

# Evaluation of Financial and Physical Progress of NREGA in Madhya Pradesh during 2013-14 to 2018-19

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**Abstract:** *The paper examines the financial and physical progress of Mahatma Gandhi National Rural Employment Guarantee Act in MP (Madhya Pradesh) from 2013-14 to 2018-19. Study is using two ways of examination, (i) to understand financial situation of the state using MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) MIS data, (ii) to understand physical situation of the state using MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) MIS data. In the state, the wage rate which was provided under the NREGA programme was less than the minimum wage rate decided by Ministry of Labour and Employment Office. During six years of the study period percentage of employment demanded to job card holders increased by 7.49 percent per annum. The trend is showing that villagers are being more interested and showing their desire to work in NREGA, spike in demand is seen an indicator of rural distress, demand for jobs under the NREGA grew due to joblessness, but NREGA could not provided jobs according to increased demand. Percentage of employment provided to employment demanded should have been increased but showing a reverse trend. Only 45 person days employment was provided to the households which are not even half of the 100 days of guaranteed work. There are only 4.3 percent families per annum those have completed 100 days of employment, and this percentage is reducing continuously and reached at just two percent in 2018-19. NREGA is still far from its basic objective of providing at least 100 days of guaranteed wage employment in a financial year to every household.*

**Keywords:** NREGA, MGNREGA, Mahatma Gandhi National Rural Employment Guarantee Act, Madhya Pradesh, MP

## 1. Introduction

India is an agricultural country where, 69 percent (Census 2011) of the population lives in rural areas, where is the existence of surplus labour. This segment of rural population depends on the wages they earn through unskilled, manual labour. They are helpless in the occurrence of inadequate labour demand or in the face of random crises that may be general in nature, like natural disasters. In the circumstance of these problems the National Rural Employment Guarantee Act or NREGA enacted by legislation on August 25, 2005 and came into force in February 2006. The act gives unskilled manual works during critical times and hence makes possible consumption easy especially during limp agricultural year or seasons. Durable assets that the programme creates have the prospective to engender a second round of employment gains as essential infrastructure is developed. This act was also initiated for improving the purchasing power of the rural people, by giving at least 100 days of guaranteed wage employment in a year to each household whose adult members wants to carry out unskilled manual work. The fundamental objective of the Act is to augment livelihood security in rural areas beside other objectives like reducing rural-urban migration, fostering social equity among others, empowering rural women, creation of need based economic, social and community assets and protection of environment. At the present NREGA is the biggest social security programme in the world, that is assuring the hundred day employment to unskilled work to all rural households in India. So it is essential to researchers to evaluate the performance of the Act to find out its problems and make suggestions for further improvement.

## 2. Objectives of the Study

- 1) To look at the financial aspects of the NREGA according to guidelines, like fund utilization, wage material ratio, wage rate etc.
- 2) To look at the physical aspects of the NREGA according to guidelines, like job card issued, employment demand, employment created

## 3. Methodology

- 1) Study Period: 2013-14 to 2018-19.
- 2) Secondary data has been collected through MIS Report of the NREGA web site.

### 3.1 Financial Analysis

#### Utilization of the Funds

The Act was notified in the 18 districts of the MP in the first phase during the financial year 2006-2007 and extended to additional 13 districts in the financial year 2007-2008. The remaining 17 districts have been notified under the NREGA with effect from April 1, 2008. In the state NREGA is covering all districts. The Expenditure in NREGA stood at Rs 2581 Crore in the year 2013-14 and reached at Rs 5142 Crore in the year 2018-19.

**Table 1:** Utilization of the funds in the All Districts of MP (Amount in Rs Crore)

Year	Total Availability of Funds	Total Expenditure	% of Expenditure to Availability
2013-14	2725	2581	95
2014-15	2883	2808	97
2015-16	2674	2354	88
2016-17	3457	3424	99

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2017-18	4118	4062	99
2018-19	5188	5142	99
Average (13-14 to 18-19)	3507	3395	96
Source : NREGA, Website, <a href="http://mnregaweb4.nic.in/netnrega/MISreport4.aspx">http://mnregaweb4.nic.in/netnrega/MISreport4.aspx</a>			

On an average during 2013-14 to 2018-19 utilization of NREGA fund is 96 percent. The utilization is defined as the extent of funds utilized as the proportion to total available funds. It is clear from the table that the fund utilization pattern of NREGA in MP was always more than 95 percent during last six years except 2015-16 it has come down by 9 percent in the year 2015-16 that is the lowest utilization during the study period. At the MP level, the unspent balance is low.

