

# ACCOUNTABILITY INITIATIVE

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## BUDGET BRIEFS

### MGNREGS, GOI, 2013-14

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

- a) Trends in allocations and expenditures
- b) Trends in employment provided and wages paid
- c) Assets created and completed, and
- d) 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 2011-12.

#### Highlights

1.	GOI allocations for Ministry of Rural Development (MoRD) in FY 2013-14 (in crores)	₹80,251
2.	GOI allocations for MGNREGS in FY 2013-14 (in crores)	₹33,000
3.	% of MGNREGS funds spent in FY 2011-12	78%

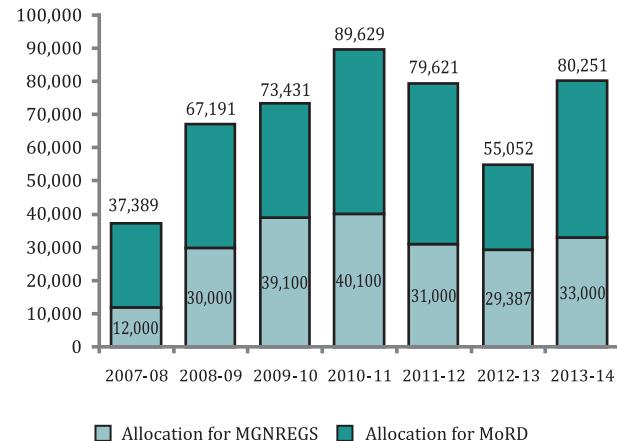
#### Summary and Analysis

- 1. In FY 2013-14, ₹33,000 crores was allocated to MGNREGS, accounting for **41** percent of the total MoRD budget.
- 2. Expenditure as a proportion of total funds available has remained consistent over the last few years. In FY 2009-10, **76** percent of funds available were spent. This increased to **78** percent in FY 2011-12.
- 3. There are wide variations in spending amongst states. Rajasthan and Gujarat spent **73** percent and **70** percent of their available funds in FY 2011-12, respectively. West Bengal spent **97** percent.
- 4. In FY 2011-12, **216.34** crores of persondays were generated, down from **257.15** crores persondays in FY 2010-11.
- 5. The average wage paid per person per day of employment has increased from ₹100 in FY 2010-11 to ₹117 in FY 2011-12.
- 6. There is a significant delay in completion of works. Total works completed under MGNREGS fell from **26** percent in FY 2010-11 to **19** percent in FY 2011-12.
- 7. Participation of women in MGNREGS works is high. In Kerala, women constituted **93** percent of the total MGNREGS workers while in Rajasthan women accounted for over **69** percent of the total workers in FY 2011-12.

## Trends in GOI Allocations and Expenditures

- Allocations:** Allocations for the Ministry of Rural Development (MoRD) have increased over 2-fold in the last 7 years. In FY 2013-14, ₹80,251 cores was allocated to MoRD.
- The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is the largest programme run by the MoRD. In FY 2013-14, ₹33,000 crores was allocated to MGNREGS, accounting for 41 percent of the total MoRD budget.
- 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 comprise of GOI and state releases (computed through labour budget estimation) and unspent balances from previous years.
- Expenditure as a proportion of total funds available has remained consistent over the last few years. In FY 2009-10, 76 percent of funds available were spent. This increased to 78 percent in FY 2011-12. For FY 2012-13, till December 2012, 63 percent of the available funds had been spent.

