

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

[Action Taken by the Government on the Observations/
Recommendations of the Committee contained in their
Eighth Report (15th Lok Sabha)]

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

**PUBLIC ACCOUNTS COMMITTEE
(2010-11)**

TWENTY SEVENTH REPORT

FIFTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

TWENTY SEVENTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(2010-11)

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(DEPARTMENT OF RURAL DEVELOPMENT)



Presented to Lok Sabha on 24 Feb., 2011

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LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2010-2011)

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Dr. Baliram
4. Shri Ramen Deka
5. Shri Naveen Jindal
6. Shri Satpal Maharaj
7. Shri Bhartruhari Mahtab
8. Dr. K. Sambasiva Rao
9. Shri Yashwant Sinha
10. Shri Jitendra Singh (Alwar)
11. Kunwar Rewati Raman Singh
12. Shri K. Sudhakaran
13. Dr. M. Thambidurai
14. Shri D. Venugopal
15. Shri Aruna Kumar Vundavalli

Rajya Sabha

- *16. Vacant
17. Shri N. Balaganga
18. Shri Prasanta Chatterjee
19. Shri Kalraj Mishra
20. Shri N.K. Singh
21. Shri Tiruchi Siva
22. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri M.K. Madhusudhan — *Additional Director*

*Vacancy occurred vice Shri Ashwani Kumar has been appointed as Minister of State *w.e.f.* 19th January, 2011.

INTRODUCTION

I, the Chairman, Public Accounts Committee (2010-11), having been authorised by the Committee, do present this Twenty-seventh Report (Fifteenth Lok Sabha) on action taken by the Government on the Observations/Recommendations of the Committee contained in their Eighth Report (Fifteenth Lok Sabha) on '**Implementation of National Rural Development Guarantee Act**' based on C&AG Report No. PA 11 of 2008 (Civil—Performance Audit).

2. The Eighth Report was presented to Lok Sabha on 11th March, 2010. The Eighth Report was laid in Rajya Sabha a day earlier *i.e.* on 10th March, 2010. Replies of the Government to the Observations/Recommendations contained in the Report were received on 2nd August, 2010. The Public Accounts Committee considered and adopted the Twenty-seventh Report at their sitting held on 3rd February, 2011. Minutes of the sitting are given at *Appendix-I*.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Eighth Report (Fifteenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;
21 February, 2011

2 Phalgun, 1932 (Saka)

DR. MURLIMANO HAR JOSHI
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Eighth Report (Fifteenth Lok Sabha) on "**Implementation of Mahatma Gandhi National Rural Employment Guarantee Act**" based on the Report of the Comptroller and Auditor General of India for the year ended March, 2007 Union Government, No. PA 11 of 2008 (Civil—Performance Audit).

2. The Eighth Report (Lok Sabha) was presented to Lok Sabha/laid in Rajya Sabha on 11th March, 2010 and 10th March 2010 respectively. It contained 14 Observations/Recommendations. Action Taken Notes have been received from the Ministry of Rural Development in respect of all the Observations/Recommendations and these have been broadly categorized as under:

- (i) Observations/Recommendations which have been accepted by the Government:

Sl. Nos. 1, 2, 3, 4, 6, 8, 9, 10, 11, 13 & 14

Total : 11
Chapter-II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

Sl. Nos. 7 & 12

Total : 2
Chapter-III

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Sl. No. 5

Total : 1
Chapter-IV

- (iv) Observations/Recommendations in respect of which the Government have furnished interim replies:

Nil

Total : Nil
Chapter-V

3. The Eighth Report of the Committee was based on Performance Audit review of the implementation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in the initially notified 200 districts was taken up by the Audit

during May-September 2007, in response to a request from the Ministry of Rural Development, so as to provide assurance that the processes under the Act were put in place and were being adopted effectively by the State Governments. The Audit review was conducted to assess whether the implementation of MGNREGA have been executed with a view to achieving the objectives in the most efficient and effective manner. The detailed examination of the subject by the Committee had revealed various shortcoming/lapses in the implementation of MGNREGA by the Ministry of Rural Development and the Committee had accordingly given their Observations/Recommendations in their Eighth Report.

Gist of Committee's Observations/Recommendations

4. Some of the important Observations/Recommendations made by the Committee in their Eighth Report are as under:—

- Proper assessment of staff requirement at various levels and appointment of a full time Programme Officer at each Block, Employment Guarantee Assistant for each Gram Panchayat, technical assistant for every 10 Gram Panchayats and a panel of accredited engineers at the District and Block level by all the State Governments stressed upon.
- Need for inclusion of additional/new categories of works and other region specific works and creation of durable, qualitative, productive and tangible assets under the MGNREGA scheme emphasized.
- For ensuring transparency and accountability at the Gram Panchayat level regular conducting of Social Audit Forum mandatorily in all Gram Sabha twice a year urged upon.
- Need to examine the feasibility of amending operational guidelines with a view to engage labourers in MGNREGA works, only during non-Agricultural season recommended.
- Corrective measures for implementing the programme uniformly across the States desired.
- Enhancement of *ex gratia* payment to persons employed under MGNREGA scheme recommended.

5. The Action Taken Notes furnished by the Ministry of Rural Development have been reproduced in the relevant Chapters of this Report. In the succeeding paragraphs, the Committee have dealt with the action take by the Government on some of their Observations/Recommendations which need reiteration or merit comments.

A. Deficiencies in the works undertaken under MGNREGA including the assets created

Recommendation (Sl. No. 5, Para 79)

6. The Committee in their Eighth Report had found that in respect of 558 Gram Panchayats (GPs) test-checked by the Audit, unique identity numbers were not allotted to works in 331 GPs in 19 States and the wages-material ratio of 60:40 was

not maintained at the district level in 7 States. Further, 39 test-checked blocks in 11 States did not maintain a wage-material ratio of 60:40 at the block level and out of 558 GPs test checked, administrative approval and technical sanction of works was not obtained in advance in 95 GPs in 12 States. The Committee had also found that in respect of 558 GPs worksite facilities *viz.*, medical aid, drinking water etc. were either not provided or partly provided in 227GPs in 14 States. Having informed by the Ministry that they have effected amendments to MGNREG Act and Rules framed thereunder, with a view to rectify/remedify the various deficiencies pointed out by the Audit, the Committee had reposed the trust that these amendments would held plug the loopholes in the execution of work under the scheme. The Committee had recommended that Government may consider adding additional/new categories of works under the NREG Scheme and also permit State Government/State Employment Guarantee Councils to add other region specific works. The Committee had also expressed concern over the quality of assets created under MGNREGA which were by and large sub-standard, non-durable and non-productive. In this regard the Committee have been informed by the Ministry that guidelines have been formulated and disseminated for convergence of MGNREGA scheme with different schemes/programmes of various Ministry/Departments so as to create durable and productive assets. For this 115 pilot districts in 23 States have been identified by the concerned Ministries/Departments. The Committee directed the Ministry to apprise them of the outcome of these initiatives and their impact in creating durable and tangible assets.

7. The Ministry of Rural Development in their Action Taken Notes have *inter-alia* stated as under:—

"Ministry of Rural Development is already considering widening the scope of permissible works. The presently permissible works represents the initial thrust areas. In some circumstances, locations or seasons, it may be difficult to guarantee employment within this initial list of permissible works. To take care of this, the Operational Guidelines provide that the State Government may make use of Section 1 (ix) of Schedule I of the Mahatma Gandhi NREG Act whereby the new categories of work may be added to the list on the basis of consultations with the State Governments and Central Government. Proposal for new categories of work should be discussed and approved in the State Employment Guarantee Council before reference to the Ministry of Rural Development. Justification for recommending new category of works should clearly be stated. District Perspective Plan must have been made that reflect an exhaustive exercise in exploring all possibilities of feasible permissible works as the basis for recommending new category of work to meet the labour demand. Ministry of Rural Development has constituted Working Groups to recommend measures to strengthen the implementation of the Mahatma Gandhi NREGA. Working Group on Planning and Executive will also take care of suggesting new works which may be considered under Mahatma Gandhi NREGA.

To avoid duplication of NREGS works with other schemes, State Governments have been directed to erect Citizens Information Boards (metallic or cemented) at work-sites detailing all relevant information.

To monitor the progress and quality of works while it is in progress, Vigilance and Monitoring Committees are set up for each sanctioned work. In addition, targets (State level 2%, District level 10% and Block level 100%) have also been fixed for internal verification of works at the field level by the official functionaries to be achieved within a quarter.

To give effect to the Convergence Guidelines, Ministry of Rural Development has organized inter-sectoral workshops with implementing partners and agencies. So far, 4 inter-regional workshops have been organized at Orchha (Madhya Pradesh), Jhansi (Uttar Pradesh), Guwahati and Gujarat. To monitor the progress in the pilot districts, monitoring formats have been devised. The convergence initiatives have recently been taken up and would take some time to fructify. Accordingly, it would be premature to assess the impact of these initiatives in creating durable and tangible assets. In due course, Ministry would commission study to assess the impact of convergence initiatives."

