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**STANDING COMMITTEE ON  
RURAL DEVELOPMENT  
(2012-2013)**

**FIFTEENTH LOK SABHA**

**MINISTRY OF RURAL DEVELOPMENT  
(DEPARTMENT OF RURAL DEVELOPMENT)**

**IMPLEMENTATION OF MAHATMA GANDHI NATIONAL  
RURAL EMPLOYMENT GUARANTEE ACT, 2005**

**FORTY-SECOND REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

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RURAL EMPLOYMENT GUARANTEE ACT, 2005

*Presented to Lok Sabha on 14.08.2013*

*Laid in Rajya Sabha on 14.08.2013*



LOK SABHA SECRETARIAT  
NEW DELHI

*August, 2013/Shravana, 1935 (Saka)*

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COMPOSITION OF THE STANDING COMMITTEE ON  
RURAL DEVELOPMENT (2009-2010)

Shrimati Sumitra Mahajan — *Chairperson*

MEMBERS

*Lok Sabha*

2. Shri Pulin Bihari Baske
3. Shri Kunvarjibhai Mohanbhai Bavalia
4. Shri Sanjay Dhotre
5. Shri Sandeep Dikshit
6. Shri Manikrao Hodlya Gavit
7. Shri H.D. Kumaraswamy
8. Shri Raghuvir Singh Meena
9. Shri Sidhant Mohapatra
10. Shri Gobinda Chandra Naskar
11. Shri Rakesh Pandey
12. Shri P.L. Punia
13. Shri A. Venkatarami Reddy
14. Shri Jagdish Sharma
15. Shri Navjot Singh Sidhu
16. Shri Jagdanand Singh
17. Dr. Sanjay Singh
18. Shri Makansingh Solanki
19. Shri Kodikkunnil Suresh
20. Shrimati Usha Verma
21. Shri Ramesh Vishwanath Katti

*Rajya Sabha*

22. Shri Mani Shankar Aiyar\*
23. Shri Ganga Charan
24. Shri Silvius Condpan\*\*
25. Shrimati Kanimozhi
26. Dr. Ram Prakash
27. Shri P.R. Rajan
28. Shri Arjun Singh
29. Vacant@
30. Shrimati Maya Singh
31. Miss Anusuiya Uikey

---

\* *w.e.f.* 15 April, 2010.

\*\* Re-nominated *w.e.f.* 3 May, 2010.

@ Shri Bhagwati Singh, MP, Rajya Sabha ceased to exist as the member of the Committee, consequent upon his retirement from membership of Rajya Sabha *w.e.f.* 4 July, 2010.

COMPOSITION OF THE STANDING COMMITTEE ON  
RURAL DEVELOPMENT (2010-2011)

Shrimati Sumitra Mahajan — *Chairperson*

MEMBERS

*Lok Sabha*

2. Shri Pulin Bihari Baske
3. Shri Kunvarjibhai Mohanbhai Bavalia
4. Shri Sanjay Dhotre
5. Shri Sandeep Dikshit
6. Shri Manikrao Hodlya Gavit
7. Shri H.D. Kumaraswamy
8. Shri Raghuvir Singh Meena
9. Shri Sidhant Mohapatra
10. Shri Gobinda Chandra Naskar
11. Shri Rakesh Pandey
12. Shri P.L. Punia
13. Shri A. Venkatarami Reddy
14. Shri Jagdish Sharma
15. Shri Navjot Singh Sidhu
16. Shri Jagdanand Singh
17. Dr. Sanjay Singh
18. Shri Makansingh Solanki
19. Shri Kodikkunnil Suresh
20. Shrimati Usha Verma
21. Shri Ramesh Vishwanath Katti



*Rajya Sabha*

22. Shri Mani Shankar Aiyar
23. Shri Ganga Charan
24. Sardar Sukhdev Singh Dhindsa
25. Dr. Ram Prakash
26. Shri P.R. Rajan
27. Vacant\*
28. Shrimati Maya Singh
29. Shri Mohan Singh
30. Miss Anusuiya Uikey
31. Dr. (Smt.) Kapila Vatsyayan

---

\*Vacancy caused consequent upon the demise of Shri Arjun Singh, MP, Rajya Sabha on 4 March, 2011.

COMPOSITION OF THE STANDING COMMITTEE ON  
RURAL DEVELOPMENT (2012-2013)

Shrimati Sumitra Mahajan — *Chairperson*

MEMBERS

*Lok Sabha*

2. Shri Thangso Baite
3. Shri Pulin Bihari Baske
4. Dr. Ratna De (Nag)
5. Shri Premchand Guddu
6. Shri Bijoy Krishna Handique
7. Shri Maheshwar Hazari
8. Shri Ramesh Vishwanath Katti
9. Shri Nimmala Kristappa
10. Shri Bishnu Pada Ray
11. Shri M. Rajamohan Reddy
12. Shri Anantha Venkatarami Reddy
13. Shri Arjun Charan Sethi
14. Dr. Sanjay Singh
15. Vacant\*
16. Smt. Supriya Sule
17. Smt. Annu Tandon
18. Shri Narendra Singh Tomar
19. Smt. Usha Verma
20. Shri P. Viswanathan
21. Shri Madhu Goud Yaskhi

*Rajya Sabha*

22. Shri Munquad Ali
23. Shri Mani Shankar Aiyar

---

\*Vacancy caused on account of demise of Shri Uma Shankar Singh on 24.01.2013.

24. Shri D. Bandyopadhyay
25. Sardar Sukhdev Singh Dhindsa
26. Shri Vinay Katiyar
27. Shri Mahendra Singh Mahra
28. Dr. Chandan Mitra
29. Shri C.P. Narayanan
30. Shri Mohan Singh
31. Prof. Saif-ud-Din Soz

SECRETARIAT

- |                      |   |                          |
|----------------------|---|--------------------------|
| 1. Shri Brahm Dutt   | — | <i>Joint Secretary</i>   |
| 2. Smt. Veena Sharma | — | <i>Director</i>          |
| 3. Shri Sumesh Kumar | — | <i>Committee Officer</i> |

## INTRODUCTION

1. I, the Chairperson of the Standing Committee on Rural Development (2012-2013) having been authorised by the Committee to submit the Report on their behalf, present the Forty-Second Report on Implementation of Mahatma Gandhi National Rural Employment Guarantee Act, 2005 of the Ministry of Rural Development (Department of Rural Development).

2. The Committee took evidence of the representatives of the Ministry of Rural Development (Department of Rural Development) on 12 December, 2012. The Committee wish to express their thanks to the representatives of the Ministry of Rural Development (Department of Rural Development) for appearing before the Committee for evidence and furnishing the information, desired by the Committee in connection with the issue relating to the subject.

3. The Report was considered and adopted by the Committee at their sitting held on 20 May, 2013. The Committee place on record their deep sense of appreciation of the work done by the earlier Committees.

4. The Committee wish to express their thanks to the officials of the Ministry of Rural Development (Department of Rural Development) for placing before them the requisite material and their considered views in connection with the examination of the subject.

5. The Committee also place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

NEW DELHI;  
01 July, 2013  

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10 Ashadha, 1935 (Saka)

SUMITRA MAHAJAN,  
Chairperson,  
Standing Committee on  
Rural Development.

## ABBREVIATIONS

|         |   |  |
|---------|---|--|
| AP      | — | Andhra Pradesh   |
| ATM     | — | Automated Teller Machine                               |
| BC      | — | Business Correspondents                                |
| BPL     | — | Below Poverty Line                                     |
| C&AG    | — | Comptroller & Auditor General                          |
| CBI     | — | Central Bureau of Investigation                        |
| CFT     | — | Cross Functional Teams                                 |
| CPIAL   | — | Consumer Price Index for Agriculture Labourers         |
| DoRD    | — | Department of Rural Development                        |
| DPCs    | — | District Planning Committees                           |
| DPP     | — | District Prospective Planning                          |
| DRG     | — | District Resource Group                                |
| DPC     | — | District Programme Coordinator                         |
| e-FMS   | — | Electronic Fund Management System                      |
| EoI     | — | Expression of Interest                                 |
| EGS     | — | Employment Guarantee Scheme                            |
| GP      | — | Gram Panchayat   |
| GS      | — | Gram Sabha   |
| HLC     | — | Habitation Level Committee                             |
| HPO     | — | Head Post Offices                                      |
| IAP     | — | Integrated Action Plan                                 |
| IAY     | — | Indira Awaas Yojana                                    |
| ICT     | — | Information & Communication Technology                 |
| IT      | — | Information Technology                                 |
| KM      | — | Kilometer  |
| KVK     | — | Krishi Vigyan Kendra                                   |
| LBSNAA  | — | Lal Bahadur Shastri National Academy of Administration |
| LWE     | — | Left Wing Extremism Affected Districts                 |
| MGNREGA | — | Mahatma Gandhi National Rural Employment Guarantee Act |

|        |   |   |
|--------|---|---|
| MIS    | — | Management Information System                       |
| MoU    | — | Memorandum of Understanding                         |
| MP     | — | Member of Parliament                                |
| MoRD   | — | Ministry of Rural Development                       |
| NABARD | — | National Bank for Agriculture and Rural Development |
| NIAR   | — | National Institute of Administrative Research       |
| NIRD   | — | National Institute of Rural Development             |
| NLM    | — | National Level Monitor                              |
| NMT    | — | National Management Team                            |
| NGO    | — | Non-Governmental Organization                       |
| NRM    | — | Natural Resource Management                         |
| PCR    | — | Project Completion Report                           |
| PMGSY  | — | Pradhan Mantri Gram Sadak Yojana                    |
| PIAs   | — | Project Implementing Agencies                       |
| PIL    | — | Public Interest Litigation                          |
| PRIs   | — | Panchayati Raj Institutions                         |
| RD     | — | Rural Development                                   |
| RfQ    | — | Request for Qualification                           |
| Rs.    | — | Rupees  |
| SC     | — | Scheduled Caste                                     |
| SGSY   | — | Swarnjayanti Gram Swarozgar Yojana                  |
| SHGs   | — | Self Help Groups                                    |
| SIRD   | — | State Institute of Rural Development                |
| SoP    | — | Shelf of Project                                    |
| ST     | — | Scheduled Tribe                                     |
| TSC    | — | Total Sanitation Campaign                           |
| UNDP   | — | United Nation Development Programme                 |
| UT     | — | Union Territory                                     |
| VMCs   | — | Vigilance and Monitoring Committees                 |

## REPORT

### PART I

#### NARRATION ANALYSIS

##### I. Introductory

1.1 “The true India is to be found not in its few cities, but in its seven hundred thousand villages, if the villages perish, India will perish too.”

1.2 What Mahatma Gandhi, Father of the Nation said long ago, still holds true. Even after 65 years of independence the people in rural India could not be provided secure sources of income other than inconsistent employment opportunity in agriculture based economy. This inconsistency in income has left majority of our rural India in vicious circle of poverty. It was necessary on the part of Legislature and Government to take significant step so that people in rural areas have a regular source of income in their own villages to meet their minimum needs.

1.3 Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) fulfils responsibility entrusted by article 39 (a) of ‘Directive Principles of State Policy’ which *inter-alia* provides that every State shall in particular, directs its policy towards securing that the citizen, men and women equally have the right to an adequate means of livelihood and article 41 which *inter-alia* states that the State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work. MGNREGA as largest employment guarantee programme in the world is an ambitious step towards fulfilling this responsibility.

1.4 MGNREGA, 2005 is a flagship programme of Government of India being executed by the Ministry of Rural Development. The Act which was enacted in September, 2005 was implemented *w.e.f.* 2 February, 2006. The Act provides for enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work and for matters connected therewith or incidental thereto.

1.5 The salient features and the implementation format guidelines of MGNREGA are as follows:—

- (a) Employment to be provided to every rural household, in the notified District, whose adult member volunteers to do unskilled manual work.
- (b) Household means a nuclear family comprising mother, father, their children and may include any person wholly or substantially dependent on the head of the family. Household may also comprise a single member family.
- (c) A household is to be provided work for at least 100 days in a financial year.
- (d) This is a demand based Programme and demand should emanate from the village through the Gram Sabha.
- (e) Every person who is willing to do the work to be provided minimum wages as prescribed under the Minimum Wages Act, 1948 for agricultural labourers in the State. Such wages shall not be less than sixty Rupees per day.
- (f) Disbursement of wages to be done on weekly basis but not beyond a fortnight.
- (g) Under section 4 of the Act, every State to formulate the State's Employment Guarantee Scheme to give effect to the provisions of the NREGA.
- (h) Each employment seeker to be registered by Gram Panchayat after due verification and the household to be provided a Job Card\*.
- (i) A Gram Sabha shall be convened for explaining the provisions of the Act, mobilizing applications, registration and verification. Door to door survey be undertaken to identify the persons willing to register for employment under the Act.
- (j) Employment be given within 15 days of application for work by an employment seeker.

---

\*A suggestive proforma for the job card was annexed with the guidelines framed by Ministry of Rural Development to implement MGNREGA, which contained permanent information of the household as well as entries of work given for five years. Permanent information of the job card included family registration code number, particulars of the applicant and all members of the family regarding sex, age and the names of adults willing to work. Individual identity slip was given to each registered applicant of the family.



- (k) If Employment is not provided within 15 days, daily unemployment allowance, in cash has to be paid. The legal liability to provide employment is of the States and liability to provide commensurate funds is of the Centre.
- (l) Liability of payment of Unemployment Allowance is of the States.
- (m) A new work to be commenced if at least 10 labourers become available for work.
- (n) At least one-third beneficiaries have to be women.
- (o) Gram Sabha to recommend works. Panchayati Raj Institutions (PRIs) have a principal role in planning and implementation.
- (p) Gram Panchayats to execute at least 50 per cent of works.
- (q) Gram Panchayat is responsible for planning, registering, issuing job cards to beneficiaries, allocating employment and monitoring of works.
- (r) The Programme Officer at the Block level, not below the rank of Block Development Officer to coordinate implementation processes. She/he is responsible for scrutinising village plans, ensuring that the matching between works and employment demanded, the employment demand is met within time and the works receive their due entitlements. She/he was also entrusted with the responsibility of ensuring that the social audit is conducted by Gram Sabha.
- (s) The power to allocate employment was vested in both the Programme Officer and Gram Panchayat. The Guidelines framed by Department of Rural Development suggested State Governments to delineate clear coordination mechanisms so that the data on, request for work and work allotment between the Programme Officer and the Gram Panchayat was properly maintained and recorded on the Job Card.
- (t) Such work would be selected from the shelf of projects, which would be for the projects ready with administrative and technical approvals. Shelf of projects is to be prepared on the basis of priority assigned by Gram Panchayat and accordingly a Perspective Plan be prepared.
- (u) While allocating work, priority is given to allot employment on a local work. The work should ordinarily be provided within 5 Km radius of the village or else extra wages to

the tune of 10 per cent were to be payable. If some persons were directed to report for work beyond 5 Kms, persons older in age and women are given preference to work on worksites nearer to their residence.

- (v) Transparencies, Public accountability, Social Audit were to be ensured through institutional mechanisms at all levels.
- (w) Grievance redress mechanisms were to be put in place for ensuring a responsive implementation process.
- (x) All accounts and records relating to the Scheme were to be made available for public scrutiny and any person desirous of obtaining a copy of such records be provided such copies on demand and after paying specified fee.
- (y) A copy of muster rolls of each scheme be made available in the officers of Gram Panchayat and the Programme Officer [at the Block level] for inspection by any person interested after paying specified fee.

1.6 The MGNREGA aims to provide a social safety net for the vulnerable sections of the society groups and an opportunity to combine growth with equity. Its objectivity is to ensure that employment is available locally to every rural household for at least 100 days in a financial year. It is envisaged that in the process of employment generation durable assets are built up that strengthen the livelihood resource base of the rural poor.

1.7 The MGNREGA shows a paradigm shift from the existing wage employment programme. The primary difference between the earlier wage employment programmes and the MGNREGA is that it is not a scheme but an Act passed by Parliament. In other words, the MGNREGA introduced a right's based framework, that provide a legal guarantee and it mandate time bound action to fulfil guarantee which hinges on an incentive structure for performance (Centre funds 90 per cent of costs of generating employment) and there is a concomitant Disincentive for non-performance (Unemployment allowance is a State liability). The MGNREGA ensures adequate resource support by making resource availability demand based and giving the demand a legal authority. Another critical factor built in the framework of MGNREGA is that the public delivery system has been made accountable, as it envisages an annual report on the outcomes of MGNREGA to be presented by the Central Government to the Parliament and to the Legislature by the State Government. The basic shift in the design and

approach of MGNREGA from that of earlier wage employment programmes are as under:

- (a) Demand driven as compared to supply driven approach in earlier programmes,
- (b) Statutory time bound provision for providing employment,
- (c) Shift from work that may lead to employment generation,
- (d) Compensation in the form of unemployment allowance,
- (e) Greater focus on accountability and transparency etc.

1.8 The Committee, while examining the National Rural Employment Guarantee Bill, 2004 had felt that detailed analysis of 'implementation of MGNREGA, 2005' would be necessary to find out its achievements and lacunae and for identifying challenges encountered during its implementation. The Committee examined in detail various issues related to the subject and these have been dealt with in succeeding paragraphs.

## **II. Physical Performance under MGNREGA**

1.9 MGNREGA, world's largest rural employment guarantee programme has completed about seven years of its implementation. MGNREGA aims at enhancing the livelihood security of the people in rural areas while undertaking works like drought proofing, afforestation/reforestation and soil conservation etc. so that the process of employment generation is made operational on a sustainable basis. When asked about the achievement of objectives as enshrined in MGNREGA, 2005, the Department stated in their written submission to the Committee that MGNREGA is demand driven scheme and employment is provided on demand. Against the guaranteed 100 days of unskilled waged employment under the Act, average person days per household were 43 during 2006-07, 42 during 2007-08, 48 during 2008-09, 54 during 2009-10, 47 during 2010-11, 43 during 2011-12 and during 2012-13 (up to 31 January, 2013) it is 36 days.

### **A. Issues related to Job Cards**

1.10 Section 3 (1) of MGNREGA, 2005 provides that save as otherwise provided, the State Government shall, in such rural area in the State as may be notified by the Central Government, provide to every household whose adult members volunteer to do unskilled manual work not less than one hundred days of such work in a financial year in accordance with the Scheme made under this Act.

Operational Guidelines on MGNREGA provides that to be eligible for applying for job under the Act, the adult members of rural households have to apply to the Gram Panchayat for registration of their household and issue of job cards. When asked to furnish details of total number of rural household registered in each State/UT since inception of scheme, the Department has finished following information:

| Year      | Cumulative number of households issued job cards |
|-----------|--|
| 2006-07   | 3,78,50,390                                      |
| 2007-08   | 6,47,61,146                                      |
| 2008-09   | 10,01,45,950                                     |
| 2009-10   | 11,25,48,976                                     |
| 2010-11   | 11,98,24,434                                     |
| 2011-12*  | 12,38,76,349                                     |
| 2012-13** | 12,46,58,658                                     |

\* Provisional.

\*\* As on 02.11.2012.

1.11 The Department has further clarified that the re-validation exercise for the job cards, beyond the period of its original validity, could be carried out by the authorized functionaries of the States/UTs.

1.12 On the query of the Committee regarding requirement of printed form to apply for registration, the Department in their written submission to the Committee stated that application for registration is not insisted upon on a printed form. Application may be given on plain paper to the local Gram Panchayat. An individual may also appear personally and make an oral request for registration.

1.13 When asked about process of issue of job card and existing mechanism to ensure that job applicants are not turned away, the Department in their written submission to the Committee stated that para 9 of Schedule II of the Act provides that application for work may be submitted in writing either to Gram Panchayat or to the Programme Officer, as may be specified in the scheme. Para 7 of Schedule II of the Act provides that application for work must be for at least 14 days of continuous work. Para 10 of Schedule II of the Act provides that the Gram Panchayat and the Programme Officer, as the case may be, shall be bound to accept valid applications and to issue

a dated receipt to the applicant. Group applications may also be submitted. Para 18 of Schedule II of the Act provides that provision shall be made in the scheme for advance applications, *i.e.*, applications which may be submitted in advance of the date for which employment is sought. Para 15 provides that a period of employment shall ordinarily be 14 days continuously with not more than 6 days in a week. Any violation of these provisions by the Gram Panchayats and/or by the Programme Officer would amount to violation of MGNREG Act and the concerned person would be liable for appropriate administrative action in accordance with relevant rules. Any grievance on this account may be addressed through the established grievance redressal mechanism at appropriate level.

1.14 The Committee pointed out that irregularities regarding issue of fake job cards are being widely reported in the media from time to time. In a specific case it was reported that affluent NRIs, Doctors, Government officials, teachers and well-off farmers were shown as holding MGNREGA job card in Kotda village in Kutiyana Taluka of Porbandar District. However, many of the job card holders such as Varu Karsan Uka (Job card number GJ-21-005-030-001/726), Dr. Dayaram Babhania (job card number GJ-21-005-030-001/526) etc. have, denied that they have ever applied for MGNREGA job card. When asked about such reported irregularities, the Department in their written submission to the Committee stated that the Ministry has received several job cards related complaints under MGNREGA. As implementation of the Act is done by the State Governments in accordance with the Schemes formulated by them as per the provisions of the Act, all complaints received in the Ministry are forwarded to the concerned State Governments for taking appropriate action as per law. This report was also referred to the State Government of Gujarat.

1.15 The Department has also stated that as per the report of the State Government 898 House Holds have been registered in Kotda Village of Kutiyana, Taluka. A number of total 73 job cards have been cancelled by the District Administration and the job card numbers GJ-21-005-030-001/726 and GJ-21-005-030-001/526 is also the part of the aforesaid 73 job cards cancelled by the District Administration. Para 1 of Schedule-II of MGNREG Act stipulates that adult members of every household who reside in rural areas and are willing to do unskilled manual work may apply for registration of their household for issuance of a job card to be eligible to apply for work. It is the duty of the Gram Panchayat to register households after making such enquiry as it deems fit and issue job cards. The registration/job card shall be valid for such period as may be laid in the scheme, but in any case not less than five years and may be renewed from time to time, as per para 3 of Schedule II.

1.16 During field visit to Srinagar in 2011, the Committee found that job cards provided to the workers were printed in English. When asked about instructions issued by the Department to the States/UTs for printing of job cards in regional language, the Department stated that MGNREGA is implemented by the States/UTs in accordance with the schemes formulated by them under section 4 of the Act. Hence, it is the responsibility of the State Governments to make arrangements for printing of job cards etc. No separate instructions for printing of job cards in regional language have been issued by the Department.

#### **B. Employment generation under MGNREGA**

1.17 When asked to furnish details of total demand for employment and employment provided to the registered job card holder in each State/UT since inception of Scheme, the Department has furnished the following details:—

| (in Crore)   |  |  |
|--------------|--|--|
| Year         | Employment Demanded<br>by the Households | Employment Provided<br>to the Households |
| 2006-2007    | 2.13                                     | 2.10                                     |
| 2007-2008    | 3.42                                     | 3.39                                     |
| 2008-2009    | 4.55                                     | 4.51                                     |
| 2009-2010    | 5.29                                     | 5.25                                     |
| 2010-2011    | 5.57                                     | 5.49                                     |
| 2011-2012*   | 5.03                                     | 4.99                                     |
| 2012-2013**  | 4.29                                     | 4.25                                     |
| <b>Total</b> | <b>30.28</b>                             | <b>29.98</b>                             |

\* Provisional.

\*\* As on 30.01.2013.

1.18 When asked to furnish details on number of persondays of employment generated since inception of the scheme, the Department has furnished following information:

| Year    | Number of Person days of Employment<br>Generated (in Crore) |
|---------|---|
| 1       | 2   |
| 2006-07 | 90.50   |
| 2007-08 | 143.59  |

| 1         | 2       |
|-----------|---------|
| 2008-09   | 216.32  |
| 2009-10   | 283.59  |
| 2010-11   | 257.15  |
| 2011-12*  | 211.42  |
| 2012-13** | 146.32  |
| Total     | 1348.89 |

\* As on 30.01.2013.

\*\* As on 30.01.2013.

1.19 When asked to furnish details on average number of days of employment provided per household since inception of the scheme, the Department has furnished following information:—

| Year      | Person days employment provided per household |
|-----------|---|
| 2006-07   | 43  |
| 2007-08   | 42  |
| 2008-09   | 48  |
| 2009-10   | 54  |
| 2010-11   | 47  |
| 2011-12*  | 43  |
| 2012-13** | 36  |

\* Provisional.

\*\* As on 31.01.2013.

