

Status Report on the MGNREGA employment in Telangana 2019-24

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1. Why the Report on MGNREGA Implementation Matters:

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) stands as a crucial social security program in India, offering 100 days of wage employment annually to adult members of registered rural households. Telangana has emerged as a key state in effectively implementing this initiative, providing significant employment opportunities to the local labor force since its formation in 2014.

LibTech India has been consistently producing reports on MGNREGA implementation, particularly through its annual publications, which have garnered considerable attention from the media, senior officials, and civil society organizations (CSOs). Recognizing the significance of the upcoming elections, instead of releasing our usual annual report, we are presenting a comprehensive five-year report covering the period 2019-24.

The report will not only serve as a crucial benchmark for evaluating the government's performance but also educate people on the intricacies of MGNREGA implementation. All the data except 2019-20 data utilised in this report was retrieved as of April 8th, 2024, from <https://nrega.nic.in/>. Data for 2019-20 is from the data downloaded from the state website in May 2020.

2. Major Findings from the report:

1. The Union Government's introduction of various technological measures, such as shifting MGNREGA implementation to the National Informatics Center (NIC), implementing the National Mobile Monitoring System (NMMS), and revising the Aadhaar-based Payment System (ABPS), marked a significant period of transformation in MGNREGA implementation.
2. Despite being a vital lifeline during the COVID-19 pandemic, MGNREGA witnessed a decline in households worked and workers employed from FY 2020-21 to FY 2023-24, highlighting the program's challenges amidst crisis response.
3. While SC and ST populations in Telangana secured a greater share of MGNREGA employment than their census proportions, there were minor fluctuations in their employment share over the five-year period. Women's participation, exceeding their demographic share, showed a slight overall increase despite marginal decreases in some years.
4. Dynamic shifts in payment systems, notably the transition from ABPS to an account payment system and back, along with challenges introduced by the 2022 Revised ABPS System, created hardships for workers and frontline officials, leading to worker deletions and hindering timely payments.
5. Despite steady increases in notified wages, household MGNREGA income remained inconsistent over the years, revealing a significant gap between potential and actual earnings, underscoring the importance of ensuring prompt payment of entitled wages to workers.

3. Key interventions introduced by the Union Government during 2019-24¹:

The period from 2019 to 2024 has been a landmark in NREGA implementation, marked by the Union government's introduction of various technological measures to enhance the program's efficiency. In the following section, we shed light on these interventions and their impact on workers from Telangana.

- a. **Shifting MGNREGA Implementation to National Informatics Center (NIC):** Following the COVID-19 pandemic, the Ministry of Rural Development (MoRD) imposed the centrally-run Management Information System (MIS) to implement, monitor, and maintain MGNREGA records in Telangana, replacing the state-specific 'Ragas' software. The latter included features reflecting Telangana's worker-friendly provisions such as summer allowance to workers, Organising workers into labor groups etc.. Ground-level interactions revealed that local officials encountered difficulties in adapting to the new technology. The forced shift to NIC resulted in a comprehensive transformation in how work demand is collected from workers, processed in the MIS, and generated for payment. The elimination of worker-friendly measures inherited from unified Andhra, including summer allowances, attendance norms designed with workers in mind, and the organization of workers into labor groups, occurred with the transition, leading to heightened centralization. This curtailed the state's autonomy in implementing measures tailored to its unique geographic conditions.(Buddha and Kagga, 2023)
- b. **National Mobile Monitoring System (NMMS):**In Telangana, as evident nationwide, workers are grappling with significant challenges in the implementation of the NMMS app. Launched by the Ministry of Rural Development in May 2021, the NMMS app aimed to improve citizen oversight and transparency in NREGA works. The app is designed to record the real-time attendance of MGNREGA workers at the worksite. Local NREGA Mates, specifically trained women at the panchayat level to monitor worksites, were entrusted with using the app to record real-time, geo-tagged attendance of workers. However, complications have emerged as the app necessitates fixed-day presence, creating hurdles for workers accustomed to flexible hours. These issues, encompassing conflicting work schedules and connectivity problems, have disproportionately impacted women workers, who constitute a significant majority in NREGA. Additionally, the prerequisite for NREGA Mates to own smartphones has excluded many eligible women from assuming leadership roles, sparking concerns about gender bias in the selection process.
- c. **Challenges with the Revised ABPS System:** The dynamic shifts in payment systems have been a source of hardship for workers. Following Telangana's formation, the payment system underwent a transition from Aadhaar-based payment system (ABPS) to an account payment system, aligning with national standards. Subsequently, it reverted from the account payment system to ABPS, presenting challenges for workers and frontline officials. This fluidity was compounded by the challenges introduced with the 2022 Revised ABPS

