

Estimating leakages in India's Employment Guarantee: an Update

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Despite the Indian government's efforts to promote transparency and encourage monitoring from the administration and the civil society (social audits), MGNREGS' implementation is plagued by corruption. Local officials inflate the number of days worked per person (*ghost days*) or register fake persons (*ghost workers*) to syphon off MGNREGS funds. Paul Niehaus and Sandip Sukhtankar carried out one of the first systematic attempts to measure leakages. The authors attempted to survey MGNREGS workers sampled from the MIS (Niehaus and Sukhtankar 2013). Out of 1499 individuals, they found only 821 both existed and reported having worked. Of these 821, most received less than the reported payment amount.

Another method of measuring corruption in MGNREGS is to compare the aggregate levels of employment reported in official data (MPR or MIS) with independent measures based on household surveys (Bhalla 2011, Himanshu 2010, Imbert and Papp 2011). We follow this method here and compare MGNREGS employment in official reports to the estimated number of days spent by rural adults on *any* public works estimated based on NSS Survey data. The results, presented in Table 1, reveal that in 2007-08 only 51% of reported MGNREGS employment is independently confirmed by the survey data. This is despite the fact that our survey measure includes employment on any public works project. The gap between official and survey measures suggests large leakages of MGNREGS funds. Interestingly, this gap appears to narrow over time to 71% in 2009-10 and 80% in 2011-12. This is consistent with survey reports which indicate that corruption in MGNREGS decreased, due to improved monitoring and successive reforms in the payment of MGNREGS wages (Dreze 2014, Muralidharan, Niehaus and Sukhtankar 2014, Banerjee, et al. 2014).

Table 1 compares official figures on MGNREGS employment with survey estimates of employment on any public works, which may include other public infrastructure programs. In Bihar for example, MGNREGS implementation has been low since the start of the program, but the state government has carried out an ambitious road construction program. This is one possible explanation for why Table 1 shows twice as many days worked in public works based on the NSS survey data compared with the official MGNREGS data in 2009-10. This methodology leads to a downward bias in the estimated amount of leakages in MGNREGS implementation. An alternative strategy is to compare official MGNREGS employment with days of MGNREGS work in the NSS survey. Table 2 shows the results of this comparison: the gap is larger, with only 27% of reported employment confirmed by survey data. This alternative methodology likely overestimates the gap between official reports and

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survey data. In particular, enumerators and respondents in NSS surveys may be unable to distinguish between MGNREGS employment and other rural public works programs.

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Table 1: Total number of days spent on any public works from NSS surveys and MGNREGS employment according to official reports

| | 2007-2008 | | | 2009-10 | | | 2011-12 | | |
|------------------|-----------|-------|-------------|---------|-------|-------------|---------|-------|-------------|
| | NSS | MPR | Ratio | NSS | MPR | Ratio | NSS | MIS | Ratio |
| Andhra Pradesh | 2665 | 2972 | 90% | 4510 | 4317 | 104% | 3162 | 4049 | 78% |
| Assam | 75.76 | 572.5 | 13% | 122 | 572.5 | 21% | 275.5 | 329.9 | 84% |
| Bihar | 292.8 | 1161 | 25% | 1856 | 812.2 | 229% | 1493 | 889.7 | 168% |
| Chhattisgarh | 868.2 | 1508 | 58% | 533.9 | 1152 | 46% | 826.1 | 1134 | 73% |
| Gujarat | 0 | 88.37 | 0% | 315.3 | 597.4 | 53% | 61 | 257 | 24% |
| Haryana | 61.82 | 33.23 | 186% | 17.51 | 52.71 | 33% | 58.28 | 107.2 | 54% |
| Himachal Pradesh | 115.1 | 121.7 | 95% | 240.8 | 252.9 | 95% | 436.3 | 281.7 | 155% |
| Jharkhand | 111.9 | 872.1 | 13% | 134.1 | 873.5 | 15% | 381.6 | 585.6 | 65% |
| Karnataka | 0.357 | 94.48 | 0% | 122.4 | 1624 | 8% | 12.84 | 697.9 | 2% |
| Kerala | 41.09 | 59.6 | 69% | 253.6 | 348.9 | 73% | 704.7 | 706.5 | 100% |
| Madhya Pradesh | 1938 | 3319 | 58% | 886.8 | 1905 | 47% | 1161 | 1712 | 68% |
| Maharashtra | 43.78 | 247.1 | 18% | 223.9 | 163.5 | 137% | 133.4 | 961.3 | 14% |
| Orissa | 228 | 441.7 | 52% | 321.6 | 742 | 43% | 482.3 | 474.5 | 102% |
| Punjab | 20.13 | 21.99 | 92% | 127.8 | 69.7 | 183% | 11.37 | 59.02 | 19% |
| Rajasthan | 1242 | 2818 | 44% | 3297 | 3123 | 106% | 1429 | 2070 | 69% |
| Tamil Nadu | 343.5 | 654.3 | 52% | 1924 | 1879 | 102% | 3572 | 3617 | 99% |
| Uttar Pradesh | 565.9 | 1631 | 35% | 1162 | 3445 | 34% | 2026 | 2224 | 91% |
| Uttaranchal | 101.2 | 90.83 | 111% | 80.9 | 158 | 51% | 45.68 | 197.7 | 23% |
| West Bengal | 364 | 1017 | 36% | 712 | 1523 | 47% | 1628 | 2107 | 77% |
| All 19 States | 9079 | 17724 | 51% | 16842 | 23611 | 71% | 17900 | 22461 | 80% |

