



# MGNREGA Implementation in Jharkhand Financial Year 2020 - 2021

**LibTech India**

**28 April, 2021**

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## Introduction

The Mahatma Gandhi National Rural Employment Guarantee Act (2005) is a legal right for every rural household in the country to receive 100 days of guaranteed work on demand. Studying implementation of the scheme serves the purpose of not only accountability, but also highlights areas that need attention. This is especially relevant considering the context of the Covid-19 pandemic. As the pandemic continues, even worsens, in 2021, MGNREGA will continue to play an important role in sustaining the lives and livelihoods of millions across the country.

This report is prepared using data available in the public domain ([nrega.nic.in](http://nrega.nic.in)). The period of study for all analysis was from April to March in each year for the Work & Employment, and Assets sections, while Rejected Payments were analysed using data as on 21 April, 2021, and Delayed Payments as of 15 March, 2021.

## Key Statistics

Table 1: Key MGNREGA Statistics for Jharkhand/India

S. No.	Metric	JH	Country
1	job cards Issued Since Inception (in lakhs)	64.97	1,381
2	Persondays Generated in FY <sup>1</sup> 21 (in crores)	11.76	365.28
3	Average Persondays per Household	46.35 days	52.15 days
4	Average Wage Rate per Day per Person	₹ 193.98	₹ 197.6
5	% Scheduled Caste (SC) Persondays	9.22%	20.27%
6	% Scheduled Tribe (ST) Persondays	24.90%	18.29%
7	% Women Persondays	42.52%	53.55%
8	Rejected Wages payable to Workers from FY21 (in crores)	₹ 14.01	₹ 309.3
9	Total Centre Released Amount (in crores)	₹ 3,490.25	₹ 1,02,909.91

<sup>1</sup>FY: Financial Year. FY 21 is the period between April 2020 to March 2021. Financial Year 20-21; similarly, FY 20 is Financial Year 19-20, and so on.

Figure 1: New job cards Issued (in lakhs) over the Last 3 FYs

# 1. Work & Employment

## 75% Increase in New Job Cards

More than 14 lakh new job cards were issued this financial year, FY21 (Figure 1). This accounts for 22%<sup>2</sup> of all job cards issued since inception, an incredibly high proportion. This year, 18.9 lakh workers were added to the workforce. Figure 2 shows that the number of new job cards in each district has doubled this FY.

