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Government of India  
Ministry of Rural Development  
Department of Rural Development

Krishi Bhavan, New Delhi  
Date: 14<sup>th</sup> September 2017

To

The Principal Secretary/ Commissioner cum Secretary/ Commissioners,  
(In-charge of MGNREGA)  
Government of All States/ UTs

**Subject: Summary of the findings of National Level Monitoring, Common Review  
Mission and Internal Audit**

Madam/Sir,

The Ministry of Rural Development emphasizes on regular monitoring and evaluation of all programmes including MGNREGA. National Level Monitoring, Common Review Mission and Internal Audits are some of the periodic exercises carried out to monitor the implementation of the scheme at the grass root level. We have compiled the summary of findings of 9 such reports as detailed below:

- (i) National level Monitoring: 6 Reports from last 3 years (FY 2014-15, 2015-16 & 2016-17).
- (ii) Common Review Mission: 2 Reports of CRM-1 & CRM- 2.
- (iii) Internal Audit Report

The reports highlight several implementation issues in each State that were a part of these exercises. It is further stated that at least 7 of the above reports are available online in case any State needs to learn more may contact Shri Nitesh Singh, Research officer (Mob : 8002244454).

The States are requested to go through the findings and recommendations highlighted in these 9 reports and take appropriate steps to overcome shortcomings. Action Taken Report (ATR) on these findings may be sent to Ministry, at the earliest.

Yours faithfully,

(Aparajita Sarangi)  
JS (MGNREGA)

Enclosed: As above

15/9/17

**Summary**  
**of**  
**National Level Monitoring,**  
**Common Review Mission &**  
**Internal Audit**  
**on**  
**MGNREGA**

# National Level Monitoring

## 1. FY 2014-15 Phase-I

### 1.1 Coverage

NLMs visited 265 districts during the monitoring of rural development programmes in Phase-I of FY 2014-15. The 265 districts are in 29 States and cover 794 blocks and 2648 villages.

### 1.2 Key Findings:

- a. **Awareness:** In States like **Bihar, Manipur, Meghalaya, Mizoram, Punjab, Tamil Nadu, Uttar Pradesh and West Bengal**, many wage seekers are not aware of their right to demand 100 days of employment as well as provision of acknowledgment receipt on demand. NLMs have categorized 71 out of 265 districts as 'Districts with Poor Awareness Levels' where immediate intervention to increase awareness is needed.
- b. **Job card:** Separate Job Cards have to be provided in instances where joint families are now separated or family members who have grown adults. However, in one third of the visited villages the registered household details have not been updated on the job cards. No survey for job card updation has been conducted in many villages during the last 2 years. 26% of the job cards verified by the NLMs were found not complete/updated and the entries were not matching with the muster rolls. Many job card holders have reported that they are denied work or even registration of their demand citing reasons like non-availability of funds, inadequate shelf of works etc.
- c. **Payment of Wages:** NLMs have also found that payment of wages is 'mostly' or 'always' delayed in almost one fourth of villages in the country. This was found rampant in Bihar, Chhattisgarh, Manipur, Meghalaya, Punjab, Uttarakhand and West Bengal States.
- d. **Execution of work:** More than 25% verified works taken up during the year 2012-13 in Andhra Pradesh, Chhattisgarh, Jharkhand and Odisha were found incomplete/ongoing during the visits (May-June' 2014).
- e. **Quality Management:** Quality Management mechanism for execution of works as provided in the MGNREGA guidelines was found in place in only 25% villages visited by the NLMs.
- f. **Social Audit:** NLMs have reported that in almost 60% of the sampled villages even the PRI functionaries are not fully aware of the social audit processes & procedures.

No social audit meeting has been conducted in majority of the villages of Arunachal Pradesh (100%), Jammu & Kashmir (58%), Sikkim (60%), Tamil Nadu (88%) and Uttar Pradesh (67%) during the last year.

## 2. FY 2014-15 Phase-II

### 2.1 Coverage:

NLMs have visited 304 districts during in Phase-II of FY 2014-15. 3035 villages spread over 1083 blocks in these 304 districts of 28 States were visited by the NLMs

### 2.2 Key Findings

- a. Awareness:** In almost 10 percent villages, workers are not aware about the entitlement of right to demand 100 Days of employment. In only 30 percent villages, the wage seekers were aware about the provision of acknowledgment receipt. NLMs have reported about lack of adequate efforts to create awareness under MGNREGA in Arunachal Pradesh, Assam, Jammu & Kashmir, Jharkhand, Meghalaya, Mizoram and Nagaland.
- b. Job Cards:** Many cases of persons demanding Job Cards (largely due to families being separated) were reported in Chhattisgarh, Haryana and Rajasthan. 26% of the job cards verified by the NLMs were found not complete/updated and the entries were not matching with the muster rolls.
- c. Payment of wages:** NLMs have also found that payment of wages is 'mostly' or 'always' delayed in almost 27 percent of villages in the country. Poor outreach of financial institutions, poor record keeping at banks/post offices, delay in measurement of works are some of the most common reasons cited for delay in payment of wages.
- d. Convergence:** Only few States like Haryana, Karnataka, Kerala, Madhya Pradesh, Sikkim, Tamil Nadu and Telangana have used MGNREGA resources in convergence with other Government schemes. Other States have either very few or no convergence with MGNREGA.
- e. Execution of Works:** NLMs have found use of labour displacing machinery in Dhubri (Assam), Fatehabad (Haryana), Dhanbad, Koderma & Ramgarh (Jharkhand), Bidar & Gulbarga (Karnataka) and Sawai Madhopur (Rajasthan) in the implementation of MGNREGA works. In some villages of Deoghar, Dhanbad, Jamtara & Ramgarh (Jharkhand), Bellary, Bidar & Gulbarga (Karnataka) and Sawai Madhopur (Rajasthan), the NLMs have found involvement of contractors in execution of MGNREGA works. More than 30 percent of the verified works taken up during the year 2012-13 in Andhra Pradesh, Assam, Nagaland and Telangana States were found incomplete/ongoing during the visits (Dec' 2014 - Jan' 2015)

- f. Quality Management mechanism:** In only 26% villages, a system for quality management has been put in place.
- g. Social Audit:** NLMs have reported that in almost 53 percent villages, the PRI functionaries are not fully aware of the social audit processes & procedures. No Social Audit meeting has been conducted in majority of the villages of Arunachal Pradesh, Jammu & Kashmir, Mizoram, Nagaland and Tamil Nadu during the last year.

