



Ministry of Rural Development  
Government of India

# MGNREGA SAMEEKSHA

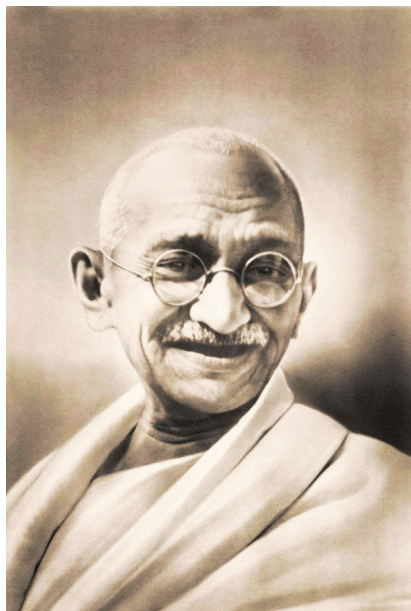
AN ANTHOLOGY OF RESEARCH STUDIES ON THE

*Mahatma Gandhi National Rural Employment Guarantee Act, 2005*  
2006–2012



Orient BlackSwan

# MGNREGA SAMEEKSHA



*'I will give you a talisman. Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and the weakest man whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore him to a control over his own life and destiny? In other words, will it lead to Swaraj (i.e. self-rule/freedom) for the hungry and spiritually starving millions?'*

*M.K. Gandhi*

MGNREGA Sameeksha 2012

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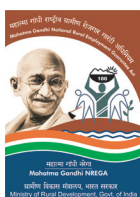
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*Mahatma Gandhi National Rural Employment*  
*Guarantee Act, 2005*  
2006–2012

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सत्यमेव जयते



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MGNREGA SAMEEKSHA

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# Foreword

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## I

In his famous talisman, Mahatma Gandhi urged us, in our moments of doubt, to recall the face of the poorest person we may have seen and ask ourselves whether the step we are contemplating is likely to be of any use to him or her. It is in this spirit that the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was launched in February 2006. It is perhaps the largest and most ambitious social security and public works programme in the world. While market-oriented reforms are necessary to generate faster growth and larger public resources, they do not, on their own, guarantee participatory and equitable growth. Active social policies (such as the MGNREGA), far from detracting from economic reforms, complement them in an essential way.

Notwithstanding some initial scepticism about the practicality and viability of this initiative, six years later, the basic soundness and high potential of the MGNREGA are well established. That, at any rate, is one of the main messages emerging from this extensive review of research on MGNREGA. It is also a message that comes loud and clear from the resounding popularity of MGNREGA—today, about one-fourth of all rural households participate in the programme every year.

## II

MGNREGA's other quantitative achievements have been striking as well:

- i. Since its inception in 2006, around Rs 1,10,000 crore has gone directly as wage payment to rural households and 1200 crore person-days of employment has been generated. On an average, 5 crore households have been provided employment every year since 2008.
- ii. Eighty per cent of households are being paid directly through bank/post office accounts, and 10 crore new bank/post office accounts have been opened.
- iii. The average wage per person-day has gone up by 81 per cent since the Scheme's inception, with state-level variations. The notified wage today varies from a minimum of Rs 122 in Bihar, Jharkhand to Rs 191 in Haryana.

- iv. Scheduled Castes (SCs) and Scheduled Tribes (STs) have accounted for 51 per cent of the total person-days generated and women for 47 per cent, well above the mandatory 33 per cent as required by the Act.
- v. 146 lakh works have been taken up since the beginning of the programme, of which about 60 per cent have been completed. Of these works,
  - 19 per cent relate to rural connectivity (e.g. village roads)
  - 25 per cent relate to water conservation and water harvesting
  - 14 per cent relate to irrigation canals and renovation of traditional water bodies
  - 13 per cent relate to flood protection and drought proofing
  - 13 per cent relate to land development
  - 14 per cent relate to work done on private lands (lands belonging to small and marginal farmers/SCs/STs/Below Poverty Line (BPL) households/Indira Awas Yojana (IAY) and land reform beneficiaries)
- vi. 12 crore Job Cards (JCs) have been given and these along with the 9 crore muster rolls have been uploaded on the Management Information System (MIS), available for public scrutiny. Since 2010–11, all details with regard to the expenditure of the MGNREGA are available on the MIS in the public domain.

While implementation remains uneven and patchy across States and districts, there is evidence to suggest that MGNREGA has contributed to (a) increased rural wages everywhere; (b) reduced distress migration from traditionally migration-intensive areas; (c) usage of barren areas for cultivation; and (d) empowerment of the weaker sections and giving them a new sense of identity and bargaining power.

### III

Though the achievements of MGNREGA have been impressive, there have been issues with regard to its implementation that need to be recognised and addressed meaningfully. On 1 September 2011, the Ministry of Rural Development released a discussion paper titled 'Reforms in MGNREGA Implementation'. This paper identified nine major challenges in the MGNREGA implementation and suggested measures to deal with them effectively. These were:

- Ensure demand-driven legal entitlements
- Reduce distress migration from rural areas
- Reduce delays in wage payments to workers
- Provide the requisite number of days of work as per demand
- Improve quality of assets created under MGNREGA and their relevance to the livelihoods of the poor
- Ensure full payment of wages stipulated under MGNREGA
- Anchor participatory grassroots planning
- Sustain regular flow of funds
- Strengthen grievance redressal mechanisms

Subsequently, on 21 September 2011, an expert committee under the chairmanship of Dr Mihir Shah, Member, Planning Commission, was set up to give greater operational content to the solutions suggested to deal with the nine challenges. Based on the report of this expert committee, the list of permissible works under MGNREGA was expanded in March 2012 to:

- Strengthen the synergy between MGNREGA and rural livelihoods, particularly agriculture
- Respond to the demands of states for greater location-specific flexibility in permissible works
- Help improve the health and ecological situation in rural India, with a particular focus on sanitation

We will also be issuing a new set of Operational Guidelines for MGNREGA based on the recommendations of the Mihir Shah Committee so that the challenges in its implementation are effectively addressed and the real potential of MGNREGA can be realised.

There has been public concern over misappropriation of funds and resources, and leakages in MGNREGA. To address these concerns, a number of measures have been taken. These include:

- Notification of the Social Audit Rules in June 2011 to make it mandatory to have a social audit conducted by the Gram Sabha (GS) according to a prescribed procedure twice a year;
- Asking the Comptroller and Auditor General (CAG) to conduct a performance audit of MGNREGA, a process that is to be completed by end-December 2012 for all States;
- Making certification of MGNREGA accounts at the Gram Panchayat (GP) level by chartered accountants compulsory over time, starting with 20 per cent GPs this year;
- Increased use of information technology with the ultimate objective of having a transaction-based MIS in all states (at present only one State, namely Andhra Pradesh has such a system), and the initiation of an ambitious Geographical Information System (GIS)-based monitoring system this year.

#### IV

This book, *MGNREGA Sameeksha: An Anthology of Research Studies on the Mahatma Gandhi National Rural Employment Act, 2005*, is an analytical anthology of all major research studies done on MGNREGA that were published in academic journals or came out as stand-alone reports. Newspaper and magazine articles, as well as opinion pieces, have not been included in the volume. In compiling the reports we have tried to be as comprehensive as possible. My young colleagues Ms Neelakshi Mann and Mr Varad Pande not only ensured this but also wrote most of the commentary. I am also grateful to Dr Mihir Shah, Dr C. Rammanohar Reddy and Dr Jean Dreze for having made very useful suggestions and critical comments on the manuscript.

At a time when the Ministry of Rural Development is endeavouring to put in place an independent, professionally-run concurrent evaluation network for all rural development programmes, I think this volume will be a useful reference and resource publication and would stimulate further field-level research.



(Jairam Ramesh)  
Minister of Rural Development  
June 2012







## Acknowledgements

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**T**his report is an anthology of research of several academicians, scholars and policy-analysts. We would like to acknowledge each one of them and express our gratitude for their contributions.

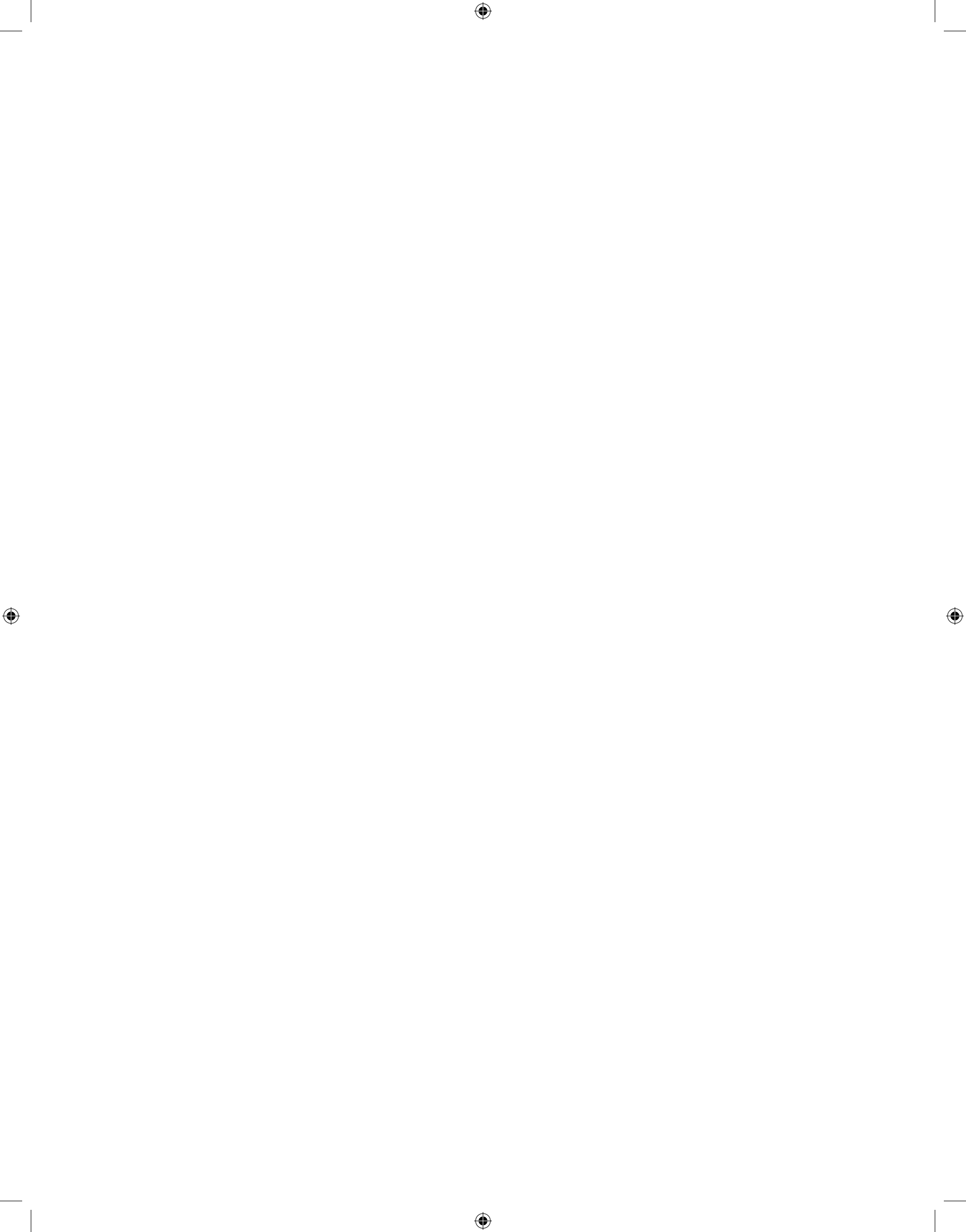
We are indebted to Dr Jean Dreze and Dr C. Rammanohar Reddy for their thorough review of the manuscript. Their insightful suggestions helped shape important sections of this report.

We are grateful to Dr Sunita Narain, Mr Rangu Rao, Mr Pramathesh Ambasta, Mr Shilp Verma, Dr Reetika Khera, Dr Rohini Pande and Dr Rinku Murgai for their very useful feedback on different chapters.

At the Ministry of Rural Development, a special thanks to Mr S. Vijay Kumar, Secretary, Rural Development; Dr Arvind Mayaram, Special Secretary and Financial Advisor; Mr S. M. Vijayanand, Additional Secretary; Mr D. K. Jain, Joint Secretary, MGNREGA; for their support and inputs. We would also like to thank Mr Amlanjyoti Majumdar for helping facilitate the process of publication of this report.

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Our greatest debt of gratitude is to Dr Mihir Shah who guided us through the entire process, read through several drafts of the manuscript and saved us from many errors of omission and commission.






# Abbreviations

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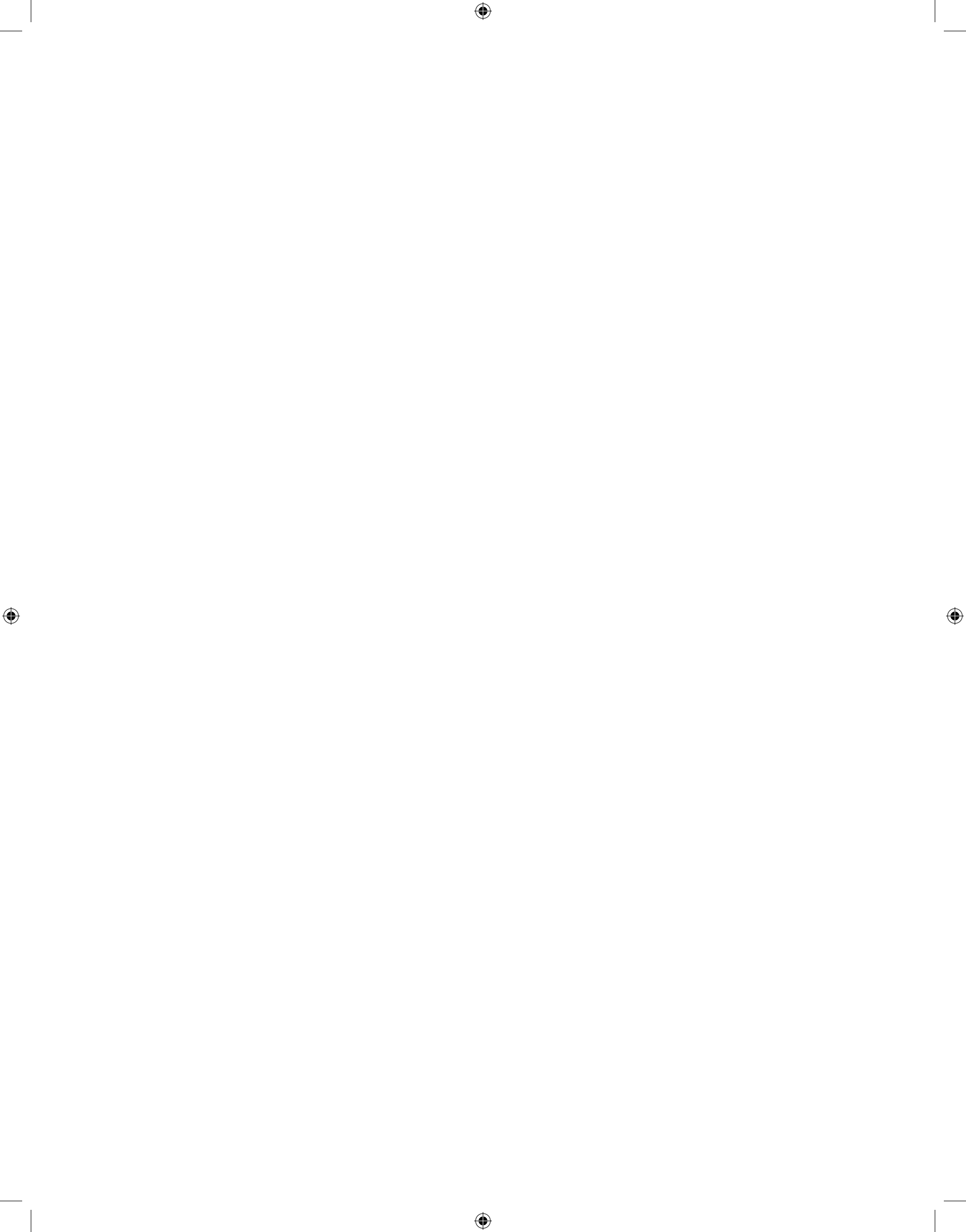
ADS	Area Development Society
AEO	Alternate Employment Opportunities
APL	Above Poverty Line
APO	Assistant Programme Officer
ATM	Automated Teller Machine
BC	Business Correspondent
BDO	Block Development Officer
BPL	Below Poverty Line
BPO	Branch Post Office
CAG	Comptroller and Auditor General
CBS	Core Banking System
CDS	Community Development Societies
CERD	Centre for Education and Research Development
CFT	Cluster Facilitation Team
CGP	Cluster of Gram Panchayats
CI	Crop Intensity
CSAE	Centre for the Study of African Economies
CSO	Civil Society Organisation
DID	Difference in Difference
DPC	District Programme Coordinator
e-FMS	Electronic Fund Management System
EGS	Employment Guarantee Scheme
FY	Financial Year
GCA	Gross Cropped Area



