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BUDGET BRIEFS

MGNREGS, GOI 2014-15

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is the flagship rural employment scheme of the Government of India (GOI). The scheme guarantees **100** days of employment per rural household in a year.

Using government reported data, this brief assesses the programme along the following parameters:-

- Trends in allocations and expenditure;
- Trends in employment provided and wages paid;
- Assets created and completed; and
- Coverage and participation.

Cost Share: GOI contributes **90%** of MGNREGS funds. The releases are made to the states upon the latter's submission of labour budgets estimating the anticipated demand for work. A minimum of **50%** of MGNREGS works are executed by Gram Panchayats.

Complete expenditure data is publicly available up to FY 2013-14.

Highlights

1	GOI allocations for Ministry of Rural Development (MoRD) in Financial Year (FY) 2014-15 (in crores)	₹82,261
2	GOI allocations for MGNREGS in FY 2014-15 (in crores)	₹34,000
3	Total available funds in FY 2013-14 (in crores) (including GoI and states' shares)	₹42,345
4	% MGNREGS funds spent out of total available funds in FY 2013-14	98%

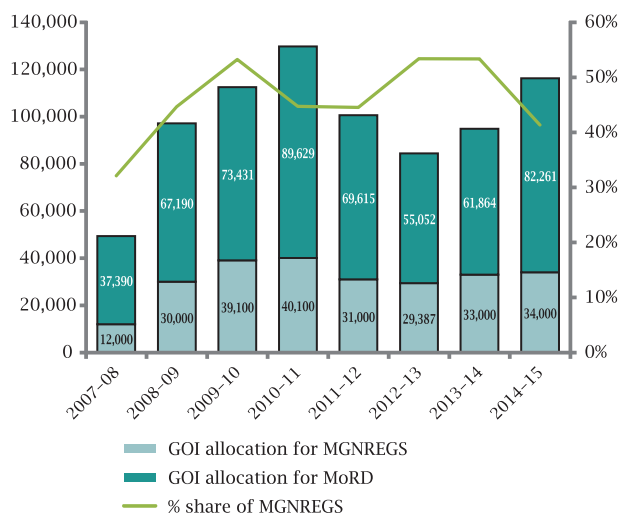
Summary and Analysis

- In FY 2014-15, **₹34,000** crores are allocated to MGNREGS, accounting for **41%** of the total MoRD budget.
- In FY 2013-14, **98%** of funds available (opening balances and releases) were spent, up from **86%** in FY 2012-13.
- There are wide variations in spending amongst states. Many states such as West Bengal and Madhya Pradesh spent more than their available funds, **117%** and **109%** respectively, and generated liabilities for the next financial year. Others like Uttar Pradesh and Maharashtra were unable to spend all of their available funds, spending **92%** and **86%**, respectively.
- In FY 2013-14, **220** crores of persondays of work was generated, down from **231** crores in FY 2012-13.
- The average wage paid per person per day of employment has increased from **₹123** in FY 2012-13 to **₹133** in FY 2013-14. However, over **50%** of total payments made were delayed.
- Total works completed (as a ratio of works started whose estimated completion date is over) under MGNREGS fell from **64%** in FY 2012-13 to **26%** in FY 2013-14.
- In FY 2013-14, the national average of female participation in MGNREGS works was **53%**. This was well above the mandatory **33%** required by the Act. However, there are wide variations among the states. In Kerala, women accounted for **93%** of the total MGNREGS workers while in Uttar Pradesh, **22%** of total workers were women.

Trends in GOI Allocations and Expenditure

- **Allocations:** Allocations for the Ministry of Rural Development (MoRD) have more than doubled in the last 8 years. There has however been a decrease in allocations since FY 2011-12. In FY 2014-15, ₹82,261 crores are allocated to MoRD.
- MGNREGS is the largest programme run by the MoRD. In FY 2014-15, ₹34,000 crores is allocated to MGNREGS, accounting for 41 percent of the total MoRD budget.