¹ This entire section is taken from <https://shorturl.at/fuzM9>

System(Buddha and Tamang 2023). Despite Telangana's previous implementation of ABPS in unified AP, the 2022 iteration of ABPS brought forth unique challenges. This well-established system underwent a comprehensive overhaul in 2022, primarily focusing on Aadhaar integration from end to end. The updated version introduces Aadhaar seeding and Aadhaar authentication in addition to existing bank account linking. Aadhaar seeding requires aligning the worker's job card with Aadhaar whereas authentication involves cross-referencing details between the NREGA MIS and UID. [Even a minor discrepancy, such as a single letter mismatch in name or gender or failure to update UID in the last decade, results in authentication failure.](#) Workers who pass these checks must additionally link their bank accounts with Aadhaar and undergo NPCI mapping—a process our field studies identify as challenging for workers. Failing to comply with any of these three steps puts workers at the risk of missing NREGA employment and payments for their work. Moreover, the implementation of ABPS without adequately training local officials has +led to widespread worker deletions from the MGNREGA database, a concern highlighted in Telangana, as elaborated in subsequent sections.

Table number 1 provides information(As on 8th April 2024) on the total number of workers, and the percentage of ABPS ineligible workers, categorized for both the workforce and active workers in lakhs in Telangana.

	No. of Workers (in Lakhs)	Ineligible for ABPS (in Lakhs)	ABPS ineligible %
All workers	105.08	38.34	36.49
Active workers	56.73	2.19	3.87

Table 1: Workers vs. ABPS Ineligibility in Telangana

3. Evaluating MGNREGA: Factors, Challenges, and Pandemic Resilience:

MGNREGA, being a demand-driven employment program, should ideally reflect the workers' need for the scheme through the number of households employed and workdays generated. However, the central government's tight control over budget allocations and differences in states' political will or administrative capabilities mean that employment-related numbers do not entirely reflect the MGNREGA employment demand scenario.

Metrics related to employment provided, participation of vulnerable communities, and budget utilization are some of the key indicators to evaluate the performance of MGNREGA.

3.1 Employment Surge Amidst Pandemic and Distinctive Post-Covid Contractions

3.1.a The following section looks at the change in households and workers across five years.

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24

Total Households (in Lakhs)	50.14	55.8	57.02	52.7	53.01
Total workers (in Lakhs)	108.96	Not Available	Not Available	Not Available	105.1
Households worked (in Lakhs)	24.79	31.11	28.98	27.35	25.32
Workers employed (in Lakhs)	40.72	54.29	48.78	45.45	40.55

Table 2: Households and worker trends across five years in Telangana

Despite an increase in total households, the households worked and workers employed from FY 2020-21 to FY 2023-24 has decreased drastically. Table 2 illustrates, from FY 2019-20 there was a 2.87 lakh total households increase and there was a slight increase in households worked which is 0.53 lakh households. When it comes to workers, there is a decrease of 3.86 lakh total workers and 0.17 lakh workers employed.

3.1.b Employment trends across five years.

