

Chapter - 1
Introduction

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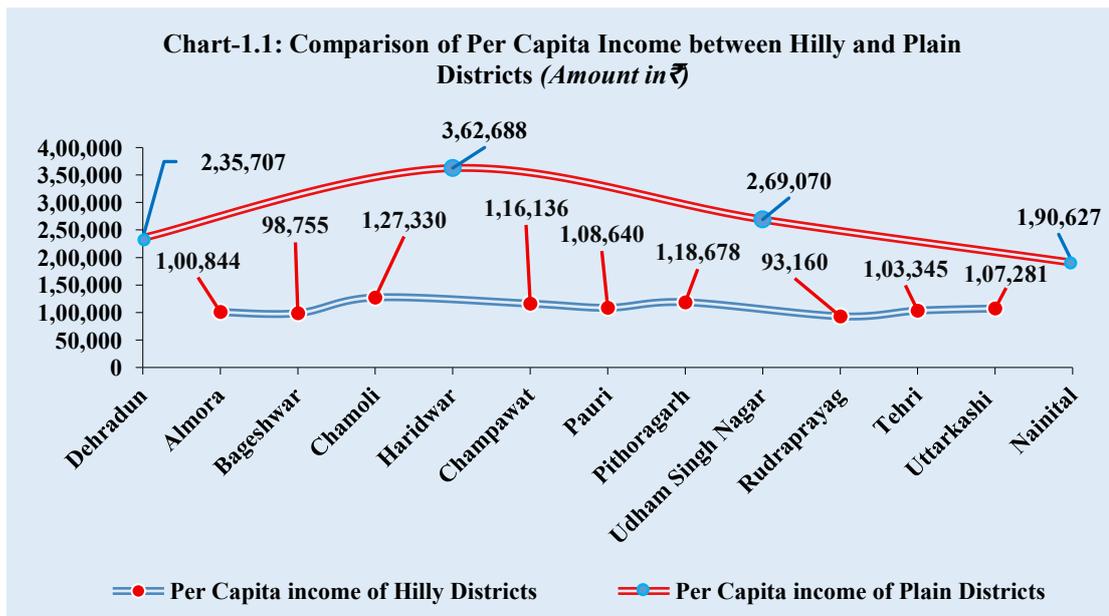
Introduction

1.1 Introduction

The Government of India (GoI) enacted the National Rural Employment Guarantee Act (NREGA) in September 2005, providing a legal guarantee of at least 100 days of wage employment annually to every household (HH) whose adult members are willing to perform unskilled manual labour. One of the key objectives of NREGA was to create durable assets that could serve as a source of livelihood for economically weaker sections of society, actively including marginalised groups while strengthening Panchayati Raj institutions across the country. In October 2009, NREGA was renamed the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

In Uttarakhand, where over 66 *per cent*¹ of the population resides in rural areas (more than 80 *per cent* in the hill districts), the major challenges for development and poverty alleviation remain the difficult mountain terrain and the dispersed population in these regions. Strengthening rural development and rural livelihoods has been considered one of the key drivers for change in the rural areas of Uttarakhand, particularly in the hilly districts.

The average per capita annual income of the plain districts in Uttarakhand, at ₹ 2,64,523 highlights significant economic disparities compared to the state's remote hilly districts, where the average per capita annual income stands at ₹ 1,08,241. While the industrialised plain districts *viz.*, Dehradun, Haridwar, Nainital, and Udham Singh Nagar serve as the engines of the state's economic growth, the hilly regions face challenges stemming from geographic isolation and limited industrial development.



Source: Uttarakhand Economic Survey, 2023-24.

