

# BUDGET BRIEFS

Vol 7/Issue 6

MGNREGS  
GOI, 2015-16



## ACCOUNTABILITY INITIATIVE

Research and Innovation for Governance Accountability

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

Using government reported data, this brief reports on:

- Trends in allocations and expenditures
- 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. Data for FY 2014-15 is available up to 10 February 2015.

### HIGHLIGHTS

₹73,333<sup>cr</sup>

GOI allocations for Ministry of Rural Development (MoRD) in FY 2015-16

₹34,699<sup>cr</sup>

GOI allocations for MGNREGS in FY 2015-16

95%

% of MGNREGS funds spent (including wages due) in FY 2013-14

### SUMMARY & ANALYSIS

- ❖ In FY 2015-16, ₹34,699 crore was allocated to MGNREGS, accounting for **47%** of the total MoRD budget. An additional ₹5,000 crore has been committed in 2015-16, based on resource availability.
- ❖ The timing of fund releases has slowed down considerably in FY 2014-15. In FY 2013-14, **60%** of the funds were released by the first quarter of the financial year. However, in FY 2014-15, only **43%** had been released in the first quarter.
- ❖ There has been a steady decline in persondays of employment generated in the last **3** years from **230** persondays in FY 2012-13 to **132** persondays in FY 2014-15 (till February).
- ❖ In FY 2013-14, several states had spent more than the total funds available with them. Consequently, MGNREGS had an outstanding liability of ₹5,512 crore at the start of FY 2014-15.
- ❖ Delays in payment is a serious problem. In FY 2014-15, **72%** of all payments were delayed beyond **15** days. **13%** of these were delayed by more than **90** days.
- ❖ The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) mandates a compensation to be paid to beneficiaries for delayed payments. However, only **6** states have paid any compensation, Maharashtra paid the highest amount at ₹6.6 crore.
- ❖ The highest proportion of employment has been generated in the most backward districts of the country through the programme.

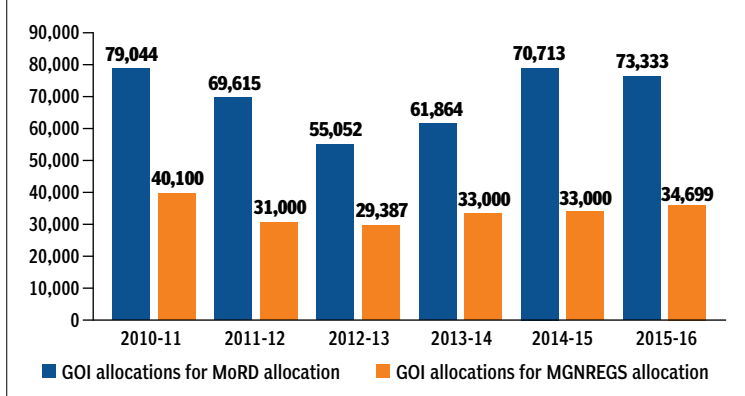
## TRENDS IN GOI ALLOCATIONS AND EXPENDITURES

- ❖ **Allocations:** Allocations for MoRD have more than doubled from ₹25,719 crore in FY 2006-07 to ₹73,333 crore in FY 2015-16.
- ❖ MGNREGS is the largest programme run by MoRD, accounting for 47 percent of the total MoRD budget in FY 2015-16.
- ❖ The last few years have seen a decrease in allocations for MGNREGS. MGNREGS allocations were at their highest in FY 2010-11 when the total allocations amounted to ₹40,100 crore. In FY 2015-16, the allocations have dropped by 13 percent to ₹34,699 crore.
- ❖ MGNREGS is a demand-driven scheme. States are required to submit an annual Labour Budget in order to receive allocations. This budget is based on estimates of anticipated demand for unskilled manual work and a draft plan for providing employment to workers. Releases by GOI are based on estimates of this anticipated demand.
- ❖ **Releases:** GOI releases for MGNREGS have been high. In FY 2013-14, GOI released 99 percent of budgeted estimates. In FY 2014-15, 92 percent of budgeted estimates had been released by early February (latest available data).
- ❖ The timing of fund releases has slowed down considerably in FY 2014-15. In FY 2013-14, 60 percent of the funds were released by the first quarter of the financial year. However, in FY 2014-15, only 43 percent had been released in the first quarter. Data on releases is only available up to February 2015. It is important to note that in the absence of actual month-wise release data, dates of funds sanctioned have been used as a proxy for releases. The actual release of funds may thus be even further delayed.
- ❖ The timing of releases corresponds with the pattern of employment. About 47 percent of total employment in FY 2013-14 was generated in the

