sl.No	145385869
Category	Works on Individuals Land (Category IV)
Sub-Category	Constr of PMAY-G House for Individuals
Creation Time	2021-07-17 16:37:39

Photograph uploaded (26.05.2020) on Housing website (RGHCL)

Stage-1 Photograph (before construction) uploaded (17.07.2021) for MGNREGS



Stage-2 (09.05.2022) and Stage-3 (26.05.2022) photographs showing already constructed house

Illustration-3

**Payment made for excess person days permitted for stage wise construction – (Gyraghatta GP of Tiptur Taluk)
MGNREGS Work Code 1525008005/IF/93393042892311058) and RGHCL Beneficiary Code – 700985**

As per RGHCL data		As per NREGASoft						
Stage of construction	Date of completion as per RGHCL	NMR NO	NMR period	PDs provided	Permissible PDs as per the stage	Stage-wise excess PDs paid	Wage rate	Inadmissible amount
Lintel	31-03-2019	7261	05-01-2019 to 13-01-2019	27	24	3	249	747
Roof	19-07-2019	859	14-04-2019 to 29-04-2019	24	10	14	249	3486
Completion	16-02-2021	192 And 18411	02-04-2020 to 17-04-2020 and 19-01-2021 to 03-02- 2021	42	28	14	275	3850
Total				93	90	31		8083

Illustration-4

Payment made on muster rolls generated though no work was executed as seen from different stage photographs uploaded on Bhuvan portal (Gedigeri GP, Yelburga Taluk)

MGNREGS Work name – Construction of house of Mabubi Martujasaab Magalmani of Gedigeri Village, Gedigeri Gram Panchayat, Yelburga under Basava Housing Scheme (Work Code - 1520004020/IF/93393042894136104) and RGHCL Beneficiary Code – 426064.

As per photos uploaded (Stages 1 and 2) on Bhuvan Portal, no work was done between 04.11.2022 and 24.11.2022. However, amount of ₹7,416/- was paid on NMR for the period from 07.11.22 to 18.11.2022 (24 person days).

MGNREGA Asset DETAILS		MGNREGA Asset DETAILS	
			
stage:1 <u>1 2</u>		stage:1 <u>1 2</u>	stage:2 <u>1 2</u>
Sl.No	169108457	Sl.No	170142410
Category	Works on Individuals Land (Category IV)	Category	Works on Individuals Land (Category IV)
Sub-Category	Constr of PMAY-G House for Individuals	Sub-Category	Constr of PMAY-G House for Individuals
Creation Time	2022-11-04 13:07:42	Creation Time	2022-11-24 11:56:59
Stage-1 Photograph uploaded on Bhuvan portal (04.11.2022)		Stage-2 Photograph uploaded on Bhuvan portal (24.11.2022) showing no progress, however payment under MGNRES was made for the period	

Illustration-5
Payment made without constructing any house – Gunnal GP of Yelburga Taluk

MGNREGS Work name – Construction of house of Jayashri Mailarappa Hatti of Gunnal Village, Gunnal GP under Basava Housing Scheme Additional (Work Code-1520004007/IF/93393042892484775) and RGHCL Beneficiary Code – 397070.

As per the RGHCL details, only foundation work was executed up to 17.12.2018 and no further works were executed. Under MGNREGS, work was shown as completed on 01.08.2022 and wages of ₹23,409/- were paid for 81 person days. During the JPV (29.08.2024) of the site, it was noticed and confirmed that the beneficiary had not constructed any house.



No building found during JPV with Department Officers (29.08.2024)

Copy of Measurement Book FY: 2021-2022

State : KARNATAKA District : KOPPAL Block : YELBURGA

S.no	Mb_Id	Work Code	Measurement Priod	Measurement Date	Person_day	Labaur_Cost
1	00498/33221	1520004007/IF/93393042892484775	04/09/2021-14/09/2021	14/09/2021	11	3179
2	00498/4438	1520004007/IF/93393042892484775	04/05/2021-13/05/2021	13/05/2021	28	8092
3	00498/62501	1520004007/IF/93393042892484775	13/01/2022-26/01/2022	26/01/2022	14	4046
4	00498/9770	1520004007/IF/93393042892484775	16/06/2021-29/06/2021	29/06/2021	28	8092

Measurements were fabricated on MIS to facilitate payment despite non-execution of work

Illustration-6

Payment made under MGNREGS for a house which was not taken up under any housing Scheme (Talakeri GP of Yelburga Taluk)

MGNREGS Work name – Construction of house of Hanamanti w/o Chidanandappa Bhajantri, Talakeri Village, Talakeri Gram Panchayat, Yelburga Taluka, Koppal under Dr. B. R. Ambedkar Nivas Yojana Rural Additional (Work Code - 1520004033/IF/93393042894570251) and RGHCL Beneficiary Code – 527813.

As per the RGHCL data, the house was completed and the concerned PDO, Talakeri, uploaded the photo on 31.08.2023. The photographs (Stage-1 to Stage-3) uploaded on Bhuvan portal (MGNREGS) revealed payment (04.10.2023 and 23.04.2024) aggregating ₹26,544 (84 person days) for a house other than the house constructed under any housing scheme through RGHCL. JPV also corroborated (30.08.2024) that both the houses were different and were located at an approximate distance of two kilometers.

Complete



GPS Date: 31-08-23

Rec : Yes-

Audit Dtd. : 01-09-23

Ok-

MGNREGA Asset DETAILS		
stage:1	stage:2	stage:3
1 2	1 2	1 2
Sl.No	194256891	
Category	Works on Individuals Land (Category IV)	
Sub-Category	Constr of State scheme House for Individuals	
Creation Time	2024-05-31 14:27:23	

Completion Level photo as per RGHCL beneficiary status (31.08.2023)

Stage-3 (after completion) photo as uploaded on Bhuvan portal (31.05.2024)

Illustration-7

Payment made for the house which did not belong to beneficiary

MGNREGS Work names –

1. Construction of house of Meenakshi W/o Sangappa Meti of Marakatta Village, Talakeri Gram Panchayat, Yelburga Taluka, Koppal under PMAY (G) (Work Code - 1520004033/IF/93393042892619456) and RGHCL Beneficiary Code – 249937 (Job card No.: KN-20-004-032-001/1030-A, Family Id: 1030-A).

2. Construction of house of Shesavva W/o Rudrappa Ballari of Marakatta Village, Talakeri Gram Panchayat, Yelburga Taluka, Koppal under PMAY (G) (Work Code - 1520004033/IF/93393042892644876) and RGHCL Beneficiary Code – 258798.) (Job card No.: KN-20-004-032-001/57 Family Id: 57, Name of Head of Household: Rudrappa)

As per the RGHCL data, approvals were accorded for both the houses on 30.01.2020. These houses were completed and photographs were uploaded on RGHCL website on 02.09.2022 by the PDO.

Scrutiny of RGHCL and MGNREGS data showed that photographs of the same house were uploaded for both the works and wages aggregating ₹33,235/- (21964+11271) under MGNREGS were credited to the accounts of households other than those of Smt. Meenakshi and Smt. Shesavva. Majority of wages (₹24,276/-) was credited to Job card No. KN-20-004-032-001/167 (Shri Hanumathappa) who was not a beneficiary under the housing scheme. JPV with Department Officers showed (30.08.2024) that wages under both the works were paid for the house belonging to Shri Hanumathappa.

