



Renovation of pond in
Padinjaremooli ward 4 in Pijicode GP
Work code: 1601005004/WH/347244

Chapter

3

Planning and Capacity Building

Planning and Capacity Building

Test checked PRIs have not conducted baseline surveys to assess quantum and timing of demand for employment. In the absence of surveys, GPs could not prepare a realistic development plan at the grassroots level. There was delay of up to four months in the preparation and approval of Labour Budget and Annual Action Plans by test checked GPs. One to seven test checked GPs prepared Annual Plans and Labour Budgets after submission of Labour Budget to MoRD by the State during the audit period. Non-adoption of bottom-up approach in preparing Labour Budget led to lesser participation of PRIs in the preparation of Annual Plan and Labour Budget. Preparation of plan without assessing individual requirements led to non-implementation of 88.73 *per cent* of individual beneficiary works included in the Annual Plan. Non-preparation of convergence plan resulted in non-identification of projects implemented by other departments which could have been converged with MGNREGS. Audit noticed several shortcomings in capacity building such as non-deployment of sufficient manpower, non-conduct of training etc. Against 5,069 contract posts sanctioned under various categories, only 4,794 personnel were deployed and 275 posts remained vacant. Mates were not deployed in work sites though Operational Guidelines, 2013 stipulated for engagement of Mates in every work site.

3.1 Planning process

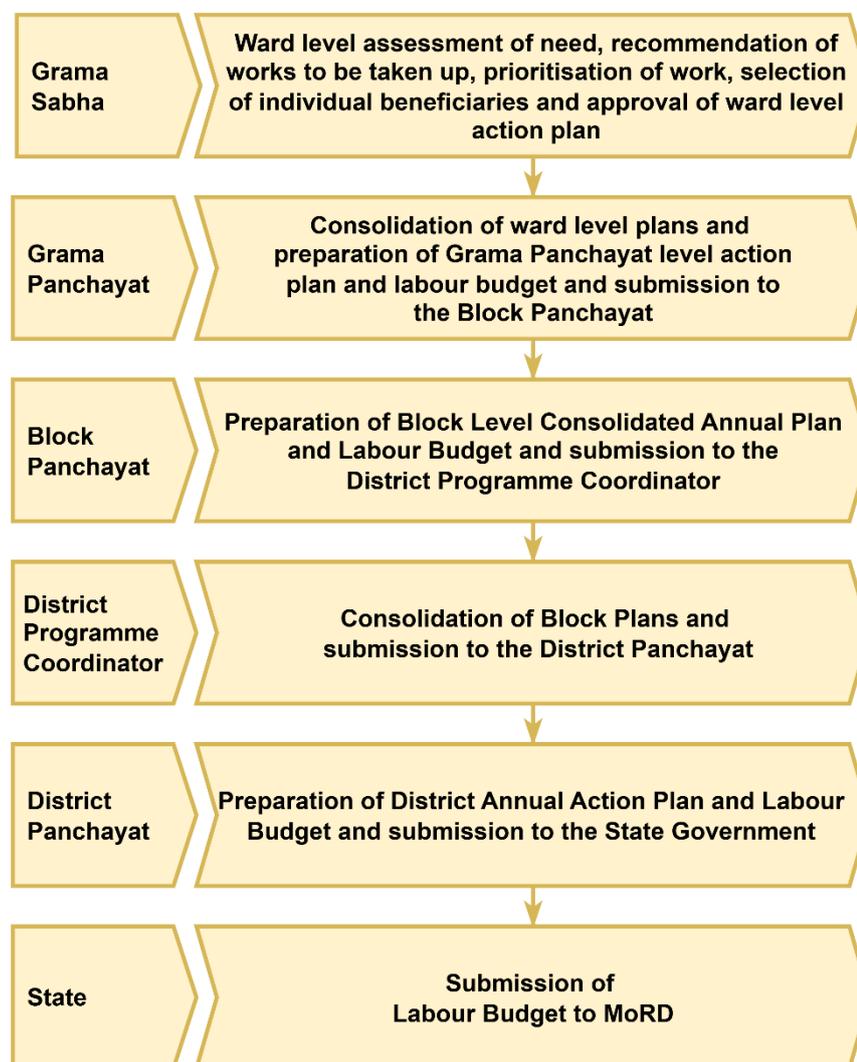
Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is a demand-driven wage employment programme where jobs are offered whenever there is a demand for work. This necessitates prior assessment of the quantum and timing of work likely to be demanded. Concomitantly, a shelf of projects has to be prepared and prioritised to meet this demand. This matching of demand and supply of work is the process of planning under MGNREGS and this has to be achieved through the preparation of a Labour Budget (LB). A well-planned approach helps in identifying local needs, setting realistic targets and fostering sustainable development. Capacity building and technical support of rural development functionaries and Panchayat Raj Institutions (PRIs) are also important for the effective implementation of the scheme.