Source: Monthly Progress Reports (MPR) and Monitoring Information System (MIS) are official reports on MGNREGS employment that are publicly available from nrega.nic.in. National Sample Survey (NSS) are nationally representative household surveys. The survey period extends from July 1st to June 30th of each year. Official data is aggregated over the same period.

Table 2: Comparison of MGNREGS employment in official reports (MPR and MIS) with estimated number of MGNREGS days in survey data (NSS)

| | 2007-2008 | | | 2009-10 | | | 2011-12 | | |
|------------------|-----------|-------|------------|---------|-------|------------|---------|-------|------------|
| | NSS | MPR | Ratio | NSS | MPR | Ratio | NSS | MIS | Ratio |
| Andhra Pradesh | 2121 | 2972 | 71% | 1737 | 4317 | 40% | 2076 | 4049 | 51% |
| Assam | 0 | 572.5 | 0% | 0 | 572.5 | 0% | 14.42 | 329.9 | 4% |
| Bihar | 0 | 1161 | 0% | 15.44 | 812.2 | 2% | 2.661 | 889.7 | 0% |
| Chhattisgarh | 490.1 | 1508 | 33% | 170.8 | 1152 | 15% | 334.7 | 1134 | 30% |
| Gujarat | 0 | 88.37 | 0% | 203.6 | 597.4 | 34% | 55.56 | 257 | 22% |
| Haryana | 19.93 | 33.23 | 60% | 0 | 52.71 | 0% | 0 | 107.2 | 0% |
| Himachal Pradesh | 87.39 | 121.7 | 72% | 18.76 | 252.9 | 7% | 200.9 | 281.7 | 71% |
| Jharkhand | 45.45 | 872.1 | 5% | 4.766 | 873.5 | 1% | 0 | 585.6 | 0% |
| Karnataka | 0 | 94.48 | 0% | 122.4 | 1624 | 8% | 0 | 697.9 | 0% |
| Kerala | 0 | 59.6 | 0% | 98.92 | 348.9 | 28% | 318.5 | 706.5 | 45% |
| Madhya Pradesh | 862.7 | 3319 | 26% | 298.1 | 1905 | 16% | 167.2 | 1712 | 10% |
| Maharashtra | 0 | 247.1 | 0% | 110.7 | 163.5 | 68% | 0 | 961.3 | 0% |
| Orissa | 63.29 | 441.7 | 14% | 126.3 | 742 | 17% | 115.2 | 474.5 | 24% |
| Punjab | 3.888 | 21.99 | 18% | 0 | 69.7 | 0% | 11.37 | 59.02 | 19% |
| Rajasthan | 470.5 | 2818 | 17% | 2170 | 3123 | 69% | 317.4 | 2070 | 15% |
| Tamil Nadu | 120.8 | 654.3 | 18% | 769.2 | 1879 | 41% | 2234 | 3617 | 62% |
| Uttar Pradesh | 168.1 | 1631 | 10% | 481.8 | 3445 | 14% | 632.4 | 2224 | 28% |
| Uttaranchal | 45.04 | 90.83 | 50% | 20.23 | 158 | 13% | 21.53 | 197.7 | 11% |
| West Bengal | 226.6 | 1017 | 22% | 170.3 | 1523 | 11% | 995.5 | 2107 | 47% |
| All 19 States | 4725 | 17724 | 27% | 6518 | 23611 | 28% | 7497 | 22461 | 33% |

Source: Monthly Progress Reports (MPR) and Monitoring Information System (MIS) are official reports on MGNREGS employment that are publicly available from nrega.nic.in. National Sample Survey (NSS) are nationally representative household surveys. The survey period extends from July 1st to June 30th of each year. Official data is aggregated over the same period