8. The Committee are utterly dissatisfied to note that the Action Taken Reply of the Ministry of Rural Development is conspicuously silent with regard to the steps taken for provision of the facilities such as drinking water, medical aid etc. at the worksites in 14 States as was pointed out by them in the Original Report. The Committee urge upon the Ministry to take remedial/corrective measures in consultation with concerned States so as to ensure creation of proper amenities for the MNREG workers at the work sites. While welcoming the initiative taken by the Ministry to set up Village and Monitoring Committees to monitor the progress and quality of works, the Committee desire that they may be apprised of the functioning of these Committees alongwith their impact in creating durable assets. They would also like to be apprised of the achievement made vis-a-vis targets set in respect of internal verification of works at the field level by the official functionaries. As regards convergence initiatives for creating durable and productive assets, the Committee regret to note that despite a lapse of more than 7 months since the presentation of their Original Report (8th Report) no tangible progress has been made in the 115 Pilot Projects in 23 States that were identified by the Ministry for this purpose. The Committee desire that the Ministry should take all possible steps to expedite convergence activities being undertaken by them which would bear fruit and lead to creation of durable and tangible assets. The Committee would also like the Ministry to expedite the commissioning of the study proposed to be undertaken by them to assess the impact of convergence initiatives and apprise the Committee as well about findings of the study.

B. Payment of minimum wages

Recommendation (Sl. No. 6, Para 80)

9. Observing several discrepancies in the payment of wages to the labourers under the MGNREG scheme in various States, the Committee in their Eighth Report had deplored that despite the MGNREG Act and its Operational Guidelines, minimum wages were not paid to the labourers in a large number of cases. Since non-payment of minimum wages or delayed payment of wages is a clear violation of the NREG Act, the Committee had recommended that the offenders need to be identified and

punished in terms of provisions of the Act. The Committee had desired that Government should consider pre-account payment to the Department of Posts as handling charges, to ensure that no minimum account balances are stipulated for REGS postal account holders, keeping in view the poor financial condition of the rural households.

10. The Ministry in their Action Taken Notes have *inter-alia* stated as under:—

“Working Group on Wages would look into the issues raised. Appropriate steps would be taken by Ministry of Rural Development on receipt of recommendations of the Group.

Ministry of Rural Development has taken up the issue of inadequate staff with both Department of Posts and Department of Financial Services. In fact Planning Commission has sanctioned Rs. 80 crores during 2008-09 to Department of Posts to strength its infrastructure including engaging staff in rural post offices to cope with the increased quantum of work regarding disbursement of wages to the workers under the Mahatma Gandhi National Rural Employment Guarantee Act. For the Annual Plan 2009-10, Planning Commission allocated Rs. 100 crores to the Department of Posts to strengthen its infrastructure base including engaging staff for the efficient disbursement of wages. However, Ministry of Rural Development would once again take up the matter with both Departments.

In order to ensure compliance with the statutory requirement of disbursement of wages through post offices and banks, Ministry has permitted State Governments to explore the possibility of engaging business correspondents in inaccessible areas where the outreach of post offices and banks is not available.

Regarding per account payment to Department of Posts, it is informed that pursuant to Ministry of Rural Development initiative Ministry of Finance has effected changes in the Post Office Saving Accounts (Second Amendment) Rules, 2008 and accordingly no deposit is required for opening of single/joint account of the workers of the Mahatma Gandhi NREGA.

Measurement of work and deployment of technical staff at different levels would also be considered by Working Groups on Planning and Execution and Capacity Building respectively. Appropriate measures would be taken to amend the operational guidelines on receipt of recommendations of the Working Groups.”

11. The Committee take note of the various initiatives taken by the Ministry of Rural Development for disbursement of wages to MGNREG workers through banks and post offices. They welcome the step taken by the Ministry in permitting State Governments to explore the possibility of engaging business correspondents in inaccessible areas where there is no outreach of post offices and banks. The Committee would like the Ministry to pursue this matter with the States so that this scheme is operationalised at the earliest. They would like to be apprised of the progress made by the States in this regard as also the efficacy of the scheme in

extending the outreach of institutional disbursement of wages to MGNREG workers. The Committee are satisfied to note that pursuant to the changes effected in Post Office Saving Account Rules, no deposit is required for opening of Single/Joint Account by the workers of MGNREG Scheme. However, the Ministry's reply is silent with regard to action taken on their recommendation that no minimum account balances are stipulated by Banks and Post Offices in respect of MGNREGA workers accounts, given their poor economic status. The Committee, therefore, recommend that Ministry should take up this matter with the concerned Ministries/Departments so as to ensure that no minimum account balance is maintained by the MGNREG account holders.

C. Social Audit

Recommendation (Sl. No. 9, Para No. 83)

12. In their Eighth Report the Committee had noted that in 354 GPs in 20 States a Gram Sabha which was to be held once in every six months to conduct a Social Audit Forum was not convened. Further the updated data on demand received, registration, number of job cards issued, list of people who demanded and been given/not given employment funds received and spent etc. were not made public in 376 GPs in 21 States. The Committee had also noted that no grievance redressal forum/mechanism has been put in place or devised in respect of 4 States *viz.*, Arunachal Pradesh, Jammu and Kashmir, Jharkhand and Rajasthan. Considering the fact that the Social Audit and Social Audit Forum in Gram Sabha are important means of ensuring transparency and accountability at the GP level, the Committee had recommended that the State/Governments should ensure conduct of Social Audit Forum mandatorily in all Gram Sabhas, twice a year. They have also recommended that the Ministry should release funds to the State Governments and implementing agencies on the pre-condition of holding regular social audits by them.

13. The Ministry in their Action Taken Note on the aforementioned recommendation have stated as under:—

“Conducting of social audit as per the statutory provisions is prescribed one of the conditions before the release of funds to the State Governments on the basis of projects obtained in the Labour Budget. Draft National Rural Employment Guarantee Financial Rules, 2009 are under formulation and would also include conducting of social audit as per the statutory provisions as one of the conditions for release of Central funds to the State Governments/Union Territories. As per Section 19 of the Mahatma Gandhi NREGA the State Government shall by rules determines appropriate grievance redressal mechanisms 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. Ministry has also instructed State Governments/Union Territories to set up the office of Ombudsman to effectively and expeditiously deal with the grievances. Progress in this regard is regularly monitored. In addition, as a part of transparency and accountability, Ministry has selected 61 Eminent Citizens for independent monitoring of the Mahatma Gandhi NREGA. An orientation

workshop for these Eminent Citizens was held in Vigyan Bhavan on 17th May, 2010 and now they are deputed to various districts for field visits.”

14. In pursuance of the recommendation of the Committee, the Ministry are stated to have taken steps for ensuring proper conducting of social audits by the States in respect of the implementation of the MGNREG Scheme. The idea of setting up the office of Ombudsman in the States/UTs, according to the Committee is a step in the right direction. They would like to be apprised about the progress made by the States in setting up this Office alongwith the impact it had made in redressing the complaints of the beneficiaries under the scheme. With a view to maintain transparency and accountability in the implementation of the scheme the Ministry had selected 61 Eminent Citizens for independent monitoring of the MGNREG scheme. The Committee would like to be informed as how far this initiative of the Ministry have yielded the desired results.

**D. Enhancement of ex-gratia payment to victims under MGNREG Act
Recommendation (Sl. No.14, Para 88)**

15. The Committee in their Eighth Report had recommended that the *ex-gratia* amount payable to the victim or the next of the kin of the deceased, as the case may be, employed under the scheme should be enhanced from the present Rs. Twenty five thousand to Rs. One lakh by suitably amending the Act.

16. The Ministry in their Action taken Notes have *inter-alia* stated as under:—

“Ministry of Rural Development in consultation with Ministry of Finance has extended the benefits of the Janashree Bima Yojana to the Mahatma Gandhi NREGS workers and States have been advised to take necessary action to cover the workers under the Janashree Bima Yojana. Annual premium of Rs. 200 per worker will be shared equally by State Governments and the Life Insurance Corporation. The Janashree Bima Yojana also provides for Rs. 75,000 in the event of death of a worker. However, Ministry would examine the recommendation of the Committee to suitably enhance the *ex-gratia* amount and effect necessary amendment in the Mahatma Gandhi NREGA.”

17. The Committee note with satisfaction that the MGNREGS workers are covered under Janashree Bima Yojana launched by the Government. However, vigorous publicity campaign is needed to make aware the MGNREG workers of the benefits of the Insurance scheme. The Committee would like to be apprised of the quantum of ex-gratia amount payable to victims in accidental cases under Janashree Bima Yojana and also whether all workers are covered under this scheme. The Committee would also expect the Ministry to carryout necessary amendment in MGNREG Act for suitable enhancement of ex-gratia amount payable to workers upto one lakh in the event of any accident or death within a definite time period.

18. The Committee also note that the Ministry of Rural Development has constituted six Working Groups in March, 2010 to examine the different aspects impacting the implementation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) viz., (i) Planning and Execution, (ii) Wages,

(iii) Transparency and Accountability, (iv) Capacity Building, (v) Specific needs of specific category of workers; and (vi) Works to be undertaken. The Committee desire that they be apprised of the findings of these Working Groups and the follow up action taken by the Ministry thereon including the amendments, if any, proposed to be carried out in the MGNREG Act and the rules framed thereunder, within three months from the date of presentation of their Report to the Parliament.

CHAPTER II

THE OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Observation/Recommendation No. 1

With an objective of enhancing livelihood security in rural areas the National Rural Employment Guarantee Act (NREGA), was enacted for 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. The Act aims to supplement wage employments opportunities in rural areas and provide a safety net to rural poor and to create sustainable rural livelihoods through rejuvenation of natural resource base-land, water and forests. The Act initially came into force in 200 districts with effect from 2 February, 2006 and was later extended to additional 130 districts in the financial year 2007-08. The remaining districts have been notified under the NREGA with effect from 1st April, 2008. The NREGA thus, covers the entire country with the exception of districts that have a hundred per cent urban population. According to the Act, rural households have a right to register themselves with the local Gram Panchayats (GPs), and seek employment. Work is to be provided within 15 days from the date of demand, failing which the State Government will have to pay unemployment allowance at the stipulated rates. It is a unique and laudable Act of Parliament which confers a right on the rural households to demand up to 100 days of employment as a matter of their statutory right. The Act requires every State to formulate a State Rural Employment Guarantee Scheme (SREGS), which should conform to the minimum features specified under the Act.