GOI allocations for MGNREGS increased by 3% between FY 2013-14 and FY 2014-15.



Source: Union Expenditure Budget, Vol. 2, Ministry of Rural Development FY 2007-08 to FY 2014-15.

Note: Figures in crores of rupees. Till FY 2013-14, figures are revised estimates. Figures for FY 2014-15 are budget estimates.

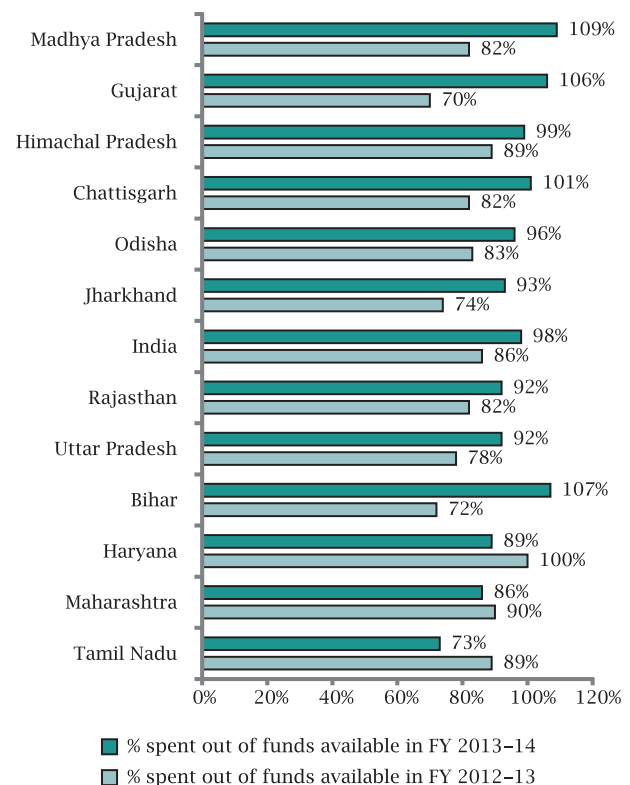
- MGNREGS is a demand-driven scheme. States are required to submit an annual labour budget in order to receive allocations. This budget comprises estimates for anticipated demand for unskilled manual work and a draft plan for providing employment to workers.
- **Expenditure Performance:** The total funds available for MGNREGS in a given year includes contributions from GOI, state releases and unspent balances from previous years. GOI contributes 90 percent of MGNREGS funds and the states contribute the remaining 10 percent.

- Expenditure as a proportion of total funds available has increased. In FY 2012-13, 86 percent of funds available were spent. This increased to 98 percent in FY 2013-14.

Trends in Expenditure at the State Level

- In FY 2013-14, many states spent more than the total available funds for the financial year, reporting negative net balances. These negative balances generated obligations to pay or 'liabilities' for the next financial year, FY 2014-15.
- The bulk of the liabilities can be attributed to wage payments.

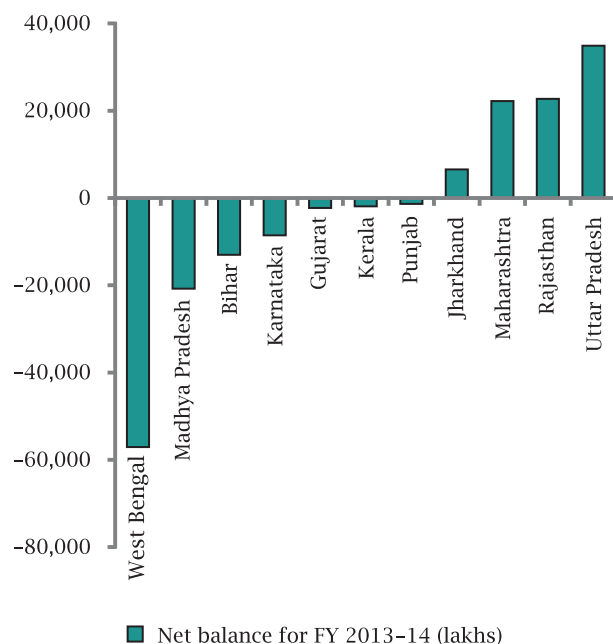
State-wise variation in funds spent in FY 2012-13 and FY 2013-14.