GoI	Government of India
GP	Gram Panchayat
GPRS	General Packet Radio Service
GRS	Gram Rozgar Sevak
GS	Gram Sabha
Ha	Hectares
HPO	Head Post Office
IAP	Integrated Action Plan
IAY	Indira Awas Yojna
ICT	Information Communication and Technology
IT	Information Technology
IFPRI	International Food Policy Research Institute
INRM	Integrated Natural Resource Management
IWMI	International Water Management Institute
JC	Job Card
JE	Junior Engineer
Kg	Kilograms
Kms	Kilometres
LWE	Left-Wing Extremism
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MIS	Management Information System
MPCE	Monthly Per Capita Expenditure
MPR	Monthly Progress Report
MR	Muster Roll
MUS	Multi-use Water Services
NCA	Net Cropped Area
NCCSO	National Consortium of Civil Society Organizations
NFIW	National Federation for Indian Women
NHG	Neighbourhood Groups
NIAS	National Institute of Advanced Studies
NIRD	National Institute of Rural Development
NSA	Net Sown Area
NSSO/NSS	National Sample Survey Organization
OBC	Other Backward Classes
Oya	Over a year ago
PANI	People's Action for National Integration Network
PDS	Public Distribution System
PIA	Project Implementing Agency
PMPSU	Poverty Monitoring and Policy Support Unit
PO	Programme Officer
POP	Poorest of the Poor
PRI	Panchayati Raj Institution
PSM	Propensity Score Matching
RBI	Reserve Bank of India
RoI	Return on Investment



RTI	Right to Information
SAU	Social Audit Unit
SBI	State Bank of India
SC	Scheduled Caste
SHG	Self-Help Group
SMF	Small and Marginal Farmer
SoRs	Schedule of Rates
ST	Scheduled Tribe
TA	Technical Assistant
UT	Union Territory
VSK	Vikas Sahyog Kendra





# Mahatma Gandhi National Rural Employment Guarantee Act

## Objectives and Salient Features

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005, was notified on 7 September 2005.

### MANDATE AND OBJECTIVES

The mandate of the Act is to provide 100 days of guaranteed wage employment in a financial year (FY) to every rural household<sup>1</sup> whose adult members volunteer to do unskilled manual work.

The objectives of the programme include:

- Ensuring social protection for the most vulnerable people living in rural India through providing employment opportunities,
- Ensuring livelihood security for the poor through creation of durable assets, improved water security, soil conservation and higher land productivity,

- Strengthening drought-proofing and flood management in rural India,
- Aiding in the empowerment of the marginalised communities, especially women, Scheduled Castes (SCs) and Scheduled Tribes (STs), through the processes of a rights-based legislation,
- Strengthening decentralised, participatory planning through convergence of various anti-poverty and livelihoods initiatives,
- Deepening democracy at the grass-roots by strengthening the Panchayati Raj Institutions (PRIs),<sup>2</sup>
- Effecting greater transparency and accountability in governance.

MGNREGA has become a powerful instrument for inclusive growth in rural India through its impact on social protection, livelihood security and democratic governance.

<sup>1</sup> A household is defined as members of a family related to each other by blood, marriage or adoption, and normally residing together and sharing meals.

<sup>2</sup> Panchayati Raj Institutions (PRIs) are systems of local governance in rural India at three levels of administration: village, block and district.



## COVERAGE

The Act was notified in 200 rural districts in its first phase of implementation (with effect from 2 February 2006). In FY 2007–08, it was extended to an additional 130 rural districts. The remaining districts were notified under MGNREGA with effect from 1 April 2008. Since 2008, MGNREGA has covered the entire country with the exception of districts that have a hundred per cent urban population.

## SALIENT FEATURES OF THE ACT

- **Registration:** Adult members of a rural household willing to do unskilled manual work, may apply for registration either in writing, or orally to the local Gram Panchayat (GP).<sup>3</sup> The unit for registration is a household. Under the Act, each household is entitled to a 100 days of employment every year.
- **Job Card:** After due verification of place of residence and age of the member/s (only adult members are eligible for employment), the registered household is issued a Job Card (JC).  
Job Card forms the basis of identification for demanding employment. A JC is to be issued within 15 days of registration. Each JC has a unique identification number. The demand for employment in the GP, or at block level has to be made against the JC number. Job Cards are also supposed to be updated with days of work and payment made to the beneficiary as and when the work is undertaken.
- **Application for Work:** A written application seeking work is to be made to the GP or Block Office, stating the time and duration for which work is sought. The GP will issue a dated receipt of the written application for employment, against

which the guarantee of providing employment within 15 days operates.

- **Unemployment allowance:** In case employment is not provided within 15 days, the state (as per the Act) will pay an unemployment allowance to the beneficiary.
- **Provision of Work:** While allocating work, the below mentioned considerations are followed:  
Work is provided within 5 kilometres (kms) radius of the village. In case, work is provided beyond 5 kms, extra wages of 10 per cent are payable to meet additional transportation and living expenses.  
Priority is awarded to women, such that at least one-third of the beneficiaries under the Scheme are women.  
At least 50 per cent of works, in terms of cost, are to be executed by the GPs.
- **Wages:** Wages are to be paid as per the State-wise Government of India (GoI) notified MGNREGA wages.  
Wages are also to be paid according to piece rate, as per the Schedule of Rates<sup>4</sup> (SoRs).  
Payment of wages has to be done on a weekly basis and not beyond a fortnight in any case.  
Payment of wages is mandatorily done through the individual/joint bank/post office beneficiary accounts.<sup>5</sup>
- **Planning:** Plans and decisions regarding the nature and choice of works to be undertaken in a FY along with the order in which each work is to be taken up, site selection, etc. are all to be made in open assemblies of the Gram Sabha<sup>6</sup> (GS) and ratified by the GP.  
Works that are inserted at Block and District levels have to be approved and assigned a priority by the GS before administrative approval can be given. The GS may accept, amend or reject them.

<sup>3</sup> Gram Panchayat is the primary unit of the three-tier structure of local self governance in rural India, the Panchayati Raj System. Each Gram Panchayat consists of one or more villages.

<sup>4</sup> The details of the productivity norms are listed in the Schedule of Rates (SoRs). The SoRs are calculated through Work Time and Motion Studies. The SoRs, under the Act, have to be such that an average person working for nine hours, with one hour of rest, is able to earn the notified MGNREGA minimum wage.

<sup>5</sup> Exceptions are made if the State Government has an exemption from the Government of India (GoI), specifying a plausible reason.

<sup>6</sup> A Gram Sabha is a body of all persons entered as electors in the electoral roll for a Gram Panchayat. All the meetings of the Gram Sabha are convened by the Gram Panchayat to disseminate information to the people as well as to ensure that development of the village is done through participation or consent of all households.

- **Cost Sharing:** The GoI bears the 100 per cent wage cost of unskilled manual labour and 75 per cent of the material cost, including the wages of skilled and semi-skilled workers.
- **Worksite Management:** To ensure that the workers are directly benefitted under the Scheme, the Act prohibits the use of contractors or machinery in execution of the works.
 

To ensure that the spirit of the Act is not diluted and wage employment is the main focus, MGNREGA mandates that in the total cost of works undertaken in a GP, the wage expenditure to material expenditure ratio should be 60:40.

Worksite facilities such as crèche, drinking water and shade have to be provided at all worksites.
- **Transparency and Accountability:** Transparency and accountability in the programme is ensured through the following:
 

Social audit,<sup>7</sup> to scrutinise all the records and works under the Scheme are to be conducted regularly by the GS.

Grievance redressal mechanisms and rules have to be put in place for ensuring a responsive implementation process.

All accounts and records relating to the Scheme should be available for public scrutiny.
- It has legal provisions for allowances and compensation, in case of failure to provide work on demand, and delays in payment of work undertaken. In case work is not provided on time, the States bear the cost of the unemployment allowance,
- It overcomes problems of targeting through its self-targeting mechanism of beneficiary selection,
- It incentivises States to provide employment as 100 per cent of the unskilled labour cost and 75 per cent of the material cost of the programme is borne by the GoI,
- Unlike the earlier wage employment programmes that were allocation-based, MGNREGA is demand-driven and the transfer of resources from GoI to States is based on the demand for employment in each of the States. This provides an additional incentive for the States to leverage the Act to meet the employment needs of the poor,
- The order of devolution of financial resources to GPs (with GPs implementing 50 per cent of the works in terms of cost) is unprecedented,
- The bottom-up, people-centred, demand-driven architecture also means that a great share of the responsibility for the success of the MGNREGA lies with the wage-seekers, GSs and GPs,
- Social audit, a new feature of MGNREGA, creates unprecedented accountability of performance, especially towards the immediate stakeholders,
- A Report on the outcomes of MGNREGA is presented annually by the GoI to the Indian Parliament and by the State governments to the State Legislatures.

### A PARADIGM SHIFT

The MGNREGA marks a paradigm shift from previous wage employment programmes either planned or implemented in India's history. MGNREGA is unlike any other in its scale, architecture and thrust. It has an integrated natural resource management and livelihoods generation perspective. The transparency and accountability mechanisms under MGNREGA create unprecedented accountability of performance, especially towards immediate stakeholders. Some of its other unique aspects are outlined below:

- Its design is bottom-up, people-centred, demand-driven, self-selecting and rights-based,
- It provides a legal guarantee of wage employment,
- It is a demand-driven programme where provision of work is triggered by the demand for work by wage-seekers,

### PERFORMANCE OF MGNREGA

An overview of the performance of MGNREGA over the last 6 years (since its inception) is provided in Table A on the following page.

<sup>7</sup> Social audit refers to an audit of all processes and procedures under the Scheme, including wage payments, Muster Rolls (see Chapter 7 for an explanation), etc. It normally involves a scrutiny of all documents and records of work done.

**TABLE A An Overview of the Performance of MGNREGA**  
(FY 2006-07 to FY 2011-12\*)

	FY 2006-07 (200 districts)	FY 2007-08 (330 districts)	FY 2008-09 (All rural districts)	FY 2009-10 (All rural districts)	FY 2010-11 (All rural districts)	FY 2011-12* (All rural districts)	Total FY 2006-07- FY 2011-12*
Number of Households provided employment (In crore)	2.1	3.4	4.5	5.3	5.5	5	**
<b>PERSON-DAYS (In crore) [% of total person-days]</b>							
Total:	90.5	143.59	216.3	283.6	257.2	209.3	1200
SCs:	23 [25%]	39.4 [27%]	63.4 [29%]	86.5 [30%]	78.8 [31%]	46.2 [22%]	337 [28%]
STs:	33 [36%]	42 [29%]	55 [25%]	58.7 [21%]	53.6 [21%]	37.7 [18%]	280 [23%]
Women:	36 [40%]	61 [43%]	103.6 [48%]	136.4 [48%]	122.7 [48%]	101.1 [48%]	561 [47%]
Average person-days per employed household	43 Days	42 Days	48 Days	54 Days	47 Days	42 Days	**
<b>FINANCIAL DETAILS</b>							
Budget outlay (in Rs crore)	11300	12000	30000	39100	40100	40000	172500
Expenditure (in Rs crore)	8824	15857	27250	37905	39377	37303	166516
Expenditure on unskilled wages (in Rs crore)	5842	10739	18200	25579	25686	24660	110706
[% of total expenditure]***	[66%]	[68%]	[67%]	[67%]	[65%]	[66%]	[66%]
<b>WORKS (In lakh)</b>							
Works taken up	8.4	17.9	27.8	46.2	51	73.6	146
Works completed	3.9	8.2	12.1	22.6	25.9	14.3	87

*Note:*\* Provisional Data: At the time of the preparation of the report, data entry for States was still open for the year 2011-12.

\*\*Data cannot be averaged as households from one year to another are not distinct.

\*\*\* Percentage has been calculated from the total expenditure including administrative expenditure, during the FY.

*Source:* Mahatma Gandhi National Rural Employment Guarantee Act (official website), <http://www.mgnrega.nic.in>.





# 1 Income and Livelihood Security

**M**GNREGA aims to provide a steady source of income and livelihood security for the poor, vulnerable and marginalised. This chapter reviews the existing literature on the impact of MGNREGA on poverty and inclusive growth to assess the extent to which the Scheme has succeeded in meeting its objectives.

Overall, evidence suggests that MGNREGA does provide basic income assurance to a large number of beneficiaries. In FY 2011–12<sup>1</sup> alone, nearly 5 crore households<sup>2</sup> (close to 25 per cent of all rural households in the country) were provided over 209 crore person-days<sup>3</sup> of work (see Table A).

Many micro-level studies have assessed the impact of MGNREGA in terms of poverty alleviation and generation of income opportunities in the future. However, further research and analysis is required, both for evaluating the current efforts in terms of their impact on livelihood and poverty as well as informing future implementation of the Scheme. The key inferences and findings from the research studies are listed below.

## IMPACT ON POVERTY AND DEPRIVATION

*MGNREGA has provided around Rs 1,10,700 crore (66 per cent of the total expenditure of around Rs 1,66,000 crore) as worker wages from FY 2006 up to FY 2011–12\*. Studies note a positive impact of this transfer on household income, monthly per capita expenditure, food security and health of the beneficiaries. Overall, while there are several indications of the significant impact of the Scheme, it has even greater potential in terms of poverty alleviation at scale, that can be realised.*

From FY 2006 up to FY 2011–12\*, over 1,10,700 crore (66 per cent of the total expenditure of around Rs 1,66,000 crore) under MGNREGA has been spent on worker wages. In FY 2011–12\* alone, Rs 24,600 crore of the total expenditure under MGNREGA was on worker wages. To assess the impact of the Scheme on poverty and deprivation, studies have used proxy indicators, including household income and monthly

<sup>1</sup> Provisional Data: At the time of the preparation of the report, data entry for states was still open for the year 2011–12. Henceforth, all instances of Provisional Data have been indicated with an asterisk (\*) within the text and footnotes.

<sup>2</sup> A household is defined as members of a family related to each other by blood, marriage or adoption, and normally residing together and sharing meals.

<sup>3</sup> Person-day in the context of MGNREGA is defined as one day of work. In other words, one person-day of work entitles a worker to the MGNREGA notified wage as per the Schedule of Rates (SoRs).

per capita expenditure<sup>4</sup> (MPCE). Estimations of the net benefits from the Scheme also take into account, availability of alternate employment opportunities (AEO)<sup>5</sup> and opportunity cost<sup>6</sup> of time as important parameters.

### Household Income

There are a number of distinct ways in which MGNREGA is likely to impact poverty, the most direct and obvious way being by providing extra work opportunities and income to the poorest in the rural areas.<sup>7</sup>

Net household income or income as a fraction of household income, is considered as an indicator of the relevance of the Scheme for the poor. Surveying 1,500 households in three states, a study<sup>8</sup> observed that the share of MGNREGA in the income of the poor was the highest in Andhra Pradesh (about 17 per cent). In Rajasthan this share was 10 per cent and in Maharashtra it was 7 per cent.<sup>9</sup>

The importance of MGNREGA as a supplementary source of income is also noted by some studies. In a longitudinal survey of 1,064 rural households across Medak district of Andhra Pradesh, around 12 per cent of the households indicated that their household income had increased as more members of the same household were being able to work.<sup>10</sup>

There is also preliminary evidence from the field that MGNREGA income is being used by rural households for starting their own ventures. An interesting research analysing the impact of MGNREGA income on rural entrepreneurship in

Birbhum district of West Bengal concluded that around 17 per cent (out of 96 Job Card holders surveyed) of the rural households used MGNREGA income to run, expand or start a rural business.<sup>11</sup>

### Alternate Employment Options and Opportunity Cost of Time

In order to estimate MGNREGA's impact on income more accurately, research studies suggest that it is necessary to deduct the opportunity cost of time (cost of the next best alternative foregone) from MGNREGA earnings.<sup>12</sup> In Rajasthan, among female-headed households, the share of MGNREGA earnings was found to be nearly 15 per cent of household income; this is slightly higher than twice that in male-headed households, implying substantially greater importance of this source of income to female-headed households. In contrast, the shares are high for both male- and female-headed households in Andhra Pradesh (19 per cent and 16 per cent, respectively). Using the same measure, among landless households, the share is 20 per cent in Andhra Pradesh, followed by Maharashtra and Rajasthan with nearly equal shares (about 7 per cent).