3.2 Preparation of Annual Work Plan and Labour Budget

The Development Plan is an Annual Work Plan for MGNREGS and is to be prepared by every Grama Panchayat (GP) after considering the recommendations of Grama Sabha. According to MGNREG Act Operational Guidelines, 2013 the District Programme Co-ordinator (DPC) has to ensure strict adherence to the principle of bottom-up approach from planning stage to approval of the selected shelf of projects in the district.

The assessment of need for asset creation through MGNREGS is to be undertaken at the community level, by the GP through participatory processes. The outputs of these processes need to be consolidated at the GP level and presented before the Grama Sabha for approval. An intermediate consolidation of all the plans prepared by GPs is carried out at the Block level. Section 14(6) of the MGNREG Act mandates the DPC to prepare district level plans and submit to the District Panchayat. The District level Annual Action Plan and Labour Budget is consolidated at the State level and sent to MoRD for approval. Various stages of the planning process are depicted in **Chart 3.1**:

Chart 3.1: Various stages of planning process



(Source: Annual Master Circulars issued by MoRD)

The Labour Budget comprises a month-wise anticipated quantum of demand for work along with a plan that outlines the quantum and schedule of work to be provided for those who demand work. The Empowered Committee chaired by the Secretary, MoRD approves the Labour Budget of the State.

Audit observed various shortcomings in the preparation of Annual Work Plan and Labour Budget during the period from 2019-20 to 2023-24 as discussed in the succeeding paragraphs:

3.2.1 Non-conduct of Baseline Survey

Operational Guidelines of MGNREG Act mandated that each GP conduct a survey of job card holders to establish a baseline to assess the quantum and timing of demand for employment in the GP. The survey was to elicit information on the seasonal demand for labour from each job card holder in the GP. The baseline survey was to be undertaken in the year 2013-14 in every State and survey for reassessment of the baseline details was to be conducted every five years to account for the changes in the local pattern of livelihoods and opportunities for work in production activities. Programme Officer at Block Level was to ensure the conduct of the baseline surveys.

Audit noticed that GoK/PRI had not taken any initiative to conduct baseline survey to assess the quantum and timing of demand (March 2024). In the absence of surveys, GPs could not ascertain the expected demand for work, nature/type of works to be carried out and timing of demand for employment.

The Government stated (June 2025) that a survey specifically named as baseline survey was not conducted in the State. However, for ensuring the expected demand and timing of demand for employment, a comprehensive bottom-up planning process is adopted in the State which includes the active participation from the Neighbourhood groups. It was also stated that during the year 2019-20, a detailed survey for preparing GIS plan was conducted and details of requirement of works in each household plot were identified and included in the GIS plan of GPs with the approval of Grama Sabha.

Audit acknowledges that GIS mapping was carried out to identify asset creation works that could be taken up in individual household lands, but the survey did not assess the demand and timing of work. Therefore, the exercise carried out fell short of the baseline survey deliverables. Further, the argument that comprehensive bottom-up planning process was adopted to assess expected demand and timing is not tenable as Audit noticed deviation from the bottom-up approach as detailed in Paragraph 3.2.2. Further, there were no records to prove that quantum and timing of demand were ascertained in neighbourhood group meetings.