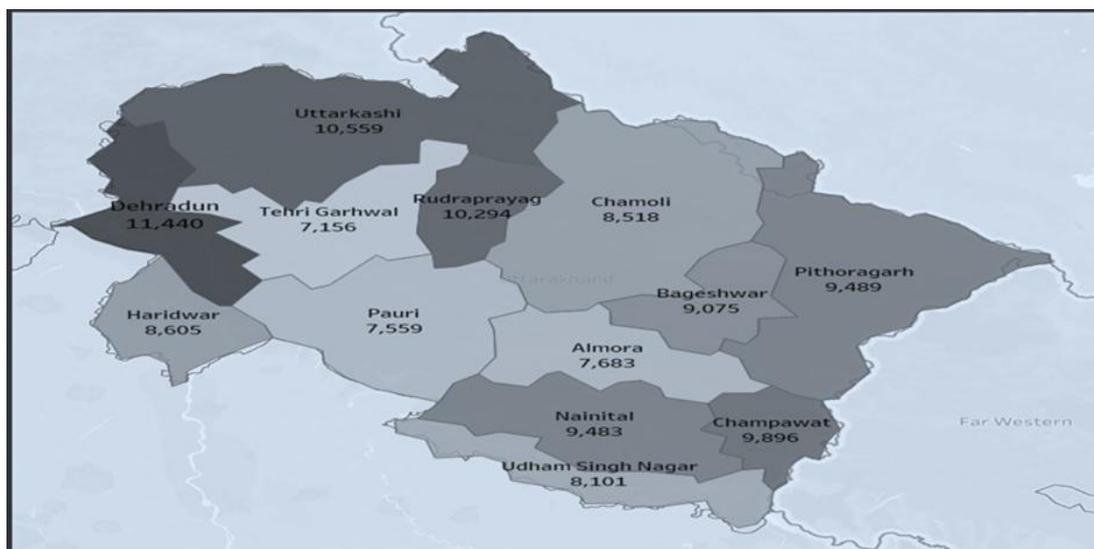
¹ Uttarakhand Rural Development and Migration Commission Report, September 2019.

The introduction of MGNREGS sought to improve rural livelihood security by providing consistent employment, reducing poverty and fostering social inclusion. The program ensures equal wages for men and women, broadens work access for marginalised groups and enhances women’s economic independence. By generating local employment, MGNREGS also helps curb rural-to-urban migration. Further, the program promoted the development of essential rural infrastructure including roads, irrigation systems and water conservation projects, contributing to long-term economic growth in these areas.

1.2 Impact of the scheme in Uttarakhand

During April 2019 to March 2024, the State utilised the fund of ₹ 3,638.95 crore out of available funds ₹ 3,647.21 crore. Wage employment was provided to 27.04 lakh HHs. It created 11.56 crore persondays² with a wage payment of ₹ 2,340.06 crore. The State also created 3.42 lakh assets under the scheme on water harvesting, plantation, land development, rural connectivity *etc.* during 2019-24. The average financial impact on per HHs availing benefit from the scheme during the year 2019-24 in the State ranged between ₹ 7,436 and ₹ 9,602 per year while the district wise financial impact ranged between ₹ 7,156 and ₹ 11,440 per year during the same period as shown in **Map No.1.1** below:

Map No.1.1: District wise average per year financial impact of the scheme on the HHs availing employment during 2019-24



Source: NREGASoft.

The above figures fall well below MGNREGS's target of ₹ 18,200 in 2019-20 and ₹ 23,000 in 2023-24 for 100 days of work, underscoring a gap in achieving the program's wage objectives.

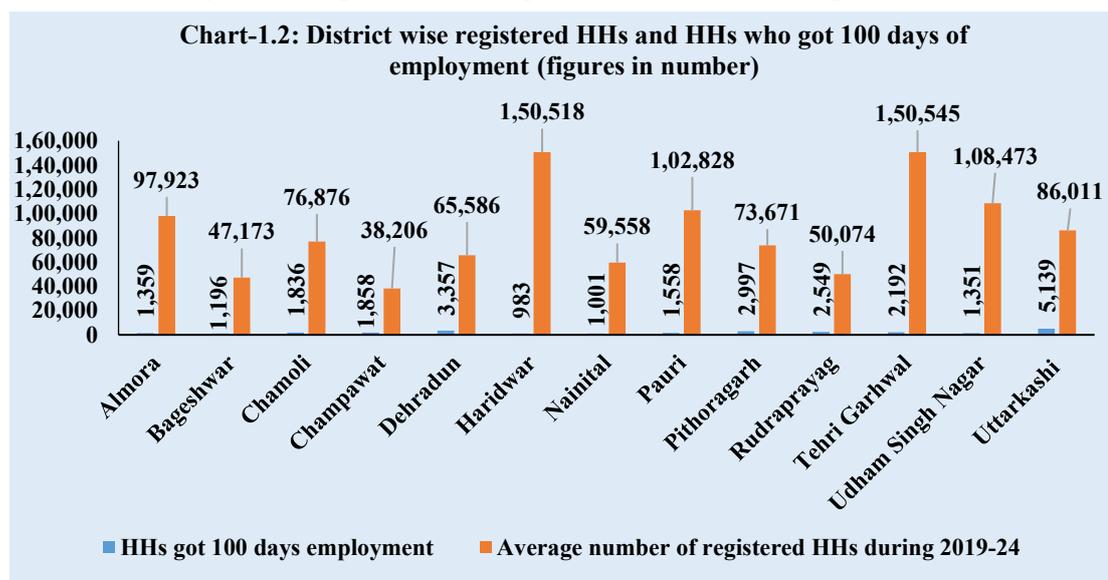
1.2.1 Employment Generation

The primary objective of the scheme was to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every HH whose adult members volunteer to do unskilled manual work.