[Para 75 of the Eighth Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by the Government

Statutory position and do not call for any specific action. All the State Governments have constituted State Employment Guarantee Council and formulated State Rural Employment Guarantee Scheme as per provisions of the Mahatma Gandhi National Rural Employment Guarantee Act.

Audit Comments

No comments.

[Ministry of Rural Development Office Memorandum No. M-11011/4/2006-
MGNREGA (Vol. II) dated 31st July, 2010]

Observation/Recommendation No. 2

The examination of the NREG scheme by the Committee has revealed several deficiencies in its implementation. It was found that the Ministry's figures relating registration of the households and employment provided to them in the initial phase of the scheme cannot be said to be very reliable or verifiable given the poor record maintenance particularly at the Gram Panchayat (GP) level, besides high probability of only partial capturing of the demand for work. Significant delays were found in affixing of photographs on job card which is an important control against fraud and misrepresentation. The application for demand for work were not documented or dated, and dated receipts for such applications were not issued in most cases, as a result the eligibility of rural households for unemployment allowance, in these cases, was unverifiable. There were several cases of delayed payment of wages, for which no compensation was paid. There were also instances of non-payment of unemployment allowance which became due to the employment seekers. Deficiencies were noticed in the set up of implementing machinery, particularly at the Block and GP levels like non-appointment of Gram Rozgar Sewaks, which had an adverse impact on the maintenance of records at GP level, thereby making it difficult to verify compliance with the legal guarantee of 100 days of employment on demand. Apart from deficiencies in the preparation of the 5 years District Perspective Plans (DPPs), several States had not prepared District-wise Schedule of Rates and had adopted the Schedule of Rates of PWD/Rural Development Department, which may not necessarily ensure minimum wages for seven hours of work. The status of inspection of works at the State, District and Block levels was poor, and most States had not designated State and District Quality Monitors. Also, in most cases, Gram Sabha was not held twice a year to conduct Social Audit Forums. The committees' examination of these deficiencies and their findings are dealt with at length in the succeeding paragraphs.

[Para 76 of the Eighth Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by the Government

Ministry of Rural Development has taken several initiatives as well as remedial/corrective measures to contain these deficiencies and to ensure effective and efficient implementation of the Mahatma Gandhi National Rural Employment Guarantee Act. Details of initiatives/corrective/remedial measures indicated against the relevant observations/recommendations of the Committee in the succeeding paragraphs. In addition Ministry of Rural Development has constituted different working groups to recommend measures to strengthen the implementation of the Mahatma Gandhi NREGA. The deficiencies brought out by the Audit will be taken care of by these working groups. On submission of the reports by the working groups Ministry will take necessary follow up action and wherever considered necessary appropriate amendments in the Mahatma Gandhi NREG Act as well as operational guidelines will be made. A copy of Order constituting the Working Groups is Attached at **Annexure I** along with the subsequent amendments.

Audit Comments

The recommendations given by the different working groups and steps taken by the Ministry of Rural Development (MoRD) as and when finalized may please be intimated to PAC for their appreciation.

[Ministry of Rural Development Office Memorandum No. M-11011/4/2006-MGNREGA (Vol. II) dated 31st July, 2010]

No. J-11011/2/2010-MGNREGA

Government of India
Ministry of Rural Development
Department of Rural Development
(Mahatma Gandhi NREGA Division)

Krishi Bhavan, New Delhi 110114
4th March, 2010

ORDER

Subject: Setting up of Working Groups to recommend measures for strengthening the implementation of Mahatma Gandhi National Rural Employment Guarantee Act

In the meeting of the 11th Central Employment Guarantee Council held on 22nd February, 2010 under the Chairmanship of Hon. Minister (Rural Development) it was decided to set up working groups on different aspects impacting the implementation of the Mahatma Gandhi National Rural Employment Guarantee Act.

2. Accordingly it has been decided to constitute the following Working Groups.

(a) Working Group on Planning and Execution

Composition

- | | |
|---|----------|
| (1) Shri Rangu Rao | Chairman |
| (2) Representative, People's Science Institute | Member |
| (3) Shri Vijay Mahajan, BASIX | Member |
| (4) Representative, WASSAN | Member |
| (5) Representative, Centre for Science and Environment | Member |
| (6) State Government representatives from Kerala, Karnataka and Jharkhand | Member |
| (7) Representative from Planning Commission | Member |

Terms of Reference

A. Planning will include the following:

- (i) Preparation and approvals (technical and administrative) of shelf of projects as per sections 14, 15, 16, of the Mahatma Gandhi NREGA
- (ii) Formulation and approval of the Labour Budget

- (iii) Development of perspective plans and the annual plan
- (iv) Use of a project mode of planning
- (v) Coordinating the planning under Mahatma Gandhi NREGA with the planning guidelines of MPRI and the Planning Commission
- (vi) Choice of works for sustainable and durable assets within permissible list, factoring in labour seasonality
- (vii) Expansion of scope of works that may be considered
- (viii) Appropriate levels for maintaining Wage-Material ratios
- (ix) Convergence guidelines and processes
- (x) MIS based planning
- (xi) Developing GIS
- (xii) Developing guidelines for innovations

B. Issues to be addressed under Execution will include the following:

- (i) Developing detailed estimates
- (ii) Timely opening of works
- (iii) Selection of implementing agencies appropriate to the project selected
- (iv) Role of line departments
- (v) Material procurement
- (vi) Worksite Management
- (vii) Facilities
- (viii) Mates
- (ix) Measurement
- (x) Inspection and monitoring of works
- (xi) Measures for completion of works
- (xii) Quality certification
- (xiii) Operational modalities of convergence projects
- (xiv) Tools that take away drudgery of manual work and improve efficiency
- (xv) Record for works management
- (xvi) Muster Rolls
- (xvii) Measurement Books
- (xviii) Bills and vouchers
- (xix) Project registers: pre-mid-post progress
- (xx) Asset registers
- (xxi) Information Boards

C. The measures identified should aim at

- (i) Ensuring conformity to law and guidelines
- (ii) Encouraging community involvement specially workers and in particular deprived groups through participatory rural appraisals
- (iii) Strengthening the role of the gram sabha and the PRIs
- (iv) Improving the quality and sustainability of works undertaken
- (v) Better use of ICT
- (vi) Transparency in processes

(b) Working Group on Wage**Composition**

- | | |
|---|----------|
| (1) Dr. Jean Dreze | Chairman |
| (2) Shri Nikhil Dey (MKSS) | Member |
| (3) Ms. Annie Raja (NFIW) | Member |
| (4) Representative from V. V. Giri Labour Institute | Member |
| (5) State Government representatives from Kerala, Uttar Pradesh, West Bengal | Member |
| (6) Representatives from Ministry of Labour and Ministry of Statistics and Programme Implementation | Member |

Terms of Reference**A. Issues to be addressed**

- (i) Indexing methods for arriving at a real wage of Rs. 100
- (ii) Schedule of Rates and Work Time Motion Studies
- (iii) Timely wage disbursements and institutional/agency (administrative and financial) responsibilities towards this end
- (iv) Compensation for delayed payments
- (v) Financial inclusion

B. Measures identified should aim at

- (i) Ensuring conformity to Mahatma Gandhi NREGA and Operational Guidelines
- (ii) Fair and equitable wages
- (iii) Wage payment within 15 days, else compensation
- (iv) Better use of ICT
- (v) Transparency in processes

(c) Working Group on Transparency and Accountability**Composition**

(1) Ms. Aruna Roy	Chairperson
(2) Ms. Arundhati Dhuru (ASHA)	Member
(3) Shri Sandeep Dikshit	Member
(4) Representative of Centre for Policy Research	Member
(5) Dr. Parshuram Rai, Centre for Ecology and Food Securities (CEFS)	Member
(6) Shri Shekhar Singh, Former Convenor, National Campaign for People's Right to Information, Delhi	Member
(7) Representative of Comptroller and Auditor General of India	Member
(8) State Government representatives from Andhra Pradesh, Tamil Nadu	Member
(9) Representative from Central Vigilance Commission	Member

Terms of Reference**A. Issues to be addressed****(a) Enforcing rights and entitlements**

- (i) Application process for Job cards
- (ii) Authenticity of Job Cards
- (iii) Application process for employment
- (iv) Issue of dated receipts
- (v) Custody of Job Cards
- (vi) Timely updation of Job Cards
- (vii) Work Allocation within 15 days of demand
- (viii) Unemployment Allowance payment

(b) Monitoring and Vigilance

- (i) Internal and external monitoring and verification systems.
- (ii) Local Vigilance Committees.