3.2.2 Non-adherence to Bottom-Up Approach

According to MGNREG Act, GPs were responsible for identification of the projects to be taken up under the scheme, on the basis of recommendations of the Grama Sabha. However, Audit noticed that bottom-up approach was not strictly adhered to in the preparation of Annual Plan and Labour Budget in test checked GPs. State Mission set additional targets for creation of individual assets like construction of compost pits, soak pits, work shed, poultry shed, etc. Test checked GPs either included the additional targets in the Action Plan prepared by them or prepared additional Action Plan to incorporate the additional targets. Audit noticed that during the period from 2019-20 to 2023-24, additional targets contributed between seven and 40 *per cent* of total works included in the Annual Plan. Thus, bottom-up approach as envisaged was not adopted for the preparation of Annual Plan in the State. Non-adherence to bottom-up approach resulted in inclusion of individual beneficiary-oriented projects in the Annual Plan without identifying beneficiaries as detailed in Paragraph 3.2.2.1.

In the exit conference, Additional Chief Secretary, LSGD agreed to the Audit finding and assured to critically look into the process of setting target for asset creation by State Mission.

3.2.2.1 Non-identification of beneficiaries for creation of individual assets while preparing Annual Plan

The MGNREGS is a bottom-up, people-centred, demand-driven, self-selecting, rights-based programme. Works to be executed in the Grama Panchayat area were to be identified on the basis of the recommendations of Grama Sabha. Audit noticed that 21 to 35 *per cent* of the projects taken up during the period 2019-20 to 2023-24 pertained to creation of assets in the lands owned by individual beneficiaries viz., construction of cattle sheds, poultry sheds, soak pits, compost pits, etc. However, beneficiaries in whose land the work was to be taken up was not identified in respect of 20 to 34 *per cent* of individual beneficiary-oriented works included in the Annual Plan. Audit noticed that test checked GPs created a huge buffer of individual projects in the Annual Plan, instead of identifying community level projects to meet the demand for work. Inclusion of individual beneficiary-oriented works in the Annual Plan without assessing individual requirements led to non-implementation of 88.73 *per cent* of individual projects included in the Annual Plan.

Government stated (June 2025) that through GIS survey conducted during the year 2019-20, details of works in each household plot were identified and included in the GIS plan of GPs with the approval of Grama Sabha. As the individual assets created by GPs were much less than that approved in GIS plan, targets were fixed and monitored from the State and district missions. Regarding non-identification of beneficiaries, it was stated that though GoK had directed GPs to select beneficiaries while preparing plan, some GPs were not following this direction.

Reply is not tenable as the GIS survey mapped multiple works such as construction of cattle shed, azolla tank¹, farm pond, compost pit, etc., against each household. Works to be taken up in a year is purely dependent on the demand by beneficiary in the Grama Sabha. Hence, fixing additional targets over and above the Annual Plan approved by Grama Sabha violated the bottom-up approach.

Recommendation 1: The Government may ensure the bottom-up approach in planning for MGNREGS.

3.2.3 Non-adherence to timeline in preparation of Labour Budget

The sequence of approvals laid down under the Act necessitated time bound coordination between different levels so that the spirit and intent of the Act was maintained especially in terms of retaining the work priorities. It was therefore legally imperative to avoid any delay in the approval of the development plan at any level, while ensuring that the priorities of the Grama Sabha/GP were upheld. Paragraph 6.8 of Annual Master Circular (AMC), 2019-20 suggested timelines for the planning process, commencing from launch of Grama Panchayat level planning process on 02 October to submission of Labour

¹ An Azolla tank is a shallow, often lined, container used for cultivating Azolla, a free-floating aquatic fern that can be used as a nitrogen-rich fertilizer, animal feed or even a bio-scavenger.

Budget to Central Government by 10 February every year. Timeline prescribed for each level is detailed in **Appendix 3.1**.

Audit noticed that 75 to 100 *per cent* of test checked GPs did not adhere to the timeline prescribed for preparation of Labour Budget and Annual Action Plans during the audit period and delays ranged from three days to four months. Delay in approval of Labour Budget by test checked GPs is shown in **Table 3.1**.