₹34,699<sup>cr</sup>

GOI allocation for MGNREGS in FY 2015-16, a drop of 13 percent from FY 2010-11

### GOI ALLOCATIONS FOR MGNREGS HAVE INCREASED BY ONLY 5% BETWEEN FY 2014-15 AND FY 2015-16



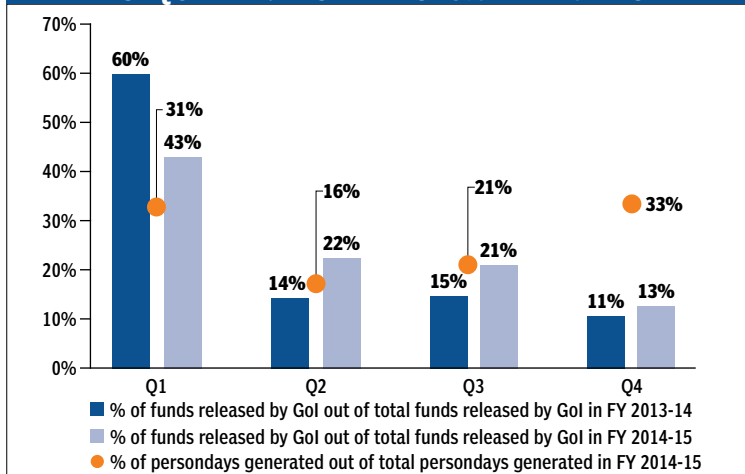
**Source:** Union Expenditure Budget, Vol 2, Ministry of Rural Development, FY 2005-06 and FY 2015-16. Available online at [www.indiabudget.nic.in](http://www.indiabudget.nic.in) Last accessed on February 28, 2015.  
**Note:** Figures in crore of rupees. Till FY 2014-15, figures are revised estimates. Figures for FY 2015-16 are budget estimates

MGNREGS had an outstanding liability of

₹5,512<sup>cr</sup>

at the start of FY 2014-15

### 60% OF THE FUNDS RELEASED IN FY 2013-14 WERE IN THE 1ST QUARTER: DROPPED TO 43% IN FY 2014-15



**Source:** Calculated from MGNREGS Portal. For releases, sanction orders have been used. Available online at: [http://rural.nic.in/daily/sancrelease/repschemebt1415.asp?dept\\_code=rd&scheme\\_cod=26&financial\\_year=2014-2015](http://rural.nic.in/daily/sancrelease/repschemebt1415.asp?dept_code=rd&scheme_cod=26&financial_year=2014-2015) and MGNREGS Portal, Employment Status, Available online at: [http://164.100.129.6/netnrega/state\\_html/employment\\_status.aspx?flag=eng&fin\\_year=2014-2015&source=national&labels=labels&Digest=BPj0SPgjfNLE7gV08qxThw](http://164.100.129.6/netnrega/state_html/employment_status.aspx?flag=eng&fin_year=2014-2015&source=national&labels=labels&Digest=BPj0SPgjfNLE7gV08qxThw) Last accessed on February 7, 2015

first half of the financial year. GOI had released **74** percent of its total releases at the same time.

- ❖ **Expenditure performance:** The total funds available for MGNREGS in a given year include GOI and state releases (computed through labour budget estimation), and unspent balances from previous years.
- ❖ While allocations between FY 2013-14 and FY 2014-15 has increased by only **3** percent, expenditures as a proportion of total funds available has improved from **87** percent in FY 2012-13 to **92** percent in FY 2013-14. In FY 2014-15, **82** percent of the available funds had been spent.