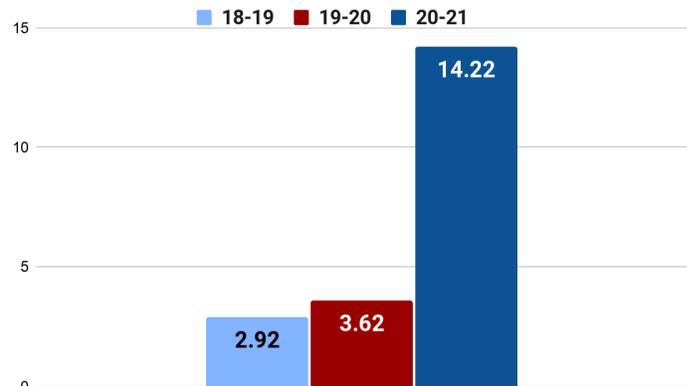
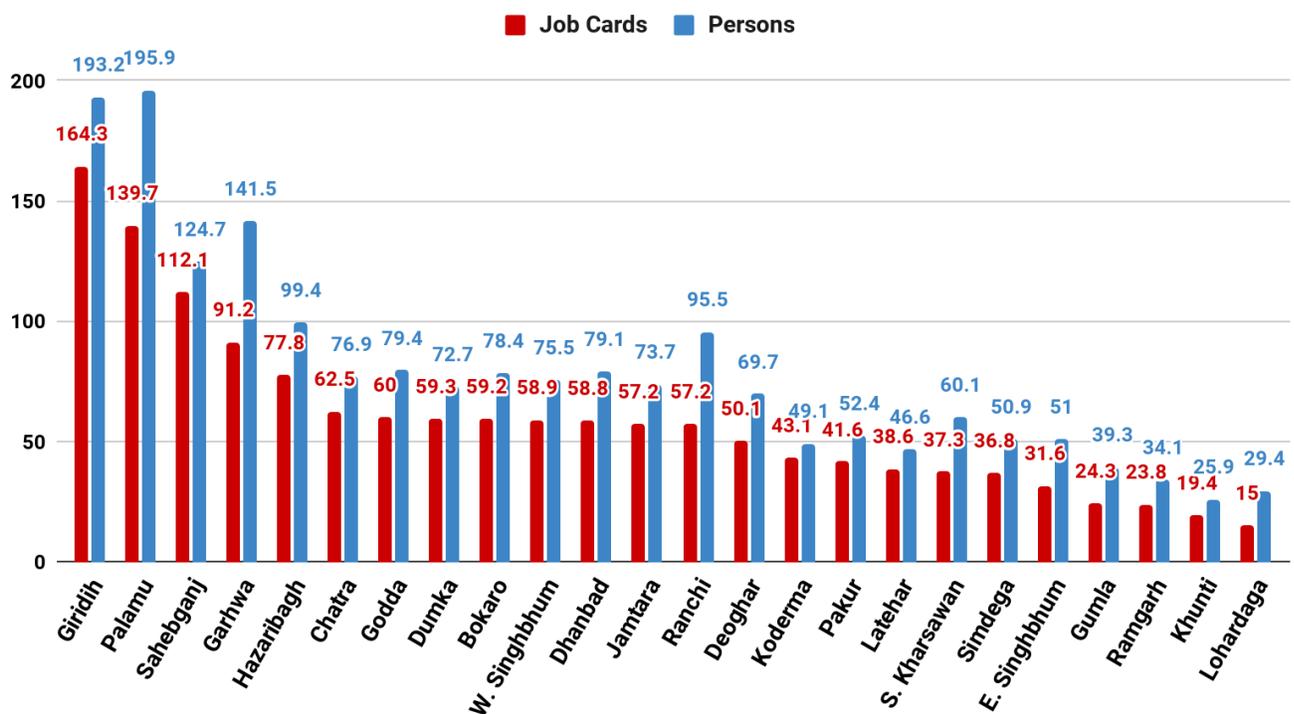


Figure 2: District-wise JCs Issued and Individuals added to the NREGA workforce (in thousands)



Giridih, Palamu, and Sahebganj have notably added more than a lakh new job cards, but all 24 districts have at least doubled new job cards from FY20 to FY21. The jump in new job cards suggests that the mass reverse migration seen after March 2020 led to many workers taking up MGNREGA work during the Covid-19 pandemic.

<sup>2</sup>Hereon, all percentages have been rounded off to the nearest whole number. All other numbers will be only till 2 decimal places.

Figure 3: Total Persondays (in crores) over the last 3 FYs

## 83% Increase in Employment

Figure 3 tells us that in JH, there has been an increase of 5.35 crore Persondays (PD) in FY21 from FY20. This is an 83% increase from FY20. This means that total employment generated has increased by a whopping 83%<sup>3</sup> in FY21. Figure 4 provides district-level data on PD generated over the last 3 FYs.

