



Strengthening of the sidewall of water  
stream using coir geotextile in Piliicode GP  
Work code: 1601005004/IC/330560

## Chapter **4** Financial Management



There was delay ranging from eight days to four months in the release of State share by GoK. Delay in release of funds led to delay in release of skilled/semi-skilled wages and material costs. Wages aggregating ₹269.27 crore were paid after 16 to 90 days, and wages of ₹39.24 crore was paid after three months from the date of closure of muster rolls. Though there was nine *per cent* increase in expenditure towards wages during 2023-24, the expenditure towards material component decreased drastically by 37 *per cent*, indicating that the State had taken up lesser projects involving material component during 2023-24. During 2020-21, though material funds to the tune of ₹916.27 crore was available, expenditure towards material including skilled and semi-skilled wages was only ₹752.94 crore (82 *per cent*), indicating that the State Government failed in optimum utilisation of the resources for material component available with them. Though MGNREG Act Operational Guidelines stipulated that salary/remuneration of functionaries already engaged by the GoK/PRI should not be booked under the administrative costs of MGNREGA, GoK met salary expenses of Government officials from Administrative Expenses Fund. An amount of ₹43.59 crore was outstanding (December 2024) towards payment in respect of unskilled wages, semi-skilled/skilled wages, material and taxes for the period from 2019-20 to 2023-24. 19,792 transactions towards payment of wages and materials pertaining to the period from 2019-20 to 2023-24 were pending regeneration for a period ranging from six months to more than four years. Only 20 to 79 *per cent* of the wages due for payment was paid to tribal plus beneficiaries within the financial year, which defeated the objectives of the Tribal Plus scheme. Audit also noticed discrepancies in disbursement of Onam Festival allowance such as transfer of allowance of multiple beneficiaries to single bank account.

#### 4.1 Funding pattern

The MGNREGS is a demand-driven wage employment programme implemented on a cost-sharing basis between the Centre and the States. Releases of Central share of funds are based on the projection of labour demand in the agreed-to Labour Budget. Section 22 of the Act provides the framework for the funding pattern. Fund sharing pattern is detailed in **Table 4.1**.

**Table 4.1: Fund sharing pattern of the scheme**

Details of Component	GoI Share	State Share
Wages for unskilled manual workers	100 <i>per cent</i>	Nil
Wages for skilled and semi-skilled workers	75 <i>per cent</i>	25 <i>per cent</i>
Cost of material	75 <i>per cent</i>	25 <i>per cent</i>
Unemployment allowance	Nil	100 <i>per cent</i>

Details of Component	GoI Share	State Share
Compensation for delayed payment of wages to the workers	Nil	100 per cent
Administrative Expenditure	Up to six per cent of total expenditure, including up to 0.5 per cent expenditure on Social Audit	Expenditure of SEGC

(Source: MGNREG Act and Operational Guidelines 2013)

According to Section 21(1) of the MGNREG Act, the State Government may, by notification, establish a fund called the State Employment Guarantee Fund (SEGF) for the purpose of the implementation of the scheme. Grant from the Central Government and corresponding State share were to be credited to the SEGF.

In addition to providing State share as mentioned in Table 4.1, GoK had formulated schemes for providing additional benefits to MGNREGS workers as detailed in Table 4.2:

**Table: 4.2: Additional benefits envisaged to MGNREGS workers by the State**

Name of scheme	Particulars
Kerala Tribal plus scheme	Launched in 2018; provides additional 100 days of guaranteed wage employment to every Scheduled Tribe (ST) household in every financial year.
Corpus Fund for Advance payment of wages to ST Households in specified areas	Corpus fund of ₹11.12 crore was created with Kudumbashree for making advance payment of 90 per cent of the wages to each ST worker at the end of each week. This project was implemented in Wayanad district, Aralam Farm in Kannur district and Attappadi block in Palakkad district.
Special Reward-Onam Festival	Payment of an amount of ₹1000 to each MGNREGS household in the State who completed 100 days of employment in the previous year.

(Source: Orders issued by GoK)

## 4.2 Release and utilisation of funds

According to Operational Guidelines Central share of funds would be released in two tranches. First tranche of Central share would be based on proportionate fund requirement projected for the first six months of the financial year, subject to a maximum of 50 per cent of the total fund required for the whole year. Second tranche could be claimed by the State on utilising 60 per cent of available funds. GoI release of second tranche would be based on (i) unspent balances and (ii) actual performance against the agreed-to Labour Budget (LB) during the year. Details of funds received and expenditure incurred during the period 2019-20 to 2023-24 are indicated in Table 4.3 and Table 4.4.