Table 3.1: Delay in approval of Labour Budget of 24 test checked GPs

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Number of GPs approved Labour Budget (LB) after due date (05 December)	18	22	24	24	23
Number of GPs approved LB after due date of submission of consolidated LB by BP (20 December)	11	17	23	19	23
Number of GPs approved LB after due date of submission of consolidated LB by DP (31 January)	1	3	4	5	8
Number of GPs approved LB after due date of submission of consolidated LB by the State to MoRD (10 February)	1	1	2	4	7

(Source: Details furnished by test checked GPs)

It is seen from the above table that during 2019-20 to 2023-24:

- ▶ 18 to 24 GPs had approved their Labour Budgets after the due date of 05th December.
- ▶ 11 to 23 GPs approved Labour Budgets after submission of Annual Plan and Labour Budget by respective BPs to DPCs
- ▶ One to seven GPs approved Action Plan and LB after the Labour Budget was forwarded by the State to MoRD.

From the above, it is evident that the Labour Budget proposed by State to MoRD was not based on Labour Budget prepared by Grama Panchayats. Non-adherence to timeline by GPs led to non-adoption of bottom-up approach in preparing Labour Budget and denial of the right of Grama Sabhas in deciding the nature/priority of works to be taken up under MGNREGS.

The Government stated (June 2025) that though GoK had directed GPs to adhere to the timeline prescribed for the planning process, some GPs were not following the timeline. In the exit meeting (June 2025) Additional Chief Secretary, LSGD assured to initiate action to adhere to timeline by GPs by addressing issues relating to avoidable delays.

3.3 Non-preparation of Convergence plan

One of the goals of MGNREG Act was to strengthen decentralised, participatory planning through convergence of various anti-poverty and livelihood initiatives. According to MGNREG Act, the State Government should take concrete steps to achieve effective inter-departmental convergence of works with other Government schemes/programmes till the last mile implementation level so as to improve the quality and productivity of assets and

bring in synergy to holistically address the multiple dimensions of poverty in a sustainable manner.

Audit noticed that though GPs implemented various schemes through institutions under Agriculture, Dairy Development, Animal husbandry departments, etc., convergence of their projects with MGNREGS was not planned. Further, directions (October 2022) of GoK to constitute convergence committee at all levels to ensure convergence of schemes with MGNREGS was also not complied with by the test checked PRIs.

The Government stated (June 2025) that financial convergence was difficult, as the works created in the MIS for convergence would not be shared to SECURE software for preparing estimate. It was also stated that though financial convergence was not possible, technical convergence with departments like Animal Husbandry, Agriculture, Dairy Development, Forest, Suchitwa Mission, etc., were fruitfully used in the implementation of the scheme.

Reply is not tenable as the reply is silent on the non-preparation of convergence plan by GPs. Further, test checked GPs had confirmed that technical expertise and know-how of the departmental officials were not converged in the works implemented by test checked GPs. Difficulty pointed out for financial convergence cannot be accepted as Audit noticed financial convergence with Department of Women and Child Development for construction of Anganwadi buildings.

Recommendation 2: The Government may ensure preparation of convergence plan by GPs for ensuring convergence of MGNREGS with other schemes implemented by GPs.

3.4 Capacity Building

A key pre-requisite for proper implementation of any scheme is to ensure that adequate capacities exist at all levels. Capacity building and technical support of State/District/Block level rural development functionaries and Panchayat Raj Institution (PRI) officials form the most strategic aspect in effectively implementing rural development schemes.