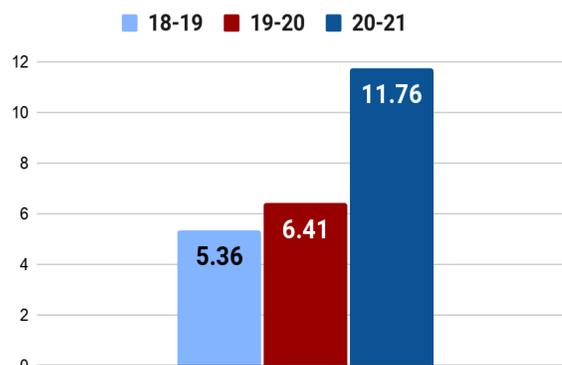
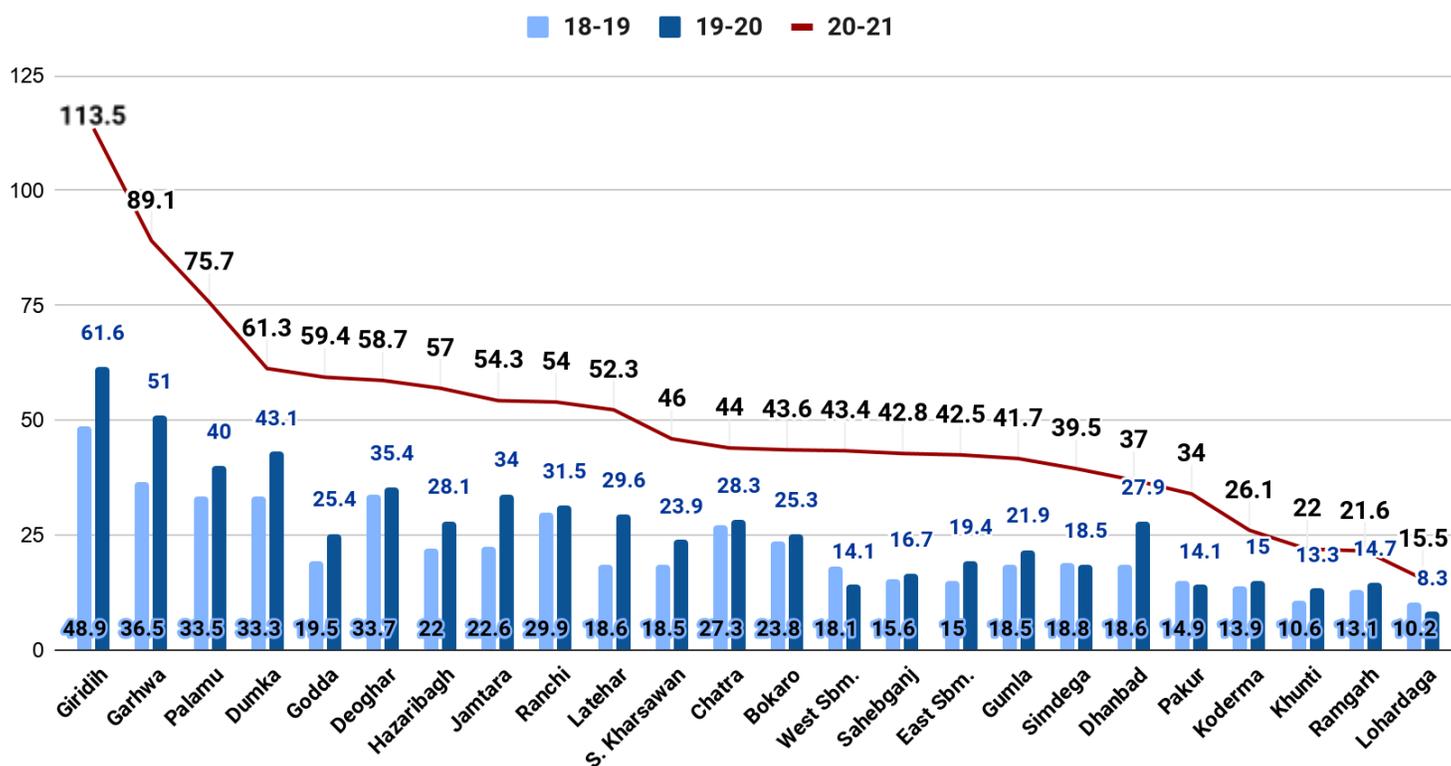


Figure 4: District-wise Persondays (in lakhs) for Last 3 FYs



Every single district generated more PD in FY 21 compared to the previous 2 FYs. Particular note should be taken of **Godda, Hazaribagh, West Singhbhum, Sahibganj, East Singhbhum, Simdega, and Pakur**, all of whom saw a doubling in PD<sup>4</sup>.

<sup>3</sup> Formula:  $[(PDs_{FY21} - PDs_{FY20}) / PDs_{FY20}] * 100$

<sup>4</sup> Formula:  $[(PDs_{FY21} - PDs_{FY20}) * PDs_{FY20}] * 100$

### 3.56% of Active Households<sup>5</sup> have Completed 100 Days,

PD data tells us that there was an increase in employment in every district, but a closer look at household level employment data (Table 2) shows that this increase must be celebrated with caution. Only 3.56% of active households have completed 100 days of work, which is quite a low number. The trend is positive, however, compared to the 2.2% households in FY20 and 2% households in FY19 that had completed 100 days of work. The proportion of active households is also worth noting in a few districts like Ranchi, W. Singhbhum, Gumla, and Pakur, where less than half of the total registered households were active in FY21.