(c) Transparency

- (i) Proactive disclosure, including MIS
- (ii) Social audit process

(d) Accountability

- (i) Complaints
- (ii) Grievance redressal, including ombudsman
- (iii) Penalty

(e) Formats

- (i) Job Cards
- (ii) Muster Rolls
- (iii) MIS

B. Measures identified should aim at

- (i) Ensuring conformity to law and guidelines
- (ii) Enforcement of workers' rights and entitlements
- (iii) Transparency in all operational processes
- (iv) Strong independent mechanisms for monitoring
- (v) Effective grievance redressal

(d) Working Group on Capacity Building**Composition**

- | | |
|--|----------|
| (1) Prof. Ashwani Kumar | Chairman |
| (2) Representative, Institute of Social Science | Member |
| (3) Representative, Ministry of Panchayati Raj | Member |
| (4) Dr. B. Panda, North East Hill University | Member |
| (5) Shri Ved Arya, SRIJAN | Member |
| (6) Shri Pramathesh Ambasta
Samaj Pragati Sahayoj | Member |
| (7) State Government representatives from
Rajasthan and Bihar | Member |

Terms of Reference**A. Issues to be addressed**

- (i) Strengthening capacities of workers to assert and enforce their rights.
- (ii) Strengthening community participation fora like gram sabha.
- (iii) Strengthening administrative systems at all levels: National, State,

district, Block, GP to respond better to workers' needs. This is inclusive of PRIs.

- (iv) Strengthening research and evaluation systems at all levels: national, State, district, Block
- (v) All systems (as indicated above) strengthening measures to include:
 - (a) Structures
 - (b) Personnel
 - (c) Business processes
 - (d) Skill upgradation
 - (e) Infrastructural upgradation
 - (f) Guidelines for use of permissible administrative expenses

B. Measures identified should aim at

- (i) Ensuring conformity to law and guidelines.
- (ii) Efficient, transparent and responsive system that delivers according to the time bound guarantees of the law and its public accountability provisions.

(e) Working Group on Specific needs of specific category of workers

Composition

- | | |
|---|----------|
| (1) Shri Madhusudan Mistry | Chairman |
| (2) Ms. Botcha Jhansi Laxmi | Member |
| (3) Dr. Haque,
Centre for Social Development | Member |
| (4) Ms. Neeta Hardikar, ANANDI | Member |
| (5) Representative, Centre for Dalit Studies | Member |
| (6) Representatives from Ministries of Tribal Affairs and Social Justice and Empowerment. | Member |
| (7) State Government representatives from Orissa and Madhya Pradesh. | Member |

Terms of Reference

A. Issues to be addressed

- (i) Gender equity
- (ii) Needs of disabled persons
- (iii) Needs of old persons

- (iv) Special benefits to SC/ST/groups or families in LWE/drought affected areas.

B. Measures identified should aim at enhancing the effectiveness of the law as a social safety net specially for vulnerable groups.

(f) Working Group on Works to be taken up on individual land

Composition

(1) Shri K.S. Gopal	Chairman
(2) Representative from PRADAN	Member
(3) Dr. Indira Hirway Centre for Development Alternatives	Member
(4) Dr. Hemnath Rao Administrative Staff College of India	Member
(5) Representative of Central Institute of Fisheries	Member
(6) Representative of BAIF	Member
(7) State Government representatives Maharashtra and Madhya Pradesh	Member
(8) Representative of Ministry of Agriculture	Member

Terms of Reference

A. Issues to be addressed

- (i) Examine the draft guidelines prepared on this and give suggestions.
- (ii) Examine practice in major States.
- (iii) Define what is a public work/community asset.

B. Measures identified should aim at optimising the potential of NREGA for enhancing agricultural productivity and reducing economic vulnerability of the eligible groups while also instituting broad norms for selection processes and per capita financial assistance.

3. The Working Group will hold meeting with such frequency as it may require.

4. The expenditure on TA/DA of the Members in connection with meeting of the Working Group will be borne by the parent Ministry/Department/Organization. However, TA/DA expenditure in respect of non official Members will be borne by the Ministry of Rural Development as per the rules and regulations of TA/DA applicable to Grade I officer of Government of India.

5. The Working Group may co opt any members as per the requirements of the terms of reference.

6. The Working Group will submit its report in accordance with the terms of reference to the Ministry of Rural Development within a period of **2 months from the date of issue of this order.**

7. This has the approval of Secretary (Rural Development).

Sd/-

(J. S. AUDHKHASI)

Under Secretary to the Government of India

Tele: 2338 1709

To

1. All Members of the Working Groups.

2. Chief Vigilance Commissioner, Central Vigilance Commission, Satarkata Bhavan, A-Block, GPO Complex, INA, New Delhi-110 023 with the request to nominate representative for the Working Group on Transparency and Accountability.

3. Secretary, Planning Commission, Yojana Bhavan, New Delhi with the request to nominate representative for the Working Group on Planning and Execution.

4. Secretary, Ministry of Panchayati Raj with the request to nominate representative of their Ministry not less than the rank of Director to the Working Group on Capacity Building.

5. Secretary, Ministry of Tribal Affairs with the request to nominate representative of their Ministry not less than the rank of Director to the Working Group on Special Needs of Specific Category of Workers.

6. Secretary, Ministry of Agriculture with the request to nominate representative of their Ministry not less than the rank of Director to the Working Group on works to be taken up on individual land.

7. Secretary, Ministry of Social Justice and Empowerment with the request to nominate representative of their Ministry not less than the rank of Director to the Working Group on Special Needs of Specific Category of Workers.

8. Secretary, Ministry of Labour and Employment, with the request to nominate representative of their Ministry not less than the rank of Director to the Working Group on Wage.

9. Secretary, Ministry of Statistics and Programme Implementation with the request to nominate representative of their Ministry not less than the rank of Director to the Working Group on Wage.

10. Principal Director of Audit (Economic and Service Ministries), AGCR Building, IP Estate, New Delhi-110002 with the request to nominate their representative for the Working Group on Transparency and Accountability.

11. Principal Secretary (Rural Development and Panchayati Raj) Government of Kerala, Karnataka, Jharkhand, Uttar Pradesh, West Bengal, Andhra Pradesh, Tamil Nadu, Rajasthan, Bihar, Orissa, Madhya Pradesh, and Maharashtra with the request to nominate representative to the respective Working Groups at the earliest.

Copy to:

1. PS to MRD
2. PPS to Secretary (RD)

Observation/Recommendation No. 3

The NREGA Scheme envisages that as a part of implementing machinery, every State Government shall appoint a full-time Programme Officer (PO) in each Block; "Employment Guarantee Assistant" (EGA) or "Gram Rozgar Sevak" (GRS) in each GP; a technical assistant for every 10 Gram Panchayats; a panel of accredited engineers at the District and Block levels; and Technical Resource Support Groups at the State and District levels for facilitating proper functioning of the scheme. However, the Committee are concerned to note that in 102 test checked blocks in 20 States no full-time dedicated Programme Officers (POs) was appointed and the existing Block Development Officers (BDOs) were appointed as POs and given the additional charge of the Scheme. Further 11 States did not appoint Technical Assistants in 57 blocks and in 18 States dedicated Gram Rozgar Sevaks were not appointed in 303 GPs. While 18 States did not constitute panels of accredited Engineers for the purpose of assisting with the estimation and measurement of work, 22 States did not set up a Technical Resource Support Group at State/District level. The Committee are of the considered view that successful implementation of NREGA is critically dependent of the setting up of an adequate infrastructure at the block and Gram Panchayat level, notable the appointment of full time Programme Officers, Technical Assistants and Gram Rozgar Sevaks besides constitution of panels of accredited engineers. The deficiencies in the setting up of the implementation machinery, particularly at the Gram Panchayat Level has had an adverse impact on the provision of the legally guaranteed 100 days of employment on demand and the proper maintenance of various associated records and also on the effective conduct of the social audit and transparency mechanism at the grassroots level. The Committee recommend that State Government should assess the staffing requirement for implementation of NREGA, and accordingly take steps to address the gaps, if any, the State Governments should particularly consider appointing full-time POs at each Block, with adequate supporting staff and EGAs for each GP. According to the Ministry, a proposal to strengthen management of NREGA through enhancement of administrative expenditure limit from 4 per cent to 6 per cent is stated to have been cleared by the Expenditure Finance Committee (EFC) and after its approval by the Ministry of Finance the proposal would be placed before Cabinet for consideration. The Committee expect the Ministry to pursue this proposal vigorously so that the same is approved expeditiously by the Government.

[Para 77 of the Eighth Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Government

Government of India has approved the enhancement of administrative expenses from 4% to 6% of the annual cost of implementing Mahatma Gandhi National Rural Employment Guarantee Act. State Governments have been advised core administrative areas for professional deployment and basic critical activities to ensure compliance with the statutory provisions. State Governments have also been advised to utilize enhance administrative expenses in such a way that responds to the needs of the

districts and add value to what exists. Minimum core professional support at different levels has also been suggested to the State Governments and permitted flexibility in judiciously utilizing the enhanced administrative expenses as per the requirements and scope of implementation. Regular appointment to different posts is a time consuming process and to ensure implementing process is not adversely affected on this account. State Governments have been allowed to engage staff on contractual basis as per the requirements. Latest position of personnel deployment at different levels is indicated at **Annexure II**.

Audit comments

No comments. Latest position given by the MORD would be examined during next audit.