### 3. FY 2015-16 Phase-I

#### 3.1 Coverage:

During the Phase I visits in 2015-16, NLMs have submitted reports for 262 districts. In the 2620 villages visited, MGNREGA works were taken up in only 2466 villages during the last 3 years. The team covered 2 states.

#### 3.2 Key Finding: MGNREGA

- a. Awareness:** In 71% of the villages, good efforts on IEC for awareness generation was found. In most of the villages (68%), the communication tools used were effective. The NLM team still feels that adequate amount of efforts has not been made to create awareness under MGNREGA. NLMs have also felt the same about the effectiveness of the tools used there and have rated them 'poor' and 'very poor' in most of the villages.
- b. Job Card:** 24% job card holders all over the country have only a single member photograph on the job card. In 29% of the verified job cards, the entries were not completed/ updated. Workers in 5% of the villages have reported that work has not been provided even after making the demand.
- c. Payment of Wages:** In 16% of the villages NLMs have found instances of workers being paid less than minimum wage rates. In delay payments, 5% of the villages have delay of one week, 17% of the villages of two weeks, 18% of the villages of three weeks and 22% of the villages for more than a month. In 36% of villages payment is delayed for more than a month.
- d. Convergence:** Convergence has been reported in only 34 % villages.
- e. Execution of Works:** In some places in MP, the team found use of labour displacing machine and involvement of contractors. 99% of the works verified were executed as per Action Plan approved by the ZP. NLMs have reported that overall quality of 86% works verified, were found satisfactory.

- f. Quality Management:** In only 26% villages, a system for quality management has been put in place. In 53% of the villages, some effort in training and capacity building of the personnel involved in quality management has been made and in 56% villages a quality supervision team has also been constituted.
- g. Social Audit:** As per NLMs' assessment only in 48% villages the PRI members were fully aware on social audit processes and procedures. Almost 20% villages during the last 2 years did not conduct Social Audits. 30-40% villages conducted only 1 Social Audit meeting. NLMs have reported that in 6% villages dissent/objections were raised during the last social audit meetings.

## 4. FY 2015-16 Phase-II

### 4.1 Coverage:

The NLMs visited 238 districts containing 2395 GPs across the Country and MGNREGA works were taken up in 2373 villages i.e. 99 % of the villages selected.

### 4.2 Key Finding: MGNREGA

- a. Awareness:** Many villages in Arunachal Pradesh, Assam, Chhattisgarh, Gujarat, Maharashtra, Meghalaya, Mizoram, Nagaland, Uttar Pradesh and Tamil Nadu were not aware about the 100 days guarantee of employment. Awareness about acknowledgement of receipt was found only in 45 % villages. People in only 43 % villages were fully aware about their right to unemployment allowance in case work was not provided. NLMs have unequivocally and universally reported that the GPs manage the recording of demand in such a way that payment of unemployment allowance does not arise.
- b. Job Card:** The survey to enrol members and update registered households was not done in 19% villages in the last 2 years. While photographs of all the adult members in the family are to be affixed on the job cards, only one member's photo was found affixed in almost one-fourth of the cards. Female members' names were found in 87 % of the cards though it was only in 58 % in Bihar and still lower at only 17 % in Jammu and Kashmir. Completed/updated entries were not found in 32 % job cards.
- c. Payment of wages:** Wages were paid through banks and post offices in 94 % of the villages. However, Arunachal Pradesh, Meghalaya, Mizoram and Nagaland are still disbursing wages in cash because of logistic reasons. In about 16 % villages, it was found that wages paid were less than the minimum wage because the output was lower than the expected level. This trend was found in 97 % villages in Andhra Pradesh, 75 % in Tripura and 60 % in Telangana. Public scrutiny of accounts was done in 84 % of the villages. Wage Payments were never delayed in 41 % of the sample villages, but in 8 % of the villages it was always delayed. The average delay in

payment of wages is about a month in 26 % of the villages where wages were delayed.

- d. Convergence:** Convergence of works initiated under various schemes is envisaged to attain best results but such convergence was reported only in 37 % villages across the Country.
- e. Execution off Works:** NLMs noticed deployment of machinery and employment of contractors in some States. NLMs verified 8891 works in all States. It was found that 3807 works were taken up in 2015-16 and some of the works taken up in 2013-14 and 2014-15 are still going on. About 99 % of the works verified were being executed as per action plan. Rural connectivity appears to be the priority of the works undertaken in 29 % of the villages. Display Boards were available only in 48 % of the sites inspected. NLMs were satisfied with 87 of the works verified, but they were not satisfied with execution of works in Meghalaya and Mizoram. It is gratifying to observe that 92 % villages prepared budgets and 94 % of the Gram Sabhas discussed development plans and shelf of works.
- f. Quality Management:** Effective processes for ensuring quality of works were found only in 19 % of the villages. It was found that Quality Supervision teams were constituted in 45 % of the villages.
- g. Social Audit:** Only 42 % of the villages are fully aware of the concept, process and provisions of social audit and 11 % were found to be totally ignorant. Such total ignorance was found in the States of Chhattisgarh, Jharkhand, Nagaland, Rajasthan and Uttar Pradesh. Effective publicity about social audit meetings was given in 73 % villages across the Country. Overall over 26 % of the villages conducted 2 or more social audits as required in the Act. Another interesting point to note is that out of 2273 villages visited, issues were raised in just 5 % villages. Out of the issues raised, only 42 % were successfully disposed off. This observation indicates that social audit is not being used effectively as a forum for grievance redressal.