MGNREGS photograph (Stage-2) of house of Smt. Meenakshi W/o Sangappa Meti (15.06.2021)	MGNREGS photograph (Stage-3) of house of Smt. Shesavva W/o Rudrappa Ballari (18.06.2021)
RGHCL photograph of completed house of Smt. Meenakshi W/o Sangappa Meti (02.09.2022)	RGHCL photograph of completed house of Smt. Shesavva W/o Rudrappa Ballari (02.09.2022)

Appendix 5.3

(Referred to in Paragraph 5.2.2)

Irregular expenditure on housing works in test-checked GPs

ZP	TP	GP	Total housing works in selected GPs	Housing works test-checked by Audit		Housing works where objections noticed	
				No.	Expr in lakh	No.	Expr in lakh
Kalaburagi	Aland	Bhodhan	6	6	1.34	4	0.69
		Hirolli	16	16	3.05	10	1.63
		Kamalanagar	3	3	0.69	3	0.48
		Kinni Sultan	21	20	3.69	10	1.49
	Kamalapur	Ambalga	0	0	0.00	0	0.00
		Babalad (IK)	38	20	3.72	18	2.38
		Okali	57	20	3.97	1	0.23
	Sonth	99	20	4.78	15	3.13	
Koppal	Gangavathi	Jangamar Kalgudi	78	36	7.98	32	7.34
		Kesarahatti	50	20	3.34	19	2.95
		Marali	82	30	5.50	28	5.18
		Vaddarahatti	97	41	8.48	38	7.89
	Yelburga	Geddigeri	157	24	5.87	24	5.15
		Gunnal	127	27	5.67	27	4.95
		Hirevankalkunta	114	30	5.48	30	4.91
		Talakere	90	32	7.34	31	6.76
Mandya	Mandya	Ganadalu	45	20	4.03	13	1.32
		Kannali	51	20	4.92	8	1.01
		Mudagandoor	37	20	4.49	15	2.01
		Muthegere	64	20	4.10	9	1.49
	Maddur	Chikkarasinakere	32	20	5.16	15	2.28
		D A Kere	42	20	4.20	12	1.60
		Koppa	40	20	4.51	12	2.21
	Kyathaghatta	61	18	4.51	9	1.95	
Shivamogga	Sagar	Channagonda	65	20	5.34	20	4.46
		Hirenelluru	42	20	5.08	11	1.39
		Kudaruru	78	20	5.03	20	3.66
		Padavagodu	49	20	5.35	12	1.26
	Shikaripura	Goddanakoppa	21	20	4.26	15	1.85
		Harogoppa	38	20	5.24	10	1.85
		Saluru	32	20	4.69	11	1.59
	Udugani	34	20	5.42	11	1.38	
Tumakuru	Tiptur	Dasarighatta	152	32	7.75	26	5.32
		Gyaraghatta	184	27	5.92	24	4.17
		Hindiskere	101	26	5.54	25	4.50
		Sarthavalli	150	20	5.32	19	4.11
	Turuvekere	Bytharahosahalli	59	20	4.95	17	3.56
		Dandinashivara	50	19	4.46	16	3.22
		Hadavanahalli	39	20	5.10	20	4.61
	Hullekere	59	20	4.29	13	2.62	
		Total	2,560	847	190.56	653	118.58

**Appendix 5.4
(Referred to in Paragraph 5.4.1)**

Details of 37 works which included provision for semi-skilled and skilled workers, but no expenditure was incurred

(Amount in ₹)

S. No.	Work Code	GP	Estimated cost for semi-skilled workers	Estimated cost for skilled workers
1	1521004058/FP/93393042892215134	Ganadalu	12814.45	5234.03
2	1521004058/WC/GIS/93482	Ganadalu	315.9	0
3	1521004058/LD/GIS/440414	Ganadalu	32093.92	12915.01
4	1521004058/IF/93393042892517746	Ganadalu	0	110.31
5	1521004058/IF/93393042892538351	Ganadalu	0	110
6	1521004058/AV/93393042892258986	Ganadalu	32549	23859.31
7	1521004070/IF/93393042892386834	Kannali	0	69.66
8	1521004070/FP/93393042892218281	Kannali	8676	2135
9	1521004070/FP/93393042892241354	Kannali	12475	2098
10	1521004070/FP/GIS/401940	Kannali	10681	2029
11	1521004070/IC/GIS/120112	Kannali	3550	0
12	1521004070/IF/93393042892384533	Kannali	1178	232
13	1521004070/IF/93393042892497103	Kannali	1909.93	382.46
14	1521004070/WC/GIS/882549	Kannali	4290	0
15	1521004077/WH/93393042892203048	Mudagandoor	33722.64	9766.76
16	1521004077/RC/GIS/347750	Mudagandoor	4271.88	0
17	1521004077/FP/GIS/131772	Mudagandoor	15890	3175.54
18	1521004077/IF/93393042892496864	Mudagandoor	0	115
19	1521004077/IF/93393042892521662	Mudagandoor	21.06	10.91
20	1521004078/FP/93393042892210687	Muthegere	14701	2630
21	1521004078/WH/GIS/89019	Muthegere	11033	8296
22	1521004078/FP/GIS/412621	Muthegere	2600.09	2676.36
23	1521004078/WC/GIS/526000	Muthegere	27437	33727
24	1521004078/WC/93393042892264136	Muthegere	1146	1087
25	1521004078/WC/93393042892264134	Muthegere	870.52	1193
26	1521002003/FP/93393042892218976	Chikkarasinakere	2326.06	3517.61
27	1521002003/FP/93393042892218975	Chikkarasinakere	2015.92	3048.77
28	1521002003/RC/GIS/121965	Chikkarasinakere	14147.34	2920.36
29	1521002003/RC/GIS/368414	Chikkarasinakere	26203.66	5305.09
30	1521002035/WH/GIS/172312	D A Kere	11275	0
31	1521002035/IF/93393042892450371	D A Kere	1795.58	359.54
32	1521002035/WH/GIS/172316	D A Kere	11275	0
33	1521002007/AV/GIS/398668	Koppa	16788.41	17334.41
34	1521002007/FP/GIS/455981	Koppa	4286	4619
35	1521002007/IF/GIS/424597	Koppa	1041.85	147.15
36	1520004033/RC/93393042892235637	Talakere	1628	0
37	1520004033/WC/93393042892404278	Talakere	14575	0
Total			339584.21	149104.28

Appendix 5.5
(Referred to in Paragraph 5.4.1)

Details of 22 works with variations (more than 50 per cent) in estimated cost of material as compared with actual expenditure

S. No.	Work Code	GP	Material expenditure (in ₹)		Percentage variation
			Estimate	Actual	
1	1521004058/WC/GIS/93482	Ganadalu	29444	0	100
2	1521004058/IF/93393042892517746	Ganadalu	4073	0	100
3	1521004058/IF/93393042892538351	Ganadalu	4074	0	100
4	1521004070/IF/93393042892386834	Kannali	5613	0	100
5	1521004070/IC/GIS/120112	Kannali	82575	0	100
6	1521004070/IF/93393042892384533	Kannali	35955	12164	66
7	1521004070/IF/93393042892497103	Kannali	34172	5757.92	83
8	1521004070/WC/GIS/882549	Kannali	24644	0	100
9	1521004077/IF/93393042892496864	Mudagandoor	3220	0	100
10	1521004077/IF/93393042892521662	Mudagandoor	3426	0	100
11	1521004078/WC/GIS/526000	Muthegere	553970	219558	60
12	1521004/WH/93393042892195526	Muthegere	10053	0	100
13	1521002003/IC/GIS/286377	Chikkarasinakere	23151.74	5000	78
14	1521002003/IC/93393042892234249	Chikkarasinakere	27135.32	0	100
15	1521002003/WC/GIS/804398	Chikkarasinakere	47643	4000	92
16	1521002035/WH/93393042892210110	D A Kere	15225.24	0	100
17	1521002035/WH/93393042892211412	D A Kere	203738	0	100
18	1521002035/WH/GIS/172312	D A Kere	148271	0	100
19	1521002035/IC/GIS/225880	D A Kere	13270.6	0	100
20	1521002035/IF/93393042892450371	D A Kere	31852.16	9900	69
21	1521002035/WH/GIS/172316	D A Kere	136996	0	100
22	1520004033/WC/93393042892404278	Talakere	92584	0	100
Total			1531086.06	256379.92	