[Ministry of Rural Development Office Memorandum No. M-11011/4/2006-MGNREGA (Vol. II) dated 31st July, 2010]

ANNEXURE-II

MONTHLY PROGRESS REPORT UNDER THE MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (NREGA) PART VI A

		Capacity Building – Personnel under NREGA DURING THE YEAR 2009-10												Upto The Month Latest	
		Gram Panchayat Level						Block Level							
Sl. No.	State	Gram Rozgar Sahayak		Accountant		Engineers/Technical Assistants		Programme Officer		Computer Assistant		Target	Achievement		
		Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement				
1	2	3	4	5	6	7	8	9	10	11	12				
1.	ANDHRA PRADESH	21942	21180	1098	895	3099	3047	1098	1067	1098	1071				
2.	ARUNACHAL PRADESH	179	120	26	20	31	29	31	30	32	14				
3.	ASSAM	2310	1678	1606	1124	1453	972	213	212	1548	1170				
4.	BIHAR	8457	7038	533	422	1292	824	533	368	534	340				
5.	CHHATTISGARH	9754	8668	242	131	712	348	146	114	337	225				
6.	GUJARAT	13600	10292	222	75	1058	738	223	207	446	312				
7.	HARYANA	2642	1804	124	119	170	165	107	104	39	35				
8.	HIMACHAL PRADESH	1093	1052	102	102	1130	979	81	81	76	75				
9.	JAMMU AND KASHMIR	2643	1549	87	56	506	278	104	82	141	104				
10.	JHARKHAND	4556	4371	223	159	666	298	454	361	253	157				
11.	KARNATAKA	4744	3705	147	121	1248	1002	153	137	1024	802				
12.	KERALA	2028	1994	152	151	152	142	152	152	0	0				
13.	MADHYA PRADESH	14570	3800	527	392	2220	1478	398	341	624	400				

1	2	3	4	5	6	7	8	9	10	11	12
14.	MAHARASHTRA	26458	22497	498	457	4427	2925	387	355	574	467
15.	MANIPUR	1892	1868	39	26	105	51	32	31	50	29
16.	MEGHALAYA	4593	4293	62	53	177	134	44	39	87	75
17.	MIZORAM	336	336	25	25	79	79	35	34	42	42
18.	NAGALAND	1139	1139	65	65	67	67	59	59	61	61
19.	ORISSA	6231	6035	202	96	827	741	314	314	347	324
20.	PUNJAB	4473	1922	68	17	385	71	129	103	152	128
21.	RAJASTHAN	9180	8711	632	526	1743	1233	231	145	807	574
22.	SIKKIM	163	163	8	0	26	20	27	27	8	8
23.	TAMIL NADU	12758	12676	396	365	893	862	385	385	1257	1187
24.	TRIPURA	1896	1578	55	40	160	159	38	38	56	44
25.	UTTAR PRADESH	51341	44348	780	592	13244	4321	778	579	750	351
26.	UTTARAKHAND	1803	653	22	16	617	235	95	60	97	56
27.	WEST BENGAL	3452	2864	320	265	825	686	343	342	346	334
28.	ANDAMAN AND NICOBAR	86	78	9	9	9	9	9	9	9	9
29.	DADRA & NAGAR HAVELI	10	10	1	0	1	1	1	1	1	1
30.	DAMAN & DIU	0	0	0	0	0	0	0	0	0	0
31.	GOA	232	224	27	27	33	21	25	22	6	3
32.	LAKSHADWEEP	10	10	10	0	10	0	10	0	11	0
33.	PUDUCHERRY	27	27	1	1	4	4	0	0	2	2
34.	CHANDIGARH	0	0	0	0	0	0	0	0	0	0
Total		214598	176683	8309	6347	37369	21919	6635	5799	10815	8400

ANNEXURE-II - Contd.

Sl. No.	State	District Level																				
		Works Manager & Technical Assistants			IT Manager & Computer Assistant			Accounts Manager			Training Coordinator			Coordinator for Social Audit and Grievance Redressal								
		Target	Achievement	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
1	2	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	
1.	ANDHRA PRADESH	44	41	44	38	22	18	813	766	484	439											
2.	ARUNACHAL PRADESH	2	1	3	2	2	2	5	1	42	1											
3.	ASSAM	91	61	170	149	37	22	36	23	123	113											
4.	BIHAR	275	176	50	18	61	54	4	2	7	5											
5.	CHHATTISGARH	13	4	20	10	15	5	7	4	26	15											
6.	GUJARAT	52	40	25	20	49	28	0	0	0	0											
7.	HARYANA	10	7	25	21	21	20	5	5	15	15											
8.	HIMACHAL PRADESH	6	4	12	11	7	7	1	0	3	2											
9.	JAMMU AND KASHMIR	34	6	21	9	12	3	24	0	23	0											
10.	JHARKHAND	18	10	14	12	4	2	3	1	25	23											
11.	KARNATAKA	36	29	23	22	40	37	30	18	92	84											
12.	KERALA	1	1	27	24	1	1	0	0	0	0											
13.	MADHYA PRADESH	133	56	116	80	128	75	38	3	42	14											
14.	MAHARASHTRA	170	152	102	87	102	82	125	108	231	214											

1	2	13	14	15	16	17	18	19	20	21	22
15.	MANIPUR	34	17	39	20	14	7	10	6	19	8
16.	MEGHALAYA	9	5	17	15	9	5	22	15	23	12
17.	MIZORAM	9	9	9	9	11	10	8	8	4	4
18.	NAGALAND	33	33	29	28	31	31	21	21	26	25
19.	ORISSA	20	20	16	15	10	0	4	4	21	21
20.	PUNJAB	17	4	22	16	13	5	10	4	11	5
21.	RAJASTHAN	78	56	121	85	68	56	33	21	45	29
22.	SIKKIM	3	3	2	2	1	1	0	0	0	0
23.	TAMIL NADU	31	29	78	73	31	29	0	0	0	0
24.	TRIPURA	68	66	24	24	22	21	20	20	21	21
25.	UTTAR PRADESH	154	69	76	34	62	14	78	41	72	34
26.	UTTARAKHAND	4	0	5	0	1	0	0	0	0	0
27.	WEST BENGAL	54	52	37	35	22	16	8	7	18	16
28.	ANDAMAN AND NICOBAR	3	3	3	3	3	3	3	3	0	0
29.	DADRA & NAGAR HAVELI	1	1	1	1	0	0	0	0	0	0
30.	DAMAN & DIU	0	0	0	0	0	0	0	0	0	0
31.	GOA	10	10	2	1	1	0	1	1	0	0
32.	LAKSHADWEEP	2	0	1	0	1	0	1	0	1	0
33.	PUDUCHERRY	0	0	1	1	0	0	0	0	0	0
34.	CHANDIGARH	0	0	0	0	0	0	0	0	0	0
Total		1415	965	1135	865	801	554	1310	1082	1374	1100

[Ministry of Rural Development Office Memorandum No. M-11011/4/2006-MGNREGA (Vol. II) Dated 31st July, 2010]

Observation/Recommendation No. 4

Under the NREGA Operational Guidelines rural households before demanding employment have to register themselves, and get a job card. The Committee are concerned to note that while an introductory Gram Sabha meeting at the time of commencement of the Act was to be convened, such a meeting was not conducted or no documentary evidence of such a meeting was available in 120 GPs in 12 States. Door-to-door survey to identify persons willing to register was not conducted in 323 GPs in 20 States. Delays in issue of job cards were noticed in 196 GPs in 16 States and photographs of the applicants were not attached to job cards in 251 GPs in 13 States. The Ministry is stated to have intensified the information, Education and Communication (IEC) campaign throughout the country to ensure that all the BPL households are registered under NREGA. It was further stated that States/UTs have been advised to initiate time bound exercise to ensure affixing of photographs on all job cards. Amendments to Schedule II of the NREGA Act have been made which *inter alia* provides for affixing of photographs of registered adult members of a household on Job Card issued and that all job cards shall be in the custody of the Job Card holders to whom they belong. The Committee recommend that Ministry should not be just content with mere issue of instructions to States. They should hold frequent meetings with the States so as to ensure that they take steps to provide adequate publicity to the programme and to persuade as many BPL households as possible to register under NREGA. The door-to-door surveys, even at this stage, would be useful. The Committee are of the view that since the beneficiaries under the scheme are mostly rural households and are susceptible and gullible to fall prey to the GP & other department officials and middlemen who may lure them to hand over their job cards, the Committee urge upon the Ministry to issue strict instructions to the States to ensure that under no condition are job cards retained by GP/other Department officials for any purpose.

[Para 78 of the Eighth Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Government

Performance Review meetings are regularly held with States to review the implementation of the all rural development programmes including the Mahatma Gandhi National Rural Employment Guarantee Act as well as to ensure compliance with the legally mandated processes. In addition, National Level Monitors are regularly deputed to oversee the implementation of the Act. Format for NLMs monitoring has also been prescribed and is updated regularly to capture all relevant statutory information as per the feedback received from different sources. Ministry of Rural Development has also taken up the issue of strengthening IEC activities through All India Radio. Custody of the job card is one of the terms of reference for the Working Group on Transparency and Accountability. Based on the recommendations of the working Group, appropriate steps will be taken by the Ministry of Rural Development.

Audit comments

No comments.

[Ministry of Rural Development Office Memorandum No. M-11011/4/2006-MGNREGA (Vol. II) dated 31st July, 2010]

Observation/Recommendation No. 6

The Committee note that every person working under NREG scheme is entitled to wages at the minimum wage rate fixed by the State Government for agricultural labourers. The Operational Guidelines further stipulate that wages should be paid on time and in case of delay beyond 15 days, workers are entitled to compensation as per the provisions of the Payment of Wages Act, 1936. However, the Committee are constrained to note several discrepancies in the payment of wages to the labourers under the scheme such as, workers, even after working for seven hours, were paid wages less than the minimum wage rate in 79 GPs in 12 States. Further in 213 GPs in 17 States, workers were not paid wages on time i.e. within a fortnight of the date on which the work was done and no compensation was paid to them. The Committee deprecate that despite the NREG Act and the Operational Guidelines minimum wages were not paid to the labourers in a large number of cases. Since non-payment of minimum wages or delayed payment of wages is a clear violation of the NREG Act, the Committee recommend that the offenders need to be identified and punished in terms of provisions of the Act.