**The Wage–Material Ratio**

The ratio of wage costs to material costs should be no less than the minimum norm of 60:40 stipulated in the Act. The entire works done by the GPs and other implementing agencies, the cost of material together with the payments of the skilled and semi skilled workers should not go beyond 40 percent. This ratio should be applied preferably at the Gram Panchayat, Block and District levels. In 2014 Rural Development Minister Nitin Gadkari said that the government may raise the share of the material component up to 49 percent to enable creation of large, durable assets like check dams, etc., he considered that by raising in the fund for material from 40 percent to 49 percent panchayats can use superior material that can give long lasting solidity to any structure anything they made under this scheme.

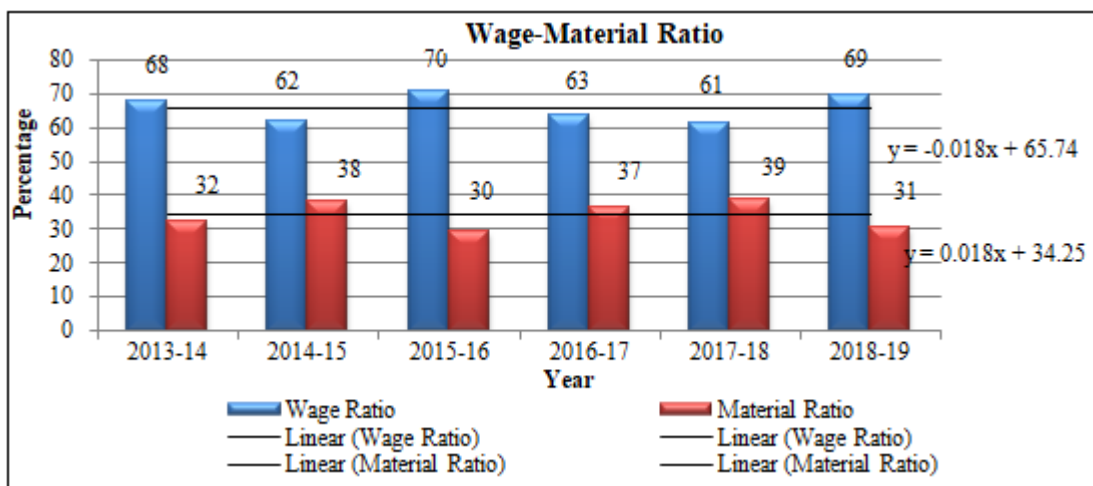


Figure 1

Source: NREGA, Website, <http://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

However due to the lessen in the fund for the wages less money would be on hand for the payment of laborers and this guide to the unemployment or less days work than compare to earlier allotted ratio of 60 percent. After becoming Birendra Singh as the Rural Development Minister government ensured the 60:40 wage to material ratio at the gram panchayat level

On an average during 2013-14 to 2018-19 wage-material ratio is 66:34, it is clear from the above analysis that material cost did not exceed the prescribed limit of 40 percent during the studied period trend line of wage ratio is showing a negative growth while the trend line of material ratio is showing a positive growth.

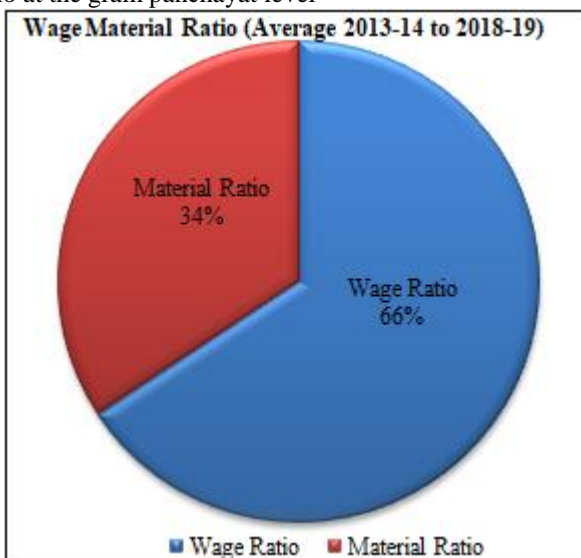


Figure 2

Source: NREGA, Website, <http://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

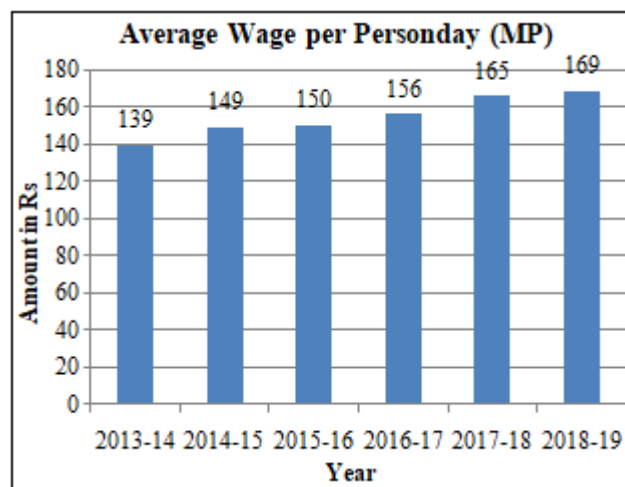


Figure 3

Source: NREGA, Website, <http://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

