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Transparency and Accountability in Government Welfare Schemes: A Critical Analysis of Legal Mechanisms for Fraud Prevention in India

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Abstract

Government welfare schemes can realise constitutional commitments to dignity and substantive equality only when public resources reach eligible persons through lawful, contestable procedures. This study critically analyses the extent to which the legal framework in India prevents the impersonation of beneficiaries, diversion, falsification and official illegality, and prevents false exclusion of beneficiaries. A doctrinal and analytical method incorporates constitutional promises, laws on transparency and anti-corruption, the National Food Security Act, the regulation of Aadhaar and the restructured rural employment framework from 2026. Selected governmental payment statistics are read together with the social audit disclosures and the audit findings and judicial decisions. Evidence shows that the systems of electronic payments make transfers more traceable, but traceability does not ensure accurate eligibility, coercion or doing the right corrective action. The discrepancies can be identified through social audits but publication and enforcement are far from uniform, while irregularities can be revealed through cross-database checks and this may spark inappropriate suspicions or denials without further tests. Beneficiaries must be treated fairly, be allowed access and be afforded privacy, consistent with legitimate anti-fraud goals, in a constitutional jurisprudence. Such fragmentation of detection and adjudication remedy and institutional responsibility is the most important problem in India not the lack of discrete controls, the study finds. For a system to be rights compatible, it must thus include proportionate verification, transparent disclosure of overall results, independent community oversight, speedy resolution of complaints and open recovery mechanisms. Fraud prevention is credibly enforceable if it enhances the integrity and quality of public spending and the entitlements it funds.

Keywords: Welfare Accountability; Social Audit; Direct Benefit Transfer; Fraud Prevention; Constitutional Rights

1. INTRODUCTION

India's welfare administration is also a redistribution, public finance and constitutional governance process. Through broadly established administrative intergovernmental mechanisms, subsidised food and income support and guaranteed employment are delivered to households. These programmes involve checking out and allocating public resources and maintaining records on an ongoing basis. They are big enough to provide opportunities for fabricated identities, double enrolment, diversion of commodities,

fake works and illegal demands of the intermediaries. But lawful claimants can also be wrongly rejected by these verification systems. Anti-fraud initiatives must be evaluated in the light of fairness, accuracy and its impact on dignity and survival, as mandated by Article 14 and 21 of the Constitution of India.[1]

The present context is quite complicated. The Right to Information Act, 2005 contains provisions for providing access to information, while the National Food Security Act, 2013 mandates disclosure, social audits and grievance procedures; the Aadhaar Act, 2016 governs access based on identity; and the Prevention of Corruption Act, 1988 contains provisions for the prevention of corruption. Administrative systems like the Public Financial Management System (PFMS) ensure payment trail, and the Comptroller and Auditor General of India (CAG) and local social audits look at various aspects of spending. The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 was repealed and replaced by the Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin) Act, 2025 (the Act), with effect from 1 July 2026.[2] Care needs to be taken in making temporal distinctions in their respective audit rules.

The central question is how effective is the chain between prevention and detection and investigation, remedial relief, and a legally sustainable recovery, based on these dispersed institutions. So as to ensure that the remedial measures that may be adopted and the evidentiary standards that may be applied are different, the present study will differentiate between corruption and inadvertent error, statistical anomaly and beneficiary exclusion. The present study examines the constitutional underpinning of accountable administration, the current system of laws that need to be invoked, electronic transfers, participatory scrutiny and judicial control, and based on selected official data, identifies problems of implementation. The main thrust is that accountability should be based on legal results, not on technology and the number of irregularities identified. A workable system is transparent, has independent verification and accessible, reasoned decisions.

2. CONSTITUTIONAL AND LEGISLATIVE FRAMEWORK

Indian welfare accountability is based on constitutional values, imperatives imposed by law and regulations on public officials. The literature places fraud prevention within the wider social protection narrative and current laws set out the information a beneficiary can request, the actors that are required to respond, and how official misbehaviour can be challenged.[3]

2.1 Constitutional Guarantees

The Constitution of India has guaranteed protection of arbitrary State classification and administration in Article 14, protection of life and personal liberty as Article 21 and the orientation of the State towards distributive justice, livelihood security and nutrition as Directive Principles in Articles 38, 39 and 47. The constitutional framework of information rights is provided by Article 19(1)(a), and independent public auditing is provided by Article 148 to 151. Not all policy preference is immediately enforceable under these provisions. They nonetheless influence the boundaries of legislation on deprivation, the viability of checks on verification and the requirement of providing reasonable opportunities for rectification in public decisions that impact on access to critical supports.[4]

[1] Jean Drèze and Amartya Sen, *An Uncertain Glory: India and Its Contradictions* 81 (Princeton University Press, Princeton, 1st edn., 2013).
[2] "Historic Commencement of Viksit Bharat—G RAM G Act across Rural India from July 1st 2026", *available at:* https://www.pib.gov.in/PressReleasePage.aspx?PRID=2259703&lang=2&reg=3 (last visited on November 13, 2026).
[3] Jean Drèze (ed.), *Social Policy* 1 (Orient BlackSwan, New Delhi, 1st edn., 2016).
[4] The Constitution of India, arts. 14, 19(1)(a), 21, 38, 39, 47, 148–151.