² Persondays: number of employment days provided to HHs.

Out of 10.35 lakh to 11.84 lakh registered HHs in the State, annually 4.72 lakh to 6.54 lakh HHs were provided employment during 2019-24 at an average of 21 days per HHs per year. Further, only one to four *per cent* of total registered HHs in the State were provided at least 100 days of employment during the period 2019-24 (as detailed in *Paragraph-4.2.1* of *Chapter-4*).

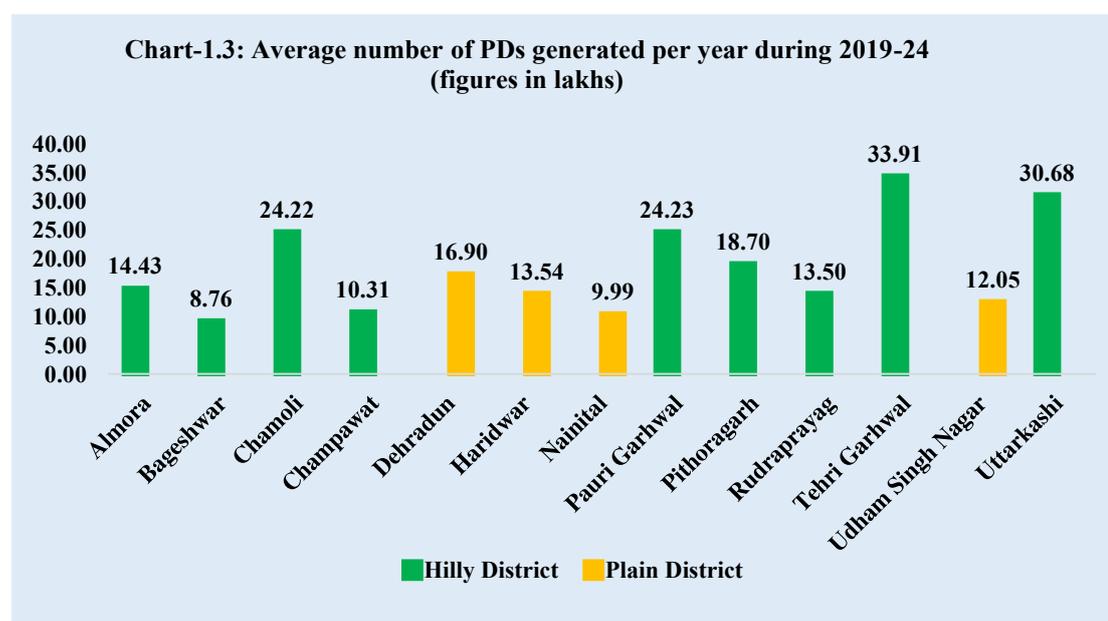
(A) The details of the district-wise average number of registered HHs and the number of HHs provided with at least 100 days of guaranteed wage employment in a financial year during 2019-24 are presented in **Chart-1.2** given below:



Source: NREGASoft.

The analysis of district wise chart reveals that only on an average one to six *per cent* registered HHs received 100 days of guaranteed wage employment in a financial year during 2019-24.

(B) District wise average per year person days (PDs) generated during 2019-24 is given in **Chart-1.3** below:



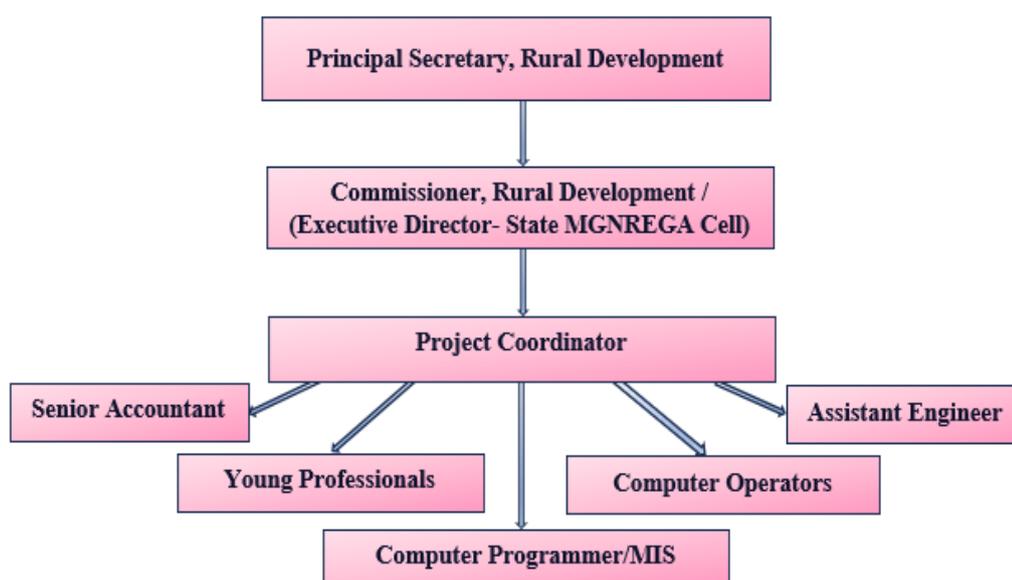
Source: NREGASoft.