During 2013-14 to 2018-19 the wage rates under the NREGA ranges from Rs. 139 per day to Rs. 169 per day, on an average the wage rate provided under the NREGA is Rs. 155. In the state, the wage rate which was provided under the NREGA programme was less than the minimum wage rate decided by Government of India Ministry of Labour and Employment Office of the Chief Labour Commissioner New Delhi. But however, though the wages provided under NREGA was lower than the Minimum Wages Act. The central committee for fixation of national minimum wage, headed by Anoop Satpathy, recommended that the national minimum wage should be fixed at Rs 375 per day. Act as it primarily states that the NREGA wages cannot be less than the minimum wage. These open violations of the law raise a question mark on the government's intention for the poorest communities.

**Physical Analysis**

According to NREGA guidelines each rural household is entitled to a Job Card the job card is a main document that witness workers' rights under NREGA. Meant for this rationale, it is very important that an updated job card should be available with the household at all times. In the year 2013-14 about 101 lakhs households applied for job card but in 2018-19 only 70 lakhs households applied, during last 6 years applications for job cards decreased by 6.39 lakhs per anum. In the year 2013-14, 99 lakhs job cards were issued by the government but in 2018-19 only 68 lakhs job cards were issued, during last 6 years job card issuance was decreased by 6.45 lakhs per anum. During 2013-14 to 2018-19 total active job cards were decreased by 0.99 lakhs per anum, it was stand at 54 lakhs active job cards in the year 2013-14 and reduced to 51 lakhs in the year 2018-19.

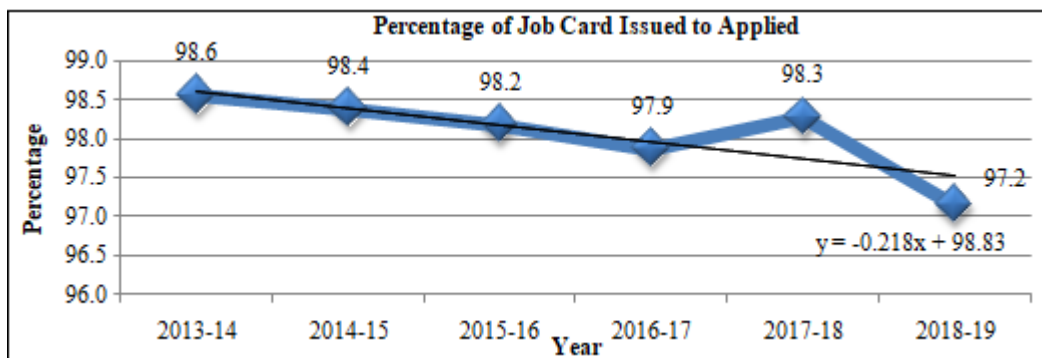


Figure 4

Source: NREGA, Website, <http://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

On an average during 2013-14 to 2018-19 about 98.07 percent households got the job card those were applied. About 98.6 percent of the households got the job cards those were applied for that in the year 2013-14, this percentage

was decreased by 2 percent per anum during 2013-14 to 2018-19 and reached at 97.2 percent in the year 2018-19.

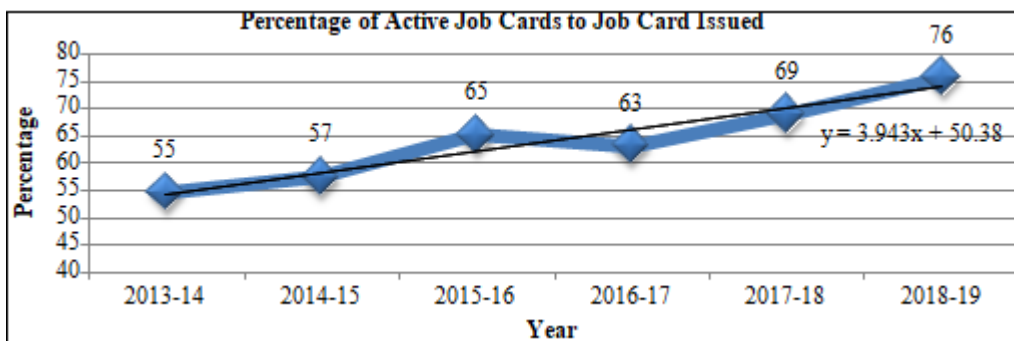


Figure 5

Source : NREGA, Website, <http://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

On an average during 2013-14 to 2018-19 about 64.18 percent job cards were active of issued job cards. Only 55 percent job cards were active of total issued job cards in the year 2013-14, this percentage has been increased by 4 percent per anum during 2013-14 to 2018-19 and reached at 76 percent in the year 2018-19. The trend is showing that villagers are being more interested and showing their desire to work in NREGA.