*Table 2: District-wise Household Employment Data (sorted acc. to Avg PDs per Household)*

Districts	Average Persondays per Household	% Households completed 100 days	% Active Households
JAMTARA	55.89	6.57	65.85
SIMDEGA	51.46	7.02	62.33
GODDA	51.26	4.82	51.99
S. KHARSAWAN	50.42	7.42	52.57
RAMGARH	49.2	8.15	61.74
GUMLA	49.02	6.08	45.62
DUMKA	48.7	3.58	64.31
GARHWA	48.64	3.22	70.57
GIRIDIH	48.23	1.85	68.5
DEOGHAR	47.51	1.63	60.45
KODERMA	47.29	2.26	68.78
PAKUR	46.89	3.29	44.66
KHUNTI	45.31	3.96	50
HAZARIBAGH	44.88	4.59	57.73
LATEHAR	44.44	3.65	68.09
BOKARO	44.31	1.62	50.18
DHANBAD	43.53	1.54	53.44
CHATRA	42.93	2.7	55.96
WEST SINGHBHUM	42.29	2.96	41.17
RANCHI	42.22	5.11	44.81
LOHARDAGA	41.82	4.98	55.49

<sup>5</sup> In this report, **active households** are those that demanded at least one day of work in FY21.

SAHEBGANJ	41.42	2.64	58.06
PALAMU	40.22	1.99	68.42
EAST SINGHBUM	39.55	3.26	53.23
<b>Aggregate</b>	<b>46.35</b>	<b>3.56</b>	<b>57.04</b>

## Understanding the Employment Data

There is a large increase in PD generated and new job cards issued, but household level data introduced some concerns. How can this be interpreted? PD may increase because of increase in job cards and registered workers, increase in active job cards, or increase in average PD. Taking Average PD per Household, which is **46.35** for FY21, there is negligible change from FY20, when it was 46.36. This means that on average, households completed significantly less than the 100 days of work they are entitled to, even during Covid-19. This suggests interesting insights. Since on average households are still working as much as they were in the last FY, the increase in PD could be attributed to the newly registered households in FY21, or it could also imply that the number of active households have gone up in FY21. Looking at the data we find that **active households did indeed increase from 34% in FY20 to 57% in FY21**, which shows that efforts to include more households in demanding work have borne fruit. Therefore, the data does suggest that the sizable increase in PD accrued either to the new job cards in FY21 or to newly active job cards. Further, the low average PD per household could also suggest that budget allocation for MGNREGA is insufficient to match the need for work.

## How did Different Worker Categories Perform?

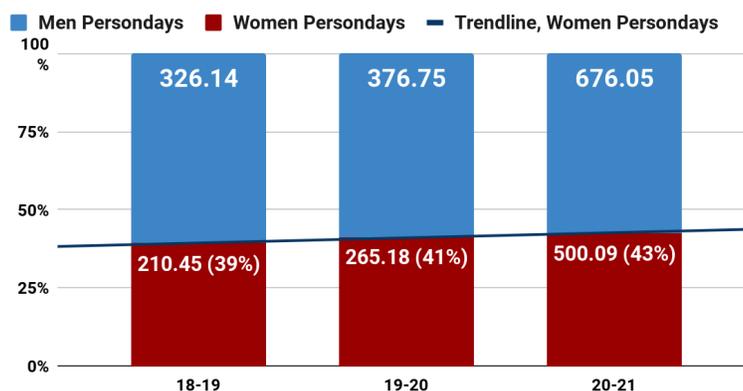
Job card and PD data for FY21 shows that JH witnessed a significant increase in MGNREGA participation and employment generation. However, this jump must be broken down to analyse the share of the increased employment that went to vulnerable communities like SC, ST, and women. For instance, at a national level, while there was a rise in MGNREGA participation, there was also a marginal decline in women's share of PD.