Appendix 5.6
(Referred to in Paragraph 5.5)

Details of individual works where beneficiaries of the HH concerned did not work

(₹ in lakh)

S. No.	Taluk	GP	Total works	Works where beneficiary did not work		
				No. (%)	Sanctioned cost	Expr
1	Aland	Bhodhan	641	562 (88)	223.29	143.38
2		Hirolli	184	171 (93)	68.47	36.12
3		Kamalanagar	172	129 (75)	56.33	30.99
4		KinniSultan	1,462	1057 (72)	555.88	352.01
5	Kamalapur	Ambalga	420	352 (84)	127.16	82.56
6		Babalad(IK)	489	458 (94)	100.40	78.01
7		Okali	422	309 (73)	128.72	81.95
8		Sonth	308	284 (92)	83.45	52.41
9	Gangavathi	Jangamar Kalgudi	290	16 (6)	4.75	2.13
10		Kesarahatti	439	245 (56)	108.11	76.42
11		Marali	312	124 (40)	26.52	15.73
12		Vaddarahatti	643	147 (23)	32.72	19.06
13	Yelburga	Geddigeri	892	368 (41)	79.22	53.72
14		Gunnal	417	166 (40)	71.71	40.31
15		Hirevankalkunta	593	326 (55)	113.88	74.60
16		Talakere	384	166 (43)	38.02	18.68
17	Maddur	Chikkarasinakere	174	31 (18)	13.27	7.49
18		D.A. Kere	299	74 (25)	31.61	16.97
19		Koppa	155	44 (28)	17.08	12.76
20		Kyathaghatta	249	57 (23)	19.58	12.70
21	Mandya	Ganadolu	190	83 (44)	38.27	27.91
22		Kannali	222	131 (59)	53.18	38.57
23		Mudagandoor	451	135 (30)	72.48	56.46
24		Muthegere	409	76 (19)	37.97	29.26
25	Sagar	Channagonda	281	105 (37)	34.88	26.43
26		Hirenelluru	326	16 (5)	4.87	3.53
27		Kudaruru	347	82 (24)	42.69	27.63
28		Padavagodu	257	18 (7)	2.43	1.89
29	Shikaripura	Goddanakoppa	614	107 (17)	57.89	41.11
30		Harogoppa	360	73 (20)	48.44	34.07
31		Saluru	444	78 (18)	36.43	22.75
32		Udugani	246	28 (11)	9.31	6.70
33	Tiptur	Dasarighatta	761	159 (21)	61.71	32.90
34		Gyaraghatta	633	140 (22)	53.16	33.23
35		Hindiskere	567	190 (34)	83.28	49.34
36		Sarthavalli	786	369 (47)	210.39	127.99
37	Turuvekere	Bytharahosahalli	673	424 (63)	160.36	111.02
38		Dandinashivara	495	304 (61)	170.42	96.81
39		Hadavanahalli	579	505 (87)	172.90	117.29
40		Hullekere	873	515 (59)	192.05	117.40
Total			18,459	8,624 (47)	3443.28	2210.29

Source: Information furnished by Department and MIS Report (R6.12 dated 28.10.2024)

Appendix 5.7
(Referred to in Paragraph 5.6)
Statement showing split of works in 13 GPs

S. No.	TP	GP	Year	Work name (brief)	Overall sanctioned cost (₹ in lakh)	Split into number of works	Cost of split works ranging from
1	Yelburga	Hirevankalkunta	2019-20	Desilting of lake in Chikkavankalkunta Village	16.00	3	3 to 10 lakh
2	Yelburga	Hirevankalkunta and Gunnal	2019-20	Desilting of Nilogal Lake/Tank	26.00	3	8 to 10 lakh
3	Kamalapur	Babalad (IK)	2019-20	Desilting of Muthyar lake/Tank	8.00	2	3 and 5 lakh
4	Gangavathi	Jangamar Kalgudi	2019-20	Desilting of Jeeral Lake/Tank	69.29	7	9.89 to 9.9 lakh
5	Gangavathi	Vaddarahatti	2019-20	Desilting of Ramdurg Lake/Tank	50.00	5	10 lakh each
6	Gangavathi	Vaddarahatti	2019-20	Desilting of Ramdurg Lake/Tank	40.00	4	10 lakh each
7	Gangavathi	Kesarahatti	2019-20	Desilting of B. Narasapura Village Lake/Tank	59.00	7	9 lakh each
8	Gangavathi	Kesarahatti	2019-20	Desilting of B. Narasapura Village Lake/Tank	55.00	7	5 to 9 lakh
9	Gangavathi	Marali	2019-20	Construction of compound wall to school	8.00	2	4 lakh each
10	Gangavathi	Marali	2019-20	Desilting of Kardona Lake/Tank	19.80	2	9.90 lakh each
11	Sagar	Padavagodu	2019-20	Desilting of Arikere Government Tank/Lake	9.00	2	4 lakh and 5 lakh
12	Yelburga	Gunnal	2020-21	Desilting of Hunasihal Lake/Tank	20.00	2	10 lakh each
13	Gangavathi	Kesarahatti	2020-21	Desilting of B. Narasapura Village Lake/Tank	63.00	7	9 lakh each
14	Gangavathi	Kesarahatti	2020-21	Desilting of Bhatamarasaura Village	168.00	20	5 lakh to 9 lakh
15	Gangavathi	Kesarahatti	2020-21	Desilting of Aralahalli Village Lake/Tank	15.00	3	5 lakh each
16	Gangavathi	Marali	2020-21	Desilting of Vithalapura Lake/Tank	20.00	2	10 lakh each
17	Gangavathi	Marali	2020-21	Desilting of Jeeral Lake/Tank	20.00	2	10 lakh each
18	Aland	Bhodhan	2020-21	Desilting of Gunjababalad Village Gokatta	6.00	2	3 lakh each
19	Aland	Bhodhan	2020-21	Desilting of Gokatta at Survey No. 24	12.00	4	3 lakh each
20	Aland	Bhodhan	2020-21	Desilting of Gokatta near Matha	6.00	2	3 lakh each
21	Aland	Bhodhan	2020-21	Desilting of Gokatta of Bhodhan Village	6.00	2	3 lakh each
22	Aland	Bhodhan	2020-21	Desilting of Bilgunda Village Pond	9.00	3	3 lakh each
23	Kamalapur	Okali	2020-21	Desilting of old tank in Okali Village	12.07	5	2.413 lakh each
24	Kamalapur	Okali	2020-21	Desilting of Navanihal Tank/Lake	14.43	6	2.413 lakh each
25	Yelburga	Hirevankalkunta	2021-22	Desilting of Lake in Chikkavankalkunta	70.00	7	10 lakh each
26	Yelburga	Hirevankalkunta	2021-22	Desilting of Nilogal Lake/Tank	60.00	6	10 lakh each
27	Yelburga	Talakere	2021-22	Desilting of Kallabhavi Village Tank/Lake	20.00	2	10 lakh each
28	Yelburga	Talakere	2021-22	Desilting of Kallabhavi Village Tank/Lake	20.00	2	10 lakh each
29	Kamalapur	Babalad (IK)	2021-22	Desilting of Babalad Village Tank/Lake	6.00	2	3 lakh each
30	Gangavathi	Jangamar Kalgudi	2021-22	Desilting of Jeeral Lake/Tank	140.00	14	10 lakh each
31	Gangavathi	Vaddarahatti	2021-22	Desilting of Kardona Lake/Tank	100.00	10	10 lakh each