### Increasing allocations for MGNREGS.

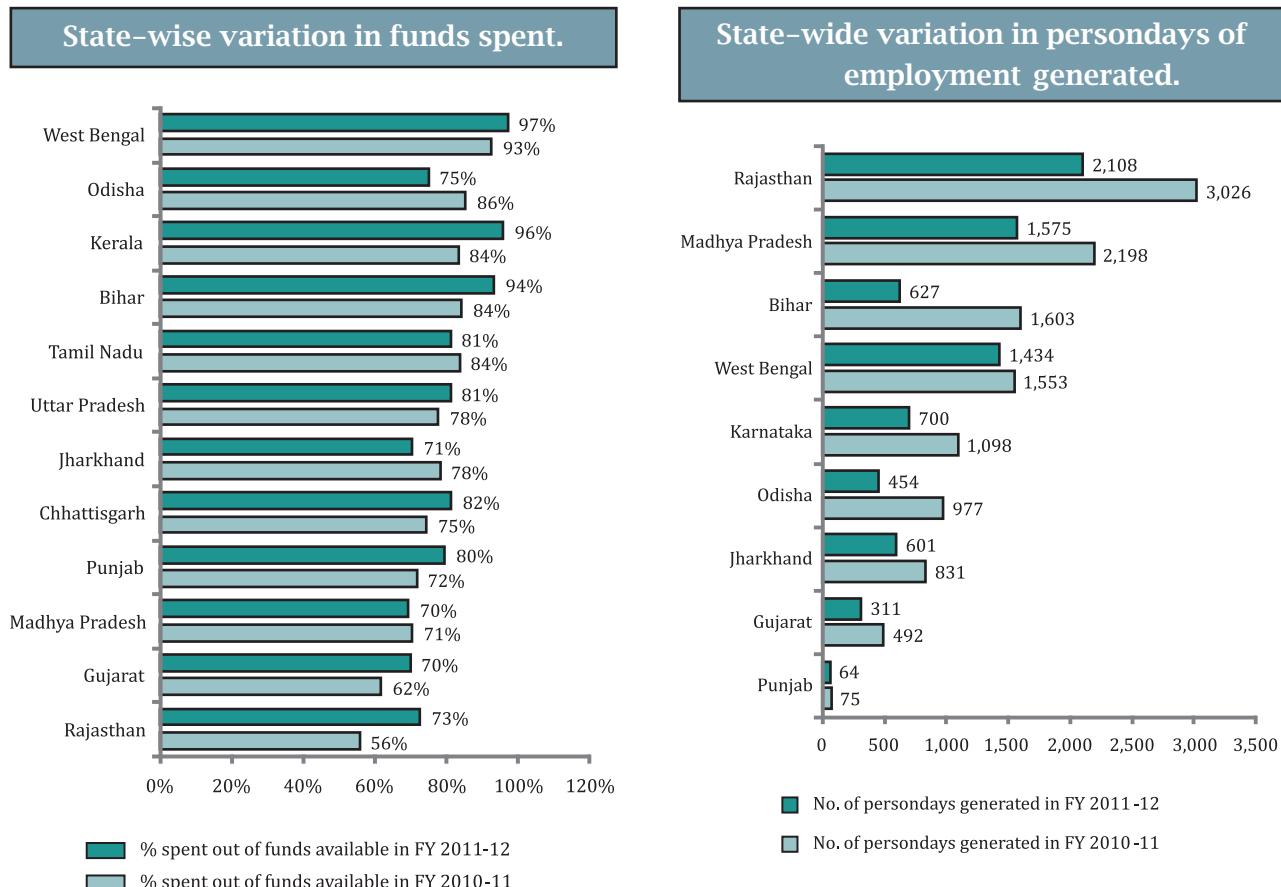


**Source:** Union Expenditure Budget, Vol. 2, Ministry of Rural Development FY 2005-06 till FY 2013-14.

**Note:** Figures in crores of rupees. Till FY 2012-13, figures are revised estimates. Figures for 2013-14 are budget estimates.

## Trends in Expenditure at the State Level

- There are wide variations in spending amongst states.
- Rajasthan and Gujarat spent 73 percent and 70 percent of their available funds in FY 2011-12, respectively. This was an improvement from FY 2010-11, when both states spent 56 percent and 62 percent, respectively.
- Odisha spent only 75 percent of available funds in FY 2011-12, down from 86 percent in FY 2010-11.
- West Bengal spent over 90 percent of available funds in both years.



