

**GOVERNMENT OF INDIA  
RURAL DEVELOPMENT  
LOK SABHA**

UNSTARRED QUESTION NO:1726

ANSWERED ON:01.12.2011

CAG'S OBSERVATION UNDER MGNREGS

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**Will the Minister of RURAL DEVELOPMENT be pleased to state:**

- (a) whether the Comptroller and Auditor General (CAG) has raised objection over methodology adopted by various States including Orissa and Uttar Pradesh in implementing Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS);
- (b) if so, the details thereof, State-wise;
- (c) the reaction of the Government thereto;
- (d) whether many items were purchased by these States from the money allocated under MGNREGS which are not covered under the scheme;
- (e) if so, the details of the complaints regarding irregularities committed in funds disbursed and spent under MGNREGS in these States, State-wise; and
- (f) the steps taken/proposed to be taken by the Government to check the recurrence of such irregularities?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF RURAL DEVELOPMENT (SHRI PRADEEP JAIN 'ADITYA')

(a) to (c): On request of Ministry of Rural Development, Comptroller and Auditor General (C&AG) conducted a performance audit of implementation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in initially notified 200 Districts. Audit findings, inter-alia consisted of instances of irregularities/ deviations committed in all States including Odisha and Uttar Pradesh. Irregularities/deviations mainly related to non formulation of Rules, Annual Reports, lack of resource support, district Perspective Plan, Annual Plan, registration and issue of job cards, works, payment of wages and unemployment allowance, maintenance of muster rolls, records and reports, fund management, social audit and monitoring etc. The report of C&AG was examined in the Ministry and was shared with all concerned State Governments. Ministry had also instructed States to take remedial measures.

(d) to (f): A total of 2574 complaints regarding irregularities in all types in implementation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in the country have been received in the Ministry as on 10.11.2011. The State -wise details of complaints are given in Annexure. The complaints mainly relate to cases of 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. Out of these, 1049 cases have been disposed off. 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, including investigation, as per law.

The steps taken by the Government to check recurrence of such irregularities include the following:

- (i) In consultation with the Comptroller & 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 out lined in these Rules.
- (ii) 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.
- (iii) 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 Bio- metric authentication at village level on competitive bid basis from Banks by inviting Expression of Interest (EOI)/ Request for Qualification (RFQ).
- (iv) 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.
- (v) States have been instructed to establish State Employment Guarantee Funds for greater flexibility in management of funds for

MGNREGA.

(vi) 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.

(vii) Instructions have been issued directing all States to appoint Ombudsman at district level for grievance redressal.

(viii) The mechanism of State and district level Vigilance and Monitoring Committees is available for monitoring of the scheme.