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Households worked (in Lakhs)	24.79	31.11	28.98	27.35	25.32
Person days Generated (in Lakhs)	1071	1580	1458	1219	1208
Average person days	43.21	50.79	50.32	44.58	47.71
Households completed 100 days of employment	176927	342128	328522	33874	134611
Percentage of households completed 100 days of employment	7.27	11.26	11.39	1.47	5.53

Table 3: Employment across five years in Telangana

Amid the challenges posed by the Covid-19 pandemic, MGNREGA stood out as a vital lifeline for rural households, especially for migrant workers offering crucial livelihood support when alternative options were scarce. Table 3 illustrates a substantial increase in the number of households worked, employment provided, average person days generated at household level, and households completed 100 days of employment during the pandemic year FY 2020-21. After FY 2020-21 there is a steady decrease in the households worked, which resulted in less employment generation. When it comes to Households completed 100 days of employment, there is increase till FY 2021-22 and there is a sudden drop from 11.39% in FY 2021-22 to 1.47% in FY 2022-23, after that there was increase of 4.06% in FY 2023-24 but it's very less compared to FY 2021-22. Overall if we see

the comparison of employment across five years, there was a slight improvement from FY 2019-20 to FY 2023-24 except in households completing 100 days of employment. In these five years, FY 2022-23 is the year where the performance is very poor in every category of employment.

In addition to the budgetary cuts, FY 2022-23 was marked by significant technological interventions such as the implementation of ABPS, NMMS, and the migration to NIC from the state website. These measures created hardships for workers in accessing work and receiving wages promptly. As a result, the overall performance during this period could have been adversely affected.

Aligning with the national trend, post-pandemic, as illustrated in Table 3, the state witnessed a pronounced contraction in the number of households worked, person days generated, average days of employment, and households completed 100 days of employment. This downturn emphasizes the need for customized strategies to address the specific challenges faced by Telangana in sustaining rural employment through MGNREGA. It underscores the revitalization efforts to navigate the complexities of post-pandemic rural employment sustainability.