**Source:** Calculated from MGNREGA, Delivery Monitoring Unit Report, Financial. Available online at: [http://164.100.12.7/Netnrega/mpr\\_ht/nregampr\\_dmu.aspx?lflag=&page1=D&is\\_statefund=Y&state\\_code=02&fin\\_year=2010-2011&flag=31&month=Latest and http://164.100.12.7/Netnrega/mpr\\_ht/nregampr\\_dmu\\_mis.aspx?flag=3&page1=S&month=Latest&fin\\_year=2011-2012](http://164.100.12.7/Netnrega/mpr_ht/nregampr_dmu.aspx?lflag=&page1=D&is_statefund=Y&state_code=02&fin_year=2010-2011&flag=31&month=Latest and http://164.100.12.7/Netnrega/mpr_ht/nregampr_dmu_mis.aspx?flag=3&page1=S&month=Latest&fin_year=2011-2012)

## Implementation Highlights

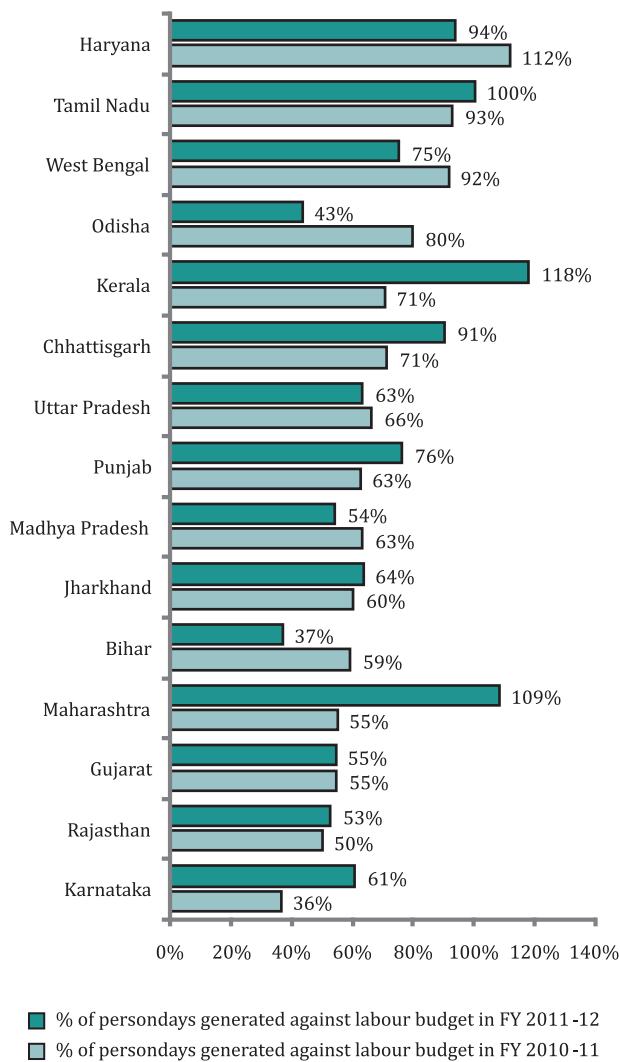
- Employment provided:** This brief analyses employment generated through MGNREGS using two benchmarks: a) the total number of persondays of work generated and b) the number of persondays of work generated as compared with the anticipated demand for work.
- In FY 2011-12, 216.34 crores of persondays were generated, down from 257.15 crores persondays in FY 2010-11.

**Source:** Calculated from MGNREGS, Delivery Monitoring Unit Report, Physical Employment Generation. Available online at: [http://164.100.12.7/Netnrega/mpr\\_ht/nregampr\\_dmu\\_mis.aspx?flag=1&page1=S&month=Latest&fin\\_year=2011-2012](http://164.100.12.7/Netnrega/mpr_ht/nregampr_dmu_mis.aspx?flag=1&page1=S&month=Latest&fin_year=2011-2012) Note: All figures are in lakhs of rupees.