Another measure to estimate the viability of MGNREGA for rural population is to assess AEOs. If there are lucrative AEOs apart from MGNREGA, then relevance of MGNREGA will be less.<sup>13</sup> The National Sample Survey Organisation (NSSO) in one of its rounds of MGNREGA panel survey in three States found that only around 6 per cent of the MGNREGA workers in Andhra Pradesh reported availability of

<sup>4</sup> The term monthly per capita expenditure or MPCE means gross expenditure in a month for a household or a person.

<sup>5</sup> The term alternate employment opportunities refers to employment opportunities in the absence of MGNREGA. In the study, these were based on the self-reported options, if any. For instance, MGNREGA participants were often asked questions such as, 'Are there employment opportunities in village itself, or in the nearby villages in absence of MGNREGA?'

<sup>6</sup> Opportunity cost is the cost of any activity measured in terms of the value of the next best alternative for gone (that is not chosen).

<sup>7</sup> P. Dutta, R. Murgai, M. Ravallion and M. V. Dominique, 'Does India's Employment Guarantee Scheme Guarantee Employment?', Policy Research Paper, Washington, DC: World Bank, 2012.

<sup>8</sup> R. Jha, R. Gaiha and M. K. Pandey, 'Net Transfer Benefits under India's Rural Employment Guarantee Scheme', *Journal of Policy Modeling*, vol. 34, no. 2, 2011.

<sup>9</sup> Ibid.

<sup>10</sup> M. Engler and S. Ravi, *Workfare as an Effective Way to Fight Poverty: The Case of India's NREGS*, 2012, Retrieved from Social Science Research Network: <http://ssrn.com/paper=1336837>, accessed on 15 May 2012.

<sup>11</sup> S. Mangatter, 'Does the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) Strengthen Rural Self Employment in Bolpur Subdivision (West Bengal, India)?' Master's Thesis, Philipps-Universität Marburg, Germany, 2011.

<sup>12</sup> M. Ravallion and G. Datt, 'Is Targeting Through a Work Requirement Efficient? Some Evidence for Rural India, in *Public Spending and the Poor: Theory and Evidence*, ed. D. Van De Walle and Kimberley Nead, Washington, DC: The World Bank, 1995, pp. 413-14).

<sup>13</sup> Ibid.



other work during the time MGNREGA work was performed. The figure was 14 per cent for Rajasthan and 2 per cent for Madhya Pradesh.<sup>14</sup>

It is also important to observe the average number of days when work other than MGNREGA was available. In the case of Andhra Pradesh other work was available on an average for 16 days (at a wage rate of Rs 74/day), whereas MGNREGA work was available for 20 days (at a wage rate of Rs 89/day). Madhya Pradesh and Rajasthan demonstrated similar trends with MGNREGA providing more number of days of work at a higher average per day wage rate.<sup>15</sup>

The findings for Andhra Pradesh were confirmed by the longitudinal study in Medak district (mentioned above). It was found that around 67 per cent of the households said they use MGNREGA as a source of income when no other work was available.<sup>16</sup>

### Monthly Per Capita Expenditure

Monthly per capita expenditure has been used as a proxy indicator to measure the impact of MGNREGA on poverty levels of a household. The impact is likely to be positive if the increase in income has translated into an increase in expenditure, particularly on food and essential items, of the household.

It follows from a study conducted in Andhra Pradesh that the MGNREGA has caused a significant increase in monthly per capita consumption expenditure of around 10 per cent for households. Expenditure on non-food consumables increased significantly by around 23 per cent. Expenditure on transportation decreased significantly due to the MGNREGA by around 65 per cent. This was most likely because the MGNREGA stipulates that employment be provided within 5 kilometres (kms) of the residence of participants.<sup>17</sup> Similar expenditure patterns were apparent in Rajasthan, as

per another study. The wage-seekers were spending their additional wages from MGNREGA mainly on food (50 per cent), clothing (20 per cent), education (10–15 per cent) and health care (10 per cent).<sup>18</sup>

Another longitudinal study surveyed the same 2,500 households in Andhra Pradesh in 2004, before MGNREGA, and in 2006 and 2008, after the implementation of MGNREGA. It found that participation in MGNREGA had a significant and positive impact on consumption expenditure, intake of energy and protein and asset accumulation.<sup>19</sup>

MGNREGA seems to provide poor households the ability to withstand economic shocks and deal with inflation. In a study conducted in Chhattisgarh, Jharkhand and Odisha, most sample households reported that had MGNREGA not been implemented in the study areas, most of the households would not have had the capacity to purchase enough foodgrains.<sup>20</sup>

### Impact on Food Security, Savings and Health Outcomes

Studies on poverty suggest that deprivation across a wide range of nutrients (calories, micro-nutrients, etc.), can lead to a poverty trap where low nutrition leads to low productivity which in turn leads to low wages and then to low nutrition, thus completing a vicious cycle. Depending on how net transfers from MGNREGA are spent, their nutritional implications may be significant.<sup>21</sup>

MGNREGA has contributed to ensuring a higher intake of food and food availability. In Andhra Pradesh, a study compared the number of meals foregone by households and found that this number had reduced significantly as a result of MGNREGA. Those who worked in the programme gave up 1.6 fewer meals per week.<sup>22</sup>

A few research studies also observe that MGNREGA

<sup>14</sup> NSSO, *Survey of MGNREGA*, New Delhi: National Sample Survey Organisation, 2010–11.

<sup>15</sup> Ibid.

<sup>16</sup> Engler and Ravi, *Workfare as an Effective Way to Fight Poverty*.

<sup>17</sup> Ibid.

<sup>18</sup> V. S. Babu and K. H. Rao, 'Impact of MGNREGS on Scheduled Castes and Scheduled Tribes: Studies Conducted in 8 States', Hyderabad: National Institute of Rural Development (NIRD), 2010.

<sup>19</sup> K. Deininger and Y. Liu, 'Poverty Impacts of India's National Rural Employment Guarantee Scheme: Evidence from Andhra Pradesh', Selected Paper Prepared for Presentation at the Agricultural and Applied Economics Association, Denver: Colorado, 2010.

<sup>20</sup> K. Banerjee and P. Saha, 'The NREGA, the Maoists and the Developmental Woes of the Indian State', *Economic and Political Weekly*, vol. 55, no. 28, 10 July 2010.

<sup>21</sup> Jha, Gaiha and Pandey, 'Net Transfer Benefits under India's Rural Employment Guarantee Scheme'.

<sup>22</sup> Engler and Ravi, *Workfare as an Effective Way to Fight Poverty*.

has had an impact on the health of the beneficiaries. As per the longitudinal study in Medak in Andhra Pradesh (mentioned earlier), the health outcomes impacted by the programme include a significant reduction of 12 per cent in the incidence of reported depression and improvements in mental health indicators. Consequently, post MGNREGA, health expenditure has decreased by Rs 8 per capita.<sup>23</sup>

The programme also raised the probability of holding savings for a rural household by 21 per cent and the per capita amount saved increased by around Rs 19.<sup>24</sup>

In assessing the impact of MGNREGA on poverty, it is important to also look at the interplay between MGNREGA and market wages. Literature suggests that workfare programmes like MGNREGA, that can put upward pressure on agriculture wages, are likely to be some of the most effective ways of improving the welfare of the poorest.<sup>25</sup>

Research suggests that welfare costs of economic crises and weather shocks are disproportionately large for the poor who lack the means to protect themselves from adverse income and employment shocks. This could further reinforce existing inequalities, create persistent poverty and hurt the pace of poverty reduction. Through its impact on income, consumption, food security and employment, MGNREGA appears to be helping in protecting the poor and vulnerable. For instance, according to a secondary analysis of MGNREGA data from Andhra Pradesh, a study observed that MGNREGA provides income for poor households when they most need it, i.e. when they are hit by adverse weather conditions. Each millimetre (mm) in deficit rainfall suffered by a sub-district was correlated with nearly Rs 20 in additional MGNREGA wages per working age person, while each extra day of rain went with reduced MGNREGA wages per working age person by slightly over Rs 7.<sup>26</sup> There is, however, a need for concrete and rigorous research on the issue as well, as only a few studies look at this aspect.

## MGNREGA AND MARKET WAGES

*The MGNREGA notified wages have increased across States since 2006, Maharashtra observing the highest increase of over 200 per cent, and Kerala the lowest at 31 per cent.<sup>27</sup> A majority of the research suggests that MGNREGA has led to an increase in agriculture wage rates. A study estimates that MGNREGA boosts the real daily agricultural wage rates by 5.3 per cent. The wage effect is equal for both men and women and is in favour of unskilled labour. Thus, MGNREGA may also be indirectly benefitting poor households through the increase in private sector wages.*

MGNREGA entitles every worker to wages at the GoI notified, State-wise wage rate, for each day of work. The MGNREGA notified wage rates have increased across States over the years, with some states like Maharashtra registering an increase of over 200 per cent. The MGNREGA wage is higher than the legal minimum agriculture wage in 19 States (see Table 1.1).

Research studies have attempted to analyse if this increase is causing an upward pressure in market wages. A majority of the literature supports this claim.

Based on NSSO 64th Round Survey during agricultural year 2008–09, both male and female workers reported earning an average of Rs 79 per day for work under the Act. These earnings are 12 per cent higher than the average daily earnings for casual workers.<sup>28</sup> Another comprehensive time series of rural wage data (both agricultural and non-agricultural) put together by the Ministry of Statistics and Program Implementation indicates that the advent of MGNREGA has resulted in a significant structural break in rural wage increases. Between 1999 and 2005, pre-MGNREGA, nominal wages in the rural economy grew at an average annual rate of

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

<sup>25</sup> E. Berg, S. Bhattacharyya, R. Durg and M. Ramachandra, 'Can Rural Public Works Affect Agriculture Wages: Evidence from India', Centre for the Study of African Economies (CSAE), Working Papers WPS/2012–15, 2012.

<sup>26</sup> Doug Johnson, 'Can Workfare Serve as a Substitute for Weather Insurance? The Case of NREGA in Andhra Pradesh', Working paper 32, Chennai: Institute of Financial Management and Research (IFMR), 2009.

<sup>27</sup> Kerala's wage was high to begin with at Rs 125 in 2006.

<sup>28</sup> C. Imbert and J. Papp, 'Equilibrium Distributional Impacts of Government Employment Programs: Evidence from India's Employment Guarantee', Paris School of Economics, 2011.

**TABLE 1.1 Increase in MGNREGA Notified Wages from FY 2006–07 to FY 2011–12 and Minimum Agriculture Wage (Rs per day) FY 2011–12**

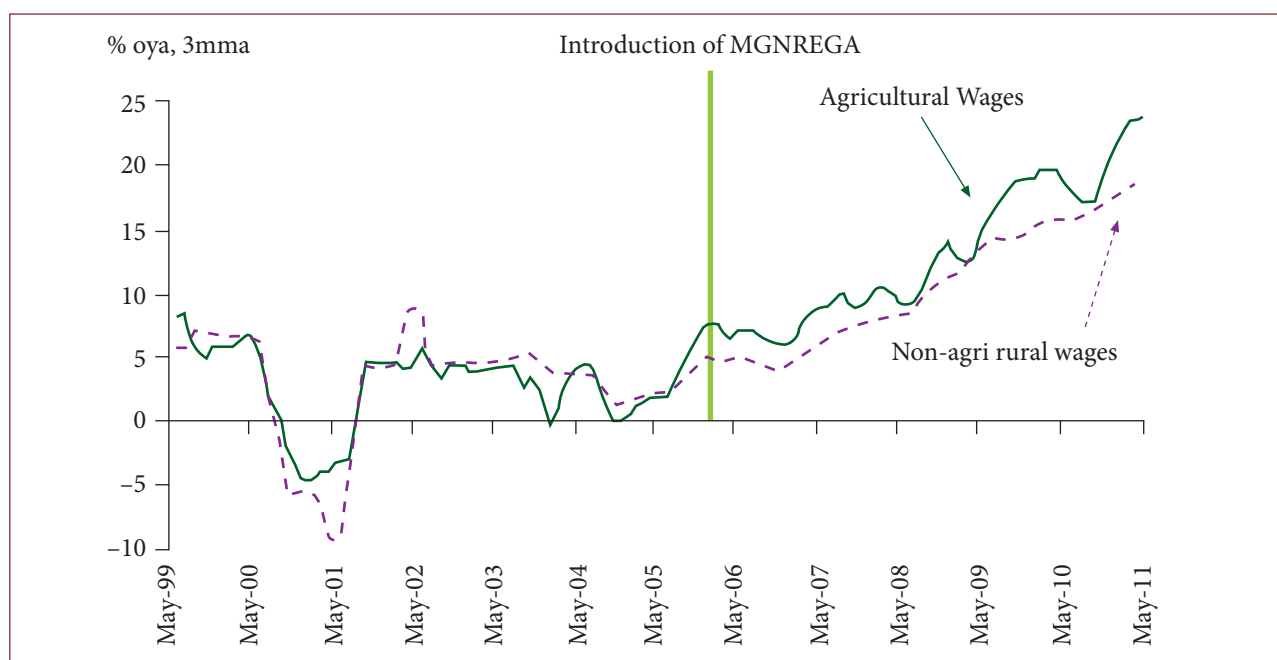
State	MGNREGA Wage FY 2006–07	MGNREGA Wage FY 2007–08	MGNREGA Wage FY 2009–10	MGNREGA Wage FY 2010–2011 & 2011–12	MGNREGA Wage (revision with effect from 1/4/2012)	Minimum Agriculture Wage (Min. Wages Act) FY 2011–12
Andhra Pradesh	80	80	100	121	137	168
Arunachal Pradesh	55–57	65–67	80	118	124	135–154
Assam	66	76.35	100	130	136	100.42
Bihar	68	77	100	120	122	120
Chhattisgarh	62.63	62.63	100	122	132	114
Gujarat	50	50	100	124	134	100
Haryana	99.21	135	141.02	179	191	173.19
Himachal Pradesh	75	75	100	120–150	126–157	120–150
Jammu and Kashmir	70	70	100	121	131	110
Jharkhand	76.68	76.68	99	120	122	127
Karnataka	69	74	100	125	155	145.58
Kerala	125	125	125	150	164	200
Madhya Pradesh	63	85	100	122	132	124
Maharashtra	47	66–72	100	127	145	100
Manipur	72.4	81.4	81.4	126	144	122.1
Meghalaya	70	70	100	117	128	100
Mizoram	91	91	110	129	136	170
Nagaland	66	100	100	118	124	–
Odisha	55	70	90	125	126	90
Punjab	93–105	93–105	100–105	153	166	153.8
Rajasthan	73	73	100	119	133	135
Sikkim	85	85	100	118	124	100
Tamil Nadu	80	80	100	119	132	100
Tripura	60	60	100	118	124	100
Uttar Pradesh	58	58	100	120	125	100
Uttarakhand	73	73	100	120	125	121.65
West Bengal	69.4	69.4	100	130	136	167

*Note:* (1) From 1.1.2009 MGNREGA wages were moved from Section 6 (2) to Section 6 (1) of the Act. (2) From 1.1.2011 MGNREGA wage rate was linked with Consumer Price Index for Agriculture Labour (CPI-AL). (3) In the table, in the case of two wages, the wages are for different areas within the state, for example, schedule area and non-scheduled area. In this case the difference between notified MGNREGA wage and agriculture wage has been taken from the upper limits. (4) Union Territories have not been included.