3.2 Vulnerable Group Participation Fluctuations

a. SC/ST Participation

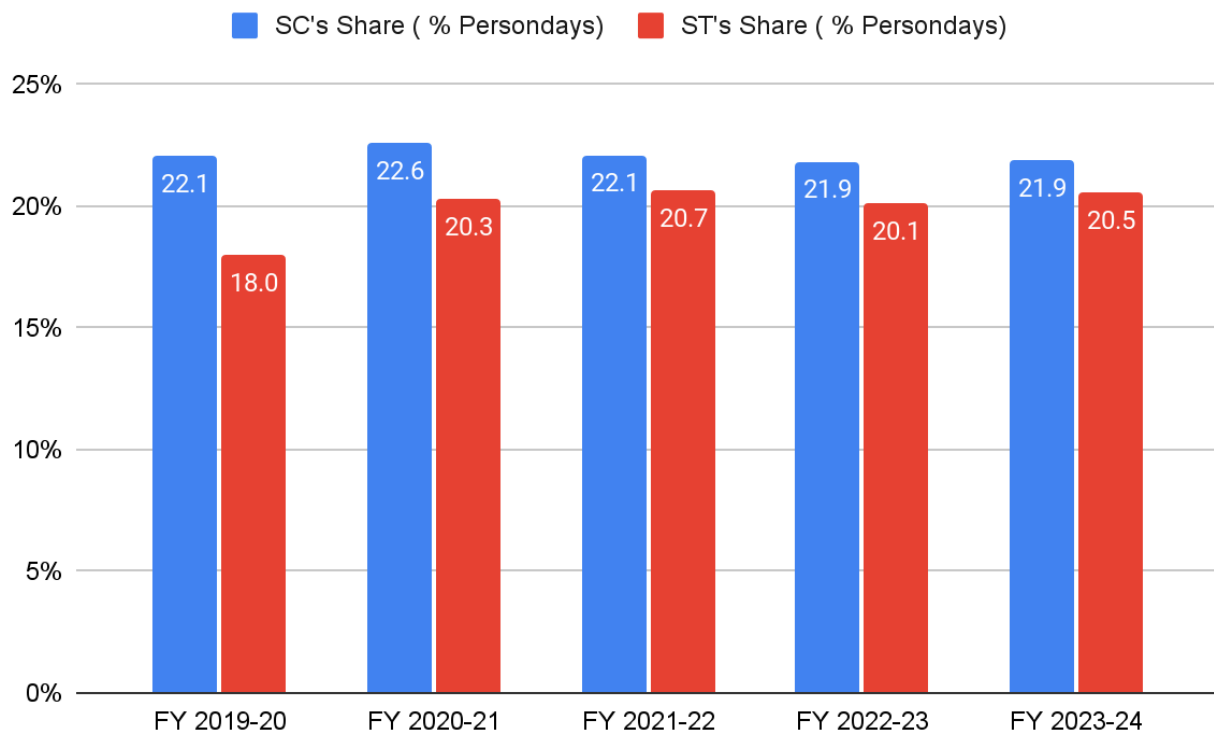


Figure 2: SC/ST employment trend over five financial years

MGNREGA in Telangana reflects imbalanced representation, with SC and ST populations exceeding their census proportions (17% and 9.1%, respectively²). Figure 2 demonstrates that both groups secure a greater share of MGNREGA employment than their population percentages indicate. Analyzing the SC/ST employment share in MGNREGA from fiscal years 2019-20 to 2023-24 shows minor fluctuations. Across five years, there is slight drop of 0.3% of SC's share, where as there is an increase of 2.5% of ST's share.

b. Women participation:

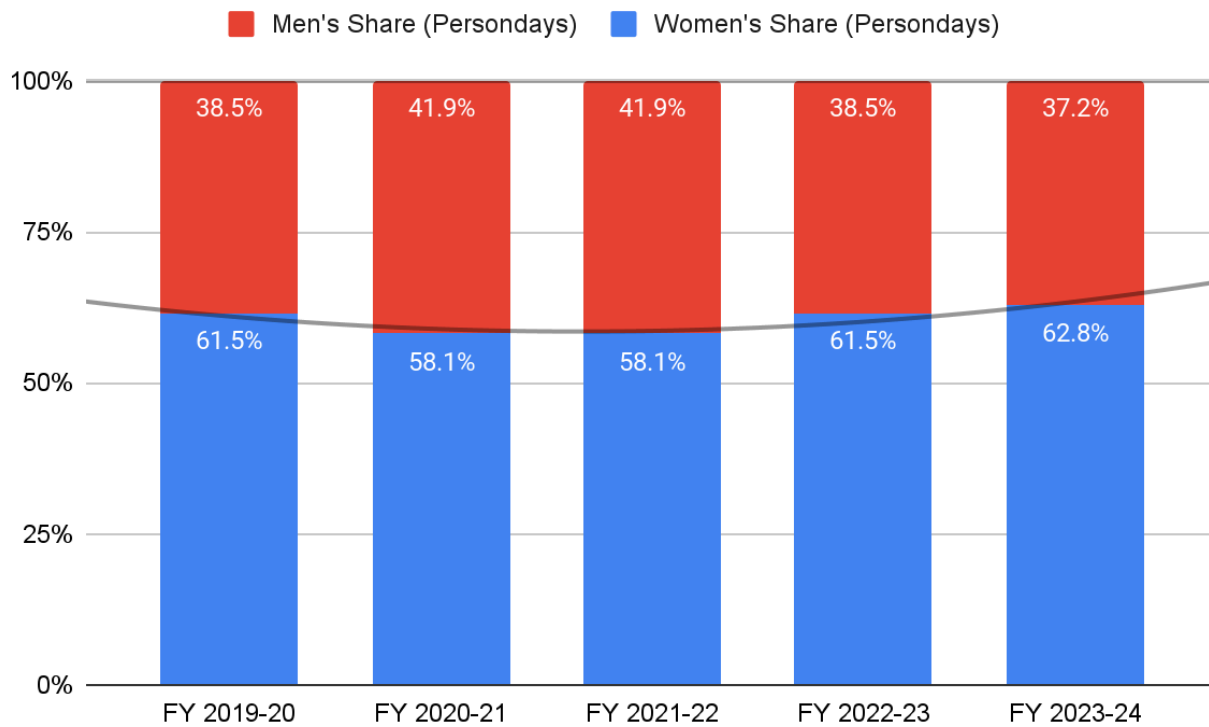


Figure 3: Gender Wise employment trend over five financial years

With women comprising 49.7%³ of the Telangana population, their consistent participation in MGNREGA has surpassed their demographic share. Playing a crucial role in employment opportunities, women have exhibited resilience and sustained engagement. Despite marginal decreases in some years, their involvement remains a noteworthy constant amid demographic variations. Participation of women's from fiscal years 2019-20 to 2023-24 has a slight increase of 1.3%.

² <https://www.telangana.gov.in/about/state-profile>

³ <https://www.telangana.gov.in/about/state-profile>

3.3 Telangana's MGNREGA Wage Expenditure Trends

FY	Notified wages (Rs)	Received wages (Rs)	Average Person days	MGNREGA Household Income (Rs) ⁴	Potential Household Earnings (Rs) ⁵
2019-20	211	153.79	43.21	6645	9117
2020-21	237	169.51	50.79	8609	12037
2021-22	245	172.18	50.32	8664	12328
2022-23	257	164.33	44.58	7326	11457
2023-24	272	181.03	47.71	8637	12977

Table 4: Comparison of MGNREGA Wages and Household Income (FY 2019-20 to FY 2023-24)

From fiscal years 2019-20 to 2023-24, notified wages rose steadily from 211 Rs to 272 Rs, reflecting official program rates. However, household wages varied, showing fluctuations over the years. Despite wage increases, household MGNREGA income peaked in FY 2020-21 and remained inconsistent afterward, primarily due to varying wages received. Potential household earnings, based on notified wages and maximum employment days, revealed a significant gap between potential and actual income, indicating untapped earning potential.