**Table 4.3: Details of funds released and expenditure incurred during 2019-20 to 2023-24**  
(₹ in crore)

Year	OB	Release of Wages	Central Release		State material	Misc. Receipt <sup>6</sup>	Total fund availability	Expenditure	CB
			Material	Admin					
2019-20	19.07	2212.53	258.59	118.54	104.84	5.80	2719.37	2709.04	10.33
2020-21	10.33	3019.30	718.60	178.50	197.67	15.23	4139.63	3900.01	239.62
2021-22	239.62	3236.53	432.74	40.19	203.91	18.19	4171.18	4164.92	6.26
2022-23	6.26	3043.72	735.08	146.13	245.04	16.09	4192.32	4028.16	164.16
2023-24	164.16	3324.37	372.17	187.67	124.06	7.25	4179.68	4004.49	175.19
<b>Total</b>		<b>14836.45</b>	<b>2517.18</b>	<b>671.03</b>	<b>875.52</b>	<b>62.56</b>		<b>18806.62</b>	

(Source: Details received from State Mission)

**Table 4.4: Details of expenditure incurred (component-wise)**

(₹ in crore)

Year	Wages	Material <sup>7</sup>	Administrative	Other expenditure	Total
2019-20	2215.14	369.37	124.53	0.00	2709.04
2020-21	3016.73	752.94	130.34	0.00	3900.01
2021-22	3224.95	820.44	119.53	0.00	4164.92
2022-23	3043.72	847.85	136.58	0.01	4028.16
2023-24	3324.37	535.43	132.96	11.73	4004.49
<b>Total</b>	<b>14824.91</b>	<b>3326.03</b>	<b>643.94</b>	<b>11.74</b>	<b>18806.62</b>

(Source: Details received from State Mission)

Audit noticed that though there was nine *per cent* increase in expenditure towards wages during 2023-24 compared to 2022-23, the expenditure towards material component decreased drastically by 37 *per cent*, indicating that the State had taken up lesser projects involving material component during 2023-24. Further, during 2020-21, though material funds to the tune of ₹916.27 crore was available, expenditure towards material including skilled and semi-skilled wages was only ₹752.94 crore (82 *per cent*), indicating that the State Government failed in optimum utilisation of the resources for material component available with them, which resulted in delayed payment of wages and pendency in payment of bills for materials besides creation of liability to the State Government for payment of compensation for delay.

The Government stated (June 2025) that the State did not receive sufficient material funds in any of the financial years. Due to delay in getting the material fund, the vendors/suppliers were not very interested in participating in the bidding of MGNREGS works. Also delay in getting funds badly affected the individual beneficiaries who advanced fund for their individual assets.

The reply substantiates the audit finding that delay in release of skilled/semi-skilled wages and material fund led to backing out of the beneficiaries and vendors from participating in the scheme as detailed in Paragraph 6.7.4.

<sup>6</sup> UNNATI, Anganwadi construction funds, interest, bank rejection, refunds, etc.

<sup>7</sup> Includes semi-skilled and skilled wages

### 4.3 Delay in release of funds by the State

According to MGNREG Act Operational Guidelines, 2013 and fund release orders issued by MoRD, the Central funds along with corresponding State share, was to be released by the State to the State Nodal Account (SNA)/State Employment Guarantee Fund concerned within a maximum period of 15 days from the receipt of Central share. However, audit noticed delay ranging from eight days to four months in release of funds by GoK. Details are as given in **Appendix 4.1**. Delay in release of funds resulted in delay in release of skilled/semi-skilled wages and material costs. Audit noticed instances of delay up to 22 months in releasing material cost borne by the beneficiaries during construction as detailed in Paragraph 6.7.4. Audit observed that the delay in release of payment of wages and cost of materials adversely impacted the taking up of material works by beneficiaries.

The Government stated (June 2025) that appropriate corrective measures will be taken to avoid the delay.