*Source:* Mahatma Gandhi National Rural Employment Guarantee Act (official website), <http://www.mgnrega.nic.in>.



FIGURE 1.1 Nominal Rural Wage Growth Post-MGNREGA



Source: JP Morgan, 'Wages in Rural India Accelerated Sharply Post NREGA', 2011.

2.7 per cent oya.<sup>29</sup> Post-MGNREGA, average wage increases almost quadrupled to 9.7 per cent between 2006 and 2009 (see Figure 1.1). And between January 2010 and May 2011 (the last date for which this data is available), annual nominal wage growth averaged almost 18.8 per cent. Since January 2010, agricultural wages rose 20.2 per cent oya, while non-agricultural rural wages increased 16.7 per cent oya. Wage growth for men in the agricultural sector averaged 19.7 per cent oya while that for women 20.8 per cent oya.<sup>30</sup>

A study using monthly wage data from the period 2000–11 for a panel of 249 districts across 19 States confirmed that the increase in wages was also visible in real terms.<sup>31</sup> The study found that MGNREGA boosts the real daily agriculture wage rate by 5.3 per cent. The wage effect is equal for both men and women. It also appears to be targeted well as it only affects unskilled wages and not skilled wages. Since the increase was calculated against the base year 2000,

it was estimated as a real increase in wages.<sup>32</sup> The study also noted that MGNREGA has the potential to be an effective policy instrument to reduce poverty. The Scheme, by influencing wage rates in the rural unskilled labour market, has provided an additional opportunity for the Government to enforce statutory minimum wages<sup>33</sup> (also see Chapter 5).

Figure 1.2 plots real average wage rates across all districts in each phase of MGNREGA implementation, i.e. from in the year 2006 (Phase I), 2007 (Phase II) and 2008 (Phase III).

There are, however, studies which argue that rise in casual wage rates cannot be wholly attributed to MGNREGA. An analysis of the NSSO data suggests that, where MGNREGA has only a limited share in the rural labour market, it does not seem plausible that the Scheme has a large impact on wages for other casual work. For example, in Punjab only 5 per cent of the rural households were provided

<sup>29</sup> Oya is 'over a year ago'. It provides a year on year average, for example May 2010 to May 2011. It is based on a 12-month year and not a calendar year. Therefore, it is possible to compare quarters as well.

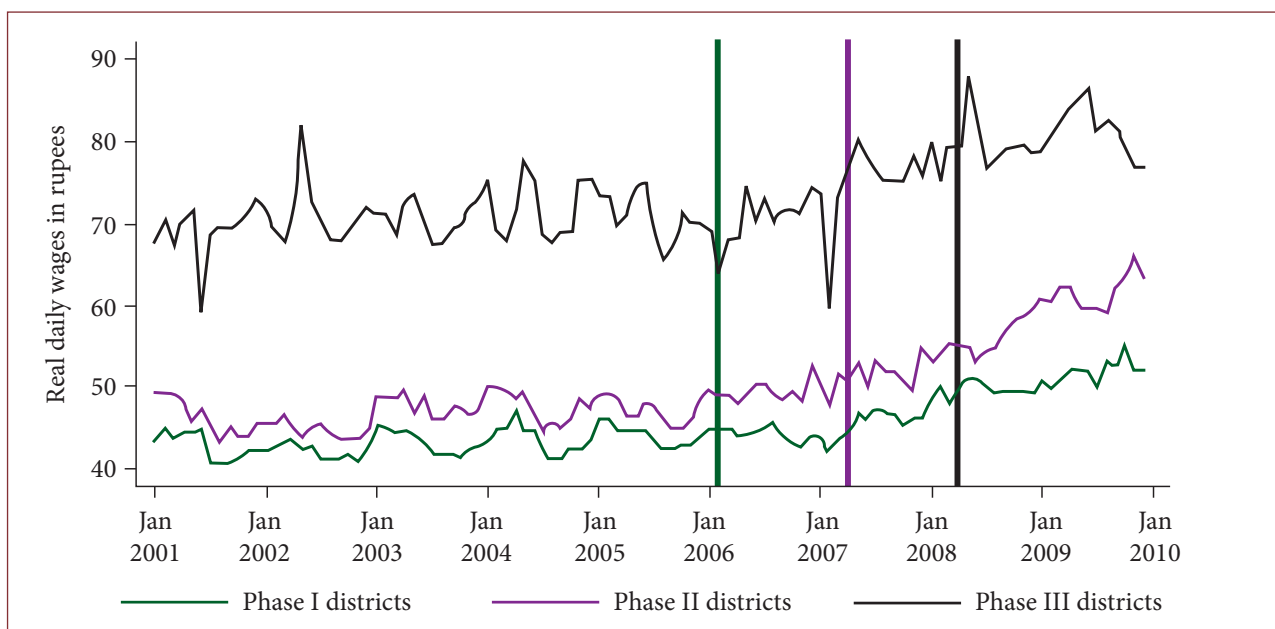
<sup>30</sup> JPMorgan, 'Wages in Rural India Accelerated Sharply Post NREGA', 2011, Retrieved from India Equity Research, <http://indiaer.blogspot.in/2011/10/india-rural-wages-surge-to-support.html>.

<sup>31</sup> Berg, Bhattacharyya, Durg and Ramachandra, *Can Rural Public Works Affect Agriculture Wages*.

<sup>32</sup> Ibid.

<sup>33</sup> Ibid.

FIGURE 1.2 Real Wage Growth Post-MGNREGA



*Note:* The figure shows real daily field labour wages in January 2000 prices. The rates are averaged across the field labour sub-categories across men and women and across all districts in each phase. The vertical lines show the line of introduction of MGNREGA in each phase. Monthly observations.

*Source:* Berg, Bhattacharyya, Durg and Ramachandra, *Can Rural Public Works Affect Agriculture Wages*, 2012.

employment. This makes it difficult to conclude that the casual (non-public works) wage rate is above the MGNREGA wage rate due to competition with the scheme for workers.<sup>34</sup>

If indeed MGNREGA is influencing casual wages, other research studies argue, that the upward pressure on casual wages may translate into an overall increase in prices, which could undermine any gains for the poor; if aggregate price levels increase it would reduce net income gains for the poor.<sup>35,36</sup> Though in this case, research indicates that benefits from increased wages also extend to the private sector and are significant even for those households that do not participate in MGNREGA.<sup>37</sup> Further, it is pertinent to keep in mind that there

are several factors responsible for inflation in an economy like India, and the role of MGNREGA should not be over-emphasised.

The best way to fully overcome this difficulty is, of course, for MGNREGA to become a productivity-enhancing instrument in which case it would simultaneously be an inflation-checking mechanism through its positive impact on agricultural productivity.<sup>38</sup>

Finally, based on the experience of the Employment Guarantee Scheme (EGS) in Maharashtra, it has also been suggested that a high rise in MGNREGA wages could even lead to the possible exclusion of the poor. As the EGS wage exceeded the agricultural wage, the Scheme became lucrative even for the Above Poverty

<sup>34</sup> Dutta, Murgai, Ravallion and Dominique, 'Does India's Employment Guarantee Scheme Guarantee Employment?'

<sup>35</sup> Engler and Ravi, *Workfare as an Effective Way to Fight Poverty*.

<sup>36</sup> Cf. Anil Sharma, 'NCAER-PIF Study on Evaluating Performance of National Rural Employment Guarantee Act', New Delhi: National Council of Applied Economic Research, 2009.

<sup>37</sup> Imbert and Papp, 'Equilibrium Distributional Impacts of Government Employment Programs: Evidence from India's Employment Guarantee.'

<sup>38</sup> This was the argument made in one of the earliest proposals for an employment guarantee in India that was both productivity enhancing and environment-conserving. See Mihir Shah et al., *India's Drylands: Tribal Societies and Development through Environmental Regeneration*, New Delhi: Oxford University Press, 1998.

Line (APL) population. The poor were crowded out since the districts had a limited institutional capacity in terms of opening and managing work sites.<sup>39</sup> The clear implication is that for MGNREGA to succeed adequate capacity among implementing agencies (especially GPs) to enable them to prepare the requisite shelf of works to meet the demand thrown up by the programme, is required.

### PARTICIPATION OF MARGINALISED COMMUNITIES

*Evidence suggests that MGNREGA is succeeding as a self-targeting programme, with high participation from marginalised groups including the SCs and STs. At the national level, the share of SCs and STs in the work provided under MGNREGA has been high at 40–50 per cent across each of the years of the Scheme's implementation. In FY 2011–12\* alone, 40 per cent of the total person-days of employment (84 crore out of 209 crore) were provided to SCs and STs as according. In the case of both SCs and STs, the participation rate exceeds their share in the total population.*

MGNREGA employment trends validate the hypothesis that it is the most needy who seek employment under the Scheme. In a survey conducted in 2008 in six states—Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Rajasthan and Uttar Pradesh—it was found that a majority of the MGNREGA workers belong to the most disadvantaged sections of society; 81 per cent of the sample workers lived in *kachcha* (non-permanent) houses, 61 per cent were illiterate, and 72 per cent have had no electricity at home. SC and ST families accounted for 73 per cent of the workers in the randomly selected sample.<sup>40</sup>

At the national level, the share of SCs and STs in the work provided under MGNREGA has been high at 40–50 per cent across each of the years of the Scheme's implementation. In the case of both SCs and STs, the participation rate exceeds their total share in the total population (except in Maharashtra where it is only marginally less) as shown in Table 1.2. This trend is definitely a positive indication.<sup>41</sup>

Other field studies corroborate the high workforce participation by the marginalised. A study conducted in five districts of Uttar Pradesh noted that in its sample, around 85 per cent of the beneficiaries belong to Below Poverty Line (BPL), 50 per cent belong to SCs, 45 per cent belong to the Other Backward Classes (OBCs).<sup>42</sup> An NSSO survey on MGNREGA observed that in Andhra Pradesh 42 per cent of the beneficiaries were SCs/STs and 50 per cent were OBCs, these proportions in Madhya Pradesh were 67 per cent and 29 per cent, and in Rajasthan 50 per cent and 42 per cent, respectively.<sup>43</sup>

### WORKS ON PRIVATE LANDS OF THE MARGINALISED

*In FY 2011–12\*, around 12 per cent of the total MGNREGA works taken up have been on private lands. Since 2006–07, around 20 lakh individuals have benefited under this category of works. Micro-level case studies indicate the positive impact of the Scheme in creating sustainable livelihoods for these individual beneficiary households. However, more rigorous research studies are required to understand the impact on income of Small and Marginal Farmers as well as the productive potential of these works.*

<sup>39</sup> K. Imai, R. Gaiha, V. Kulkarni and M. Pandey, 'National Rural Employment Guarantee Scheme: Poverty and Prices in Rural India', University of Manchester, Economics Discussion Paper Series, EDP 908, 2009.

<sup>40</sup> J. Dreze and R. Khera, 'Battle for Employment Guarantee', New Delhi: Oxford University Press, 2011, pp. 43–81.

<sup>41</sup> J. Ghosh, 'Equity and Inclusion through Public Expenditure: The Potential of the NREGS', Paper for International Conference on NREGA, New Delhi, 2009, 21–22 January.

<sup>42</sup> Indian Institute of Management-Lucknow (IIM-L), 'Quick Appraisal of Five Districts of Uttar Pradesh', Report submitted to the Ministry of Rural Development/UNDP, Lucknow: Indian Institute of Management, 2009.

<sup>43</sup> NSSO, *Survey of MGNREGA*, 2010–11.

**TABLE 1.2 State-wise Share of SCs and STs in Total Population and MGNREGA**  
(FY 2006–07 to FY 2011–12)\*

State	Share of SCs and STs	
	In total population (% share of total population in the State)	In MGNREGA (Cumulative % share of total person-days in the State from FY 2006–07 to FY 2011–12)*
Andhra Pradesh	22.8	36.1
Assam	19.3	43.2
Bihar	16.6	43.8
Chhattisgarh	43.4	52.0
Gujarat	21.9	55.2
Haryana	19.3	37.6
Himachal Pradesh	28.7	33.5
Jammu and Kashmir	18.5	28.6
Jharkhand	38.1	56.6
Karnataka	22.8	26.2
Kerala	10.9	15.1
Madhya Pradesh	35.5	60.4
Maharashtra	44.6	43.3
Odisha	38.6	57.7
Punjab	28.9	60.0
Rajasthan	29.8	50.3
Tamil Nadu	20.0	43.1
Uttar Pradesh	21.2	46.3
Uttarakhand	20.9	24.3
West Bengal	28.5	42.5
<b>All India</b>	<b>24.3</b>	<b>51.0</b>

*Note:* (1) Union Territories and some States are not included in the table. (2) The SC/ST share is cumulative from FY 2006–07 to 2011–12 as a % of total person-days generated in the State. (3) The All India total share of SCs and STs and % share of person-days is for all States and Union Territories.

\*Provisional Data: At the time of the preparation of the report, data entry for States was still open for the year 2011–12.

*Source:* Share of population from Census of India 2001 and share of MGNREGA work from [www.mgnrega.nic.in](http://www.mgnrega.nic.in).

The Act allows works such as irrigation, horticulture, land development, on private land belonging to the SCs and the STs or below poverty line families or to the beneficiaries of land reforms or to the beneficiaries under the Indira Awas Yojana (IAY) of the GoI or that of the Small or Marginal Farmers (SMF) as defined in the Agriculture Debt Waiver and Debt Relief Scheme, 2008 of the GoI, or to the beneficiaries under the Scheduled Tribes and

Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006.

Twelve per cent of the total works in FY 2011–12\* alone were on lands of individual beneficiaries (see Table 1.3), a vast majority of these are SMF, the productivity of whose lands has been so decimated over the years, that they have been compelled to labour under MGNREGA.<sup>44</sup> Permitting private works on lands of SMF implies a coverage of 40 per cent of

<sup>44</sup> M. Shah, 'Employment Guarantee, Civil Society and Indian Democracy', *Economic and Political Weekly*, vol. 42, nos 45 and 46, 10–23 November 2007.

### Box 1.1 MGNREGA in Districts Experiencing Left-Wing Extremism

In its first Phase, MGNREGA included some of the most backward districts in the country, including Left-Wing Extremism (LWE)-affected districts. It is relevant to look at the impact of MGNREGA in these areas as they face serious issues in terms of limited access to economic opportunities and internal security.

A study was conducted in six LWE districts (12 blocks) of Chhattisgarh, Jharkhand and Odisha. The main findings of the study were:

- **Employment and Work Participation:** With limited employment opportunities, outside MGNREGA, all three states have low average annual days of employment; in Odisha average days of employment were 35–40 days, in Chhattisgarh 60–70 days and in Jharkhand 150 days.

Thus, MGNREGA provides additional employment days and is an important source of supplementary income. The average days of employment under MGNREGA ranged from seven in Malkangiri (Odisha), to 55 person days in Bastar (Chhattisgarh). Noticeably, in all the blocks surveyed, women participation was above the statutory minimum of 33 per cent.

- **Wages:** Wages in different agriculture operations have gone up following the introduction of MGNREGA. Pre-MGNREGA (agriculture wage in 2005–06) wages for women were in the range of Rs 20/day (in Bastar, Chhattisgarh) to around Rs 55/day (in Khunti, Jharkhand). Wages for men were in the range of Rs 37/day (in Gumla, Jharkhand) to Rs 75/day (in Khunti, Jharkhand).

Post MGNREGA in FY 2009–10, the wages for women were in the range of Rs 80/day (in Bastar, Chhattisgarh) to Rs 105/day (in Dhamtari, Chhattisgarh). For men, the wages were Rs 45 (in Gumla, Jharkhand) to Rs 70/day (Dhenkanal, Odisha). *The study suggests that the increase in female wages was greater than for men.*

- **Household Income:** The increase in overall employment and wages also resulted in an increase in household income. In Chhattisgarh, the increase in household income ranged from 23 per cent–160 per cent (as compared to 2005–06), in Jharkhand it ranged from 60 per cent–70 per cent and in Odisha it ranged from 30 per cent–40 per cent.
- **Other Specific Issues:** The study also highlighted some area specific issues such as, problem in wage payments through banks (due to limited bank branches and distance), execution of road work (which is often blocked by Naxals to prevent access to military and police).

To respond to the problem of payment through banks the GoI has allowed payment in cash (also see Chapter 6).