2.2 Information and Food Entitlements

The Right to Information Act, 2005, provides for proactive publication of the records specified in Section 4, accessible dissemination of information, and requests and appeals for scrutiny where provisions for proactive publication are not implemented. The Act does not require publication of Sensitive identities, nor do the provisions require unrestricted access to personal files; lawful exemptions are applied to the information sought. In the context of welfare administration, the aim of the practical object is to provide information about the allocation criteria, the collation of expenditure, the issuing of sanctions, the outcomes of inspections and the determination of accountability without endangering the possibility of identity disclosure or social stigma. It is therefore helpful to have a useful transparency regime that does not include disclosure of individual personal data.[5]

The National Food Security Act, 2013 includes scheme-specific safeguards. Section 14 mandates that States put in place internal grievance redressal mechanisms, Section 15 mandates District Grievance Redressal Officers and Section 16 mandates the establishment of State Food Commissions. Public disclosure, social audit and vigilance committees are covered with Sections 27, 28 and 29. This arrangement has helped to acknowledge that information requests alone will not fix poor quality delivery. However, there is a sharing of responsibility between the operators of ration shops, district officials, and the appellate bodies. An effective legal assessment requires considering if complaints related to denied food, diverted commodities or mismatches on records will proceed to decision and restitution within a feasible time frame.[6]

2.3 Rural Employment Transition

Historically, the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 ensured 100 days work guarantee and social audit and grievance redressal through Gram Sabha. It was repealed on 1 July 2026. The Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin) Act, 2025 (Act No. 36 of 2025) introduces statutory guarantee for 125 days. Section 20 provides for Gram Sabha review and access to records. Schedule I, paragraph 25 requires that physical and digital disclosure is required as well as weekly community disclosure meetings and social audits at least every six months. The Audit of Schemes Rules, 2011 continue to apply on an interim basis pending new rules.[7]

The new law is particularly important for the procedural process after discovery. Schedule I, paragraph 26 covers recovery of misappropriated expenditure using appropriate State revenue legislation and paragraph 28 provides for acknowledgement, time-bound preliminary handling, corrective action, letter of communication and appeals. It sets an inquiry and redressal period of seven and fifteen days, respectively, which can be used as a benchmark for implementation assessment. The framework also envisages a 'First Information Report' to be issued if the preliminary inquiry/social audit has revealed a prima facie financial irregularity. Such provisions, when read in the context of the evidentiary safeguards, cannot be understood to make a prima facie allegation in an audit a presumption of a beneficiary's dishonesty.[8]

[5] The Right to Information Act, 2005 (Act 22 of 2005), ss. 4, 6, 8, 19.
[6] The National Food Security Act, 2013 (Act 20 of 2013), ss. 14–16, 27–29.
[7] The Viksit Bharat—Guarantee for Rozgar and Ajeevika Mission (Gramin): VB—G RAM G Act, 2025 (Act 36 of 2025), s. 20 and sch. I, para. 25.
[8] The Viksit Bharat—Guarantee for Rozgar and Ajeevika Mission (Gramin): VB—G RAM G Act, 2025 (Act 36 of 2025), sch. I, paras. 26, 28.

2.4 Digital Identity and Anti-Corruption

Section 7 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016[9] prescribes certain identity criteria for issuance of benefits funded from the Consolidated Fund of India and lays down a mechanism to retain alternative identity in case of failure of authentication. Failure to authenticate should not be confused with absence of entitlement by administration. The Digital Personal Data Protection Act, 2023, lays the foundation for the basic statutory architecture.[10] The Digital Personal Data Protection Rules, 2025 provide the phased operational specifics, with commencement staggered, including key operational rights and processing responsibilities, not yet being in force in general, on 13 November 2026.[11] It would be a mistake to refer to them as 'in force' now and to suggest that they continue to provide protection.

Public officials who obtain an undue advantage or dishonestly misappropriate entrusted resources may face liability under the Prevention of Corruption Act, 1988 in so far as applicable to the facts, especially under Section 7 and 13.[12] Offences under Bharatiya Nyaya Sanhita, 2023[13], may relate to cheating, fabrication of document or criminal breach of trust but their ingredients cannot be read off from an irregular transaction. Under Lokpal and Lokayuktas Act, 2013, there is an additional institutional mode to deal with complaints of corruption falling within its purview.[14] The department's administrative reports should not intermingle the standards of departmental proceedings with those for the recovery of revenue and the prosecution of the offence.