Source: Calculated from MIS reports for FY 2012-13 and 2013-14 available on the MGNREGS portal www.nrega.nic.in

- In FY 2013-14, Madhya Pradesh spent 109 percent of its total available funds, incurring liabilities of ₹20,783 lakhs. Bihar spent 107 percent, generating liabilities of ₹13,002 lakhs for FY 2014-15.

State-wise variation in net balances for FY 2013-14.



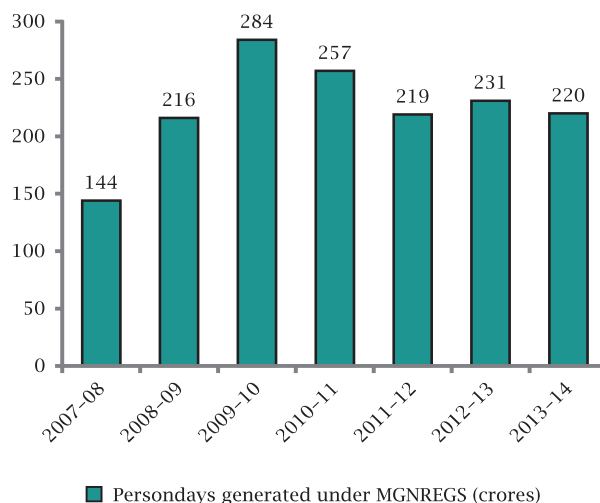
Source: Calculated from MIS reports for FY 2013-14 available on the MGNREGS portal www.nrega.nic.in

- The liabilities were highest in West Bengal which spent an excess of ₹57,071 lakhs over its total available funds in FY 2013-14.
- There are also states that were unable to spend all of their available funds and hold unspent balances in their accounts.
- Tamil Nadu had an outstanding unspent balance of ₹1,43,617 lakhs for FY 2013-14. Similarly, Uttar Pradesh had unspent balances amounting to ₹34,912 lakhs for the FY 2013-14.
- There is a systematic mismatch between the states' need for funds under MGNREGS and what they eventually have available to spend, through contributions from GOI.

Implementation Highlights

- **Employment Provided:** This brief uses 2 indicators to analyse the employment generated through MGNREGS: total number of persondays of work generated; and average number of persondays generated per household.

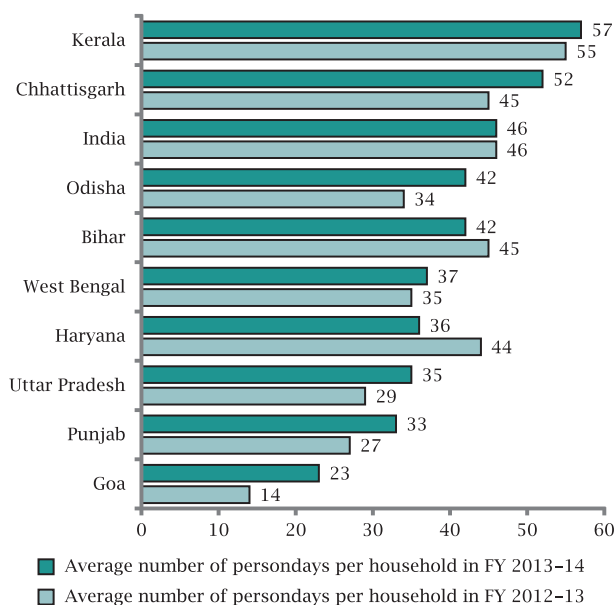
Persondays generated under MGNREGS FY 2007-2014.



Source: Calculated from MIS reports for FY 2012-13 and 2013-14 available on the MGNREGS portal www.nrega.nic.in; Public Data Portal for FY 2011-12; DMU reports for FY 2007-08 to FY 2010-11.