*Source:* Kaustav Banerjee and Partha Saha, 'The NREGA, the Maoists and Development Woes of Indian State', *Economic and Political Weekly*, vol. 65, no. 28, 10 July 2010.

all cultivated area (80 per cent of all land holdings). MGNREGA can play a significant role in raising the agricultural productivity of these farmers who will then be able to return to farming and will no longer need to depend on the Scheme for their survival. This is a step in the direction of moving from unskilled manual labour to skilled farming practices.<sup>45</sup> In this regard, it is interesting to note that since the inception of the programme (as per MIS/Monthly Progress Reports), out of the total individual beneficiaries (on whose land work has been undertaken) almost

50 per cent have not sought employment under the Scheme, following the work on their land. This may suggest that MGNREGA is realising its objective in making these farmers self-dependent. There could also be other possible reasons, such as beneficiaries not being provided work after work has been taken up on their land, etc. In any case, this is certainly a trend that requires further research and analysis.

A state-wise analysis of the number of works under this category suggests an extreme variation in the number of private works taken up in states (see Table

<sup>45</sup> Ministry of Rural Development (MoRD), 'Report of the Committee on Revision of MGNREGA: Operational Guidelines', New Delhi: MoRD, 2012.

**TABLE 1.3 State-wise Number of Works Taken Up on Private Land  
(% of Total Works taken up in the State) from FY 2006–07 to FY 2011–12\***

State	Total Work taken up on Private Land from FY 2006–07 to FY 2011–12*	As % of Total Works taken up from FY 2006–07 to FY 2011–12* in the State
Andhra Pradesh	325758	9
Assam	2323	2
Bihar	5718	1
Chhattisgarh	131269	27
Gujarat	37813	8
Haryana	145	0
Himachal Pradesh	11550	6
Jammu and Kashmir	1952	1
Jharkhand	94145	18
Karnataka	91097	15
Kerala	14190	4
Madhya Pradesh	578050	31
Maharashtra	41483	14
Odisha	51491	14
Punjab	5	0
Rajasthan	200260	30
Tamil Nadu	76	0
Uttar Pradesh	371200	15
Uttarakhand	2260	2
West Bengal	32346	4
All India	2000077	14

*Note:* (1) Union Territories and some States are not included in the table. (2) All India total includes all States and Union Territories. (e) Number of works is the number of works undertaken on private land in the respective State. (4) % refers to the % of works on private land in total works undertaken in the state.

\*Provisional Data: At the time of the preparation of the report data entry for States was still open for the year 2011–12.

*Source:* Mahatma Gandhi Rural Employment Guarantee Act (official website), [www.mgnrega.nic.in](http://www.mgnrega.nic.in).

1.3).<sup>46</sup> There is limited documentation and studies assessing the reasons for preference or non-preference given to works on this category under MGNREGA.

There are only a few studies that investigate the impact of these works on agriculture productivity and income of SME. A study on SMF in Madhya

Pradesh, observed that due to the works taken up on individual land there was an increase of around 15 per cent in the cultivated area of sample households. This also increased food security for the participating households, such that, availability of food went up from six months to nine months.<sup>47</sup>

<sup>46</sup> State governments have started several convergence Schemes for individual level beneficiaries under MGNREGA. Interestingly, a large part of the available literature and micro-level studies are on the impact of the Schemes in Madhya Pradesh.

<sup>47</sup> Institute of Forest Management (IIFM)-Institute of Rural Management (IRMA)-Institute of Social Science Research (ISSR), 'Independent Evaluation of MGNREGA', Draft Report Findings, Bhopal: IIFM; Anand: IRMA; Ujjain: ISSR, 2012.



Micro-level data also indicates the positive impact of the Scheme on SMF. See Box 1.2 below.

A study in Madhya Pradesh,<sup>48</sup> used secondary data and indepth interviews of individual beneficiaries to analyse their perceptions on work on their land under MGNREGA. Around 52 per cent of the beneficiaries found the work quality to be very good and 21 per cent perceived the quality as good.<sup>49</sup>

It has been suggested that the concepts of the multiplier and accelerator could be usefully applied to MGNREGA. On the one hand, MGNREGA increases the purchasing power of workers creating demand for commodities. This has been regarded as an important

contributor to soften the impact of the world-wide recession on the Indian economy. At the same time, by generating incomes for small and marginal farmers, both through direct benefits to them as workers and by improving the productivity of their lands, MGNREGA stimulates private investment on these farms. Effectively a wage employment programme can thus be transformed into a source of sustainable livelihoods generating self-employment. This would permit reductions in allocations for MGNREGA over time, not only because landed labourers get back to their own farms, but also because of a general rise in demand for labour in the rural economy.<sup>50</sup>

### Box 1.2 Land Development for Small and Marginal Farmers Case Studies from Andhra Pradesh

In Vizianagram, Andhra Pradesh, a farm pond on the 2 acre land of an SC farmer, constructed under the MGNREGA Scheme, provided a perennial supply of water which led to an increase in his farm yield (up to 10 bags for paddy and 6 bags for ragi). This increase in farm yield helped him switch from being a casual labourer to an agriculturist. Previously, while he had an access to a nearby tank water source, the farmer was unable to make use of it to cultivate his entire land. The increase in crop yield provided subsistence for his family.

In the other districts of the State, a network of five organisations supported by WASSAN, helped the government to identify households and form labour groups for effective planning and dissemination of information on MGNREGA and participation in works.

- From 2007–08 to 2009–10, these groups have identified 1,520 works worth Rs 18.9 crore. Out of this, 749 works worth Rs 9.3 crore have been completed, and around 275 works worth Rs 6.5 crore are under progress. The works mostly related to resource development and agriculture that include land preparation, land development, silt application, soil and moisture conservation activities, water harvesting structures like check dam, percolation tank, forest conservation, works to conserve and develop commons, etc.
- More than 8,500 acres were developed of which SC/ST lands accounted for more than 50 per cent.
- The development of fallow or less productive assigned lands of SC/ST into productive land was the priority. There is a significant increase in the percentage of assigned lands brought into cultivation. Of the selected households (mostly SCs and STs), the total percentage of cultivated land in 2007 was around 13 per cent, this increased to around 60 per cent by 2010.

*Source:*


**Vizianagram:** Centre for Education and Research Development (CERD), 'NREGA Processes in Andhra Pradesh and Madhya Pradesh: Appraisal and Research Study', CERD. Report submitted to the Ministry of Rural Development/UNDP, 2010.

**WASSAN:** National Consortium of Civil Society Organizations (NCCSO), *MGNREGA: Opportunities, Challenges and the Road Ahead*. Second Report of the NCCSO on MGNREGA, 2011.

<sup>48</sup> SAMARTHAN, 'Impact Assessment of MGNREGA in Madhya Pradesh', Submitted to Poverty Monitoring and Policy Support Unit (PMPSU), State Planning Commission, Madhya Pradesh, 2010.

<sup>49</sup> Ibid.

<sup>50</sup> M. Shah, 'Multiplier Accelerator Synergy in NREGA', *The Hindu*, 30 April, 2009.



A study conducted in Karnataka in 2010–11, shows that the multiplier effects of expenditure from MGNREGA are quite significant, ranging from 3.1 in the northwest region to 3.6 in the Malnad and coastal districts of the State. The effect of the multiplier on the rural economy would be influenced by how much of the additional purchasing power generated

from a rural employment scheme is spent on items produced in the rural economy. The study found that a greater proportion of the income, from 48 per cent to 66 per cent for men and women, generated from MGNREGA tends to be spent on the rural economy.<sup>51</sup> The multiplier and accelerator impact of the Scheme is an issue that merits much deeper research.

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<sup>51</sup> N. Pani and C. Iyer, 'Evaluation of the Impact of Processes in the Mahatma Gandhi National Rural Employment Guarantee Scheme in Karnataka', Bangalore: National Institute of Advanced Studies (NIAS), 2011.





## 2 Gender and Social Empowerment

**A**s a rural wage employment programme, MGNREGA recognised the relevance of incorporating gender equity and empowerment in its design. Various provisions under the Act and its Guidelines, aim to ensure that women have equitable and easy access to work, decent working conditions, equal payment of wages and representation on decision-making bodies.

From FY 2006–07 up to FY 2011–12<sup>1</sup>, around Rs 53,000 crore have been spent on wages for women and around 47 per cent of the total person-days<sup>2</sup> generated have been by women. This chapter synthesises the findings from studies on the impact of such a transfer on the economic and social empowerment of women. It also reviews the literature on the reasons for high participation of women in the Scheme and inter-state variations in participation. Overall, MGNREGA has been a positive and important Scheme for women.

### WOMEN PARTICIPATION IN MGNREGA

*With a national participation rate of 47 per cent, evidence suggests that women are*

*participating in the Scheme more actively than in other works. Research also indicates that MGNREGA is an important work opportunity for women who would have otherwise remained unemployed or underemployed. However, the significant inter-state variation in participation of women requires further research and analysis. In FY 2011–12,\* Kerala had the highest women participation at 93 per cent, while Uttar Pradesh and Jammu and Kashmir showed low levels of women participation at 18 per cent and 17 per cent respectively.*

**Aggregate Participation:** At the national level, the participation of women in the Scheme has surpassed the statutory minimum requirement of 33 per cent; in FY 2011–12\* alone, women person-days of employment was close to 50 per cent. The percentage of women participation from FY 2006–07 up to FY 2011–12\* is provided in Table 2.1.

Significantly, female share on works under MGNREGA is greater than their share of work in the

<sup>1</sup> Provisional Data: At the time of the preparation of the report, data entry for States was still open for the year 2011–12. Henceforth, all instances of Provisional Data have been indicated with an asterisk (\*) within the text and footnotes.

<sup>2</sup> Person-day in the context of MGNREGA is defined as one day of work. In other words, one person-day of work entitles a worker to the MGNREGA notified wage as per the Schedule of Rates (SoRs).

**TABLE 2.1 Percentage of Women Person-days from FY 2006–07 to FY 2011–12\***

State	Women person-days (% of total person-days in the State) FY 2006–07	Women person-days (% of total person-days in the State) FY 2007–08	Women person-days (% of total person-days in the State) FY 2008–09	Women person-days (% of total person-days in the State) FY 2009–10	Women person-days (% of total person-days in the State) FY 2010–11	Women person-days (% of total person-days in the State) FY 2011–12*
Andhra Pradesh	55	58	58	58	57	58
Assam	32	31	27	28	27	25
Bihar	17	28	30	30	28	29
Chhattisgarh	39	42	47	49	49	45
Gujarat	50	47	43	48	44	45
Haryana	31	34	31	35	36	36
Himachal Pradesh	12	30	39	46	48	60
Jammu and Kashmir	4	1	6	7	7	18
Jharkhand	39	27	29	34	33	31
Karnataka	51	50	50	37	46	46
Kerala	66	71	85	88	90	93
Madhya Pradesh	43	42	43	44	44	43
Maharashtra	37	40	46	40	46	46
Odisha	36	36	38	36	39	39
Punjab	38	16	25	26	34	43
Rajasthan	67	69	67	67	68	69
Tamil Nadu	81	82	80	83	83	74
Uttar Pradesh	17	15	18	22	21	17
Uttarakhand	30	43	37	40	40	45
West Bengal	18	17	27	33	34	32
<b>All India</b>	<b>40</b>	<b>43</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>47</b>

*Note:* (1) Union Territories and some States are not included in the table. (2) All-India total is for all States and Union Territories.

\*Provisional Data. At the time of the preparation of the report, data entry for States was still open for the year 2011–12.

*Source:* Mahatma Gandhi Rural Employment Guarantee Act (official website), [www.mgnrega.nic.in](http://www.mgnrega.nic.in).

casual wage labour<sup>3</sup> market across all States.<sup>4</sup> Women are participating in the Scheme much more actively than they participated in all forms of recorded work.<sup>5</sup> This may support the hypothesis that MGNREGA

creates decent and favourable work conditions for women. For instance, MGNREGA's stipulation of work within 5 kilometres (kms) of the village where the job applicant resides makes participation in the

<sup>3</sup> Casual labour refers to work on non-public work. For details, see P. Dutta, R. Murgai, M. Ravallion, and W. V. Dominique, 'Does India's Employment Guarantee Scheme Guarantee Employment', Policy Research Paper, Washington, DC: World Bank, 2012.

<sup>4</sup> Dutta, Murgai, Ravallion and Dominique, 'Does India's Employment Guarantee Scheme Guarantee Employment'.

<sup>5</sup> J. Ghosh, 'Equity and Inclusion through Public Expenditure: The Potential of the NREGS', New Delhi: Paper for International Conference on NREGA, 21–22 January 2009.

Scheme logistically feasible for women who may have limited employment opportunities available to them, given their role and responsibilities in their households. A study conducted across ten sample districts of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Rajasthan and Uttar Pradesh seems to confirm these findings; only 30 per cent of the women in the sample recalled earning a cash income from a source other than MGNREGA, in the three months preceding the survey. Of the total women in the sample, 50 per cent said that in the absence of MGNREGA they would have worked at home or would have remained unemployed.<sup>6</sup>

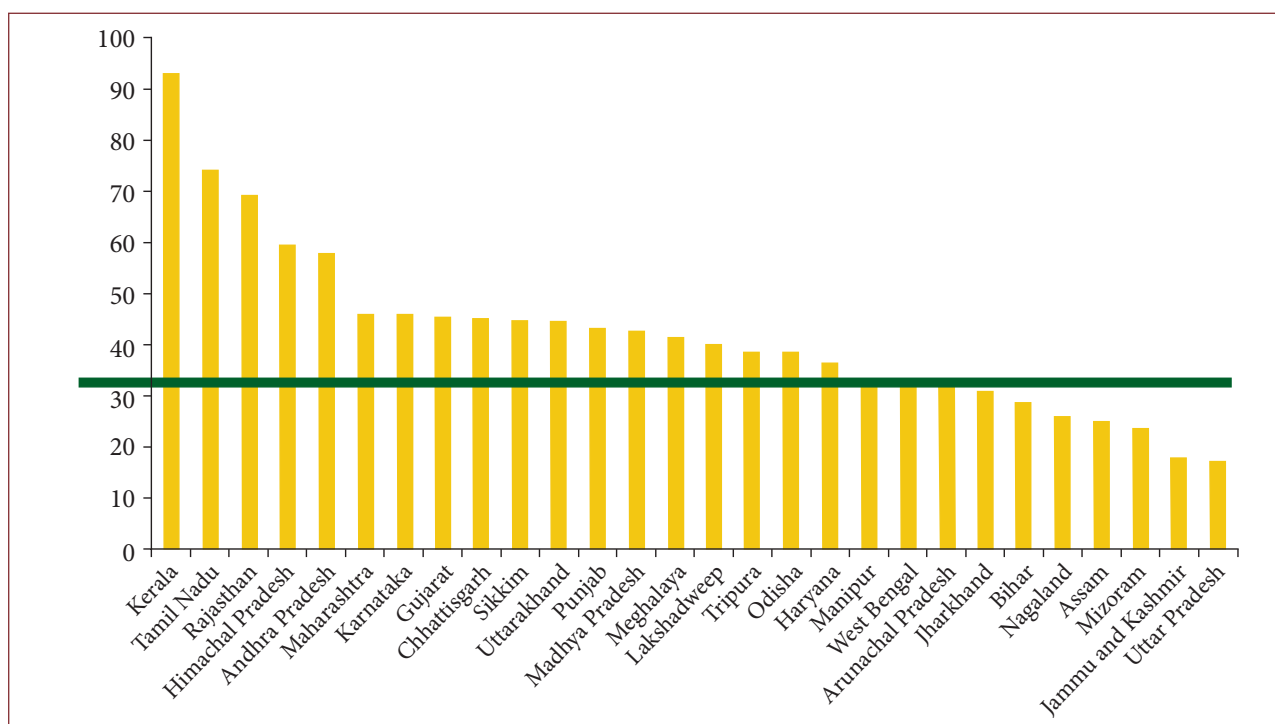
**Inter-State Variations:** However, the large inter-state variation in women participation has remained an issue for further analysis. In FY 2011–12,\* Kerala had the highest female participation rate at 93 per cent, Tamil Nadu and Rajasthan followed with 74 per

cent and 69 per cent respectively. Nine states below the requirement of 33 per cent were Uttar Pradesh, Jammu and Kashmir, Mizoram, Assam, Nagaland, Bihar, Jharkhand, Arunachal Pradesh and West Bengal (see Figure 2.1).