- ❖ These expenditure figures do not include the pending liabilities that carry over from the previous year. Within a financial year, state governments generate employment and make payments by borrowing funds from various sources. This amount carries over to the next year as liabilities that GOI is expected to reimburse through MGNREGS funds. In FY 2014-15, MGNREGS had an outstanding liability of **₹5,512** crore from FY 2013-14.
- ❖ It is important to note that these high liabilities are a consequence of slow releases and lower budgetary allocations by GOI.

## TRENDS IN EXPENDITURE AT THE STATE LEVEL

- ❖ In FY 2014-15, several states had spent more than the total funds available with them.
- ❖ The bulk of these liabilities are for wage payments.
- ❖ States such as Punjab have incurred liabilities amounting to **₹71** crore. Madhya Pradesh has spent **114** percent of its available funds generating pending liabilities worth **₹312** crore.

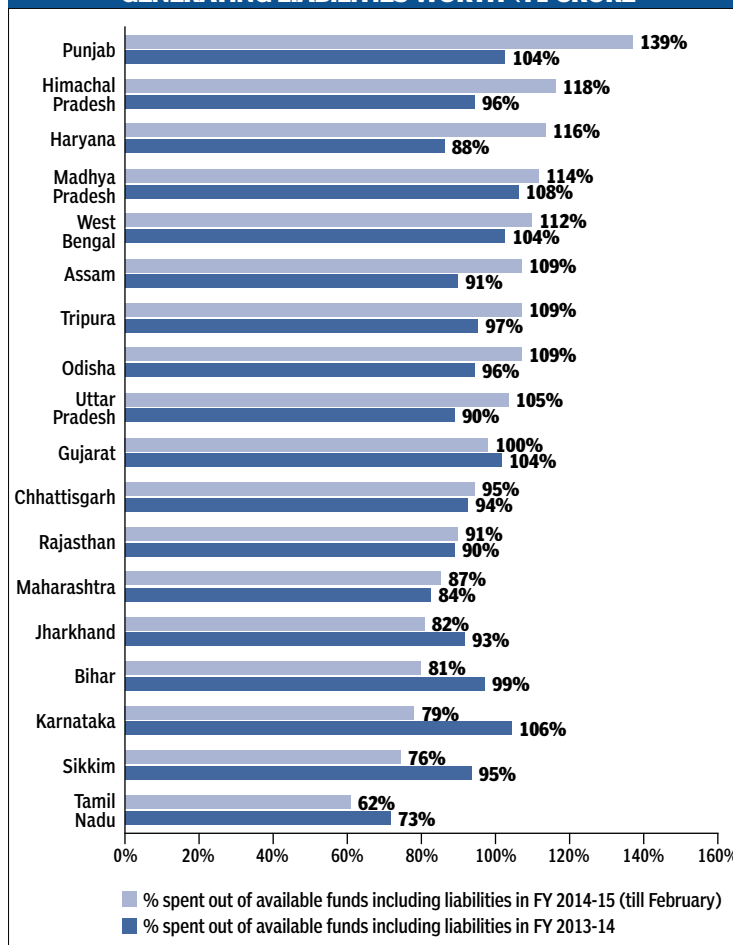
Punjab has incurred liabilities amounting to

**₹71<sup>cr</sup>**

whereas Madhya Pradesh has spent 114 percent of its available funds generating pending liabilities worth