1.20 Performance of States/UTs on the indicator of average person days employment generation is as follows:—

**Average days per Household under MGNREGA**

| Sl.No. | States/UTs        | Average days per Household |         |         |         |         |          |           |
|--------|-------------------|----------------------------|---------|---------|---------|---------|----------|-----------|
|        |                   | 2006-07                    | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12* | 2012-13** |
| 1      | 2                 | 3                          | 4       | 5       | 6       | 7       | 8        | 9         |
| 1.     | Andhra Pradesh    | 31                         | 42      | 48      | 66      | 54      | 58       | 46        |
| 2.     | Arunachal Pradesh | 27                         | 62      | 43      | 25      | 23      | 16       | 19        |

| 1   | 2                           | 3   | 4  | 5  | 6  | 7  | 8  | 9  |
|-----|-----------------------------|-----|----|----|----|----|----|----|
| 3.  | Assam                       | 72  | 35 | 40 | 34 | 26 | 26 | 21 |
| 4.  | Bihar                       | 35  | 22 | 26 | 28 | 34 | 38 | 34 |
| 5.  | Chhattisgarh                | 56  | 58 | 55 | 51 | 45 | 44 | 33 |
| 6.  | Gujarat                     | 44  | 31 | 25 | 37 | 45 | 38 | 31 |
| 7.  | Haryana                     | 48  | 50 | 42 | 38 | 36 | 39 | 35 |
| 8.  | Himachal Pradesh            | 47  | 36 | 46 | 57 | 49 | 53 | 39 |
| 9.  | Jammu and Kashmir           | 27  | 32 | 40 | 38 | 43 | 48 | 38 |
| 10. | Jharkhand                   | 37  | 44 | 48 | 49 | 42 | 39 | 32 |
| 11. | Karnataka                   | 41  | 36 | 32 | 57 | 49 | 42 | 25 |
| 12. | Kerala                      | 21  | 33 | 22 | 36 | 41 | 45 | 37 |
| 13. | Madhya Pradesh              | 69  | 63 | 57 | 56 | 50 | 43 | 32 |
| 14. | Maharashtra                 | 45  | 39 | 46 | 46 | 44 | 50 | 47 |
| 15. | Manipur                     | 100 | 43 | 75 | 73 | 68 | 63 | 28 |
| 16. | Meghalaya                   | 25  | 39 | 38 | 49 | 58 | 50 | 35 |
| 17. | Mizoram                     | 15  | 35 | 73 | 95 | 97 | 74 | 55 |
| 18. | Nagaland                    | 47  | 21 | 68 | 87 | 95 | 71 | 28 |
| 19. | Odisha                      | 57  | 37 | 36 | 40 | 49 | 33 | 24 |
| 20. | Punjab                      | 49  | 39 | 27 | 28 | 27 | 26 | 24 |
| 21. | Rajasthan                   | 85  | 77 | 76 | 69 | 52 | 47 | 39 |
| 22. | Sikkim                      | 59  | 44 | 51 | 80 | 85 | 60 | 39 |
| 23. | Tamil Nadu                  | 27  | 52 | 36 | 55 | 54 | 48 | 47 |
| 24. | Tripura                     | 67  | 43 | 64 | 80 | 67 | 86 | 69 |
| 25. | Uttar Pradesh               | 32  | 33 | 52 | 65 | 52 | 36 | 22 |
| 26. | Uttarakhand                 | 30  | 42 | 35 | 35 | 42 | 42 | 33 |
| 27. | West Bengal                 | 14  | 25 | 26 | 45 | 31 | 27 | 26 |
| 28. | Andaman and Nicobar Islands | NA  | NA | 17 | 29 | 23 | 43 | 40 |
| 29. | Dadra and Nagar Haveli      | NA  | NA | 25 | 19 | 21 | NR | NR |



| 1       | 2           | 3  | 4  | 5  | 6  | 7  | 8  | 9  |
|---------|-------------|----|----|----|----|----|----|----|
| 30.     | Goa         | NA | NA | NR | 28 | 27 | 28 | 13 |
| 31.     | Lakshadweep | NA | NA | 60 | 27 | 30 | 43 | 29 |
| 32.     | Puducherry  | NA | NA | 13 | 22 | 30 | 25 | 21 |
| Average |             | 43 | 42 | 48 | 54 | 47 | 43 | 36 |

NR=Not Reported.

NA= Not Applicable.

\*Provisional.

\*\*As on 31.01.2013.

1.21 When asked to furnish the details of total number of rural Household who have completed 100 days of employment since inception of the MGNREGA scheme, the Department has furnished following information:—

| Year      | Number of Households completed 100 days of Employment (in Nos.) |
|-----------|---|
| 2006-07   | 2161286   |
| 2007-08   | 3601926   |
| 2008-09   | 6521268   |
| 2009-10   | 7083663   |
| 2010-11   | 5561812   |
| 2011-12*  | 405442  |
| 2012-13** | 970930  |

\* Provisional.

\*\* As on 02.11.2012.

1.22 During the course of evidence the Committee emphasized about the reasons for declining trend of employment generation under MGNREG scheme, the Secretary of the Department of Rural Development stated:—

“...Sir, it is not correct to say that we have lost interest in MGNREGA. Firstly, we have not; and secondly, we cannot afford to lose interest in MGNREGA. It is a legislation, which gives right to certain people. It is our duty to see that whatever right they have acquired, they are not deprived of that right. Financially also, it is not that we have reduced the allocation below what is the

demand. It depends from State to State; it depends from year to year. There are many States where definitely agricultural wages have gone up and definitely, there is a movement away from unskilled manual work towards other kinds of work. But, there are also many States where the trend is not visible and it is more perhaps a case of people's demand, people not knowing enough about it, people not being able to access the mechanisms to register their demand, people not being able to actually get to the worksite. So, it is complex; it is State by State, area by area. It is dependent not only on the local conditions but also on local governance conditions. So, it is a multi-prong effort to ensure that the Act works. But at the end of it all, we are not committed necessarily to continuously increasing the expenditure and man-days because if we really succeed in our other anti-poverty programmes to raise livelihoods outside unskilled employment, actually unskilled employment should go down. But if it is going down for this reason that poverty is going down, generally it is a good thing. But if it is going down for other reasons, it is not a good thing; and we certainly have to see to the demand..."

1.23 Explaining it further, the witness stated:—

"...The second point is that 100 days employment is not being completed. We have examined it and among other reasons one main reason is that the desired efficiency with which the projects be made for creating job opportunities at local level is not taking place. Actual problem is that the States have given the money to the Panchayats, some Panchayats have done work and spent the money, but no replenishment is taking place. Many Panchayats are not carrying out works and the money is lying unspent with them. That means funds are not being utilized efficiently at state or Panchayat level. We have desired a method under which each State has to set up an Employment Guarantee Fund as provided in the Act and instead of disbursing all the money received from the centre to Panchayats, it should retain some part of the money with it and release it in the accounts of Panchayats. Rest of fund may be released to those Panchayats as per their need. The States which have adopted this method have not faced problems of funds as compared to those States which are yet to establish Employment Guarantee Fund..."

1.24 On the issue of demand for enhancing wage employment from 100 days to 150 days, the Secretary of the Department of Rural Development stated during the evidence:—

"...So far as the matter of additional 50 days is concerned, keeping in view the drought like situation we have issued an instruction that areas which is notified as drought prone areas, 50 days additional employment will be given apart from the existing 100 days employment. But, so far perhaps only two States have

demanded additional fund apart from original Labour Budget which we have approved in February-March. Such demand has been received from Maharashtra and West Bengal.

We have sanctioned additional labour budget for both the States. We have noticed slight growth in demand for man days in remaining States. But, the said growth is within agreed Budget. The work is still going on within the labour budget as projected earlier by the States. Although additional 50 days are still available but probably many States will not be able to avail additional 50 days employment...”

1.25 The Committee was further informed that the Empowered Group of Ministers on drought has agreed to raise the minimum number of days for mandatory employment under the MGNREGA by 50 days for one year to provide relief to the poor in drought affected States. When asked to furnish details of Districts which have been provided this exemption, the Department in their written submission stated that keeping in view the deficient rainfall pattern during South-West monsoon (2012) in some States, the Union Rural Development Ministry had decided to fund the State Governments (as per the provision of Section 22 of MGNREGA 2005) for providing up to an additional 50 days of employment under MGNREGA in FY 2012-13 to households registered in notified drought affected Talukas/Blocks upon completion of 100 days of employment.

1.26 The Department also informed that as per the information received from the States, Blocks/talukas of 25 Districts in Maharashtra, 5 Districts in Rajasthan, 24 Districts of Jharkhand and 28 Districts in Karnataka and 1 District in Gujarat have been notified as drought affected by the respective State Governments. When asked to furnish details of employment provided in terms of persondays of employment generated in these drought affected Districts, the Department has furnished following details:

| State       | Drought Affected Districts | HHs provided Employment in Drought Affected Districts | Persondays Generated | HHs completed 100 Days of employment |
|-------------|----------------------------|---|----------------------|--------------------------------------|
| Gujarat     | 1                          | 9940  | 155196               | 72                                   |
| Jharkhand   | 24                         | 1017648   | 30950699             | 12913                                |
| Karnataka   | 28                         | 609861  | 13024260             | 7300                                 |
| Maharashtra | 25                         | 835217  | 38482318             | 88650                                |
| Rajasthan   | 5                          | 829159  | 34553701             | 35994                                |
| Total       | 83                         | 3301825   | 117166174            | 144929                               |

1.27 When asked to furnish details of enhanced funds allocated to drought affected Districts to meet extra expenditure the Department in their written submission has stated that Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a demand driven wage employment programme where no State/UTs-wise allocation of fund is made. Thus, on the basis of the labour demand pattern and the proposals of the implementing States, central share of funds would be released to the States to meet the additional requirements due to drought.

### C. Employment provided to the Women

1.28 Para 6 of *Schedule II* of the NREGA provides that priority should be given to women in such a way that at least one-third of the beneficiaries shall be women who have registered and requested for work under this Act. When asked to furnish the details of participation of women, the Department has furnished following information:—

| Year      | Women Participation              |               |
|-----------|----------------------------------|---------------|
|           | Persondays employment (in Crore) | in percentage |
| 2006-07   | 36.40                            | 40.20         |
| 2007-08   | 61.15                            | 42.58         |
| 2008-09   | 103.57                           | 47.88         |
| 2009-10   | 136.40                           | 48.69         |
| 2010-11   | 122.74                           | 47.73         |
| 2011-12*  | 101.86                           | 48.17         |
| 2012-13** | 77.73                            | 54.00         |

\* Provisional.

\*\* As on 30.01.2013.

1.29 However, there is significant variation in performance of States to provide employment to women. Women participation in some of the States under MGNREGA is as follows:—

| Women person days (% of total person-days in the State) |         |         |         |         |         |          |           |
|---|---------|---------|---------|---------|---------|----------|-----------|
| State   | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12* | 2012-13** |
| 1   | 2       | 3       | 4       | 5       | 6       | 7        | 8         |
| Andhra Pradesh  | 55      | 58      | 58      | 58      | 57      | 58       | 58        |
| Assam   | 32      | 31      | 27      | 28      | 27      | 25       | 25        |

| 1              | 2  | 3  | 4  | 5  | 6  | 7  | 8  |
|----------------|----|----|----|----|----|----|----|
| Bihar          | 17 | 28 | 30 | 30 | 28 | 29 | 31 |
| Chhattisgarh   | 39 | 42 | 47 | 49 | 49 | 45 | 48 |
| Jharkhand      | 39 | 27 | 29 | 34 | 33 | 31 | 32 |
| Kerala         | 66 | 71 | 85 | 88 | 90 | 93 | 93 |
| Madhya Pradesh | 43 | 42 | 43 | 44 | 44 | 42 | 43 |
| Maharashtra    | 37 | 40 | 46 | 40 | 46 | 46 | 45 |
| Odisha         | 36 | 36 | 38 | 36 | 39 | 39 | 38 |
| Rajasthan      | 67 | 69 | 67 | 67 | 68 | 69 | 69 |
| Tamil Nadu     | 81 | 82 | 80 | 83 | 83 | 74 | 75 |
| Uttar Pradesh  | 17 | 15 | 18 | 22 | 21 | 17 | 19 |
| West Bengal    | 18 | 17 | 27 | 33 | 34 | 32 | 33 |
| All India      | 40 | 43 | 48 | 48 | 48 | 47 | 54 |

\* Provisional.

\*\* As on 02.11.2012.

1.30 It has been reported in the media that the Government is seriously considering the proposal for reducing working hours for female workers under MGNREGA from 9 am to 5 pm with an hour's lunch break. When asked about response of the Department on this issue, the Department in their written submission apart from stating provisions as made in Para 8 (1), (2) and Para 8A of Schedule I of MGNREG Act, 2005 stated that there is no proposal to change the provision.

#### D. Employment provided to the SCs/STs

1.31 SCs and STs Population constitute bulk of the poor families. MGNREGA, 2005 provide an opportunity to States/UTs to provide employment opportunity to these sections of society in order to enhance their economic capacity without resorting to migration to urban areas. When asked to furnish details of employment provided to SCs/STs under MGNREG schemes, the Department furnished following information:—

| (in Crore) |  |  |
|------------|--|--|
| Year       | Employment provided to the SCs Households (in person days) | Employment provided to the STs Households (in person days) |
| 1          | 2  | 3  |
| 2006-07    | 22.95  | 32.98  |
| 2007-08    | 39.35  | 42.07  |

| 1         | 2     | 3     |
|-----------|-------|-------|
| 2008-09   | 63.35 | 55.01 |
| 2009-10   | 86.44 | 58.74 |
| 2010-11   | 78.75 | 53.61 |
| 2011-12*  | 46.60 | 38.38 |
| 2012-13** | 32.61 | 22.70 |

\* As on 30.01.2013.

\*\* As on 30.01.2013.

1.32 When asked to furnish details of employment provided to the SCs in States with significant SCs population, the Department has furnished following information:—

| State            | Rural SCs<br>Households#<br>(in Lakhs) | SCs person days employment provided (in Crore) |         |         |         |         |          |           |
|------------------|--|--|---------|---------|---------|---------|----------|-----------|
|                  |  | 2006-07  | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12* | 2012-13** |
| Bihar            | 29.83                                  | 2.81   | 3.85    | 4.96    | 5.15    | 7.27    | 1.54     | 1.26      |
| Uttar Pradesh    | 65.36                                  | 4.67   | 7.32    | 12.16   | 20.07   | 18.07   | 8.37     | 3.25      |
| West Bengal      | 39.67                                  | 1.58   | 3.51    | 2.95    | 5.71    | 5.73    | 4.84     | 4.04      |
| Punjab           | 13.02                                  | 0.10   | 0.15    | 0.30    | 0.60    | 0.59    | 0.50     | 0.32      |
| Uttarakhand      | 2.92                                   | 0.11   | 0.22    | 0.28    | 0.47    | 0.61    | 0.35     | 0.06      |
| Himachal Pradesh | 3.38                                   | 0.09   | 0.31    | 0.69    | 0.95    | 0.71    | 0.78     | 0.47      |
| Maharashtra      | 17.77                                  | 0.25   | 0.34    | 0.69    | 0.70    | 0.44    | 0.38     | 0.39      |

# As per Census, 2011.

\* Provisional.

\*\* As on 30.01.2013.

1.33 When asked to furnish details of employment provided to the STs in States with significant STs Population, the Department has furnished following information:—

(in crore)

| State          | Rural STs<br>Households#<br>(in Lakhs) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12** | 2012-13** |
|----------------|--|---------|---------|---------|---------|---------|-----------|-----------|
| 1              | 2                                      | 3       | 4       | 5       | 6       | 7       | 8         | 9         |
| Maharashtra    | 18.71                                  | 0.65    | 0.71    | 1.85    | 0.91    | 0.51    | 1.11      | 0.77      |
| Madhya Pradesh | 29.69                                  | 9.59    | 13.42   | 13.80   | 11.90   | 9.55    | 4.32      | 2.24      |

| 1              | 2     | 3    | 4    | 5     | 6     | 7    | 8    | 9    |
|----------------|-------|------|------|-------|-------|------|------|------|
| Rajasthan      | 17.03 | 6.43 | 7.79 | 11.22 | 10.11 | 7.04 | 5.17 | 3.84 |
| Jharkhand      | 15.42 | 2.09 | 3.11 | 2.99  | 3.62  | 3.49 | 2.35 | 1.44 |
| Andhra Pradesh | 13.24 | 0.88 | 2.57 | 3.54  | 5.95  | 5.37 | 5.08 | 3.50 |
| West Bengal    | 11.16 | 0.81 | 1.33 | 1.16  | 2.23  | 2.08 | 1.47 | 1.14 |
| Gujarat        | 15.25 | 0.64 | 0.59 | 1.07  | 2.30  | 2.02 | 1.25 | 0.68 |
| Assam          | 8.14  | 2.65 | 1.91 | 2.59  | 2.27  | 1.28 | 0.81 | 0.38 |
| Chhattisgarh   | 16.12 | 3.18 | 5.44 | 5.13  | 3.97  | 4.05 | 4.56 | 2.51 |

# As per Census, 2011.

\* As on 30.01.2013.

\*\* As on 30.01.2013.

1.34 It has been pointed out in 'MGNREGA Sameeksha' brought by the Department in 2012 that at the national level, the share of SCs and STs in the work provide under MGNREGA has been high at 40-50 per cent across each of the years of the scheme's implementation. In the case of both SCs and STs, the participation rate exceeds their total share in the total population (except in Maharashtra where it is only marginally less).

#### **E. Participation of persons with disabilities**

1.35 MGNREGA, 2005 guidelines provides that if a rural disabled person applies for work, work suitable to his/her ability and qualifications will have to be given. This may also be in the form of services that are identified as integral to the programme. Provisions of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 will be kept in view and implemented. Availability of ample employment opportunity to the people with disability is prerequisite to bring them into mainstream of the society. When asked to furnish details on employment provided to the person with disability under the scheme, the Department furnished following information:—

| Year    | Disabled beneficiaries |
|---------|------------------------|
| 1       | 2                      |
| 2006-07 | 1,46,401               |
| 2007-08 | 3,36,698               |

| 1            | 2                |
|--------------|------------------|
| 2008-09      | 2,04,772         |
| 2009-10      | 2,97,215         |
| 2010-11      | 2,94,490         |
| 2011-12*     | 3,85,203         |
| 2012-13**    | 3,02,536         |
| <b>Total</b> | <b>19,67,315</b> |

\* Provisional.

\*\* As on 02.11.2012.

1.36 The Committee have been informed that Mihir Shah Committee constituted for revision in guidelines for implementation of MGNREGA works has suggested for creation of special condition to facilitate inclusion of Disabled persons in MGNREGA works. The Committee have suggested various specific initiatives such as special drive for identification of vulnerable groups in each Gram Panchayat, special job cards for each disabled person, special drive for mobilization of Disabled group in MGNREGA works, identification of special works and appointment of dedicated Officer to look after specific need and requirements of the special categories.

### III. Financial performance of MGNREGA

1.37 Para 22 of the Act provides for funding pattern for meeting the cost of schemes undertaken by the implementing agencies. As per the Act the Central Government shall meet the cost of the following, namely:—

- (a) the amount required for payment of wages for unskilled manual work under the Scheme;
- (b) up to three-fourths of the material cost of the Scheme including payment of wages to skilled and semi-skilled workers subject to the provisions of Schedule II;
- (c) such percentage of the total cost of the Scheme as may be determined by the Central Government towards the administrative expenses, which may include the salary and allowances of the Programme Officers and his supporting staff, the administrative expenses of the Central Council, facilities to be provided under Schedule II and such other item as may be decided by Central Government.



1.38 The Department has also informed that the State Governments have been given the responsibility to meet the cost of the following, namely:—

- (a) the cost of unemployment allowance payable under the Scheme;
- (b) one-fourth of the material cost of the Scheme including payment of wages to skilled and semi-skilled workers subject to the provisions of Schedule II;
- (c) the administrative expenses of the State Council.

**A. Allocation *vis-a-vis* Utilization of Funds**

1.39 When asked to furnish detail of allocation and utilization of funds since inception of the scheme, the Department has furnished following information:—

| (Rs. in crore) |                       |                       |                   |               |  |
|----------------|-----------------------|-----------------------|-------------------|---------------|--|
| Year           | Central Fund released | Total available funds | Total expenditure | Unspent Funds | % of unspent amount (of Total Available funds) |
| 2006-07        | 8263.65               | 12073.55              | 8823.35           | 3250.20       | 26.92  |
| 2007-08        | 12610.39              | 19339.53              | 15856.88          | 3482.64       | 18.01  |
| 2008-09        | 29939.60              | 37397.06              | 27250.10          | 10146.96      | 27.13  |
| 2009-10        | 33506.61              | 49579.19              | 37905.23          | 11673.96      | 23.54  |
| 2010-11        | 35768.95              | 54172.14              | 39377.27          | 14794.90      | 27.31  |
| 2011-12*       | 29189.77              | 48832.49              | 38034.69          | 10797.79      | 22.11  |
| 2012-13**      | 25894.02              | 41788.74              | 28073.51          | 13715.22      | 32.82  |
| Total          | 175172.99             | 263182.70             | 195321.03         | 67861.67      | 25.42  |

\* Provisional.

\*\* As on 31.01.2013.

1.40 On perusal of State-wise expenditure pattern under MGNREGA schemes as given below, it emerges that unspent balances in some of the big States with significant allocation were quite high:—

| (Rs. in crore) |         |         |         |         |         |          |           |
|----------------|---------|---------|---------|---------|---------|----------|-----------|
| State          | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12* | 2012-13** |
| 1              | 2       | 3       | 4       | 5       | 6       | 7        | 8         |
| Andhra Pradesh | 462.04  | 209.46  | 742.79  | 874.36  | 3667.71 | 1601.36  | 799.38    |
| Uttar Pradesh  | 249.03  | 329.01  | 1138.65 | 1232.64 | 1590.28 | 1615.00  | 1134.98   |

| 1              | 2      | 3      | 4       | 5       | 6       | 7       | 8       |
|----------------|--------|--------|---------|---------|---------|---------|---------|
| Bihar          | 478.41 | 471.65 | 871.31  | 541.32  | 533.30  | 240.47  | 508.70  |
| West Bengal    | 235.6  | 327.13 | 396.16  | 299.55  | 247.47  | 223.79  | 645.49  |
| Jharkhand      | 270.65 | 192.14 | 1021.65 | 544.80  | 353.75  | 588.11  | 272.60  |
| Madhya Pradesh | 270.99 | 396.75 | 1520.20 | 1955.94 | 1898.28 | 1796.77 | 1305.63 |
| Rajasthan      | 163.11 | 36.65  | 1080.94 | 2533.69 | 3051.35 | 1273.70 | 1107.72 |
| Odisha         | 156.72 | 231.22 | 372.99  | 37.74   | 258.73  | 320.28  | 498.74  |
| Chhattisgarh   | 172.06 | 115.72 | 571.43  | 306.66  | 599.11  | 360.32  | 1208.23 |

\* Provisional.

\*\* As on 31.01.2013.

1.41 The Department furnished the following details regarding expenditure incurred on wages and material under the scheme:—

(Rs. in crore)

| Year      | Expenditure on wages | Expenditure on Material |
|-----------|----------------------|-------------------------|
| 2006-07   | 5842.37              | 2758.77                 |
| 2007-08   | 10738.47             | 4617.47                 |
| 2008-09   | 18200.03             | 8100.89                 |
| 2009-10   | 25579.32             | 11084.49                |
| 2010-11   | 25686.53             | 11891.09                |
| 2011-12*  | 24860.91             | 11065.16                |
| 2012-13** | 15557.78             | 4279.28                 |

\* Provisional.

\*\* As on 02.11.2012.

## B. Administrative Expenditure

1.42 Section-22(1) of MGNREGA, 2005 provides “such percentage of the total cost of the Scheme as may be determined by the Central Government towards the administrative expenses, which may include the salary and allowance of the programme officers and his supporting staff, the administrative expenses of the Central Council, facilities to be provided under Schedule II and such other items as may be decided by the Central Government”. The Department of Rural Development informed that under this Section, administrative expenditure have been

enhanced up to 6% of the annual allocation under MGNREGA. When asked to furnish details on administrative expenditure incurred since inception of the Scheme, the Department furnished following information:—

(Rs. in crore)

| Year         | Total available funds | Administrative expenditure | Expenditure (% of available fund) |
|--------------|-----------------------|----------------------------|-----------------------------------|
| 2006-07      | 12073.55              | 222.21                     | 1.84                              |
| 2007-08      | 19339.53              | 500.95                     | 2.59                              |
| 2008-09      | 37397.06              | 949.17                     | 2.53                              |
| 2009-10      | 49579.19              | 1241.41                    | 2.50                              |
| 2010-11      | 54172.14              | 1799.65                    | 3.32                              |
| 2011-12*     | 35118.40              | 660.36                     | —                                 |
| 2012-13**    | 21970.67              | 2006.46                    | 9.13                              |
| <b>Total</b> | <b>229650.54</b>      | <b>6380.21</b>             |                                   |

\* upto October, 2011.

\*\* As on 31.01.2013

1.43 Asked about complaints received by the Department regarding improper use of administrative expenditure not allowed under guidelines and action taken on these complaints, the Department in their written submission to the Committee stated that some instances of improper or disproportionate use of administrative expenditure like booking of salaries of ineligible category of employees, diversion of funds to other programmes, payment of *ex gratia*, etc. have been brought to the notice of the Ministry. The Ministry has taken up the matter with the concerned States. When asked to furnish details of complaints received regarding improper use of administrative expenditure not allowed under guidelines and action taken on these, the Department in their written submission stated that as implementation of the Act is vested with the State Governments, all complaints received in the Ministry are forwarded to the concerned State Governments for taking appropriate action, including investigation, as per law. In complaints and cases of mismanagement of funds etc. enquiries are conducted for fixing responsibility for lapses, if any and action is taken against persons found responsible by the State Governments concerned.

#### IV. Asset creation under MGNREGA

##### A. Permissible works

1.44 Para 1 of Schedule I of the Act provides for types of works that could be taken up under MGNREGA Scheme. As per Act the focus of the Scheme shall be on the following works in their order of priority:—

- (i) Water conservation and water harvesting;
- (ii) Drought proofing (including afforestation and tree plantation);
- (iii) Irrigation canals including micro and minor irrigation works;
- (iv) Provision of irrigation facility to land owned by households belonging to the Scheduled Castes and Scheduled Tribes or to land of beneficiaries of land reform or that of the beneficiaries under the Indira Awas Yojana of the Government of India;
- (v) Renovation of traditional water bodies including desilting of tanks;
- (vi) Land development;
- (vii) Flood control and protection works including drainage in water logged areas;
- (viii) Rural connectivity to provide all-weather access; and
- (ix) Any other work which may be notified by the Central Government in consultation with the State Government.