The southern states, like Kerala and Tamil Nadu, show a higher rate of participation in MGNREGA as compared to their overall work participation in all recorded works. Among the northern and some eastern states, however, the pattern has been generally different, with proportionately fewer women working in the Scheme than in other rural work; Rajasthan is the only exception. These gaps are especially marked in Punjab and Jammu and Kashmir, where women participation in MGNREGA is particularly low.<sup>7</sup>

Some of the possible factors responsible for a high rate of participation in the southern states could be:

**FIGURE 2.1 Inter-State Variations in Women Participation in FY 2011–12\***



*Note:* The green line represents the 33 per cent mandatory participation of women as required by the Act.

\* Provisional Data: At the time of the preparation of the report data entry for States was still open for the year 2011–12.

*Source:* Mahatma Gandhi National Rural Employment Guarantee Act (official website), <http://www.mgnrega.nic.in>.

<sup>6</sup> J. Dreze and R. Khera, *The Battle for Employment Guarantee*, New Delhi: Oxford University Press, 2011, pp. 43–81.

<sup>7</sup> Ghosh, 'Equity and Inclusion through Public Expenditure.'



- Cultural acceptance of female participation in the labour force,<sup>8</sup>
- Influence of Self-Help Groups (SHGs),<sup>9</sup>
- Effective institutions at the State and local government level that are committed to promoting female participation in MGNREGA,
- Wage differentials between private sector and MGNREGA,<sup>10</sup>
- Higher rationing<sup>11</sup> in poorer states such that there are still a higher percentage of women in casual wage.<sup>12</sup>

Rationing could also be due to a lack of awareness in the poorer states, or also due to a high demand and limited supply of work opportunities wherein women are forced to compete with men for employment, and the latter are usually favoured for manual labour.<sup>13</sup> However, in places where the market wages are higher than MGNREGA, men undertake jobs in the market and women seek employment under the Scheme.<sup>14</sup> (Also see Reduced Differential Wages and Wage Parity below).

Non-availability of work-site facilities like crèches, is also a huge disincentive for women. Further, certain types of MGNREGA work also limit the participation of women. In some states, productivity norms are too exacting, because the Schedule of Rates<sup>15</sup> (SoRs) is yet to be revised in line with the norms of the Scheme.<sup>16</sup> Additionally, the work hours may make it difficult to balance MGNREGA with

their housework such as collecting water, wood, grass for livestock, etc.<sup>17</sup>

### REDUCED DIFFERENTIAL WAGES AND WAGE PARITY

*MGNREGA has reduced traditional gender wage discrimination, particularly in the public works<sup>18</sup> sector. As per NSSO 66th round, the average wage for labour in MGNREGA was Rs 90.9 per day for men, and for women it was Rs 87 per day. The wage difference was larger for labour in other public works; Rs 98.3 per day for men and Rs 86.1 per day for women.*

The NSSO 66th Round<sup>19</sup> indicates that MGNREGA has reduced the traditional wage discrimination in public works. As per the data, average wage for labour in MGNREGA was Rs 90.9 per day for men, and for women it was Rs 87 per day. The difference was larger for labour in other public works; Rs 98.3 per day for men and Rs 86.1 per day for women.<sup>20</sup>

Other studies also suggest an upward movement of unskilled wages for women post-MGNREGA. For instance, in Kerala, the wages for women in agriculture and forest work rose from Rs 70–80 in 2007 to Rs 110–25 in 2009.<sup>21</sup> In fact, real wages increased more rapidly for female workers than for

<sup>8</sup> K. Bonner, et al., 'MGNREGA Implementation: A Cross-State Comparison', Woodrow Wilson School, Princeton University, 2012.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> Rationing of demand: Households that are willing to work and seeking employment under the NREGA but not being given work.

<sup>12</sup> Dutta, Murgai, Ravallion and Dominique, 'Does India's Employment Guarantee Scheme Guarantee Employment'.

<sup>13</sup> Ibid.

<sup>14</sup> R. M. Sudarshan, 'India's National Rural Employment Guarantee Act: Women's Participation and Impacts in Himachal Pradesh, Kerala and Rajasthan', Institute of Development Studies, 2011.

<sup>15</sup> The details of the productivity norms are listed in the Schedule of Rates (SoRs). The SoRs, under the Act, have to be such that a person working for 9 hours, with one hour of rest, is able to earn the notified MGNREGA minimum wage.

<sup>16</sup> R. Khera and N. Nayak, 'Women Workers and Perceptions of the National Rural Employment Guarantee Act', *Economic and Political Weekly*, vol. 64, no. 43, 24 October 2009.

<sup>17</sup> Sudarshan, 'India's National Rural Employment Guarantee Act: Women's Participation and Impacts in Himachal Pradesh, Kerala and Rajasthan'.

<sup>18</sup> Public works are development projects/works that are undertaken for public use and owned by the government.

<sup>19</sup> NSSO, *66th Round National Survey*, July 2009–June 2010, Employment and Unemployment, 2009–10.

<sup>20</sup> Ibid.

<sup>21</sup> R. M. Sudarshan, 'Examining India's National Regional Employment Guarantee Act: Its Impact and Women's Participation', New Delhi: Institute of Social Studies Trust (ISST), 2009.

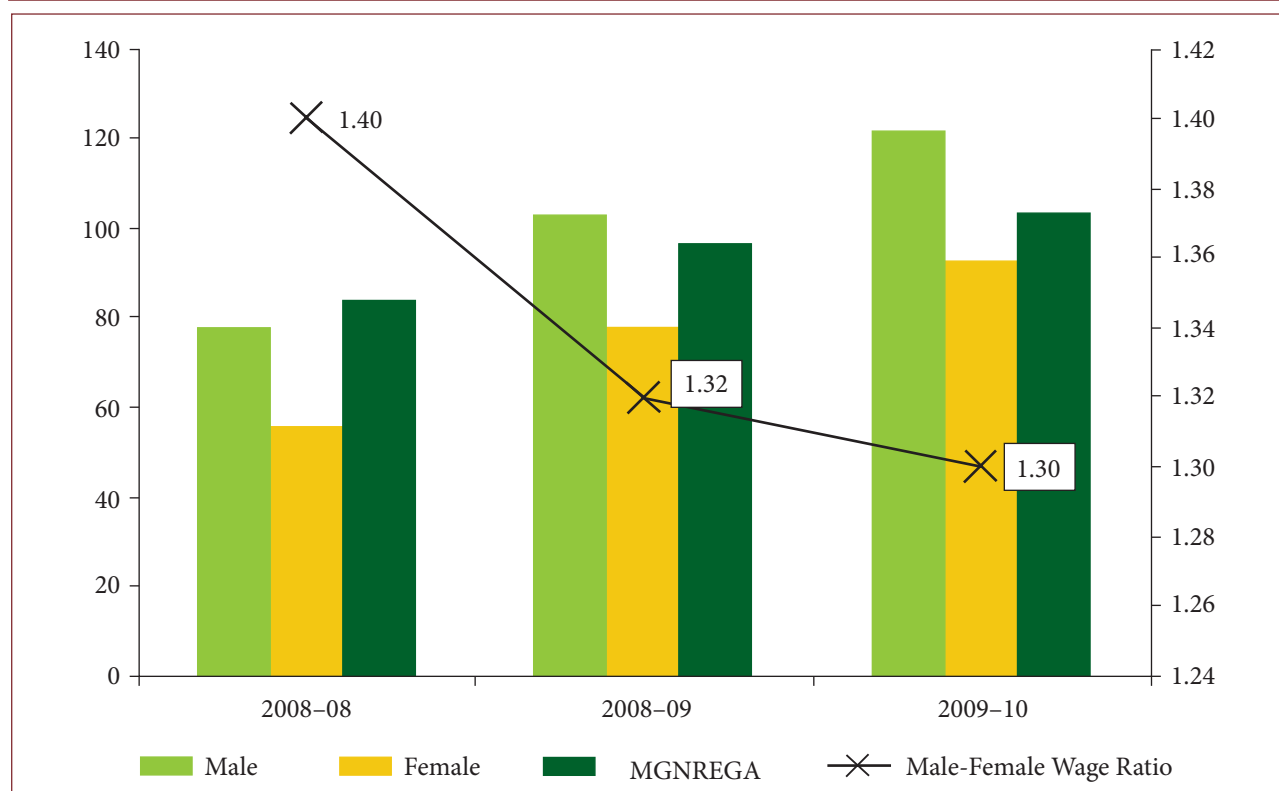
male workers.<sup>22</sup> In a survey of 75 villages across four states—Bihar, Gujarat, Kerala and Rajasthan—it was found that the ratio of male-female wage rates, on an average, declined from 1.40 in 2007–08 to 1.30 in 2009–10 (see Figure 2.2).<sup>23</sup>

Parity in wage rates also appears to be positively affecting participation of women in the Scheme. States that have a high wage differential in casual labour market (for works other than MGNREGA) are likely to have a greater participation of women in MGNREGA, which assures wage equity. An intra-household substitution effect appears to be at work. In other words, when casual labour market opportunities are better for men than they are for

women, it is easier for women to get the (limited) number of jobs available under the Scheme (see Table 2.2).<sup>24</sup> However, Punjab (43 per cent participation of women) and Haryana (36 per cent participation of women) appear to be the exceptions; these States have high differences between men and women in market wages, yet have participation below the national average of 50 per cent.

This trend requires further investigation. The possible reasons could be, limited demand of work such that men avail of the employment, or non-availability of work suitable for women, or it could be due to cultural reasons such as non-acceptance of women in the labour force, etc.

**FIGURE 2.2** Difference in Male-Female Wage Rates in MGNREGA across Bihar, Rajasthan, Gujarat and Kerala



*Source:* S. Verma, 'Participatory Planning of Water Assets for Multiple Uses in MGNREGS, India', Presentation at MUS Group meeting, 31 May–1 June, Rome: International Fund for Agricultural Development (IFAD), 2011.

<sup>22</sup> Ghosh, 'Equity and Inclusion through Public Expenditure'.

<sup>23</sup> S. Verma, *MGNREGA Assets and Rural Water Security: Synthesis of Field Studies in Bihar, Gujarat, Kerala and Rajasthan*, Anand: International Water Management Institute (IWMI), 2011.

<sup>24</sup> Dutta, Murgai, Ravallion and Dominique, 'Does India's Employment Guarantee Scheme Guarantee Employment'.

**TABLE 2.2 Average MGNREGA Wage Rate and Average Casual Wage Rate  
(as per NSSO 66th Round)**

State	Average Wage Rate on MGNREGA (Rs/day)	Average Casual Wage Rate (Rs/day)			
		Overall	Male	Female	Difference
Andhra Pradesh	91.9	98.5	115.4	75.7	39.7
Assam	87	90.1	94.4	74.9	19.5
Bihar	97.5	79.4	81	65.8	15.2
Chhattisgarh	82.3	68.8	70.8	65.5	5.3
Gujarat	89.3	83.3	87.3	71	16.3
Haryana	150.9	139.6	146.1	99.1	47
Himachal Pradesh	109.5	139.6	141.4	110.2	31.2
Jammu and Kashmir	93.3	158.3	157.5	n.a.	n.a.
Jharkhand	97.7	101.2	103.6	82.2	21.4
Karnataka	86	84.5	96.9	62.8	34.1
Kerala	120.6	206.5	226.6	119.3	107.3
Madhya Pradesh	83.7	69	74.5	58.1	16.4
Maharashtra	94.3	75.2	86	58.2	27.8
Odisha	105.9	75.6	81	59.1	21.9
Punjab	123.5	130.4	133.5	91.8	41.7
Rajasthan	87.4	125.7	132.3	94.3	38
Tamil Nadu	71.6	110.8	132.1	72.6	59.5
Uttar Pradesh	99.5	94.3	97	69.2	27.8
Uttarakhand	99	118.7	122.1	96.7	25.4
West Bengal	90.4	85.3	87.8	65.9	21.9
All India	90.2	93.1	101.5	68.9	32.6

*Note:* (1) Average MGNREGA wages per day are based on (1) unskilled expenditure and total person-days, and not on the official notified MGNREGA wages. (2) Union Territories and some States are not included. (3) All India includes all States.

*Sources:* NSSO, Government of India, 2009–10 and Mahatma Gandhi National Rural Employment Guarantee Act (official website), <http://www.mgnrega.nic.in>.

Adapted from P. Dutta, R. Murgai, M. Ravallion and W. V. Dominique, 'Does India's Employment Guarantee Scheme Guarantee Employment', Policy Research Paper, Washington, DC: World Bank, 2012.

### ECONOMIC INDEPENDENCE AND EMPOWERMENT OF WOMEN

*Preliminary findings suggest that the increased access to paid work due to MGNREGA has had a positive impact on women's socio-economic status and general well-being. For instance, in a survey conducted across six states, 82 per cent of the widows in the sample regarded MGNREGA as a very important source of income, and of the total sample, 69 per cent of the women stated that MGNREGA had helped them avoid hunger. Findings from different*

*studies also observe that post MGNREGA, women have greater control over their wages and have been spending them on repaying small debts, paying for their children's schooling and bearing medical expenses, etc.*

Improved access to economic resources and paid work has had a positive impact on the socio-economic status of the women. In a survey of 600 women workers across five districts of Chhattisgarh, it was observed that women respondents with a household income below Rs 8,000 decreased from 94 per cent to 57 per cent due to MGNREGA, indicating

the importance of MGNREGA for the poorest of the poor.<sup>25</sup> This was also apparent in the findings of another study which concluded that in Rajsamand and Dungarpur (Rajasthan), where migration to urban areas offers relatively higher incomes for men, much of the MGNREGA workers were found to be women and older men who had discontinued migration.<sup>26</sup>

Studies also indicate that women exercise independence in collection and spending of MGNREGA wages, indicating greater decision-making power within the households. In Andhra Pradesh, when 600 women workers were interviewed across five districts, it was found that almost 47 per cent of the respondents received wages themselves, 50 per cent received wages along with their husbands and wages of around 4 per cent respondents were paid to their

husbands. In Rajasthan, almost 91 per cent of the 600 women respondents received wages themselves and another 4 per cent received wages along with their husbands. Other States, including Bihar and Chhattisgarh reflected similar trends.<sup>27</sup>

In a large number of cases, women indicated that they had a substantial say in the way this money was spent. They were able to utilise the money for avoiding hunger, repaying small debts, paying for their child's schooling and bearing medical expenses. In a survey conducted in Cuddalore, Tamil Nadu, and Rajnandgaon in Chhattisgarh, 81 per cent and 96 per cent of the women said they had spent their earning from the Scheme on food and consumer goods. MGNREGA is also a relevant and steady source of employment for women-headed households. In a

### Box 2.1 Self-Help Groups and Civil Society Organisations Encouraging Women Participation in MGNREGA

**Uttar Pradesh:** The People's Action for National Integration (PANI) network is a network of civil society organisations (CSOs) working with women federations called Nari Sanghs. These Sanghs have been formed in 501 Gram Panchayats (GPs) across 27 blocks in 10 districts of Uttar Pradesh with a total membership of around 58,400 women. The focus of these Nari Sanghs has been on grassroots mobilisation for securing the rights of MGNREGA workers.

- PANI aided 38,303 women in getting Job Cards (JCs) and helped them apply for work,
- Before PANI's work in the form of Nari Sangh mobilisation (December 2007), these GPs had registered only 11 working days under MGNREGA. As of March 2011, the working days were 77,
- 772 women filed the Right to Information (RTI) and followed up the response on the application and obtained the required information,
- 9,889 women attended the MGNREGA events (MGNREGA *Diwas* and MGNREGA *Shivir*), organised by the district administration to disseminate information and discuss MGNREGA, and raised issues and problems pertaining to implementation of MGNREGA in their own villages.

**Rajasthan:** Youth groups and other social movements have been deeply involved in and encouraged women participation in the programme. Several of these groups have also participated in social audits as a way of drawing attention to irregularities, gaps, etc., and improving implementation. Focussed targeting of women through awareness campaigns, organisation in groups, has been shown to be an effective model in the case of district Jalore in Rajasthan. The appointment of women as worksite supervisors, also known as *mates*, increased participation and also aided with better worksite management including recording of measurements, division of workers into groups to finish allocated tasks, etc. With a deployment of trained women supervisors at around 40 per cent of the worksites, the measurements and task allocation was found to be more efficient such that, the average wage for workers increased from Rs 45 to Rs 70 (which was closer to the minimum wage of Rs 73 in the year of the study) in 2009.