- The total number of persondays generated under the scheme has declined since FY 2009-10. In FY 2013-14, 220 crores of persondays were generated, down from 284 crores in FY 2009-10.

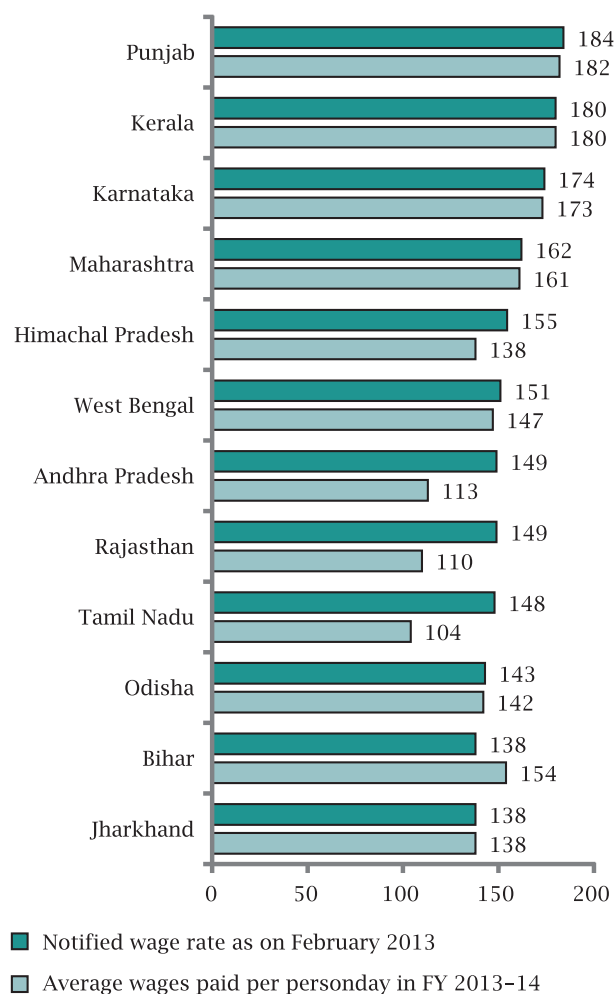
On an average, 46 persondays were generated per household in India in FY 2013-14.



Source: Calculated from MIS reports for FY 2012-13 and 2013-14 available on the MGNREGS portal www.nrega.nic.in

- In FY 2013-14, the national average for persondays generated per household was **46**, the same as in FY 2012-13. There are, however, variations across states.
- In FY 2013-14, Haryana generated an average of **36** persondays per household. This was a decline from FY 2012-13 when an average of **44** persondays per household was generated in the state.
- **Wages Paid:** MGNREGS norms stipulate that a ratio of **60:40** for wage and material costs must be maintained for all works taken up under the scheme. In FY 2013-14, **69** percent of the total MGNREGS expenditure was incurred on wages.
- The average wage paid per person per day of employment has increased from **₹123** in FY 2012-13 to **₹133** in FY 2013-14.
- In February 2013, GOI issued a notification fixing the minimum wage for MGNREGS across all states. The notified wage varies from a minimum of **₹135** in Arunachal Pradesh to **₹214** in Haryana.
- In FY 2013-14, many states paid a wage rate lower than the notified wage rate. For instance, while the notification fixed the wage rate for Rajasthan at **₹149**, the average wage paid in the state was **₹110** per person per day. Similarly, the average wage paid in Tamil Nadu was **₹104**, significantly lower than the notified wage rate of **₹148**.
- In contrast, Bihar reported a per day per person average wage of **₹154**, higher than its notified wage rate, **₹138**.