## 5. FY 2016-17 Phase-I

### 5.1 Coverage:

The NLMs have monitored the implementation of MGNREGA in 249 Districts assigned in 27 States across India during the Phase I in 2016-17. In these Districts, 827 blocks and 2490 Gram Panchayats (GPs)/ Autonomous District Councils (ADC) villages were randomly selected. MGNREGA works, however were monitored in 2435 villages only spread over 249 Districts and 827 blocks.

### 5.2 Key Finding: MGNREGA:

- a. Awareness:** The wage seekers were generally ignorant about their right to demand work when in need. Complete awareness about acknowledgement of receipt was

reported only in 46% villages. Wage seekers in only 42% villages were aware about their right to unemployment allowance in case work was not provided. Further, wage seekers are informed about the work only when funds are available and works are available. Therefore, the question of demand for work and issue of acknowledgement receipt does not arise. There is also a misconception that payment of unemployment allowance may be perceived as inefficiency of the Gram Panchayats in providing work to the wage seekers.

NLMs reported that efforts to generate awareness were made in 73% of the villages visited. Some suggestions for effective communication tools from the wage seekers were drum beating, wall writing, street plays, etc. None of the wage seekers were paid unemployment allowance also in most of the villages where such lapses have been reported.

- b. **Job card:** All the willing households in 96% of the villages visited were issued job cards. But no survey to enrol members and updating registered households was conducted in the past 2 years in 21% of the villages visited. About 30% of the job cards verified did not have completed/ updated entries. The entries on 20% of the job cards verified were not matching with those in the muster rolls. Only 65% of the job card holders that applied for jobs were provided with dated receipts.
- c. **Preparation of Labour Budget and Shelf of works:** It was observed that 92% of the villages visited prepared labour budgets. Further 93% of the Gram Sabhas discussed development plans and shelf of works. There were complaints from some of the GPs that they never get work and financial sanctions as per the labour budget.
- d. **Payment of wages:** Wages were paid through banks and post offices in 93% of the villages. Wage disbursements were never delayed in 36% of the sample villages, but in 8% of the villages payments were always delayed. The wage disbursements were delayed by more than a month in 27% of the villages where delays were reported. Non-availability of engineering staff to take the measurements and paucity of funds were the main reasons cited for delayed payments.
- e. **Convergence of works:** Convergence was reported only in 39% of the villages visited.
- f. **Execution and verification of works:** NLMs noticed deployment of machinery in Gujarat, Madhya Pradesh, Maharashtra, Punjab and Rajasthan and employment of contractors in Gujarat, Karnataka, Meghalaya, Punjab and Rajasthan. Display Boards were not available in more than half of the sites inspected. NLMs were not very satisfied with the quality of works executed in Bihar and Nagaland states.

- g. Quality Management under MGNREGA:** Effective processes for ensuring quality of works were found in less than one-fourth of the villages. It was found that Quality Supervision teams were constituted in 58% of the villages.
- h. Social Audit:** Just over half (52%) of the job card holders said that they participated in social audit meetings. PRI members were 'fully aware' of social audit concepts in 45% villages visited and somewhat aware in 47% villages while complete ignorance was reported in 6% of the villages visited. Effective publicity about social audit meetings was given in 79% villages visited. Two or more social audit meetings were conducted during 2015-16 in only 40% of the villages visited. The percentage of villages where not even a single social audit meeting was conducted increased from 12 in 2014-15 to 21 in 2015-16. More than 2 social audits were conducted during 2015-16 in more than half of the villages visited in Tripura state. Issues were raised in social audit meetings in just 7% of the villages visited. redressal.

## **6. FY 2016-17 Phase-II**

### **6.1 Coverage:**

NLMs have monitored the implementation of MGNREGA in 327 districts assigned by the Ministry of Rural Development in 28 states across India during the Phase II visits for Regular Monitoring in 2016-17. In these districts, 1292 blocks were selected randomly by the MoRD for monitoring the programme. In the selected blocks, 3160 Gram Panchayats / ADC villages were randomly selected and visited by the NLMs.

### **6.2 Key Finding:**

- a. Provision of Job Card:** Some cases where NLMs observed pending applications (not disposed off and beyond 15 days) were reported in Cachar district of Assam, Ranchi of Jharkhand, Rewa and Singrauli of Madhya Pradesh, Nizamabad of Telangana, Bulandshahr of Uttar Pradesh and Jageshwar of Uttarakhand. At the same time, serious irregularities were observed in some districts (Sitamarhi & Supaul in Bihar, Thiruvananthapuram in Kerala, Rewa, Sidhi, Singrauli in Madhya Pradesh, Buldhana in Maharashtra and Imphal East in Manipur) where the number of pending Job card applications were found to be inordinately high (more than 20 persons).

NLMs found that over 6% of the job card holders did not possess their job cards with them. More than half of the job card holders interviewed in Arunachal Pradesh, around one third in Jammu & Kashmir and around one fourth in Tripura did not possess their job cards with them. In Arunachal Pradesh and Tripura, the job cards were in the possession of the GP chairperson with the consent of the job card holders in order to keep them safe and also to update from time to time. However, the NLMs noticed that even those job cards were not updated.