**₹312<sup>cr</sup>**

### PUNJAB SPENT 139% OF ITS AVAILABLE FUNDS IN FY 2014-15, GENERATING LIABILITIES WORTH ₹71 CRORE

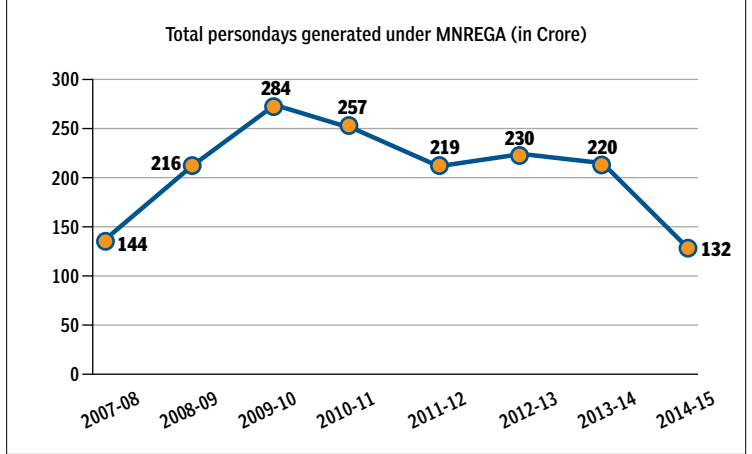


Source: MGNREGS portal, Financial Statement. Available online at: [http://164.100.129.6/netnrega/Citizen\\_html/financialstatement.aspx?lflag=eng&fin\\_year=2014-2015&source=national&labels=labels&Digest=BPj0SPgjfNLE7gV08qxThw](http://164.100.129.6/netnrega/Citizen_html/financialstatement.aspx?lflag=eng&fin_year=2014-2015&source=national&labels=labels&Digest=BPj0SPgjfNLE7gV08qxThw)  
Last accessed on February 7, 2015

## IMPLEMENTATION HIGHLIGHTS

- ❖ **Employment provided:** This brief uses two indicators to analyse employment generation under MGNREGS: a) the total number of persondays of work generated and, b) average number of persondays generated per household (HH) employed under MGNREGS.
- ❖ There has been a sharp fall in the total number of persondays generated under MGNREGS since FY 2009-10. In FY 2012-13, **230** crore persondays of work was generated. This dropped to **220** crore persondays in FY 2013-14. In FY 2014-15, a total of **132** crore persondays of employment was provided under the scheme. Although employment figures for FY 2014-15, are available only upto February, according to a 'relative performance' report **12** states have generated **50** percent less employment upto February, 2015 compared with February 2014.
- ❖ Correspondingly, the average persondays per household provided employment has also dropped from **46** in FY 2013-14 to **35** in FY 2014-15.
- ❖ MGNREGS seeks to provide **100** days of employment to all rural households that demand work. In FY 2013-14, only **10** percent households completed a full **100** days of work. In FY 2014-15, this dropped to **3** percent.
- ❖ There are significant state-level variations in employment generated between FY 2013-14 and FY 2014-15.
- ❖ For instance, Tamil Nadu provided **1,489** lakh less persondays in FY 2014-15 compared to FY 2013-14. Moreover, its average persondays of employment per household decreased from **59** to **41**.
- ❖ Similarly, West Bengal witnessed a **44** percent drop with **1,009** lakh less persondays generated in FY 2014-15 compared to FY 2013-14. The state's average persondays per household decreased from **37** to **28**.