**Employment Demanded by the Job Card Holders**

Every adult member of a registered household whose name appears in the Job Card is eligible to apply for unskilled manual work. Applications for work must be for at least fourteen days of continuous work. There is no upper limit on the number of days of employment for which a registered person may apply, or on the number of days of employment actually provided to him/her subject to a maximum of one hundred days per household in a given financial year.

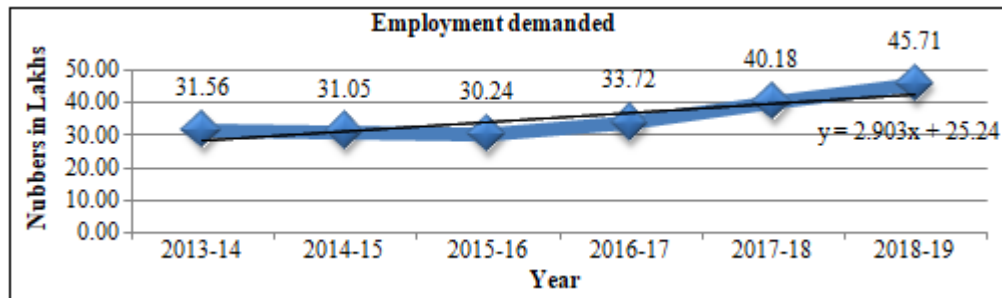


Figure 6

Source: NREGA, Website, <http://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

On an average during 2013-14 to 2018-19 about 35 lakhs households demanded work every year. Demand for work under the NREGA saw a major jump in the financial year 2016-17 with the increment of demand of work of 7 lakhs households, putting it at a seven year high. After 2015-16 there is a continuous increment in the demand of work, it

was stand at 30.2 lakhs in the year 2015-16 and reached at 45.7 lakhs in the year 2018-19. During 2013-14 to 2015-16 demand was decreasing as it was stand at 31.6 lakhs in the year 2013-04 and decreased to 30.2 lakhs in the year 2015-16.

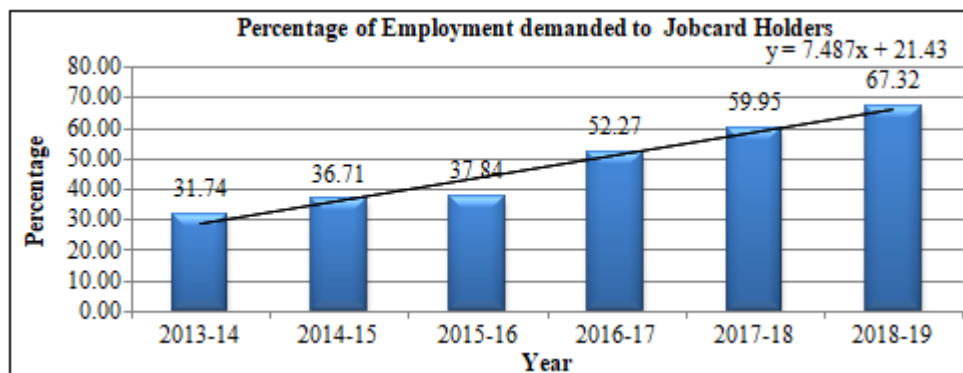


Figure 7

Source: NREGA, Website, <http://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

The data reveals that on an average during 2013-14 to 2018-19, people those are having job cards only about 46 percent of them are demanding work. In the year 2013-14, 32 percent job card holders demanded work but in the year 2018-19 it has increased to 67 percent. On an average during six years of the study period percentage of employment demanded to job card holders increased by 7.49 percent per annum. According to economic times<sup>1</sup> the demand for work under NREGA increased after the high-value currency notes were demonetized in November. The Indian Express<sup>2</sup> reported that demand for jobs under the NREGA increased by almost 10 percent in 2018-19 compared to the previous year. Activists said the demand for jobs under the scheme reflect the unemployment crisis, while government officials attributed it to increase in frequency of events related to climate change, like drought or floods.