1.45 Section 1 (ix) of Schedule I of the Act provides that any proposal of a State Government for taking up work which does not fall in the category of permissible work as given in the Schedule I may be examined by the Central Government on merit and work may be notified as permissible work in that particular area. When asked about status of proposals from the State Governments for inclusion of new works under the category of permissible work under MGNREGA, the Department in their written submission to the Committee has stated that Proposals from State Governments are received from time to time for inclusion of new works under the category of permissible works under MGNREGA and this is a continuous process. Subsequently the following amendments have been made to expand the scope of activities under MGNREGA:

- Construction of Bharat Nirman, Rajiv Gandhi Sewa Kendra as Village Knowledge Resource Centre and Gram Panchayat Bhawan at Gram Panchayat level has been included as a permissible activity in para 1 of Schedule I of the Act (*vide* Notification dated 11.11.2009).

- Construction of play ground in Districts as identified by the Central Government for Integrated Action Plan (*vide* notification dated 21.10.2011).
- Access to sanitation facilities in convergence with TSC of Ministry of Drinking Water and Sanitation (*vide* notification dated 30.09.2011).

1.46 The types of suggestions received by the Department from State Governments/various agencies to enlarge the scope of works under MGNREGA are given below:—

| Facilities                            | Social Service                                    | Technology for increasing productivity |
|---------------------------------------|---|--|
| Anganwadis                            | Waste management                                  | Barbed wire fencing for fields         |
| Schools                               | Sweeping  | Soak pit & Garbage pits/composts       |
| Hospitals                             | Collection & disposal of waste                    | Fisheries                              |
| Crèche                                | Extending anganwadi timing by paying from MGNREGA | Shore protection                       |
| Godowns                               | Removal of snow from roads                        | Landing centres                        |
| Markets                               | Removal of sand from desert areas                 | Drying yards                           |
| Bio gas                               | Cook for MDM                                      | Boat jetties                           |
| Kitchen cum store (MDM)               | Collection of cattle dung                         |  |
| Culverts                              | Green fodder development                          |  |
| Toilet pits                           | Boatman for relief operation                      |  |
| Erection of poles for electrification | Traditional/crafts                                |  |
| Additional rooms in schools           | Post disaster management                          |  |
| Graveyards/crematoria                 |   |  |
| Preparation of bricks                 |   |  |
| Convergence with IAY                  |   |  |
| Playgrounds                           |   |  |
| Community cattle shed                 |   |  |
| Relief camps                          |   |  |
| Restoration of monuments              |   |  |

1.47 Further the Department informed that *vide* notification dated 04 May,2012, notified new category of works under category of permissible work and Gram Sabhas and Ward Sabhas have been given power to determine priority of works. New list of permissible works is as under:

- (i) Water conservation and water harvesting including contour trenches, contour bunds, boulder checks, gabion structures, underground dykes, earthen dams, stop dams and springshed development;
- (ii) Drought proofing including afforestation and tree plantation;
- (iii) Irrigation canals including micro and minor irrigation works;
- (iv) Provision of irrigation facility, dug out farm pond, horticulture, plantation, farm bunding and land development on land owned by households specified in paragraph 1C;
- (v) Renovation of traditional water bodies including desilting of tanks;
- (vi) Land development;
- (vii) Flood control and protection works including drainage in water logged areas including deepening and repairing of flood channels, chaur renovation, construction of storm water drains for coastal protection;
- (viii) Rural connectivity to provide all weather access, including culverts and roads within a village, wherever necessary;
- (ix) Construction of Bharat Nirman Rajiv Gandhi Sewa Kendra as Knowledge Resource Centre at the Block level and as Gram Panchayat Bhawan at the Gram Panchayat level;
- (x) Agriculture related works, such as, NADEP composting, vermi-composting, liquid bio-manures;
- (xi) Livestock related works, such as, poultry shelter, goat shelter, construction of pucca floor, urine tank and fodder trough for cattle, azolla as cattle-feed supplement;
- (xii) Fisheries related works, such as, fisheries in seasonal water bodies on public land;
- (xiii) Works in coastal areas, such as, fish drying yards, belt vegetation;
- (xiv) rural drinking water related works, such as, soak pits, recharge pits;

- (xv) Rural sanitation related works, such as, individual household latrines, school toilet units, anganwadi toilets, solid and liquid waste management;
- (xvi) Any other work which may be notified by the Central Government in consultation with the State Government.

## B. Delay in Completion of Works

1.48 Operational guidelines regarding completion of works undertaken under MGNREGA Scheme provides for completion of works within six months. However, dismal performance by the implementing agencies to complete works within time limit has been repeatedly reported in the media. When asked to furnish details of work completion rate of projects started under MGNREGA since inception of the scheme, the Department has furnished following information:

| Year         | Total works taken<br>(in Lakh) | Work completed<br>(in Lakh) | Work completion<br>rate (%) |
|--------------|--------------------------------|-----------------------------|-----------------------------|
| 2006-07      | 8.35                           | 3.87                        | 46.34                       |
| 2007-08      | 17.89                          | 8.23                        | 45.99                       |
| 2008-09      | 27.74                          | 12.14                       | 43.76                       |
| 2009-10      | 46.17                          | 22.59                       | 48.94                       |
| 2010-11      | 50.82                          | 25.85                       | 50.86                       |
| 2011-12*     | 74.13                          | 15.01                       | 20.25                       |
| 2012-13**    | 71.03                          | 10.67                       | 15.02                       |
| <b>Total</b> | <b>296.13</b>                  | <b>98.36</b>                | <b>33.22</b>                |

\* As on 30.01.2013.

\*\* As on 30.01.2013.

1.49 State-wise work completion ratio in some States has been as under:—

| <b>(Work completion Rate in %)</b> |         |         |         |         |         |          |           |
|------------------------------------|---------|---------|---------|---------|---------|----------|-----------|
| State                              | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12* | 2012-13** |
| 1                                  | 2       | 3       | 4       | 5       | 6       | 7        | 8         |
| Bihar                              | 48.09   | 51.63   | 56.82   | 45.70   | 40.68   | 0.22     | 10.79     |
| Chhattisgarh                       | 49.61   | 64.05   | 53.43   | 56.39   | 57.15   | 29.33    | 43.36     |

| 1                 | 2     | 3     | 4     | 5     | 6     | 7     | 8     |
|-------------------|-------|-------|-------|-------|-------|-------|-------|
| Jharkhand         | 37.68 | 31.08 | 40.85 | 47.11 | 20.82 | 17.31 | 29.15 |
| Karnataka         | 59.03 | 68.91 | 60.90 | 22.81 | 20.93 | 19.60 | 13.67 |
| Madhya Pradesh    | 48.80 | 39.82 | 40.36 | 49.05 |       | 14.55 | 29.73 |
| Maharashtra       | 48.88 | 34.65 | 42.98 | 42.58 | 38.02 | 2.52  | 3.82  |
| Odisha            | 36.56 | 36.51 | 7.64  | 12.53 | 26.83 | 32.09 | 20.65 |
| Rajasthan         | 39.78 | 28.61 | 42.54 | 45.39 | 26.25 | 7.79  | 23.31 |
| Uttar Pradesh     | 56.93 | 69.09 | 61.23 | 65.86 | 59.59 | 36.31 | 43.36 |
| West Bengal       | 56.39 | 47.95 | 54.49 | 66.41 | 58.12 | 46.43 | 32.51 |
| Tamil Nadu        | 32.94 | 45.05 | 32.58 | 38.71 | 45.16 | 19.82 | 55.81 |
| Andhra Pradesh    | 39.57 | 38.63 | 31.24 | 53.96 | 67.25 | 2.55  | 0.11  |
| Jammu and Kashmir | 36.87 | 52.81 | 54.95 | 63.42 | 61.12 | 3.77  | 6.61  |
| Kerala            | 90.63 | 82.80 | 88.30 | 51.52 | 71.04 | 92.38 | 32.02 |
| Manipur           | 55.79 | 9.37  | 74.56 | 81.26 | 89.01 | 0     | 2.80  |
| Mizoram           | 82.13 | 45.36 | 73.36 | 82.16 | 85.34 | 8.48  | 10.29 |
| Nagaland          | 96.88 | 36.96 | 83.20 | 63.44 | 84.86 | 7.78  | 0.68  |
| Tripura           | 82.60 | 88.72 | 91.93 | 26.61 | 90.98 | 73.53 | 20.81 |

\* As on 30.01.2013.

\*\* As on 30.01.2013.

1.50 When the Committee enquired about reasons for failure on the part of implementing agencies to complete the projects within stipulated time and efforts made to improve work completion rate under MGNREGA, the Department in their written submission to the Committee stated that from the financial year 2010-11, all States have been asked to furnish information on management Information System (MIS). It takes time to digitize the entire information and place it on the website. Therefore, data reported on the web site generally is not up to date because of different level of adaptability of MIS by the States. However, some of the factors leading to low work completion rate are:

- (a) There is a lag between physical and financial closure of works due to late submission of project completion report (PCR) and squaring of accounts at different levels-Gram Panchayat and Block level.



- (b) Some works are abandoned due to non-feasibility encountered at a later stage e.g. detection of hard rock boulder in digging of Well.

1.51 The Department also informed that a circular has been issued to all the States/UTs to complete on-going works within a given time-frame and indicate progress of works taken up and completed in the respective labour budget proposal.

1.52 In this context while depositing before the Committee, the Secretary, Department of Rural Development stated:

“Reason for delay in completion of works under MGNREGA during 2009-10 was that works are undertaken to provide wage employment to the rural household as and when required. Normally, a work takes 2 to 4 month time to complete. Any work taken up during the intervening period of the financial year remains incomplete during the financial year in which it was started and the work gets completed only during the next financial year. Majority of works are generally required to be started during the peak demand season which starts from November, and commence upto May. Because of this reason large number of works remain incomplete at the close of financial year and get spilled over to the next year.”

1.53 As brought out in ‘MGNREGA SAMEEKSHA’ carried out by the Department the Working Group on MGNREGA set up by the Planning Commission for formulation of the 12th Five Year Plan while deliberating on the issue of large number of incomplete works, have suggested following measures to solve the problem:

- The Management Information System (MIS) needs to identify those works which are to be executed over a period of more than a year. Such works may be split into annual work elements, with each annual segment given a distinct work identity.
- Some works are left incomplete because revisions of wage and material rates raise the actual cost beyond the approved estimates. Whenever there is a revision in the Schedule of Rates (SoRs), the District Programme Coordinator (DPC) must revise the approved estimates for projects in the Annual Plan which are yet to begin. This should be done on a *suo moto* basis by the DPC and the revised estimates conveyed to Project Implementing Agencies (PIAs).

- For projects which are under execution when the SoRs are revised, the DPC must conduct a survey re-estimating the value of the unfinished portion of the works. The entire process of re-estimation must be done within a period of one month of the revision of SoRs.
- For those PIAs that have incomplete works for more than one fiscal year after the year in which the works were proposed, no sanction is to be given for beginning new works.

1.54 The Working Group on MGNREGA have also mentioned that findings related to quality, durability and rate of work completion suggest that the problem is not in the design of the Act but the usefulness of the Scheme is dependent on the strength of its implementation at the field level. For instance, lack of planning in areas like potential demand and need for MGNREGA works, participation of villagers and prioritization of works in the Gram Sabha (GS), and focus on creation of productive assets based on principles of watershed, etc., can greatly reduce the development potential of MGNREGA. Taking up of planned works, relevant to the need of the region and demand of the beneficiaries is also vital for ensuring ownership of assets and their development utility in the long run.

1.55 On the query of the Committee about work completion rate of projects by Gram Panchayats since inception of the Scheme, the Department in their written submission to the Committee stated that data regarding work completion rate of projects by Gram Panchayats and other implementing agencies is not maintained and not captured in the MGNREGA MIS.

1.56 Sections 16(5) of MGNREGA, 2005 provide that the Programme Officer shall allot at least fifty per cent of the works in terms of its cost under a Scheme to be implemented through the Gram Panchayat. When asked to furnish details of percentage of work done by Gram Panchayats since inception of the Scheme, the Department furnished following information:

**MGNREGA: Percentage of expenditure carried out through PRIs**

|                | 2010-11 |      |                | 2011-12           |      |                |
|----------------|---------|------|----------------|-------------------|------|----------------|
|                | State   | PRIs | Other Agencies | State             | PRIs | Other Agencies |
|                | 1       | 2    | 3              | 4                 | 5    | 6              |
| Andhra Pradesh |         | NA   | NA             | Andhra Pradesh    | NA   | NA             |
| Assam          |         | 59   | 41             | Arunachal Pradesh | 100  | 0              |

| 1                 | 2   | 3  | 4                 | 5   | 6  |
|-------------------|-----|----|-------------------|-----|----|
| Bihar             | 98  | 2  | Assam             | 63  | 37 |
| Chhattisgarh      | 84  | 16 | Bihar             | 98  | 2  |
| Gujarat           | 69  | 31 | Chhattisgarh      | 86  | 14 |
| Haryana           | 82  | 18 | Gujarat           | 70  | 30 |
| Himachal Pradesh  | 95  | 5  | Haryana           | 85  | 15 |
| Jharkhand         | 81  | 19 | Himachal Pradesh  | 93  | 7  |
| Karnataka         | 96  | 4  | Jammu and Kashmir | 82  | 18 |
| Kerala            | 98  | 2  | Jharkhand         | 89  | 11 |
| Madhya Pradesh    | 76  | 24 | Karnataka         | 96  | 4  |
| Maharashtra       | 64  | 36 | Kerala            | 97  | 3  |
| Manipur           | 64  | 36 | Madhya Pradesh    | 80  | 20 |
| Meghalaya         | 97  | 3  | Maharashtra       | 60  | 40 |
| Mizoram           | 100 | 0  | Manipur           | 57  | 43 |
| Odisha            | 92  | 8  | Meghalaya         | 94  | 6  |
| Punjab            | 85  | 15 | Mizoram           | 100 | 0  |
| Rajasthan         | 85  | 15 | Odisha            | 88  | 12 |
| Sikkim            | 88  | 12 | Punjab            | 85  | 15 |
| Tamil Nadu        | 73  | 27 | Rajasthan         | 86  | 14 |
| Tripura           | 78  | 22 | Sikkim            | 96  | 4  |
| Uttar Pradesh     | 78  | 22 | Tamil Nadu        | 82  | 18 |
| Uttarakhand       | 94  | 6  | Tripura           | 69  | 31 |
| West Bengal       | 99  | 1  | Uttar Pradesh     | 71  | 29 |
| Goa               | 100 | 0  | Uttarakhand       | 91  | 9  |
| Jammu and Kashmir | 61  | 39 | West Bengal       | 98  | 2  |
| Nagaland          | 84  | 16 | Goa               | 100 | 0  |
| Total             | 86  | 14 | Total             | 85  | 15 |

1.57 When enquired as to whether any State/UT has failed to allot mandatory fifty per cent of works to the Gram Panchayat, the Department stated that in all States 50% or more works in terms of expenditure incurred has been executed by Gram Panchayats.

### C. Durable Assets created under MGNREGA

1.58 The Department has furnished following information on types of works that have been undertaken under MGNREGA since inception of the scheme:

| Sl.No. | Type of Works  | Total No. of Works Started (2006-07 to 2012-13*) | % of Total Works | Total Works Completed |
|--------|--|--|------------------|-----------------------|
| (i)    | Flood Control and Protection   | 533862   | 3.87             | 349681                |
| (ii)   | Water Conservation and Water Harvesting  | 3567527  | 25.86            | 1723651               |
| (iii)  | Drought Proofing   | 1645789  | 11.93            | 561267                |
| (iv)   | Micro Irrigation Works   | 979464   | 7.1              | 5321159               |
| (v)    | Renovation of Traditional Water Bodies   | 802526   | 5.82             | 530005                |
|        | <b>Total Water Conservation and Water Related Works (i to v)</b>   | <b>4049168</b>                                   | <b>54.58</b>     | <b>8485763</b>        |
| (vi)   | Provision of Irrigation Facilities to Land Owned by SC/ST/LR or IAY Beneficiaries/Small and Marginal Farmers | 1502023  | 10.89            | 778034                |
| (vii)  | Land Development   | 1570057  | 11.38            | 1142293               |
| (viii) | Rural Connectivity   | 2686227  | 19.47            | 1734674               |
| (ix)   | Bharat Nirman Rajeev Gandhi Sewa Kendra  | 29700  | 0.21             | 9729                  |
| (x)    | Other Works  | 469463   | 3.40             | 314300                |
| (xi)   | Coastal Areas  | 4  |                  | 0                     |
| (xii)  | Fisheries  | 325  | 0.002            | 30                    |
| (xiii) | Rural Drinking Water   | 179  | 0.001            | 4                     |
| (xiv)  | Rural Sanitation   | 6747   | 0.05             | 231                   |
|        | <b>Total</b>   | <b>13793893</b>                                  | <b>100.00</b>    | <b>12465058</b>       |

\*As on 12.12.2012.

1.59 Creation of durable assets is stated objective of the Act. However, complaints regarding poor quality of assets have been widely reported in the media across the country. During study visits, the

Committee have also been informed by the members of PRIs and general public that expenditure limit of 40% imposed on material component is hampering creation of durable assets. When asked to furnish comment on the issue of inability of implementing agencies to take up works requiring more material components such as rural roads, construction of irrigation canals, etc. due to restriction imposed on material components including skilled and semi-skilled workers (40% of project cost), the Department in their written submission to the Committee stated that the labour/material ratio under MGNREGA is stipulated as 60:40. The Act bans engagement of contractors and use of machinery is to be avoided as far as practicable. There is a demand that this condition is too restrictive and prevents certain type of essential works in specific areas. Works to be taken up in the hill States are usually cited as examples.

1.60 The Department also informed that the MGNREGA Working Group on Planning and Execution had examined this matter and was of the view that 60:40 ratio have been stipulated to check the tendency to adopt works with high material component. Such works invariably brings in the contractor system. Hence, the stipulated ratio was prescribed to be adhered to except in some specific circumstances (for instance, for works in the hill States like Himachal Pradesh). However, focus of activities under MGNREGA for wage employment given in Schedule I of MGNREG Act, list out the activities in the order of their priority and material intensive activities are lower in the order of priority.

1.61 On the query of the Committee regarding any proposal pending before the Department to relax the limit of 40% imposed on material, skilled and semi-skilled labourers to facilitate taking up of work with more material component, the Department stated that the Ministry has received suggestions to relax the limit of 40% imposed on material, skilled and semi-skilled labourers. The primary objective of MGNREG Act is to enhance the livelihood security of the rural households by providing upto 100 days of guaranteed wage employment in a year to every household on demand for doing unskilled manual work. Focus of activities under MGNREGA for wage employment given in Schedule I of MGNREG Act, list out the activities in the order of their priority. As higher priority is accorded to activities to generate unskilled employment for rural households, increase in material ratio under the scheme is not considered appropriate.

1.62 On the above issue, the representative of the Department of Rural Development further stated:

“...We have also received requests from many State Governments regarding your last point of 60:40 ratio. The main point is that if we agree to keep 60:40 ratio, skilled wage component is also

included in 40% ratio prescribed for material and remaining 60% ratio is prescribed for unskilled wage component. We may be able to build some big buildings as well as execution of some useful and durable works if we change this ratio. But, it will result in to reduction of wage potential of labours. That is why we have fixed 60:40 ratio for the same. However, this 60:40 ratio is not imposed on individual works, we will put it on Panchayat level only. Therefore, it may be acceptable to us if 60:40 ratio is maintained at Panchayat Level despite being variation at individual project level....”

1.63 When asked about decision of the Department regarding changing 60:40 ratio from individual project to Panchayat level, the representative of the Department of Rural Development further stated:

“...This was done on the 4th of May this year. There was a review of the MGNREGA programme as a whole in the Committee. A number of recommendations of the Committee including changes to Schedule I have been affected. One of the suggestions was that the 60:40 which was earlier as per the provisions of the Act to be enforced at the project level was found very difficult to enforce, and therefore, it was decided that at least it should be enforced at the Panchayat level. Therefore, within the Panchayat it is left to the Panchayat to actually select works some of which may be in excess of 60:40 provided the sum total during the year does not exceed 60. It is not a relaxation, it is actually an innovation that has been done in order to accommodate some petitions...”

1.64 When asked to furnish details of expenditure incurred on wages and materials on works undertaken under MGNREGA, the Department furnished following information:

| Year      | % of Expenditure on Wages | % of Expenditure on semi-skilled and skilled wages | % of Expenditure on material |
|-----------|---------------------------|--|------------------------------|
| 2006-07   | 67.93                     | 4.21   | 27.87                        |
| 2007-08   | 69.93                     | 3.29   | 26.78                        |
| 2008-09   | 69.20                     | 2.54   | 28.26                        |
| 2009-10   | 69.77                     | 2.10   | 28.13                        |
| 2010-11   | 68.36                     | 1.88   | 29.76                        |
| 2011-12*  | 69.20                     | 1.92   | 28.88                        |
| 2012-13** | 75.54                     | 1.62   | 22.84                        |

\* Provisional.

\*\* As on 31.01.2013.

#### **D. Inspection and supervision of works**

1.65 Section 14 of Schedule I of the MGNREGA provides for regular inspection and supervision of works taken up under the scheme to ensure proper quality of work. Asked to furnish details on number of works that has been supervised in each State/UT since inception of the scheme, the Department stated that provisions for regular inspection and supervision of works to ensure quality of works are to be made in the schemes under the Act to be formulated by the States/UTs under Section 4 of the Act. No data regarding number of works supervised by States/UTs is maintained or captured in the MIS.

1.66 On the query of the Committee about time limit imposed for inspection and supervision of the works under the scheme, the Department in their written submission stated that as per Para 10.3.1 of the Operational Guidelines, 2008 issued by the Ministry, the following targets have been fixed for internal verification of works at the field level by official functionaries to be achieved within a quarter:

“100% of works at Block level, 10% of works at the District level, 2% at State level.”

1.67 It has been reported in the media that Department has proposed quality auditing of works done under MGNREGA Scheme. When the Committee sought comment of the Department on these reports, the Department in their written submission to the Committee stated that to improve the quality of works under MGNREGA following steps/action has been prescribed by the Ministry:

- Technical Manuals on Watershed, Natural Resource Management (NRM), Forestry and MGNREGA Works Field Manual have been prepared and circulated to all the States. Manual on construction of labour intensive road is also being prepared for giving required technical input in execution of works.
- For gap filling and value addition, Joint Convergence Guidelines of Mahatma Gandhi NREGA with the ongoing schemes of different Ministries have been prepared and are being implemented.
- Census of works is being done by NIRD on pilot basis. Pilot study in one District each in four States, *i.e.* Andhra Pradesh, Rajasthan, Madhya Pradesh and Odisha are in progress.

## V. Payment of Wages

### A. Wage rate under MGNREGA

1.68 Section 6(1) provides that notwithstanding anything contained in the Minimum Wages Act, 1948, the Central Government may, by notification, specify the wage rate for the purposes of this Act:

Provided that different rates of wages may be specified for different areas:

Provided further that the wage rate specified from time to time under any such notification shall not be at a rate less than sixty rupees per day. Further, section 6(1) provides that until such time as a wage rate is fixed by the Central Government in respect of any area in a State, the minimum wage fixed by the State Government under section 3 of the Minimum Wages Act, 1948 for agricultural labourers, shall be considered as the wage rate applicable to that area.

1.69 Issue of incongruence between ceiling of reimbursement of wages under MGNREGA by the Central Government and right to minimum wages under 'Minimum Wages Act, 1948' has been raised by many organisations. The Committee came to know about writ petition pending on this issue in the High Court of Karnataka and High Court of Andhra Pradesh. When asked to furnish comments on this issue, the Department in their written submission to the Committee stated that in WP No. 30619/2009 connected with other Writ Petitions filed before the High Court of Karnataka, the petitioners had challenged the constitutional validity of Section 6(1) of the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 to issue notification specifying wage rate on the ground that it cannot be less than the minimum wage rate for unskilled agricultural labourers fixed under the Minimum Wages Act. The High Court of Karnataka in its Order dated 23.09.2011 has accepted their plea and directed the Union Of India to make payment of arrears. Union of India (UoI) has filed Special Leave Petition in the Supreme Court against this order on 02.01.2012. On a Writ Petition on the same issue filed in the High Court of Andhra Pradesh, the court has reserved its judgment. Accordingly, the matter is *sub-judice*.

1.70 The Department has also informed that Section 6(1) of the MGNREG Act states that notwithstanding anything contained in the Minimum Wages Act, 1948, the Central Government may by notification specify the wage rate for the purposes of this Act, Provided that different rates of wages may be specified for different areas. Provided further, that the wage rate specified from time to time under any such notification shall not be at a rate less than sixty rupees per day.