3. FRAUD PREVENTION AND ADMINISTRATIVE CONTROLS

To stop welfare fraud you must put in controls before the money is paid, give verification when it is delivered and provide independent reviews when public funds are used. The mechanisms analysed here have different aims: beneficiary databases assess eligibility and payment systems record payments; social audits check if the records match lived realities; and complaint institutions determine what happens when there are differences.

3.1 Eligibility Verification

Outdated death registers, duplicate registrations, inaccurate income and landholding data as well as examples of intentional falsification of beneficiary data can impact the quality of beneficiary registers. Cross-database matching can be more effective than manually reviewing databases annually to identify inconsistencies. Its legal status, however, classifies it as an indication of risk that must be verified, and not necessarily as proof of deception. Within a rural household, differences could also be due to marriage, migration, change in land ownership, and/or inability to update records. A defensible verification system then documents the reasoning behind the flagging of a case, affords notice and allows a case to be corrected without an overall disruption of essential food and income supports.[15]

Whether States can identify ineligible persons is not a legal issue, but rather they must preserve limited public resources. It's the question of whether administrative design distributes the risk of official mistake in a fair manner. Requiring applicants to shoulder alone the burden of showing the accuracy of data held

[9] The Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (Act 18 of 2016), s. 7.
[10] The Digital Personal Data Protection Act, 2023 (Act 22 of 2023), ss. 3–8.
[11] The Digital Personal Data Protection Rules, 2025, R. 1(2)–(4) (G.S.R. 846(E), November 13, 2025).
[12] The Prevention of Corruption Act, 1988 (Act 49 of 1988), ss. 7, 13.
[13] The Bharatiya Nyaya Sanhita, 2023 (Act 45 of 2023), ss. 316, 318, 335, 336.
[14] The Lokpal and Lokayuktas Act, 2013 (Act 1 of 2014), ss. 14, 20.
[15] Reetika Khera (ed.), *Dissent on Aadhaar: Big Data Meets Big Brother* 25 (Orient BlackSwan, Hyderabad, 1st edn., 2019).

in databases could constitute a departure from equal treatment where the State has control over its interfaces and historical data. Initial eligibility, subsequent change of circumstances and intentional misstatement should be separately documented by officials. Proportionate verification must also involve minimal retention of identity information and restrictions on employee access. These requirements help minimise the potential that a technically successful anti-fraud system is an impenetrable way of cancelling legitimate claims.[16]

3.2 Payment Traceability

The Public Financial Management System facilitates Beneficiary Linked Transfers and keeps track of movement of funds. According to the publicly reported statistics, during the period 2019-2024, there is a significant growth in the number of covered schemes and transactions. The figures in table 1 refer to payments processed and not necessarily to individual persons, receipt by the household intended to receive the payment, or adjudicated misconduct. Sanctions and payment instructions, bank confirmation and complaint results are still required for reconciliation. A transaction may be digitally traceable, but paid to the wrong account, or withheld based on an authentication failure or coerced by a local intermediary.[17]

Financial year	Schemes	Transactions (crore)	Amount (lakh crore rupees)
2019-2020	507	102.37	2.46
2020-2021	603	126.88	2.89
2021-2022	891	190.36	3.14
2022-2023	1,081	266.14	3.29
2023-2024	1,146	258.31	3.34

Table 1: Direct Benefit Transfer Activity through the Public Financial Management System, 2019-2024

The recorded transactions were strong in the first five financial years, but dipped a little in 2023-2024, while the stated paid amount continued to rise over the five financial years shown in Table 1. This gap reflects the reasons for not putting the number of transactions and the amount of money spent and fraud estimates on the same blanket scale. None is a way to determine the percentage of payments that were fraudulent. The official series is geared toward assessment of reach, not a quantified amount of corruption averted.[18]

[16] Jean Drèze and Amartya Sen, *Hunger and Public Action* 104 (Clarendon Press, Oxford, 1st edn., 1989).
[17] Karthik Muralidharan, Paul Niehaus, et.al., "Building State Capacity: Evidence from Biometric Smartcards in India", 106 *American Economic Review* 2895 (2016).
[18] "Ministry of Finance Year Ender 2024: Department of Expenditure", *available at:* https://www.pib.gov.in/PressReleseDetailm.aspx?PRID=2088438&lang=2&reg=48 (last visited on November 13, 2026).