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S. No.	TP	GP	Year	Work name (brief)	Overall sanctioned cost (₹ in lakh)	Split into number of works	Cost of split works ranging from
32	Gangavathi	Vaddarahatti	2021-22	Desilting of Jeeral Lake/Tank	40.00	4	10 lakh each
33	Gangavathi	Vaddarahatti	2021-22	Desilting of Nagalapura Lake	90.00	9	10 lakh each
34	Gangavathi	Vaddarahatti	2021-22	Desilting of Vithalapura Lake/Tank (August 2021)	70.00	7	10 lakh each
35	Gangavathi	Vaddarahatti	2021-22	Desilting of Vithalapura Lake/Tank (Feb/Mar 2022)	70.00	7	10 lakh each
36	Gangavathi	Vaddarahatti	2021-22	Desilting of Vithalapura Lake/Tank	70.00	7	10 lakh each
37	Yelburga	Gunnal	2021-22	Desilting of Hunasihal Lake/Tank	29.00	3	9.50 lakh to 10 lakh
38	Yelburga	Gunnal	2021-22	Desilting of Gunnal Village Lake/Tank	29.00	3	9.50 lakh to 10 lakh
39	Gangavathi	Marali	2021-22	Desilting of Vithalapura Lake	30.00	3	10 lakh each
40	Kamalapur	Okali	2021-22	Desilting of Jeemigu lake of Bhagwan Thanda	6.00	2	3 lakh each
41	Kamalapur	Okali	2021-22	Desilting of Okali Old Lake	9.00	3	3 lakh each
42	Yelburga	Hirevankalkunta	2022-23	Desilting of Lake in Chikkavankalkunta	50.00	5	10 lakh each
43	Yelburga	Talakere	2022-23	Desilting of Kallabhavi Village Tank/Lake	60.00	6	10 lakh each
44	Gangavathi	Jangamar Kalgudi	2022-23	Desilting of lake/tank in Kalkeri Village	107.00	11	9.5 lakh to 10 lakh
45	Gangavathi	Jangamar Kalgudi	2022-23	Desilting of Vithalapura Lake/Tank	167.50	17	9.50 lakh to 10 lakh
46	Gangavathi	Vaddarahatti	2022-23	Desilting of Nagalapura Lake of Vaddarahatti and Aaral	20.00	2	10 lakh each
47	Gangavathi	Vaddarahatti	2022-23	Desilting of Vithalapura Lake of Aaral and Vaddarahatti Villages	240.00	24	10 lakh each
48	Sagar	Hirenelluru	2022-23	Desilting of Kadugodu Doddakere	15.00	2	5 lakh and 10 lakh
49	Yelburga	Hirevankalkunta	2023-24	Desilting of Lake in Chikkavankalkunta	70.00	7	10 lakh each
50	Yelburga	Talakere	2023-24	Desilting of Kallabhavi Village Tank/Lake	30.00	3	10 lakh each
51	Gangavathi	Jangamar Kalgudi	2023-24	Desilting of Vithalapura Village Lake Eastern Parts 1 to 5	60.00	6	10 lakh each
52	Gangavathi	Jangamar Kalgudi	2023-24	Desilting of Gaddi Village Lake/Tank Eastern Parts 1 to 6	60.00	6	10 lakh each
53	Gangavathi	Jangamar Kalgudi	2023-24	Desilting of Kalkeri Village Lake/Tank Eastern Parts 1 to 7	70.00	7	10 lakh each
54	Gangavathi	Jangamar Kalgudi	2023-24	Desilting of Vithalapura Village Lake Western Parts 1 to 5	60.00	6	10 lakh each
55	Gangavathi	Jangamar Kalgudi	2023-24	Desilting of Kalkeri Village Lake/Tank Western Parts 1 to 2	20.00	2	10 lakh each
56	Gangavathi	Vaddarahatti	2023-24	Desilting of Kalkeri Lake of Aaral and Vaddarahatti Villages	100.00	10	10 lakh each
57	Gangavathi	Vaddarahatti	2023-24	Desilting of Vithalapura Lake of Aaral and Vaddarahatti Villages	170.00	17	10 lakh each
58	Yelburga	Gunnal	2023-24	Desilting of Gunnal Village Lake/Tank	30.00	3	10 lakh each
59	Yelburga	Gunnal	2023-24	Desilting of Hunasihal Lake/Tank	30.00	3	10 lakh each
60	Yelburga	Gunnal	2023-24	Desilting of Bukanatti Village Lake/Tank	20.00	2	10 lakh each
61	Gangavathi	Kesarahatti	2023-24	Desilting of AJC Nagalapura Lake/Tank	190.00	19	10 lakh each
62	Gangavathi	Kesarahatti	2023-24	Desilting of Kalkeri Lake	218.00	22	9 lakh to 10 lakh
63	Gangavathi	Kesarahatti	2023-24	Desilting of Nagalapura Lake/Tank	789.71	83	8.90 lakh to 10 lakh
64	Gangavathi	Kesarahatti	2023-24	Desilting of B. Narasapura Village Lake/Tank	20.00	2	10 lakh each
65	Gangavathi	Kesarahatti	2023-24	Desilting of B. Narasapura Village Lake/Tank Parts 1 to 3	27.00	3	9 lakh each
		Total			4214.80	463	

Appendix 5.8
(Referred to in Paragraph 5.7)
Expenditure incurred in excess of the sanctioned cost

(₹ in lakh)

District	Year	Community works			Individual works		
		No. of cases	Sanctioned amount	Total amount paid since inception	No. of cases	Sanctioned amount	Total amount paid since inception
Kalaburagi	2019-20	469	1176.43	1328.80	341	121.51	133.31
Kalaburagi	2020-21	874	1489.78	1780.45	779	244.20	280.94
Kalaburagi	2021-22	743	1396.48	1559.46	908	315.40	356.57
Kalaburagi	2022-23	236	556.72	646.10	158	54.93	63.97
Kalaburagi	2023-24	12	25.03	26.95	22	2.94	5.73
Total		2334	4644.44	5341.77	2208.00	738.98	840.52
Koppal	2019-20	99	649.32	719.15	484	144.97	160.71
Koppal	2020-21	143	624.78	711.71	437	125.22	139.37
Koppal	2021-22	133	572.92	619.39	476	167.42	181.80
Koppal	2022-23	122	686.81	744.24	157	48.73	52.52
Koppal	2023-24	8	59.52	60.23	4	1.08	1.09
Total		505	2593.34	2854.72	1558	487.42	535.48
Mandya	2019-20	47	63.44	72.45	189	50.74	53.33
Mandya	2020-21	92	205.88	212.16	1425	382.46	406.80
Mandya	2021-22	83	209.52	215.81	652	177.08	188.85
Mandya	2022-23	25	62.29	64.27	108	25.18	27.20
Mandya	2023-24	11	29.41	31.18	17	3.63	3.88
Total		258	570.55	595.88	2391	639.08	680.05
Shivamogga	2019-20	69	236.15	246.65	234	73.55	77.06
Shivamogga	2020-21	100	288.72	318.18	253	80.79	85.45
Shivamogga	2021-22	97	289.51	302.92	327	112.30	120.52
Shivamogga	2022-23	35	123.46	129.81	138	52.66	55.19
Shivamogga	2023-24	6	15.60	15.84	11	3.63	3.79
Total		307	953.44	1013.41	963	322.93	342.02
Tumakuru	2019-20	224	739.69	758.80	2720	726.67	761.40
Tumakuru	2020-21	219	651.30	669.97	2332	801.18	850.64
Tumakuru	2021-22	217	580.07	595.86	1432	486.66	518.24
Tumakuru	2022-23	39	92.50	96.95	74	23.49	24.67
Tumakuru	2023-24	6	23.42	23.59	29	9.77	10.44
Total		705	2086.98	2145.17	6587	2047.76	2165.38
Grand Total		4109	10848.75	11950.95	13707	4236.17	4563.45
More than sanctioned amount				1102.20			327.28
Total excess expenditure							1429.48