It can be seen from the above chart that the scheme was more attractive to the people in hilly districts, due to their lower per capita income than plain districts. This highlights its significance as a livelihood support scheme in economically disadvantaged backwards regions.

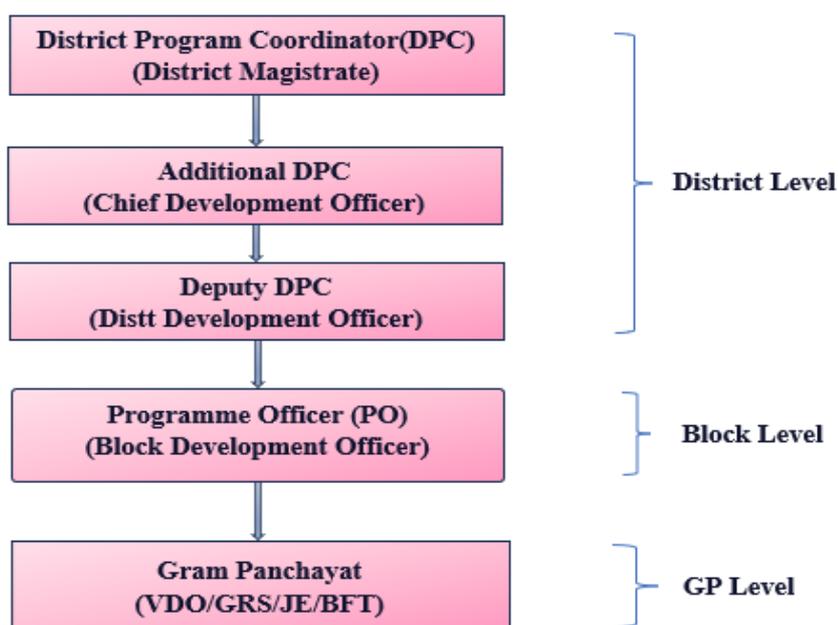
1.3 Organisational Set-up

In Uttarakhand, the scheme was implemented by the Rural Development Department under the overall supervision of the Principal Secretary. District Programme Coordinators (DPCs) and Programme Officers (POs) were made responsible for implementation of the scheme at district and block levels respectively. The organisational set up for implementation of the scheme is indicated below:

At State level



At District, Block & Gram Panchayat level



The responsibility of the designated officers at State, districts, blocks and Gram Panchayat (GP) levels to implement the MGNREGS is given in **Table-1.1** below:

Table-1.1: Responsibilities of designated officers to implement the Scheme

Level	Designated Officers	Major Roles and responsibilities
State	Commissioner, Rural Development/Executive Director	<ul style="list-style-type: none"> • Fulfilment of all prescribed duties related to the Council. • Convergence with inter-departmental schemes.
	Project Coordinator	<ul style="list-style-type: none"> • Prepares annual reports and timely submission of periodical reports to the Government of India and State Government; and • Coordination of various functions under the State Level Council.
District	District Magistrate as District Programme Coordinator (DPC).	<ul style="list-style-type: none"> • Responsible for overall co-ordination and implementation of the scheme in the district.
	District Development Officer as Deputy District Project Coordinator (Dy. DPC).	<ul style="list-style-type: none"> • Receive the Block Panchayat plans and consolidate them along with project proposals received from other implementing agencies for inclusion in the District Plan for approval by the District Panchayat; • Accord timely sanction to shelf of projects; • Ensure timely processing of FTOs for payments; and • Review, monitor and supervise the performance of the POs and all implementing agencies in relation to MGNREGS works <i>etc.</i>
	District Engineer	Technical sanction and monitoring/inspection of 20 per cent work.
Block	Block Development Officer designated as Programme Officer	<ul style="list-style-type: none"> • Consolidating, after scrutiny, all project proposals received from GPs into the Block Plan and submitting it to the District Panchayat for scrutiny and consolidation. • Matching employment opportunities arising from works within the Block Plan with the demand for work at each GP in the Block; • Monitoring and supervising implementation of works taken up by GPs and other implementing agencies within the Block; • Ensuring prompt and fair payment of wages to all labourers and payment of unemployment allowance in case employment is not provided on time; and • Ensuring conduct of social audits and follow-up on required actions <i>etc.</i>
	Deputy Programme Officer (DPO)	<ul style="list-style-type: none"> • Assists the Programme Officer, in-charge of MIS at Block level. • uploads the work orders, pay orders, muster rolls, etc. on MIS.
GP	Technical Assistant TA/ JE- for a group of GPs	<ul style="list-style-type: none"> • Preparation of estimates for works in standard prescribed templates; • Capturing measurements on a weekly basis for all the works taken up within three days after muster rolls are closed; and • Maintenance of measurement books <i>etc.</i>
	Gram Rozgar Sahayak	<ul style="list-style-type: none"> • Creating awareness by organising periodic <i>Rozgar Diwas</i>; • Ensuring the process of registration, distribution of job cards, provision of dated receipts against job applications, allocation of work to applicants; • Facilitating Gram Sabha meetings and social audits. • Recording attendance of labour every day either himself/herself or through the mate in the prescribed Muster Rolls at the worksite; and • Timely submission of filled Muster Rolls for processing the payments <i>etc.</i>

1.4 Audit Framework

1.4.1 Audit Objectives

The objectives of the Performance Audit (PA) were to assess whether:

- The planning process and financial management practices were adequately geared towards achieving the goals of the Act while adhering to relevant rules and regulations.
- Fair access to employment opportunities was achieved, as well as employment adequately generated, leading to social protection and livelihood security as envisaged.
- Durable and useful assets were created and maintained in compliance with rules and regulations while ensuring convergence with other programmes/schemes.
- Appropriate and adequate monitoring, social audit and grievance redressal systems were in place and functioning as envisaged to achieve greater transparency and accountability.

1.4.2 Audit Criteria

The audit criteria were mainly derived from the following sources:

- Mahatma Gandhi National Rural Employment Guarantee Act, 2005, Operational Guidelines 2013, amendments thereto and Rules issued under the Act;
- Annual Master Circulars issued by the Ministry of Rural Development (MoRD), Government of India;
- GOs, circulars and instructions, Guidelines *etc.*, issued by Government of India and the State Government;
- Uttarakhand Financial Rules and General Financial Rules; and
- Physical inspection/survey of the Scheme.

1.4.3 Audit scope and methodology

Performance Audit of MGNREGS covering the period from April 2019 to March 2024³ was conducted between July 2024 and October 2024 through test-check of records of State MGNREGA Cell, two District Programme Coordinators⁴, four Programme Officers⁵(two from each selected district) and 16 GPs (four GPs from each selected block) (*Appendix-1.1*). Selection of districts/blocks was made based on expenditure incurred during 2019-24 by using the Stratified Random Sampling method in IDEA software and for *Gram Panchayats*, selection was made based on expenditure by using Probability Proportional to Size Without Replacement (PPSWOR) method.

In addition, 10 works in each GP were selected for detailed scrutiny based on random sampling as small number of works were executed by the selected GPs. Joint physical inspection of the same was also done in the presence of concerned representatives/

³ Data related to employment generation, status of work, delay compensation and wage-material ratio for the period 2019-2024 was considered as of 15 November 2024.

⁴ Almora & Tehri Garhwal.

⁵ Hawalbagh and Takula from Almora district & Bhilangana and Narendra Nagar from Tehri Garhwal district.

officials of the Department and members of the audit team. Besides, a beneficiary survey of 200 beneficiaries (12-15 in each test checked GP) was conducted through a questionnaire developed by Audit.

The audit objectives, scope and methodology were discussed in an Entry Conference held on 2nd July 2024 with Secretary, Rural Development Department (RDD) and other officers of the State Government responsible for execution of the scheme in the State.

Audit observations were discussed in Exit Conference held on 30th January 2025 with Secretary, RDD and other officers of the State Government.

1.5 Acknowledgement

We acknowledge the overall cooperation and assistance provided by the Rural Development Department, and officers/official of State MGNREGA Cell, selected Dy. DPCs, POs and GPs during the conduct of the performance audit.