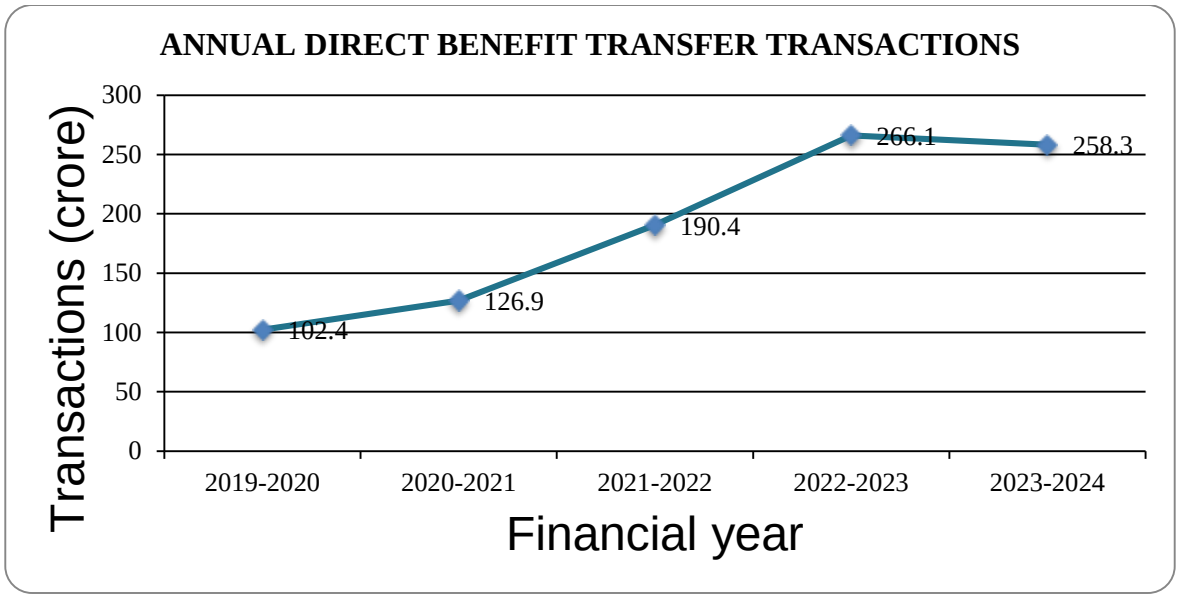


Figure 1: Year-Wise Public Financial Management System Transactions

For a comparison of the annual series of transactions, Figure 1 has been drawn. The legal inferences are appropriately limited to: The more electronic visibility, the better the audit trail – but without similar data on validated anomalies/recoveries/erroneous rejections/receipt of actual benefit, no causal conclusion can be drawn with respect to fraud prevention.

3.3 Community Social Audits

Social audit provides a new type of evidence. Fictions of employment, imputations of measurements, lack of records of work and illegal withdrawals of money may be uncovered at community meetings, worksite inspections, and beneficiary testimonies, which are not captured on the electronic ledger. Under the new rural employment law, there is a definite requirement to have physical and digital records and periodic access by the Gram Sabha. To get a meaningful audit process therefore the involvement of independent facilitators is essential, together with intelligible records available beforehand, attendance of women and workers who are marginalised, and a documented pathway from listening to action. Publication without such protections runs the danger of formal compliance.[19]

The Ministry of Rural Development's Table 2025-2026 offers a helpful (albeit limited) cross-Section of the state-level variation. The selected jurisdictions in Table 2 are those with high and low report upload rates with the national total set as a benchmark. The percentage of reports uploaded against Gram Panchayats notified for audit is the measure. It is not the percentage of all Gram Panchayats audited, the percentage of findings implemented or a measure of the quality of public hearings. However its variation does pose a reasonable institutional question regarding reporting capacity and supervisory attention.[20]

State	Notified Gram Panchayats	Reports uploaded	Upload rate (%)
Gujarat	13,595	3,220	23.69
Rajasthan	9,154	2,773	30.29

[19] Nidhi Vij, "Collaborative Governance: Analysing Social Audits in MGNREGA in India", 42 *IDS Bulletin* 28 (2011).

[20] "R19. Social Audit Upload Status Report: National Overview", *available at:* https://mnregaweb4.nic.in/netnrega/SocialAuditFindings/SA-Upload-Status-Report.aspx?fin_year=2025-2026 (last visited on November 13, 2026).

