



## 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)**

PDF Reference URL: <https://www.drishtias.com/printpdf/social-audit-of-mgnrega-scheme>