## 89% Increase in Women's Persondays from FY20 to FY21

Women's participation in JH has been well below the national average over the last 5 FYs, but it has been increasing steadily since FY19. It has increased from 39% in FY19 to 43% in FY21. Since total PD saw such a huge increase in FY21, **women's Persondays actually saw an absolute increase of 234.9 lakhs, a huge jump of 89% Persondays for women from FY20 to FY21**. This is

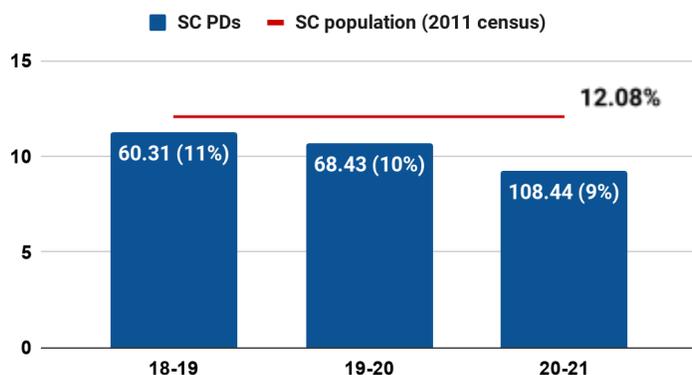
certainly good news, but the national average of women's participation has hovered around 53% for the past 5 FYs, giving Jharkhand much to work towards.

**Figure 5: Share of Women's Persondays (in lakhs) over Last 3 FYs**



## SC

**Figure 6: Share of SC Persondays (in lakhs) over Last 3 FYs**

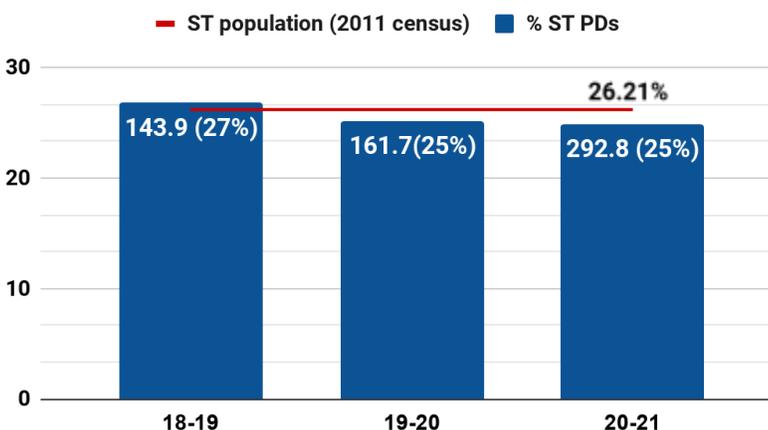


SC participation in Jharkhand has tended to be lower than the proportion of SC population in the state, and it has steadily been decreasing as well. As Figure 6 shows, the proportion of SC Persondays has fallen from 11% in FY19 to around 9% in FY21.

## ST

ST participation has been relatively good for Jharkhand, which is especially important considering the large ST population of the state. However, there has also been a marginal decline in the same, from 27% in FY19 to 25% in FY21.

**Figure 7: Share of ST Persondays (in lakhs) over Last 3 FYs**



**Overall, while women's participation has slowly but steadily been increasing, SC & ST participation has fallen marginally.**

## 2. Payment Issues

### Almost Rs 50 Cr of Worker Wages Remain Rejected since FY16

#### Over 11 lakh transactions rejected in FY21

The MGNREG Act mandates workers be paid within 15 days of completion of work. However, wage payments usually don't reach the worker's account within that time, often due to technical problems. One such vexing problem is that of '[Rejected Payments](#)', which are like bounced cheques. These occur when the government initiates the payment, but money does not get credited due to technical issues, and the money is returned to the government. There are numerous reasons for rejections, and their resolutions require a thorough understanding of the complex payment architecture that not only involves various line departments and banks, but also the National Payment Corporation of India (NPCI). For example, the block level data entry operators could make errors in entering the account or Aadhaar details of workers. At other times, banks consider accounts as 'dormant' when the accounts are not used for some time. The hardest to resolve, and one of the most common rejection reasons is Inactive Aadhaar - when the linkage of the worker's Aadhaar and their bank account is broken in the software maintained by NPCI. Many government officials and bank officials are unaware of how to resolve these errors; and yet, the burden of resolving rejections is pushed entirely on the workers. A worker's subsequent wage payments will also continue to get rejected if the error is not identified and resolved, and they will not receive any wages under MGNREGA.