State	Notified Gram Panchayats	Reports uploaded	Upload rate (%)
Bihar	4,662	4,579	98.22
Odisha	3,010	2,890	96.01
Uttar Pradesh	20,700	18,928	91.44
All India	87,882	64,343	73.22

Table 2: Selected State Social Audit Upload Status, Financial Year 2025-2026

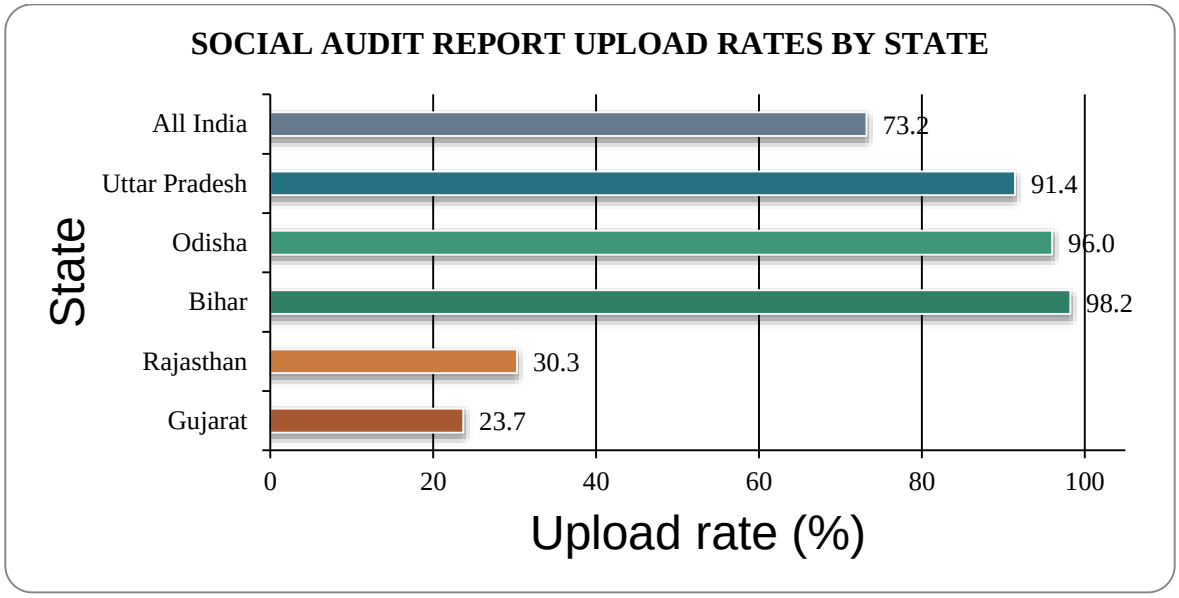


Figure 2: State Variation in Social Audit Report Upload Rates

The upload share for Gujarat and Rajasthan are significantly low as compared to Bihar, Odisha and Uttar Pradesh for the notified audits, as shown in figure 2. The selection of states should be regarded as a representative illustrative sample and not a statistically representative sample. Although the comparison does not prove deliberate obstruction, it does show how there can be operational differences behind the national averages. Legality oversight should examine completeness, timely submission, ease of access to the report, and the outcome of each finding documented.

3.4 Grievance Redressal

There are entry points in internal complaint portals and local officers, but a grievance mechanism must have an acknowledgement, access to relevant documents and a reasoned order and jurisdiction. The National Food Security Act places the onus on the machinery of the government, District Officers and State Food Commissions for the distribution of food entitlements. The 2025 Act establishes more concrete procedure indicators and appeals for rural employment. Although not interchangeable systems, both are examples of a potential diversion or allegation that may need to be investigated and imposition of an excluded beneficiary who may need to be restored immediately. These different responsibilities can be obscured in a uniform complaint label.[21]

A strong decision-making process includes registration, preservation of payment and entitlement documentation, verification, hearing, written decision making, corrective payment or legitimate recovery,

[21] Sudha Narayanan, Upasak Das, et.al., "The “Discouraged Worker Effect” in Public Works Programs: Evidence from the MGNREGA in India", 100 *World Development* 31 (2017).

and independent appeal. If the officials themselves are accused of siphoning off the money, then the fact that investigation is being given over to the same implementing unit is a matter of credibility. However, the automatic perennial criminal referral of all mismatches in data creates a danger of chilling lawful claims. Oral complaints, assisted filing and Offline Status Tracking should be able to be done by way of a user-friendly process. Reporting procedural success should be done by median time to resolution, restoration of entitlements, verified recovery and subsequent court rollback, and not just by cases closed.[22]

4. JUDICIAL OVERSIGHT

Welfare administration is judged by courts by means of constitutional rights and statutory responsibilities, and judicially manageable remedies. The jurisprudence does not provide an absolute right to a specific technological system. Instead it imposes checks on arbitrary administration and considers 'information, dignity and the availability of accessible public services and fair procedures' relevant in designing or reviewing anti-fraud controls.