<sup>1</sup> Demonetisation pushes demand for work under NREGA, [www.economicstimes.indiatimes.com/articleshow/56260812.cms?from=mdr&utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://www.economicstimes.indiatimes.com/articleshow/56260812.cms?from=mdr&utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

<sup>2</sup> Rural distress: Last year of Govt saw highest demand for MNREGA jobs in 8 yrs, <https://indianexpress.com/article/india/mnrega-rural-distress-jobs-employment-poverty-narendra-modi-rahul-gandhi-5642641/>

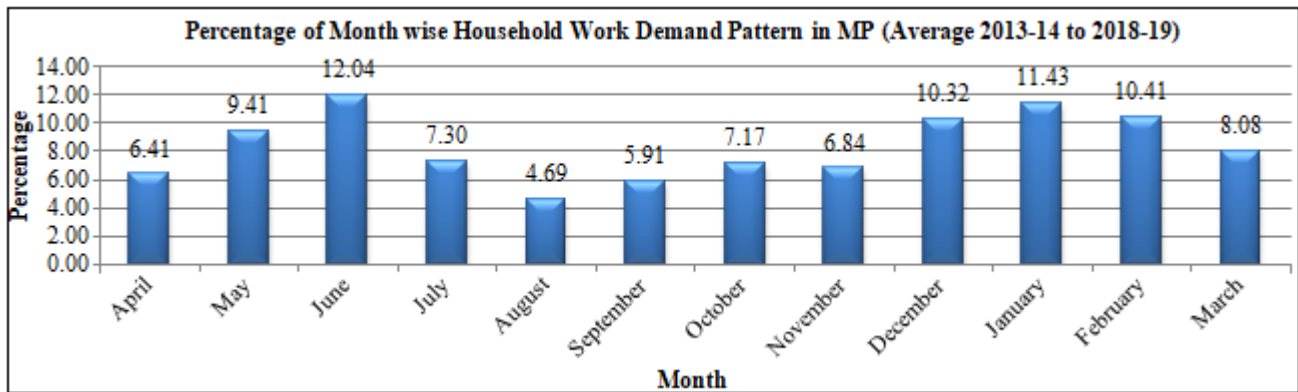


Figure 8

Source: NREGA, Website, <http://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

**Employment Provided to Employment Demanded**

A Job Card holder may submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought. The minimum days of employment have to be at least fourteen. The Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of

providing employment within 15 days operates. Employment will be given within 15 days of application for work, if it is not then daily unemployment allowance as per the Act, has to be paid liability of payment of unemployment allowance is of the States.

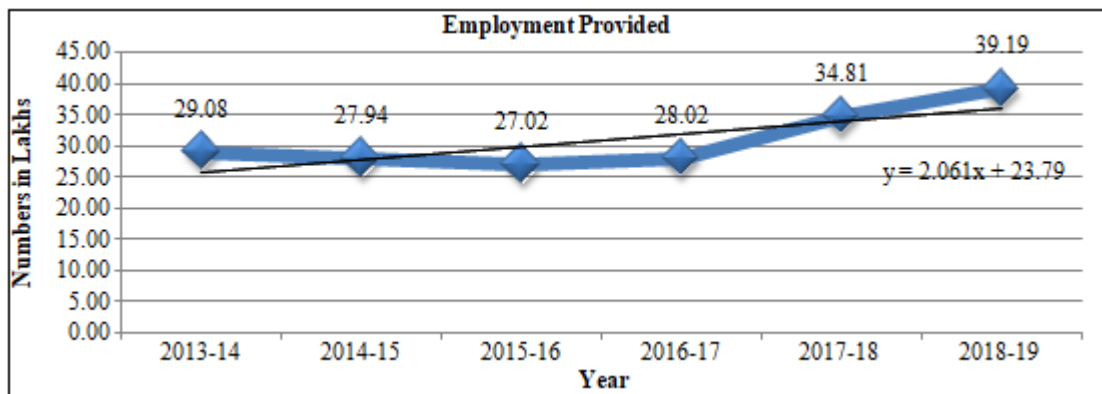


Figure 9

Source: NREGA, Website, <http://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