3.4.1 Adequacy of manpower for implementation of the scheme

The MGNREG Act recognises the crucial role of adequate manpower support for successful implementation of the scheme. The Act required the State Government to designate a Programme Co-ordinator at the district level and a Programme Officer at block level with necessary staff and technical support for effective implementation of the scheme. Supporting staff could also be hired, on a contract basis, to provide professional services at the State level. The recruitment policy for the functionaries was to be decided by the State Government. Audit noticed deficiencies in manpower allocation at various levels for implementation of MGNREGS as detailed below:

- ▶ **Additional District programme Co-ordinators:** A full-time Additional DPC was to be appointed to look into the day-to-day operations of MGNREGS and provide leadership in programme implementation at the district level. However, instead of Additional DPC, GoK sanctioned (2009) posts of Joint Programme Co-ordinator (JPC) in the rank of Joint

Development Commissioner of Rural Development Department. Further, JPCs were appointed only in 10 out of 14 districts. In four districts viz., Kasaragod, Kottayam, Pathanamthitta and Ernakulam, Project Director, Poverty Alleviation Unit of District Panchayat was holding additional charge of JPC. Audit observed that failure to appoint Additional DPCs/JPCs has left four districts without dedicated officers to coordinate and implement the scheme.

- ▶ **Personnel on contract basis:** Against 5,069 contract posts sanctioned (up to March 2024) under various categories on contract basis in the State, only 4,794 personnel were deployed and 275 posts remained vacant (March 2024). Category wise sanctioned strength and men-in-position are given in **Appendix 3.2**. Audit noticed that 19 posts of Accredited Engineers and 61 posts of Overseers, entrusted with the responsibility of ground level implementation/supervision of the MGNREGS works, were vacant in GPs. Further, 173 posts of Accountant-cum-IT Assistant, entrusted with the proper accounting and data entry of MGNREGS works were vacant in GPs (March 2024). At the State level, post of Programme Officer (Grievance Redressal) remained vacant since 2017.
- ▶ **Representation of SCs, STs and differently abled:** MGNREG Act Operational Guidelines, 2013 stipulated for adequate representation of SCs, STs, differently abled etc., in the contractual employment, in accordance with the reservation policy of the State. The GoK in 2017, issued reservation policy for appointment of MGNREGS contract staff. It was seen that, against the requirement of eight *per cent* posts for SC (406) and two *per cent* posts for ST (101) only six *per cent* posts (307) and 1.50 *per cent* posts (77) respectively were sanctioned for SC and ST category persons (March 2024). Audit noticed that implementation of Reservation policy was not monitored by the State Employment Guarantee Council (SEGC). Further, reservation policy for appointment of differently abled persons in the contract staff of MGNREGS was not formulated by GoK (March 2024).
- ▶ **Bare Foot Technician (BFT):** Schedule I para 16 of MGNREG Act, 2005 and Operational Guidelines, 2013 stipulated for deployment of suitable persons from the families of workers who may be trained or skilled and deployed as barefoot engineers for assisting Accredited Engineer/Overseer. Audit noticed that only 157 workers were trained (July 2025) as Bare Foot Technicians and 149 personnel were deployed in GPs. However, as of July 2025 only 117 BFTs were available. Of the 24 test checked GPs, only three GPs² had BFTs. Audit noticed that no action was taken by GP/BP/DP/State to identify suitable persons for imparting training and deploying as BFTs. In the absence of BFTs, giving mark outs in the field in test checked GPs were carried out by the working Mates, which violated the principle of transparency as detailed in Paragraph 3.4.1.1.
- ▶ **Gram Rozgar Sahayaks:** MGNREG Act Operational Guidelines, 2013, stipulated for appointment of at least one Gram Rozgar Sahayak (GRS) in every GP, except in GPs where demand for work under MGNREG Act is almost non-existent. The GRS was to oversee the process of registration,

² Agali, Sholayur and Pudur GPs

distribution of job cards, provision of dated receipts against job applications, recording attendance of labourers, ensuring attendance of Mates on time in the worksite, etc. However, no dedicated GRS was appointed in any of the GPs in the State during the audit period.

Audit observed that vacancies in crucial roles of scheme implementation have resulted in delay in issue of job cards, delay in completion of works taken up, delay in payment of wages, shortfall in conducting Rozgar Diwas, etc., as mentioned in Paragraphs 4.7.1, 5.1.2 and 5.5.3.