**Kerala:** Kudumbashree (started by the Government of Kerala) is a unique programme for poverty reduction and women's empowerment under which every below poverty line (BPL) family in the State and a few above poverty line (APL) families in rural areas are organised into neighbourhood groups (NHGs) at the local level, networked with Area Development Societies (ADCs) at the Village Panchayat Ward level which are then federated into Community Development Societies (CDSs) at the Village Panchayat level. This large community-based organisation works in partnership with the PRIs.

<sup>25</sup> C. Dheeraja and H. Rao, 'Changing Gender Relations: A Study of MGNREGS across Different States', Hyderabad: National Institute of Rural Development (NIRD), 2010.

<sup>26</sup> T. Shah, S. Verma, R. Indu and P. Hemant, *Asset Creation through Employment Guarantee?: Synthesis of Student Case Studies in 9 States of India*, International Water Management Institute (IWMI), 2010.

<sup>27</sup> Dheeraja and Rao, 'Changing Gender Relations: A Study of MGNREGS across Different States'.

### Box 2.1 (contd.) Self-Help Groups and Civil Society Organisations Encouraging Women Participation in MGNREGA

The Kudumbashree network is being used for creating awareness among women about rights and entitlements, generating demand and also increasing their participation in planning of works and social audits.

**Tamil Nadu:** SHGs play an important role in programme monitoring. To ensure fair compensation, the leader of an SHG from each panchayat is always present when payments are made to the workers.

*Sources:*

**Uttar Pradesh:** National Consortium of Civil Society Organizations (NCCSO), 'MGNREGA: Opportunities, Challenges and the Road Ahead', Second Report of the NCCSO on MGNREGA, 2011.

**Rajasthan:** (1) R. Khera, 'Group Measurement of NREGA Work: The Jalore Experiment', Delhi: Delhi School of Economics, 2009. (2) Sudarshan, 'India's National Rural Employment Guarantee Act Women's Participation and Impacts in Himachal Pradesh, Kerala and Rajasthan'.

**Kerala:** S. Vijayanand, 'NREGA and Panchayati Raj: Learning from Kerala', State Government of Kerala, 2009.

**Tamil Nadu:** K. Bonner et al., 'MGNREGA Implementation: A Cross-State Comparison', Woodrow Wilson School, Princeton University, 2012.

survey across six States, 82 per cent of the widows in the sample regarded MGNREGA as a very important source of income. Further, of the total sample, 67 per cent of the women stated that MGNREGA had helped them avoid hunger and 46 per cent said it had helped them avoid illness.<sup>28,29,30</sup>

Women have also reported better access to credit and financial institutions. The mandatory transfer of wage payment through bank accounts has ensured that a greater number of women are brought into institutional finance from which they had been largely excluded.<sup>31,32</sup>

Research suggests that qualitative and quantitative improvements in gender equations across various spheres (social, political and economic) coupled with positive changes in self-perception gradually result in the empowerment of women and engender lasting social change.<sup>33</sup> Findings of a study conducted in

Meghalaya suggested that the necessity of interacting with the bank/post office/government officials have empowered the rural tribal women by enhancing their confidence level and by ensuring some degree of independence, both in matters of finance and decision-making. For example, the role of women was limited in the traditional Khasi<sup>34</sup> society. Due to the policy of reservation for women in MGNREGA, women have been able to seek representation in decision-making bodies, including the Village Employment Councils (VECs).<sup>35</sup>

Other concerns related to implementation have also been highlighted by studies on the subject. As per a study, only 33 per cent of the sample workers in the six States surveyed (both men and women) stated they had attended a Gram Sabha (GS)<sup>36</sup> during the 12 months preceding the study. Women, in particular, were not aware of their right to participate in a GS. For long-term gender equality to be realised,

<sup>28</sup> Khera and Nayak, 'Women Workers and Perceptions of the National Rural Employment Guarantee Act'.

<sup>29</sup> National Federation for Indian Women (NFIW), Social-Economic Empowerment of Women under NREGA, Report Submitted to the Ministry of Rural Development/UNDP, NFIW, 2008.

<sup>30</sup> Dreze and Khera, *The Battle for Employment Guarantee*, pp. 43–81.

<sup>31</sup> Ghosh, 'Equity and Inclusion through Public Expenditure'.

<sup>32</sup> Dheeraja and Rao, 'Changing Gender Relations: A Study of MGNREGS across Different States'.

<sup>33</sup> Ibid.

<sup>34</sup> Khasi is the name of a tribe in the state of Meghalaya.

<sup>35</sup> Indian Institute of Management-Shillong (IIM-S), 'Appraisal of MGNREGA in Sikkim and Meghalaya', Shillong: IIM, Report submitted to the Ministry of Rural Development/UNDP, 2009. The Village Employment Councils for the implementation of NREGA are the equivalents of the Gram Sabha and thus are vested with the powers and functions of the Gram Sabha as envisaged in the Act.

<sup>36</sup> A Gram Sabha is a body of all persons entered as electors in the electoral roll for a Gram Panchayat. All the meetings of the Gram Sabha are convened by the Gram Panchayat to disseminate information to the people as well as to ensure that development of the village is done through participation or consent of all households.



women need to participate at all levels (not only as workers but also in worksite management and in staff appointments), and in all spheres (e.g. planning through participation in GSs, social audits, etc.).<sup>37,38</sup>

To address some of these concerns, the Scheme may incorporate particular provisions related to gender-specific lifecycle needs, such as allowing women time off for breastfeeding and flexibility in terms of women's working hours, so that they can balance their domestic care and work responsibilities. Increasing the share of women in MGNREGA staff appointments would also go a long way. Specific policy considerations for female-headed households, may further increase women participation and make the Scheme more gender sensitive.<sup>39</sup>

#### ROLE OF SELF-HELP GROUPS (SHGs) AND COMMUNITY-BASED ORGANISATIONS

*Mobilisation of women through community-based organisations has improved outreach and generated awareness, and contributed to increasing participation of women in all aspects of the Scheme.*

It is important to note the role of community-based organisations and Self-Help Groups in mobilising and organising the poor women to increase their participation. A part of the credit for more visibility of women in MGNREGA in the southern States may also be awarded to these organisations (see Box 2.1).

#### MGNREGA, GENDER AND ECOLOGY

*Women rely heavily on natural common property resources like water, fuel, etc., and since MGNREGA plays an important role in natural resource regeneration, the Scheme seems to be strengthening livelihood security for women.*

While considering the Scheme's impact on gender, one needs to keep in mind the link between environment and livelihood security. In a context where the large majority of women are dependent on agriculture and where household access to water and fuel relies heavily on common property, local resources are clearly a major source of well-being, or risk.<sup>40</sup> Women are more severely affected by climate change and natural disasters because of their social roles (providing daily essentials like food, fuel, fodder, water, etc.). Migration again leads to extra hardships for women since in cases of extreme circumstances men tend to migrate leaving the women-folk behind to look after their property and household. In dry land areas, female-headed households are often ones which are the poorest, and to manage the house women put in significantly extra efforts.<sup>41</sup> MGNREGA, through the creation of sustainable rural assets, water conservation and forestry works, has the potential to contribute to ecological restoration and generate environmental benefits through increased livelihood security, especially for rural women, to climate change and other shocks.

Experts on gender studies point out that part of the problem women face in household provisioning in areas of high dependence on natural resources is due to a lack of defined rights over community assets. At present a large number of women workers have minimal rights to the productive assets they work on even under the Scheme, and this contributes to persistence of social exclusion. Organisational arrangements at the local level are needed to reduce the problem of implementation of gender-specific policy measures. These may include rights to maintenance, sharing, etc.<sup>42</sup> Further, a more detailed gendered analysis of MGNREGA may be necessary to make rural asset generation an inclusive process and address the crises underlying increasing feminisation of poverty in India.<sup>43</sup>

<sup>37</sup> A social audit refers to an audit of all processes and procedures under the Scheme, including Wage Payments, Muster Rolls, etc. It normally involves a scrutiny of all documents and records of work done.

<sup>38</sup> Khera and Nayak, 'Women Workers and Perceptions of the National Rural Employment Guarantee Act'.

<sup>39</sup> R. Holmes, S. Rath and N. Sadana, 'An Opportunity for Change? Gender Analysis of the Mahatma Gandhi National Rural Employment Guarantee Act', Overseas Development Institute and Indian Institute of Dalit Studies, February 2011.

<sup>40</sup> Sudarshan, 'India's National Rural Employment Guarantee Act: Women's Participation and Impacts in Himachal Pradesh, Kerala and Rajasthan'.

<sup>41</sup> P. Ghosh, S. Narain, J. Parikh, N. Saxena and P. Soni, 'Climate Change: Perspectives from India', New Delhi: UNDP, 2009.

<sup>42</sup> G. Kelkar, 'Gender and Productive Assets: Implications for the National Rural Employment Guarantee for Women's Agency and Productivity', UNIFEM, 2009.

<sup>43</sup> Sudarshan, 'Examining India's National Regional Employment Guarantee Act'.



## 3 Sustainable Asset Creation

**C**reation of sustainable assets that strengthen the livelihood resource base of rural areas is one of the key objectives of MGNREGA. To provide for inter-state and regional variations, the design of MGNREGA lists a wide range of permissible works.

Since the inception of MGNREGA, around 146 lakh works have been undertaken; of these, almost 51 per cent are works related to water (water conservation, flood control, irrigation, drought proofing, renovation of traditional water bodies and micro-irrigation), and over 19 per cent works are related to rural connectivity (see Table 3.1). At such a scale, MGNREGA works have the potential to benefit rural communities by improving irrigation facilities, enhancing land productivity and connecting remote villages to input and output markets.

This chapter does a critical review of the available literature on assets created under MGNREGA; their quality and durability, work completion rates, viability of these works (on public lands and private lands), and what uses they are put to.

Overall, studies suggest that while many productive assets have been created on the ground owing to good planning and execution at the micro-level, there is need for more focussed implementation with regard

to the creation of durable and sustainable assets under MGNREGA. This is also an area where more rigorous research is required.

### QUALITY AND DURABILITY OF ASSETS

*When planned and executed well, studies indicate a positive Return on Investment for MGNREGA assets; a study observed a Return on Investment of over 100 per cent in a single year of use. On the other hand, some studies highlight design-specific and technical quality issues which undermine the potential of these works. That said, there are only a few studies that have conducted rigorous scientific analysis on the actual productive performance of these assets. Further, the quality and durability of the assets vary vastly with district/region and cannot easily be generalised at the national level.*

MGNREGA has faced criticism on the quality and sustainability of the assets created under it. Critics of the Scheme argue that since employment generation is the primary objective of the Act, the

**TABLE 3.1 Total Works Taken Up under MGNREGA  
FY 2006–07 to FY 2011–12\***

S.No. Type of Works	Total Number of Works Completed from FY 2006–07 to FY 2011–12* (In Lakh)	Ongoing works (In Lakh)	% of Total Works taken up from FY 2006–07 to FY 2011–12*
i. Water Conservation and Water Harvesting (e.g. farm ponds, percolation tanks, etc.)	19.5	36.4	25
ii. Flood Control and Protection (e.g. check dams, culverts, etc.)	3.9	5.9	4
iii. Drought Proofing (e.g. afforestation/tree plantation, agro-forestry, etc.)	5.2	13.0	9
iv. Irrigation Canals (macro- and micro-irrigation works, etc.)	5.7	9.5	7
v. Renovation of Traditional Water Bodies (e.g. desilting of tanks, etc.)	6.6	9.8	7
<b>Total Water Conservation and Water-related Works (sum of (i) to (v) above)</b>	<b>40.9</b>	<b>74.7</b>	<b>51</b>
vi. Works on lands of SC/ST/ BPL/ SMF and IAY and Land Reform Beneficiaries	13.0	19.9	14
vii. Land Development (e.g. contour bunds, field bunds, etc.)	13.9	18.8	13
viii. Rural Connectivity (e.g. village roads, etc.)	16.0	28.3	19
ix. Others (e.g. Bharat Nirman Kendras)	2.8	4.6	3
<b>Total Works</b>	<b>86.6</b>	<b>146.3</b>	<b>100</b>

\* Provisional Data: At the time of the preparation of the report data entry for States was still open for the year 2011–12.

Source: Mahatma Gandhi National Rural Employment Guarantee Act (official website), <http://www.mgnrega.nic.in>.

works undertaken are labour-intensive, These works tend to be non-durable and have limited use.<sup>1</sup> On the other hand, other scholars suggest that earthen works can also be durable if planned, designed and constructed properly.<sup>2</sup>

Three metrics have been used to study the quality, durability and utility of the Scheme's assets; RoI/cost recovery,<sup>3</sup> beneficiary perception-based surveys, and quality and soundness of technical design. However, these categories are not distinct. For example, beneficiary perceptions (on usage and expected returns) and technical design have often been used

to estimate the RoI. Further, since these assets have been created under MGNREGA, perception-based surveys also use parameters related to processes and procedures, such as, participatory planning, timely measurements and wage payment, to make assessments.

### Return on Investment/Cost Recovery

RoI estimates the expected returns on the built asset. Investment on the asset includes the initial cost of the structure. A comprehensive study on RoI related to MGNREGA works across eight districts of Bihar,

<sup>1</sup> N. Bassi and D. M. Kumar, 'NREGA and Rural Water Management in India: Improving Welfare Effects', Occasional Paper No. 3-0910, Hyderabad: Institute for Resource Analysis and Policy, September 2010.

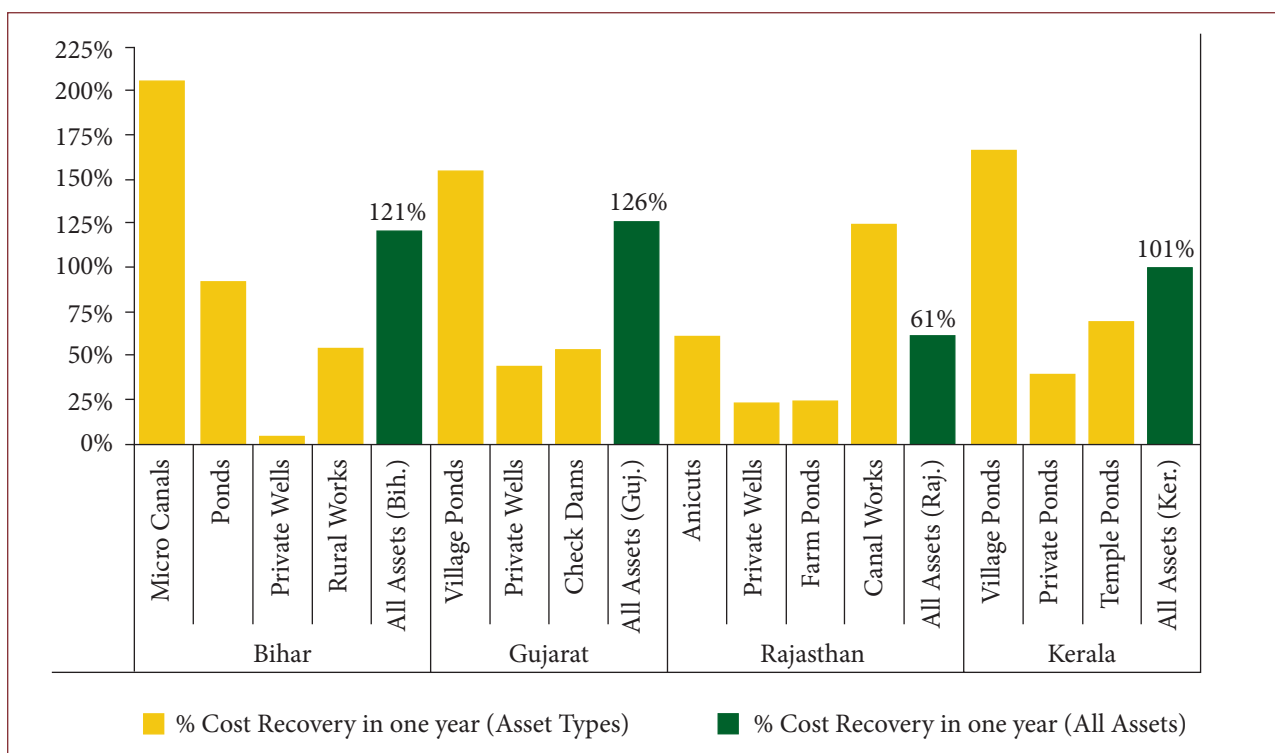
<sup>2</sup> M. Shah, 'Manual Labour and Growth', *Economic and Political Weekly*, vol. 63, no. 51, 20 December 2008.