- JH ranks as the 9th worst state in India in terms of rejections.
- Currently, more than Rs. 14 crores are pending to be paid to workers, from only FY21, and over 11 lakh transactions have been rejected.
- If we consider the amount pending to be paid since FY16, it's more than Rs. 50 crores. This means that workers in Jharkhand are owed nearly Rs. 50 crores by the govt.
- 5% of all rejected transactions in the country are rejected in JH.

*Table 3: Rejected Payments over Last 3 FYs*

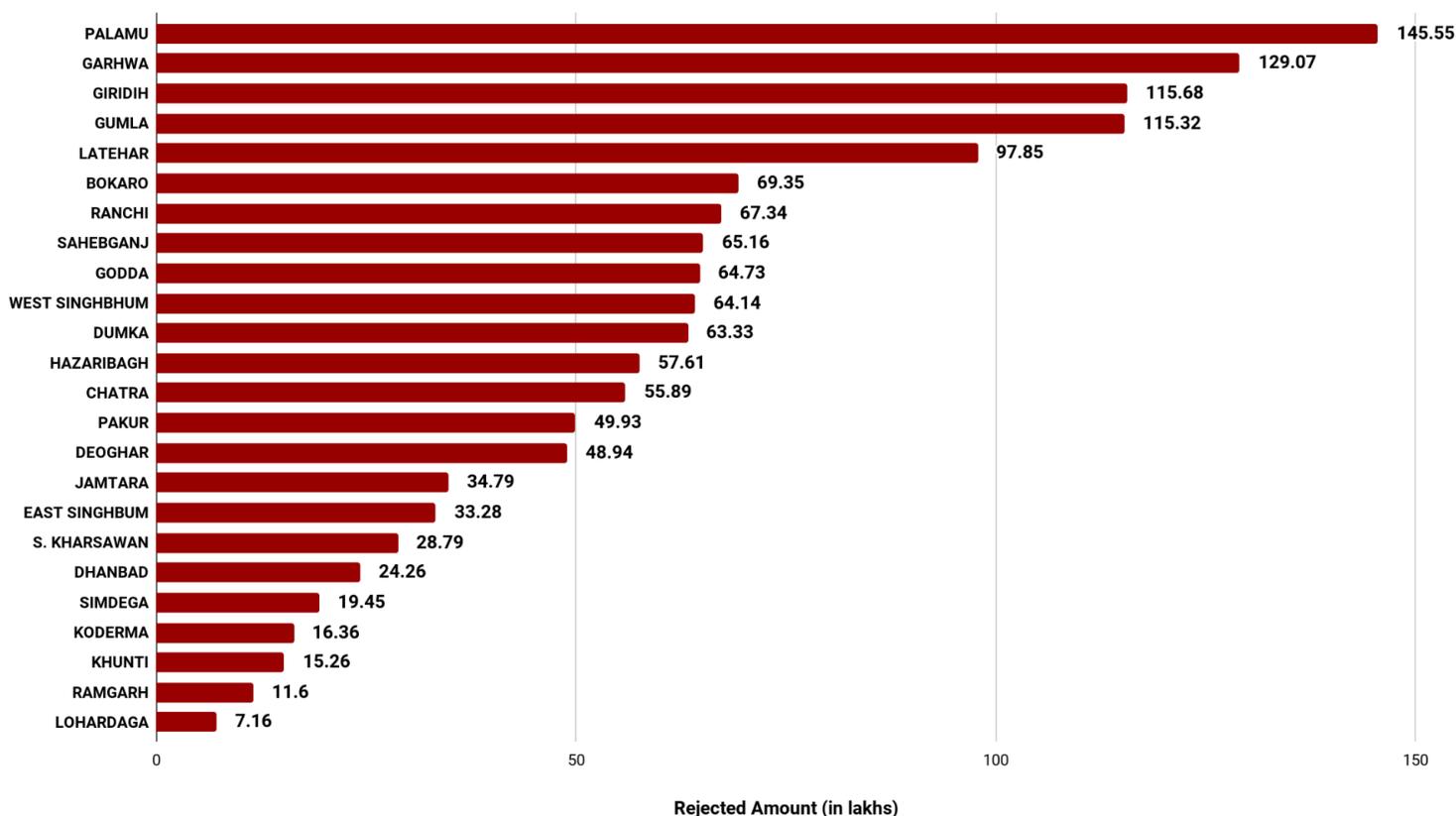
FY	Total Rejected (in crores)	Currently Pending to be paid (in crores)	% Pending Bank Response	% of Transactions Rejected
18-19	16.31	4.34	26%	4%
19-20	19.42	5.45	28%	4%
20-21	31.45	14.01	42%	3%