**Recommendation 5: The Government may ensure timely release of funds adhering to the timeline prescribed for the scheme.**

### 4.4 Shortfall in receipt of funds for Administrative Expenses

In order to augment human resources and develop capacity for critical activities, the GoI was to provide up to six *per cent* of the total expenditure (including up to 0.5 *per cent* towards social audit) on MGNREGS in a financial year towards Administrative Expenses (AE). The State Governments were advised to supplement this, if required, for effective implementation of the provisions of MGNREG Act. Administrative Expenses fund was also meant for conducting IEC activities, imparting training to functionaries, etc. Details showing AE fund due, received and expenditure incurred are given in **Table 4.5**.

**Table 4.5: Details of Administrative Expenditure funds due, received and expended**  
(₹ in crore)

Sl.No	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	Total
1	Total expenditure towards wages and materials	2584.51	3769.66	4045.39	3891.58	3859.80	18150.94
2	Admissible Administrative Expenditure (AE) at the rate of 5.5 <i>per cent</i>	142.15	207.33	222.50	214.04	212.29	998.31
3	AE received	118.54	178.50	40.19	146.13	187.67	671.03
4	AE utilised	124.53	130.34	119.53	136.58	132.96	643.94
5	Shortfall in receipt of AE	23.61	28.83	182.31	67.91	24.62	327.28
6	Shortfall ( <i>per cent</i> )	16.61	13.91	81.94	31.73	11.60	
7	Percentage of expenditure against AE received	105.05	73.02	297.41	93.46	70.85	

(Source: Details furnished by State Mission, MGNREGS-Kerala)

As seen from the table above, there was shortfall in receipt of administrative expenditure funds during 2019-20 to 2023-24. Against ₹998.31 crore due, only ₹671.03 crore (67.22 per cent) was received during the period. Audit noticed that during the year 2021-22, against total available Administrative Expenses Fund of ₹88.35 crore, expenditure towards administrative expenses was ₹119.53 crore, indicating that the Administrative Expenditure was partly met out of funds received towards material component as funds towards both material and Administrative Expenditure were kept in a single account till July 2023.

The Government stated (June 2025) that though State submitted Utilisation Certificates, necessary funds were not received towards administrative expenses. Due to shortage of funds, IEC activities were affected. Training programmes were organised with the help of KILA.

#### **4.5 Inadmissible Administrative expenses**

According to para 12.5.6 of MGNREG Act Operational Guidelines, salary/remuneration of functionaries already engaged by the Government/PRIs should under no condition be booked under the administrative costs of MGNREG Act. However, audit noticed that 33 Government employees engaged in various posts in MGNREGS were paid from Administrative expenses of MGNREGS during the period 2019-20 to 2023-24. Salary expenses of these officers worked out to ₹16.05 crore during the five year period. Though, State Mission had requested (May 2019) GoK to allocate funds to meet salary expenses of these officials, no action was taken by GoK and salary expenses still continue to be met from MGNREGS funds.

Audit noticed that Internal Audit wing of MoRD had raised objection (October 2018) to the payment of salaries to above officers from the Administrative expenses fund and directed to refund the expenditure incurred during 2015-16 to 2017-18. However, no action was taken by GoK till date (June 2025).

The Government stated (June 2025) that appropriate corrective action will be taken to prevent recurrence in future.

##### **4.5.1 Unauthorised appointment of DEO and payment of wages from Administrative Expenses fund**

With the objective of setting up a dedicated administrative structure for the implementation of MGNREGS, GoK had issued orders (August 2009) prescribing posts, staff strength at various levels and educational qualifications for appointing personnel on contract basis to these posts. Qualification for the post of Accountant-cum-Data Entry Operator was fixed as B.Com with PGDCA. However, Pudur GP engaged one Data Entry Operator with educational qualification of Plus two and Diploma in Computer Applications on daily wages with effect from 01 May 2010, without obtaining Government sanction and his wages were met from the administrative fund of MGNREGS. Though, Pudur GP received (February 2012) one additional post of Accountant-cum-Data Entry Operator, instead of appointing personnel with prescribed qualifications, the DEO was allowed to continue in the post. The DEO was dismissed (30 August 2024) only after identification of the malpractices carried out in the muster rolls and misappropriation of Government funds in the GP as brought out in Paragraph 6.4. The appointment of DEO on daily wage basis

against the directions of the Government led to unauthorised payment of ₹22.14 lakh from MGNREGS fund. Audit observed that unauthorised appointment and drawal of salary for more than 12 years also indicates serious flaw in the oversight by BP/DP/State Mission.