4.1 Food and Information Rights

In *People's Union for Civil Liberties v. Union of India*[23], the Supreme Court's ongoing Right to Food litigation tied the government's food distribution initiatives with the institutionalisation of enforceable public obligations, and called for implementation-focused review. The institutional importance of the litigation is that the availability of food stocks does not respond to an injury that a food-eligible household was unable to access the food. The Court in *Central Board of Secondary Education v. Aditya Bandopadhyay*[24] clarified the nature or the purposes for which information can be sought under the Right to Information Act. These authorities work together to enable information to be disclosed in order to aid accountability but not enable an unlimited right to access another person's private information.

4.2 Privacy and Biometric Identity

In *Justice K.S. Puttaswamy (Retired) v. Union of India*[25], the constitutionality of privacy as a fundamental right was affirmed at the hands of constitutional bench comprising nine judges, thereby providing a constitutional base to question administration of data. The subsequent Aadhaar case of *Justice K.S. Puttaswamy (Retired) v. Union of India*[26] looked at the proportionality of interference and protections against denial; it also reaffirmed that many use-cases of ID-proofing for availing subsidies were legitimate. The constitutional lesson is not, however, that biometric technology is per se prohibited or always safe. It is that the collection, linkage and authentication must be justified within the statutory purpose and done through 'workable alternatives' if not then there is exclusion.

Do not be confused that there are two commands that are contradictory: privacy and transparency. Officials can release cumulative spending totals and audit results and the grounds for rescission or cancellation without the full identification numbers, bank information or health information. The lawfulness of a public dashboard depends on what information it is publishing, who, and for what purpose, and if there is less intrusive way of publishing it that would achieve scrutiny. An adverse action resulting from a mismatch is subject to the natural justice requirement for intelligible reasons, a genuine chance to correct information

[22] Upasak Das, "Does Political Activism and Affiliation Affect Allocation of Benefits in the Rural Employment Guarantee Program: Evidence from West Bengal, India", 67 *World Development* 202 (2015).
[23] (2007) 12 SCC 135.
[24] (2011) 8 SCC 497.
[25] (2017) 10 SCC 1.
[26] (2019) 1 SCC 1.

and access to review. Such safeguards are especially vital when seemingly objective software outcomes are derived from beneficiaries' data records over which they may not be able to provide direct oversight.[27]

4.3 Wage and Food Delivery

The Supreme Court dealt with delay in making payment of wages to labourers in rural India and the statutory responsibility thereupon in *Swaraj Abhiyan v. Union of India*[28]. Its judgment is a clear example how the administration that fails to pay can be a nuisance to the legislated welfare even if there is no corrupt intention. Not every comprehensive social-audit claim was tried in this Court. In *Anun Dhawan v. Union of India*[29], the Court examined the question of food-security obligations without giving way to a community-kitchen model across the country, and showed the difference between a judicial enforceability of existing duties, and a judicial choice of new policy architecture.

4.4 Accessible Digital Administration

Accessibility and reasonable accommodation for persons with disabilities was called for by the recent judgment in *Pragya Prasun v. Union of India*[30]. The judgment does not directly relate to welfare fraud but is relevant to identity linked benefit delivery. If the procedure is merely one that enables some applicants to achieve technical compliance and others (consistent with the procedure) falls short of a reasonable means of compliance, the constitutionality of equality may be challenged. Administrative alternatives do not have to be ad hoc and based on unwritten or unofficial help, but have to be available and advertised.

5. CRITICAL ANALYSIS AND FINDINGS

India's architecture seems to be structurally weak at the interfaces between audit discovery, individual adjudication and institutional correction. Official data shows the scale of administrative systems but even some that may be identified as 'leakage' do not prove the sweeping statements that digitisation has meant no leakage or that every 'leakage' flagged beneficiary is guilty of fraud.

5.1 Audit Evidence and Legal Proof

Telangana has been the subject of a Comptroller and Auditor General (CAG) compliance audit after which a comparison was made between the data on ration cards and the records of Pradhan Mantri Kisan Samman Nidhi and Rythu Bandhu. From income-taxpayer indicator, it identified 52,339 households and from landholding and related income indicator, it identified 5,886 households making 58,225 households. The audit identified irregular spend of ₹124.38 crore on rice subsidy during 2020-2021 and 2021-2022 due to identified ineligible beneficiaries. This is a sign of a weakness in periodic updating of eligibility. It does not mean criminal convictions of the cardholders or that all the mismatches were caused by intentional false declarations.[31]

The difference means the appropriate legal response. Data matching should include a documented verification queue and field checks and related records should be used to determine whether the related scheme criterion actually applies to the particular household and period under consideration. Lawful recovery and prosecution may ensue where fraud is found. However, if there is any factual error, the results should be correction and benefit restoration. But, where termination is not a right, but is instead the result of a notice of ineligibility, termination might be appropriate when criminal punishment is not, as long as