In the exit meeting (June 2025) ACS, LSGD assured to look into the matter and stated that if any critical area of scheme implementation is affected by shortage of manpower, dedicated JPC, BFT, GRS etc., then appropriate action would be taken for ensuring that prescribed manpower is provided for scheme implementation. Government stated (June 2025) that a proposal for sanctioning additional posts is under consideration of the Government.

Recommendation 3: The Government may take action to fill the vacant posts under MGNREGS by providing adequate representation to SC/ST and differently abled persons.

3.4.1.1 Non-deployment of Mates in worksites

According to Para 4.1.2 of Operational Guidelines, 2013 and Annual Master Circular (AMC), 2019-20, a Mate or worksite supervisor is required for each worksite and at least one Mate should be present for every fifty workers³. The Mates were to supervise the work, capture daily attendance in muster roll, give daily mark-outs to groups of labourers and record initial weekly measurements, etc. The Mates were to be paid wage at a rate equal to semi-skilled labour under material component of the scheme. Operational Guidelines also stipulated that a person working as a Mate should not be a worker on the same MGNREGS work site at the same point of time.

However, instead of deploying Mates to every work site, GoK issued orders (October 2008) for deploying Mates only if the number of workers in the site exceeded 40⁴. It was also directed to entrust duties of the Mate to one of the unskilled workers in the site. Audit noticed that Mates, as envisaged in Operational Guidelines, were not deployed in any of work sites in the test checked GPs.

Audit noticed that test checked GPs engaged a worker included in the muster roll as Mate and was paid unskilled wages. As such, works were executed without any supervision in test checked GPs. Further, working Mates were entrusted with duties such as recording measurements of works, giving daily mark outs, etc., without imparting any training or technical knowledge. Audit observed that recording measurements by the person who executed the work was against the principle of transparency and accountability.

The Government stated (June 2025) that working Mates were not required to record measurements of the work. They were supposed to ensure only the attendance of the workers. The reply is not tenable as one of the duties assigned (October 2008) to the Mates by the State was recording of daily/weekly

³ According to revised guidelines (March 2021) one Mate was to be engaged for every 20 workers up to 40 workers

⁴ In September 2022, the condition was revised to every 20 workers

measurements in the works. Audit had noticed instances of recording measurements of works by working Mates in test checked GPs. Further, ensuring attendance of workers by the working mates/workers themselves is against the principle of transparency.

Recommendation 4: The Government may direct the Grama Panchayats to engage Mates in every work site and pay semi-skilled wages, to ensure effective supervision works.

3.4.2 Skill development projects for MGNREGS workers – UNNATI

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 aims at building sustainable livelihoods for rural households. Though the main thrust is on providing unskilled manual work for 100 days to eligible rural households, in a growing economy, it is imperative that the workforce is migrated towards skilled work so that their income increases permanently in a significant manner.

Project 'UNNATI', introduced by GoI (2019-20), was a skilling project intended to upgrade the skill base of the MGNREGS beneficiaries so that they could move from the current partial employment to full-time employment and thereby reduce their dependence on MGNREGS. This project was meant to provide training through RSETI/KVK/DDU-GKY⁵ programmes to one adult member of age 18-45 years in a household who had completed 100 days of work under MGNREGS in the previous financial year. The project introduced in 2019-20 was extended till March 2025.

According to the guidelines, the trainees were to be paid stipend for 100 days in DDU-GKY and for 30 days in RSETI and KVK. The rate of daily stipend was unskilled wage. GoI released an amount of ₹6.85 crore (2019-20) towards payment of stipend. GoK designated Kudumbashree State Mission as the nodal agency for implementation of the scheme.

Audit noticed that though 22.53 lakh households completed 100 days of work during the period 2019-20 to 2023-24 and became eligible for enrollment under the scheme, only 3,272 members from these households were provided skill training and only ₹48.30 lakh was spent towards stipend. Details are given in **Table 3.2**.