**b. Job Card Verification:**

In 65% of the villages of Mizoram, 58% in Himachal Pradesh and 56% of villages in Jharkhand and around 52 % of villages in Haryana and Punjab, the verification/updation of job cards through such campaigns has not been taken up since last 2 years. In Bihar, it was found that though large number of cards was issued, only a small number applied for jobs and so it was felt that the number of unutilized cards should not be increased. PRI functionaries were not aware about the process of cancellation of a Job Card in case the households have permanently migrated to the urban areas.

Further, the NLMs have reported that around one third of the job cards verified did not have complete / updated entries. Many such job cards without updated entries were found in Jammu & Kashmir (24%), Jharkhand (29%), Maharashtra (42%), Madhya Pradesh and Nagaland (45%), and Arunachal Pradesh (49%). The NLMs also noticed that the entries on 23% of the job cards were not matching with those in the muster rolls.

**c. Labour Budget Planning:** Labour budgets were presented to Gram Sabha for approval in only 2 (7%) of the 30 villages visited in Jammu & Kashmir. Adequate representation of all the sections in Gram Sabha was reported in only 66 % of villages in Punjab and 58% of the sample villages in Tripura.

**d. Provision of Work & Unemployment Allowance:** Work was not provided to workers in 8% of the villages within the stipulated time. Such lapses were reported in Jammu and Kashmir (73%), Himachal Pradesh (60%) and Punjab (26%). None of these wage seekers were paid unemployment allowance also in most of the villages (91%) where such lapses have been reported. No demand for work was made in all the villages visited in Mizoram, 72% in Chhattisgarh, 58% in Arunachal Pradesh and 50% each in Jharkhand and Uttarakhand.

**e. Wage Payments Mode:** It was reported that 100% wage payments in Nagaland are done through cash while in Arunachal Pradesh and Meghalaya such payments are done in 30% and 10% of the sample villages respectively. Even in Chhattisgarh wages are paid in cash in 2% of the villages.

**f. Delay in payment of Wages:** Wage disbursals were delayed by a month in nearly 17% of villages while the payments were delayed by more than a month in 40% of the villages. Most of such villages were reported in states like Mizoram (95%), Uttarakhand (93%), Punjab(85%), Haryana(82%), Jammu & Kashmir(72%) and Meghalaya(69%) while such delay was found in 100% villages in Nagaland.

In 7% of the villages, the payments were delayed by a week and delay of two to 4 weeks was reported in 17% villages where delay was reported. Delay of more than

four weeks in all (100%) the villages visited was reported in Upper Dibang Valley of Arunachal Pradesh, Araria, Sheohar, Sitamarhi and Supaul districts of Bihar, Durg, Jangjir-Champa and Mahasamund of Chhattisgarh, Fatehbad, Kaithal, Karnal, Rewari, Rohtak, Sirsa and Chamba districts of Haryana, Ramgarh of Jharkhand, Begaum, Bidar, Gulbarga and Yadgir of Karnataka, South West Khasi Hills of Meghalaya, Saiha of Mizoram, Phek of Nagaland, Sundargarh of Odisha, Fazilka, Gurdaspur, Ludhiana, Moga and Pathankot of Punjab, Nagapattinam, Tanjavur, Tiruvarur and Tirunelveli of Tamil Nadu, Auraria, Meerut, Mirzapur and Shravasti of Uttar Pradesh, Jageshwar, Chamoli, Udham Singh Nagar and Uttar Kashi of Uttarakhand States.

- g. Use of Machinery & Involvement of Contractor:** The NLMs have noticed use of labour displacing machinery in some districts and also involvement of contractors in the execution of works.

State	Districts where labour displacing machinery used	Districts where contractors were involved
Assam	Cachar	
Jammu & Kashmir	Reasi	
Karnataka		Koppal
Maharashtra	Dhule, Nandurbar	Nandurbar

- h. Work Completion:** The NLMs have inspected 13594 works in the villages visited across the Country. Of these, 2530 works were initiated during 2014-15, 6156 were started during 2015-16 and 4908 were taken up during 2016-17. However, it is to be noted that over 13% of the works initiated in 2014-15 and 20% of works started in 2015-16 are still not complete/closed. All the works initiated in 2014-15 in Korba (Chhattisgarh), Garhwa and Kunti (Jharkhand), Trissur (Kerala), Kiphire (Nagaland) and Dhalai (Tripura) are still ongoing.

- i. Work Quality:** Some of the verified works (more than 5%) were not as per the work plan approved by the ZP in East Godavari (Andhra Pradesh), Jind & Sirsa (Haryana), Reasi (Jammu & Kashmir), Dhule & Nandurbar (Maharashtra), Sawai Madhopur (Rajasthan), South District (Sikkim), Gomati (Tripura) and Mau (Uttar Pradesh) districts.

Display of boards at the work site with all the details pertaining to the sanctioned work is mandatory under MGNREGS. However, the NLMs reported that display boards were available at the work sites in only 52% of the works inspected. The NLMs were satisfied with the overall quality of the works in case of 85% of the works verified. They were not very satisfied with the quality of works executed in Mizoram, Tripura, Punjab, Himachal Pradesh and Haryana States. Quality of none of the completed works inspected in Muzaffarpur, Samastipur (Bihar), Lawngtlai, Saiha (Mizoram) was found to be satisfactory. Quality management systems were not established in any of the villages visited in Arunachal Pradesh, Assam, Jammu & Kashmir, Meghalaya, Mizoram, Nagaland, West Bengal and Uttarakhand States.