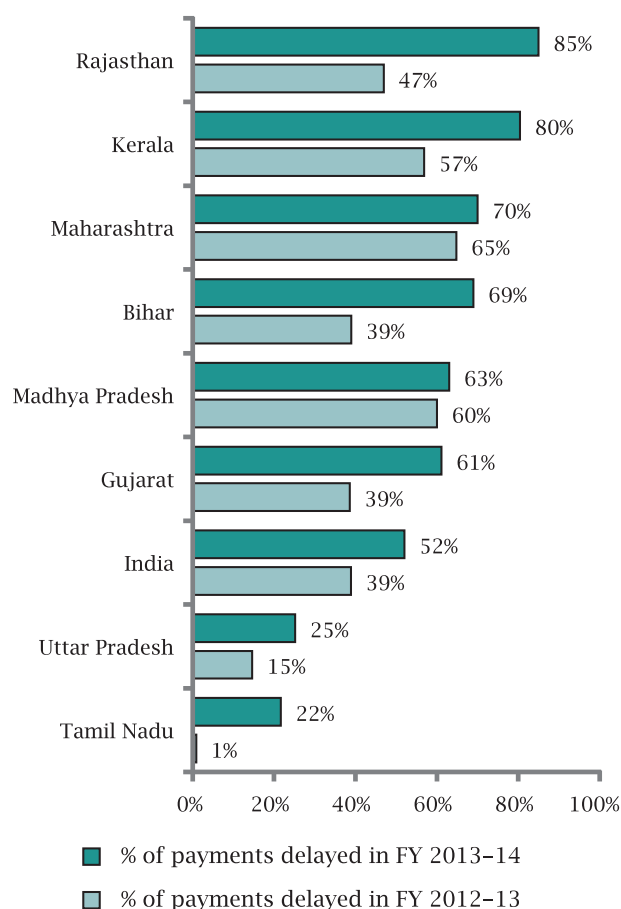
State-wise average wages paid vs notified wage rates.



Source: Calculated from MIS reports for FY 2013-14 available on the MGNREGS portal www.nrega.nic.in and MoRD Notification dated 26th February 2013.

Delay in Wage Payments: There is a significant delay in wage payments under the scheme. MGNREGS norms stipulate that wages must be paid within 15 days from the date of closure of the muster roll. These delays accelerated in FY 2013-14.

52% of all payments made under MGNREGS in FY 2013-14 were delayed.

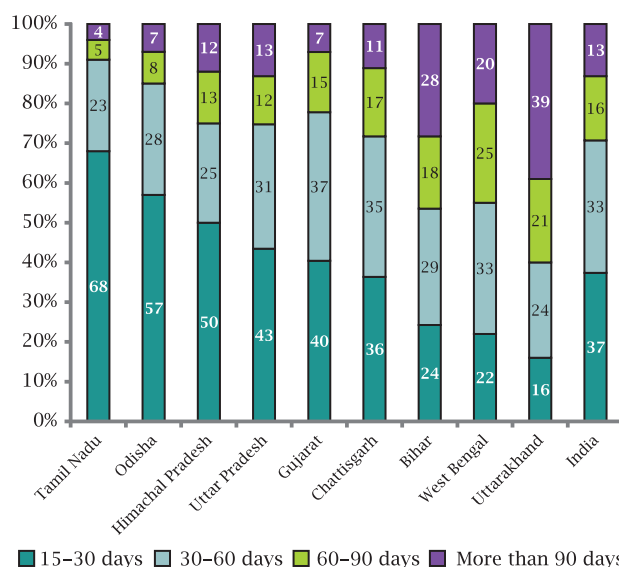


Source: Calculated from MIS reports for FY 2013-14 and FY 2013-14 available on the MGNREGS portal www.nrega.nic.in

Note: Percentage share of delayed payments = (Amount involved in delayed payments) / (Amount involved in total payments).

- In FY 2013-14, **52** percent of the total payments made under MGNREGS were delayed. Of these delayed payments, nearly **50** percent were delayed by **30-90** days and **13** percent were delayed by more than **90** days.
- In Tamil Nadu, **22** percent of the payments made in FY 2013-14 were delayed. This was a significant deterioration from FY 2012-13 when less than **1** percent of the payments were delayed. However, **68** percent of these payments were delayed by less than a month.