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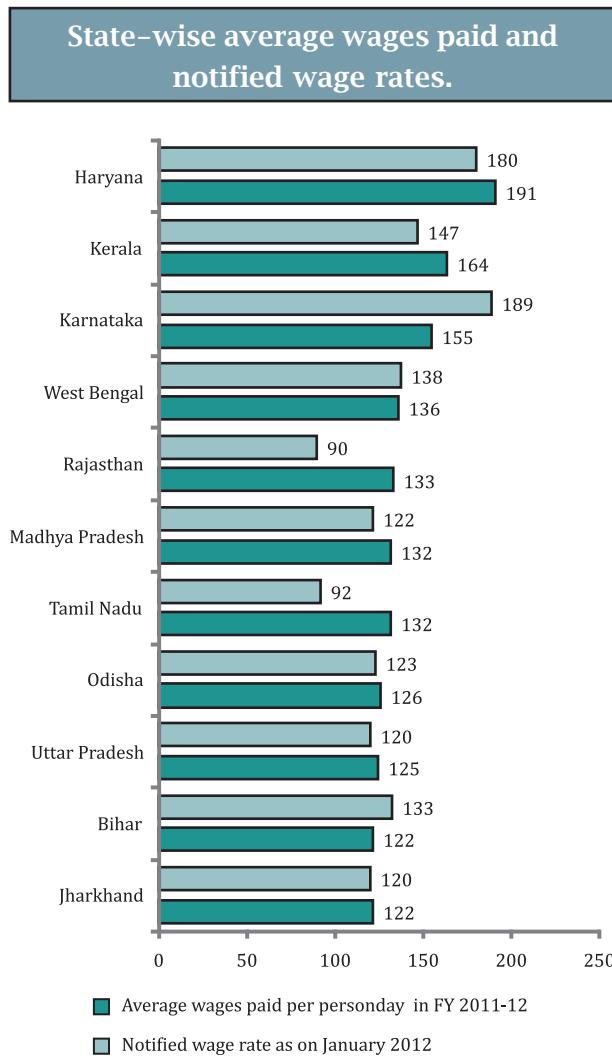
- Rajasthan generated 2,108 lakh persondays of employment in FY 2011-12, down from 3,026 lakh persondays in FY 2010-11.
- Bihar generated 627 lakh persondays in FY 2011-12. This was 976 lakh less persondays than the previous year.
- Differences also exist between the anticipated demand for employment reported by the state labour budgets and the actual work generated.

**State-wide variation in employment generated and employment anticipated in labour budgets.**



- In FY 2010-11, Karnataka generated employment for only 36 percent of the demand anticipated in the labour budget. This improved significantly in FY 2011-12 when 61 percent of the target was met. Maharashtra moved closer toward meeting its labour budget targets by 54 percentage points from 55 percent in FY 2010-11 to 109 percent in FY 2011-12.
- West Bengal, on the other hand, met only 75 percent of its labour budget demand in FY 2011-12, down from 92 percent the previous year.
- Wages paid:** Wages account for the largest share of MGNREGS allocations. In FY 2011-12, 69 percent of the total MGNREGS expenditure was incurred on wages.
- The average wage paid per person per day of employment has increased from ₹100 in FY 2010-11 to ₹117 in FY 2011-12.
- In January 2012, GOI issued a notification fixing a minimum wage for MGNREGS across all states. The average wage paid in many states was lower than this notified wage rate.

