



Social Audit of MGNREGA Scheme

For Prelims: [Mahatma Gandhi National Rural Employment Guarantee Act](#), Social Audit Mechanism, MGNREGA and SDGs, Purchasing Power.

For Mains: Social Audit Mechanism under MGNREGA and Related Issues.

[Source: TH](#)

Why in News?

The [Mahatma Gandhi National Rural Employment Guarantee Act \(MGNREGA\)](#), a fundamental component of India's social welfare initiatives, has been marred by persistent concerns regarding a high incidence of [corruption](#).

- Although the program incorporates mechanisms, such as [social audit units](#), **recent statistics reveal disappointing outcomes** in terms of fund recovery and overall effectiveness.

What does Recent Statistics Suggest?

- In the ongoing **financial year (2023-24)**, social audit units flagged **misappropriation amounting to ₹27.5 crore under MGNREGA**.
 - After taking corrective actions, this amount reduced to **₹9.5 crore**, but only a meager **₹1.31 crore (13.8% of the total) has been recovered**.
 - The recovery rates in previous financial years show a similar trend of inefficiency:
 - In 2022-23, the recoverable amount was ₹86.2 crore, but only ₹18 crore **(20.8% of the total) was recovered**.
 - In 2021-22, ₹171 crore was flagged, yet a mere ₹26 crore **(15% of the total) was recovered**.
- These consistently low recovery rates raise significant concerns about the **scheme's effectiveness in combating corruption**.
 - The low recovery rate also jeopardizes the **credibility of the entire audit process**. This threatens to undermine public trust in MGNREGA's integrity and purpose.

What is MGNREGA Scheme?

- **About:** MGNREGA is one of the largest work guarantee programmes in the world launched in **2005** by the [Ministry of Rural development](#).
 - It provides a **legal guarantee for one hundred days of employment** in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage.
 - **Active workers: 14.32 Crore (2023-24)**
- **Major Features:**
 - The cornerstone of MGNREGA's design is its legal guarantee, **ensuring that any rural adult can request work and must receive it within 15 days**.

- If this commitment is not met, an "**unemployment allowance**" must be provided.
- It requires that **priority shall be given to women** in such a way that at least **one-third of the beneficiaries** shall be women who have registered and requested for work.
- **Section 17 of the MGNREGA** has mandated **Social audit of all Works** executed under the MGNREGA.
- **Implementation Agency:** The **Ministry of Rural Development (MRD)**, Govt of India is monitoring the entire implementation of this scheme in **association with state governments**.
- **Objective:** This act was introduced with an aim of **improving the purchasing power of the rural people**, primarily semi or unskilled work to people living below poverty line in rural India.
 - It attempts to **bridge the gap** between the rich and poor in the country.



What is Social Audit Mechanism?

- **About:**
 - Social Audit is the **examination and assessment of a programme/scheme** conducted with the active involvement of people and comparing official records with actual ground realities.
 - It is a powerful tool for **social transformation, community participation and government accountability**.
 - It is different from **Financial Audit**. The financial audits scrutinize **financial records to assess an organization's financial health**, social audits concentrate on evaluating a program's effectiveness in achieving its social goals by involving stakeholders.
- **Social Audit Mechanism under MGNREGA:**
 - **Provision:**
 - **Section 17 of the MGNREGA** has mandated Social audit of all works executed under the MGNREGA.

- The **Audit of Scheme Rules, 2011**, also known as the **Mahatma Gandhi National Rural Employment Guarantee Audit of Schemes Rules, 2011**, were developed by the **Ministry of Rural Development in collaboration with the Comptroller and Auditor General (CAG)** of India.
 - These rules outline the procedures for social audits and the duties of various entities, including the **Social Audit Unit (SAU)**, state government, and field workers of MGNREGA, to be followed nationwide.
- **Related Issues:**
 - **Fund-Starved Units:** Social audit units are grappling with **insufficient funding**, hindering their ability to function effectively.
 - The Union government provides funds to social audit units to ensure their independence from states.
 - However, issues with timely fund allocation have left units in states like **Karnataka and Bihar without funds for nearly two years.**
 - **Lack of Training:** Inadequate training and resources further hinder their effectiveness in identifying malpractice.
 - **Personnel Shortage:** Insufficient staffing makes it difficult for social audit units to carry out their duties effectively.
 - **Low Recovery Rate:** Several states, including **Gujarat, Goa, Meghalaya, Puducherry, and Ladakh**, have consistently reported "**zero cases**" and "**zero recoveries**" over the last three years. This raises questions about the effectiveness of monitoring in these regions.
 - States like Telangana, despite having active social audit units, **struggle with low recovery rates.**

Way Forward

- **Stakeholder Engagement:** Involve all stakeholders, including beneficiaries, civil society organizations, government officials, and auditors, in the evaluation and redesign of the social audit process.
 - Also, there is a need to invest in **training and capacity-building programs for auditors** responsible for conducting social audits.
- **Whistleblower Protection:** Establish a robust mechanism for **protecting whistleblowers who report irregularities or corruption in MGNREGA projects.** Encourage individuals to come forward without fear of reprisal.
- **Community Participation:** Promote active participation of local communities in the audit process. Empower them to monitor and report on project progress and fund utilization.
 - Also, there is a need to establish **Grievance Redressal Committees** at the village level to address issues promptly.
- **Feedback Mechanism:** Establish a feedback loop where **audit findings are used to improve the MGNREGA program.** Identify systemic issues and work towards continuous improvement.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Q. Among the following who are eligible to benefit from the “Mahatma Gandhi National Rural Employment Guarantee Act”? (2011)

- (a) Adult members of only the scheduled caste and scheduled tribe households
- (b) Adult members of below poverty line (BPL) households
- (c) Adult members of households of all backward communities
- (d) Adult members of any household

Ans: (d)

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