Table 3.2: Details showing number of MGNREGS members trained and paid stipend

Year	Number of eligible households	Number of MGNREGS members trained	Stipend paid (₹ in lakh)
2019-20	2,51,141	0	0
2020-21	4,70,410	398	0
2021-22	5,12,822	511	2.73
2022-23	4,49,638	272	4.05
2023-24	5,69,102	2091	41.52
Total	22,53,113	3272	48.30

(Source: Details furnished by the MGNREGS State Mission)

Though UNNATI guidelines issued by MoRD stipulated for conducting specific Information, Education and Communication (IEC) activities to ensure

⁵ Rural Self Employment Training Institute/Krishi Vigyan Kendra/Deen Dayal Upadhyaya Grameen Kaushalya Yojana

wider publicity of the scheme, none of the test checked GPs conducted any awareness programmes in this regard. Poor implementation of project has also resulted in idling of funds to the tune of ₹ 6.37 crore. Audit observed that effective IEC activities and timely updating of job cards could have ensured availing of the benefit of UNNATI scheme by more members of MGNREGS households.

The Government stated (June 2025) that as the UNNATI guidelines allowed nomination of members of families who completed 100 days during the year 2018-19 only, new members of family who were added on attaining 100 days could not be given training. This resulted in poor progress in the number of UNNATI beneficiaries and expenditure in the initial years. The guidelines were revised in 2023-24 allowing to provide training to members who completed 100 days in any of the previous years.

The reply is not tenable as the UNNATI guidelines (December 2019) did not specifically mention that only those who completed 100 days of work in the year 2018-19 could be trained. Further, in addition to new members, any of the members in the age group 18-45 years in the eligible households could be selected for skill development training. This also indicated absence of regular updating of job cards.

3.4.3 Training of MGNREGS staff and Mates

Paragraphs 5.2.2 and 5.2.4 of Operational Guidelines, 2013 stipulated for setting up Human Resource Development and Capacity Building Divisions at the State level as well as at district levels with full-time dedicated resource persons for imparting training and field-based hand-holding support to the implementation teams. Operational Guidelines prescribed separate training programmes and modules for imparting training to Programme Officers and Assistant Programme Officers, Technical staff and Mates. At the State level, Kerala Institute of Local Administration (KILA) was identified as training agency by the State. Audit noticed the following:

- ▶ District-level Human Resource Development and Capacity Building Divisions were not set up in test checked districts.
- ▶ Though Operational Guidelines prescribed for conduct of training on watershed related works (Course II) to Accredited Engineers, Overseers, etc., no such training programme was conducted by KILA.
- ▶ Though Operational guidelines vested the responsibility of preparation of District level Annual Plans for training and capacity building with District Programme Co-ordinators, no District level training plans were prepared.
- ▶ Though KILA claimed to have imparted training to Mates, scrutiny of the training module, for the period from 2019-20 to 2022-23, revealed that only a classroom session of 45 minutes was included in the module for imparting training to record measurements. Only from 2023-24 onwards practical/onsite training on recording measurements, giving daily mark outs to groups, etc., were imparted to Mates. Audit observed that unskilled labourers assigned to the role of Mates by GPs performed their duties without receiving any proper training. During the beneficiary survey conducted by Audit among Mates, all 120 Mates surveyed in 24

GPs informed that they were not given training for recording measurements. Audit observed that training imparted to Mates became ineffective as KILA did not focus on the critical skills required by unskilled labourers to function as Mates.

Audit observed that inadequate training may result in lack of awareness of the scheme among the personnel involved in the implementation, leading to ineffective planning and poor quality of work execution.

The Government stated (June 2025) that though training programmes with the module specified in the Operational Guidelines were not conducted, the subjects mentioned in the module were included in the training conducted by KILA and Integrated Watershed Development and Management Kerala (IWDMK). It was also stated that as the State prefers the appointment of qualified candidates, the modules mentioned in the Guidelines did not have much relevance.

Reply is not acceptable as against 30 days training programme (in three phases with assessment of the field work done at the end of second and third phase) on watershed related works, only two to five days training programme was conducted. Criticality of the training is to be viewed in the context of watershed related works executed by GPs extending up to 40 *per cent* of the total works.