[27] Jean Drèze, *Sense and Solidarity: Jholawala Economics for Everyone* 32 (Oxford University Press, Oxford, 1st edn., 2019).
[28] (2018) 7 SCC 591.
[29] 2024 INSC 136.
[30] 2025 INSC 599.
[31] Comptroller and Auditor General of India, "Report No. 3 of 2025: Report for the Period Ended March 2022 (Compliance Audit—Civil and Commercial), Government of Telangana, Chapter III, Table 3.47" (2025).

the actual ineligibility is innocent. All these possibilities are aggregated in the grandiose figure of fraud, which illusively suggests how certain institutions are and which risks an imbalanced approach to fraud for beneficiaries.

5.2 Fragmented Accountability

Different mandates are given to payment departments, banks, local bodies, social audit units, food commissions, police and auditors. A transfer ledger can provide proof that it did move, but not that the money was in the control of the proper person. A social audit can relate a statement without recovery. While wages are outstanding, a criminal complaint can be commenced. If the whole of the correction pathway is not the responsibility of one authority the responsible institutions can report back on the narrower task completed. The legal remedy lies, not in the abolition of institutional independence, but in the requirement of information about the final results that can be published and shared in an interoperable format with a privacy-focused attitude to managing data about cases.[32]

The new rural employment statute includes very clear provisions for public information and complaints but does not have an impact on pre-commencement figures. For the purposes of comparison, the upload rate for 2025-2026 will be considered legitimate baseline data, but such data cannot serve as proof of the success or failure of this new legislation. Additionally, differences in state variation with regard to uploads of reports may be due to variations in audit calendars, audit capacity, and reporting practices. Reporting should cover 1) audits notified, 2) hearings completed, 3) the report uploaded, 4) the finding verified, 5) the amount ordered for recovery and 6) amount recovered. A single completion percentage is a breakdown of the legally material stages.[33]

5.3 Rights and Enforcement

Aggressive anti-fraud efforts create a recurring constitutional conflict. The removal of demonstrably fictitious beneficiaries helps preserve the integrity of public finance and may increase the distributive fairness, while a legitimate claimant's disqualification based on the absence of connectivity, disability or because of inaccuracies in the historical data can unravel the claim and serve as a counter to the distributive justice purpose of the scheme. The right standard is procedural proportionality: greater scrutiny of behaviour in suspicious circumstances evidenced by the complainant, ready to hand interim support for vulnerable people, minimisation of information required of the individual and independent review before loss of liberty. However, state capacity is just as important as the language of the statute: A statute conferring an appeal is useless if it is too expensive to assert.[34]

The desired reform model combines three types of accountabilities. But financial accountability is not possible without reconciling or real recovery of misappropriated resources, administrative accountability is not possible without identified officers, time limits and reasoned orders and constitutional accountability is not possible without access, equality and effective remedies. This equitable scheme also avoids silent downgrade of grievances against officials to beneficiary eligibility issues. Evidence suggests that, compulsory public reporting of stage-wise outcomes should be followed by regular checks about whether the use of digital control creates unjustifiable denial based on independent sampling of excluded cases. Success cannot be simply more electronic checks, it has to be demonstrably accurate distribution.[35]

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[32] Pranab Bardhan and Dilip Mookherjee, "Pro-Poor Targeting and Accountability of Local Governments in West Bengal", 79 *Journal of Development Economics* 303 (2006).

[33] The Viksit Bharat—Guarantee for Rozgar and Ajeevika Mission (Gramin): VB—G RAM G Act, 2025 (Act 36 of 2025), ss. 20, 25 and sch. I, para. 25.

[34] The Constitution of India, arts. 14, 21.

[35] The National Food Security Act, 2013 (Act 20 of 2013), ss. 14–16.

5.4 Findings

The combined doctrinal and documentary analysis establishes the following specific findings.