### TOTAL PERSONDAYS GENERATED DECREASED FROM 220 CRORE IN FY 2013-14 TO 132 CRORE FROM APRIL 2014 TO FEBRUARY 2015

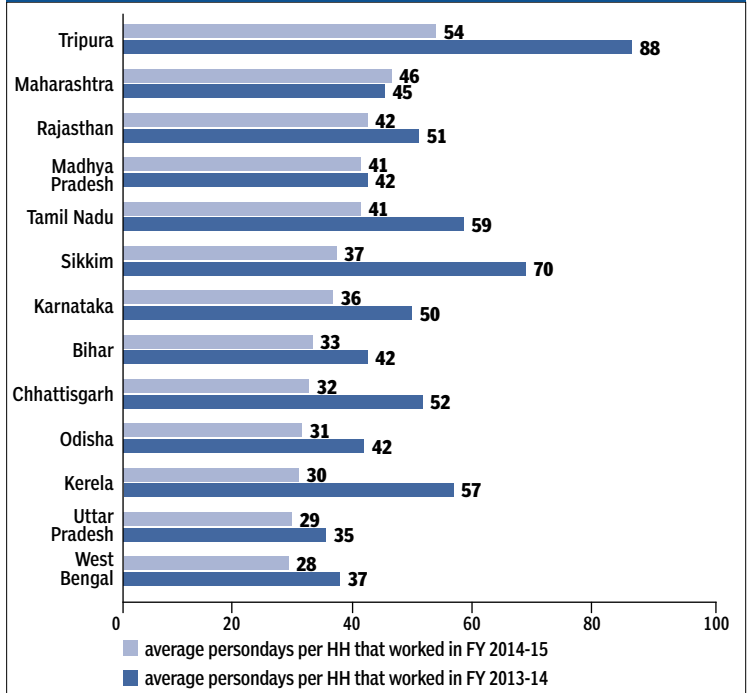


Source: Ministry of Rural Development Report to the People 2015 and 2013. Available online at: [http://nrega.nic.in/netnrega/writereaddata/Circulars/RTP\\_English15.pdf](http://nrega.nic.in/netnrega/writereaddata/Circulars/RTP_English15.pdf) and [http://nrega.nic.in/circular/People\\_Report.html](http://nrega.nic.in/circular/People_Report.html). Last accessed on February 12, 2015

Tamil Nadu provided  
**2,187** lakh

persondays in FY 2014-15. This is 1,489 lakh persondays less than FY 2013-14

### TRIPURA GENERATED 88 PERSONDAYS PER HH IN FY 2013-14. THIS DROPPED TO 54 PERSONDAYS PER HH IN FY 2014-15



Source: MGNREGS Portal, Employment Status. Available online at: [http://164.100.129.6/netnrega/state\\_html/employment\\_st.aspx?iflag=eng&fin\\_year=2014-2015&source=national&labels=labels&Digest=BPj0SPGjfnLE7gV08qxThw](http://164.100.129.6/netnrega/state_html/employment_st.aspx?iflag=eng&fin_year=2014-2015&source=national&labels=labels&Digest=BPj0SPGjfnLE7gV08qxThw). Last accessed on February 7, 2015

❖ Tripura saw the largest drop in average persondays per household of employment generated from **88** to **54** during the same period.

❖ **Delays in payment:** MGNREGS stipulates that wage payments must be made within **15** days of the date of closure of the muster roll. Delays in payment are calculated from the **16th** day onwards.

❖ There has been a steady rise in the quantum of delays over the last three years. The proportion of payments delayed increased from **39** percent in FY 2012-13, to as high as **72** percent in FY 2014-15.

❖ By February 2015, states had accrued a wage payment liability of **₹2,536** crore.

❖ The average delay was between **15** and **30** days (**39** percent) followed by a delay of **1** to **2** months (**34** percent).

❖ There are variations among states. For instance, in Karnataka in FY 2014-15, **86** percent all payments were delayed. **32** percent of these were delayed by over **90** days.

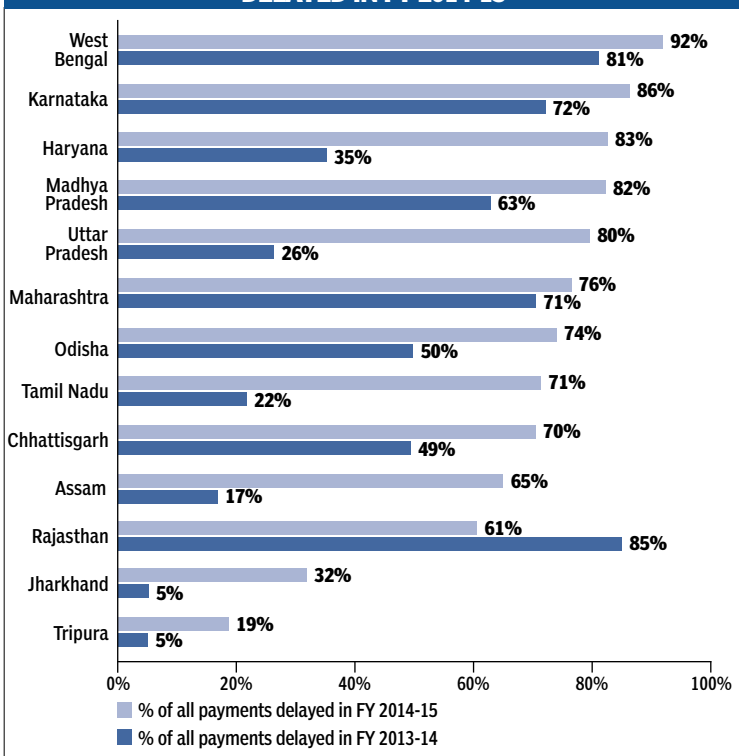
❖ Similarly, in West Bengal, where **92** percent of all payments in FY 2014-15 have been delayed, **38** percent were delayed by over **90** days.