While confirming that the DEO was dismissed on the basis of discovery and confirmation of financial irregularities related to distribution of wages of skilled labour in the ward in which he was in charge, the Government stated (June 2025) that post of DEO was created based on the recommendation of the State Employment Guarantee Council (SEGC). Further, the Commissioner of Rural Development (CRD) had directed District Programme Co-ordinators (DPCs) and Joint Programme Co-ordinators (JPCs) to engage DEOs on daily wage basis, based on the workload of the Grama Panchayats. It was also stated that the DEO was paid only for the days that he had worked and as such there was no financial loss.

Reply is not tenable as CRD had directed DPCs and JPCs to appoint Computer Data Entry Operator cum Accountant on daily wage basis, if required. Instead, the GP appointed DEO without prescribed qualification. Payment of wages to a person without prescribed qualification and without Government sanction is irregular.

**Recommendation 6: The Government may take action to recoup the inadmissible expenditure incurred under MGNREGS.**

#### 4.6 Outstanding liabilities

With a view to streamline the fund flow system and to empower the State Governments/grass-root level implementation agencies to deliver entitlements as per the objectives of the MGNREG Act, the Central Government introduced (May 2016) National Electronic Fund Management System (Ne-FMS) for wage payments. Payment of unskilled wages was entirely the responsibility of GoI and released directly to the beneficiary and release of payment towards skilled/semiskilled wages/material/administrative components were to be made by the State. MGNREG Act stipulated for payment of wages within 15 days of closure of muster roll. One of the duties of the JPC, District Panchayat (DP) and Block Panchayat (BP) was to ensure timely processing of all Fund Transfer Orders (FTOs) for payments.

However, Audit noticed that an amount of ₹43.59 crore was outstanding, as of December 2024, towards payment of unskilled wages, semi-skilled/skilled wages, material and taxes for the period from 2019-20 to 2023-24 as detailed in **Table 4.6:**

**Table 4.6: Details of pending payments**

(₹ in lakh)

Year	Unskilled wages	Skilled/Semi-skilled wages	Material	Tax	Total
2019-20	2.81	51.58	210.93	1.00	266.32
2020-21	2.3	25.17	107.42	0.19	135.08
2021-22	3.56	47.10	202.52	1.27	254.45
2022-23	2.13	23.26	355.45	1.49	382.33
2023-24	4.47	99.75	3118.04	98.87	3321.13
<b>Total</b>	<b>15.27</b>	<b>246.86</b>	<b>3994.36</b>	<b>102.82</b>	<b>4359.31</b>

(Source -NREGASoft MIS Report R8.1.5)

It can be seen from the table that wages to an extent of ₹2.62 crore was pending for nine months to more than four years. Denial of wages would have an adverse impact on the sustenance of rural poor who depended on these payments for their livelihood. Similarly, the Department had not cleared the dues of ₹39.94 crore on material for a period ranging from eight months to more than four years. Non-payment of dues to workers/suppliers over long periods indicated ineffective oversight mechanism and undermined the scheme's objective of providing timely financial assistance to beneficiaries. Furthermore, failure to pay dues for materials discourages suppliers and beneficiaries from participating in the scheme, potentially hindering work progress and timely completion.

Audit noticed that one of the reasons for failure to clear these payments was rejection of transactions. Transactions got rejected due to reasons *viz.*, de-seeding of Aadhaar number from National Payments Corporation of India (NPCI) mapper by bank, incorrect/closed bank account, invalid bank identifier, mismatch in IFS Code of bank account, non-matching of payee account with registered vendor, *etc.* MoRD had instructed (December 2020) that regeneration of rejected transactions should be done in a time bound manner and the field functionaries should ensure that failed transactions are regenerated within two days. However, audit noticed that 19,792 transactions towards payment of wages and material pertaining to the period from 2019-20 to 2023-24 were pending regeneration or awaiting response of the bank as detailed in **Table 4.7**.