Source: MIS reports No. 6.12 accessed on 02.08.2024

Appendix 5.9
(Referred to in Paragraph 5.8)

Expenditure (less than 5 per cent of cost) on works shown completed

(₹ in lakh)

District	Community works			Individual works		
	Number	Sanctioned cost	Expr	Number	Sanctioned cost	Expr
Kalaburagi	142	444.34	8.57	181	70.61	2.26
Koppal	90	583.27	13.82	191	331.69	1.71
Mandya	42	111.39	2.69	21	126466.97	1.28
Shivamogga	46	189.54	5.37	39	65533.85	0.92
Tumakuru	101	264397.65	8.19	1076	874663.26	13.35
Total	421	265726.19	38.64	1508	1067066.38	19.52

Appendix 5.10
(Referred to in Paragraph 5.9)

Details showing material cost of individual works paid to agencies instead of beneficiaries' bank accounts

(₹ in lakh)

S. No.	Taluk	GP	No. of works	Amount payable	Amount paid
1	Aland	Bhodhan	161	25.21	21.14
2		Hirolli	46	3.69	3.69
3		Kamalanagar	41	3.43	2.08
4		Kinni Sultan	352	50.84	49.66
5	Kamalapur	Ambalaga	177	17.36	15.80
6		Babalad (IK)	339	34.85	34.45
7		Okali	176	36.16	35.16
8		Sonth	120	27.05	22.07
9	Gangavathi	Jangamar Kalgudi	53	0.59	0.59
10		Kesarahatti	168	18.01	18.46
11		Marali	115	3.50	3.78
12		Vaddarhatti	161	12.92	12.24
13	Yelburga	Gedigeri	351	21.94	21.96
14		Gunnal	58	6.41	6.49
15		Hirevankalkunta	171	26.40	26.23
16		Talakere	90	2.96	2.96
17	Maddur	Chikkarasinakere	21	2.55	2.68
18		DA Kere	28	1.87	1.78
19		Koppa	10	1.14	1.14
20		Kyathaghatta	15	1.31	1.31
21	Mandya	Ganadalu	17	1.16	1.16
22		Kannali	27	2.20	2.20
23		Mudagandoor	32	3.97	3.97
24		Muthegere	12	0.83	0.83
25	Sagar	Channagonda	58	5.26	5.26
26		Hirenelluru	15	1.51	1.51
27		Kudaruru	11	0.68	0.68
28		Pavagodu	2	0.01	0.01
29	Shikaripura	Goddankoppa	7	1.00	0.65
30		Harogoppa	64	9.91	9.83
31		Saluru	20	2.89	2.94
32	Tiptur	Dasarighatta	87	6.84	7.21
33		Gyaraghatta	41	3.12	3.12
34		Hindiskere	119	14.89	14.79
35		Sarthavalli	209	27.46	28.59
36	Turuvekere	Bytharahosahalli	44	2.40	2.27
37		Dandinashivara	54	12.43	12.64
38		Hadavanahalli	82	12.46	12.40
39		Hullekere	141	19.82	19.60
		Total	3695	427.02	413.36

Source: MIS reports (S5.13 Vendor wise expenditure and R6.12)

Appendix 5.11
(Referred to in Paragraph 5.10)

Details of districts with less than 60 per cent expenditure on agriculture and allied works during the period from 2019-20 to 2023-24

Year	Numbers	Names
2019-20	22	Mysuru, Haveri, Kodagu, Dharwar, Chamarajanagara, Mandya, Dakshina Kannada, Uttara Kannada, Hassan, Tumakuru, Belagavi, Bidar, Bengaluru Rural, Bengaluru, Bagalkote, Davanagere, Ramanagara, Chikkamagaluru, Chitradurga, Kolar, Udupi, Chikkaballapura
2020-21	12	Kodagu, Dharwar, Mysuru, Uttara Kannada, Bagalkote, Haveri, Raichur, Dakshina Kannada, Belagavi, Chamarajanagara, Bengaluru, Mandya
2021-22	6	Belagavi, Bagalkote, Bidar, Haveri, Dharwar, Uttara Kannada
2022-23	13	Belagavi, Bidar, Bagalkote, Haveri, Mandya, Tumakuru, Mysuru, Chikkamagaluru, Uttara Kannada, Dharwar, Vijayapura, Hassan, Chamarajanagara
2023-24	30	Bagalkote, Ballari, Belagavi, Bengaluru, Bengaluru Rural, Bidar, Chamarajanagara, Chikkaballapura, Chikkamagaluru, Chitradurga, Davanagere, Dharwad, Gadag, Hassan, Haveri, Kalaburagi, Kodagu, Kolar, Koppal, Mandya, Mysuru, Raichur, Ramanagara, Shivamogga, Tumakuru, Udupi, Uttara Kannada, Vijayanagara, Vijayapura, Yadgir

Source: Information furnished (December 2024) by the Department

Appendix 5.12
(Referred to in Paragraph 5.12)

Progress Report of Cluster Facilitation Project (2023-24)

S. No	Deliverables	CFP Target	Devdurga	Raichur	Shorapur	Yadgir	Chincholi
			Raichur district		Yadgir district		Kalaburagi district
1	The expenditure of NRM works should reach 65% at block level.	65	49.19	45.22	36.13	52.92	38.42
2	The expenditure on Individual works should reach 60% at block level.	60	57.35	43.3	58.27	50.55	34.38
3	The expenditure on Agri and Allied works should reach 60% at block level.	60	28.51	20.16	48.43	30.34	21.81
4	All SC household will get at least 10% more person-days than the district average	Raichur-56.58 Yadgir-48.91 Kalaburagi-37.79	39.30	46.70	46.06	35.51	38.55
5	All ST household will get at least 10% more person-days than the district average	Raichur-56.35 Yadgir-49.38 Kalaburagi-43.38	44.42	44.85	44.48	38.37	50.01
6	100% generation of fund transfer order (FTO) within 8 days from closure of MR	100	97.26	99.3	98.44	99.87	99.26
7	Completion rate of the work should reach up to National avg within 9 months	National avg-42.14 State avg-50.02	33.89	58.13	68.4	48.93	44.07
8	Saturation of Plantation works on community	(*In 6 months-100% Planning of plantation *12M-25% execution. *18M-100% execution)	93	92.7	93	90.36	96.81
9	Survival rate of plants on plantation on community and individual lands	(At least 90%in all GPs in 12 Months)	89.5	90.05	83.44	80.76	91.82
10	The capacity building of the GP beneficiaries and functionaries should be improved for individual schemes, water scenario, benefit of NRM planning suing GIS tools including map reading etc.	Target-4	6	6	6	6	6
11	Commencement of works as per GIS based INRM plan	100	100	100	100	100	100