1.71 The Department has further added that *vide* notification dated 1st January, 2009 issued by the Ministry notifying minimum wages for agricultural labourers by States as of December 1st, 2008 as the wage rate under Section 6(1) of the Mahatma Gandhi NREG Act, 2005. These wage rates formed basis of all subsequent revisions. The wage rate in respect of all State Governments/UTs has been fixed under a settled wage policy of the Government of India. It has led to a situation where MGNREGA wage rate was less than minimum wage rate for agricultural labourers only in 6 States. MGNREGA wage rate in different States and UTs (as on 01 April, 2013) are as follows:

| States/UTs        | MGNREGA Wage Rate in Rs. per day                         |
|-------------------|--|
| 1                 | 2  |
| Assam             | 152.00   |
| Andhra Pradesh    | 149.00   |
| Arunachal Pradesh | 135.00   |
| Bihar             | 138.00   |
| Gujarat           | 147.00   |
| Haryana           | 214.00   |
| Himachal Pradesh  | Non-scheduled Areas — 138.00<br>Scheduled Areas — 171.00 |
| Jammu and Kashmir | 145.00   |
| Karnataka         | 174.00   |
| Kerala            | 180.00   |
| Madhya Pradesh    | 146.00   |
| Maharashtra       | 162.00   |
| Manipur           | 153.00   |
| Meghalaya         | 145.00   |
| Mizoram           | 148.00   |
| Nagaland          | 135.00   |
| Odisha            | 143.00   |
| Punjab            | 184.00   |
| Rajasthan         | 149.00   |

| 1                      | 2  |
|------------------------|--|
| Sikkim                 | 135.00   |
| Tamil Nadu             | 148.00   |
| Tripura                | 135.00   |
| Uttar Pradesh          | 142.00   |
| West Bengal            | 151.00   |
| Chhattisgarh           | 146.00   |
| Jharkhand              | 138.00   |
| Uttarakhand            | 142.00   |
| Goa                    | 178.00   |
| Andaman and Nicobar    | Andaman District — 198.00<br>Nicobar District — 210.00 |
| Dadra and Nagar Haveli | 175.00   |
| Daman and Diu          | 150.00   |
| Lakshadweep            | 166.00   |
| Puducherry             | 148.00   |
| Chandigarh             | 209.00   |

1.72 The Department has also informed that MGNREG Act also provides for a host of other benefits to the workers working under any scheme under the MGNREG Act which is otherwise not available to any agricultural labour under the Minimum Wages Act. These benefits are in the nature of providing employment within radius of 5 Kms., in case of distance being more than 5 km., payment of additional 10% of wage rate as extra wages for meeting transportation and living expenses, free medical treatment for injury, expenses of hospitalization if required and payment of daily allowance, payment of *ex-gratia* in cases of death or permanent disability, facility of safe drinking water, sheds for children, etc., provision for a crèche for children, free medical treatment to injury to any child accompanying such person and *ex-gratia* payment. A bare reading of these clauses shows that a large number of benefits have been provided for under the MGNREG Act which otherwise are not admissible to any agricultural labour under the Minimum Wages Act, 1948 and these benefits in fact have a monetary bearing and can be translated into monetary terms.

## **B. Delay in payment of wages to the workers**

1.73 Section 3(3) of the MGNREGA provides for the disbursement of daily wages on a weekly basis or in any case not later than a fortnight after the date on which such work was done. However, one of the persistent problem during implementation of MGNREGA relates to delay in payment of wages to the labourers. The Committee have also received complaints regarding delay in payment of wages during study visits of the Committee. When asked to furnish comment on the issue, the Department in their written submission to the Committee stated that in addition to advisory issued to the State Governments regarding adoption of Business correspondent/facilitator model, hand held devices, smart cards, bio-metrics, mobile banking, the States have been requested to take action as stated below:

- “(i) States may identify unserved areas where the BC model may be required and discuss with banks the possibility of extending BC model in these areas. The possibility of using Self Help Groups in this regard may also be examined.
- (ii) States have been directed to adhere to a strict time schedule of weekly muster roll for observance to reduce administrative delays and to ensure payment of wages within a fortnight to all labourers.
- (iii) States have been directed to increase technical staff and deploy mates to expedite measurement.
- (iv) States have been directed to improve coordination with Post Offices and Banks.
- (v) Monitoring through MIS to check delay in wage payment.
- (vi) Monitoring through MIS for better fund flow management by the States.
- (vii) States have been urged to review the reasons for administrative delays in wage payments and take immediate steps for remedying them. This will also help in identifying such factors affecting timely wage payments as may be related to banks and post offices to be able to coordinate such issues at Government of India level. Action taken in this regard will be reviewed.”

1.74 On the query of the Committee regarding status of delayed payment of wages to the MGNREGA workers in different States/UTs,

the Department in their written submission has furnished following details:

| Year     | Status of delayed payment of wages |                            |
|----------|------------------------------------|----------------------------|
|          | No. of Muster Rolls                | Amount paid (Rs. in Crore) |
| 2011-12  | 8395660                            | 6640.07                    |
| 2012-13* | 4781108                            | 4134.70                    |

\*As on 01.12.2012.

1.75 On being asked about the reasons for delay in payments of wages, the Secretary, Department of Rural Development stated during the evidence:

“Madam, we do not have any problem to accept that complaint regarding delay in payment of wages has been received from many States. There are only few States who do payment expeditiously within 15 days. Now, we are addressing it. We have taken three-four steps and we believe that these steps will be very useful. Banks do not have capacity because there are only 56,000 rural branches and 152000 Post Offices and most of these Post Offices are single man branches. They do not have experience of handling so much cash. Banks have started a system of banking correspondent. They visit villages for preparation of smart card of MGNREGA workers based on bio-metric signature. They are able to give payment within 15 days using this system. This system has been found very successful in Andhra Pradesh. Now, we are implementing this scheme at all India level. There are some contentious issues with Banks on amount of Commission to be paid for this service. Hon’ble Prime Minister Office has constituted a Committee on it which is going to submit its Report very soon.

We are also improving our system. We have kept it as a subject and we are continuously reviewing at every level. We have made the programme for closing of muster roll within 6 days as done in Andhra Pradesh which enables start of procedure of payment early as compared to earlier practice of closing of muster roll after 15 days which used to delay the payment. States are facing problems of technical assistance to implement it. As we have informed earlier in last meeting that we have increased administrative expenditure under MGNREGA to six per cent. We have urged the States for recruitment on the basis of single criteria.

States are taking it on their own formula of model. Some States have appointed fresh graduates of engineering colleges, some are appointing retired personnel and some are adopting all methods. We have taken a significant step for introduction of bio-metric signature. Rajasthan has adopted process of MET. We are trying to depute responsibility of measurement to them. We will do payment on the basis of measurement and rest payment will be done after authentication.”

1.76 The Department has also informed the Committee that in order to reduce delay in payment of wages, the Department is planning to adopt following measures:

**“(i) Electronic Fund Management System (e-FMS)”**

The Government of India is advocating that all States gradually move to an Electronic Fund Management System (e-FMS). Under e-FMS, all fund transfers and fund management, for the purpose of Wage/Material/administrative payments as per the actual (with certain ceilings) will be done online. All electronic transfers are realised in a span of 24 hours. The e-FMS ensures timely availability of funds at all levels and transparent usage of MGNREGA funds. This improves efficiency of the program on the whole and also provides for timely wage payments.

**(ii) Electronic Muster Rolls (MR)**

To prevent fudging of Muster Rolls, fake entries and other misappropriation, the GoI is piloting electronic Muster Rolls. Under this, the block or GP, receives demand applications, assigns work and provides print outs of Muster Rolls (with a list of beneficiary names as per demand) for each work site.

**(iii) AADHAAR**

Aadhaar is a unique identification number linked to the person’s demographic and bio-metric information, which they can use to identify themselves anywhere in India, and to access a host of benefits and services. A pilot has been launched in Ramgarh District in Jharkhand for using the Aadhaar number for bio-metric-based authentication of payments to MGNREGA workers. Around 20,000 workers have been given Aadhaar numbers and payments are being made to MGNREGA through this. The Aadhaar number along with the JC number will now be part of the MIS to help eliminate non-genuine and duplicate JCs.

**(iv) Business Correspondent Model**

Learning from the experience of States, the GoI is looking to upscale the Business Correspondent (BC) Model and is supporting its implementation. The GoI has allowed Rs. 80 per account per year as incentive for banks.

**(v) Electronic Transfer of Data Files**

Another major point of delay has been the crediting of workers' bank accounts as this involves physical movement of cheques and wage lists from the GP to the bank after which banks are required to feed in details of the bank accounts of wage earner once again. To make this transaction seamless, the Ministry of Rural Development has worked with five banks in four States (Odisha, Gujarat, Rajasthan and Karnataka) to successfully develop electronic transfer of data files to banks. This solution is now being taken up in other States. A similar solution is being developed for transmitting data to Head Post Offices (HPOs) which will cut down the time required for documents to travel. This is being already tried out in Rajasthan.”

1.77 Explaining it further, the representative of the Department of Rural Development further stated:

“...The second issue, what Madam Anu Tandon had raised which is of the ATMs. The situation as it stands is that today we have the bank account number and the post office number of every one with a job card and the muster rolls are also entered in the computerised system and it is possible to move the funds directly into the beneficiary's account. We are working on software called e-FMS that enables us to do so. We are piloting it in four or five States. Now that the requirement is there of trying to do it in 51 Districts, we are trying to have the system operationalised in those 51 Districts and hopefully, it should be possible to have the money transferred to the bank account. Frankly speaking, Aadhaar is not necessary for that purpose. All we need is a bank account or a post office account number. There is a mechanism at the bank level. We are trying for a mechanism at the post office level that ensures that based purely on the destination post office and the destination account number the funds can be transferred provided the amount has been cleared for payment. The issue of micro-ATM and business correspondent in one sense are linked with Aadhaar. That is why, the issue of whether and how we should ensure that job cards and individuals are linked to their Aadhaar

number is so important. It is understood that it is not possible to expand the banking network and post office beyond a point. There is a certain cost associated with it and unless there is sufficient business, it is not possible for us to force these institutions to go on opening what we call brick and mortar branches. We have to find solutions that ensures that the basic services that a bank or a post office provides is available to the individual at as low cost as is possible. It may not be possible to increase the number of bank branches because some cost is associated with it. But if without expanding the bank we can provide the same service through getting better technology, then I think, that would be a reasonable solution.

The solution that is currently on the table within the Government and which will apply to many schemes and hopefully to MGNREGA also is that the bank has the Aadhaar details of the individual. At the other end, there is the person who has what is called the micro ATM. The difference between an ATM and micro ATM is that the ATM has within it the cash and there is no person attached to the ATM. Any person can go at any time in the day, punch his pin number, put in the amount and the cash comes out because of the mechanism of the machine. In the micro ATM, the account can be accessed, the balance can be known, the amount can be punched in but the money does not reside in the micro ATM. It is a very small machine. It is connected either by Internet or by mobile technology to the bank. So, they know how much amount is there. But there is a person who is carrying this micro ATM or a similar device and he has to physically give the money from a bag or suitcase. It is a tried model and successful model in many places. This is a model which we are looking for and the person who is carrying the micro ATM and the money is called the business correspondent...”

1.78 The representatives of the Department of Rural Development further stated that:

“...We are working with the Department of Financial Services to try and give more choice so that instead of one person being with the micro ATM, the micro ATM can be given to many people who do it as a part time job instead of full time job. It could be a neighbouring shop owner or a self-help group or a cooperative. All of them would have to keep a little bit of cash and would have to get some income out of that process. These are not very large sums. Sums that we are talking about in individual cases are

generally in hundreds. There can be a limit on how much can be drawn from the micro ATM. We are working on this. We are hopeful that on a pilot basis, maybe by June or July, we will be working in a few Districts to test it out.

It is already working in Andhra Pradesh on a very large scale. The only difference in Andhra is that it is not currently connected to the Internet. Instead micro ATMs itself has the authentication and the beneficiary has to bring his own card and swipe it. In the case of the technology that we are working with Aadhaar, no card is necessary. Only his thumb print is required. He can operate it anywhere and draw the amount. That is the difference. But the system in principle is working in AP. Myself and my colleagues have seen it working. It is a successful model. It requires certain prerequisites.

In Andhra Pradesh, each day in a week is fixed where the person will go. A meeting is called and it is known that he will come at this time. There is a Government official who will be present there. The person who wants the money, after authenticating his or her thumb print says loudly what amount he or she wants. The person who punches the number in, repeats that number. When the money is drawn from the bag, he counts it publicly and then hands it over. So, there is some amount of transparency to ensure that in the process poor or illiterate persons are not cheated. There is, of course, a danger of somebody snatching the bag. We believe it is for the State Government to ensure to take steps to protect the system because it is in the larger interest of the public, particularly the poor public..."

### **C. Compensation for delay in payment of wages**

1.79 Section 30 of the Schedule II of MGNREGA, 2005 provides that in case the payment of wages is not made within the period specified under the Scheme, the labourers shall be entitled to receive payment of compensation as per the provisions of the payment of Wages Act, 1936 (4 of 1936). When asked to furnish the details of the system of compensation as laid in the Payment of Wages Act, 1936, the Department in their written submission to the Committee stated that section 15 of The Payment of Wages Act, 1936 deals with claims arising out of deductions from wages or delay in payment of wages and penalty for malicious or vexatious claims as under:

- (i) The State Government may by notification in the Official Gazette appoint one or more presiding officer of any Labour Court or Industrial Tribunal constituted under the Industrial



Disputes Act, 1947 (14 of 1947) or under any corresponding law relating to the investigation and settlement of industrial disputes in force in the State or any Commissioner for Workmen's Compensation or other officer with experience as a Judge of a Civil Court or as a Stipendiary Magistrate to be the authority to hear and decide for any specified area all claims arising out of deductions from the wages or delay in payment of the wages of persons employed or paid in that area including all matters incidental to such claims.

- (ii) Where contrary to the provisions of this Act any deduction has been made from the wages of an employed person or any payment of wages has been delayed such person himself or any legal practitioner or any official of a registered trade union authorised in writing to act on his behalf or any Inspector under this Act or any other person acting with the permission of the authority appointed may apply to such authority for directions:

Provided that every such application shall be presented within twelve months from the date on which the deduction from the wages was made or from the date on which the payment of the wages was due to be made as the case may be:

Provided further that any application may be admitted after the said period of twelve months when the applicant satisfies the authority that he had sufficient cause for not making the application within such period.

- (iii) When any application is entertained, the authority shall hear the applicant and the employer or other person responsible for the payment of wages or give them an opportunity of being heard and after such further inquiry (if any) as may be necessary may without prejudice to any other penalty to which such employer or other person is liable under this Act direct the refund to the employed person of the amount deducted or the payment of the delayed wages together with the payment of such compensation as the authority may think fit not exceeding ceilings laid down in the Act:

Provided that no direction for the payment of compensation shall be made in the case of delayed wages if the authority is satisfied that the delay was due to—

- (a) A *bona fide* error or *bona fide* dispute as to the amount payable to the employed person or

- (b) The occurrence of an emergency or the existence of exceptional circumstances such that the person responsible for the payment of the wages was unable though exercising reasonable diligence to make prompt payment or
- (c) The failure of the employed person to apply for or accept payment.

1.80 It was reported in the media that 78 persons who had worked at three different sites during 2007 and 2008 in Khunti, Jharkhand are being paid a flat compensation of Rs. 3000 as records relating to their case were missing. It is significant in this case that Section 23(6) of Chapter V relating to disposal of complaints within seven days had been violated as compensation had been paid after two years. When asked to furnish details on aforementioned news report, the Department in their written submission to the Committee stated that “complaints were received from Dr. Jean Dreze on 19.09.2009 addressed to MGNREGA Commissioner relating to the year 2007. The complaints were received from aggrieved labourers on 25.07.2010 at Khunti Block relating to the year 2008”.

1.81 When enquired about fine imposed on erring officials for violation of Section 25 of the MGNREGA, 2005, the Department stated that as per the report received from the State Government, fine was imposed on 18 erring officials at the rate of 1,000/- each under Section 25 of MGNREGA.

1.82 Operational guidelines for implementation of MGNREGA Scheme provide for payment of wages to the beneficiaries through Bank/Post Office accounts. The Department has informed that it has also been proposed for appointment of banking correspondents to facilitate disbursal of wages to the beneficiaries in remote areas. When asked to furnish details of Bank/Post office Accounts opened under MGNREGA in each State/UT since inception of the Scheme, the Department furnished following information:

| Sl.No. | State             | No. of Bank Account Opened | No. of Post Office Account Opened | Total Accounts |
|--------|-------------------|----------------------------|-----------------------------------|----------------|
| 1      | 2                 | 3                          | 4                                 | 5              |
| 1.     | Andhra Pradesh    | 681081                     | 11700556                          | 12381637       |
| 2.     | Arunachal Pradesh | 23647                      | 81673                             | 105320         |

| 1     | 2                      | 3        | 4        | 5        |
|-------|------------------------|----------|----------|----------|
| 3.    | Assam                  | 1081739  | 1389755  | 2471494  |
| 4.    | Bihar                  | 249890   | 4158428  | 4408318  |
| 5.    | Chhattisgarh           | 2210363  | 4686668  | 6897031  |
| 6.    | Gujarat                | 567759   | 1959590  | 2527349  |
| 7.    | Haryana                | 513749   | 57696    | 571445   |
| 8.    | Himachal Pradesh       | 314992   | 66513    | 381505   |
| 9.    | Jammu and Kashmir      | 564618   | 37233    | 601851   |
| 10.   | Jharkhand              | 425382   | 2751829  | 3177211  |
| 11.   | Karnataka              | 2717094  | 1205670  | 3922764  |
| 12.   | Kerala                 | 1630903  | 174053   | 1804956  |
| 13.   | Madhya Pradesh         | 2898157  | 1443930  | 4342087  |
| 14.   | Maharashtra            | 878627   | 2732968  | 3611595  |
| 15.   | Manipur                | 29361    | 154710   | 184071   |
| 16.   | Meghalaya              | 80306    | 54388    | 134694   |
| 17.   | Mizoram                | 19614    | 92904    | 112518   |
| 18.   | Nagaland               | 96176    | 1        | 96177    |
| 19.   | Odisha                 | 2534044  | 1738314  | 4272358  |
| 20.   | Punjab                 | 395804   | 206435   | 602239   |
| 21.   | Rajasthan              | 4520855  | 4493093  | 9013948  |
| 22.   | Sikkim                 | 44727    | 29985    | 74712    |
| 23.   | Tamil Nadu             | 3413790  | 597      | 3414387  |
| 24.   | Tripura                | 492701   | 168209   | 660910   |
| 25.   | Uttar Pradesh          | 11634170 | 1116782  | 12750952 |
| 26.   | Uttarakhand            | 327465   | 187306   | 514771   |
| 27.   | West Bengal            | 2811292  | 4730836  | 7542128  |
| 28.   | Andaman and Nicobar    | 10032    | 615      | 10647    |
| 29.   | Dadra and Nagar Haveli | 829      | 0        | 829      |
| 30.   | Goa                    | 16846    | 5        | 16851    |
| 31.   | Lakshadweep            | 310      | 6248     | 6558     |
| 32.   | Puducherry             | 69742    | 823      | 70565    |
| Total |                        | 41256070 | 45427813 | 86683883 |

1.83 As regard the status of appointment of banking correspondents for making payment to the beneficiaries in each State/UT, the Department stated that State Rural Development Departments have been advised to roll out the Business Correspondents on competitive bid basis from Banks to strengthen the institutional outreach for Mahatma Gandhi NREGA. MoRD is monitoring the progress made in this regard and process for bidding, etc. for engaging the Banks has been initiated by the various State Governments.

1.84 When asked to furnish details of fee charged by the Banks on accounts opened under MGNREGA, the Department stated that MGNREGA has made it a statutory requirement to make wage disbursement to Mahatma Gandhi NREGA workers through institutional accounts in Banks or Post Offices unless specifically exempted with a view to infusing transparency and enhancing the integrity of wage payment. As per current policy, no amount is required for opening such accounts as well as no minimum balance needs to be maintained in such accounts.

1.85 When enquired about proposal for appointment of correspondents for payment of wages to the workers who have opened post office account under MGNREGA, the Department in their written submission to the Committee stated that the Ministry was not envisaging any proposal for appointment of correspondents for payment of wages to the workers who have opened post office account under MGNREGA.

#### **D. Payment of Unemployment allowances**

1.86 Section 7(1) of MGNREGA, 2005 provide that if an applicant for employment under the scheme is not provided such employment within fifteen days of receipt of his application seeking employment or from the date on which the employment has been sought in the case of an advance application, whichever is later, he shall be entitled to a daily unemployment allowance in accordance with this section. However, it has been reportedly pointed out in many research articles that this provision is being violated in most of the States. When asked to furnish status of unemployment allowance paid to the applicants in each State/UT since inception of the Scheme, the Department submitted that payment of unemployment allowance to entitled MGNREGA applicants is a legal requirement as per various provisions in the Act. As per Section 7(3) to 7(6) of the Act, liability for payment of unemployment allowance is on the concerned State Government and it is to be sanctioned and disbursed by the Programme Officer or such local authority as the State Governments may notify. Payment of

unemployment allowance shall be made not later than 15 days from the date on which it becomes due and the procedure for payment of unemployment allowance is to be prescribed by the State Governments. The Department has furnished following information regarding unemployment allowances due in different States:

| State             | No. of Days |         |          |
|-------------------|-------------|---------|----------|
|                   | 2010-11     | 2011-12 | 2012-13* |
| 1                 | 2           | 3       | 4        |
| Andhra Pradesh    | 0           | 0       | 7        |
| Arunachal Pradesh | 345         | 102449  | 946563   |
| Assam             | 4082        | 1407    | 12514    |
| Bihar             | 341757      | 686386  | 154302   |
| Chhattisgarh      | 12440       | 3721    | 12813    |
| Goa               | 160         | 0       | 290      |
| Gujarat           | 70365       | 10788   | 5455     |
| Haryana           | 28          | 144     | 6019     |
| Himachal Pradesh  | 6208        | 2426    | 283      |
| Jammu And Kashmir | 176265      | 268032  | 122170   |
| Jharkhand         | 4922        | 331     | 8213     |
| Karnataka         | 149786      | 5448    | 10161    |
| Kerala            | 11167       | 3403    | 157      |
| Madhya Pradesh    | 35891       | 27816   | 24572    |
| Maharashtra       | 29917       | 109203  | 127291   |
| Manipur           | 300810      | 204010  | 727178   |
| Meghalaya         | 27713       | 3844    | 4154     |
| Mizoram           | 238500      | 119404  | 23       |
| Nagaland          | 16          | 2019    | 20665    |
| Odisha            | 12250       | 3144    | 2465     |
| Punjab            | 3546        | 2740    | 5689     |
| Rajasthan         | 48188       | 9316    | 2373     |
| Sikkim            | 29760       | 19064   | 4980     |

| 1                      | 2       | 3       | 4       |
|------------------------|---------|---------|---------|
| Tamil Nadu             | 165566  | 172338  | 344953  |
| Tripura                | 2337    | 4110    | 19149   |
| Uttar Pradesh          | 367239  | 87580   | 20992   |
| Uttarakhand            | 59055   | 21719   | 28700   |
| West Bengal            | 58681   | 23218   | 28523   |
| Andaman and Nicobar    | 24347   | 227     | 2943    |
| Chandigarh             | 0       | 0       | 0       |
| Dadra and Nagar Haveli | 0       | 0       | 34      |
| Daman and Diu          | 0       | 0       | 0       |
| Lakshadweep            | 3578    | 196     | 60      |
| Puducherry             | 105     | 17      | 0       |
| Total                  | 2185024 | 1894500 | 2643691 |

\*As on 26.11.2012.

1.87 When asked about actual payment of unemployment allowances, the Department in their written submission informed that only Rs. 123589 has been paid to beneficiaries in 2010-11 and States/ UTs have failed to pay any unemployment allowances during 2011-12 and 2012-13. The Department in their written submission to the Committee on the same subject had earlier stated that as reported by various State Governments, payment of unemployment allowances is as under:

| Name of State  | Details of unemployment allowance paid   |
|----------------|--|
| 1              | 2  |
| Madhya Pradesh | During 2006-07, in Badwani District, 1574 applicants were paid a sum of Rs. 4,75,386 as unemployment allowance.                              |
| Odisha         | A total of 543 job seekers have been paid Rs.1,03,462 as unemployment allowance in three Districts viz. Nawarangpur, Kalahandi and Bolangir. |
| Karnataka      | 679 applicants have been paid Rs. 1,68,068 as unemployment allowance in 8 Gram Panchayats of Raichur District.                               |

| 1           | 2  |
|-------------|--|
| West Bengal | Eight job card holders in South 24-Parganas District of the State have been paid 14 days unemployment allowance each in 2007-08.   |
| Kerala      | An amount of Rs. 1063 was sanctioned to a job seeker (Sri A.P. Vimlan, Ajnailikkal House, Padichira P.O., Pulpally, Wayanad District) as unemployment allowance for 32 days during the year 2006-07. |
| Tripura     | Unemployment allowance has been paid by the Government of Tripura during the year 2008-09 upto 31 December, 2008 to 51 registered job seeker.  |
| Jharkhand   | Unemployment allowance of Rs. 1,38,330 paid to 78 workers of Jerua & Kope villages in Latehar District of Jharkhand.   |
| Maharashtra | Unemployment allowance has been paid in Bhandara District in November, 2007. Rs. 2,72,272 were paid to 1144 labours.   |

1.88 The Committee also noted from the report No. PA 11 of Comptroller and Auditor General of India on civic-performance audit on NREGA have found that application for demand for work were not documented or dated and receipts for such applications were not issued in most cases, as a result the eligibility of rural households for unemployment allowances, in these cases were verifiable. When asked to furnish clarification on the issue, the Secretary, Department of Rural Development stated during the evidence:

“As far as issue of payment of unemployment allowances where work were not available, I would accept that we have not been very successful, because as the Committee is well aware of the fact that we have adopted method of submission of written application for work. Wherever we go, we observe that work has started next day after submission of application. Even we do not expect that our efficiency has improved to the level of providing work within a day after demand, but irony is that the majority of persons from whom we expect a written application are not literate or have functional capacity to write a application. We have started an experiment of giving responsibilities to CACs or Computer Centres to generate application for which they will be paid some

money. We have started it as experimental level only. We have some details regarding how much unemployment allowances have been paid by States as Rs. 4,75,386/- have been paid to 1574 applicants in Badwani District in Madhya Pradesh. We have noted that it has been done in eight States. I do accept that it is not satisfactory. We are trying to improve it in coordination with Ministry of Panchayati Raj. We are trying to develop such capacity among Panchayats so that this work could be done on continuous basis.. ..”