Table 3 tells us that while the percentage of total transactions rejected have seen a marginal decrease in FY21, Rs 31 cr have been rejected in FY 21 alone. There is also a large proportion of payments currently stuck at the centre, awaiting processing by the central bank. Almost 35 crores are pending from FY16 to FY20.

Figure 8 below tells us the amount currently rejected in each district, in FY21. Keep in mind that the total amount currently pending to be paid is much more than this. Palamu, Garhwa, and Giridih have the highest amount pending. These are also the 3 districts that generated the most PD this year (Figure 4).

**Figure 8: District-wise Total Amount Currently Rejected (in lakhs), in FY21.**

District-wise Total Amount Currently Rejected (in lakhs) from FY21



## Delayed Wages

There is a provision of delay compensation for each day of delay in the payment. And yet, delays in wage payments are rampant, often acting as a deterrent for participating in MGNREGA work. Even worse, the official calculation of a delay is fundamentally flawed, and grossly underestimates the actual delay in wage payments. A quick overview of the payment process will be helpful.

- The MGNREGA wage payment process consists of Stage 1 (responsibility of the state govt.), and Stage 2 (responsibility of the centre), both of which are supposed to take 15 days together.<sup>6</sup>
- On the MIS, which is the MGNREGA software, once Stage 1 is completed, the payment is marked as having been processed. Meanwhile, Stage 2 is where the actual delay occurs.

<sup>6</sup> For a detailed discussion of the wage payments process, refer to [this YouTube playlist](#).

- According to a study by LibTech India in 2017<sup>7</sup>, the centre was taking an average of 51 days to process payments. This entire 51-day delay was missing from the MIS, leading to lakhs of workers being cheated out of their timely wages, and the compensation due to them.

Estimating Stage 2 delays is difficult. The MGNREGA website considers a payment processed after Stage 1, and there is no report capturing Stage 2 delays at a transaction, block, or district level. The only way to see Stage 2 delays is to manually calculate using the FTO generation date and payment credited date in the muster roll. For example we check the date on which the payment was CREDITED (not the date when the payment was processed, which only marks the completion of Stage 1) to the worker and the date on which the FTO was generated. We subtract the 2 dates, to get the number of days taken to complete Stage 2. We have calculated the number of days in Stage 2 for 5 blocks in Jharkhand in FY21: Ghaghara (Gumla), Padma (Hazaribagh), Jaridih (Bokaro), Arki (Khunti), and Kisko (Lohardaga). Analysing Stage 1 and Stage 2 delays for these blocks should help understand true delays for all of Jharkhand.

- In these blocks, 100% of transactions were processed by the state govt. within 8 days - there was no Stage 1 delay. On average, the state took 4 days to process payments.  
Total transactions analysed = 77,129.
- Out of these, 27% transactions took greater than 15 days to complete only Stage 2 and reach the workers' bank accounts.  
Transactions processed in more than 15 days by centre = 20,511.
- Around 8% of total transactions took more than 30 days to get processed by the centre.  
Transactions processed in more than 30 days by the centre = 5,893.

According to the MIS, there is no delay in these 5 blocks, since there is no Stage 1 delay. However, analysing individual transactions proves that 20,511 transactions experienced some delay. These workers are entitled to delay compensation, but again, since officially there is no delay, there is no compensation due as well.

In 2018, the Supreme Court acknowledged the error and ordered the centre to correct the delay calculation mechanism and take full responsibility for the entire delay. And yet, more than 3 years later, the issue persists.<sup>8</sup> Workers continue to not get their dues.