❖ MGNREGA has a mandated payment of compensation to workers in the event of delays in payments. Thus far in FY 2014-15 only **6** states have paid any compensation. Maharashtra paid the highest amount in compensation at **₹6.6** crore.

By February 2015, states had accrued a wage payment liability of

**₹2,536<sup>cr</sup>**

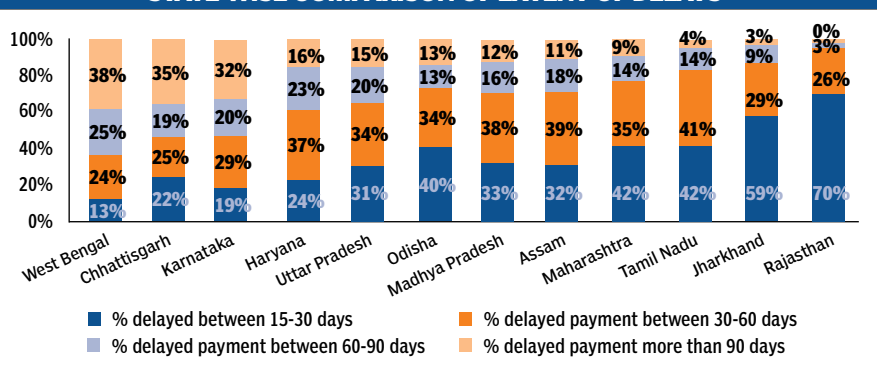
**NEARLY THREE-FOURTHS OF ALL PAYMENTS UNDER MGNREGS DELAYED IN FY 2014-15**



Source: MGNREGS Portal, Financial Progress, Delayed Payments. Available online at: [http://164.100.129.6/netnrega/delayed\\_payment.aspx?fin\\_year=2014-2015&source=national&Digest=Ph5ahxFdUr0hj2mVASnEKA](http://164.100.129.6/netnrega/delayed_payment.aspx?fin_year=2014-2015&source=national&Digest=Ph5ahxFdUr0hj2mVASnEKA)  
Last accessed on February 9, 2015

**₹6.6<sup>cr</sup>**  
paid by Maharashtra as delayed wage compensation. This is the highest amount by any state in FY 2014-15

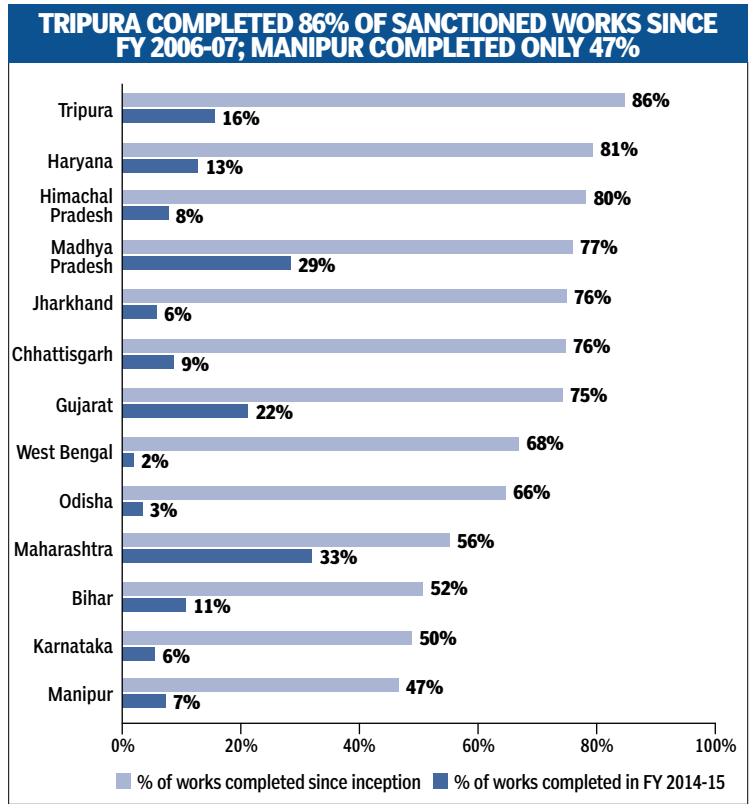
**STATE-WISE COMPARISON OF EXTENT OF DELAYS**