1.89 On the above issue, the representative of the Department of Rural Development further stated:

“...We regularly pursue, the States on the issue of payment of unemployment allowances. Now, everybody can see details of unemployment allowance Districts and Gram Panchayats wise on NREGA website. As States will not report it themselves. States will not give dated receipts or show. Therefore, we are setting for on line reporting of basic data such as unemployment allowances, otherwise expenditure data will not come without basic data. Now, we are pursuing the States for payment of arrears on unemployment allowances.”

1.90 On the issue of fixing liability of payment of unemployment allowances to the workers, the representative of the Department of Rural Development further stated:

“...Madam the issue whether unemployment allowance should be paid by the Central Government is actually a very crucial issue. It is because this scheme is universal in nature. Everyone is entitled to 100 days. By same implication, everyone who does not get 100 days employment is entitled to unemployment allowance. This is huge potential liability. If we leave the identification of the people who do not get work to a institution who does not have the liability to pay, it is a blank cheque. It will end up with the Central Government actually bearing the cost of unemployment allowance for anyone who cares to say that he demanded work and did not get. It is our feeling that the entire thing has to be a shared scheme. In the constitutional scheme of things, the Central Government has a role, the State Government has a role and Panchayats have a role. It is not possible for the Central Government to substitute at the ground level the State machinery. Therefore, the State machinery has to be there. If the State machinery has the ability or the power or the facility to actually determining who is entitled



to unemployment allowance without the corresponding liability of paying for part of it, the entire liability with immeasurable consequences will directly come to the Central Government. This is the reason why any alternative model would still have to factor in a certain liability on the State Governments to ensure that there is administrative control on the system. The unemployment allowance is a default option. The first option should be that the wage labour is paid and certainly that has to be worked on independently of the issue of how to solve the problem of unemployment allowance. Today our efforts with the States is to get the unemployment allowance rules framed in each of the States and put in place systems which register the demand for work so that the liability for the unemployment allowance arises and the reason. The hon. Member raised a question, why is there a need to apply for the work. Why does he not join on the day and be provided with work? The only reason that we can discern is that the un-met demand for work as is evidenced by the application of work is a trigger for payment of unemployment allowance. In the absence of any kind of record as to who had applied for the work and did not get the work, issues or disputes with regard to actual liability to pay the unemployment allowance will be fairly a serious issue to be resolved. But we would certainly be guided by the Committee in how we can better structure both the demand side for the work as well as for the unemployment allowance side for those who are unable to find work..."

## **VI. Mechanism for Transparency and Accountability**

1.91 Provision for effective monitoring, vigilance and grievance redressal mechanism is essential for the success of any programme/scheme at the ground level. MGNREGA, 2005 have many provisions to ensure transparency in execution of MGNREG Scheme and effecting accountability at different level. The Department also informed that apart from provisions contained in the act, some other steps such as constitution of Vigilance and Monitoring Committees (VMCs) to oversee implementation of Rural Development programme in the country, computer based MIS for monitoring of scheme, institution of ombudsman etc. have been taken to ensure transparency and accountability during implementation of schemes under MGNREGA.

### **A. National Level Monitors (NLMs)**

1.92 National Level Monitors (NLMs) are deployed by the Ministry to ensure effective implementation of rural development programmes in a transparent manner and according to programme guidelines, the

Ministry has a panel of National Level Monitors (NLMs), who are retired Defence/Civil service officers. The NLMs are generally deputed by the Ministry for following three types of monitoring assignments:—

- (i) Regular monitoring: The NLMs are deputed to visit Districts periodically, generally twice a year, to monitor and report on various aspects of implementation of major RD programmes.
- (ii) Special Monitoring of individual programmes: NLMs are deputed to cover a particular programme or some specific aspects of it and make a report on the issues/processes in detail.
- (iii) Complaints/Enquiries: In case of complaints of serious nature from people's representatives, NGOs, etc. regarding mis-utilization of funds, irregularities etc., NLMs are deputed to verify the facts or for a preliminary enquiry.

1.93 When asked to furnish details on regular monitoring/special monitoring of the schemes undertaken by NLMs during the last five years, the Department stated that NLMs have undertaken 1910 visits of regular and special monitoring of rural development programmes during the last five years.

1.94 As regard to details of complaints of serious nature investigated by NLMs during the last five years and action taken on report of NLMs in these cases, the Department stated that during the last five years, 404 complaints of serious nature regarding implementation of rural development programmes were enquired by NLMs. The Ministry deposes National Level Monitors to enquire into the serious complaints regarding implementation of the programmes of the Ministry. Reports of the NLMs are shared with the concerned State Governments for taking corrective action, as all the programmes of the Ministry are implemented by the State Governments.

1.95 When asked to furnish State/UT-wise details of Complaints under MGNEGA attended by the NLM, The Department has furnished following information:

| States/UTs        | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13* | Total |
|-------------------|---------|---------|---------|---------|---------|----------|-------|
| 1                 | 2       | 3       | 4       | 5       | 6       | 7        | 8     |
| Andhra Pradesh    |         |         |         | 2       | 1       |          | 3     |
| Arunachal Pradesh |         |         |         |         |         |          |       |

| 1                 | 2 | 3  | 4 | 5 | 6  | 7 | 8  |
|-------------------|---|----|---|---|----|---|----|
| Assam             |   |    |   | 1 | 1  |   | 2  |
| Bihar             | 1 | 2  |   | 4 | 5  | 1 | 13 |
| Chhattisgarh      |   |    |   |   | 6  |   | 6  |
| Goa               |   |    |   |   |    |   |    |
| Gujarat           |   |    |   | 1 | 1  |   | 2  |
| Haryana           |   |    |   |   |    |   |    |
| Himachal Pradesh  |   |    |   |   |    | 1 | 1  |
| Jammu and Kashmir |   |    |   |   |    | 1 | 1  |
| Jharkhand         |   | 1  |   |   | 2  |   | 3  |
| Karnataka         |   |    |   |   | 2  |   | 2  |
| Kerala            | 1 |    |   |   |    | 1 | 2  |
| Madhya Pradesh    |   | 1  | 4 | 5 | 8  | 3 | 21 |
| Maharashtra       |   | 1  |   |   |    |   | 1  |
| Manipur           |   |    |   | 1 |    |   | 1  |
| Meghalaya         |   |    |   |   | 1  |   | 1  |
| Mizoram           |   |    |   |   |    |   |    |
| Nagaland          |   |    | 1 |   |    |   | 1  |
| Odisha            |   |    | 1 | 2 | 3  |   | 6  |
| Punjab            |   |    |   |   |    |   |    |
| Rajasthan         |   |    | 1 |   |    |   | 1  |
| Sikkim            |   |    |   |   |    |   |    |
| Tamil Nadu        |   |    |   |   |    |   |    |
| Tripura           |   | 1  |   |   |    |   | 1  |
| Uttar Pradesh     | 1 | 13 | 3 | 6 | 20 | 2 | 45 |
| Uttarakhand       |   |    |   |   | 2  |   | 2  |
| West Bengal       | 1 |    |   |   |    |   | 1  |

| 1                      | 2 | 3  | 4  | 5  | 6  | 7 | 8   |
|------------------------|---|----|----|----|----|---|-----|
| Andaman and Nicobar    |   |    |    |    |    |   |     |
| Chandigarh             |   |    |    |    |    |   |     |
| Dadra and Nagar Haveli |   |    |    |    |    |   |     |
| Daman and Diu          |   |    |    |    |    |   |     |
| Lakshadweep            |   |    |    |    |    |   |     |
| Puducherry             |   |    |    |    |    |   |     |
| Total                  | 4 | 19 | 10 | 22 | 52 | 9 | 116 |

\*As on December, 2012.

1.96 When asked about findings of investigation of NLM and action taken by the Department/State Governments against those found guilty, the Department informed that National Level Monitors are deputed to investigate complaints of serious nature on the implementation of MGNREGA in the country. The investigation reports of NLMs relate to job cards not provided, misappropriation of funds, engagement of contractors, forgery of muster roll, manipulation in job cards, under payment of wages, non-payment of wages, corruption and other irregularities, use of machinery, delay in payments etc. As implementation of the Act is done by the State Governments in accordance with the Schemes formulated by them as per the provisions of the Act, all the reports received in the Ministry are forwarded to the State Governments concerned for taking appropriate action, including investigation, as per law. As per Section 18 of the Act, it is the responsibility of the State Governments concerned to make available to the District Programme Coordinator and the Programme Officers necessary staff and technical support as may be necessary for the effective implementation of the Scheme. In such reports of mismanagement of funds etc. the concerned State Governments are required to fix responsibility for lapses, if any and take action against persons found responsible for such lapses.

1.97 The Department has informed that the Ministry has decided to engage Institutional NLMs for conducting enquiries into the complaints regarding irregularities in the implementation of rural development programmes including MGNREGA. Wide publicity to the visit of NLMs would be given so as to give an opportunity to the public to meet NLMs and report grievances if any. Asked to furnish details of organizations empanelled for deputation institutional NLMs,

the Department stated in their written submission to the Committee that Non-Governmental Institutions, except Government/Government supported Institutions, having sufficient experience in social work, preferably in the rural development sector have been considered for empanelment as Institutional NLMs. Out of 321 applications received from various Institutions against invitation published in news papers and website of the Ministry, 92 Institutions have been empanelled, as recommended by the Expert Group constituted under the Chairmanship of Director General, National Institute of Rural Development, for selection of NLMs. Views of the Government of the States where these Institutions are located have also been sought before empanelling. Representatives of the empanelled Institutions have subsequently been trained for undertaking the monitoring tasks. The Institutional NLMs will be deputed for enquiry into complaints regarding the implementation of the programmes of the Ministry, in addition to regular monitoring in States, outside their home States.

1.98 Regarding the criteria fixed for selecting institutional NLMs, the Department stated that Non Government Institutions having minimum of 5 years existence/experience and having done minimum two rural development projects during the last five years have been considered for empanelment.

## **B. Social Audit**

1.99 Section 17(2) of the MGNREGA, 2005 provides that the Gram Sabha shall conduct regular social audits of all the projects under the Scheme taken up within the Gram Panchayat. It has been provided that social audit shall be held at least once in every six months. However, it has been reported in the media about violation of this provision of the Act. When asked to furnish details of social audits held in each State/UT since inception of the scheme, the Department has provided following details:—

| Year     | No. of Districts started Social Audit | No. of social audit held | Total Gram Panchayats | No. of Panchayats Covered |
|----------|---------------------------------------|--------------------------|-----------------------|---------------------------|
| 2009-10  | 580                                   | 239885                   | 248226                | 180385                    |
| 2010-11  | 543                                   | 326836                   | 248226                | 189591                    |
| 2011-12  | 527                                   | 291776                   | 248204                | 172852                    |
| 2012-13* | 468                                   | 223478                   | 248204                | 145776                    |

\*As on December, 2012.

1.100 The Department further informed that Sub-rule (1) of Rule 4 of MGNREG Audit of Scheme Rules, 2011 regarding Social audit facilitation provides that the State Government shall identify or establish, under the Act, an independent organisation (hereinafter referred to as Social Audit Unit) to facilitate conduct of social audit by Gram Sabhas. Clause (1) of sub-rule of Rule 4 says that the Social Audit Unit shall be responsible for building capacities of Gram Sabhas for conducting social audit; and towards this purpose, identify, train and deploy suitable resource persons at village, block, District and State level, drawing from primary stakeholders and other civil society organizations having knowledge and experience of working for the rights of the people. Rule 5(1) state that the Social Audit shall be a process independent of any process undertaken by the implementing agency of the Scheme. When asked to furnish details of Social Audit Units established in different States, the Department in their written submission has stated that as reported by States/UTs, so far five States *viz.* Andhra Pradesh, Mizoram, Odisha, Rajasthan and Uttar Pradesh have set up Social Audit Unit (either Society or Directorate) at the State level.

1.101 Section 24(1) of the Act provides that the Central Government may, in consultation with the C&AG of India prescribe appropriate arrangements for audit of the accounts of the Scheme at all level. Recently, C&AG has recommended the Ministry to set up a Directorate to train auditors from civil society. When asked about action taken on recommendations of C&AG for fine tuning the audit process under MGNREGA, the Department stated in their written submission to the Committee that the Department had extensive consultations with the Comptroller & Auditor General of India (C&AG), on the audit processes under MGNREGA. All the recommendations made by C&AG were incorporated in the Mahatma Gandhi National Rural Employment Guarantee Audit of Schemes Rules, 2011 and notified on 30th June, 2011. These rules include social audit as well.

### **C. Ombudsman**

1.102 The Department has issued instructions to the State Governments to constitute the office of Ombudsman in each District. The Ombudsman will receive complaints from MGNREGA workers and others on any matter consider such complaints and facilitate their disposal in accordance with law. When asked to spell out responsibilities and power conferred to Ombudsman, the Department

in their written submission has stated that as per the instructions issued *vide* order dated 7.9.2009, the Ombudsman shall have the powers to:

1. Receive complaints from MGNREGA workers and others on any matters specified in clause 10 of the Order.
2. Consider such complaints and facilitate their disposal in accordance with law.
3. Require the MGNREGA Authority complained against to provide any information or furnish certified copies of any document relating to the subject matter of the complaint which is or is alleged to be in his possession; provided that in the event of failure of such authority to comply with the requisition without any sufficient cause, the Ombudsman may, if he deems fit, draw the inference that the information, if provided or copies if furnished, would be unfavourable to the concerned MGNREGA Authority.
4. Issue direction for conducting spot investigation.
5. Lodge FIRs against the erring parties.
6. Initiate proceedings *suo motu* in the event of any circumstance arising within his jurisdiction that may cause any grievance.
7. Engage experts for facilitating the disposal of the complaint.
8. Direct redressal, disciplinary and punitive actions.
9. Report his findings to the Chief Secretary of the State and the Secretary, State Nodal Department for appropriate legal action against erring persons.

1.103 The Department has also informed that the Ombudsman shall have the following duties:

1. To be responsible for the conduct of business in his office.
2. To maintain confidentiality of any information or document coming into his knowledge or possession in the course of discharging his duties and not disclose such information or document to any person except with the consent of the person furnishing such information or document; provided that nothing in this clause shall prevent the Ombudsman from disclosing information or documents furnished by a party in a complaint to the other party or parties, to the extent considered by him to be reasonably required to comply with the principles of natural justice and fair play in the proceedings.

3. To send a monthly report to the Chief Secretary and Secretary, State Nodal Department recommending appropriate action. The report shall specially highlight cases where action needs to be taken against erring MGNREGA functionaries for their failure to redress the grievance. The report will be accompanied with primary evidence needed to initiate action against the delinquent persons.
4. To furnish a report every year containing a general review of activities of the office of the Ombudsman during the preceding financial year to the Chief Secretary and the Secretary, State Nodal Department along with such other information as may be considered necessary by him. In the annual report, the Ombudsman, on the basis of grievances handled by him, will review the quality of the working of the MGNREGA authorities and make recommendations to improve implementation of MGNREGA. The report shall be put on the MGNREGA website.
5. To compile a list of 'awards' passed by it between April and March of each financial year in respect of every MGNREGA Authority complained against and report it to the Chief Secretary of the State and the State Nodal Department. Text of award shall also be put on the MGNREGA website.

1.104 When asked to furnish status of constitution of institution of Ombudsman, the Department has furnished following information:

(As on 27.11.2012)

| State            | Districts | Ombudsman selected |
|------------------|-----------|--------------------|
| 1                | 2         | 3                  |
| Andhra Pradesh   | 22        | 2                  |
| Assam            | 27        | 22                 |
| Bihar            | 38        | 14                 |
| Chhattisgarh     | 18        | 11                 |
| Gujarat          | 19        | 19                 |
| Haryana          | 21        | 7                  |
| Himachal Pradesh | 12        | 10                 |



| 1  | 2   | 3                        |
|--|-----|--------------------------|
| Jharkhand  | 24  | 7                        |
| Karnataka  | 30  | 26                       |
| Kerala   | 14  | 14                       |
| Maharashtra  | 33  | 29                       |
| Manipur  | 9   | 9                        |
| Meghalaya  | 7   | 1                        |
| Nagaland   | 11  | 11                       |
| Odisha   | 30  | 24                       |
| Punjab   | 20  | 5                        |
| Rajasthan  | 33  | 20                       |
| Sikkim   | 4   | 1 (for all 4 districts)  |
| Tamil Nadu   | 29  | 11                       |
| Tripura  | 9   | 3                        |
| Uttarakhand  | 13  | 11                       |
| West Bengal  | 18  | 6 (for all 18 Districts) |
| Uttar Pradesh, Madhya Pradesh,<br>Goa, Mizoram, Arunachal Pradesh<br>and all UT of A&N Islands,<br>Chandigarh, Dadra & Nagar<br>Haveli, Daman & Diu,<br>Lakshadweep and Puducherry | -   | NIL                      |
| Total  | 441 | 263                      |

1.105 When asked to furnish details on complaints received and disposed by the District Ombudsman in each State/UT till now, the Department in their written submission to the Committee stated that so far, information has been received from two States. In Karnataka out of 605 complaints lodged, 186 were found to be true and recovery and disciplinary/criminal proceedings initiated as on 31.08.2011. 195 complaints were pending and remaining were found to be false. In Chhattisgarh, out of 18 complaints 2 were found to be true.

#### **D. Unfair Practices**

1.106 It has been widely reported in the press that there is large scale pilferage of funds under MGNREGA in different States. One PIL regarding large scale malpractice under MGNREGA Scheme is also

pending before the Supreme Court of India. When asked to furnish details of steps taken to stop pilferage of funds and expeditious tackling of cases of malpractice under MGNREGA Scheme, the Department in their written submission to the Committee stated that following measures have been taken by the Department of Rural Development to stop pilferage of funds and expeditious tackling of cases of malpractice under MGNREGA Scheme:

- Instructions were issued for affixing photographs to the existing job cards.
- In consultation with the Comptroller and Auditor General of India, MGNREGA Audit of Schemes Rules, 2011 have been notified. All States have been asked to put in place a robust Social Audit Mechanism as outlined in these Rules.
- With a view to ensuring timely payment, infusing transparency and enhancing the integrity of wage payment, Schedule II of MGNREG Act has been amended to make wage disbursement to MGNREGA workers through institutional accounts in Banks or Post Offices a statutory requirement unless specifically exempted.
- To strengthen the institutional outreach for wage disbursement, it has been decided that State Governments should roll out the Business Correspondent Model to make wage payment through Banks with Biometric authentication at village level on competitive bid basis from Banks by inviting Expression of Interest (EoI)/Request for Qualification (RFQ).
- Permissible administrative expenditure limit was enhanced from 4% to 6% for deployment of dedicated staff for MGNREGA, strengthening management and administrative support structures for social audit, grievance redressal and Information and Communication Technology (ICT) infrastructure.
- ICT based MIS has been made operational to make data available to public scrutiny including job cards, muster rolls, employment demanded and number of days worked, shelf of works, funds available/spent, social audit findings, registering grievances, etc.
- Instructions have been issued directing all States to appoint Ombudsman at District level for grievance redressal.
- The mechanism of State and District level Vigilance and Monitoring Committees is available for monitoring of the scheme.

1.107 The Department also informed that as per Section 18 of the Act, it is the responsibility of the concerned State Governments to make available to the District Programme Coordinator and the Programme Officers necessary staff and technical support as may be necessary for the effective implementation of the Scheme. Therefore, the concerned State Government is the appropriate authority to take action against officers or agencies responsible for misdeeds or embezzlement.

1.108 The Department further informed that at the instance of the Supreme Court of India in the Writ Petition (PIL) No. 645 of 2007—Centre for Environment and Food Security, on receipt of consent of the State Government of Odisha in April, 2011, the Union Government ordered an investigation by the Central Bureau of Investigation (CBI) into allegations of corruption and misappropriation of funds under MGNREGA in Odisha. The Ministry of Rural Development also requested for consent of the State Government of Uttar Pradesh for enquiry by the Central Bureau of Investigation (CBI) into the irregularities to uncover alleged systemic and large scale misuse of misappropriation of MGNREGA funds in the State.

1.109 On the above issue, the representative of the Department of Rural Development stated during evidence:

“...On the issue of corruption or misappropriation, action is being taken on this. Of course, the Act itself has many institutional mechanisms at the State level and at the Central level. There are provisions for ombudsman. We have provisions for social audit. I must admit that these are works in progress. Every State does not have ombudsman, not every State has energised the social audit process. These are works that are progressing on a day to day and week to week basis. We are engaged with the States in trying to improve their systems. Consistently there is improvement. Our own impression is that to some extent in the States that have responded on the issues of social audit, the proportional delay in wage payments has gone down. The proportion of complaints that wages are not being fully paid or are not being paid has gone down. In many States complaints with regard to misuse of MGNREGA funds are now more related to the materials component than to the wage component. Members would have noticed that while in previous years it shows a certain wage to material ratio, in the current year the wage to material ratio is much higher with respect to wages. The reason is the material component has not yet been debited. The accounting system is such that materials get debited later.

There is always a little bit of scope for corruption in this. I must admit this. This is something we are working on. It is not to say that we should not have materials. Certainly we need to ensure that we put in place more fool proof system to ensure that the materials purchase is adequate and at the right price, right quality and is used for the work. We are doing certain things that would hopefully ensure it. We have started monitoring completion rates for works. As a result there has been substantial improvement in the rates of completion year on year. We are also ensuring that once the debit of wages to work is complete, after that we would not allow materials to be debited more than two months after the last debit of wages so that there is not an open ended ability of the panchayat or of a functionary to produce some bill later and debit the materials to particular works. We are working continuously to improve it. We have instituted a system of audit. We are improving the panchayat accounting system. Ten per cent of the panchayats are being audited concurrently by the Chartered Accountants. This is a new initiative we have taken this year. We have found to our disappointment that the accounting system of large number of panchayats are very inadequate. We have to work to improve the accounting procedures in panchayats. Though the Act is driven by the Central Government, inescapably the State Government has a very crucial role. the ownership of asset is theirs. The deployment of functionaries are there. These are the things that cannot be wished away. There is no escape but to work in collaboration with the State Governments to improve the capacity of the State Governments, to improve the capacity of the panchayats in order to execute the work. This is what we are doing.”

1.110 Explaining it further, the witness stated:

“...The mechanisms are the institutional mechanisms of the Act which mostly lie with the State Governments because that is where expenditure takes place. There is absolutely no doubt, these are Central funds voted by Parliament and budgeted by the Central Government. We are accountable for the proper use of the funds. Therefore, we take it very seriously if any complaint comes to us. We have two mechanisms by which we do this. One is when a complaint comes, we have the standard procedure. We categorise the complaints. We ask the State Governments for a report. We actually track that report. In case the report does not come, we take up with the State Government. We hold meetings with them. We send the officers to get the report. Where the

complaint is of a sufficiently serious nature based on the documents itself that has come, we do not send it to the State Government. We depute our own people who could either be the officers of our Ministry or they could be the national level monitors who are retired Government servants not associated with the particular State Government. They give the report to us. We examine that report and then we ask the State Government to take remedial action.

The last and ultimate deterrent that we have is action under Section 27 (2) which authorises the Central Government to withhold funds in case there is a serious failure of the State Government to implement the provisions of the Act. Hon. Members will appreciate that it is a very draconian provision. In case the State Government does not respond or does not adequately respond, if we are to cut the funds at a very early stage, then the loser will be the actual beneficiaries who are to be getting employment. It is something for which I must admit that I have no solution. We are using it as a deterrent, to push the State to complete the inquiries and to take action.

For instance, I have a case in Bihar where the embezzlement took place and was detected by Audit in 2005 or 2006. It took four to five years for the FIR to be lodged. This was in IAY, not in MGNREGS, but the same principle applies here. It took four to five years for the FIR to be lodged. The investigation was completed in further two to three years. The case is going on. On such individual cases, it is not possible to stop funds. Certainly, if we see that this is part of a larger pattern where there is concerted ineffectiveness of the Governmental machinery, certainly, at some point in time, we may need to resort to at least bring out the provisions of Section 27 (2) to the notice of the State Governments saying this provision is there; they have to remedy the situation, improve the governance; ensure that funds are properly used. We will suggest to them what they need to do. In most rural development programmes, this is a common thread running that we are mainly providing funds. The State Governments, by the very nature of things, have the executorial responsibility. There is a limit beyond which we are constrained by the quality and quantity of the Governmental system at the disposal of the State Governments. We are trying to improve the capacity and monitoring. Ultimately, everything depends on the current capacity. There is scope for improvement. That is what I would like to say on this..."

## **E. Grievances Redressal Mechanism**

1.111 Section 19 of MGNREGA, lays down that the State Government, by rules, determine appropriate Grievance Redressal Mechanism at the Block level and the District level for dealing with any complaint by any person in respect of implementation of the Scheme and lay down the procedure for disposal of such complaints. When asked to furnish status of establishment of Grievance Redressal Mechanism at State/UTs, the Department in their written submission to the Committee has stated that the Ministry has been repeatedly reminding State Governments to ensure that they establish a suitable mechanism for redressal of grievances and disposal of complaints in accordance with the relevant provisions of MGNREG Act. As per the information available on MIS, all the States/UTs have established a Grievance Redressal Mechanism.

1.112 On the query of the Committee regarding number of complaints received and disposed of by these authorities in each State/UT since inception of MGNREGA Scheme, the Department in their written submission to the Committee stated that the Ministry has not compiled information regarding number of complaints handled by such authorities and the MIS does not capture such data.

1.113 When asked to furnish status on framing of Grievance Redressal Rules by the States as provided for in the Act, the Department in their written submission to the Committee stated that as per the information available on MIS, 8 States/UTs have framed grievance redressal rules. These States/UTs are Andaman and Nicobar, Haryana, Kerala, Meghalaya, Mizoram, Rajasthan, Sikkim and Uttar Pradesh.