⁴ MGNREGA Household Income = Received wages * Average Person days

⁵ Potential Household Earnings = Notified wages * Average Person days

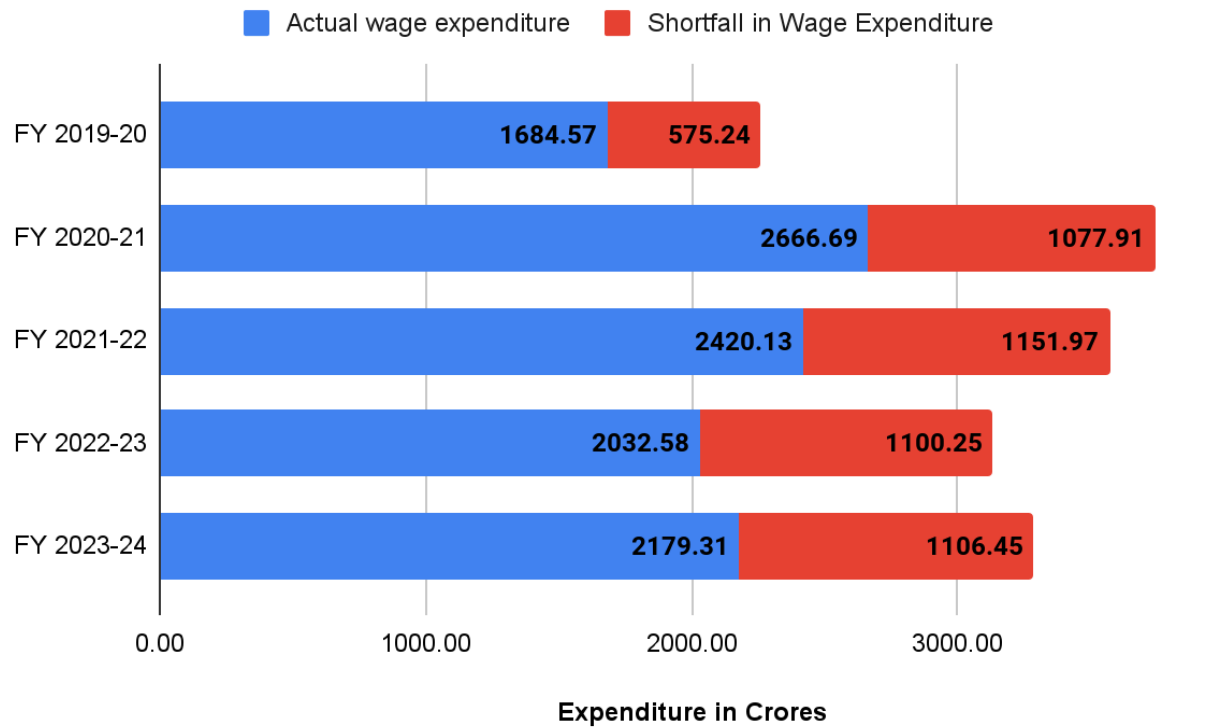


Figure 4: Change in Actual Wage Expenditure and Shortfall MGNREGA from FY 2019-20 to FY 2023-24

Figure 4 depicts a noticeable shortfall in wage expenditure⁶, representing the disparity between the actual wage expenditure and the notified wage expenditure annually. This reveals that the actual spending on wages is consistently lower than what would be expected if all workers were compensated according to the notified wage rates, as outlined in Table 4. The shortfall in wage expenditure is calculated by subtracting the actual wage expenditure from the potential wage expenditure, indicating the difference between expected and actual spending on wages. It reflects the discrepancy between the amount of money allocated for wages based on notified rates and the actual amount disbursed to workers for the labor performed.

Despite fluctuations in the magnitude of this difference over time, the overarching pattern underscores the urgent necessity to ensure that MGNREGA workers promptly receive their full entitled wages.

4. Conclusion

The conclusion section of the report encapsulates the dynamic landscape of MGNREGA implementation in Telangana, emphasizing its adaptability amidst challenges posed by the

⁶ shortfall in wage expenditure=Potential wage expenditure-Actual wage expenditure.

COVID-19 pandemic and subsequent policy interventions. This report serves as more than a mere documentation; it emerges as a critical instrument for evaluating the efficacy and impact of MGNREGA implementation in the state. By scrutinizing key interventions introduced by the central government during the period 2019-24, such as the transition to the National Informatics Center (NIC), the National Mobile Monitoring System (NMMS), and the challenges with the Revised Aadhaar-based Payment System (ABPS), this report offers valuable insights into the program's complexities and operational nuances.

Furthermore, the report delves into essential metrics and indicators, including employment generation, participation of vulnerable communities, and financial dynamics, providing profound insights into the program's performance and resilience amidst shifting socioeconomic landscapes.

As Telangana navigates post-pandemic contractions and endeavors to sustain rural employment through MGNREGA, it is imperative to devise tailored strategies that address the state's specific challenges. The fluctuations in employment generation, varying participation of vulnerable groups, and dynamic financial priorities underscore the need for adaptive and responsive approaches to ensure the program's continued effectiveness and relevance.

Addressing the complexities of MGNREGA in Telangana necessitates a concentrated effort on community participation, social mobilization, and inclusive policies, particularly in light of central budget cuts and unilateral technological interventions. Prioritizing the specific needs of vulnerable groups, ensuring timely payments, and transparent budget utilization are vital aspects requiring persistent attention.

In conclusion, the future of MGNREGA in Telangana pivots on a strategic and inclusive approach, guaranteeing the program fulfills its fundamental objective of providing livelihood security to rural households amidst evolving challenges and the impacts of central policies.

About Libtech:

We are a team of engineers, social workers and social scientists who are interested in improving public service delivery in India. We have been working as a team in multiple states of the country including Telangana for the last 10 years, though individually some of us have been involved for more than a decade.

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