The Ministry have informed the Committee that they have now made it mandatory for all State/UTs to disburse payment of wages to NREGA workers through institutional accounts opened in Post Offices and Banks. State Governments have also stated to be instructed to ensure compliance failing which Central funds shall not be released. While appreciating this move of the Government the Committee recommend that Ministry of Rural Development should take up the matter with the Ministry of Finance and Department of Posts so that adequate staff is posted at the rural branches to meet the additional work load of disbursement of wages to the beneficiaries. Keeping in view the poor financial condition of the rural households, the Committee would like the Government to consider per-account payment to the Department of Post as handling charges, to ensure that no minimum account balances are stipulated for REGS postal account holders. The Committee have been given to understand that REGS works were not being measured on daily basis. In this regard Andhra Pradesh and Orissa have stated that it was not practicable to measure works on daily basis. To counter such difficulties, the Ministry may consider the feasibility of amending the NREGA guidelines for measurement of works on a weekly basis, keeping in view the availability of technical staff and other practical considerations.

[Para 80 of the Eighth Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Government

Working Group on Wages would look into the issues raised. Appropriate steps would be taken by Ministry of Rural Development on receipt of recommendations of the group.

Ministry of Rural Development has taken up the issue of inadequate staff with both Department of Posts and Department of Financial Services. In fact Planning Commission has sanctioned Rs. 80 crores during 2008-09 to Department of Posts to strengthen its infrastructure including engaging staff in rural post offices to cope with the increased quantum of work regarding disbursement of wages to the workers

under the Mahatma Gandhi National Rural Employment Guarantee Act. For the annual plan 2009-10, Planning Commission allocated Rs. 100 crores to the Department of Posts to strengthen its infrastructure base including engaging staff for the efficient disbursement of wages. However Ministry of Rural Development would once again take up the matter with both Departments.

In order to ensure compliance with the statutory requirement of disbursement of wages through post offices and banks, Ministry has permitted State Governments to explore the possibility of engaging **business correspondents** in inaccessible areas where the outreach of post offices and banks is not available.

Regarding per account payment to Department of Posts, it is informed that pursuant to Ministry of Rural Development initiative, Ministry of Finance has effected changes in the Post Office Saving Accounts (Second Amendment) Rules 2008 and accordingly no deposit is required for opening of single/joint account of the workers of the Mahatma Gandhi NREGA.

Measurement of work and deployment of technical staff at different levels would also be considered by Working Groups on Planning and Execution and Capacity Building respectively. Appropriate measures would be taken to amend the operational guidelines on receipt of recommendations of the Working Groups.

Audit comments

No comments.

Steps taken by the MoRD on the recommendations of the working group of wages may be intimated to PAC for their appreciation.

[Ministry of Rural Development Office Memorandum No. M-11011/4/2006-MGNREGA (Vol. II) dated 31st July, 2010]

Comments of the Committee

Please *see* Paragraph No. 11 of Chapter-I.

Observation/Recommendation No. 8

With a view to ensuring verifiable compliance with the legal guarantee of 100 days of employment on demand and payment of unemployment allowance under NREGA Scheme, proper maintenance of various records and registers such as Application Registration Register, Job Card Register, Employment Register, Asset Register etc. assumes critical importance. The Committee regret to observe that there have been innumerable instances where either the records were not maintained or the records did not contain requisite details. The audit scrutiny has revealed that the maintenance of basic records at the GP level, in particular the employment register was deficient and the reliability of MPRs from the block and district levels was in serious doubt, as they could not be reconciled with the relevant basic records. Deficiencies were also noticed in the process of reporting from the Gram Panchayats to Programme Officers, and onwards and documentary records of transmitting of information was, in many cases, not produced to them, the reliability of information being furnished to Ministry has been adversely affected. The Committee are constrained to observe that in the absence of maintenance of critical registers, especially at the GP level, it is impossible to authentically verify as to how many households demanded employment, how many households were provided employment and for how many days and how many households got 100 days of employment. As a result, not verifiable, based on available documents besides the transparency and accountability is also adversely affected. The Committee therefore recommend that suitable steps are necessary to ensure that online data entry of the various documents is done to increase transparency and accountability and minimize fictitious/duplicate entries, besides providing a basis for physical verification of Muster Rolls (with job-card numbers and other details), Job Card Register, Employment Register (to indicate employment demanded) and Asset Register. Further, National Quality Monitors may, during their visits, be asked to cross-verify MPRs furnished by POs along with the documents furnished by GPs to POs for specified months, specifically for households demanding and provided employment.

[Para 82 of the Eighth Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Government

Ministry of Rural Development has developed a web enabled MIS, namely NREGA soft which may be accessed at www.nrega.nic.in. This makes data transparent and available in public domain to be equally accessed by all. It includes separate pages for approximately 2.5 lakh gram panchayats, 6465 blocks, 619 districts and 34 States/Union Territories. The portal places complete transaction level data in public domain for example—job cards, demand for work and muster rolls which is attendance cum payment sheet for worker. All critical parameters get monitored in public domain viz. (a) workers' entitlement data and documents such as registration, job cards, muster rolls (b) work selection and execution data including shelf of approved and sanctioned works, work estimates, works under execution, measurement (c) employment demanded and provided (d) financial indicators such as funds available, funds used and the disaggregated structure of fund utilization to assess

the amount paid as wages, materials and administrative expenses. NREGAsoft provide information to citizen in compliance with the Right to Information Act. It makes available all the documents like Muster Rolls, Registration application register, job card. Employment register/muster roll issue register, muster roll receipt. NREGA soft is available in both online and offline mode to meet connectivity barriers.

NLM Division in the Ministry would be advised to ensure that National Level Monitors cross verify MPRs furnished by the Programmed Officers along with the documents furnished by GPs to POs during their visits.

Audit comments

No comments.

[Ministry of Rural Development Office Memorandum No. M-11011/4/2006-MGNREGA (Vol. II), dated 31st July, 2010.]

Observation/Recommendation No. 9

As a means of continuous public vigilance Social audits have been assigned a pivotal role in the implementation of NREGA. The Operating Guidelines of the scheme indicate two types of social audit- (1) Periodic assemblies in the Gram Sabha for scrutinizing details of projects, commonly referred to as "Social Audit Forum" and (ii) social audit as a continuous process of public vigilance involving potential beneficiaries and other stakeholders, which covers verification of 11 stages of implementation right from registration of families through to evaluation and the Social Audit Forum. The Scheme guidelines also stipulate that social audit Forums must be held twice a year at the Gram Sabha level for all works done in the preceding year. The Committee noticed that in 354 GPs in 20 States, a Gram Sabha once in every six months to conduct a Social Audit Forum was not held. The updated data on demand received, registration, number of job cards issued, list of people who demanded and been given/not given employment, funds received and spent payments made, works sanctioned and works started, cost of works and details of expenditure on it, duration of work, person-days generated, reports of local communities and copies of muster rolls were not made public in 376 GPs in 21 States. The scrutiny of the records has also revealed that no grievance redressal forum/mechanism has been put in place or devised in respect of 4 States *viz* Arunachal Pradesh, Jammu and Kashmir, Jharkhand and Rajasthan. The Ministry have informed the Committee that they have effected amendments to NREG Act in respect of conducting social audit and another amendment to Schedule II of Act is also under their consideration to ensure regular holding of Gram Sabha for the purpose of social audit. The Committee are of the considered view that since social audit and Social Audit Forum in Gram Sabha are important means of ensuring transparency and accountability at the GP level, the State Governments should therefore, ensure conduct of Social Audits Forum mandatorily in all Gram Sabhas, twice a year. They also recommend that the Ministry of Rural Development should release funds to the State Governments and implementing agencies on the per-condition of holding regular Social Audits by them. If necessary, the Ministry may also make suitable amendments in the Act to this effect.

[Para 83 of the Eighth Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Government

Conducting of social audit as per the statutory provisions is prescribed one of the conditions before the release of funds to the State Governments on the basis of projections outlined in the Labour Budget. Draft National Rural Employment Guarantee Financial Rules 2009 are under formulation and would also include conducting of social audit as per the statutory provisions as one of the conditions for release of Central funds to the State Governments/Union Territories.

As per Section 19 of the Mahatma Gandhi NREGA the State Government shall by rules determines appropriate grievance redressal mechanisms 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. Ministry has also instructed State Governments/Union Territories to set up the office of Ombudsman to effectively and expeditiously deal with the grievances. Progress in this regard is regularly monitored. In addition, as a part of transparency and accountability, Ministry has selected 61 Eminent Citizens for independent monitoring of the Mahatma Gandhi NREGA. An orientation workshop for these Eminent Citizens was held in Vigyan Bhavan on 17th May, 2010 and now they are deputed to various districts for field visits.

Audit comments

No comments.

[Ministry of Rural Development, Office Memorandum No. M-11011/4/2006-MGNREGA (Vol. II), dated 31st July, 2010.]

Comments of the Committee

Please, *see* paragraph no. 14 of Chapter-I.