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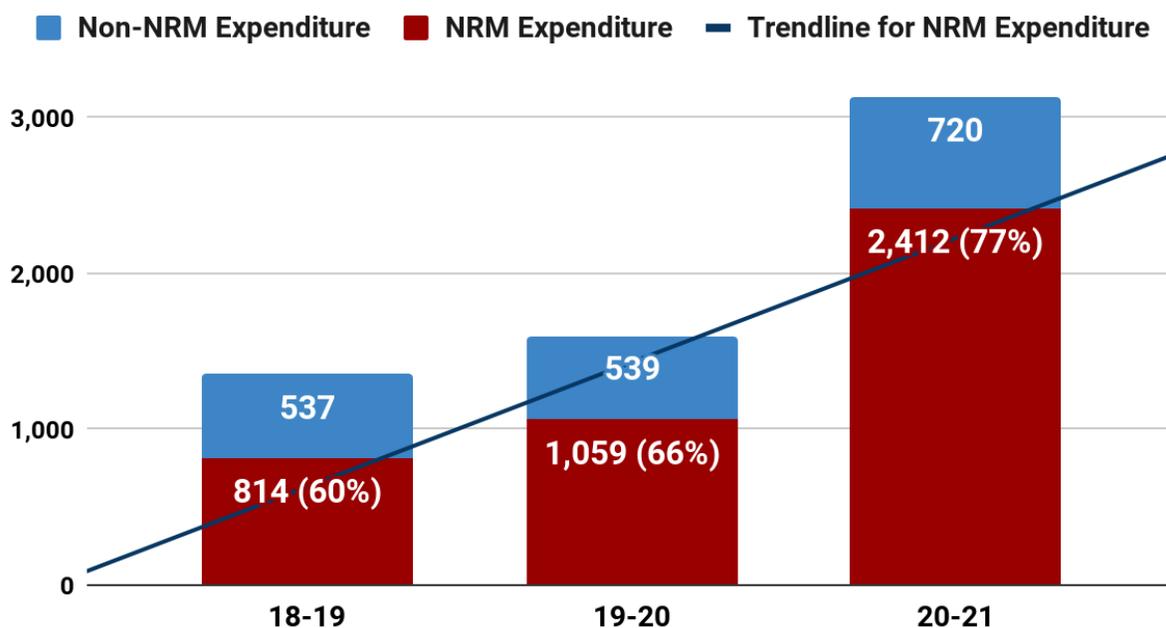
<sup>7</sup> Narayanan, R. Dhorajiwala, S. Golani, R. 2019. "[Analysis of Payment Delays and Delay Compensation in MGNREGA: Findings Across Ten States for Financial Year 2016-2017](#)," The Indian Journal of Labour Economics, Springer;The Indian Society of Labour Economics (ISLE), vol. 62(1), pages 113-133, March.

<sup>8</sup> For further reading on the issue of delays, refer to [this folder](#).

### 3. NRM Assets

#### 127% Increase in Expenditure on NRM Assets

Figure 9: Expenditure on NRM Assets (in crores) over Last 3 FYs



The MGNREG Act's mandate, in addition to providing wage work to rural households, is to create productive assets that would strengthen the livelihood resource base of the poor. Natural Resource Management (NRM) works like compost pits, bunds, check dams, plantations are specifically designed for this purpose. They increase soil quality and water availability, increasing irrigation and crop production in rural areas. Investing in NRM Assets does not just provide livelihood opportunities, it is also an investment in the sustainability of a geography, and in ensuring continued livelihood for the workers there. It has a multiplier effect. Jharkhand has been increasing expenditure on NRM Assets, and in FY 21, total expenditure rose by 96% while **expenditure on NRM works increased by 127%**<sup>9</sup>. This is indeed excellent. In particular, **Hazaribagh, Jamtara, Ramgarh, and Latehar** have spent more than 85% of expenditure on NRM works.

To conclude, the main finding is that while employment generated saw an exponential rise, the scheme did not generate high employment for general as well as vulnerable categories. In FY21, however, it has certainly played an important role in the context of the pandemic.

While Jharkhand has shown improvement in many indicators, it continues to lag behind national averages in others. Rejections and delays in wage payments are a large deterrent to workers demanding work and must be dealt with to ensure workers get their rights.

<sup>9</sup> Formula:  $[(Exp_{FY21} - Exp_{FY20}) / Exp_{FY20}] * 100$

## About LibTech India

We are a team of engineers, social workers, and social scientists who work towards improving public service delivery in India. We have been working in Jharkhand since 2017.