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S. No	Deliverables	CFP Target	Devdurga	Raichur	Shorapur	Yadgir	Chincholi
			Raichur district		Yadgir district		Kalaburagi district
12	Completion of works taken up as per GIS based INRM plan	100	40.96	46.01	68.65	47.97	50.59
13	Preparation of GIS based GPs plan in saturation mode within 6 months	100	100	100	100	100	100
14	Grievances redressal- 80% of Grievances disposed in 15 days	100	100	100	100	100	100
15	The performance of the block on the parameters PD generation	State Avg-	83%	96%	106.138	109.358	87%

Source: Information furnished by the Department (Report as on 28.08.2024)

Appendix 5.13
(Referred to in Paragraph 5.14.7)
Payment on unauthorised muster rolls

S. No.	Taluk	No. of GPs	No. of works	No. of NMRs	Amount (in ₹)
1	Shikaripura	4	24	168	29,27,851
2	Sagar	4	28	131	36,97,303
3	Mandya	8	47	227	34,51,966
4	Maddur				
5	Kamalapura	7	37	245	55,34,133
6	Aland				
7	Tiptur	4	35	140	39,92,859
8	Turuvekere	4	33	141	31,95,163
9	Gangavathi	4	28	461	1,30,76,810
10	Yelburga	4	25	286	62,72,732
	Total	39	257	1,799	4,21,48,817

Source: Test-checked work files and MIS data

Appendix 5.14

(Referred to in Paragraph 5.14.7)

Payment on muster rolls printed after commencement of work

Taluk	No. of GPs	No. of works	No. of NMRs	Objected amount (in ₹)
Shikaripura	3	23	300	22,02,884
Sagar	4	24	88	9,47,282
Mandya	8	49	245	15,99,889
Maddur				
Kamalapura	8	27	124	11,08,579
Aland				
Tiptur	4	15	33	1,61,203
Turuvekere	4	26	88	9,16,881
Gangavathi	4	10	41	4,49,266
Yelburga	3	11	39	5,30,237
Total	38	185	958	79,16,221

Source: Test-checked work files and MIS data

Appendix 5.15
(Referred to in Paragraph 5.14.8)

Procurement of materials without inviting tenders

TP	No. of works	Cost of materials (in ₹)
Gangavathi	9	1,17,80,790
Kamalapur	5	63,31,759
Maddur	5	39,91,024
Mandya	3	19,49,342
Sagar	8	79,45,857
Shikaripura	6	57,43,589
Tiptur	3	23,65,803
Turuvekere	17	1,20,45,507
Yelburga	5	46,47,841
Total	61	5,68,01,512

Source: Test-checked works files

Appendix 6.1
(Referred to in Paragraph 6.3.1)

Irregular allotment of home districts to SQMs

S. No.	Year	Name (Shri)	Home district	District allotted
1.	2020-21	Sharanappa B Agnala	Kalaburagi	Kalaburagi , Bidar, Ballari, Chikmagalur
2.		T Changalarayagowda	Kolar	Kolar , Tumkuru, Madikeri, Chamrajnagara
3.		B H Yogesh	Shivamogga	Shivamogga , Gadag, Dashina Kannada, Raichur
4.	2022-23	Tanaji Wadekar	Bidar	Bidar , Yadgiri
5.		Rajeshkhara Mallappa Javalagi	Mysuru	Mysuru , Chamrajnagara
6.	2023-24	Sharanappa B Agnala	Kalaburagi	Kalaburagi
7.		R Gurulingaswamy	Shivamogga	Shivamogga , Uduppi, Koppal
8.		K Ravikumar	Bengaluru	Bengaluru (U) , Haveri
9.		Allauddin	Kalaburagi	Kalaburagi , Raichur, Ballari

Source: Information furnished by the Department

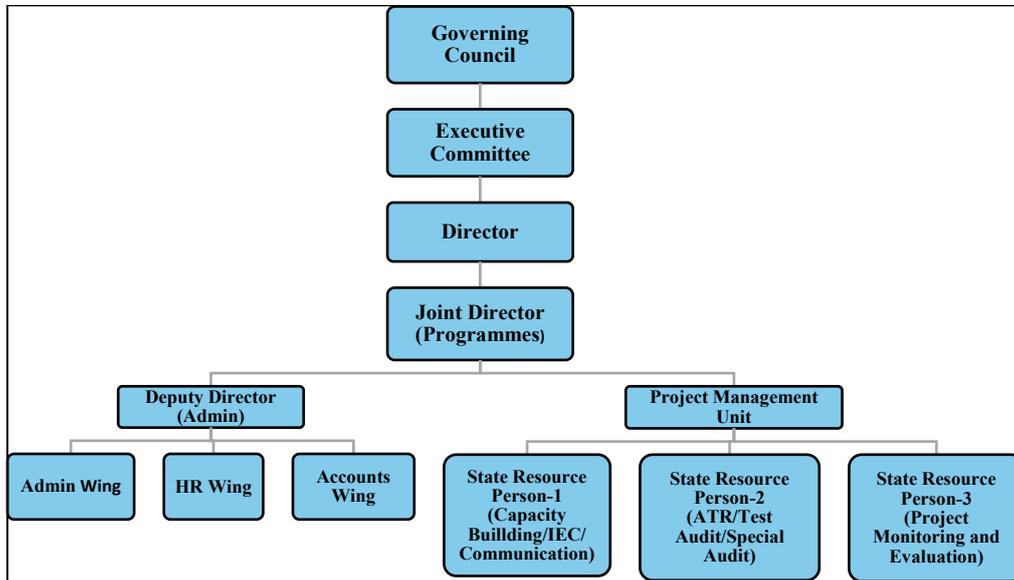
**Appendix 6.2
(Referred to in Paragraph 6.3.1)**

Details of targets and achievements in inspection of works by SQMs

Year	Total number of works executed (more than ₹5 lakh <i>kutcha</i> works and ₹10 lakh <i>pucca</i> works)		Number of works to be inspected (Target)			Number of works inspected		Percentage of works inspected	Whether monitoring of each work was done in two stages <i>i.e.</i> during construction and after construction?	Total number of works where recoveries were proposed by SQMs	
	<i>Kutcha</i> works	<i>Pucca</i> works	<i>Kutcha</i> works	<i>Pucca</i> works	Total	<i>Kutcha</i> works	<i>Pucca</i> works			No.	Amount
2019-20	2687	41	269	5	274	0	0	0	0	0	
2020-21	2792	79	280	8	288	121	42	No (works were inspected once during work implementation)	4	3,70,233	
2021-22	4539	430	454	43	497	163	33		0	0	
2022-23	4950	261	495	27	522	236	45		7	1,90,822	
2023-24	5912	64	592	7	599	39	7		4	20,72,012	

Source: Information furnished (20.09.2024) by the Department

Appendix 6.3
(Referred to in Paragraph 6.4)
Organisational set up in SAU, Karnataka



Source: Information provided by SAU, Karnataka

Appendix 6.4
(Referred to in Paragraph 6.4.3)

Financial Management (Social Audit Directorate)

(₹ in lakh)

Year	Budget requirement			Actual receipt				Expr
	Funds to be released	For the current year	Pertaining to previous year	Total	GoI	Advance from Commissioner, MGNREGS	Advance from XV FC Grants	
2019-20	1810.46	1753.57	280.00	2033.57	1186.79	300.00	0.00	1418.91
2020-21	2376.23	2450.46	650.00	3100.46	894.32	1283.20	0.00	1372.75
2021-22	2817.80	2622.97	933.20	3556.17	681.41	614.11	0.00	1358.61
2022-23	3101.00	2894.12	1547.31	4441.43	755.18	100.00	578.85	1599.86
2023-24	3299.00	4904.42	2200.34	7104.76	1593.14	0.00	194.98	1803.12
Total	13404.49	14625.54	5610.85	20236.39	5110.84	2297.31	773.83	8181.98