**Table 4.7: Status of rejected transactions**

Year	Wages				Materials			
	No. of rejected Transactions pending regeneration	Amount involved in transactions pending regeneration (₹ in lakh)	No. of rejected transactions pending bank response	Amount involved in rejected transactions pending bank response (₹ in lakh)	No. of rejected Transactions pending regeneration	Amount involved in transactions pending regeneration (₹ in lakh)	No. of rejected transactions pending bank response	Amount involved in rejected transactions pending bank response (₹ in lakh)
2019-20	11	0.17	156	1.85	1048	46.32	482	25.47
2020-21	0	0.00	86	1.23	1216	55.36	1110	97.87
2021-22	4	0.03	242	3.26	1779	143.74	10716	996.81
2022-23	6	0.03	121	1.59	215	16.64	1246	290.40
2023-24	35	0.39	290	4.11	465	84.19	564	93.15
<b>Total</b>	<b>56</b>	<b>0.62</b>	<b>895</b>	<b>12.04</b>	<b>4723</b>	<b>346.25</b>	<b>14118</b>	<b>1503.70</b>

(Source -NREGASoft MIS Report R8.1.5)

As seen from the table above, 951 rejected transactions involving wages amounting to ₹12.66 lakh and 18,841 rejected transactions involving material bills amounting to ₹1849.95 lakh were either pending for regeneration or pending for bank response after regeneration for a period ranging from six months to more than four years.

Audit noticed that in test checked GPs, non-updating of bank account numbers of the beneficiaries and non-mapping with Aadhaar number for semi-skilled/skilled/material payments had resulted in rejection of transactions and undue delay in payment of wages/cost of materials to the wage seekers/beneficiaries.

The Government stated (June 2025) that regeneration of rejected transactions was given priority consideration by the State. It was also stated that appropriate corrective actions will be implemented to prevent recurrence in future.

However, the fact remains that wages to be paid within 15 days were pending for a period up to four years due to lack of effective action by the GPs. This also indicated ineffective oversight by BPs/DPs/State in ensuring adherence to the Government instructions.

**Recommendation 7: The Government may take action to reduce the pendency with regard to regeneration of failed transactions and payment to the beneficiaries.**

#### 4.7 Delay in payment of wages and rejection of compensation for delayed payments

The MGNREG Act mandated for payment of compensation for delay, at the rate of 0.05 *per cent* of the unpaid wages per day, in case payment of wages was not made within fifteen days from the date of closure of the muster roll. The Act also prescribed that the computer system should have a provision to automatically calculate the compensation payable based on the date of closure of the muster roll and the date of deposit of wages in the accounts of the wage seekers. The State Government was liable to pay the compensation upfront after due verification, within the time limits as specified above and recover the compensation amount from the functionaries or agencies who were responsible for the delay in payment.

In order to track/fix responsibility on various functionaries and apportion recoveries as per delays, the GoK prescribed timelines as detailed in **Table 4.8**.

**Table 4.8: Timelines prescribed for wage payment**

Sl. No.	Process/Workflow Step	Person/Agency/ Authority responsible for the step	Time allotted for step	Number of days from date of e-NMR closure
1.	From closure of muster roll till signing of FTO by second signatory	Accredited Engineer, Assistant Secretary, Secretary	eight days	Up to T+8
2.	Wage credit into the account of the wage seeker	MoRD/PFMS New Delhi/Nodal Bank/NPCI	seven days	T+9 to T+15

(Source: MGNREG Act Guidelines for timely payment of wages)

In order to meet the objective of making the timely payment to the MGNREG Act beneficiaries, it was essential that all stakeholders in this system adhered to the timelines advised. However, scrutiny of MIS reports and records in test checked GPs revealed that provisions of the Act regarding timely payment of wages and payment of compensation for delayed payment of wages were not adhered to as detailed in subsequent paragraphs:

### 4.7.1 Delay in payment of wages and non-reckoning actual date of payment for calculating delay

The MGNREG Act mandated for payment of compensation in case wages were not paid within 15 days of closure of muster roll. This required calculation of delay from the date of closure of muster roll till the date of credit of wages into the account of the beneficiary. However, audit noticed that there were no MIS reports in public domain which could give the consolidated status of payment of wages from the date of closure of muster roll to the actual credit of wages to the beneficiaries. The Report – R14.5 (Delayed Payment) tracked the status only till signature of FTOs by the second signatory and not till actual date of credit of wages to the beneficiary account. The report showed that 98 *per cent* of payments were made within the mandated period of 15 days. Details of delayed payments as per MIS reports are given in **Appendix 4.2**. Further scrutiny of delayed wage payments (₹308.51 crore) showed that wages aggregating ₹269.27 crore were paid between 16 and 90 days, and wages of ₹39.24 crore were paid after three months (90 days) from the date of closure of muster rolls.