**j. Social Audit:** As per NLMs assessment, the PRI members in only 42% of the villages were 'fully aware' on social audit concept, latest provisions and procedures. In another 44% of villages, PRI members were 'somewhat aware' while in 10% villages, they were completely ignorant about social audit concept and its provisions. In line with the guidelines of MGNREGA, at least 2 social audit meetings were conducted during 2015-16 in only 39% of the villages visited while the number reduced to just 14% in 2016-17. The percentage of villages where not even a single social audit meeting was conducted increased from 23 in 2015-16 to 44 in 2016-17. More than 2 social audits were conducted during 2015-16 as well as 2016-17 in all the sample villages in Janjgir-Champa and Korea districts of Chhattisgarh state.

Only 50% of the job card holders interviewed reported that they participated in social audit meetings. Of the total 3160 villages visited, the NLMs reported that issues were raised by wage seekers in just 5% of the villages. Issues were mostly raised in the villages of Sikkim, Odisha and Tamil Nadu.

**k. Awareness:** NLMs felt that the awareness amongst job card holders in 9% of the sample villages is still so poor that 'none of them' were aware about 100 days' entitlement. Such poor level of awareness was observed in nearly one third (30%) of the villages visited in states like Arunachal Pradesh, Jharkhand and West Bengal, and in more than one fourth of the villages in Haryana. Villages visited in Madhubani district (Bihar), Jamnagar (Gujarat) and Salem and Tiruchirapalli (Tamil Nadu) and in around 90% of villages in Chamba (Himachal Pradesh), Gadag (Karnataka), Mandla and Sidhi (Madhya Pradesh) and Rai Bareilly (Uttar Pradesh) very few of the wage seekers had awareness about their right to demand work for 100 days when in 'need'.

None of the wage seekers' were aware of the provision of acknowledgement receipt in 29% of the sample villages while 'very few of them' were aware in 12% of the villages visited. Arunachal Pradesh, Haryana, Jammu and Kashmir, Maharashtra, Nagaland, Punjab, and Uttarakhand states have the poorest levels of awareness on this aspect. None of the wage seekers were aware of the entitlements about unemployment allowance in majority of the sample villages in Arunachal Pradesh, Himachal Pradesh, Jammu & Kashmir, Punjab and Uttarakhand States. Awareness generation efforts were not reported at all in about 52 districts across the 15 States.

# Common Review Mission

## 1. Common Review Mission-I

The first Common Review Mission (CRM) was constituted by the Ministry of Rural Development, Government of India with the objective of reviewing the implementation of Rural Development programmes. The Mission was led by Shri. Sumit Bose and consisted of retired Secretaries to Government of India, academics and technical experts drawn from institutions of national importance and representatives of the MoRD. The 8 States visited by first CRM are, Andhra Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan and Tripura.

### 1.1. Observations on Financial Progress:

- a. **Flow and availability of Funds:** The flow of funds emerged as a critical issue in the financial administration in states like Madhya Pradesh, Rajasthan, Karnataka, Jharkhand and Maharashtra. As a good practice, Jharkhand reported that the State maintains a revolving fund of Rs. 450 crores, Andhra Pradesh reported a fund administration that reduced the delay in payments considerably. Karnataka reported that they had taken an advance from the State treasury to tide over the funds crunch.
- b. **Delay in Payments:** Many states expressed concern about pending material liabilities. In Rajasthan and Madhya Pradesh, the delay in payment to suppliers of materials is a cause of concern. In the state from the village level to the district level. A large number of incomplete works may also be due to the pending material liabilities. BC model in Maharashtra have not been successful due to inadequate volume of business. Rejection or part payment of the FTOs and its inadequate resolution is another major concern. EFMS-bank linkage causes data loss which makes it difficult to track the transactions as found in Odisha.
- c. **SEGC:** The functioning of the State Employment Guarantee Council functioning was noted in Karnataka whereas, it was reported to be almost defunct in Rajasthan.
- d. **Effective use of MIS:** MIS has a considerable scope for using it as a decision support system. At minimum, it could reveal bunching; whether geographically, time wise or by social group. Schemes could be analyzed for the patterns of delay between

different milestones e.g. sanction and start of work, duration of execution, closure of muster, and delay in payment.

## 1.2.Observations on Physical Progress:

- a. Shelf of Works and Ongoing Works:** In Andhra Pradesh work is provided as per the demand and an adequate shelf of works is maintained. In Maharashtra, it was surprising to find GPs with no work under MGNREGA. Akkalkuwa in Ahmednagar, a perennially drought affected district had 18 such GPs. There is a need to analyse the reasons why some of the regular GPs have no work under MGNREGA, whether it is lack of shelf, lack of demand, lack of awareness or lack of mobilization. In Rajasthan, the labour budget was not prepared at the GP level. None of the panchayats in the tribal districts of Madhya Pradesh had computers. In Karnataka, the CRM team observed that, approved shelf of project was approximately 150% of job demand. It was reported that in Belgavi, during FY 2015-16, on average, 140 days of work was provided per household per year. In one GP in Chitradurga district in Karnataka the priority was not followed from the resolution register and approved shelf of projects.

In **Madhya Pradesh**, it was observed that demand registration and other details were not updated in the job cards. There are some ST/SC hamlets where no jobs were given since 2008. Blank Job cards are seen with villagers (Hirapur bandha - Jabalpur district, Tirla GP/Kangrota GP/Vilburkhela GP in Dhar District).

Planning for works was observed in Tripura, Jharkhand, Andhra Pradesh, Odisha and Karnataka and Rajasthan. It was found to be a critical gap in Madhya Pradesh and Maharashtra.