1.114 When the Committee enquired about Grievance Redressal Mechanism existing at the Central level, the Department in their written submission to the Committee stated that the Ministry has taken multipronged measures for ensuring that the rights of the workers under MGNREGA are protected and integrity of process of MGNREGA Administration is preserved. Complaints received by the Ministry of Rural Development about irregularities/lapses in the implementation of the Act are forwarded to concerned State Government seeking action taken report and comments thereon. For investigation into many complaints of serious nature National Level Monitors are also deputed by the Ministry and their reports are analyzed and findings are forwarded to the State Government for taking corrective measures.

1.115 The Department has also informed that they have been reminding State Governments about their duty under the Act to have the serious complaints investigated and take necessary action and to

ensure that in cases of misappropriation and embezzlement of Government funds not only disciplinary action should be taken against the guilty officials but simultaneously criminal prosecution should also be initiated under Indian Penal Code and Prevention of Corruption Act, besides recovering the amount involved from the persons concerned in accordance with law.

## **VII. Role of PRIs in Planning and Execution under MGNREGA**

1.116 MGNREGA, 2005 has been conceptualized as people driven programme, wherein people have been directly involved in planning, implementation, monitoring and auditing through Panchayati Raj institutions (PRIs). MGNREGA, 2005 has detailed guidelines regarding involvement of PRIs and Gram Sabha in planning and execution of works through District Planning Committees. Similarly, involvement of people in monitoring and Auditing has been ensured thorough detailed provision regarding Social audit.

### **A. District Planning Committees**

1.117 A well laid out Plan is foundation for successful implementation of any Government Scheme. Comprehensive planning is also prerequisite for purposeful utilization of resources for all-round development of society. Article 243 Z(d) of the Constitution stipulates for constitution of District Planning Committee which would be responsible for preparation of plan for District. When asked to furnish status on constitution of District Planning Committees in the country.

1.118 The Ministry of Panchayati Raj in their written submission to the Committee has stated that Parts IX and IX-A of the Constitution which mandate Constitution of the District Planning Committees (DPCs) are applicable to 24 States in the country. So far 22 States, namely, Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Odisha, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal have constituted the District Planning Committees. Government of Uttarakhand has indicated that they are in the process of constituting DPCs in the State. Government of Jharkhand has informed that they are taking action to hold election to Panchayati Raj Institutions (PRIs). The action to constitute DPCs will, therefore, obviously be taken by the State Government when the PRIs are in position in the State.

1.119 The Ministry of Panchayati Raj also informed that the information relating to number of DPCs constituted District-wise in the respective States etc. is not available with Ministry of Panchayati Raj.



1.120 On the above issue, the representative of the Department of Rural Development stated during evidence:

“...Our problem today is really that the planning at the grass roots is either not there or is *ad hoc* or is insufficiently based on ground reality which is why we are in the peculiar situation of having all our indices showing that there is acute poverty and need for employment and yet we are in a position where most States are paying no unemployment allowances and the MGNREGA Wage Bill is more or less static. So, in our view, we certainly need to do a lot of homework to ensure that the demand generation takes place. It is largely an education process, it is a capacity development process and if I might suggest, there is a huge political process involved in generating awareness about a major programme of this nature. Certainly every stakeholder has his goal in ensuring that the objectives of the Act are realised...”

#### **B. District Perspective Planning**

1.121 Section 16 (3) of the MGNREG Act, 2005 state that every Gram Panchayat shall prepare a development plan and maintain a shelf of possible works to be taken up under the scheme as and when demand for work arises. Operational guidelines for MGNREGA, 2005 calls for formulation of District Perspective Plan (DPP) to enable them to assess the casual factors of poverty that are latent in and possible interventions. The District Perspective Plan (DPP) is intended to facilitate advance planning and to provide a development perspective for the District. When asked to furnish status of preparation of development plan by the Gram Panchayats as provided in the Act, the Department in their written submission to the Committee stated that after the launch of NREGA, 69 Districts formulated their DPP. These were based on the DPP of the earlier programme called the National Food for Work Programme. It was then decided to reformulate the DPP in the light of new works having been permitted under the Act, convergence with rural development programmes of other Ministries, improving the quality of works and strengthening of PRIs as Panchayats at all levels are the principal planning and implementing authorities of the Act. The Ministry has also set up a Working Group which will look into these issues relating to Perspective Planning in view of the recent initiatives taken. Fresh Perspective Plan will be prepared on the basis of recent initiatives.

1.122 The Department also informed that Section 13(1) of MGNREGA provides that the Panchayats at District, intermediate and village levels shall be the principal authorities for planning and



implementation of the schemes made under the Act. Panchayats have been given a pivotal role in the planning and implementation of projects under MGNREGA. Hence shelf of projects can be factored into the District plan. Under MGNREGA, provisions are laid down for formulation of labour budgets. In the month of December every year, the District Programme Coordinator (DPC) under MGNREGA considers the advance plans to prepare a labour budget for the next financial year containing the details of anticipated demand for unskilled manual work in the District and the plan for engagement of labourers in the works covered under the scheme for approval of District Panchayat.

1.123 The Department further informed that Gram Panchayat has to forward the development plan with its priorities to the Programme Officer for preliminary scrutiny and approval prior to the commencement of the year in which it is proposed to be executed. The Programme Officer has to consolidate the Gram Panchayat proposals and the proposals of the Intermediate Panchayat into a block plan and after the approval of the Intermediate Panchayat, forward it to the District Programme Coordinator. The DPC will consolidate the Block Plans and proposals from other implementing agencies and the District Panchayat will approve the block-wise shelf of projects. When asked about status of involvement of Gram Sabha in preparation of District Perspective Plan, the Secretary of the Department of Rural Development stated during the evidence:

“...it is also very clear that in many ways MGNREGA requires a very high bottoms up approach, particularly, in planning the shelf of projects, demand supply management, in identifying the works to be taken up, in ensuring that the works are indeed taken up, executed and ensuring that the people are made available and they get paid. There Panchayats are also pivotal. Today our problem is that the envisaged role of the Panchayats is lacking. For instance, when we look at the labour budget that the State proposes, it is predominantly based on the pattern of the previous year. It is not a bottom up approach based on grassroots level assessment of the actual demand likely to come during a particular year. Even, we do notice here variations between highly optimistic States, who project what really is even a low demand but are not even able to achieve that and at least those States, whose ability to conceptualise a bottoms up approach is more evident. It is evident in the fact that the gap between what is achieved and what was projected is relatively low. When we did the labour budget of some of the States in the last two weeks, we have had in depth discussions State-by-State like Karnataka, Tamil Nadu,

Madhya Pradesh, Uttar Pradesh, West Bengal and Rajasthan. The State which stood out in terms of accuracy of prediction, what they felt the demand was actually from Tamil Nadu and when we went deeper into it, it turned out that it is because they actually start by looking at the Panchayat level work out. Then, they aggregated at the District level, it is validated and then it comes to State level. But even that if you look at Tamil Nadu figures, this does not come out but what does come out is a fact that the number of households with 100 days is still very low. Therefore, it really reveals that while they are on the right track, some parts of that mechanism are still to work and possibly the supply part of it, which means development of the shelf of projects where you can immediately bring to bear the demand is lacking...”

1.124 The Secretary of the Department of Rural Development further stated:

“...In so far as the role of Panchayats is concerned, I do agree that the MGNREGA always did and did have a primacy to the Panchayats as the implementation mechanism as also the social audit mechanism. If some parts of MGNREGA are not working, I do believe that it is our inability to get the Panchayati Raj mechanism fully operational...”

1.125 In regard to advance planning for MGNREGA for the Twelfth Plan, the Department informed that the shelf of Projects (SoP) for two years should be based on the GP Perspective Plan. Cross Functional Teams (CFTs) will facilitate preparation of Perspective Plan for each Gram Panchayat. Grassroots Planning is the foundation upon which the entire edifice of the Mahatma Gandhi NREGA programme rests. The recommendations made by the V. Ramachandran Committee on Grassroots Planning will be taken up by the Ministry as a priority item and no Labour Budget should be passed without having undertaken grassroots planning. Asked to furnish details of recommendations made by the V. Ramachandran Committee on Grassroots Planning, the Department stated in their written submission to the Committee that an Expert Group under the Chairmanship of Shri V. Ramachandran was set up by the Ministry of Panchayati Raj in consultation with Planning Commission in May 2005 to study and make recommendation on strengthening Panchayats. The Expert Group submitted its report on planning at the grassroots level in March 2006 and report has been accepted by the Ministry of Panchayati Raj and

Planning Commission The gist of recommendations of the Expert Group is as follows:—

- (i) Decentralized envisioning and stocktaking exercise:
  - a. For basic human development indicators;
  - b. For infrastructure development; and
  - c. For development in productive sector.
- (ii) Evolution of the District vision should be through discussions in Panchayats and other local bodies.
- (iii) Stocktaking exercise should consider assessment of human conditions in the District, availability of natural, social and financial resources and infrastructure.
- (iv) District Planning Committee should be assisted by a Technical Support Group.
- (v) The needs of the District should be prioritized following a participatory process.
- (vi) Draft plan preparation should start at the Gram Sabha level and flow upwards through Intermediate Panchayats to District Panchayats.
- (vii) Similar exercise should be done for urban local governments.
- (viii) District Planning Committee should consolidate the two streams: (a) Panchayat Plans and (b) urban area plans and integrate the same with the departmental plans for the District.

1.126 When asked about the efforts being taken by the Department to strengthen the Planning under MGNREGA, the Department stated in their written submission to the Committee that in order to strengthen planning and implementation of MGNREGA, the MGNREGA Operational Guidelines are proposed to be revised. A Committee was constituted under the Chairmanship of Dr. Mihir Shah, Member, Planning Commission for suggesting revisions to the Guidelines. The major recommendations of the Committee relating to strengthening of participatory grassroots planning are given below:—

- (i) A “Habitation Level Committee” (HLC) shall be constituted by the “Habitation Assembly” consisting of all adult inhabitants of the habitation. The HLC will be the agency for planning and execution of works under MGNREGA

with fully delegated powers of the Gram Panchayat for the purposes of MGNREGA. The Ministry have also prepared a capacity building plan for strengthening the planning process, execution and monitoring etc.

- (ii) The process of planning and identification of works must start in a participatory manner at the habitation level, reflecting the needs and aspirations of local people. These habitation level proposals will be collated at the GP level, incorporating inter-habitation works that will also need to be identified again in a participatory manner
- (iii) The plans prepared by the HLC shall be placed before the Habitation Assembly for its approval. Where the statutory Gram Sabha or Ward Sabha is *co-terminus* with the natural habitation, it will discharge the functions of the Habitation Assembly.
- (iv) To anchor the implementation of MGNREGA National and State Employment Guarantee Mission and Management teams should be put in place at National & State level.
- (v) A network of Capacity Building Institutions to be created at the national level with in the National Management Team (NMT) of the Department of Rural Development. On similar pattern a Capacity Building Division to be set up at the State and District level.
- (vi) Expand the list of permissible works under MGNREGA in order to
  - (a) Strengthen the synergy between MGNREGA and rural livelihoods, especially agriculture and allied sectors;
  - (b) Respond to the demands of the States for greater location-specific flexibility in permissible works; and
  - (c) Help improve the ecological balance in rural India and provide a cleaner, healthier environment to its people.

1.127 The Department also informed that a copy of the Committee's Report has been forwarded to all States/UTs and has also been placed in public domain for comments/suggestions and for feedback from various Stakeholders.

### **C. MGNREGA Works during Agriculture Season**

1.128 The objective of MGNREGA is to provide enhanced livelihood security to the households in rural areas. However, one of the persistent complaints against MGNREGA schemes relate to less availability of

labour for agricultural works due to execution of MGNREGA works during agriculture season which affect rural economy based on agriculture. The Committee have also come across such complaints during their study visits. When asked to furnish view on the issue, the Department in their written submission to the Committee stated that the objective of the Mahatma Gandhi National Rural Employment Guarantee Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. Being so, the guaranteed employment may be availed of by the registered household any time during the year as per their convenience subject to the ceiling of 100 days of employment per household in a year. Restricting it to any particular season would be against the spirit of the Act.

1.129 The Department further stated that there has been demand from few quarters that MGNREGA works may be suspended during the period of peak crop activity so that labour can be engaged in sowing, transplanting and harvesting activities. Average employment provided per household under MGNREGA was 47 days for the year 2010-11. Out of this only approximately, 12 days of employment were provided in the period from July to November, 2010 which corresponds to the peak agriculture season. The remaining 35 days of employment were provided mostly in the lean agriculture season as supplementary employment. The contribution of MGNREGA as evidenced by a host of studies including that by NSSO in reducing out migration, enhancing the bargaining capacity of the workers, better nutritional intake, reduction in dropout rate of school going children, increase in the asset base of the rural poor, enhancement in the water table and regeneration of ecology etc. are well acknowledged. The programme devotes almost 68 percent of its expenditure to creation of water resources and its contribution to the bumper harvest in the previous years can not be denied. As such, putting any kind of restriction on the implementation of MGNREGA works in any particular season can only harm the interest of the rural labour. Any such change will dilute the basic foundation of livelihood security as enshrined in the Act. Thus, the provision of the Act must be implemented in letter and spirit.

1.130 It has been reported in MGNREGA-Sameeksha, an anthology of research studies on the MGNREGA (2006-2012), that to limit distortion of the labour market during agriculture season, and ensure that employment opportunities are additive instead of substitutive, some districts schedule MGNREGA activities during the non-agricultural peak

season. The Gram Panchayats prepare calendars, based on the advice of the Gram Sabha, that demarcate exclusive times of the MGNREGA work and for agriculture work. In the Elapully Gram Panchayat in Kerala a calendar was prepared setting aside six months for MGNREGA work during the summer when demand for agriculture labour was very low such that MGNREGA work was additive and it expanded the labour market. Similar results were reported from Bikaner (Rajasthan), Idukki and Trivandrum (Kerala), West Sikkim district (Sikkim) and Chittoor (Andhra Pradesh).

#### **D. Convergence under MGNREGA**

1.131 Development is a holistic process that requires co-ordinated effort of various agencies for effective utilization of valuable resources. It has often been seen that different agencies plan and execute works related to their area without taking care of development works of other agencies. It led to a situation where similar works are executed by more than one agency. Sometimes, it also led to a situation where different agencies work at cross purposes. Therefore, it become imperative that effort is made for proper co-ordination among different agencies involved in the work of development.

1.132 The Department informed that according to a recent mapping of over 200 odd schemes and programmes operated under the aegis of the various Governments (Central and State Governments), nearly Rs. 8,00,000 crore is invested by the Government in the rural areas every year. In spite of this, commensurate results are not seen. One of the major reasons for this is that these plethora of schemes are operated in disparate manner by the different Government, Ministries and Departments. At the ground level there is no convergence and coordination. At many points these schemes work at cross purposes leading to wastage of funds and efforts and in avoidable replication. Lately, there has been a growing realisation among the planner and implementers to explore the possibilities of convergence between various government schemes so as to optimise the desired outcome in an accelerated manner. A convergence approach has also been accordingly adopted by the Ministry of Rural Development. The strategy is two pronged in nature wherein on the one hand efforts are made to explore the areas of possible convergence between the schemes and programmes operated by the Ministry and on the other hand to attempt a convergence with schemes and programmes of other Ministries in government of India and State governments.

1.133 The Department also informed that convergence of different programmes like Watershed Programmes, National Agriculture Development Programme (Rashtriya Krishi Vikas Yojana), National

Horticulture Mission, Scheme of Artificial Recharge of Ground Water through Dug well and BRGF with Mahatma Gandhi NREGA will bring in synergies between different government programmes/schemes in terms of planning, process and implementation. Convergence can help in creation of durable assets. The core funds of any schemes should not be used as substitute resources by different departments and agencies for their own activities. In the year 2009, the Ministry developed and disseminated convergence guidelines with different Schemes and specific programmes *viz.*, Indian council of Agricultural Research, National Afforestation Programme and other schemes of the Ministry of Forest & Environment, Schemes of the Ministry of Water Resources, PMGSY (Department of Rural Development), SGSY (Department of Rural Development), Ministry of Agriculture and Fisheries and schemes of Ministry of Agriculture. In the year 2011 the Ministry *vide* notification dated 30.9.2011 made amendment in schedule about access to sanitation facilities in convergence with the total sanitation campaign of the Ministry of Drinking Water and Sanitation. As per the report most of the State Governments have started convergence at planning, management and works level. These convergence projects are expected to yield a wide range of outcomes including restoring ecological balance and acting as a coping mechanism for tiny farmers to overcome the adverse effects of monsoon failure. It is also anticipated that due to convergence productive technology transfer will take place to enhance the total productivity factor in agriculture and allied activities. District administration have also started planning for inter departmental convergence with different scheme. Different good practice models have been documented and professional institutions have been engaged by the Ministry to monitor the convergence initiative by different Ministries. The Ministry of Rural Development also review the convergence initiatives during the review meeting with other partner Ministry and also during the performance review meeting with the State Rural Development secretaries.

1.134 When asked to furnish details on completed projects using convergence guidelines under MGNREGA in each State/UT since inception of the Scheme, the Department in their written submission to the Committee stated that no specific data regarding number of projects taken up in each State/UT under MGNREGA that facilitates convergence is available with the Ministry and such data is not captured in MIS.

1.135 The Department also informed that that in view of the inter-sectorality of Mahatma Gandhi NREGA, the need to create durable assets and improve livelihood security and the common target groups



of certain development programmes with Mahatma Gandhi NREGA, the Ministry has developed and disseminated convergence guidelines and taken up convergence pilot projects in 115 Districts of 23 States across India. When asked to furnish status of convergence pilot projects undertaken in 115 Districts, the Department in their written submission to the Committee has stated that as on experimental basis, pilot projects have been undertaken in 115 Districts across 22 States during 2009. These pilot projects are expected to yield a wide range of outcomes including restoring ecological balance and acting as a coping mechanism for tiny farmers to overcome the adverse effects of monsoon failure. NIRD has taken up a study to assess the status of the convergence pilots and also some of the successful local initiatives. Several teams visited these Districts and collected information. As per the report, most of the State Governments have started convergence at planning, management and works level. The findings of the study are summarised below:

- Andhra Pradesh: State Government has initiated convergence between MGNREGS and horticulture scheme (comprehensive land development programme of NABARD, AP micro-irrigation project and Schemes of Tribal Welfare department). Detailed government orders and instructions are issued on implementation arrangements. Mandal level teams have been identified as convergence resource groups. State Government has initiated remarkable convergence of MGNREGS with the SHG federations and this convergence is helping the SHG members to access all services under MGNREGS.
- Madhya Pradesh: State Government has formulated various sub-schemes of convergence of different schemes for increasing agriculture related activities. The initiatives are Kapildhara, Bhoomishilp, Resham, Nandan Phal Udan and Sahastradhara. The State has undertaken such sub-schemes to provide Irrigation facility for SC/ST/BPL/LR & IAY beneficiaries through dug well/farm ponds/Stop dam/check dam/minor tanks. Under the sub-schemes, there is a provision to construct recharging structures with dug well, plantation of mulberry and other fruits trees. The pilot Districts have also undertaken MGNREGA watershed schemes in smaller areas in the pattern of watershed schemes.
- Kerala: State Government has developed convergence plan with a focus on natural resource management and eco-



restoration. Expert professional agencies have prepared watershed based District Perspective Plans. State level convergence meetings were held and State, District, Block and Gram Sabha level resources teams are in place. The convergence initiatives stress on overexploited, critical and semi-critical artificial recharge of ground water, renovation of irrigation projects under MGNREGA-de-silting, construction of field channels and also under large projects of eco restoration of major rivers—Bharata puzha and Kabani. The pilot Districts have also prepared detailed village plan and District technical manuals. The IEC and training module is based on state government Kutumbshree initiatives.

- Gujarat: Government of Gujarat has initiated convergence between water resource department, environment and forests department and agriculture department with NREGS. The important activities undertaken through convergence are rainwater harvesting, dug wells, group irrigation wells, vermicompost, lift irrigation and agriculture activities.
- Uttar Pradesh: Detailed State Guidelines on convergence have been issued. The guidelines consist of specific projects and the methodology of convergence for sustainable development. The Guidelines also consist of an activity-wise format for convergence between MGNREGS and other development schemes. The State has under taken 11 sub-schemes to provide irrigation facility for SC/ST/BPL/LR & IAY beneficiaries through dug well/farm ponds/Stop dam/check dam/minor tanks.
- Rajasthan: Krishi Vigyan Kendras(KVKs) in the pilot Districts have provided plans for technical training on vericompost, improved rearing practices of goats, cattle and pig, poultry, production of planting material of vegetables and fruits, bee-keeping and seed production. Horticulture department and water resources department have discussed the convergence initiate at the Districts level.
- Chhattisgarh: Government of Chhattisgarh has undertaken convergence initiatives for optimizing the irrigation capacity of all the major, medium and minor projects through construction of field channels, correction of system deficiencies and drains. Most of the Districts are taking up works on water resource schemes under MGNREGA which were not provided under the State budget. Some of the initiative are Shakambari Yojana, Goan Ganga Yojana,

District development plan through convergence: The District administration has weaved together the objectives of employment guarantee and overall objectives of the development schemes under state plan/non-plan, and central plan in these sectors. They identify the resource gaps in these schemes and dovetail the labour component with EGS and thus achieve synergy and optimize productive utilization of resources

- West Bengal: Pilot Districts have developed District convergence plans which focus on natural resource management and eco-restoration. Like Kerala, the convergence initiatives focus on overexploited, critical and semi critical blocks-artificial recharge of ground water, renovation of irrigation projects under MGNREGA-de-silting, Construction of field channels and also under large projects-eco restoration. The KVKs have provided training to block resource groups. The fisheries department is facilitating pisci-culture in the water bodies created under MGNREGS.

1.136 On a query of the Committee about implementing agencies of aforementioned projects, the Department in their written submission to the Committee stated that the convergence projects have two components, (1) works undertaken under MGNREGA and (2) works under other programmes. MGNREGA component of the work is to be implemented by Gram Panchayat or other implementing agency, as prescribed in the Act. Works component under other programmes follow the norms prescribed in the respective guideline of the scheme/ programme.

1.137 When asked to furnish difficulties faced by the implementing agencies during execution of these projects, the Department in their written submission to the Committee stated that some of the difficulties reported by implementing agencies are following:

- Need for convergence among development programmes is not well recognized.
- Ignorance about the approach to be followed for bringing convergence between line departments and also to involve the local community.
- Line departments' reluctance on account of non-negotiables under MGNREGA.

1.138 The Department also informed that a report has been prepared on the convergence initiatives through MGNREGA. This report highlights the lessons learnt in the light of the interactions with stakeholders in the States. NIRD and other professional institutions engaged for monitoring and documentation of convergence initiatives have also submitted reports.

1.139 Convergence guidelines under MGNREGA provides that the District Planning Committee NREGA (Collector/CEO) will constitute a District Resource Group (DRG) at the District level with representatives from the Department concerned with which convergence is being considered and the Department of Rural Development and Panchayati Raj and a similar resource group at the Block level. When asked to furnish details on constitution of District Block Resource Group for convergence under MGNREGA, the Department in their written submission to the Committee has stated that it is the responsibility of the State/UT Governments to formulate and notify a scheme for giving effect to the provisions of MGNREG Act and implementation of the Act is done by them in accordance with the schemes formulated by them. Information regarding District/Block Resource Groups in States/UTs is not maintained or captured in the MIS.

1.140 When asked to furnish details of workshop organized on methodology for convergence and District/Block level involving representatives of PRIs, the Department in their written submission to the Committee stated that five regional workshops have been organised at different places namely, Guwahati, Jhansi, Gandhinagar, Patna and Bangalore to discuss the methodology of convergence with State Governments and facilitate convergence at planning, management and works level. Ministry had also engaged professional institutions for training and capacity building of select District administrations to plan on convergence basis.

1.141 The Department further informed that they are considering training of youth employed under Mahatma Gandhi NREGA in skill for employment in infrastructure projects including roads and ports. The skills acquired can be used in areas ranging from health care to basic banking. Modalities of training and partner private organizations are under consideration. When asked to furnish status of above-mentioned proposal, the Department in their written submission to the Committee has stated that under the placement linked skill development component for rural youth under SGSY/NRLM, provisions have been made for giving preference to MGNREGA beneficiaries who have completed 100 days of wage employment for short term skill development training in partnership with private/non governmental organizations, leading to their placement in services and manufacturing sectors in the organized/semi-organised enterprises.

1.142 The Department also informed that they have started pilot projects in Rajasthan to build on the current programme implementation and to leverage MGNREGA for sustainable development. The Department has also stated that these initiatives include training and skill building for MGNREGA workers, basic literacy, computer and financial literacy, facilitating wage payment through business correspondent mode. When asked to furnish status of these pilot projects, the Department in their written submission to the Committee has stated that Ministry with the support of UNDP initiated convergence pilots for skill building of MGNREGA workers. The pilots are as below:

- Entrepreneurship Development Institute of India piloted activities on skill building for livelihood promotion to MGNREGA workers in the selected District.
- Pratham Mumbai Education Initiative piloted in the area of adult literacy, agri-related skills for employment and Basic Computer Skills for the MGNREGA workers, reaching out to 5000 beneficiaries.

1.143 The Department further stated also informed that pilot projects have been completed. Entrepreneurship Development Institute of India trained 100 MGNREGA beneficiaries in weaving activities in four Gram Panchayats of Bhilwara District of Rajasthan. Around 5000 beneficiaries received functional literacy and knowledge in agriculture by Pratham Mumbai Education Initiative.