Audit noticed that non-reckoning delay till the actual date of credit of wages into the beneficiaries' account resulted in partial/non-calculation of delays. Detailed scrutiny of calculation of delays during 2023-24 in the test checked GPs revealed that against MIS calculated delay of nil to 34 days, actual delay ranged from eight days to 180 days. Illustrative cases noticed are tabulated in **Appendix 4.3**. Audit observed that incorrect calculation of delay violated the provisions of the Act and led to incorrect calculation of compensation for delayed payment.

The Government stated (June 2025) that delay may occur due to technical issue with digital signature and also when the Secretary/Asst. Secretary gets transferred from one station to another. De-enrolling/enrolling of the Digital Signature Certificate of new officers takes 24 hours which is not in the control of officials at the GP level. It was also stated that delay caused at GP level will be examined and appropriate corrective actions will be implemented.

However, Audit is of the view that technical issues with digital signature, de-enrolling/enrolling delay, etc., should have been sorted out in time to ensure timely payment of wages as mandated by the Act.

### 4.7.2 Unjustified rejection of compensation for delayed payments

The MGNREG Act mandated for payment of compensation for delay, at the rate of 0.05 *per cent* of the unpaid wages per day, in case payment of wages was not made within fifteen days from the date of closure of the muster roll. The NREGASoft (MIS Report R14.1-Delayed Compensation) had a provision to calculate the total compensation payable. However, the Kerala MGNREGS Payment of Compensation (for Delayed Wage Payment) Rules, 2023 allowed the Programme Officers to reject the claims for payment of compensation citing reasons *viz.*, delay due to technical issue with Digital signature or MIS issues, natural calamities, or funds not available at the paying Authority level and detailed reasons for rejection were to be given in the MIS.

Audit noticed that though NREGASoft had calculated ₹491.73 lakh towards delay compensation payable during the audit period for 677 lakh days of delay, Block Programme Officers rejected delayed compensation of ₹487.29 lakh (99

per cent), for which detailed reasons were not available in public domain (NREGASoft). Details of delayed compensation calculated and rejected as per MIS are given in Table 4.9.

**Table 4.9: Details of delayed compensation and rejection**

(₹ in lakh)

Year	Delayed compensation		Rejection Reason (In days)			Amount rejected	Percentage of total rejection	Percentage of rejection under Compensation not due	Approved amount of compensation for delay (percentage)
	Payable (Delay in days)	Payable amount	Natural calamities	Compensation not due	Total rejected				
2019-20	5261300	38.39	3615	4855250	4863904	35.85	92.45	99.82	2.54 (6.62)
2020-21	23711842	173.58	21631	23452167	23474185	172.18	99.00	99.91	1.40 (0.81)
2021-22	1818165	12.16	8	1809053	1809061	12.10	99.50	100.00	0.06 (0.49)
2022-23	24714967	173.95	53427	24608225	24661673	173.60	99.78	99.78	0.35 (0.20)
2023-24	12160180	93.65	9782	12138373	12148158	93.56	99.90	99.92	0.09 (0.10)
<b>Total</b>	<b>67666454</b>	<b>491.73</b>	<b>88463</b>	<b>66863068</b>	<b>66956981</b>	<b>487.29</b>	<b>98.95</b>	<b>99.86</b>	<b>4.44 (0.90)</b>

(Source: MIS Reports R14.1)

Audit noticed that 99.86 per cent of the total rejection was on the ground of 'Compensation not due'. Rejection on this ground was incorrect as it was applicable in cases where wages had been paid in time but details were not entered in MIS. This was not possible in Ne-FMS system, as wage payments could not be processed without the data entry in MIS. Further, delay in payment of wages and non-reckoning actual date of payment for calculation of delay compensation together with rejection of claims for delay compensation has denied the beneficiaries the livelihood security envisioned by the MGNREG Act.

The Government stated (June 2025) that Delay Compensation Rules have been framed in line with the Standard Operating Procedure (SOP) issued by the MoRD in May 2017. As per the SOP, the compensation due can be rejected in the event of compensation not due, natural calamities and non-availability of funds at the paying authority level.