- b. Worksite Management and Facilities:** In Karnataka, the Muster Rolls were available on site but not filled. In Rajasthan, work site facilities, crèche, shed, drinking water, first aid box was not adequately available. On worksites, it was observed that Job Cards were not maintained appropriately, with photographs etc. across all the eight states visited. In some cases, the Job Cards had not been updated since 2009. In Tripura, the Job Cards were with vendors which needs to be critically examined. In Odisha, lack of toilets was a concern. Also, none of the workers had job cards at the work site nor was a muster roll available. Crèche: Non-availability of Crèches at work site was one of the major observations made by most teams. This is one area where the provision of Skill Training under MGNREGA could be utilized to train women in running crèches and they can be deployed at different worksites.
- c. Assets and Technical Capacity:** In Karnataka, the technical quality like adequate design of digging of pits and its monitoring through Technical Coordinators (TC) is not satisfactory.
- d. Gram Panchayat Processes:** In the GP office or on the worksites, records were not properly maintained. In some states however, the shelf of works was observed to be adequate. CFTs in drought affected areas need to analyse as to why the provision

for 100 days could not get exhausted and whether an extra shelf of works was available.

### **1.3. Convergence:**

It was observed that states like Maharashtra need to plan better for convergence. Three issues need to be noted: (a) Interdepartmental convergence was limited only to technical support. Interdepartmental scheme planning and financial convergence has not been taken place (b) the capacity building needs to be improved. And (c) at the cutting edge level, the convergent delivery of a basket of services was not observed by the beneficiaries themselves. For example, the NRLM beneficiaries were observed to not concurrently utilize MGNREGA.

### **1.4. Worker Mobilization:**

CRM observed that the worker awareness about their rights to a job card and demand work varied between worksites, blocks, districts and states. In Karnataka, awareness about wage rate and 150 days provision was high, through the Udyoga Ratha initiative. In Jharkhand, the mobilization of workers was done through Yojana Banao Abhiyaan. In Andhra Pradesh, labour groups are playing a very important role to mobilize labor. In Tripura, high degree of awareness was observed in meetings at GP and Village Council Level. In Odisha, the worker awareness about entitlements varied from one location to another. Participation of women in the programmes is low even in predominantly tribal blocks of Akkalkuwa (2.6 out of 5.3 lakh) and Akrani (3.6 out of 7.7). This is a matter of concern and reflects inadequate demand generation and need for creation of awareness.

Display boards were not noticed at the work sites. In Rajasthan, workers awareness on entitlements like checking muster roll, measurement details and late payment compensation was almost negligible. In Madhya Pradesh, the workers are not aware of their rights to guaranteed work.

**1.5. Social Audits:** It was observed that most Social Audits conducted in the States were not effective in completing the accountability loop. No effective grievance redressal and complaints mechanism was observed. The ombudspersons were not adequate in the positions filled as well as in their functioning across states observed like in Karnataka and Madhya Pradesh.

### **1.6 Conclusions:**

- Strong administrative supports improve the implementation of the scheme. Strong implementation of MGNREGA is when the administrative push is high and worker mobilization and awareness is also high.
- In cases where mobilisation has been done but the administrative support needs strengthening, we need to fast track introduction of technology and skills, as these will give quick dividends. We need to fast track introduction of technology and skills, as these will give quick dividends. Cases where administrative capacity is good but

mobilisation is missing will face bottlenecks of elite capture, badly maintained records, inadequate availability of shelf of works and the like.

- Individual asset creation needs to be monitored to ensure that the poor get equipped for livelihood and do not remain dependant on MGNREGA on an ongoing basis

### **1.7 Recommendations:**

1. Smooth fund flow to the states by centre. States should think of ways to smoothen the flow of funds.
2. Rigorous analysis of delay in payments in terms of FTO pendency be carried out on daily basis and action taken forthwith, at the Central and the State level.
3. At the P.O. login, the analysis of FTO pendency and the details thereof, must pro-actively appear at the beginning of the day, and be imperatively addressed by the end of the day.
4. MIS must be converted into DSS.
5. Analysis of drought affected districts having no expenditure GPs.
6. In tribal districts, focus on strong implementation of MGNREGA through capacity building measures.
7. Updation of Job Cards.
8. Convergence with NRLM and other agricultural universities post Category B work.
9. Selected beneficiary for Category B assets must have mandatorily worked in MGNREGA as well as on site.
10. In selection of beneficiaries for Category B works, it should be such as to ensure that the poorest and the landless are included.
11. The technical Staff vacancies are filled and technical staff is capacitated for supervision on the quality aspects of MGNREGA assets.
12. Operationalize the system to pay semi-skilled wage from the material charge to the mates.
13. Convergence of 5 schemes of RD.
14. Replication of good practices and publication of books.
15. Social Audits, Grievance redress and Ombudspersons need to be strengthened
16. Set up an independent social audit unit and frame a detailed training programmes for Social Audit functionaries

## Common Review Mission – II

### 2.1. Changes in last few years

1. DBT for wage payments
2. 60 % of the fund spent on Category A and Category B works.
3. Material cost including semi-skilled and skilled labour not exceeding 40 %.
4. Payment shall only be based on the measurements taken at the worksite by authorized personnel.