Extent of delay in wage payments across states.



Source: Calculated from MIS reports for FY 2013-14 available on the MGNREGS portal www.nrega.nic.in

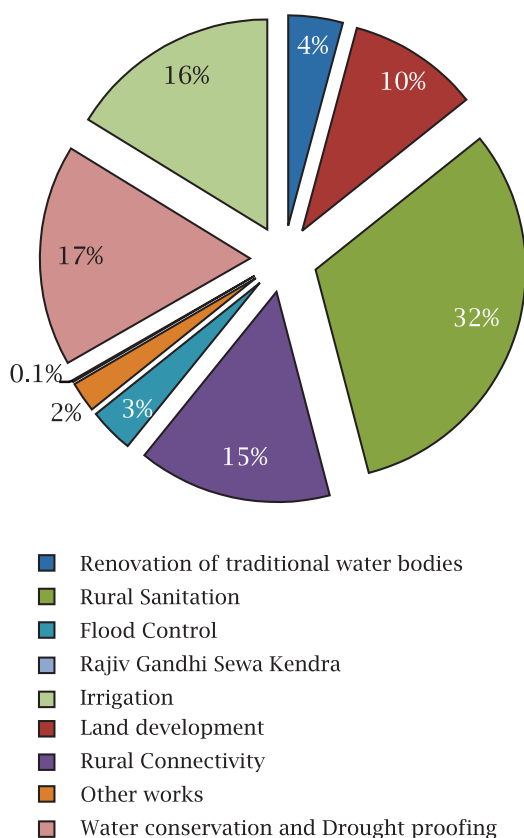
Note: % share of delayed payments in each bracket = (Amount involved in each bracket) / (Amount involved in total delayed payments).

- In Bihar, **69** percent of payments made in FY 2013-14 were delayed. Of these, **28** percent were delayed by more than **90** days.

Physical Assets Created

- Under the MGNREGS, several types of works are undertaken. These include water conservation and water harvesting; flood control and protection; drought proofing; horticulture; renovation of traditional water bodies; land development; and rural connectivity.
- In May 2012, **30** new works were added including those related to fisheries and coastal areas, rural drinking water and sanitation facilities and construction of anganwadi centres.
- In FY 2014-15, GOI plans to create more productive assets with linkages to agriculture and allied activities.

Total works completed by types of works in FY 2013-14.

