

A Study on Impact Assessment of Implementation of Mgnre Schemes Through Performance Audit

Mr A.Abdul Khadar¹, Dr. A. Abdhul Rahim²

² Assistant Professor, Dept of Commerce

¹ Scott Christian College (Autonomous), Nagercoil

Affiliated to Manomanian Sundarnar University, Abishekapatti, Tirunelveli-627012 Tamilnadu, india

² Alagappa Govt Arts College, karaikudi.

Abstract- *The primary objective of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was to provide social protection. It was to enhance livelihood security by providing at least 100 days of guaranteed employment in a financial year. Door to door survey was not conducted to ensure 100 per cent inclusion of the eligible households (HHs). The per annum average income of the HHs in all the 30 districts ranged from 671 to ` 1,630. This was against the target of ` 12,600 to ` 17,400 for a minimum of 100 days in a financial year. At this wage rate, MGNREGS had only marginally impacted the goal of sustainable development in poverty alleviation. During 2012-17, out of 83.22 lakh HHs, 63.98 lakh HHs (77 per cent) were registered. Of the HHs registered, 26 to 37 per cent demanded work. Out of registered HHs, 23 to 32 per cent had attended work. The HHs that availed 100 days' employment in comparison to the HHs demanded, ranged from two to nine per cent in the State and one to 15 per cent in the test-checked district. Low employment generation occurred on account of (i) delay and non-issue of job cards, (ii) non-opening of bank accounts of all the beneficiaries, (iii) non-provision of relaxed work norms for the vulnerable groups, (iv) delay in payment of wages, (v) rejection of fund transfer order by the banks, (vi) payment of wages at lower rate and (vii) non-payment of compensation for delayed payment of wages. There was improper execution of works leading to wasteful and excess expenditure and payment on inadmissible items.*

Keywords- SEGC, BDO, and Households (HHs)

I. INTRODUCTION

Mahatma Gandhi National Rural Employment Guarantee Act was enacted in September 2005. Under the Act, every rural household whose adult members volunteer to do unskilled manual work are provided social protection and livelihood security. This was made through provision of at least 100 days of guaranteed employment in a financial year. The Act was implemented in all rural districts of the State in a phased manner between February 2006 and April 2008. It aimed at empowerment of the socially disadvantaged (i.e.

Women, SCs & STs). Durable assets were also created through convergence of various anti-poverty and livelihood initiatives. In case of failure in providing work in time, the Act mandates payment of unemployment allowance and compensation for delay in payment of wages. The Act also supports activities towards achieving elimination of poverty as a component of Sustainable Development Goals by the end of year 2030.

The scheme was implemented on a cost sharing basis between the Government of India (GoI) and the State. The GoI had to bear all costs, except 25 per cent of the cost of material and wages for semi-skilled/ skilled workers, (ii) unemployment allowance and (iii) administrative expenses of the State Employment Guarantee Council. These components were to be borne by the State.

Organizational set up

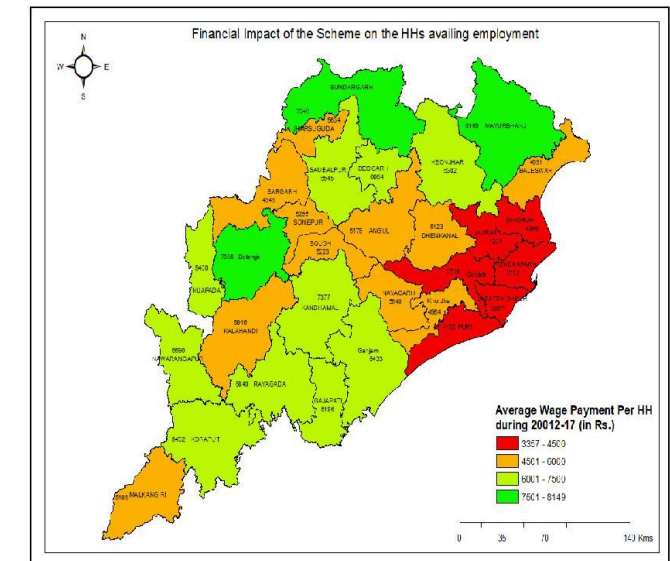
The scheme was implemented by the Panchayati Raj and Drinking Water (PR&DW) Department. It was under the overall supervision of the Commissioner-cum-Secretary acting as the State Programme Coordinator and the State Employment Guarantee Commissioner. The Collectors who act as District Programme Coordinators (DPCs) were responsible for implementation of the scheme at district levels. Block Development Officers (BDOs)-cum-Programme Officers (POs) implemented the scheme at Panchayat Samitis (PSs) level. At the village level, it were the GPs that implemented the scheme.