### **VIII. Personnel and Capacity Building of PRIs**

#### **A. Personnel recruited for Implementation of MGNREGA Works**

1.144 A team of dedicated administrative and technical staff is utmost necessity for successful implementation of MGNREGA. Keeping this in view administrative support has been provided to the States & UTs through the funds for capacity building and technical support at the State level administrative expenditure of 6 per cent of the MGNREGA allocation is allowed on activities such as salary of dedicated NREGA staff, training, IEC activities, grievance redressal helpline, MIS, social audit, stationary and other incidental office expenses.

1.145 The Committee have been informed that States have been advised to recruit dedicated staff on priority for NREGA implementation. This includes at least one administrative assistant (Gram Rozgar Sahayak) for every Gram Panchayat and one technical assistant per 5-10 Gram Panchayats. At the Block level, a full time

Programme Officer not less than the rank of a BDO should be appointed, supported by additional staff for accounts, works and IT. At District level there has to be additional staff for accounts, works and IT. State level management of MGNREGA is being strengthened by enabling States to marshal technical/professional support for MGNREGA. States have been advised to set up State Cells for capacity building and providing technical support to the State for MGNREGA implementation.

1.146 When asked to furnish details of personnel employed for implementation of MGNREGA in each State/UT, the Department in their written reply stated that as per the Section 18 of MGNREG Act 2005, the States are responsible to implement MGNREGA in accordance with the Schemes formulated by them as per the provisions of the Act. The State Governments are, thus, mandated to make available to the District Programme Coordinator and the Programme Officers necessary staff and technical support as may be necessary for the effective implementation of the Scheme.

1.147 The Department also informed that advisories have been issued to the State Governments enabling them to assess the staffing requirement and to deploy adequate staff at various levels for MGNREGA. The Ministry has suggested broad administrative frameworks with the flexibility to the State Governments for deciding within their own contexts. Keeping in view the challenges in MGNREGA implementation, permissible administrative expenditure limit was also enhanced from 4% to 6% for deployment of dedicated staff. To ensure adequate human and technical support at the district and sub-district levels for implementing Mahatma Gandhi NREGS, the Central Government has suggested that States can deploy core professional staff namely Panchayat Development Officer and Junior Engineer in Gram Panchayats of the Integrated Action Plan (IAP) Districts. The Department has also furnished following details on availability of personnel at village, Block and District levels as reported by the States:

**Personnel under MGNREGA during the year 2010-11  
(up to Nov. 2011)**

| Village Level       | Target | Actual |
|---------------------|--------|--------|
| 1                   | 2      | 3      |
| Gram Rojgar Sahayak | 200750 | 164642 |
| <b>BLOCK LEVEL</b>  |        |        |
| Accountant          | 7491   | 5817   |

| 1  | 2     | 3     |
|--|-------|-------|
| Engineers/Technical Assistant                        | 32313 | 23844 |
| Programme Officer                                    | 6422  | 5724  |
| Computer Assistant                                   | 11732 | 9035  |
| <b>DISTRICT LEVEL</b>                                |       |       |
| Work Manager & Technical Assistant                   | 1326  | 892   |
| IT Manager & Computer Assistant                      | 1095  | 816   |
| Account Manager                                      | 780   | 519   |
| Training Coordinator                                 | 604   | 428   |
| Coordinator for Social Audit and Grievance Redressal | 1122  | 869   |

#### **B. Training of Elected Panchayat Representatives and Personnel**

1.148 Training of elected Panchayat Representatives and personnel is pre-requisite for successful implementation of MGNREGA. When asked to furnish details on training of elected Panchayat representatives and Personnel associated with MGNREGA Programmes, the Department in their written reply stated that Training of functionaries engaged in the implementation of MGNREGA is one of the permissible activities under the Administrative expenditure (6%). States in collaboration with State Institute of Rural Development (SIRD) prepare training calendar and modules for training of functionaries. Central Government provides financial support to SIRDs, from time to time, for imparting training of State, District, Block and GP level MGNREGA functionaries.

1.149 The Department also informed that financial assistance to National Institute of Administrative Research (NIAR), Mussoorie for organization of Peer Learning Workshops for District Programme Coordinators with a view to apprise them with recent initiatives under the Act and also to make them to learn from each other. The Department furnished following details regarding training of members of PRIs:

| <b>Capacity Building—Training Report (FY 2011-12)</b> |               |              |
|---|---------------|--------------|
| PRIs Functionaries/Categories of Employees            | To be trained | Nos. trained |
| 1   | 2             | 3            |
| <b>VILLAGE LEVEL</b>                                  |               |              |
| PRIs Functionaries                                    | 637484        | 467222       |

| 1  | 2      | 3      |
|--|--------|--------|
| Gram Rojgar Sahayak                                  | 157482 | 145210 |
| <b>BLOCK LEVEL</b>                                   |        |        |
| Accountant   | 5125   | 4502   |
| Engineers/Technical Assistant                        | 26386  | 23352  |
| Programme Officer                                    | 5393   | 5224   |
| Computer Assistant                                   | 9753   | 8105   |
| <b>DISTRICT LEVEL</b>                                |        |        |
| Work Manager & Technical Assistant                   | 942    | 719    |
| IT Manager & Computer Assistant                      | 740    | 654    |
| Account Manager                                      | 597    | 501    |
| Training Coordinator                                 | 829    | 749    |
| Coordinator for Social Audit and Grievance Redressal | 11829  | 7572   |

1.150 The Department informed the Committee that on its part it is responsible for development of prototype training materials for key stakeholders-workers, administrative and technical functionaries, PRIs at the National level and making them widely available in regional languages in print, audio-visual forms as well as placing them on the website for free and universal use. The Department also informed that it has developed rural works manuals on developed natural resource management, and water conservation and manuals on rural connectivity, afforestation and horticulture are being developed. Training films for PRIs and Block functionaries have been prepared. Simple Handbooks for different stakeholders have also been developed. These materials are in addition to those that the States are developing apart from it a network of resource institutions has been established at the National, regional levels for regular training programmes for both government functionaries as well as PRIs. The Department further informed that an MoU has been drawn up between the Ministry and the National Academy of Administration (LBSNAA), NIAAR, for training of DPCs, State officers and SIRD faculty through peer learning processes.

#### **IX. Revamping of MGNREGA**

1.151 MGNREGA Schemes as world's largest employment guarantee programme has completed seven years of implementation in 2013. According to the Department during this period, the MGNREGA has



achieved many milestones such as providing regular source of income, increase in wage rate for labourers in rural areas, creation of durable assets etc. However, many shortcomings such as delay in payment of wages, non-payment of unemployment allowances, cases of corruption, delay in completion of work, poor quality of assets created etc. have been noticed during this period. It has been realized and pointed out by many experts and social activists about need to introduce reforms in programme structure of MGNREGA projects. It has been reported in the media that Department of Rural Development has been introducing reform measures in MGNREGA to make the law more effective in providing employment to rural households along with eradicating irregularities/malpractices and creating productive assets. When asked to furnish details of reform introduced and envisaged by the Department to make implementation of MGNREGA more effective, the Department in their written submission has stated that the recent initiatives/changes introduced in MGNREGA, 2005 are as follows:

1. The MGNREGA Audit of Schemes Rules, 2011 have been notified on 30.06.2011. All States have been asked to put in place a robust social audit mechanism as outlined in these Rules. Ministry has organized a National Consultation on 19th July 2011 and a follow up meeting with State Governments on 08 November, 2011 to develop a road map for implementation of Audit of Schemes Rules.
2. Focus on IAP Districts: Special emphasis has been put on the IAP Districts and following initiatives have been undertaken for the effective implementation of MGNREGA in IAP Districts:
  - Cash wage disbursement: To ensure timely wage payment to the MGNREGA workers, cash wage payments has been allowed in areas where the outreach of Banks/Post Offices is highly inadequate.
  - Additional human resources: To ensure adequate human and technical support to the District and sub-District levels for implementing MGNREGA, the Ministry has suggested that States can deploy core professional staff namely Panchayat Development Officer and Technical Assistant in each Gram Panchayat of the Left Wing Extremism (LWE) affected Districts.
  - Construction of Play Ground: Ministry has issued notification allowing construction of play grounds



under MGNREGA in Districts as identified by the central government for Integrated Action Plan *vide* notification dated 20.10.2011

- Prime Minister Rural Development Fellow in IAP Districts
3. Inclusion of Traditional Forest Dwellers: The Ministry has issued a notification dated 22.09.2011 amending Schedule-1(iv) which now reads, "Provision of irrigation facility, horticulture plantation and land development facilities to land owned by households belonging to the Scheduled Castes and the Scheduled Tribes or below poverty line families or to beneficiaries of land reforms or to the beneficiaries under the Indira Awas Yojana of the Government of India or that of the small farmers or marginal farmers as defined in the Agriculture Debt waiver and debt relief schemes or beneficiaries under the scheduled tribes & other traditional forest dwellers (recognition of forest right) act 2006".
  4. Access to Sanitation Facilities: A notification dated 30.09.2011 has been issued amending schedule-I to ensure convergence of MGNREGA with the total sanitation campaign of the Ministry of Drinking Water and Sanitation.
  5. Reform in MGNREGA Implementation: MoRD has circulated a paper on the reform agenda highlighting nine major challenges, provided a diagnostic for each of them and flagged possible suggestions for a larger consultation.
  6. Constitution of committee for revision of MGNREGA guidelines under the Chairmanship of Dr. Mihir Shah, Member, Planning Commission.
  7. Pilot project on eFMS: to reduce delay in payment of wages, Ministry has initiated "Electronic Fund Management System (eFMS)" in four states, *viz.* Odisha, Gujarat, Karnataka and Rajasthan.
  8. Payment through Bank and Post offices
    - State Governments have been suggested (circular dated 2nd August, 2011) to roll out Business Correspondents to make wage payment through Banks with Bio-metric authentication at village level.
    - The fee/remittance charges to be paid to Banks/ Business Correspondents, etc. by way of fixed charges

per account or a percentage of the transaction value. The charges should not exceed Rs. 80 per annum per an active account.

- In case the amount exceeds the limit of Rs. 80/-per annum per an active account, it would be met by the State Government from its own budget.

9. MGNREGA wages have been revised and indexed with Consumer Price Index for Agriculture labourers (CPIAL).

1.152 The Department also formed a Committee under Dr. Mihir Shah, Member, Planning Commission for revision of MGNREGA operational guidelines. On the basis of reports submitted by the Dr. Mihir Shah Committee and comments received on these proposals, the Department has introduced following initiatives in 2012:

- Delegating the power of fixing order of priority to the Gram Panchayats in meetings of Gram Sabha and the Ward Sabha.
- Expanding list of works that can be done under MGNREGA programmes such as:—
  - (i) Agriculture related works, such as, NADEP composting, vermin-composting, liquid bio-manures;
  - (ii) Livestock related works, such as, poultry shelter, goat shelter, construction of pucca floor, urine tank and fodder trough for cattle, azolla as cattle-feed supplement;
  - (iii) Fisheries related works, such as, fisheries in seasonal water bodies on public land;
  - (iv) Works in coastal areas, such as, fish drying yards, belt vegetation;
  - (v) Rural drinking water related works, such as, soak pits, recharge pits;
  - (vi) Rural sanitation related works, such as, individual household latrines, school toilet units, Anganwadi toilets, solid and liquid waste management.

## PART II

### OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

#### *Seven years of implementation of MGNREGA*

2.1 Enactment of Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) was a major step towards securing the right of work to the people of India. The Act provides for enhancement of livelihood security of the rural households of the country by providing at least one hundred days of guaranteed wages employment in every financial year to those rural households whose adult members volunteer to do unskilled manual work and for matters connected therewith or incidental thereto. The Committee have been apprised by the Ministry of Rural Development that during seven years of its implementation, the scheme has achieved success on many fronts such as securing right to work for people in rural areas, large scale participation of women, SCs/STs and other disadvantaged sections of the society, enhancement of wage rate in rural areas, providing thrust to rural economy by creation of assets stressing on sustainable development, empowerment of Gram Sabha by involving them in the process of planning of works, monitoring and introduction of social audit etc. However, the Committee's examination has revealed several disquieting features/irregularities in the implementation of MGNREGA Scheme such as fudging of job cards, delay in payment of wages, non-payment of unemployment allowances, large number of incomplete works, poor quality of assets created and large number of cases of misappropriation and malpractices/corruption etc. The Committee also note that many States have failed to provide adequate support to PRIs such as dedicated personnel and other necessary infrastructure which is essential for efficient planning and implementation of works under the scheme. Similarly, many States are yet to establish grievance redressal authorities such as ombudsman. The Committee are of the considered view that MGNREGA, if properly implemented, has potential to transform the face of rural India. However, there is need for carrying out major reforms in the various facets of MGNREGA *viz.* planning, implementation, monitoring and auditing of works. The Observations/ Recommendations of the Committee on different aspects of implementation of MGNREGA are given in the succeeding paragraphs.

### *Issues related to job cards*

2.2 Registration and issue of job cards to rural households is basic requirement to avail right of work under MGNREGA. The Committee note that during the last 7 years of the implementation of scheme, as many as 12.46 crore rural households out of 13.83 rural households (2001 census) have been registered and issued job cards in the country by State/UT Governments. However, the Committee note that many discrepancies such as issue of fake job cards, inclusion of fictitious names, missing entry or delay in making entries in job cards, illegal custody of job cards by influential people etc. have been noticed. Similarly, complaints regarding non-issue of dated receipt to job applicants have been widely reported. The Committee are of the strong view that there is need to bring reform in the process of issue of job cards. The Committee are of the opinion that offences such as missing entries in the job cards and unlawful possession of job cards with influential people including elected representatives of PRIs or MGNREGA functionaries should be made punishable offence under section 25 of the Act. The Committee, however, welcome the proposal for registration of application for work through mobile phones and MGNREGA website. The Committee feel that such steps are progressive and need to be taken further. The Committee desire that job cards should have photograph of the holder and other details like voter ID/Adhaar No./voter list no. so as to ensure that the chances of fake duplicate/multiple job cards are reduced to minimum. The Committee also recommend the Department to conduct random inspections of job cards to weed out the fake job cards. Apart from PRIs, job cards should also be subject to social audit or audit under directions of Comptroller & Auditor General of India.

### *Employment generation under MGNREGA*

2.3 The Committee note that Implementation of MGNREGA has created large scale opportunity for employment in rural areas of the country. The Committee note that 1348.89 crore person days employment has been generated during the last seven years of implementation of MGNREGA works. However, claim of the Government to provide employment to 29.94 crore households out of 30.34 crore households who demanded employment during the aforesaid period seems to be unbelievable in the absence of authentic data regarding number of days of employment demanded by households. The Committee are also concerned over decreasing trend of employment generation after the peak of 283.59 crore persondays

in 2008-09. The Committee also observe that year-wise average persondays employment generation during 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 (as on 31.01.2013) were 43, 42, 48, 54, 47, 43 and 36 days respectively. The Committee are further dismayed to note that average number of persondays of employment provided per household in States with significant BPL population like Bihar (22 to 38 days) and West Bengal (14 to 35 days) were less than national average. The Committee are at loss to understand the logic of poor demand for work in States which have significant BPL population with less employment opportunities as compared to comparatively developed States. The Committee are of the considered view that bottleneck in implementation of MGNREGA works such as delay in payment of wages and alleged corruption in registration and giving actual work are distracting people in demanding work under MGNREGA. The Committee, therefore, recommend the Department to analyse reasons for poor performance of all States and take corrective steps so that people in rural areas in across the country find it easy to gain employment under MGNREGA as per the objectives of the scheme.

#### *Women Participation under MGNREGA*

2.4 The Committee find that implementation of MGNREGA has provided women in rural areas an opportunity to participate in remunerative activities thereby, empowering them financially. The Committee note that participation of women under MGNREGA works has been more than 40 percent in each of last seven years and that is more than the statutory requirement of 1/3 of the total beneficiaries. However, examination of the scheme by the Committee has revealed that participation of women in some States such as Assam, Bihar, Jharkhand, Odisha, Uttar Pradesh and West Bengal has been less than national average. The Committee also note that Assam, Bihar, Uttar Pradesh and West Bengal have failed to meet statutory requirement of providing 1/3rd employment to the women beneficiaries. The Committee in their 1st Report (15th Lok Sabha), while showing concern over low women participation in these States, had recommended the Department to analyse reasons for poor performance of these States and take corrective steps to enhance participation of women in MGNREGA. The Committee are of the firm view that success of MGNREGA will be more visible if the number of women workers is large as their income raise the standard of household more than the male workers. Apart from generation of employment, it will also help to widen the ambit of opportunities for employment to those sections of society which were so far denied

equal opportunity. In this regard, it becomes imperative to enhance participation of more number of women in States which have lower Socio-economic Indicator as economic empowerment of women has been seen to enhance human development index. The Committee, therefore, recommend the Department to take steps such as awareness among women, allowing works suitable for women as per local culture, formation of self help groups etc. to encourage women to demand employment in States which have lower participation of women under MGNREGA.

*Participation of person with Disabilities*

2.5 The Committee have been informed that Mihir Shah Committee constituted for revision in guidelines for implementation of MGNREGA works has suggested for creation of special condition to facilitate inclusion of disabled persons in MGNREGA works. However, the Committee note that as against 2.1 crore person with disabilities (census 2001) in the country only 19,67,315 have been provided work since inception of the Scheme. The Committee are unhappy to note that implementing agencies have failed to create proper environment for working of disabled persons in MGNREGA works. The Committee are of considered view that identification of proper work as per needs of disabled persons and creation of proper work environment are imperative for encouraging disabled persons to participate in MGNREGA works as per MGNREGA, 2005 guidelines. The Committee, therefore, desire the Department to take steps for identification of special works as per specific needs of disabled persons, issue special job cards, and appointment of dedicated officers etc. so as to increase the participation of persons with disabilities in the MGNREGA works.

*Employment provided to SCs/STs*

2.6 The Committee are satisfied to find that share of SCs and STs in persondays employment provided under MGNREGA works is more than their share in total population of most of the States except Maharashtra. The Committee are of the opinion that since majority of SCs and STs constitute bulk of rural poor, there is a need to promote awareness among them so that they can further be encouraged to demand more employment under MGNREGA. The Committee, therefore, recommend the Department to take steps for awareness generation in SCs/STs across the country.

*Unspent Balances*

2.7 The Committee note that the significant portion of budget of the Department of Rural Development is allocated for implementation of MGNREGA. The Committee find that even though Rs. 2,07,679.87

crore were available for implementation of MGNREGA works from 2005-06 to 2012-13, implementing agencies could utilise Rs. 1,95,321.03 crore during these years. The Committee also note that the trend of expenditure pattern has been uneven and huge unspent balance has been reported in each financial year. The Committee are astonished to note that there is a trend of increasing unspent balances over the years which was as high as 27.31% in the financial year 2010-11. Examination by the Committee has revealed that huge unspent balances were lying with some big States such as Uttar Pradesh, Bihar, Madhya Pradesh, Rajasthan etc. The Committee in their earlier reports had repeatedly drawn attention of the Department towards this trend and had recommended to analyse reasons and take steps to enhance utilization of funds allocated to the States. However, the Committee note that the Department is yet to take effective steps to solve this problem. There are reports which suggest that in some of the States successful implementation of MGNREGA has reduced the migration of unskilled workers to urban areas. The Committee, therefore, recommend the Department to analysis reasons of increasing unspent balances and take immediate steps for effective utilization of funds available under MGNREGA.

#### *Administrative Expenditure*

2.8 On the issue of administrative expenditure, the Committee note that States/UTs have been allowed to incur up to 6% of annual allocation under MGNREGA on salary and allowances of the Programme Officers and their supporting staff, the administrative expenses of the Central Council and facilities to be provided under schedule-II and other items as decided by the Central Government. The Committee note that expenditure of Rs. 6380.21 crore (as on 31.01.2013) has been incurred under different heads of administrative expenditure. The Committee note that States/UTs have not been able to utilise funds available under the head of administrative expenditure. The effect of which could be seen on availability of requisite manpower and other infrastructure necessary for execution of MGNREGA works. The Committee also find that several instances of improper or disproportionate use of funds available under administrative expenditure like booking of salaries of ineligible categories of employees, diversion of funds to other programmes, payment of ex-gratia etc. have been reported to the Department. The Committee are of the view that planning for effective and proper use of funds available for administrative expenditure for manpower and other infrastructure be made available to PRIs and other agencies which is essential for implementation of MGNREGA. Efforts should



be made for provision of assistance of Engineers and Accounts Assistants to PRI for effective implementation of work. The Committee desire the Department to work out strategy in consultation with State Governments for effective utilization of these funds. The Committee also recommend the Department to take steps to initiate action against Officials found guilty of improper use of funds made available under MGNREGA.

*Permissible works under MGNREGA*

2.9 The Committee note that creation of durable assets emphasizing on sustainable development is one of the stated objective of MGNREGA, 2005. The Committee also note that the Government has allowed new categories of works such as agricultural related works, livestock related work, rural sanitation etc. under list of permissible works that could be taken up by implementing agencies apart from 8 types of works that were initially provided under MGNREGA, 2005. The Committee note that Act also provides for notification of any other works by the Central Government in consultation with State Governments. The Committee find that demand for inclusion of new works under the category of permissible work has been made by many State Governments. The Committee are of the view that States/UTs in the country are at different stages of socio-economic development and at the same time, depending upon various geographical conditions, their functional requirement for development may be different. The Committee, therefore, recommend the Department to provide flexibility to the State Governments/UTs to undertake works under MGNREGA that could fulfil functional requirements in rural areas across the country. This will help in utilization of funds alongwith creation of assets/developmental works.

*Delay in Completion of Works*

2.10 The Committee are unhappy to find that there is delay in completion of works under MGNREGA scheme, and the implementing agencies have not been able to complete works within time limit of six months. The Committee note that implementing agencies were able to complete only 98.36 lakh works out of 296.13 lakh works undertaken during first seven years (as on 30.01.2012) of implementation of MGNREGA. The Committee's examination has revealed that performance of smaller States such as Kerala, Manipur and Mizoram was better than the bigger States like Uttar Pradesh, Bihar, Tamil Nadu, Madhya Pradesh and Maharashtra. The Committee



find it difficult to understand that factors such as time lag between project completion and uploading of information on website, non-feasibility of some projects etc. could be reasons for bad performance of implementing agencies.

In this regard, the Committee find some merit in findings of Working Groups on MGNREGA for 12th Five Year Plan which *inter-alia* has pointed out that reasons such as cost escalation of projects due to revision of wage rate and material rate are affecting timely completion of projects. The Committee are of the view that factors such as design of project, technical expertise of implementing agencies/PRI, lack of proper planning as reflected in various research studies on MGNREGA etc. might be reason for large number of incomplete work. The Committee, therefore, recommend the Department to analyse reasons for increasing number of incomplete works in different States/UTs and take remedial steps to improve capabilities of implementing agencies to complete projects within given time limits.

#### *Supervision and inspection of Works*

2.11 Regular supervision and inspection of works is necessary to ensure quality of work undertaken in MGNREGA. The Committee note that para 14 of Schedule I of the MGNREGA, 2005 provide for regular inspection and supervision of the works. Surprisingly, the Department does not have any information regarding number of works supervised in each States/UTs. The Committee are astonished to find that Department is not serious to implement guidelines issued in this regard. The Committee are of the view that inspection and supervision of works not only pinpoint irregularities in execution of projects, but also bring out difficulties being faced by the implementing agencies. Thus, regular supervision and monitoring will help the Government to take steps to bring improvement in project modules and implementation process of projects. The Committee, therefore, recommend the Department to take up the issue with the State Governments concerned to ensure supervision and inspection of the works as laid out in the Act. At the same time, the Department should make provision for uploading of information of monitoring and supervision on MGNREGA website.

#### *Wage: Material ratio for MGNREGA works*

2.12 The Committee note that water related works constitute majority of works (54.58 percent) undertaken in MGNREGA, while work on private lands of SC/ST/BPL/SML and IAY and Land reform

beneficiaries, Land development, rural connectivity and others (Bharat Nirman Kendra) constitute the 10.38%, 11.38%, 19.47% and 3.7% respectively. The Committee take note of the fact that MGNREGA works are being criticized for poor quality of assets created under it. The Committee's examination has revealed that expenditure limit of 40 percent imposed on material component including skilled and semi-skilled workers is restricting implementing agencies to undertake works requiring material components or skilled workers. The Committee find some merit in argument of the Department that works with higher material component will invariably bring in contractor system. However, the Committee are of the considered view that adopting a uniform yardstick for wage material ratio across the country causes problems in hilly States such as Jammu & Kashmir, Himachal Pradesh etc. and other difficult areas of the country such as Andaman & Nicobar Islands and flood prone areas where cost of raw material and transportation is higher than rest of the country. The Committee, therefore, recommend the Department to allow specific relaxation in wage-material ratio in case of aforementioned hilly and difficult areas/States. Needless to emphasise that there should be in-built flexibility to meet the specific situations.

#### *Wage Rate for MGNREGA*

2.13 The Committee note that a special leave petition challenging the order posted by the Hon'ble High Court of Karnataka on validity of section 6(1) of MGNREGA, 2005 that empower Central Government to fix wage rates for the purpose of the Act, not withstanding anything contained in the Minimum Wages Act, 1948 is pending before the Hon'ble Supreme Court of India. On this issue, the Committee have been informed that the wage rate in respect of all State Governments/UTs has been fixed under a settled wage policy of the Government of India based on indexation to Consumer Price Index for Agriculture Labour. It has led to a situation where MGNREGA wage rate was less than minimum wage rate for agricultural labourers in 6 States. The Committee, therefore, would like the Department to initiate consultation with the Ministry of Labour & Employment and State Governments to solve vexing problem of incongruence of wage rate for MGNREGA and provisions of the Minimum Wages Act, 1948. Needless to point out that it should be revised periodically based on a fixed formula that takes care of increased price/consumer index.