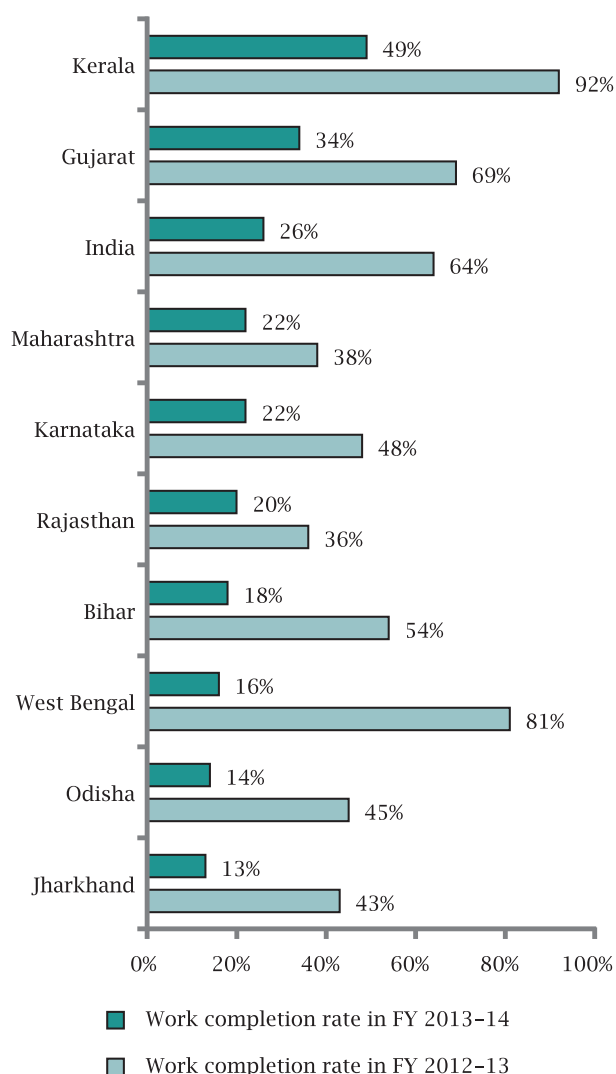


Source: Calculated from MIS reports for FY 2013-14 available on the MGNREGS portal www.mnrega.nic.in

Note: (Total works completed = total works completed under GP, BP and ZP; completed by their estimated deadline for completion).

- Rural sanitation and rural connectivity together accounted for the largest share (47 percent) of completed MGNREGS works in FY 2013-14, up from 27 percent in FY 2012-13.
- In FY 2013-14, of the total works completed under MGNREGS, 32 percent were related to rural sanitation.
- This was a significant increase from FY 2012-13 when only 7 percent of the total works completed under MGNREGS were related to rural sanitation. This sudden increase may be a result of the fact that rural sanitation was added to the list of works under MGNREGS only in May, 2012.

Only 26% of all works under MGNREGS were completed in FY 2013-14.



Source: Calculated from MIS reports for FY 2012-13 and FY 2013-14 available on the MGNREGS portal www.nrega.nic.in

Note: (Work completion rate = (No. of works completed / No. of works started whose estimated completion date is over).

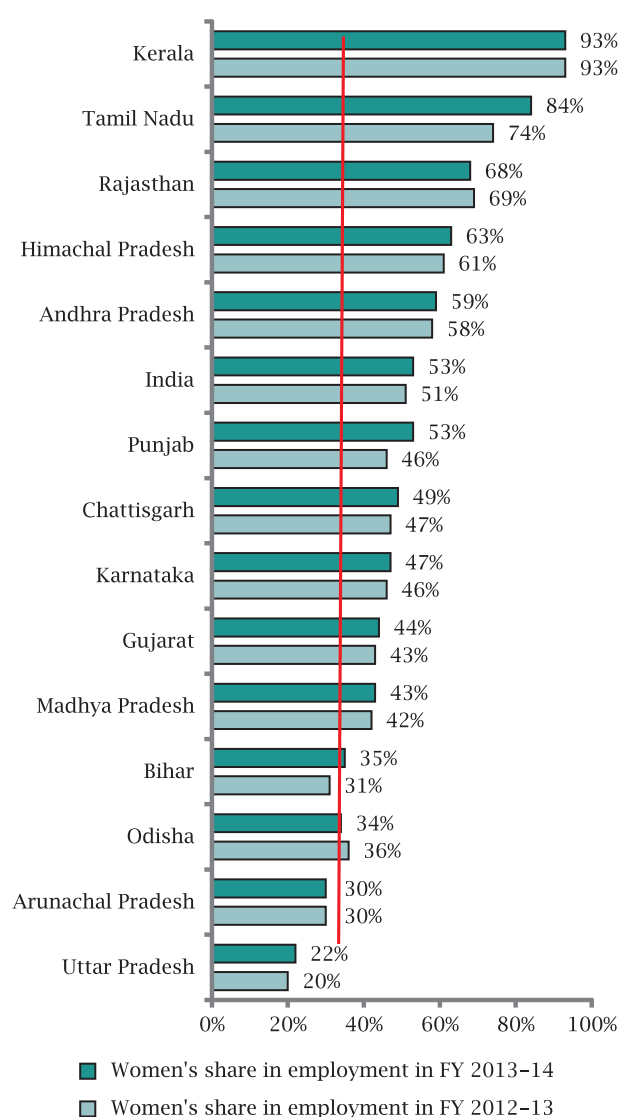
- There are large delays in the completion of works. Total works that were completed under MGNREGS fell from 64 percent in FY 2012-13 to 26 percent in FY 2013-14.
- There are significant state-wise differences in work completion rates.
- In FY 2013-14, Kerala and Gujarat completed 49 percent and 34 percent of

works under MGNREGS, respectively. For the same time period, Odisha and Jharkhand reported low rates of work completion at 14 percent and 13 percent, respectively.