II. IMPACT ASSESMENT OF IMPLEMENTATION OF MGNREGA SCHEMES THROUGH PERFORMANCE AUDIT

During April 2012 to December 2016, the State utilised ` 7,338.70 crore out of ` 7,486.44 crore available. Wage employment was provided to 88.13 lakh households (HHs). It created 34.64 crore mandays with a wage payment of 5,067.31 crore. The State also created 5.56 lakh items of assets under the scheme on water harvesting and drought

proofing structure, plantation, land development, rural connectivity, etc. The average financial impact on HHs availing benefit from the scheme during the last five years ranged between 3,357 and ` 8,149.

Financial impact of the scheme on the HHs availing employment



The map indicated the average wage earned during the last five years by the HHs who availed benefits under MGNREGS. In districts of Mayurbhanj, Bolangir and Sundargarh, it was between 7,546 and ` 8,149. The same ranged from ` 3,357 to ` 3,738 per HH in respect of Jagatsinghpur, Cuttack and Kendrapara districts. The per annum average income of the HHs in all the 30 districts ranged from ` 671 to ` 1,630. This was against the target of 12,600 to ` 17,400 for a minimum of 100 days in a financial year. At this wage rate, MGNREGS had hardly impacted the goal of sustainable development in poverty alleviation.

Improper functioning of State Employment Guarantee Council (SEGC)

Section 12 of MGNREGA stipulated constitution of SEGC at State level. SEGC was to advise the State Government in all matters concerning the scheme and its implementation, review the monitoring and grievance redressal. It was also to prepare the annual report to be laid before the State Legislature. It was constituted in November 2007 under the Chairmanship of the Chief Minister. Minister, Panchayati Raj Department was the ex officio Vice-Chairman and 12 officials and seven non-officials were also members. As per Para 4 of the OREGC Rules, SEGC was to be reconstituted in every three years. However, Audit noticed that

SEGC was reconstituted in November 2012 after delay of 23 months and again in 2016 after a delay of seven months.

Inadequate human resources management

As per the guidelines, a Society for MGNREGS was formed (February 2007) with four thematic experts, four specialists, four Programme Managers, six Programme Associates, four Programme Assistants and six Social Audit Managers. Similarly, one Additional Programme Officer (APO), Computer Assistant, Accounts Assistant, two MGNREGS Assistants (MgA) were to be appointed for smooth implementation of the scheme at PS level. One Gram Rozgar Sevak (GRS) and Gram Panchayat Technical Assistant were to be appointed at GP level.

Audit observed that MGNREGS Society was functioning with deficient manpower as 14 out of 28 required officials were not appointed. There was no Assistant Computer Programmer in 40 PSs, no GRS in 688 GPs and only one MGNREGS Assistant in 192 PSs against the requirement of two. As all the above posts were contractual, the officials getting better employment.

Non-formation of labour groups

MoRD issued instructions (January 2015) to organise the workers into formal groups (i) to improve their participation in implementation and (ii) to ensure provision of entitlements provided under the Act. These groups had to work in association with village panchayats and intermediate panchayats. A Group had to submit an application for demand of work and also mobilise the members to give optimum output. However, no such labour group was formed in any of the eight test-checked districts. As such, the collective approach towards achieving the output was not achieved. There were deficiencies in

- mobilisation of the workers,
- demanding work,
- holding weekly and monthly meetings for grievance redressal and
- giving feedback on quality and utility of works executed.

The Director, Special Projects stated (November 2017) that the task of identification and training of volunteers to engage with job seekers had been entrusted to OMEGA team. Regarding non-formation of labour group, he stated that necessary instructions had been issued to the district authorities to take appropriate action.

However, the fact remained that the engagement of OMEGA team was not evident in Audit. Further, the instruction on formation of labour group was issued only in October 2017.

Funds Management

As per MGNREGS Operational Guidelines, the State Government constituted a State Employment Guarantee Fund (SEGF) to effectively manage the receipt, transfer and utilisation of funds. The SEGF should have an in-built capacity to track the usage of funds down to the GPs.

Utilisation of funds under Administrative Expenses (AE)

As per Para 12.5.2 of guidelines, the State was entitled to incur administrative expenditure within six per cent of the total expenditure in a year. The amount was to be spent on office expenses and professional services, specifically related to MGNREGS. The aim was to augment human resources and capacity building for critical activities. However, Audit observed the following irregularities in utilisation of AE: Diversion of funds to other purposes: The expenditure on administrative head was to be related to the schematic activities. Audit noticed that ` 47.19 lakh was utilised towards procuring accounting packages (not for MGNREGS) for the use of PR&DW Department during 2012-17.

Cost of work site facilities not booked under AE: As per the guidelines, the cost of worksite facilities like supply of drinking water, crèche, work shed and first aid was to be charged to AE. However, Audit noticed that 14 out of 24 test-checked PSs charged the expenditure on worksite facilities to material account. One hundred ninety-one case records of these PSs were reviewed. Out of the total expenditure of ` 8.41 crore, ` 4.5 lakh was utilised on worksite facilities but charged to material account. This resulted in extra burden on the State exchequer.