Source: MGNREGS Portal, Financial Progress, Delayed Payments. Available online at: [http://164.100.129.6/netnrega/delayed\\_payment.aspx?fin\\_year=2014-2015&source=national&Digest=Ph5ahxFdUr0hj2mVASnEKA](http://164.100.129.6/netnrega/delayed_payment.aspx?fin_year=2014-2015&source=national&Digest=Ph5ahxFdUr0hj2mVASnEKA)  
Last accessed on February 9, 2015

## PHYSICAL ASSETS CREATED

- ❖ Under MGNREGS, several types of works are undertaken. These include water conservation and water harvesting structures, flood control and protection, drought proofing, horticulture, renovation of traditional water bodies, land development, and rural connectivity. In July 2014, Schedule I of the MGNREGA was amended to allow districts to use **60** percent of the total works for agriculture and allied activities.
- ❖ In FY 2014-15, **58** percent of total expenditure under MGNREGS was incurred on agriculture and allied activities. The southern states of Karnataka (**76** percent), Kerala (**97** percent) and Tamil Nadu (**84** percent) concentrated the bulk of their work on these activities.
- ❖ Completion of works undertaken through MGNREGS has been slow. Since FY 2006-07, **67** percent of works started under MGNREGS have been completed. There has been a drop in completion rates over the last three years from **69** percent in FY 2012-13 to **44** percent in FY 2013-14. In FY 2014-15, the completion rate is **12** percent.
- ❖ There are wide variations among states. Since FY 2006-07, Tripura recorded the highest completion rates at **86** percent of MGNREGS while Manipur and Karnataka have only completed **47** percent and **50** percent of sanctioned works.



**Source:** MGNREGS Portal, Works Progress, Yearly Completion Rate. Available online at: [http://164.100.129.6/netnrega/takenup\\_compwrk.aspx?iflag=eng&fin\\_year=2014-2015&source=national&labels=labels&Digest=BPj0SPgjfNLE7gV08qxThw](http://164.100.129.6/netnrega/takenup_compwrk.aspx?iflag=eng&fin_year=2014-2015&source=national&labels=labels&Digest=BPj0SPgjfNLE7gV08qxThw)  
Last accessed on February 7, 2015

**58%** of total expenditures under MGNREGS was incurred on agriculture and allied activities in FY 2014-15

## COVERAGES UNDER MGNREGS

- ❖ Debates on MGNREGS targeting have focused on two measures. One, the proportion of expenditures and employment generated across states with differing levels of poverty. Second, employment provision across different income groups. Another useful measure to assess targeting effectiveness is the rate of expenditures and employment provision in backward regions.
- ❖ Official data points to a positive trend. In FY 2013-14, **65** percent of total expenditures and **65** percent of employment generated under the programme have focussed on **330** of the country's most backward blocks.
- ❖ **Women's participation:** The MGNREGA stipulates that women form at least one-third of the beneficiary population.
- ❖ Participation rates among women are high. In FY 2014-15, women accounted for **55** percent of total

In FY 2013-14, 65 percent of employment generated under the programme have been concentrated in