### 2.2. Action taken on the Recommendations of the 1st CRM:

1. **Ensuring smooth flow of fund:** States advised to constitute revolving fund. NeFMS implemented in 21 states.
2. **Analysis of delay payment:** Delayed wage statements are regularly generated and shared with the States with the instructions to clear the pending wage payments immediately.
3. **MIS -> DSS:** The Ministry has set up a MIS committee to make MGNREGA website user friendly and light weight.
4. The analysis of FTO pendency and the details thereof, is being done continuously and placed in public domain.
5. Analysis of GPs with no expenditure: Analysis is done and reports are in public domain.
6. On an Avg. 22 Registers were maintained which have been brought down to 7 registers. These must be mandatorily maintained by the GPs. This is being monitored by the Ministry and the states. For the convenience of the GRS and GP functionaries, 4 out of 7 Registers have been customised for printing and pasting.
7. **Job card verification:** Job card verification and updation is going with full swing. 71.36% active and 57.67% of overall job cards have been verified as per MIS Report
8. **Fund release for Material:** 75 per cent of payment of materials is ensured while making releases under MGNREGA to States/UTs
9. **Convergence NRLM post category B work:** Ministry in the advisory issued on 27th Oct 2016, has mentioned that for the coming FY 2017-18, States/ UTs needs to list out few economically beneficial plant species, to be planted in individual and common lands in due consultation with all concerned stakeholders like experts from Horticulture/ Forest/ ICAR/ Agri University/ KVKs etc. Plant species should be selected as per agro-climatic conditions, market opportunities, forward linkages, income generation etc.
10. Instructions to states for mandatory work of category B work beneficiary on his/her work site.
11. **Technical staff recruitment:** 260 STRT, 4034 DTRT 20026 have been trained on Samarthya Manual and in other States the training is going on.
12. **Operationalize the system to pay semi-skilled wage from the material charge to the mates:** Done
13. **Convergence of the 5 schemes of RD:** Framework for convergence are being prepared in consultation with other Ministries.
14. Publicity and replication of good practices: Book on convergence published by IEC.

15. **Transparency:** Grievance redressal rules have been framed in 22 States. Ministry has introduced Auditing Standards that are based on recommendation of the C&AG and Joint Task Force to strengthen the process of social audits and ensure the compliance of Audit of Scheme Rules, 2011.
16. **Setting up of Independent Social Audit units:** A total of 23 states have declared independent social audit units. A mandatory 30-day social audit certification course designed with the help of NIRD&PR and TISS for social audit resource persons has also been initiated across the country.

### 2.3 Observations of the CRM team

1. Concern about current wage rate.
2. It was noted that scheme is supply driven instead of demand driven.
3. GP does not have internet connectivity.
4. Geotagging is slow because of server Problem
5. Material cost also includes a portion of administrative cost. Therefore, unavailability of material cost also causes delay in payment of field staff involved in the execution of the scheme.
6. States unable to complete work on schedule.
7. Instances of delays in payments experienced in several places.
8. Poor documentation as well as poor maintenance of records is prevalent across GPs.
9. The seven registers recommended for GP level were not found in place.
10. AMC (in regional language) not available at GP offices.
11. SECC TIN Number has not been recorded in the job cards during job card verification process.
12. High number of vacancies at PRS level
13. Engagement of Programme Officers in non-MGREGA works
14. Lack of internet facility, MIS entry is not done on the GP level
15. Grievance redressal mechanism is not very strong
16. Poor quality of assets.
17. Wage payment not based on actual work done but is being done to match the average daily wage: irregular measurement
18. In the shelf of works, the project preparation phase should be integrated with Watershed Management activities with small water harvesting structures.
19. Vesting discretion in choice of activities with GPs creates circumstances for rampant corruption and mismanagement.
20. Lack of technical capacity with the GPs
21. Panchayat Secretary is implementing the project with the support of mates (work site supervisor). There is no Rojgar Sahayak in GPs.
22. SoR for MGNREGS works and the output prescribed per day is less than what it is in the PWD Schedule of Rates.

### 2.4. Recommendations:

1. The delay in payment to the states, especially the material component, due to shortage of funds with the Centre has to be resolved by the Centre.
2. The selected beneficiary for Category B assets must have mandatorily worked in MGNREGA as well as on site

3. The Central and state governments should plan for strengthening the implementation machinery at GP level for better planning, execution, supervision, maintenance of registers.
4. The engineering input in designing and executing the scheme should be improved to enhance the utility and durability of the schemes
5. Attempts should be made to make the demand driven from being supply driven.
6. The state governments must ensure internet connectivity at least at the block level.
7. The Central government should ensure that the speed of the MGNREGA server is increased.
8. The centre and state governments must ensure some mechanism of insulating the staff from the vagaries of funds availability as the material cost in the funds, also includes a portion of administrative cost.
9. Strengthening local monitoring system including having regular social audits and making the ombudsman more effective.
10. A copy of the approved shelf of projects should be available at the GP level.

## **2.5. Recommendations for policy change:**

1. The centre should act on the Mahendra Dev Committee report on MGNREGA wage rate indexation.
2. MoRD should ensure similarity in the schedule of rates across similar states with similar working conditions.
3. The MoRD may consider the feasibility of permitting part time work (say half day) in all work sites and correspondingly extra days over and above 100 days to those households.
4. The Central Government ought to insist that the State Government put in place grievance redressal rules and an effective mechanism for their implementation.
5. The central government should also Modify the penalty under Section 25 of the Act upwards from the current maximum of Rs.1000 which was fixed in 2006.
6. The centre may please extend the Geo- tagging of assets created under MGNREGA to before start of work, and then on periodic basis during the progress of the work and then at the completion of the work.
7. The centre may also have a flag for the quality assessment of the asset – along with the one-time geo-tagging of the existing assets under MGNREGA.
8. All good quality assets geo-tagged under MGNREGA to be made available to other government central government funded programs so that no duplication of asset creation is done.