1. Fragmented remedial responsibility: Registration, payment, audit and enforcement are done by different authorities. Closure of one administrative task thus does not provide for a restoration of a denied entitlement or completion of lawful recovery.
2. Limited evidentiary value of anomalies: While discrepancies with a database can be the justification for further verification, it is not on its own evidence of dishonest intent. The Telangana audit is an example of an individualised approach to addressing a control issue.
3. Traceability is not receipt: The recorded Direct Benefit Transfer activity has significantly grown. Those numbers do not indicate if the payment was for the intended beneficiary in actual control.
4. Uneven audit reporting: In the official dashboard 2025-2026, there is a stark contrast in the upload rates during the notified Gram Panchayat audits. The measure does not set up completion and enforcement of the underlying findings.
5. Enforceable duties exceed disclosure: In the case of food security legislation, information obligations are linked with complaint mechanisms. Public meetings, social audits and statutory deadlines are laid out in greater detail in the 2025 rural employment law.
6. Constitutional limits on verification: The privacy and accessibility decisions must consider lawful purpose and proportionate use of data and viable alternatives. Denial without meaningful correction would be subject to challenge under the rights.
7. Transition limits empirical conclusions: The rural employment law commenced on 1 July 2026. Administrative figures from earlier than that date are unable to confirm the effectiveness of its new procedures.
8. Outcome indicators remain incomplete: The number of payments and upload of reports are reported easily, but verified frauds, cancelled and appealed benefits, realised recovery and restored benefits are less easily reported in the sources examined.

6. CONCLUSION

While the use of biometric identification and electronic disbursement or digital reporting is legitimate in the implementation of the welfare fraud prevention, the effectiveness can be assessed without the existence of one or both these identifying systems. The present study shows that there are various complementary safeguards that exist in India's legal regime, namely - constitutional equality and dignity, statutory disclosure, grievance institutions for beneficiaries, independent auditing, anti-corruption offence and judicial review. However, such protections are typically independent and operate in separate phases. Fraud-risk indicators are not equal to proof, a recorded payment does not necessarily represent a received entitlement, and a published social audit does not necessarily mean an actual audit which is enforced. The final question is whether the legal system protects discovery, and reasoned determination, relief, and accountable correction.

The adoption of the rural employment law for 2025 introduces sharper statutory disclosures, social audit frequency, timelines for grievance and financial recovery. But whether it is feasible is yet to be proven through its evidence-gathering process after it graduates in July 2026. Previous pay and audit data only offers baseline conditions; not causal estimates of reform. The Supreme Court also established in its rulings that there should be privacy, accessibility and viable alternatives to identity-based controls. These demands do not make it difficult to spend public funds in good faith: they will decrease false accusations,

enhance data quality and preserve the legitimacy of enforcement. Thus a defensible anti-fraud system evaluates money captured as a result of proven wrongdoing as well as benefits recovered if fraud is wrongfully denied. The point of transparency is to make it intelligible to citizens, to be able to read records, to be able to challenge decisions and check what was done in response.

7. SUGGESTIONS

The following measures translate the identified findings into legally and administratively workable reforms.

1. Publish end-to-end outcome dashboards: Union and State implementing departments should report indicators for complaints received and verified findings, orders passed, amounts recovered and benefits restored separately. In the case of public data sets, unnecessary personal identifiers should be omitted.
2. Require documented human verification: Algorithmic or database matches should serve as preliminary flags for scheme administrators. A designated officer should confirm any relevant dates and eligibility requirements and make a note of the evidence relied upon in reaching a decision prior to any adverse action.
3. Protect essential benefits during correction: Where authentication or database failures pose a threat to subsistence, there needs to be a mechanism in place within the food and wage authorities to be easily accessed to make provisional arrangements. There should be documented reasons and an accessible way of correcting it and prompt review of any temporary restriction.
4. Audit exclusion as well as leakage: Sample rejected and suspended beneficiary cases as well as suspected duplicate and fictitious payments by independent audit bodies. Reports should specify in quantifiable terms the amount of wrong denial and restoration if it occurs, without attributing administrative errors to criminal activity.
5. Strengthen social audit independence: State Governments should secure the funds, records and protection of any audit units from local interference and should provide the units with the facilities necessary for their work. Decisions on actions taken have to be connected to the audit findings and public disclosure of follow-up statistics.
6. Implement statutory grievance deadlines: Authorities for rural employment should maintain a register on the case level to keep watch of the 2025 Act's inquiry, resolution and appeal time limit. Not meeting deadlines should be met with supervisory review – it shouldn't be automatically closed – it needs to be documented.
7. Separate recovery from prosecution: Reasoned civil or revenue recovery orders should not be issued by the department without first considering the applicable law. Fraud and corruption of public servants should be subject to investigation, if evidentiary thresholds are met, based on an intentional basis.
8. Provide offline and assisted access: Local offices should receive oral complaints and facilitate identity corrections for people with disabilities, low connectivity or low literacy. In order to complement rather than replace physically accessible procedures, digital portals should help people to carry out the tasks more quickly.
9. Minimise public personal data: Ministries should share information on disbursements, procurement and audits, and limit the sharing of account numbers and other sensitive beneficiary information. Data-sharing agreements should include permissible purposes, retention periods and access controls.

10. The Ministry of Rural Development should report on statutory transition evaluations for 2026. Independent review should assess fiscal integrity in conjunction with beneficiaries' effective access.

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