Source: Information furnished (06.06.2024) by SAU, Karnataka

Appendix 6.5

(Referred to in Paragraph 6.4.4)

Delays in release of funds to Social Audit Unit

(₹ in lakh)

Year	Sanctioned amount (GoI)	Date of sanction order (GoI)	Amount released to Social Audit account	Date of release	Delay in days	Interest payable
2019-20	256.54	29-03-2019	200.00	09-05-2019	26	NA
2019-20		29-03-2019	56.54	21-05-2019	38	NA
2019-20	930.15	19-08-2019	930.15	18-11-2019	76	23.24
2020-21	894.32	24-04-2020	244.32	29-08-2020	112	9.00
2021-22	681.41	27-07-2021	681.41	28-10-2021	78	NA
2022-23	755.18	21-03-2023	755.18	29-03-2023	No delay	NA
2023-24	796.57	09-08-2023	796.57	14-09-2023	21	5.50
2023-24	796.57	23-01-2024	796.57	01-03-2024	23	6.02
Total	5110.74		4460.74			43.76

Note: Advance amount of ₹650 lakh was adjusted while releasing funds for the year 2020-21. There were no instructions regarding payment of interest in sanction orders pertaining to the years 2021-22 and 2022-23.

Source: Information furnished by SAU

NA: Interest not applicable

Appendix 6.6
(Referred to in Paragraph 6.4.7)

Non-verification of expenditure by SAU

(₹ in crore)

Year	Amount of works taken up	Amount verified in Social Audit	Amount not verified in Social Audit	Percentage
2019-20	4265.99	2087.72	2178.27	51
2020-21	2855.06	1532.02	1323.04	46
2021-22	2783.20	1478.72	1304.48	47
2022-23	2479.38	1335.17	1144.21	46
2023-24	4680.90	2366.51	2314.39	49
Total	17064.53	8800.14	8264.39	48

Source: Information furnished by SAU, Karnataka

Appendix 6.7
(Referred to in Paragraph 6.4.8)

Social Audit issues reported in the State (Category-wise)

(₹ in crore)

Year	Financial Misappropriation		Financial Deviation		Process Violation		Grievances		Total	
	No. of issues	Amount	No. of issues	Amount	No. of issues	Amount	No. of issues	Amount	No. of issues	Amount
2019-20	14,710	60.58	24,130	1,259.20	13,621	157.85	638	1.43	53,099	1,479.06
2020-21	7,915	32.87	21,061	710.25	7,398	116.29	225	1.12	36,599	860.53
2021-22	16,747	23.28	60,391	825.53	12,803	126.25	146	0.44	90,087	975.50
2022-23	12,306	17.53	42,598	546.38	9,452	136.79	217	0.36	64,573	701.05
2023-24	27,606	53.13	67,928	1,108.09	15,226	97.43	275	1.10	1,11,035	1,259.75
Total	79,284	187.38	2,16,108	4,449.44	58,500	634.60	1,501	4.45	3,55,393	5,275.88

Source: MIS data (Report-9.2.3) dated 04.11.2024

Appendix 6.8
(Referred to in Paragraph 6.4.8)

Social Audit observations closed without ensuring remittance of amount

Name of the TP	Name of the GP	Issue No	Issue amount (₹)	Remarks
Mandya	Muthegere	KN-ISSUE- 234967	1925	DD No. 364157 not traced in the bank statement.
Mandya	Muthegere	KN-ISSUE- 234963	1734	DD No. 610114 not traced in the bank statement.
Malavalli	Bendarwadi	Not mentioned	27340	DD No. 114145 returned on 23.01.2024 by the ZP to the TP for revalidation.
Malavalli	Dhanagur	KN-ISSUE-83439	1768	DD No. 288005 returned on 25.09.2023 by the ZP to the TP for revalidation.
Malavalli	Dhanagur	KN-ISSUE-110289	4507	DD No. 288006 returned on 25.09.2023 by the ZP to the TP for revalidation.
Malavalli	Hittanahalli	KN-ISSUE-105661	1245	DD No. 288007 returned on 25.09.2023 by the ZP to the TP for revalidation.
Malavalli	Lingapattana	KN-ISSUE-86061	1245	DD No. 909809 returned on 25.09.2023 by the ZP to the TP for revalidation.
Mandya	Mandya Rural	KN-ISSUE- 236360	12871	Against the observation amount of ₹54,878, Challan no-MG1023085300001932 of ₹12871 was submitted in Ad hoc meeting dated 06.10.2023. <i>Khajane-2</i> Portal showed its status as failed. Without verifying the authenticity of the challan, the issue was closed.
Mandya	Doddagarudanahalli	KN-ISSUE- 196870	15403	As per <i>Khajane-2</i> Portal, the status of the Challan no. MG0124085300011729 was failed. However, the <i>Ad hoc</i> Committee vide its meeting dated 22.01.2024 had recommended for closure of the issue without verifying the authenticity of the challan.
Mandya	Holalu	KN-ISSUE-235082	30750	The status of the Challan no.MG0224085300010181 was failed. Without verifying the remittance of amount, the <i>Ad hoc</i> Committee recommended (07.07.2022) to close the issue.
	Total		98788	

**Appendix 6.9
(Referred to in Paragraph 6.4.8)**

Non-revalidation of DDs collected as recovery of Social Audit findings

S. No.	Name of the TP	Name of the GP	Issue No.	DD No.	Amount (₹)	Date of returning DD	Remark
1	Nagamangala	Devalapur	KN-ISSUE-80384	900168	1743	14.12.23	Recovery amount has been paid in adhoc meeting dated. 16.12.2023. DD No.900168 dated. 21.11.2023
2	Nagamangala	Devalapur	KN-ISSUE-80387	900169	4980	14.12.23	Recovery amount has been paid in the adhoc meeting dated. 16.12.2023 DD no. 900169 DD dated. 21.11.2023
3	KR Pet	Kikkeri	KN-ISSUE-160383	800565	498	27.02.24	recovery amount has been paid of ₹498 dd number 800565
4	Malvalli	Bendarwadi	Not mentioned	114145	27340	23.01.24	The amount was recovered from Madamma i.r.o NMR payment to non construction of B.R.Ambedkar House
5	Malvalli	Dhanagur	KN-ISSUE-83439	288005	1768	25.09.23	RECOVERY AMOUNT HAS BEEN PAID THROUGH DD NO 288005 DATED 07.06.2023 TO KSEGF 1743 but DD submitted for 1768
6	Malvalli	Devalapur	KN-ISSUE-110289	288006	4507	25.09.23	Recovery amount has been paid through DD no 288006 dated on 07.06.2023but DD submitted for 4589
7	Malvalli	Hittanahalli	KN-ISSUE-105661	288007	1245	25.09.23	DD NO 288007 DATED ON 07.06.2023 PAID AMOUNT 1245 THROUGH KSEGF
8	Malvalli	Lingapattana	KN-ISSUE-86061	909809	1245	25.09.23	RECOVER AMOUNT HAS BEEN PAID THROUGH DD NO 909809 DATED ON 06.06.2023 TO SEGFB AMOUNT ₹1245
9	Maddur	Kadakotnahalli	KN-ISSUE-80888	779669	5976	25.09.23	Recovery amount of ₹5976 was paid through DD 779669 on 24/05/2023
10	Maddur	Koolagere	Not mentioned	604853	89	25.09.23	DD was returned to TP for revalidation
11	Maddur	Koppa	KN-ISSUE-37061	905269	500	25.09.23	DD was returned to TP for revalidation
Total					49891		

Appendix 6.10
(Referred to in Paragraph 6.5)

Details of District-level DISHA Committee meetings held in test-checked districts