**Source:** Calculated from MGNREGS, Delivery Monitoring Unit Report, Physical Employment Generation. Available online at: [http://164.100.12.7/Netnrega/mpr\\_ht/nregampr\\_dmu\\_mis.aspx?flag=1&page1=S&month=Latest&fin\\_year=2011-2012](http://164.100.12.7/Netnrega/mpr_ht/nregampr_dmu_mis.aspx?flag=1&page1=S&month=Latest&fin_year=2011-2012)



**Source:** Calculated from MGNREGS, Delivery Monitoring Unit Report, Physical Employment Generation. Available online at: [http://164.100.12.7/Netnrega/mpr\\_ht/nregampr\\_dmu\\_mis.aspx?flag=1&page1=S&month=Latest&fin\\_year=2011-2012](http://164.100.12.7/Netnrega/mpr_ht/nregampr_dmu_mis.aspx?flag=1&page1=S&month=Latest&fin_year=2011-2012) and [http://nrega.nic.in/circular/revised\\_wage\\_rate\\_from\\_01042012.pdf](http://nrega.nic.in/circular/revised_wage_rate_from_01042012.pdf)

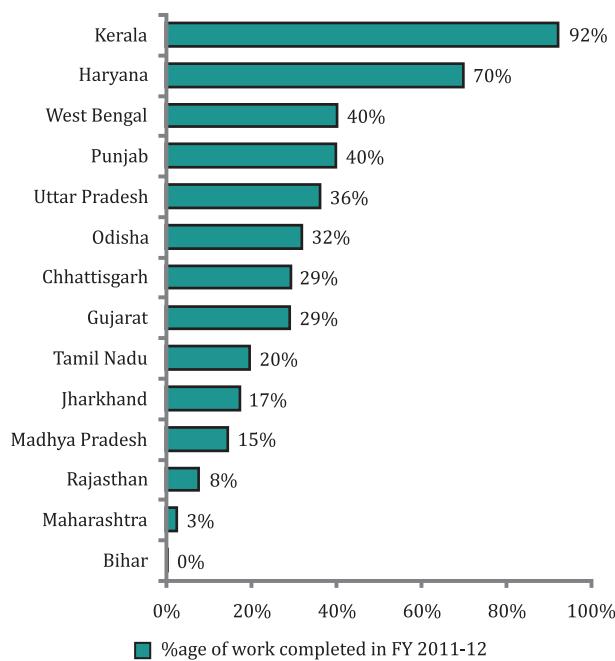
- In FY 2011-12, while the notified wage rate for Rajasthan was fixed at ₹133, the average wages paid in the state were ₹90 per person per day.

- Similarly, average wage paid in Tamil Nadu, was ₹92, significantly lower than the notified wage rate of ₹132.
- In contrast, Karnataka and Bihar reported a higher average wage per person per day than their notified wage rates.

### 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.
- There is a significant delay in completion of works. Total works completed under MGNREGS fell from 26 percent in FY 2010-11 to 19 percent in FY 2011-12.
- Water harvesting, water conservation and rural connectivity together constitute over 45 percent of the total MGNREGS works. In FY 2011-12, only 24 percent of rural connectivity works were completed, and an even lower 12 percent of water harvesting and conservation works were completed.
- There are significant state-wide differences in work completion rates.

### State-wise % of work completed.



**Source:** Calculated from MGNREGS, Action Taken Report. Available online at: [http://rural.nic.in/sites/downloads/general/mgnrega\\_actiontakenrep\\_prc\\_29052012.pdf](http://rural.nic.in/sites/downloads/general/mgnrega_actiontakenrep_prc_29052012.pdf)

- In FY 2011-12, Kerala and Haryana completed 92 and 70 percent of works under MGNREGS, respectively. For the same time period, Rajasthan, Maharashtra and Bihar reported low rates of work completion at 8 percent, 3 percent and 0 percent, respectively.