Observation/Recommendation No. 10

The Operational Guidelines of the NREGA stipulate that Block-level officials shall inspect 100 per cent of works every year, District-level officials 10 per cent of works, and State level officials 2 per cent of works. Financial audit of all districts is mandatory and District Internal Audit Cells shall be constituted to scrutinize the reports of the Gram Sabhas. Verification and quality audit by external monitors must be undertaken at the Central, State and District levels through National, State and District Quality Monitors. Local Vigilance and Monitoring Committees (VMCs), consisting of members elected by the Gram Sabha, should monitor the progress and quality of work while it is in progress. The Committee are constrained to point out that Audit Scrutiny has revealed number of instances in different States where these guidelines have not been followed. The Ministry have informed the Committee that an amendment to the Act is under consideration whereby High Level Coordination Committee under the Chief Secretary shall be set up to ensure inter departmental coordination in the implementation of the Act. It will also be ensured that prescribed percentage of inspection of works at all levels and records of the scheme at the State/District/Block is conducted once a quarter and all deficiencies are removed and all grievances are redressed. The Committee expect that the Ministry will carry out necessary amendments to the NREG Act expeditiously. They also expect that the various measures taken by the Ministry for strengthening the monitoring system will yield desirable result and help in proper functioning of the scheme. The Committee recommend that Ministry should direct State Government to ensure that the requisite level of inspection by different levels of officials are conducted at all the levels and VMCs should be formed, wherever these are not formed as yet.

[Para 84 of the Eighth Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Government

Amendments proposed in the Mahatma Gandhi National Rural Employment Guarantee Act were not agreed to by Ministry of Law and Justice on the grounds that Ministry of Rural Development is not empowered to carry out amendments in the Act in the areas which are not within its jurisdiction. Accordingly, Ministry of Rural Development has issued detailed advisory to the States incorporating the amendments which were proposed to be effected in the Mahatma Gandhi NREG Act. However, as recommended by the Committee the States would once again be advised to conduct prescribed level of inspections as well as constitute vigilance monitoring committee wherever not constituted. In addition National Level Monitors would also be asked to ascertain compliance with the prescribed level of inspection by the State Governments.

Audit comments

No comments.

[Ministry of Rural Development Office Memorandum No. M-11011/4/2006-MGNREGA (Vol. II) dated 31st July, 2010]

Observation/Recommendation No. 11

During the course of implementation of the initial phase of NREG Scheme, the audit has brought to light several good practices being followed by some States such as Andhra Pradesh, West Bengal, Orissa, Karnataka and Kerala. The Committee recommend that Ministry should conduct a detailed study of these good practices with a view to examine the feasibility of incorporating the same in the operational guidelines of the scheme so that these can be followed by the other States.

[Para 85 of the Eighth Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Government

Diversified and different geomorphologic conditions in States facilitate the execution of given works in a more systematic and better way. In the backdrop of this, Ministry of Rural Development would examine the recommendation of the Committee and conduct a study of best and good practices in States to explore the possibilities of their replication in States/Union Territories. Operational Guidelines facilitate the implementing process as per the statutory provisions of the Mahatma Gandhi National Rural Employment Guarantee Act. Accordingly, incorporation of best and good practices in different States in the Operational Guidelines may not be desirable. However, these may be shared with States Governments and posted on Mahatma Gandhi NREGA website.

Audit comments

No comments.

[Ministry of Rural Development Office Memorandum No. M-11011/4/2006-MGNREGA (Vol. II) dated 31st July, 2010]

Observation/Recommendation No. 13

The Committee are concerned to note that there is a regional disparity in the implementation of NREG Scheme. While certain States like Andhra Pradesh and Rajasthan have performed very well, the performance of other States such as Maharashtra, Punjab and Haryana are far from satisfactory. The committee recommend that the Ministry should conduct a comprehensive review to examine the reasons for such wide variations in the implementation of scheme in consultation with the State Governments concerned and immediate corrective measures should be taken to ensure that the programme is implemented uniformly across the States.

[Para 87 of the Eighth Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Government

The Mahatma Gandhi NREGA is a demand driven scheme where unskilled manual work is to be performed by the workers seeking employment. In the present economic scenario where employment opportunities are adequate unskilled manual work coupled with inadequate wage rate is generally not preferred by the workers and accordingly employment is sought in areas where the nature of work as well as wage rate are better. However, as recommended by the Committee, Ministry of Rural Development would conduct comprehensive review to examine the reasons for wide variation in the implementation in consultation with the States and take appropriate corrective/remedial measures.

Audit comments

No comments.

[Ministry of Rural Development Office Memorandum No. M-11011/4/2006-MGNREGA (Vol. II) dated 31st July, 2010]

Observation/Recommendation No. 14

As per the NREGA Act, if a person employed under the Scheme dies or becomes permanently disabled by accident arising out of and in the course of employment, he shall be paid by the implementing agency an *ex gratia* payment at the rate of twenty-five thousand rupees shall be paid to the legal heirs of the deceased or the disabled, as the case may be. The Committee are of the considered view that since the compensation paid to the victim or the next of the kin of the diseased, as the case may be, is very paltry the Committee therefore, recommend that this amount should be enhanced to Rs. 1 lakh by suitably amending the Act.

[Para 88 of the Eighth Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Government

Ministry of Rural Development in consultation with Ministry of Finance has extended the benefits of the Janashree Bima Yojana to the Mahatma Gandhi NREGS workers and States have been advised to take necessary action to cover the workers under the Janashree Bima Yojana. Annual premium of Rs. 200/- per worker will be shared equally by State Governments and the Life Insurance Corporation. The Janashree Bima Yojana also provides for Rs. 75,000 in the event of death of a worker. However, Ministry would examine the recommendation of the Committee to suitably enhance the *ex gratia* amount and effect necessary amendment in the Mahatma Gandhi NREGA.

Audit comments

No comments.

[Ministry of Rural Development Office Memorandum No. M-11011/4/2006-MGNREGA (Vol. II) dated 31st July, 2010]

Comments of the Committee

Please *see* paragraph Nos. 17 and 18 of Chapter-I.

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE GOVERNMENT

Observation/Recommendation No. 7

As per NREG Act, the State Government is required to provide employment to a registered applicant within 15 days of demand, failing which unemployment allowance at stipulated rates is payable by the State Government from their funds. However, Audit review has revealed that in 282 GPs in 21 States, dated receipt of applications for demand for work were not given, and in 329 GPs in 19 States, Employment Registers were not maintained. The Committee note that in the absence of recorded date of demand, the entitlement to unemployment allowance could not be easily established. It was also found that in 58 blocks in 17 States unemployment allowance was not paid to those workers, who could not be provided with employment within 15 days from the date on which work was requested for. The Committee feel that undated applications and non-maintenance of employment registers leads to a situation where the right to unemployment allowance cannot be verified defeating the very purpose of the Act to provide employment guarantee. Proper maintenance of records at GP level, needs to be given top priority. For this, Ministry should impress upon the State Governments to appoint Employment Guarantee Assistant (EGA) in each GP. The EGAs should ensure that all applications are dated and dated receipts of applications are given to the job applicants. The Ministry should also suitably take up the matter with the State Governments for ensuring *suo moto* payment of unemployment allowance to the eligible labourers. The Ministry may also consider suitable amendment to the NREG Act for partial reimbursement out of Government of India funds of payment of unemployment allowance while instituting controls to minimize need for payment of unemployment allowance by the States.

[Para 81 of the Eighth Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Government

Payment of unemployment allowance and compensation for delayed payment of wages would be taken care of by Working Groups on Wages and Transparency and Accountability. Ministry of Rural Development would consider amending the Mahatma Gandhi National Rural Employment Guarantee Act on receipt of recommendations of the Working Groups.

As per Section 22(2) of the Mahatma Gandhi NREG Act the State Government shall meet the cost of unemployment allowance payable under the scheme. State Government being the implementing agency is statutorily required to provide employment within 15 days of receipt of application seeking employment, failing

which the applicant shall be entitled to a daily unemployment allowance. Considering partial reimbursement of unemployment allowance out of Government of India funds would be like paying for the inaction or inability of State Government to meet its statutory obligation under the Act and would also result in encouraging State Government in non-complying with the statutory liabilities. Accordingly the suggestion of the Committee may not be considered.

Audit Comments

No comments.

The implementation of the measures/steps taken by the MoRD and the exact position on ground would be examined during the next audit of the scheme.

[Ministry of Rural Development Office Memorandum No. M-11011/4/2006-MGNREGA (Vol. II) dated 31st July, 2010]

Observation/Recommendation No. 12

The Committee are given to understand that in Several States, during the agricultural crop season, labourers are not available for agricultural operations, due to their employment under NREGA works, and as a result agricultural operations are in the dock. In this regard the Ministry have informed the Committee that NREG scheme guarantees only 100 days of employment, hence the workers are free to work anywhere in the rest of the year. The average person day per household in the year 2008-09 was only 48 days which means a worker had the leverage to work anywhere for the remaining. The Committee do not accept the contention of the Ministry and recommend that they may in coordination with other concerned agencies should conduct a season-wise survey of the number of days on which employment was provided to the labourers including agricultural season so as to assess the extent to which NREGA had adversely affected Agricultural activities. The Ministry may consider the feasibility of amending the operational guidelines with a view to ensure that the labourers are engaged in NREGA works only during Non-Agricultural season.

[Para 86 of the Eighth Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Government

Mahatma Gandhi National Rural Employment Guarantee Act guarantees 100 days of employment in a financial year to every rural household whose adult members are willing to do unskilled manual work. These 100 days of guaranteed employment can be availed off by the household as per their convenience. Restricting the guaranteed 100 days employment only in non-agricultural season will be against the spirit of the Mahatma Gandhi NREG Act which guarantees 100 days of employment throughout the year. Also, Ministry of Rural Development has taken convergence initiatives to enhance the natural resource management activities as well as the agricultural productivity. However, Ministry would also examine the recommendation of the Committee and consider conducting season wise survey of the number of days on which employment was provided to the labourers and assess the extent to which Mahatma Gandhi NREGA had adversely affected the agricultural activities.