# Internal Audit

The Chief Controller of Accounts, Internal Audit wing of the Ministry of Rural Development had undertaken Audit of the MGNREGS implementation in selected districts in the State of Uttar Pradesh, Maharashtra, Karnataka, and West Bengal from 5<sup>th</sup> April 2015 to 12<sup>th</sup> September 2015. The common observations of the team are listed below:

## **1. Common observations:**

### **1.1. Delay in Payment of wages to beneficiary:**

As per section 3 of MGNREGA Act, disbursement of daily **wages shall be made on a weekly basis** and in any case **not later than a fortnight** of the date of closure of muster roll. However, the wages are delayed beyond 15 days of closure of muster roll. There are cases where the payment is delayed beyond 90 days. If wage payment is not paid even after a gap of 90 days, the basic objective of the scheme is forfeited. The main reasons for delayed payment are

1. Delay in digitization of Muster roll and filling the attendance;
2. Delay in measurement of works by Tech. Personnel and delay in check measurement, digitization of Measurement;
3. Delay in generation of wage list
4. Delay in processing of FTOs

### **1.2. Work done for more than 100 days:**

The MGNREGS is a demand driven programme and there is provision of minimum 100 days of wage employment in a year to the willing members of the rural Households. In case of drought affected regions, there is provision of 50 additional days of work in the financial year. Demand for work beyond 50 days should not be restricted in the drought notified areas.

**It has been observed that the above norms are not being followed and there are cases where the payment of wages beyond the 100 days of work provided to MGNREGA workers are being paid from the Central share.**

### **1.6. Work done for more than 100 days:**

As per the MGNREGA guidelines, while procuring material/items, principals indicated in the General Financial Rules should scrupulously be followed. However, there are incidences of

- a. Purchase of materials after completion of work.**
- b. Release of payments without recording in measurement book.**

The above issues may be looked into by the State Governments and corrective actions taken.

### 1.7. Variation in measurement recorded in MB and actual work done:

As per Section 16 of the MGNREGA, Payments shall only be made based on the Measurements taken at the worksite by the authorized personnel **within three days** of closure of the muster roll.

The technical personnel authorized by the State Government should take the measurement and digitize the measurement. Following two are the common discrepancies observed:

- a. Incomplete work shown as complete in measurement book.**
- b. Difference in the work done and work recorded in measurement book.**

In the absence of non-recording of actual measurement, the amount paid on account of actual work done cannot be verified. The system of managing actual records should mandatorily be strengthened.

### 1.8. Non-Maintenance of Records:

The Ministry in consultation with States/UTs has simplified and minimized the number of Registers to be maintained at the Gram Panchayat level. The State Government needs to ensure implementation of 7 registers in the Gram Panchayat.

### 1.9. Procedure for selection of Mates to facilitate the work:

Mates should be selected on the basis of well-publicised transparent exercise. Mate should be literate and should have worked in MGNREGS for a reasonable period of time. While designing the selection criteria for mates, preference should be given to the most deserving families and priority should be given to women and differently-abled.

A person working as a mate should not be a worker on the same MGNREGS work site at the same point of time.

### 1.10. Tampering/alteration of Muster rolls:

As per the MGNREGA guidelines, attendance of workers must be captured in muster roll on daily basis. The mate/GRS is responsible for capturing of attendance at worksite only. Musters roll that are signed/ certified by PO are considered authentic for generation of pay orders. Any kind of alteration of attendance or tampering of signed muster roll is not acceptable. Necessary steps should be taken to avoid tampering or alteration of attendance in muster roll. Following two are the common discrepancies observed:

- a. Cutting in the muster roll**
- b. Marking present(P) as absent(A) and vice versa**

In such cases any correction in muster roll should be attested by the appropriate authority along with specific reason thereto. Strict instructions may be issued to avoid such practices.

### 1.11. Execution of works through contractor & Machinery:

As per para 21 & 22 of schedule (I) of MGNREGA 2005, contractor cannot be engaged in any manner in the execution of works. The implementing agency cannot execute the

work through contractors or labour-displacing machinery. Adoption of such practices should be brought into the notice of concerned authority and the issue should be examined seriously by the state government.

#### 1.12. Misappropriation of funds:

As per the MGNREGA guidelines principles indicated in the General Financial Rules for transferring of fund should scrupulously be followed. However, there are incidences of

- a. Deposit of fund in personal account and non-refunding of fund**
- b. Maintaining of funds in multiple bank accounts instead of a single account**

Necessary action must be taken against the person and funds need to be recovered from the concerned person immediately. The above issues may be looked into by the State Governments.

#### 1.13. Non-maintenance of Wage Material Ratio:

As per Para 20 of schedule-1, Mahatma Gandhi NREGA, “For all works taken up by the Gram Panchayats and other implementing agencies, the cost of material component including the wages of the skilled and semi-skilled workers shall not exceed forty percent at the District level.

For better creation of durable asset in rural areas the Ministry has decided to maintain the wage material ratio as 60:40 at district level. Hence the ratio needs to be maintained accordingly.

#### 1.14. Irregular levy/collection/clearing charged by bank:

As per government norms Banks should not charge any commission on clearing/collection of govt. transaction. All such cases should be reviewed at state/district level and can be taken up with banks for waiving such charges.

#### 1.15. Diversion of Funds:

As per MGNREGA act diversion of fund is prohibited. Diversion of fund from one scheme to another scheme should be avoided.

#### 1.16. Abandoned work-wasteful expenditure:

As per MGNREGA 2005, Para 7 of Schedule (I) all works to be executed by the Gram Panchayats shall be identified and placed before the Gram Sabha, and such works which are to be executed by the intermediate Panchayats or other implementing agencies shall be placed before the intermediate or District Panchayats, along with the expected outcomes.

Improper plan and estimates lead to poor work and can prevent creation of durable assets. So, it is suggested that due care and diligence need to be taken at planning & estimate stage to avoid such wasteful expenditure.