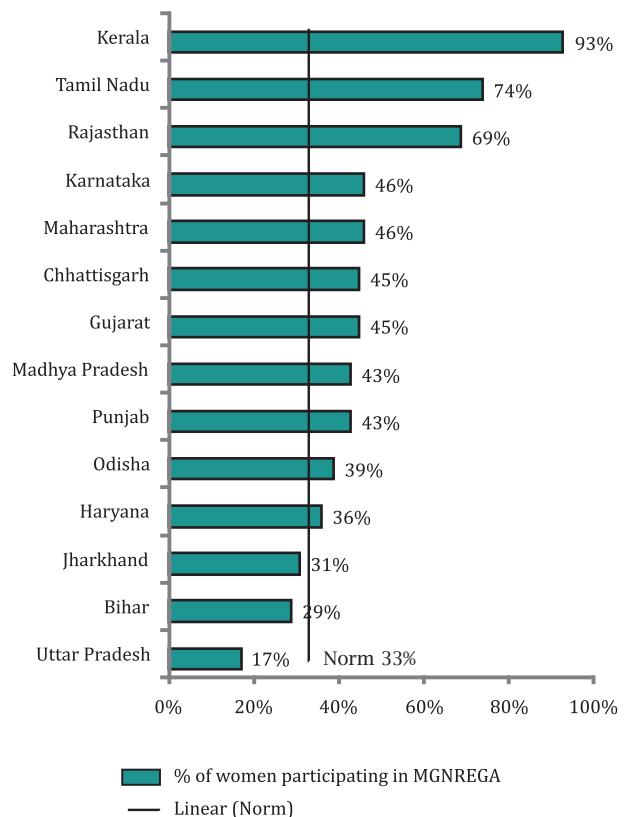
### Coverage under MGNREGS

- Who participates in MGNREGS? And to what extent has the flagship programme successfully provided employment to the intended beneficiaries?
- This brief approaches this question in two ways. First, by examining the extent of

women's participation in MGNREGS. Second, by drawing on the National Sample Survey Organization (NSSO) data to examine trends in MGNREGS employment across income levels.

- Women participation:** GOI norms for MGNREGS stipulate that women ought to constitute at least one-third of the beneficiary population.

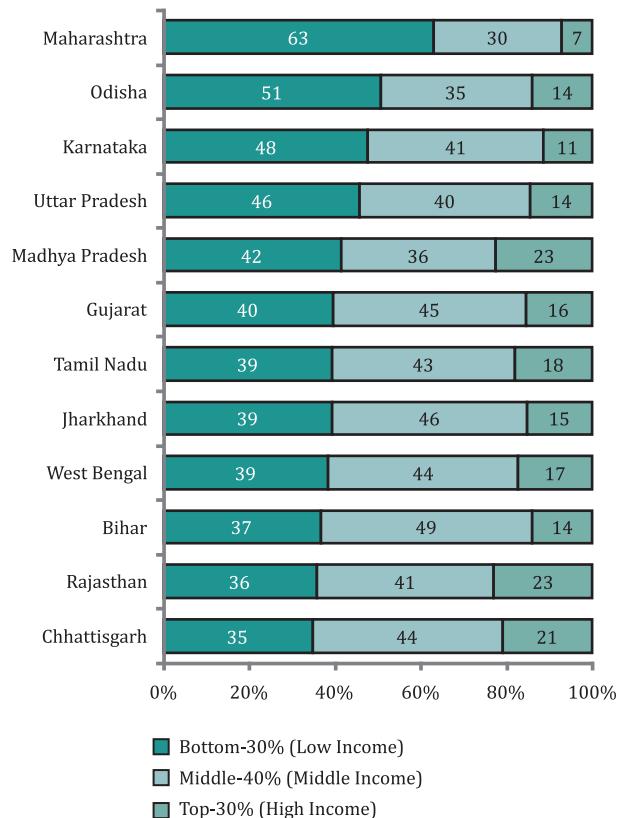
### State-wise % of women participating in MGNREGS.