Audit Comments

No comments.

[Ministry of Rural Development Office Memorandum No. M-11011/4/2006-MGNREGA (Vol. II) dated 31st July, 2010]

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Observation/Recommendation No. 5

As per NREGA Operational Guidelines, unique identity number should be given to each work to avoid duplication and administrative and technical sanction should be obtained for all works in advance, by December of the previous year. Worksite facilities such as medical aid, drinking water etc./are to be ensured by the implementing agency. Use of contractors is prohibited and as far as practicable, tasks shall be performed by using manual labour, and not machines. The ratio of wage costs to material costs should be no less than 60:40, preferably at the GP, block and district levels. However, the Committee are concerned to note that out of 558 GPs test checked, unique identify members were not allotted to works in 331 GPs in 19 States and in 19 Districts in 7 States, the wages-material ratio of 60:40 was not maintained at the district level. Further, 39 test-checked blocks in 11 States did not maintain a wage-material ratio of 60:40 at the block level and out of 558 GPs test checked, administrative approval and technical sanction of works was not obtained in advance in 95 GPs in 12 States. In respect of 558 GPs worksite facilities were not provided or only partly provided in 227 GPs in 14 States. The Ministry have informed the Committee that they have effected amendments to NREG Act and Rules framed thereunder, with a view to rectify/remedify the various deficiencies pointed out by the Audit. The Committee trust that these measures would help plug the loop holes in the execution of works under the scheme. The Committee recommend that Government may consider adding addition/new categories of works for being taken up under the NREG Scheme and also permit State Government/State Employment Guarantee Councils to add other region-specific works, after keeping the Ministry informed. They also recommend that in order to avoid duplication of NREGS works with other schemes, durable signboards with cement concrete base may be preferred over temporary/less durable signboards.

A disquieting feature of the programme is the fact that the quality of assets created under NREGA is by and large very sub-standard, non-durable and non-productive. It appears that the Government in their eagerness to provide employment had overlooked the importance of the quality of the assets that are being created under the scheme. In this connection the Ministry have informed that guidelines have been formulated and disseminated for convergence of NREG Scheme with different schemes/programmes of various Ministries/Departments so as to create durable and productive assets. For this, 115 pilot districts in 23 States have been identified by the concerned Ministries/Departments. The Committee would like to be apprised of the outcome of these initiatives and their impact in creating durable and tangible assets.

Para 79 of the Eighth Report of the Public Accounts Committee (15th Lok Sabha)

Action Taken by Government

Ministry of Rural Development is already considering widening the scope of permissible works. The presently permissible works represents the initial thrust areas. In some circumstances, locations or seasons, it may be difficult to guarantee employment within this initial list of permissible works. To take care of this, the Operational Guidelines provide that the State Government may make use of Section 1(ix) of Schedule I of the Mahatma Gandhi NREG Act whereby the new categories of work may be added to the list on the basis of consultations with the State Governments and the Central Government. Proposal for new categories of work should be discussed and approved in the State Employment Guarantee Council before reference to the Ministry of Rural Development. Justification for recommending new category of works should clearly be stated. District Perspective Plan must have been made that reflect an exhaustive exercise in exploring all possibilities of feasible permissible works as the basis for recommending new category of work to meet the labour demand. Ministry of Rural Development has constituted Working Groups to recommend measures to strengthen the implementation of the Mahatma Gandhi NREGA. Working Group on Planning and Execution will also take care of suggesting new works which may be considered under Mahatma Gandhi NREGA.

To avoid duplication of NREGS works with other schemes, State Governments have been directed to erect Citizen's Information Boards (metallic or cemented) at worksites detailing all relevant information.

To monitor the progress and quality of works while it is in progress, Vigilance and Monitoring Committees are set up for each sanctioned work in addition targets (State level 2%, District level 10% and Block level 100%) have also been fixed for internal verification of works at the field level by the official functionaries to be achieved within a quarter.

To give effect to the Convergence Guidelines, Ministry of Rural Development has organized inter sectoral workshops with implementing partners and agencies. So far, 4 inter regional workshops have been organized at Orchha (Madhya Pradesh), Jhansi (Uttar Pradesh), Guwahati and Gujarat. To monitor the progress in the pilot districts, monitoring formats have been devised. The convergence initiatives have recently been taken up and would take some time to fructify. Accordingly, it would be premature to assess the impact of these initiatives in creating durable and tangible assets. In due course, Ministry would commission study to assess the impact of convergence initiatives.

Audit comments

No comments.

[Ministry of Rural Development Office Memorandum No. M-11011/4/2006-
MGNREGA (Vol. II) dated 31st July, 2010]

Comments of the Committee

Please *see* paragraph No. 8 of Chapter-I

CHAPTER V

**OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH
GOVERNMENT HAVE FURNISHED INTERIM REPLIES**

-NIL-

NEW DELHI;
21 February, 2011

2 Phalguna, 1932 (Saka)

DR. MURLI MANOHAR JOSHI
Chairman,
Public Accounts Committee.

APPENDIX I

MINUTES OF THE TWENTY-FIRST SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2010-11) HELD ON 3RD FEBRUARY, 2011

The Committee sat on Thursday, the 3rd February, 2011 from 1130 hrs. to 1250 hrs. in Room No. '62', First Floor, Parliament House, New Delhi.

PRESENT

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Shri Ramen Deka
4. Shri Naveen Jindal
5. Shri Bhartruhari Mahtab
6. Shri Yashwant Sinha
7. Shri Jitendra Singh (Alwar)
8. Kunwar Rewati Raman Singh
9. Shri K. Sudhakaran
10. Dr. M. Thambidurai
11. Shri Aruna Kumar Vundavalli

Rajya Sabha

12. Shri N. Balaganga
13. Shri Prasanta Chatterjee
14. Shri Kalraj Mishra
15. Shri N.K. Singh
16. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri M.K. Madhusudhan — *Additional Director*
3. Shri Sanjeev Sharma — *Deputy Secretary*
4. Shri D.R. Mohanty — *Deputy Secretary*

Representatives of the Office of the Comptroller and Auditor General of India

1. Shri R.S. Mathrani — Director General of Audit (Central Expenditure)
2. Shri C.M. Sane — Pr. Director of Audit (Air Force & Navy)
3. Ms. Ahladini — Director (Central Expenditure)
4. Shri Bhawani Shankar — Director (Economic Service & Ministries)

2. At the outset, the Chairman welcomed the Members and the representatives of the Office of the C&AG to the sitting of the Committee. The Chairman, then, apprised that the meeting was convened to consider six Draft Reports of the Committee. Accordingly, the Committee took up the following Draft Reports for consideration:

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|-------|---|-----|-----|-----|-----|-----|
| (i) | *** | *** | *** | *** | *** | *** |
| (ii) | *** | *** | *** | *** | *** | *** |
| (iii) | *** | *** | *** | *** | *** | *** |
| (iv) | Draft Report on Action Taken by the Government on the Observations/ Recommendations of the Committee contained in their Eighth Report (Fifteenth Lok Sabha) on " Implementation of National Rural Employment Guarantee Act " (Ministry of Rural Development— Department of Rural Development); | | | | | |
| (v) | *** | *** | *** | *** | *** | *** |
| (iv) | *** | *** | *** | *** | *** | *** |

3. After some discussions, the Committee adopted the Draft Reports mentioned at Sl. Nos. (i) to (v) with some modifications/amendments. While considering the Draft Reports mentioned at Sl. Nos. (iv) and (v), the Committee desired that the C&AG should conduct thorough audit of the Centrally Sponsored Schemes by devising a suitable mechanism in consultation with the Ministry of Finance so as to assure that the funds released by the Union to the States are spent in the prescribed manner to meet the intended objectives. The Committee also underlined the need for another audit of the Mid Day Meal Scheme in the six defaulting States namely Kerala, Jharkhand, Uttar Pradesh, Andhra Pradesh, Nagaland and Bihar. The Chairman requested the Members to give their respective suggestions to the Audit in this regard.

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|----|-----|-----|-----|-----|-----|-----|
| 4. | *** | *** | *** | *** | *** | *** |
|----|-----|-----|-----|-----|-----|-----|

5. The Committee authorized the Chairman to finalise the five Reports adopted by them, in light of their suggestions and the factual verifications received from the Audit and present the same to the House on a date convenient to him.

6. The Chairman thanked the Members for their valuable suggestions on the consideration of the Draft Reports.

The Committee then adjourned.

*** Matter does not pertain to this Report.

APPENDIX II

(Vide Para 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR EIGHTH REPORT (FIFTEENTH LOK SABHA)

(i) Total No. of Observations/Recommendations	— 14
(ii) Observations/Recommendations of the Committee which have been accepted by the Government.	— Total: 11 — Percentage—78.58%
Para Nos. 1, 2, 3, 4, 6, 8, 9, 10, 11, 13 and 14	
(iii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:	— Total: 2 Percentage—14.28%
Para Nos. 7 and 12	
(iv) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which require reiteration:	— Total: 1 Percentage—07.14%
Para No. 5	
(v) Observations/Recommendations in respect of which Government have furnished interim replies:	— Total: 0 Percentage—0%
-NIL-	