EXECUTIVE SUMMARY

Why this audit?

The Government of India (GoI) notified (September 2005) the National Rural Employment Guarantee Act, 2005 and renamed (October 2009) the same as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to enhance the livelihood security of the households in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household, whose adult members were ready to do unskilled manual work. This Performance Audit was conducted to assess the implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in Chhattisgarh by ensuring accountability, transparency, and employment generation. Audit aimed to identify areas for improvement in implementation, financial management, and fulfilment of mandated employment provisions and intended to suggest corrective actions to enhance the scheme's impact on rural livelihoods through need based planning. The findings serve as a basis for reinforcing institutional mechanisms and achieving the core objectives of livelihood security for the poor through creation of durable assets and empowerment of socially disadvantaged women, Scheduled Caste and Scheduled Tribe Community.

What we found?

We noted systemic deficiencies across key components including planning, employment generation, financial management, asset creation, monitoring, and social audit.

The women's participation under MGNREGS in the selected districts ranged from 43 to 59 *per cent*, exceeding the mandated 33 *per cent* threshold. Their engagement at the Janpad and Gram Panchayat levels also remained consistently high, reflecting strong involvement across all tiers. Participation of Scheduled Caste and Scheduled Tribe Community was broadly proportionate to their population, indicating inclusive participation in the scheme.

The bottom-up participatory planning process envisaged under the scheme was largely bypassed. Labour Budgets were prepared without household surveys, and works were undertaken without mandatory Gram Sabha approvals. About 86 *per cent* works were undertaken without the approval of Gram Sabha in test-checked 48 Gram Panchayats. Significant human resource shortage (21 *per cent*) particularly of technical assistants, *Gram Rozgar Sahayaks* hampered the execution at the field level. Institutional structures such as Technical Cells remained underdeveloped, while training and capacity-building initiatives were largely absent, with a 97 *per cent* shortfall against targets.

In financial management, audit noted lapses in fund utilisation, delay in wage payment despite available balances and irregularities in payment of Employee Provident Fund (EPF) contributions. EPF contributions amounting to ₹ 29.62 crore for the period April 2015 to March 2023 remained unpaid which resulted in accumulation of liabilities of ₹ 84.59 crore including penalty and interest.

Employment generation was inconsistent with demand projections. Though person-days generation peaked during the pandemic (2020-22), subsequent years showed a declining trend with shortfall in fulfilling employment demand. During 2019-24, 152.36 lakh HHs demanded employment under MGNREGS against which 134. l0 lakh HHs were provided employment indicating shortfall of 18.26 lakh (12 *per cent*) in providing employment. However, no unemployment allowances were paid to these HHs. Further, the GoCG made budgetary provisions of ₹ 2.22 crore for unemployment allowances during 2019-24 but no expenditure was incurred, and the entire amount was surrendered.

Out of 134.10 lakh HHs that were provided employment, 111.31 lakh HHs (83 *per cent*) were provided employment for less than 100 days, 1.23 lakh HHs (0.92 *per cent*) were provided full 100 days employment and 21.56 lakh HHs (16 *per cent*) were provided more than 100 days employment indicating disparity in implementation of the MGNREGS.

Only 61 *per cent* of works out of works sanctioned during 2019-24 were completed as of October 2024. Joint Physical Verification of selected works showed instances of idle, non-functional, or unutilised assets. In convergence initiatives, many works were undertaken without prior planning or Gram Sabha approval. The Cluster Facilitation Project, a key initiative in aspirational blocks, suffered from delayed operationalisation, shortage of experts, and non-achievement of performance deliverables.

The monitoring framework was found to be largely non-functional. Statutory oversight bodies such as the Chhattisgarh Rural Employment Guarantee Council and the State Level Empowered Committee did not hold the mandated meetings. District Quality Monitoring Cells were not constituted, and mandatory registers at the Gram Panchayat level were either deficient or not maintained.

Social Audit, a core accountability mechanism under the Act, was not implemented as per norms. Out of the earmarked amount of ₹ 58.68 crore for Social Audit, only ₹ 42.55 crore was utilised, and 45 *per cent* of sanctioned posts in the Social Audit Unit remained vacant. Audit coverage of Gram Panchayat was inadequate, with up to 99.97 *per cent* of Gram Panchayats left unaudited in some years. Over 53 *per cent* of Social Audit observations remained unaddressed.

The deficiencies observed collectively indicate non-adherence to the spirit and provisions of MGNREGA, undermining its primary objective of ensuring livelihood security and strengthening of infrastructure through guaranteed employment and creation of durable assets in rural areas.

What we recommend?

The State Government may:

- ***Notify baseline data of households based on survey with a cut-off date and strengthen grassroot level planning mechanism by higher involvement of rural local bodies, and provide them with adequate human resources on priority;***
- ***Ensure that works included in annual development plan should have approval of Gram Sabha;***
- ***Ensure timely disbursement of wages and staff payments;***

- ***Ensure documentation of employment demand and timely disbursement of unemployment allowances and integrate demand verification processes within NREGASoft;***
- ***Provide adequate manpower for biannual social audits of all Gram Panchayats and monitor follow up actions closely.***