Reply is not tenable as the SOP issued by MoRD in 2019-20 does not permit rejection of compensation on the ground of non-availability of funds. Further, Ne-FMS system is implemented in the State and wage payments were processed after data entry in MIS. As such possibility of rejection on the ground of 'compensation not due' does not arise.

#### 4.8 Delay in payment of wages under Tribal Plus scheme

The GoK, in July 2019, launched Tribal Plus scheme for providing additional 100 days of guaranteed wage employment to every Scheduled Tribe (ST) household in every financial year. All the ST families who had completed 100 days of work in MGNREGS was included in this scheme. Payment for wages and material for the works was to be funded by GoK through Scheduled Tribes Development Department. However, audit noticed that only 20 to 79 per cent

of the wages due was paid to tribal plus beneficiaries within the financial year due to delay in release of funds by GoK. Details are given in **Table 4.10**.

**Table 4.10: Details of wages paid to Tribal Plus beneficiaries**

Year	Number of FTOs generated (In lakh)	Total amount required including previous year balance (₹ in lakh)	Amount received/ wages paid (₹ in lakh)	Percentage of wage paid	Employment generated (In days)	Amount pending at the close of the financial year (₹ in lakh)
2019-20	996.61	996.61	200.00	20.07	361090	796.61
2020-21	3633.65	4430.26	1893.00	42.73	1227583	2537.26
2021-22	3914.40	6451.66	5108.00	79.17	1322434	1343.66
2022-23	3677.66	5021.32	3964.77	78.96	1182527	1056.55
2023-24	5166.38	6222.93	2854.94	45.88	1551466	3367.99
	<b>17388.70</b>		<b>14020.71</b>			

(Source: Details furnished by MGNREGS State Mission)

Audit noticed that as of March 2024, ₹33.68 crore was pending towards payment of wages. Due to delay in release of funds, there was delay ranging from 59 to 205 days in receipt of wages by tribal plus beneficiaries. Audit observed that timely payment of wages being the crux of the Tribal Plus scheme, delay in release of funds by GoK undermined the very objective of the scheme.

The Government stated (June 2025) that steps will be taken to ensure timely disbursement of funds. However, the fact remains that a scheme formulated by the State for providing additional benefits to the Scheduled Tribes failed to achieve its objectives due to failure of the State to ensure timely release of funds.

#### **4.9 Irregularities in the management of Corpus Fund for Advance Wage Payments to ST Workers under MGNREGS**

With the aim to address delays in wage disbursement under MGNREGS, GoK, in March 2018, established a Corpus Fund for effecting advance wage payments to Scheduled Tribe (ST) workers in specified areas on weekly basis. The corpus amount of ₹11.13 crore was transferred (March 2018) to the bank account held by the Director, Kudumbashree State Mission and authorised Kudumbashree Community Development Society (CDS)/Area Development Society(ADS) units to disburse 90 per cent of wages in advance to the ST workers in specified areas<sup>8</sup>. The advance was to be deposited in the bank account of the beneficiary in which MGNREGS wages were credited by GoI, after executing a tri-partite agreement between the beneficiary, ADS and the bank for ensuring that the advanced amounts would be reimbursed after receipt of wage payments from GoI.

Scrutiny of Kudumbashree State Mission records and Ooru Samithi bank statements in test checked units revealed that out of ₹11.12 crore, ₹10.30 crore

<sup>8</sup> This initiative was initially for ST workers in Wayanad District and Attappadi Block of Palakkad District and later extended to Aralam Farm in Kannur district in June 2019.

was disbursed to the beneficiaries and balance amount was retained in the Ooru Samithi bank accounts. However, the system of payment of advance to beneficiaries was discontinued from 2022-23. Audit noticed that out of ₹11.12 crore disbursed to 112 Ooru Samithis only ₹7.34 crore was returned to the State Mission till date (December 2024).

Audit test checked 112 Ooru Samithi bank accounts and noticed irregular cash withdrawal of ₹3.48 lakh for personal purpose by two Ooru Samithis. Kakkupadi Thazhe Ooru Samithi in Agali GP withdrew ₹1,00,000 and Mele Manchikandi Ooru Samithi in Pudur GP withdrew ₹2,48,250 for personal purposes violating Government instructions.