**Source:** Calculated from MGRNREGS, Action Taken Report. Available online at: [http://rural.nic.in/sites/downloads/general/mgnrega\\_actiontakenrep\\_prc\\_29052012.pdf](http://rural.nic.in/sites/downloads/general/mgnrega_actiontakenrep_prc_29052012.pdf)

- Participation of women in MGNREGS works is high in most states. In Kerala, women constituted 93 percent of the total MGNREGS workers in FY 2011-12. Similarly, in FY 2011-12, 69 percent of the total workers in Rajasthan were women.
- Uttar Pradesh and Bihar had the lowest participation of women at 17 percent and 29 percent, respectively.
- Employment provided across income levels:** The 66<sup>th</sup> round of the NSSO highlights that 82 percent of MGNREGS workers belong to the bottom 30 percent (with a monthly income of up to ₹657) and middle 40 percent (with a monthly income between ₹657 and ₹1,058) income groups.
- In Bihar and Jharkhand, 86 and 85 percent participants came from these income groups. In Chhattisgarh and Rajasthan, 79 and 77 percent of MGNREGS participants were drawn from the low and middle income groups, respectively.

**State-wise % of MGNREGS participants across various income groups.**



**Source:** 66<sup>th</sup> Round of the National Sample Survey, Employment and Unemployment Survey. Available online at: [http://mospi.nic.in/Mospi\\_New/Admin/publication.aspx](http://mospi.nic.in/Mospi_New/Admin/publication.aspx)

**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 amongst reams of data.**

Data Sources	Useful Tips
Union Budget, Expenditure Vol.2 <a href="http://www.indiabudget.nic.in">www.indiabudget.nic.in</a> last accessed on 15th February 2013	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.
MGNREGS Portal, Delivery Monitoring Unit Report, <a href="http://164.100.12.7/Netnrega/mpr_ht/nregampr_dmu_mis.aspx?fin_year=2012-2013&amp;month=Latest&amp;flag=1&amp;page1=S&amp;Digest=6abgX6h1gMICCVbVFh+P4Q">http://164.100.12.7/Netnrega/mpr_ht/nregampr_dmu_mis.aspx?fin_year=2012-2013&amp;month=Latest&amp;flag=1&amp;page1=S&amp;Digest=6abgX6h1gMICCVbVFh+P4Q</a> last accessed on 15th February 2013	The DMU report is divided into three categories: financial, physical (employment generation), and physical(asset). Information is available state-wise and from FY 2009-10. The specific year can be selected along with the month. Information available includes:- 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 , Action Taken Report, <a href="http://rural.nic.in/sites/downloads/general/mgnrega_actiontakenrep_prc_29052012.pdf">http://rural.nic.in/sites/downloads/general/mgnrega_actiontakenrep_prc_29052012.pdf</a> last accessed on 15th February 2013.	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. <a href="http://nrega.nic.in/netnrega/WriteReaddata/circulars/Report_to_the_people_English2013.pdf">http://nrega.nic.in/netnrega/WriteReaddata/circulars/Report_to_the_people_English2013.pdf</a> last accessed on 15th February 2013.	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.
MGNREGS Portal, Notified wage rates <a href="http://nrega.nic.in/nrega_statewise.pdf">http://nrega.nic.in/nrega_statewise.pdf</a> last accessed on 15th February, 2013	State-wise details on prescribed wage rates as given by GOI.
Ministry of Statistics and Programme Implementation, 66th Round of the National Sample Survey, Employment and Unemployment Survey, Report 543. <a href="http://mospi.nic.in/Mospi_New/Admin/publication.aspx">http://mospi.nic.in/Mospi_New/Admin/publication.aspx</a> last accessed on 15th February 2013.	Income-wise information on participation under MGNREGS.
PIB Release, '30 new works notified under MGNREGA' (08-May-2012:05:15:58), <a href="http://pib.nic.in/newsite/ererelease.aspx">http://pib.nic.in/newsite/ererelease.aspx</a> last accessed on 15th February, 2013.	Information on the new works taken up, revision in norms, and so on.

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