On an average during 2013-14 to 2018-19 about 31 lakhs households got work every year. Work provided under the NREGA saw a major jump in the financial year 2017-18 with the increment of provided work by 7 lakhs households. The households those were provide employment in 2018-19 was 39.19 lakhs, seen as one of the highest in recent years. After 2015-16 there is a continuous increment in the work provided to the households, it was stand at 27 lakhs in the year 2015-16 and reached at 39 lakhs in the year 2018-19. During 2013-14 to 2015-16 work provided to the households was decreasing as it was stand at 29 lakhs in the year 2013-04 and decreased to 27 lakhs in the year 2015-16. During 2013-14 to 2015-16 demand for was decreasing and during 2015-16 to 2018-19 demand for work increasing that is why government provided the work according to demand. Analysts say that the spike in demand is seen an indicator of

rural distress despite measures by the National Democratic Alliance government support the agriculture sector including raising of minimum support prices of crops and a slew of welfare measures for farmers including programmes like the crop insurance scheme. Nikhil Dey, who co-founded the Mazdoor Kishan Shakti Sangathan, said the demand for jobs under the MGNREGA grew due to joblessness, but the provision of work was “often restricted due to inadequate funds being allotted for the scheme by the Finance Ministry”. “The recent increase in person-days reflects that the government has finally acknowledged this demand,” he told *The Indian Express*. Rajendran Narayanan, a MGNREGA researcher at the Azim Premji University, said the agrarian crisis was acute over the past year and there has been no alternative source of employment.

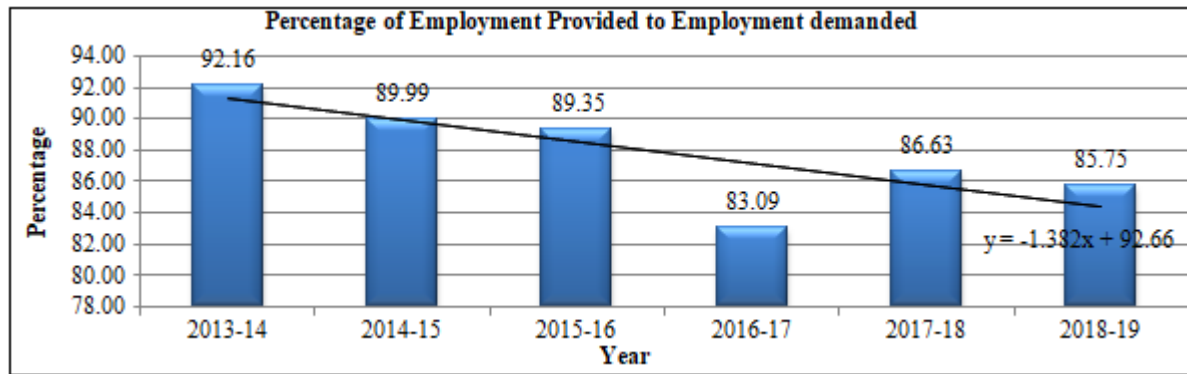


Figure 10

Source: NREGA, Website, <http://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

As shown in the graph above on an average during 2013-14 to 2018-19 about 88 percent employment provided against demand. During six years the percentage of employment provided to employment demanded has been decreased as it was stand at 92 percent in the year 2013-14 reached at 86 percent in the year 2018-19, during the analysis period percentage decreased by 1.4 percent per annum. That is not a good signal in the NREGA, percentage of employment provided to employment demanded should have been increased but showing a reverse trend. The analysis showing that during last six years employment demand has been increased by 2.9 lakhs per annum while employment provided

by 2 lakhs per annum, it means that NREGA has been failed to provide work for workers those were in need of work and demanded work.

**Employment per Household (in Person Days)**

The objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

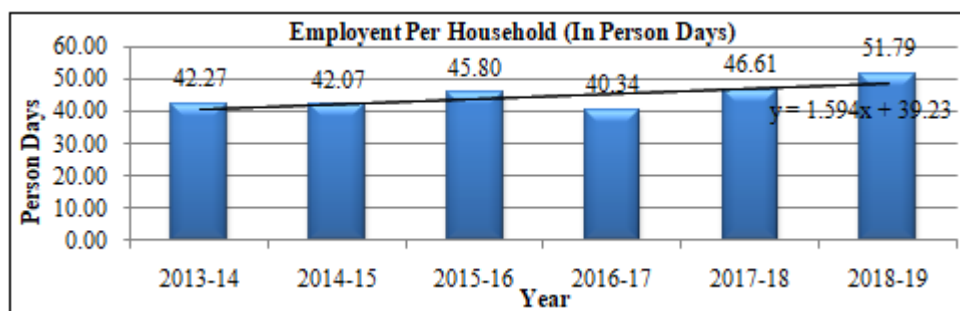


Figure 11

Source: NREGA, Website, <http://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

The analysis reveals that on an average within the period of 2013-14 to 2018-19 only 45 person days employment was

provided to the households which is not even half of the 100 days of guaranteed work.