Audit further noticed that four Ooru Samithis in Attappadi BP received (January 2019) ₹12 lakh (at the rate of ₹ three lakh each) towards payment of advance wages. Of ₹12 lakh, ₹7.36 lakh was disbursed (January 2019 to January 2020) to beneficiaries towards advance. On scrutiny of their bank accounts, audit noticed that these SB accounts were not operational from July 2022 leaving balances at nil (October 2024). On enquiry with the bank by Audit, the bank transferred (December 2024) the amount of ₹8.25 lakh (including interest accrued till July 2022) to the Account of the District Project Officer. Audit noticed that though ₹7.36 lakh was disbursed to the beneficiaries towards advance, only ₹2.92 lakh was recouped by the Ooru Samithis from the beneficiaries.

Thus, Audit observed that misuse of funds and non-disbursement of advance amounts by Ooru Samithis defeated the objectives of the scheme.

The Government stated (June 2025) that recovery details would be made available from Kudumbashree and necessary action will be initiated. It was also stated that appropriate corrective actions will be taken to prevent recurrence in future. However, Government reply is silent on the discontinuation of the project by Kudumbashree.

#### **4.10 Discrepancies in disbursement of Onam Festival Allowance**

The Government of Kerala had sanctioned Onam festival allowance of ₹1,000 to each MGNREGS worker who worked for at least 100 days<sup>9</sup> in the previous year. This allowance was distributed through GPs up to 2020-21 and through Block Programme Officers since 2021-22. Scrutiny of the Bill Information Management System (BiMS) portal<sup>10</sup> and bill status report, audit identified discrepancies in the disbursement process such as irregular transfer of allowance of multiple beneficiaries to single beneficiary and non-receipt of allowance by beneficiaries due to unresolved failed transactions as detailed below:

##### **4.10.1 Transfer of allowance of multiple beneficiaries to a single Bank Account**

Wages under MGNREGS were transferred directly to the Aadhaar-linked bank accounts of the beneficiaries. However, instead of transferring to Aadhaar-linked bank accounts of beneficiaries, Onam festival allowances of multiple beneficiaries were transferred from the Treasury Savings account using BiMS

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<sup>9</sup> Stipulation for completion of 100 days was reduced to 75 days during 2020-21 due to Covid

<sup>10</sup> Bill Information Management System (BiMS) is an e-bill portal of GoK for claim settlement

software to a single bank account of one of the beneficiaries by the Block Programme Officers. Audit noticed instances of transfer of payment in respect of three to 66 beneficiaries to a single bank account during the period 2021-22 to 2023-24 as detailed in **Table 4.11**.

**Table 4.11: Allowance of multiple beneficiaries transferred to a Single Bank Account**

District	Name of PRI	Number of beneficiaries	Amount paid (In ₹)	Number of bank accounts to which amount credited
Thiruvananthapuram	Chirayinkeezhu BP	66	66000	Single Bank Account
		5	5000	Single Bank Account
		3	3000	Single Bank Account
		134	134000	67 Bank Accounts
	Vellanad BP	107	107000	54 Bank Accounts
Palakkad	Malampuzha BP	60	60000	30 Bank Accounts
	Attappadi BP	221	221000	111 Bank Accounts
Kasaragod	Kasaragod BP	34	34000	17 Bank Accounts
	Neeleshwaram BP	72	72000	36 Bank Accounts
<b>Total</b>		<b>702</b>	<b>702000</b>	

(Source: Details collected from BiMS portal)

Irregular disbursement of Onam Allowances resulted in duplicate/multiple payments to certain beneficiaries while others did not receive their entitled allowance in the test checked districts.

Audit also noticed instances of failed transactions amounting to ₹2.07 lakh remaining unresolved for over three years due to reasons *viz.*, incorrect bank account number, depriving beneficiaries the benefit of festival allowance granted to them by Government. Details are given in **Appendix 4.4**. Failed transactions occurred due to negligence in resolving issues flagged on the BiMS dashboard while making payments by GPs/BPOs.

Audit observed that these discrepancies have prevented eligible MGNREGS workers from receiving their rightful Onam festival allowance, undermining the intention of formulating the scheme.

Regarding transfer of allowance of multiple beneficiaries to single account, the Government stated (June 2025) that detailed enquiry will be initiated and appropriate corrective actions will be implemented to prevent recurrence in future.