District	Year	No. of meeting to be conducted	No. of meeting conducted	Shortfall (%)
Kalaburagi*	2019-20	4	1	3(75)
	2020-21	4	1	3(75)
	2021-22	4	2	2(50)
	2022-23	4	1	3(75)
	2023-24	4	1	3(75)
		20	6	14(70)
Koppal	2019-20	4	1	3 (75)
	2020-21	4	2	2 (50)
	2021-22	4	2	2 (50)
	2022-23	4	3	1 (25)
	2023-24	4	1	3 (75)
	Total	20	9	11 (55)
Mandya	2019-20	4	2	2 (50)
	2020-21	4	4	0 (0)
	2021-22	4	4	0 (0)
	2022-23	4	3	1 (25)
	2023-24	4	3	1 (25)
	Total	20	16	4 (20)
Shivamogga	2019-20	4	1	3 (75)
	2020-21	4	1	3 (75)
	2021-22	4	2	2 (50)
	2022-23	4	1	3 (75)
	2023-24	4	2	2 (50)
	Total	20	7	13 (65)
Tumakuru	2019-20	4	3	1 (25)
	2020-21	4	4	0 (0)
	2021-22	4	4	0 (0)
	2022-23	4	2	2 (50)
	2023-24	4	2	2 (50)
	Total	20	15	5 (25)

Source: Information furnished by the test-checked districts

*As per the reply submitted by ZP Kalaburagi, no DISHA Committee was formed. However as per the MoRD document received from ZP Mandya, meetings were conducted as indicated in the Appendix.

**Appendix 6.11
(Referred to in Paragraph 6.7)**

Details of representations (appeals) disposed of by the Appellate Authority

As on date	Number of representations submitted to the Appellate Authority	Total representations disposed of	Number of representations pending	Percentage
31 st March 2020	60	10	50	83
31 st March 2021	75	63	12	16
31 st March 2022	102	40	62	61
31 st March 2023	152	35	117	77
31 st March 2024	237	60	177	75
Total	626	208	418	67

Source: Information furnished by the Department

GLOSSARY	
Acronym	Expansion
ABPS	Aadhaar Based Payments System
ACS	Additional Chief Secretary
AD	Assistant Director
ADPC	Additional District Programme Co-ordinator
AE	Assistant Engineer
AEE	Assistant Executive Engineer
AMC	Annual Master Circular
ANSSIRD	Abdul Nazir Sab State Institute of Rural Development
AOS	Area Officer Scheme
AS	Administrative Sanction
ATR	Action Taken Report
BPL	Below Poverty Line
BRG	Block Resource Group
CA	Chartered Accountant
CB	Closing Balance
CBOs	Community Based Organizations
CC	Cement Concrete
CEGC	Central Employment Guarantee Council
CEO	Chief Executive Officer
CFP	Cluster Facilitation Project
CLART	Composite Landscape Assessment and Restoration Tool
COO	Chief Operations Officer
CPGRAMS	Centralised Public Grievance Redress and Monitoring System
CSOs	Civil Society Organizations
CVO	Chief Vigilance Officer
DBT	Direct Benefit Transfer
DD	Demand Draft
DDU-GKY	Deen Dayal Upadhyaya Grameen Koushalya Yojana
DEOs	Data Entry Operators
DISHA	Development Coordination and Monitoring Committee
DLCC	District Level Coordination Committee
DLTC	District-level Technical Committee
DoP	Department of Posts
DPC	District Programme Co-ordinator
DPR	Detailed Project Report
DQM	District Quality Monitor
DRG	District Resource Group
DS	Deputy Secretary
EE	Executive Engineer
e-NMR	Electronic Nominal Muster Roll
EO	Executive Officer
EPF	Employees' Provident Fund

ESI	Employees' State Insurance
FES	Foundation for Ecological Security
FM	Financial Misappropriation
FTO	Fund Transfer Order
FY	Financial Year
GIS	Geographic Information System
GKM	Gram Kayaka Mitra
GO	Government Order
GoI	Government of India
GoK	Government of Karnataka
GP	Gram Panchayat
GPDP	Gram Panchayat Development Plan
GPPFT	Gram Panchayat Planning Facilitation Team
GPS	Global Positioning System
GRS	Gram Rozgar Sahayak
GS	Gram Sabha
GST	Goods and Services Tax
HDPE	High Density Polyethylene
HHs	Households
HIV	Human Immunodeficiency Virus
HR	Human Resource
ICT	Information and Communication Technology
IEC	Information, Education and Communication
IFSC	Indian Financial System Code
INRM	Integrated Natural Resource Management
IPC	Interpersonal Communication
ISRO	Indian Space Research Organisation
JBY	Janashree Bima Yojana
JC	Job Card
JE	Junior Engineer
JPV	Joint Physical Verification
KPWD	Karnataka Public Works department
KSRTC	Karnataka State Road Transport Corporation
KTPP	Karnataka Transparency in Public Procurement
KVK	Krishi Vigyan Kendra
LB	Labour Budget
LDM	Lead District Manager
MB	Measurement Book
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MIS	Management Information System
MoRD	Ministry of Rural Development
MR	Muster Roll
MWC	Mission Water Conservation
Ne-FMS	National Electronic Fund Management System

NGO	Non-Governmental Organization
NIC	National Informatics Centre
NIC-DRD	National Informatics Centre - Department of Rural Development
NIDPR	National Institute of Rural Development and Panchayati Raj
NMMS	NREGA Mobile Monitoring System
NMR	Nominal Muster Roll
NPCI	National Payments Corporation of India
NREGA	National Rural Employment Guarantee Act
NRM	Natural Resource Management
NRSC	National Remote Sensing Centre
OB	Opening Balance
Pb	Polythene Bag
PCR	Project Completion Report
PD	Project Director
PDO	Panchayat Development Officer
PDs	Person Days
PFMS	Public Financial Management System
PIAs	Programme Implementation Agencies
PMAY	Pradhan Mantri Awas Yojna
PMAY-G	Pradhan Mantri Awas Yojna- Gramin
PMGSY	Pradhan Mantri Gram Sadak Yojana
PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana
PMSBY	Pradhan Mantri Suraksha Bima Yojana
PO	Programme Officer
PRED	Panchayat Raj Engineering Department
PRI	Panchayat Raj Institutions
PwD	Person with Disability
QM	Quality Monitor
RDPR	Rural Development and Panchayati Raj
RE	Rural Employment
RFO	Range Forest Officer
RFP	Request for Proposal
RGHCL	Rajiv Gandhi Housing Corporation Limited
RGSK	Rajiv Gandhi Sewa Kendra
RSBY	Rashtriya Swasthya Bima Yojana
RSETI	Rural Self Employment Training Institute
SARP	Social Audit Resource person
SAU	Social Audit Unit
SBI	State Bank of India
SC	Scheduled Caste
SDAA	Second Division Accounts Assistant
SDG	Sustainable Development Goal
SE	Superintending Engineer
SECURE	Software for Estimate Calculation Using Rural rates for Employment
SEGC	State Employment Guarantee Council

SEGF	State Employment Guarantee Fund
SHG	Self Help Group
SoP	Standard Operating Procedure
SoR	Schedule of Rates
SPC	State Programme Co-ordinator
SQM	State Quality Monitors
SRP	State Resource Person
ST	Scheduled Tribe
SWM	solid waste management
TAE	Technical Assistant Engineer
TP	Taluk Panchayat
TS	Technical Sanction
UID	Unique Identification Number
UT	Union Territory
VMC	Village Monitoring Committee
VO	Village level Organization
VRG	Village Resource Group
WBM	Water Bound Macadam
ZP	Zilla Panchayat