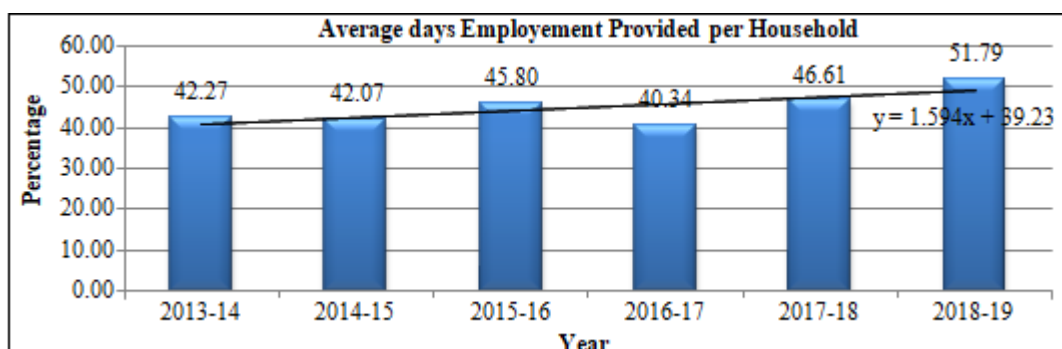


Figure 12

Source: NREGA, Website, <http://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

The proportion of person day's employment is increasing; it was 42 person days per household in the year 2013-14 and reached at only 52 person days per household in the year 2018-19 recording a growth of 1.6 person days per annum that is not enough and looking ridiculous. The mandate of

the NREGA is to provide at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. Implication of this trend is that NREGA is still far from its basic objective of providing at least 100

days of guaranteed wage employment in a financial year to every household.

### 2.2.7 Households Completed 100 Days

On an average within the period of 2013-14 to 2018-19, there are only 4.3 percent (1.52 lakhs) families those have completed 100 days of employment.

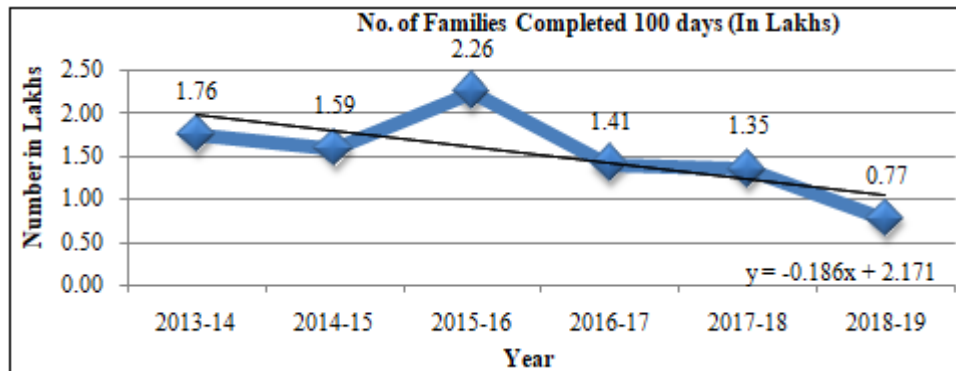


Figure 13

Source: NREGA, Website, <http://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

In the year 2013-14 this percentage was 6 and reducing continuously except the year 2015-16, and reached at 2 percent in the year 2018-19.

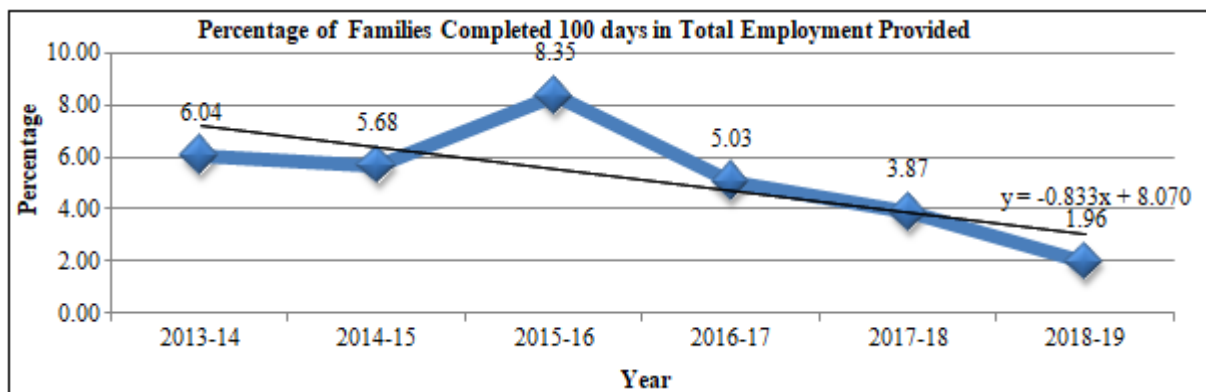


Figure 14

Source: NREGA, Website, <http://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

During six years of study period on an average percentage of 100 days completed families in total employment provided decreased by approximately one percent (19 thousand families) per annum. It means that the objective of providing 100 days employment is much far. The main objective of the act is to provide for at least 100 days of employment but the state government has failed to achieve the objective of the act. The scheme was ranked as the world's largest public works programme by the World Bank in 2015, but the implementation is really bad and shameful.