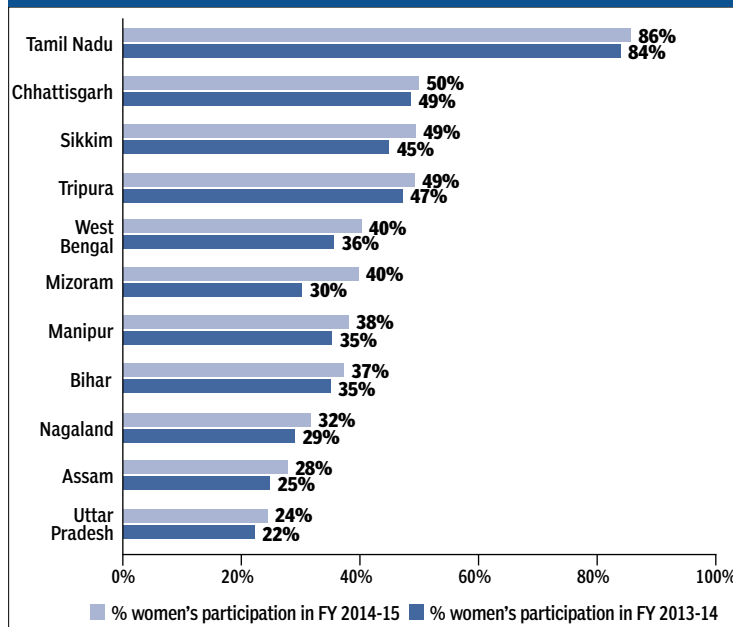
**330**

of the country's most backward blocks

participants under the scheme — much above the statutory requirement of **33** percent.

❖ Only four states, namely Uttar Pradesh, Nagaland, Jammu and Kashmir, and Assam, remain below the **33** percent norm, although there has been an increase in women's participation in FY 2014-15 compared with the previous year.

**55% OF MGNREGS WORKERS WERE WOMEN IN FY 2014-15**



Source: MGNREGS Portal, Employment Status. Available online at: [http://164.100.129.6/netnrega/state\\_html/employment\\_st.aspx?flag=eng&fin\\_year=2014-2015&source=national&labels=labels&Digest=BPj0SPgjfNLE7gV08qxThw](http://164.100.129.6/netnrega/state_html/employment_st.aspx?flag=eng&fin_year=2014-2015&source=national&labels=labels&Digest=BPj0SPgjfNLE7gV08qxThw)  
Last accessed on February 7, 2015

Allocations for Ministry of Rural Development (MoRD) have more than doubled from

**₹25,719<sup>cr</sup>**



in FY 2006-07 to

**₹73,333<sup>cr</sup>**

in FY 2015-16



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.

 <b>DATA SOURCES</b>	 <b>USEFUL TIPS</b>
<p><b>Union Budget, Expenditure Vol.2</b> Available online at: <a href="http://www.indiabudget.nic.in">www.indiabudget.nic.in</a> Last accessed on February 28, 2015</p>	<p>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.</p>
<p><b>MGNREGS Portal, Delivery Monitoring Unit Report,</b> Available online at: <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 February 15, 2015</p>	<p>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 expenditures 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.</p>
<p><b>MGNREGS portal, MIS reports</b> Last accessed on February 15, 2015</p>	<p>Analysis of progress made by states on physical and financial parameters including works completed, participation of women, employment generated, average wage paid and labour budget demands.</p>
<p><b>MGNREGS Report to the People, February 2015</b> Last accessed on February 15, 2015</p>	<p>Overall information on number of job cards and persondays generated, expenditures incurred etc. from the start of the scheme in FY 2006-07 till December 2012 as well as scheme guidelines.</p>
<p><b>MGNREGS Portal, public data portal</b> Last accessed on February 15, 2015</p>	<p>Dynamic reports are generated based on the selection of specific indicators, levels and years.</p>
<p><b>MNREG Act, Schedule I and II</b> Last accessed on February 15, 2015</p>	<p>The schedules of the Act are amended from time to time and lay down non-negotiable parameters for the implementation of the Act.</p>

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Photo: **Centre for Science and Environment**