MGNREGA Budgets
11 – 15th September 2017
NREGA Sagharsh Morcha

The MGNREGA ensure the "right to work" in Section 3 of the Act. To honour this employment guarantee will require an open ended funding mechanisms. The pattern over the last few years has raised illegalities related to budgets as follows:

1. Following legally mandated, participatory processes, Gram Panchayats arrive at a projected labour budget for the coming financial year. This indicative labour budget put forward via states has to be 'approved' by the Ministry of Rural Development (an illegal concept), and is being cut down here itself, by on average 30%.

Reduction in Projected Persondays			
Year	Project Persondays (crores)	Approved Persondays (crores)	% reduction in persondays
2017-18	288	215	25
2016-17	315	220	30

Table 1: Cumulative Reduction in Persondays
Source: www.nrega.nic.in, R 2.2.2

2. Even though the Labour Budget is only an indicative tool for financial management, it is being used as a defacto cap on employment. This has been codified in its new National Electronic Fund Management System, the guidelines of whichcategorically says that a check on demand for work, will be imposed, as soon as states cross 80% of their projected persondays. Thus when there is a surge in demand for work in the village, say due to instances like drought or demonetization, the system does not allow for that.

3. An increasing trend has been states ending the year with pending liabilities and negative fund balances. This implies a chunk of budgetary allocations going in clearing the previous years liabilities.

Year	Budgetary Allocation [Rs. Crores]	Amt. spent on liabilities of pervious year [Rs. Crores]	% of budgetary allocation spent on liabilities of previous years
2017-18	48,000	10,778	22%
2016-17	47,500	13,206	28%
2015-16	34,699	6,341	18%
2014-15	34,000	6,012	18%
2013-14	33,000	3,317	10%
2012-13	33,000	2,034	6%

Table 2: MGNREGA Budgets Pending Liabilities
Source: R..7.1.2. and R 7.1.4. www.nrega.nic.in

4. The budgetary allocation for FY 2017-18, of Rs. 48,000 crore, after clearing for the previous years pending liabilities, is only sufficient to generate 170 persondays. This when a bottom up

demand of 288 crore person days, has already been indicated; this is an under budgeting of 40% at this stage itself. As of today, the Ministry of Rural Development has 4% of its budget allocation remaining after having exhausting only 57% of its approved labour budget (source: At A Glance, www.nrega.nic.in).

5. The increase in costs without a proportionate increase in the budgetary allocation, will also lead to a shrinking of the employment generation. Average paid has been increasing on average of 7.5%.

Year	Average wage paid	% increase from previous year
2016-17	162	6%
2015-16	153	6%
2014-15	144	8.5%
2013-14	133	9%
2012-13	122	

Table 3: Average Wage Paid
Source: At a Glance, www.nrega.nic.in

6. While the Finance Minister keeps proclaiming "highest ever allocations," this is only in nominal terms. If inflation and pending liabilities are accounted for, the real allocation is decreasing. The MGNREGA budget, as a proportion of the country's GDP is also steadily decreasing.

S No	Year	Budget Estimates (BE)	Real Allocation Required to maintain 2010-11 level	BE as % GDP
1	2010-11	40100	40100	0.53
2	2011-12	40000	44862	0.53
3	2012-13	33000	48892	0.49
4	2013-14	33000	53125	0.47
5	2014-15	34000	59748	0.48
6	2015-16	34699	64241	0.47
7	2016-17	38500	67321	0.45
8	2017-18	48000	70612	0.42

Table 4: MGNREGA Budgets % GDP
Source: Swaraj Abhiyan Calculations