## 4. Conclusions and Suggestions

### 4.1 Conclusions

- 1) On an average during 2013-14 to 2018-19 utilization of NREGA fund is 96 percent. The fund utilization pattern of NREGA in MP was mostly more than 95 percent during last six years except 2015-16 it has come down by 9 percent. At the MP level, the unspent balance is low.
- 2) According to NREGA guidelines the wage material ratio should be 60:40, on an average during 2013-14 to 2018-19 wage-material ratio is 66:34, it is clear from the

analysis that material cost did not exceed the prescribed limit of 40 percent during the studied period but the trend line of wage ratio is showing a negative growth while the trend line of material ratio is showing a positive growth.

- 3) During 2013-14 to 2018-19 the wage rates under the NREGA ranges from Rs. 139 per day to Rs. 169 per day, on an average the wage rate provided under the NREGA is Rs. 155. In the state, the wage rate which was provided under the NREGA programme was less than the minimum wage rate decided by Government of India Ministry of Labour and Employment Office of the Chief Labour Commissioner New Delhi.
- 4) On an average during 2013-14 to 2018-19 about 98.07 percent households got the job card those were applied. On an average during 2013-14 to 2018-19 about 64.18 percent job cards were active of issued job cards. Only 55 percent job cards were active of total issued job cards in the year 2013-14, this percentage has been increased by 4 percent per annum during 2013-14 to 2018-19 and reached at 76 percent in the year 2018-19. The trend is showing that villagers are being more interested and showing their desire to work in NREGA.

- 5) The data reveals that on an average during 2013-14 to 2018-19, people those are having job cards only about 46 percent of them are demanding work. During six years of the study period percentage of employment demanded to job card holders increased by 7.49 percent per anum. Activists said the demand for jobs under the scheme reflect the unemployment crisis, while government officials attributed it to increase in frequency of events related to climate change, like drought or floods.
- 6) On an average during 2013-14 to 2018-19 about 88 percent employment provided against demand. During six years the percentage of employment provided to employment demanded has been decreased as it was stand at 92 percent in the year 2013-14 reached at 86 percent in the year 2018-19, during the analysis period percentage decreased by 1.4 percent per anum. That is not a good signal in the NREGA, percentage of employment provided to employment demanded should have been increased but showing a reverse trend.
- 7) The analysis showing that during last six years employment demand has been increased by 2.9 lakhs per anum while employment provided by 2 lakhs per anum, it means that NREGA has been failed to provide work for villagers those were in need of work and demanded work.
- 8) The analysis reveals that on an average within the period of 2013-14 to 2018-19 only 45 person days employment was provided to the households which is not even half of the 100 days of guaranteed work.
- 9) On an average within the period of 2013-14 to 2018-19, there are only 4.3 percent (1.52 lakhs) families those have completed 100 days of employment, in the year 2013-14 this percentage was 6 and reducing continuously except the year 2015-16, and reached at 2 percent in the year 2018-19. During six years of study period on an average percentage of 100 days completed families in total employment provided decreased by approximately one percent (19 thousand families) per anum.
- 3) The mandate of the NREGA is to provide at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work but only 45 person days employment was provided to the households which are not even half of the 100 days of guaranteed work. During last six years on an average there are only 4.3 percent families per anum those have completed 100 days of employment, and this percentage is reducing continuously and reached at just 2 percent in 2018-19 Implication of this trend is that NREGA is still far from its basic objective of providing at least 100 days of guaranteed wage employment in a financial year to every household. The state government has failed to achieve the objective of the act. Government should increase funds for the Act and implementation should be improved.

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## 4.2 Suggestions

- 1) In the state, the wage rate which was provided under the NREGA programme was less than the minimum wage rate decided by Ministry of Labour and Employment, the NREGA wages should not be less than the minimum wage.
- 2) The trend is showing that villagers are being more interested and showing their desire to work in NREGA, spike in demand is seen an indicator of rural distress, demand for jobs under the NREGA grew due to joblessness, but NREGA could not provided jobs according to increased demand, as the analysis showing that during last six years employment demand has been increased by 2.9 lakhs per anum while employment provided by 2 lakhs per anum, it means that NREGA has been failed to provide work for villagers those were in need of work and demanded work. That is not a good signal in the NREGA, percentage of employment provided to employment demanded should have been increased but showing a reverse trend. The provision of work might be restricted due to inadequate funds being allotted for the scheme by the ministry but these funds should be increased.