Registration of households and allocation of wage employment

Para 3.1 of the guidelines provided for registration of HHs and issue of job cards within 15 days of application. The registered HHs were to be provided employment at least 100 days in a year within 15 days of application failing which the unemployment allowance was to be paid. Audit observed the following deficiencies in registration of HHs and wage employment.

Employment generation

During the period 2012-17, 63.98 lakh rural HHs had registered themselves under MGNREGS and availed employment for 34.63 crore mandays. The status of registration, demand for work and employment generation by the job card holders during 2012-17.

Low registration: During 2012-13, 76 per cent of rural HHs were registered in the State with reference to Census 2011. In seven 14 out of eight test-checked districts, it ranged from 16 to 84 per cent.

Low demand for work: During 2012-17, only 26 to 37 per cent of registered HH of the State demanded the work. In the test-checked districts, it ranged between 16 and 64 per cent.

Low attendance: During the year 2012-17, only 86 to 91 per cent of HHs that demanded work actually availed employment. The same was 79 to 95 per cent in the test-checked districts. However, compared to total HHs registered, the percentage of attendance ranged from 23 to 32 in the State.

Creation of 100 days' employment: The HHs that availed 100 days' employment in comparison to the HHs demanded work ranged from two to nine per cent in the State. It was one to 15 per cent in the test-checked districts. The low registration of HHs was due to the facts that GoO did not take adequate steps to (i) engage Civil Society Organisations to sensitise the HHs,

Irregular payment of wages and non-payment of compensation

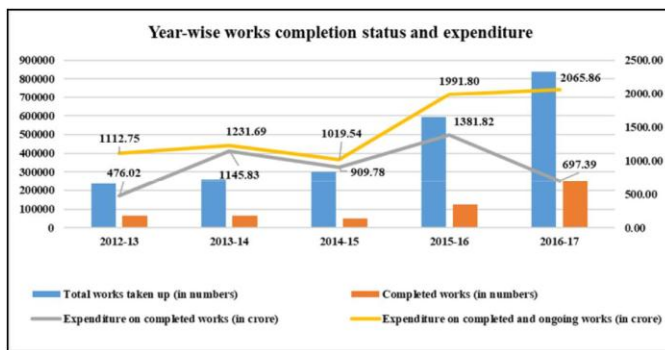
Section 3 (iii) of the MGNREGA provided that the disbursement of daily wages was to be made not later than a fortnight. Para 29 of Revised Schedule of the Act provided for payment of compensation at a rate of 0.05 per cent of the unpaid wages per day for the duration of the delay beyond the 16th day of the closure of the Muster Roll. As per Para 10.7 of the Master Circular of MoRD, the BDO, after verification, could approve or reject the compensation payable which was calculated in MGNREGS IT system. As the beneficiaries were not responsible for the above bottlenecks, the rejection was not justified. No records in support of rejection were maintained.

Execution of work

The objective of MGNREGA was to provide wage employment along with creation of durable assets. The works were to be performed by using manual labour and not by using labour displacing machines. As per Schedule-I to the Act, the projects related to water conservation, drought proofing, land development, a forestation or horticulture plantation, rural

connectivity and rural infrastructure etc. were to be undertaken. GoI also encouraged convergence of MGNREGS works with schemes/ activities of other Departments. During the period 2012-17, the State had taken up 11.41 lakh works and completed 5.56 lakh works with an expenditure of ` 4,610.84 crore.

Physical and financial status of work executed during 2012-17



Delay in completion of work

Operational Guidelines provided that new works could be taken up only after completion of works taken up earlier. Further, no sanction would be given to begin new works, if there were incomplete works for more than one fiscal year, after the year in which the works were proposed.

III. RECOMMENDATIONS

- Adequate manpower may be provided to carry out scheme related activities at all levels;
- Labour budget may be prepared in a participatory manner in accordance with the scheme guidelines;
- Timely payment of wages may be made after ensuring adequate funds to encourage beneficiaries avail employment;
- Durable and useful assets may be created in convergence with other schemes;
- Adequate monitoring and supervision mechanism at all levels may be established for effective implementation of the scheme.

IV. CONCLUSION

The execution of MGNREGS suffered due to inadequate institutional arrangements at State, District and PS levels. Labour budgets were not prepared in a participatory manner leading to wide variation in projected man-days and actual achievement. Delay in reconstitution of SEGC and inadequate sittings led to delayed approval of annual reports

and non-monitoring of implementation of the scheme. There was low employment generation. Further, delay in payment of wages, non-payment of compensation among other reasons, discouraged beneficiaries to avail employment. The average wage per HH per annum earned during 2012-17 was only between ` 671 and ` 1,630 which could not significantly promote the goal of poverty alleviation. There was lack of focus on creation of durable assets in convergence with other schemes. Works were improperly executed leading to wasteful, inadmissible and excess expenditure.

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