Coverage Under MGNREGS

- **Women Participation:** GOI norms for MGNREGS stipulates that women must account for at least one-third of the beneficiary population.

State-wise women's participation in MGNREGS.



Source: Calculated from MIS reports for FY 2012-13 and FY 2013-14 available on the MGNREGS portal www.nrega.nic.in

- At the national level, women's participation under MGNREGS is high. It increased from 51 percent in FY 2012-13 to 53 percent in FY 2013-14.
- In Kerala, women accounted for 93 percent of the total MGNREGS workers in FY 2013-14. In Tamil Nadu, 84 percent of total workers were women.
- Uttar Pradesh and Jharkhand performed poorly with only a 22 percent and 32 percent respective share of women in total employment generated.

This section offers some practical leads to detailed information on the Union Government's rural employment budget. However, reader patience and persistence is advised as a lot of this information tends to be dense and hidden among reams of data.

Data Sources	Useful Tips
Union Budget, Expenditure Vol.2 www.indiabudget.nic.in , indiabudget.nic.in/ub2014-15/eb/po.pdf <i>last accessed on 10th July 2014</i>	This volume provides total ministry-wise and department-wise allocations as well as disaggregated data according to sectors and schemes from 1998-99. The data has both revised and budget estimates and should be calculated according to the Major-Head and Sub Major-Head. For rural employment the head is 2505 from FY 2007-08 - FY 2014-15.
MGNREGS Portal, Reports from MIS http://164.100.129.6/netnrega/MISreport4.aspx?fin_year=2013-2014&rpt=RP , <i>last accessed on 26th June 2014</i>	The MIS report is divided into multiple categories. Information is available state-wise from FY 2012-13. Information available includes, but is not limited to: State-wise and year wise details on opening balance, releases (centre and state), fund availability and cumulative expenditure on wages, materials and administration, number of households demanded and received employment, average wage paid, persondays of employment generated, and works taken up and completed.
MGNREGS Portal, Delivery Monitoring Unit Report http://164.100.129.6/Netnrega/mpr_ht/nregampr_dmu_mis.aspx?fin_year=2013-2014&month=Latest&flag=1&page1=S&Digest=vho2A81y1vpB6Nka2irbwA <i>last accessed on 26th June 2014</i>	The DMU report is divided into three categories: Financial, physical(employment generation), and physical(asset). Information is available state-wise and from FY 2006-07.
MGNREGS Portal, Action Taken Report http://rural.nic.in/sites/downloads/general/MGNREGS_actiontakenrep_prc_29052012.pdf , <i>last accessed on 16th June 2014</i>	Analysis of progress made by states on physical and financial parameters including works completed, participation of women, employment generated, average wage paid and the labour budget demands.
MGNREGS Portal, Report to the People, February 2012 http://nrega.nic.in/netnrega/WriteReaddata/circulars/Report_to_the_people_English2013.pdf , <i>last accessed on 16th June 2014</i>	Overall information on number of job cards and persondays generated, expenditure incurred etc from the start of the scheme in FY 2006-07 till December 2012 as well as scheme guidelines.
Ministry of Rural Development (MoRD) Notifications dated 26th February 2013	State-wise wage rates prescribed by GOI.
Report number 6 of Comptroller and Auditor General of India, dated 23rd April 2013	This performance audit was taken up on request from MoRD and covers the period from April 2007 to March 2012. It reviewed the implementation of the scheme in 3,848 gram panchayats in 28 states and 4 union territories.
MGNREGS Portal, Public Data Portal http://mnregaweb4.nic.in/netnrega/dynamic2/dynamicreport_new4.aspx	State-wise and year-wise data on various MGNREGS indicators.

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