#### *Delay in Payment of Wages*

2.14 The Committee note that section 3(3) of the Act provides for payment of wages to the workers within 15 days of date on which such work was done. However, most of the States have failed

to disburse wages within time limit as laid down in the Act. At the same time, workers are also not being compensated for delay in payment of wages according to provisions of Payment of Wages Act, 1936 as provided in MGNREGA, 2005. The examination of the issue by the Committee has revealed that main reason for delay in payment of wages under MGNREGA is less availability of required administrative and technical staff in different States which leads to administrative delay such as delay in measurement of work, not adhering to strict schedule of closing of muster roll within fortnight etc. Since majority of population in rural areas are dependent on daily wages, failure of the Government to ensure timely payment of wages to workers may force people to distress migration in search of employment in other sectors or areas which could provide them daily payment. The Committee, therefore, recommend the Department to take immediate steps for recruitment of necessary manpower and required infrastructures at every level to ensure adherence to time limit for payment of wages to workers. The Committee also desire, the Department to enforce the provisions of the MGNREGA regarding payment of requisite compensation to the workers who are paid wages beyond the prescribed time frame.

*Banks/Post Office Accounts*

2.15 The Committee note that 8.67 crore Banks/Post Office accounts have been opened in the country to make payment of wages to the MGNREGA workers. However, the Committee note that many problems like delay in fund transfer, insufficient cash limit of Post Offices, distance of Banks/Post Offices, single man working branch etc. have been noticed which causes delays in payment of wages. The Committee also note that initiative such as appointment of banking correspondents is yet to become fully operational in majority of the States. The Committee, therefore, desire the Department to consult States to enhance cash and line limit of Post office, so that they do not face problem of cash while making payment to MGNREGA workers.

*Use of ICT for Timely Payment of Wages*

2.16 On the issue of use of information and Communication Technology for timely payment of wages, the Committee note that Government have proposed many steps such as of Electronic Fund Management System (e-FMS), Electric Muster Roll (e-MR), Electronic Transfer of Data Files, Biometric based authentication for payment to workers etc. to speed up formalities associated with payment of

wages. The Committee appreciate efforts of the Department taken in this regard and recommend fast track implementation of these proposals which are intended to benefit workers across the country.

*Payment of unemployment allowances*

2.17 The Committee note that provisions under MGNREGA for payment of unemployment allowances where demanded work is not given in stipulated time is not being adhered to almost all States/UTs. The Committee are also astonished to note that so far only 4078 workers were paid unemployment allowances in 8 States during 2006-09 and Rs. 1,23,589 has been paid to eligible beneficiaries in 2010-11 in six States. The Committee also note that non-issuance of dated receipt of demanded work as pointed out by audit report of C&AG of India, prevents workers to claim unemployment allowance. The Committee are of considered view that payment of unemployment allowance is the only provision which provides legitimacy to guarantee provided in the MGNREGA and differentiates it from earlier employment schemes. The Committee, therefore, recommend the Department to impress upon the State Governments to take steps for issuance of dated receipt of demanded work so that the workers can claim unemployment allowance. The Committee would like the Government to ensure that State-wise details of payment of unemployment allowance form part of Annual Reports which are laid in Parliament/State Legislatures on the functioning of MGNREGA. The Committee also recommended that since MGNREGA is a Centrally sponsored scheme, funds for unemployment allowance under section 7 of the Act should also be met by the Central Government.

*National Level Monitors (NLMs)*

2.18 The Committee note that National level monitors are deployed by the Ministry of Rural Development to ensure effective implementation of rural development programmes in a transparent manner. The NLMs are deployed for regular and special monitoring of scheme/programme of the Ministry and to enquire into complaints regarding mis-utilization of funds, irregularities etc. The Committee note that 1910 visits have been undertaken by the NLMs and findings of 404 complaints as inquired by NLMs have been shared with States concerned for taking corrective action. The Committee also note that 116 cases of complaints related to MGNREGA have been investigated by the NLMs. The Committee regard NLM as an important mechanism for monitoring of Scheme/programmes of rural

Development including MGNREGA. However, there is need to enhance the frequency of regular and special monitoring as it will help the Ministry to gather information on implementation of programmes at the ground level that may help the Ministry to intervene if any irregularities are detected. At the same time, the Ministry should ensure that corrective action is taken by State concerned on report of the NLMs.

#### *Social Audit*

2.19 The Committee note that social audit are not being held at regular interval of six months in most of the States. The Committee note that 2,91,776 Social audits have been conducted during 2011-12 in 1,72,852 Panchayats out of 2,48,204 Gram Panchayats in the country. Also there is negligible participation of Gram Sabhas during social audits due to lack of awareness and failure of administration to ensure regular meetings of Gram Sabhas. The Committee also observe that performance of MGNREGA is better in those States which have a healthy tradition of social audit. The Committee are of the considered view that apart from ensuring quality of works, regular social audit has the potential to strengthen the spirit of grass root democracy. The Committee, therefore, recommend the Department to take steps for mandatory holding of social audit at a regular interval of six months. The Committee also desire the Department to designate a nodal officer in each District who should be given responsibility to ensure regular social audit in the District. The Committee are happy to note that Department have amended the MGNREGA Audit of Schemes rules to establish Social Audit Units in each State as independent organisation who would be responsible for facilitating social audit by Gram Sabhas. In Committee's view establishment of such independent organisation in the States would go a long way to strengthen the spirit of participative democracy through social audit.

#### *Grievance Redressal Mechanism*

2.20 On the issue of formulation of Grievance Redressal Rules, the Committee note that only 8 States/UTs namely, Andaman & Nicobar islands, Haryana, Kerala, Meghalaya, Mizoram, Rajasthan, Sikkim and Uttar Pradesh have framed grievance redressal rules. The Committee desire the Department to take the matter for framing of Grievance Redressal Rules by rest of the States also. The Committee also note that Department do not have any provision for compilation of data related to complaints received by the Grievance

Redressal Authorities. The Committee, therefore, recommend the Government to initiate measures for compilation and uploading of information related to number of cases received and resolved by the Grievance Redressal Authorities in each State on MGNREGA MIS.

#### *Ombudsman*

2.21 The Committee note that the Ministry have proposed for appointment of ombudsman in each District for grievance redressal for the issues related to MGNREGA. The Committee also note that so far 263 Ombudsman have been appointed in 22 States. The Committee while appreciating efforts of the Government for appointment of ombudsman would like the Department to take steps for early appointment of ombudsman in remaining Districts. The Committee also desire the Department to take steps for generating awareness about the institution of ombudsman, so that, more people could be encouraged to lodge their complaints/grievances.

#### *District Perspective Planning*

2.22 The Committee are astonished to note that despite constitution of District Planning Committees (DPCs) in most of the States, PRIs have not been able to formulate District Perspective Plan, a necessary condition of effective utilization of funds available under MGNREGA. The Committee note that most of the States are still following top down approach of planning for MGNREGA based upon labour budget. The Committee are of the considered view that formulation of District Perspective Planning (DPP) based upon active participation of Gram Sabhas is essential for effective utilization of resources. Aim of holistic development of rural India is not possible in the absence of well laid out plan. The Committee recommend that preparation of DPP should be starting point for MGNREGA so that there could be better utilization of huge funds available under MGNREGA. The Committee, therefore, recommend the Department to initiate consultation with States and Union Territories and chalk out strategy for preparation of DPP through active participation of Gram Sabhas within a specific time frame so that there could be better utilization of resources for all-round development of rural areas.

#### *MGNREGA works during Agriculture Season*

2.23 The Committee note that one of persistent complaints against MGNREGA scheme relates to less availability of labour during agriculture season. The Committee have been informed that only



47 days of employment were provided in the period for the year 2010-11 of which 12 days of employment were provided from July to November, 2010 which corresponds to the peak agriculture season. The remaining 35 days of employment were provided mostly in the lean agriculture season as supplementary employment. The Committee have also been informed that since MGNREGA Act provided for 100 days of guaranteed wage employment in a financial year, so, the guaranteed employment may be availed of by the registered households any time during the year. Hence, restricting it to any particular season would be against the spirit of the Act. The Committee are of the view that agriculture is the backbone of our rural economy and labour availability in our agricultural sector cannot be ignored as it may lead to shortfall in food production in the country. Further, aim of MGNREGA is not to substitute agriculture labour but to provide additional income support to people/household in rural areas. The Committee, therefore, are of considered view that lack of proper planning of works under MGNREGA without keeping in view of local agriculture practice is causing the problem of labour availability in agriculture sector. The problem could only be solved if there is follow up of guidelines about preparation of District Perspective Planning by District Planning Committees and annual planning by Gram Sabha clearly indicating works availability in a year while taking care of local agricultural practices. It would enable workers in rural areas to avail employment opportunity under MGNREGA in non-agricultural season while simultaneously ensuring labour availability for agriculture. The Committee also note that similar kind of initiatives have been taken by Gram Sabha and Gram Panchayat in Bikaner, Idukki, Trivandrum, West Sikkim District and Chittoor Districts in the Country. The Committee, therefore, recommend the Department to take efforts for planning of MGNREGA works for each financial year as attempted in the aforesaid Districts.

#### *Convergence under MGNREGA*

2.24 The Committee note that in order to optimize the desired outcome in an accelerated manner, the Department has taken steps for convergence of various schemes implemented by different Ministries and Departments as well as the programmes operated by the Department of Rural Development. The Committee also note that most of the State Governments have started convergence at planning, management and work level. However, the Committee are dismayed to note that no information is maintained by the Department on number of projects taken up in each State/UTs under

MGNREGA convergence guidelines. Similarly, the Department does not maintain information on constitution of District/Block resource Groups in State/UTs which are responsible for facilitating convergence at the ground level. The Committee are of the considered view that convergence between different schemes of Central and State Government is prerequisite for optimum utilization of resources and to avoid wasteful expenditure. Therefore, it becomes imperative to give more attention towards convergence of schemes. The Committee, therefore, recommend the Department to initiate measures for bringing more programmes such as literacy mission, mid-day meal scheme, National Rural Health Mission etc. under the ambit of convergence under MGNREGA. At the same time, the Department should also explore ways for convergence of National Rural Livelihood Mission with MGNREGA. It will help to promote spirit of entrepreneurship in rural India. The Committee also desire the Department to maintain upto date information on number of convergence projects implemented in the country along with details of resource saved on these projects. The Committee also desire the Department to initiate consultation with State Governments for early constitution of District/Block resources group as it will help to enhance coordination among different Government agencies and other stake holders which are necessary for promoting convergence at the ground level.

#### *Capacity building of Panchayats*

2.25 The Committee observe that PRIs have been given a lot of responsibilities for implementation of MGNREGA including formulation of District Perspective Plan. The Committee also note that majority of Schemes of the Ministry of Rural Development are being carried out through PRIs. However, The Committee observe that no separate funds have been earmarked by the Ministry for capacity building of PRIs. The Committee feel that in order to achieve the objective of democratic decentralization, it is necessary to provide adequate funds for arranging manpower and other necessary infrastructure. At the same time, there must be provision for regular training of elected representatives of panchayats and personnel rather than one time training for single day so that, they can successfully carry out responsibilities entrusted to them. The Committee, therefore, recommend the Ministry to carve out a reasonable fund out of funds earmarked for rural development programmes for capacity building of Panchayati Raj Institutions.

#### *Personnel recruited under MGNREGA*

2.26 The Committee find that most of the States have failed to meet the target set for recruitment of dedicated staff for implementation of MGNREGA. So far, the States have been able to



recruit only 2,12,586 dedicated personnel as against the target of 2,64,085 for implementation of MGNREGA upto the year 2010-11. The Committee find that absence of required administrative and technical staff results in delay of preparation of muster roll, estimation and evaluation of works etc. which ultimately affects generation of employment and delay in payment of wages to workers. The Committee, therefore, recommend the Department to pursue with the all States/UTs to ensure recruitment of qualified manpower for implementation of the MGNREGA. The Committee also desire the Department to allow recruitment of one technical assistant for each Panchayat so that PRIs do not face any problem in planning of schemes under MGNREGA and the Department should also ensure availability of adequate funds in this regard.

*Training of EPRs and MGNREGA personnel*

2.27 The Committee are concerned to note that targets for training programme for Elected Panchayat Representatives (EPRs) in many States are not being met. The Committee note that, only 4,67,222 EPRs have been trained against the target for training of 6,37,484 during the year 2011-12. Similarly, targets for training for dedicated personnel under MGNREGA schemes have not been achieved. The Committee also find that present system of one day or one week training programme for PRIs functionaries do not serve the purpose to acquaint EPRs about administrative machinery and process related to work assigned to them. The Committee feel that unless PRIs representatives and staff are adequately trained it would not be possible to achieve the targets of MGNREGA. The Committee, therefore, recommend the Department to chalk out a detailed programme in consultation with National Institute of Rural Development and State institutes of Rural Development for providing comprehensive training programmes for EPRs and other dedicated personnel under MGNREGA. The Committee also desire that the Department should coordinate training programmes in consultation with the Ministry of Panchayati Raj.

*Revamping of MGNREGA*

2.28 The Committee note that many positive as well as negative trends have been observed in the implementation of MGNREGA Scheme since 2006. Keeping in view of these trends, it becomes imperative to take steps for revamping of MGNREGA in order to realize the objectives of world's largest employment guarantee programme. The Committee are of the view that capacity building

of PRIs for proper planning should be the priority area towards efforts for revamping of MGNREGA. Further, success in engaging PRIs and Gram Sabha for formulation of District Perspective Plan (PPP) will lead to effective utilization of resources allocated for implementation of MGNREGA. Secondly, there is need for giving more emphasis on semi-skilled and skilled works as it will help rural population to acquire skill. The Committee, therefore, recommend the Department to devise ways to bring more synergy with MGNREGA and National Rural Livelihood Mission (NRLM)-Ajeevika. Monitoring and Vigilance of MGNREGA works is another area which require attention. The Committee observe that present system of vigilance & Monitoring *viz.* Social audit, National level monitor, supervision & inspection of works etc. has not been able to prevent misappropriate of funds, violation of guidelines etc.. The Committee, therefore, desire the Department to take steps to strengthen mechanism for monitoring & vigilance. The Committee also recommend the Department to establish vigilance cell at State and District level and Vigilance and Monitoring Committee at the local level as proposed by Mihir Shah Committee on revision of guidelines of MGNREGA.

NEW DELHI;  
01 July, 2013  

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10 Ashadha, 1935 (Saka)

SUMITRA MAHAJAN,  
*Chairperson,*  
*Standing Committee on*  
*Rural Development.*

## APPENDIX I

### STANDING COMMITTEE ON RURAL DEVELOPMENT (2009-2010)

#### MINUTES OF THE TWENTY-SECOND SITTING OF THE COMMITTEE HELD ON WEDNESDAY, THE 21 JULY, 2010

The Committee sat from 1100 hrs. to 1300 hrs. in Committee Room No. 'C', Parliament House Annexe, New Delhi.

#### PRESENT

Shrimati Sumitra Mahajan — *Chairperson*

#### MEMBERS

#### *Lok Sabha*

2. Shri Kunvarjibhai Mohanbhai Bavalia
3. Shri Sanjay Dhotre
4. Shri H.D. Kumaraswamy
5. Shri Sidhant Mohapatra
6. Shri Rakesh Pandey
7. Shri A. Venkatarami Reddy
8. Shri Jagdish Sharma
9. Shri Jagdanand Singh
10. Dr. Sanjay Singh
11. Shri Makansingh Solanki
12. Shri Ramesh Vishwanath Katti

#### *Rajya Sabha*

13. Shri Mani Shankar Aiyar
14. Shri Ganga Charan
15. Shri Silivus Condpan
16. Dr. Ram Prakash
17. Shrimati Maya Singh
18. Miss Anusuiya Uikey

#### SECRETARIAT

1. Shri A. Louis Martin — *Joint Secretary*
2. Shri A.K. Shah — *Additional Director*

2. At the outset the Chairperson welcomed the members to the sitting of the Committee convened for taking oral evidence of the representatives of Department of Rural Development (Ministry of Rural Development) on the subject 'Implementation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005'. The Chairperson informed the members that this subject was selected for examination by previous Committees and had taken the briefing of Department of Rural Development, evidence of experts and representative of Ministry of Panchayati Raj. The Chairperson also informed Members that in order to complete the examination of the subject, the evidence of the representatives of Department of Rural Development is being held.

*[The representatives of the Department of Rural Development (Ministry of Rural Development) were then called in]*

WITNESSES

**Representatives of the Department of Rural Development  
(Ministry of Rural Development)**

1. Shri B.K. Sinha — Secretary
2. Shrimati Amita Sharma — Joint Secretary
3. Dr. N.K. Sinha — Joint Director
4. Shrimati Manjula Krishnan — Chief Economic Advisor

3. The Chairperson welcomed the witnesses to the Sitting of the Committee and direction 55(1) of the 'Directions by the Speaker' was read out. Thereafter, the Secretary, Department of Rural Development with the prior permission of Chairperson presented a power point presentation. The Committee, thereafter, took oral evidence of the representatives of the Department of Rural Development. The main issues that came up for discussion include differential reimbursement of wage rate to States under MGNREGA, need for undertaking a study regarding low participation of women in MGNREGA in States like UP, Bihar, etc., curtailment of labour estimate of States under MGNREGA, unspent balances, need of devising ways for expeditious payment of wages to labourers, need of report on implementation of Section 7 of MGNREGA relating to unemployment allowances, need of making District Perspective plan to integrate all schemes of rural development, problems in conducting meetings of V&MCs, etc. The Secretary, Department of Rural Development replied to various queries of members. The Chairperson, thanked the representatives of Department of Rural Development (Ministry of Rural Development).

*[Witnesses then withdrew].*

4. A verbatim record of the proceedings has been kept.

*The Committee then adjourned.*

## APPENDIX II

### COMMITTEE ON RURAL DEVELOPMENT (2010-2011)

#### MINUTES OF THE SECOND SITTING OF THE COMMITTEE HELD ON WEDNESDAY, THE 27 OCTOBER, 2010

The Committee sat from 1500 hrs. to 1745 hrs. in Committee Room No. 'D', Parliament House Annexe, New Delhi.

#### PRESENT

Shrimati Sumitra Mahajan — *Chairperson*

#### MEMBERS

#### *Lok Sabha*

2. Shri Pulin Bihari Baske
3. Shri Kunvarjibhai Mohanbhai Bavalia
4. Shri Sanjay Dhotre
5. Shri Raghuvir Singh Meena
6. Shri P.L. Punia
7. Shri Navjot Singh Sidhu
8. Shri Jagdanand Singh
9. Shrimati Usha Verma
10. Shri Ramesh Vishwanath Katti

#### *Rajya Sabha*

11. Shri Ganga Charan
12. Sardar Sukhdev Singh Dhindsa
13. Shrimati Maya Singh
14. Shri Mohan Singh
15. Dr. (Smt.) Kapila Vatsyayan

#### SECRETARIAT

1. Shri A. Louis Martin — *Joint Secretary*
2. Shri Shiv Singh — *Director*
3. Shri A.K. Shah — *Additional Director*

At the outset, the Chairperson welcomed the Members to the sitting of the Committee. The Chairperson apprised members about the issue of furnishing apparent misleading information before the Committee by the Deputy Commissioner, Amritsar about the quality of drinking water in and around Ballarwal Gram Panchayat in Ajnala Tehsil of District Amritsar visited by the previous Committee in June, 2010. Subsequent information received from the Department of Drinking Water and Sanitation (Ministry of Rural Development) established that the ground water drawn through hand pumps in the villages was contaminated. The Committee desired that a detailed note in this regard be placed before them for their consideration.

2. Thereafter, the Committee held internal discussion on the points to be taken up with the Ministry of Rural Development in connection with the examination of the subject 'Implementation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005'. The main points raised by members *inter-alia* included: need for inclusion of semi-skilled workers in 40 per cent wage component in a sufficient way under the scheme, harnessing traditional skills through MGNREGA, misuse of increased administrative expenses granted under MGNREGA, need for transparency in issue of job cards, conducting BPL survey, need for publishing list of BPL card holders, need for launching awareness programmes about MGNREGA, need for payment of minimum wages, inclusion of drainage and sanitation works under MGNREGA, etc.

3. \*\*\*

4. \*\*\*

5. A verbatim record of the proceedings has been kept.

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*The Committee then adjourned.*

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\*\*\*Relevant portions of the Minutes not related to the subject have been kept separately.

### APPENDIX III

#### COMMITTEE ON RURAL DEVELOPMENT (2012-2013)

#### MINUTES OF THE THIRD SITTING OF THE COMMITTEE HELD ON WEDNESDAY, THE 12 DECEMBER, 2012

The Committee sat from 1500 hrs. to 1720 hrs. in Committee Room No. 'D', Ground Floor, Parliament House Annexe, New Delhi.

#### PRESENT

Shrimati Sumitra Mahajan — *Chairperson*

#### MEMBERS

#### *Lok Sabha*

2. Shri Thangso Baite
3. Shri Pulin Bihari Baske
4. Dr. Ratna De (Nag)
5. Shri Nimmala Kristappa
6. Shri Anantha Venkatarami Reddy
7. Shri Arjun Charan Sethi
8. Dr. Sanjay Singh
9. Smt. Annu Tandon
10. Shri Madhu Goud Yaskhi

#### *Rajya Sabha*

11. Shri Mani Shankar Aiyar
12. Shri Mahendra Singh Mahra
13. Dr. Chandan Mitra
14. Shri C.P. Narayanan

#### SECRETARIAT

1. Shri Brahm Dutt — *Joint Secretary*
2. Smt. Veena Sharma — *Director*
3. Shri A.K. Shah — *Additional Director*
4. Smt. Meenakshi Sharma — *Deputy Secretary*

**Representatives of Department of Rural Development  
(Ministry of Rural Development)**

1. Shri S. Vijay Kumar — Secretary
2. Smt. B. Bhamathi — Additional Secretary & FA
3. Shri Vijayanand — Additional Secretary
4. Shri Partha Prathim Mitra — Chief Economic Advisor
5. Shri D.K. Jain — Joint Secretary, MGNREGA
6. Shri Rajesh Bhushan — Joint Secretary, MGNREGA
7. Shri C.R.K. Nair — Advisor, Statistics
8. Shri G.P. Gupta — Chief Controller of Accounts
9. Smt. Indu Sharma — Director
10. Shri S.P. Vashisht — Director
11. Shri K.K. Tripathy — Director

2. At the outset, the Chairperson welcomed the members of the Committee to the sitting convened to take evidence of the representatives of the Department of Rural Development (Ministry of Rural Development) in connection with examination of 'Implementation of MGNREGA, 2005' and consideration and adoption of four draft Action Taken Reports.

*[Witnesses were then called in]*

3. After welcoming the witnesses, the Chairperson read out Direction 55 (1) regarding confidentiality of the proceedings. The Chairperson then highlighted the various issues pertaining to the subject such as drop in employment generation under the scheme, delay in payment of wages, payment of unemployment allowances, action taken by the Department to stop pilferage of funds, recruitment of necessary manpower at Gram Panchayat level, convergence of other scheme with MGNREGA etc. Thereafter, the representative of the Department of Rural Development made a power point presentation on issues related to the implementation MGNREGA. They also informed the Committee about the various difficulties being faced in the implementation of the MGNREGA as well as measures taken by the Government for its effective implementation. The witnesses then responded to the clarifications sought by the Committee.

4. On some of the queries raised by Members, on which the information was not readily available, the Ministry was directed to send the written replies to the Secretariat at the earliest.

*[The representatives of Department of Rural Development withdrew]*



5. \*\*\*

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6. A verbatim record of the proceedings has been kept.

*The Committee then adjourned.*

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\*\*\*Relevant portions of the Minutes not related to the subject have been kept separately.

## APPENDIX IV

### COMMITTEE ON RURAL DEVELOPMENT (2012-2013)

#### MINUTES OF THE FOURTEENTH SITTING OF THE COMMITTEE HELD ON MONDAY, THE 20 MAY, 2013

The Committee sat from 1100 hrs. to 1215 hrs. in Committee Room No. '074', Ground Floor, Parliament Library Building, New Delhi.

#### PRESENT

Shrimati Sumitra Mahajan — *Chairperson*

#### MEMBERS

#### *Lok Sabha*

2. Dr. Ratna De (Nag)
3. Shri Premchand Guddu
4. Shri Bijoy Krishna Handique
5. Shri Maheshwar Hazari
6. Shri Nimmala Kristappa
7. Shri Bishnu Pada Ray
8. Dr. Sanjay Singh
9. Smt. Usha Verma
10. Shri P. Viswanathan

#### *Rajya Sabha*

11. Sardar Sukhdev Singh Dhindsa
12. Shri Mahendra Singh Mahra
13. Dr. Chandan Mitra
14. Shri C.P. Narayanan
15. Shri Mohan Singh
16. Prof. Saif-ud-Din Soz

#### SECRETARIAT

1. Shri Brahm Dutt — *Joint Secretary*
2. Smt. Veena Sharma — *Director*
3. Smt. Meenakshi Sharma — *Deputy Secretary*

2. At the outset, the Chairperson welcomed the members to the sitting of the Committee and apprised them about the agenda of the sitting. Thereafter, The Committee took up for consideration the Draft Reports on 'Implementation of Mahatma Gandhi National Rural Employment Gurantee Act, 2005' and \*\*\* \*\*\* \*\*\* . After discussing the Draft Reports in detail, the Committee adopted the same with minor modifications. The Committee also authorized the Chairperson to finalize these Draft Reports taking into consideration consequential changes arising out of factual verifications, if any, by the concerned Ministry/Department and to present the same to Hon'ble Speaker/ both the Houses of Parliament.

3. \*\*\* \*\*\* \*\*\*

*The Committee then adjourned.*

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\*\*\*Relevant portions of the Minutes not related to the subject have been kept separately.