<sup>3</sup> RoI estimates the expected returns on the built asset including the initial cost of the structure.

Gujarat, Kerala and Rajasthan, is indicative of the productive potential of MGNREGA. The study assessed 143 best performing<sup>4</sup> MGNREGA water-related assets (for instance irrigation, ponds, wells) and found that ROI estimates are positive in the case of a majority of assets. Specifically, out of 143 assets, 117 assets (for which detailed quantitative data on costs and benefits was calculated) had a ROI of over 100 per cent in the first year, i.e. they recovered their investment in a single year of use (see Figure 3.1).<sup>5</sup> Across the four States, the ROI on all assets

collectively was 126 per cent for Gujarat, 121 per cent for Bihar, 101 per cent for Kerala, and 61 per cent for Rajasthan. Micro-canal systems were found to have the highest rate of return compared to all other MGNREGA works (more than 200 per cent within a year).<sup>6</sup> With renovation, water is available in these canals for up to eight months in a year and this has allowed the farmers to provide 3–6 additional waterings<sup>7</sup> to their paddy crops. It must be noted that while the renovation increased the crop productivity by around 6–15 per cent, the bulk of the benefits for

**FIGURE 3.1 Benefits from One Year of Use as a Proportion of the Investment Made for 143 Best-performing Assets across Four States**



Source: S. Verma, *MG-NREGA Assets and Rural Water Security: Synthesis of Field Studies in Bihar, Gujarat, Kerala and Rajasthan*, Anand: International Water Management Institute, 2011.

<sup>4</sup> It is important to note that the International Water Management Institute (IWMI)-Institute of Rural Management Anand (IRMA) study (S. Verma, *MG-NREGA Assets and Rural Water Security: Synthesis of Field Studies in Bihar, Gujarat, Kerala and Rajasthan*, Anand: International Water Management Institute, 2011) chose only the best-performing water assets and therefore results are indicative of the potential of the Scheme. Thus, the study may not be representative of all MGNREGA assets as the sample took into account only water-related assets and because it purposively chose only best-performing water assets.

<sup>5</sup> Verma, *MG-NREGA Assets and Rural Water Security*.

<sup>6</sup> In view of this, the new MGNREGA Guidelines have now explicitly included irrigation command related works in the list of permissible activities so that these may be undertaken on a large scale throughout the country (see Chapter 7).

<sup>7</sup> One watering is one round of irrigation at a set interval of time for the crop.



the farmers came in the form of diesel saving as they were able to replace costly well-irrigation.<sup>8</sup>

However, other studies indicate a longer recovery period for 100 per cent RoI. A study in Madhya Pradesh estimated that for similar assets (including ponds, wells), the recovery of cost period on an average was five years.<sup>9</sup> This variation may be due to different methodologies followed for assessment as well as different geographic areas of evaluation.

Factors like, the type of work being undertaken, technical design, and the geological differences in areas of implementation are also crucial to determining the average recovery cost. Intra-state variation was apparent in the case of Gujarat where public assets created in Sabarkantha district were doing better than their counterparts in Junagadh in terms of economic benefits generated.<sup>10</sup> Critical to this discussion, however, is the difference in geological and aquifer conditions in the two districts. Junagadh lies in the hard rock Saurashtra region while parts of Sabarkantha are underlain by an alluvial aquifer. The amount spent for recharging wells is therefore much higher in Junagadh vis-à-vis Sabarkantha.<sup>11</sup>

### Perception-based Surveys

Perception-based surveys have been used to assess the development utility of assets as perceived by the stakeholders. These surveys try to assess whether the assets are useful to the beneficiaries and are being used for the purpose they were created for. In one of the survey rounds for the MGNREGA conducted by the National Sample Survey Organisation (NSSO),<sup>12</sup> in Andhra Pradesh, Madhya Pradesh and Rajasthan, it was found that around 99 per cent of rural

households<sup>13</sup> in Rajasthan, 82 per cent in Madhya Pradesh and 64 per cent in Andhra Pradesh were using the assets created through MGNREGA works. Further, out of all the MGNREGA assets being used, 83 per cent in Rajasthan, 80 per cent in Madhya Pradesh and 67 per cent in Andhra Pradesh, were considered to be of good or very good quality.<sup>14</sup>

In another study conducted in five districts of Madhya Pradesh, 74 per cent out of 100 sample beneficiaries stated that the dug wells<sup>15</sup> created under MGNREGA had increased the total irrigated area and saved their crops from water scarcity.<sup>16</sup> In Anantpur, Andhra Pradesh, out of 54 soil water conservation works surveyed such as farm ponds, tank desilting and field bunds,<sup>17</sup> 76 per cent were serving the purpose of irrigation, water conservation, etc. and/or being used by the beneficiaries.<sup>18</sup>

Research indicates that wherever village communities have taken enthusiastically to the idea of MGNREGA and where their enthusiasm has been supported by an able, well-staffed administration and capable local governance institutions and leadership, results have been positive. In other instances, lags in process and procedure have reduced the efficiency of assets. A study conducted in nine states including Andhra Pradesh, Himachal Pradesh, Madhya Pradesh, Odisha and Rajasthan undertook a perception-based evaluation of 40 assets, such that seven best and seven worst works were selected. The assets assessed as best were of good physical quality and had followed most of MGNREGA's processes in timely wage payments, etc. On the other hand, the seven worst assets had not followed MGNREGA processes in terms of timely wage payments, etc. and were of uneven quality; two

<sup>8</sup> Ibid.

<sup>9</sup> Institute for Development of Youth Women and Child (IDYWC), 'Impact Assessment of Mahatma Gandhi National Rural Employment Guarantee Scheme on Sustainable Asset Creation and Livelihood', IDYWC, Report submitted to Ministry of Rural Development/UNDP, 2010.

<sup>10</sup> Verma, *MG-NREGA Assets and Rural Water Security*.

<sup>11</sup> Ibid.

<sup>12</sup> National Sample Survey Organisation (NSSO), *Survey of MGNREGA*, NSSO, 2010–11.

<sup>13</sup> A household is defined as members of a family related to each other by blood, marriage or adoption, and normally residing together and sharing meals.

<sup>14</sup> Ibid.

<sup>15</sup> Dug wells refer to wells dug in the ground, normally through shovels, to access groundwater.

<sup>16</sup> Madhya Pradesh Institute of Social Science Research (MPISSR), 'Assessment of the Effectiveness and Impact of Kapildhara Sub-Scheme', MPISSR, Study Commissioned by Ministry of Rural Development & UNDP, Ujjain, 2011.

<sup>17</sup> Field bunds are mud walls built around the field area to prevent inundation.

<sup>18</sup> K. Kareemulla, S. K. Reddy, C. A. Rao, S. Kumar and B. Venkateswarlu, 'Soil and Water Conservation Works through National Rural Employment Guarantee Scheme (NREGS) in Andhra Pradesh—An Analysis of Livelihood Impact', *Agricultural Economics Research Review*, vol. 22, 2009, pp. 443–50.

assets were of moderate quality, two of poor quality and one was incomplete.<sup>19</sup>

### Technical Quality

The technical design of an asset takes into account its geographical location, feasibility, strength of the physical structure, etc. The sustainability of an asset depends to a large extent on the soundness of its technical design.<sup>20</sup> A study evaluated 580 different types of works across four districts of Rajasthan and Madhya Pradesh, involving 640 households, with regard to critical design parameters under each category; for example, cost of investment, height, depth, technical design, quality of construction, time to recover the cost, among others. It was found that most of the structures, which have been built under the MGNREGA, are sustainable and will last for their designed average life. In particular, wells, check dams and anicuts<sup>21</sup> had been built with good-quality material and the right kind of technical inputs. These structures could be sustained over a period of 10–15 years and through physical verification did appear sound enough to last that long. However, the study indicated that the durability of civil works on all weather roads was low due to non-use of machines like road rollers which are necessary for compaction.<sup>22</sup>

Different assessments on works like plantations point to the criticality of planning and careful execution. In a study in Jharkhand, the average life of plants was found to be only two to three years (as opposed to 15 and above years of productive life depending on the type of tree), due to lack of planning in selection of the location for these works as well poor maintenance.<sup>23</sup>

In other places where plantation activities have been well-planned, saplings/trees were shown to have a high survival rate. For instance, in Madhya Pradesh, around 71,000 saplings were planted over 175 hectares of land under a large-scale four-year drought-proofing and greening project. The survival rate of the sapling was over 90 per cent (after four years).<sup>24</sup> These variations may be reflective of careful planning, execution and maintenance required for ensuring the feasibility and durability of works.

Other studies too, suggest the importance of a good technical design.

In Madhya Pradesh, in an evaluation of 100 dug wells, across five districts, irrigation structures were found to have a low failure rate of 5 per cent; two structures failed due to the hard rock underneath, one structure did not have water as more digging was needed to approach the water table and the allocated fund was not sufficient for the same, and three reported that their structures faced soil slide due to lack of timely bunding of the irrigation structures.<sup>25</sup> Another study assessing the ecological sustainability of these dug wells in Panna and Chindwara districts, Madhya Pradesh, pointed out that the technical design did not incorporate recharge facilities for these wells and thus the wells may dry up in the long run.<sup>26</sup>

In Anantpur, Andhra Pradesh, only 25 per cent of the 16 farm ponds were being utilised. This was because there was no provision for lining and that made the water percolate such that it was not available for supplemental irrigation. Nevertheless, in this case, the ponds were serving the purpose of groundwater recharge.<sup>27</sup> Studies also indicate that in some instances, ponds are constructed without

<sup>19</sup> T. Shah, S. Verma, R. Indu and P. Hemant, *Asset Creation through Employment Guarantee?: Synthesis of Student Case Studies in 9 states of India*, Anand: International Water Management Institute (IWMI), 2010.

<sup>20</sup> It is interesting to note here that a study by the Indian Institute of Science (IISc), observed that in a lot of cases, MGNREGA assets are 'fail proof', that is, no matter the technical quality of the asset, the asset would still benefit the environment and be useful (see Chapter 4).

<sup>21</sup> Anicuts are stone bunds.

<sup>22</sup> IDYWC, 'Impact Assessment of Mahatma Gandhi National Rural Employment Guarantee Scheme on Sustainable Asset Creation and Livelihood'.

<sup>23</sup> Action for Food Production (AFPRO), 'Infrastructure Development and Beyond: Exploring the Scope for Sustainable Livelihood Support under NREGA,' AFPRO, Report submitted to the Ministry of Rural Development/United Nations Development Programme (UNDP), New Delhi, 2009.

<sup>24</sup> Indian Institute of Forest Management (IIFM), 'Impact Assessment of MGNREGA's Activities for Ecological and Economic Security', Bhopal: IIFM, Report submitted to the Ministry of Rural Development/UNDP, 2010.

<sup>25</sup> MPISSR, 'Assessment of the Effectiveness and Impact of Kapildhara Sub-Scheme'.

<sup>26</sup> IIFM, 'Impact Assessment of MGNREGA's Activities for Ecological and Economic Security'.

<sup>27</sup> Kareemulla, Reddy, Rao, Kumar and Venkateswarlu, 'Soil and Water Conservation Works through National Rural Employment Guarantee Scheme (NREGS) in Andhra Pradesh'.

a conceptualisation of the catchment area and recharge sources etc.<sup>28</sup>

A research study of Rajasthan also concluded that inadequate staff was a major reason for poor quality and effectiveness of assets. The study noted that in Dungarpur district, Rajasthan, each Technical Assistant (TA) was responsible for supervising works in three to four Gram Panchayats (GPs),<sup>29</sup> while in Tonks, Rajasthan a TA was looking after works in 10–12 GPs; a large number of MGNREGA assets in Tonks were rendered ineffective due to insufficient technical inputs in design and site selection.<sup>30</sup>

A major weakness of water-related works under MGNREGA has been the excessive concentration on excavation and desilting of ponds without corresponding work on treating their catchment areas or on the construction of dams based on earthen engineering.<sup>31</sup>

### WORK COMPLETION RATE

*Out of 146 lakh works that have been taken up under MGNREGA since its inception (up to FY 2011–12<sup>32</sup>), 87 lakh works have been completed—this is a completion rate of around 60 per cent. There was a significant inter-state variation in the work completion rates in FY 2010–11; the highest work completion rate was that of Tripura at 71 per cent and the lowest was that of Karnataka at 21 per cent. Studies indicate that the completion rate of works, just as in the case of quality of assets, is dependent on district/region-specific implementation of the Scheme and is affected by factors such as poor planning, lack of technical support, irregular flow of funds, and delayed payment.*

While work completion by itself is not a criterion to assess the quality of work, it is an important

parameter to evaluate the MGNREGA processes involved in the creation of the asset. Out of 146 lakh works that have been taken up under MGNREGA (up to FY 2011–12\*), 87 lakh works have been completed, reflecting a completion rate of around 60 per cent. However, there is significant inter-state variation in the work completion rates; in FY 2010–11, the highest work completion rate was that of Kerala at 71 per cent and the lowest was that of Maharashtra at 2 per cent.<sup>33</sup> Under the reporting system of the Scheme (MIS/MPR), spillover works (works not completed in the preceding year) are reflected as ongoing works. Thus the completion rate in any year is cumulative, indicating a completion percentage of both spillover works from the previous year and new works in the current year. While this may account for some percentage of incomplete works, the factors responsible for the low work completion need to be carefully researched and analysed further.

In a field study undertaken in Jharkhand in FY 2009–10, it was found that around 50 per cent of the 37 projects were incomplete, even though many of them started during the year 2006–07 and 2007–08. Incomplete works were a serious concern in this area, not only because these were not serving the purpose for which they were envisaged, but because loose soil from these works could potentially cause siltation of other water bodies. The reasons noted for non-completion were:

- In the case of ponds, construction was not carried out according to planned dimensions (the dimensions may have been underestimated) and work started in June–July before the monsoon.
- For farm wells, there was only one incomplete well where the constructed parapet collapsed and had not been reconstructed.

The study also assessed these works in terms of their technical design and found problems such as non-compaction of the soil leading to soil erosion

<sup>28</sup> Cf. National Council of Applied Economic Research/Public Interest Foundation, 'NCAER-PIF Study on Evaluating Performance of National Rural Employment Guarantee Act', New Delhi: National Council of Applied Economic Research.

<sup>29</sup> Gram Panchayat is the primary unit of the three-tier structure of local self-governances in rural India, the Panchayati Raj System. Each Gram Panchayat consists of one or more villages.

<sup>30</sup> Cf. A. Singh and R. Modi, *Effectiveness and Ownership of Assets created under NREGS in Rajasthan*, Anand: Institute of Rural Management, MTS report, 2010.

<sup>31</sup> This is why the new Guidelines now specify a whole range of watershed works among the list of permissible works under MGNREGA (see Chapter 7).

<sup>32</sup> Provisional Data: At the time of the preparation of the report data entry for states was still open for the year 2011–12. Henceforth, all provisional data are indicated with an asterisk (\*) within the text and footnotes.

<sup>33</sup> Mahatma Gandhi National Rural Employment Guarantee Act (Official Website): <http://www.mgnrega.nic.in>.



and siltation and no provision for recharge around ponds and wells leading to the drying of the water source.<sup>34</sup> The study suggested the need for more effective planning and giving priority to selection of smaller structures for soil and water conservation since this may improve the completion rate for works and accrue the desired benefits to stakeholders.<sup>35</sup>

Irregular flow of funds was another reason for incomplete works, as concluded by a study in Meghalaya and Sikkim.<sup>36</sup> In Mandla, Madhya Pradesh and Narmada, Gujarat, a report found that while people started to work on MGNREGA, due to delay in wage payments they shifted back to lower-paying works.<sup>37</sup>

Lack of technical support to communities, on how to plan and when and where to start a work is also a key factor in non-completion of works. A large number of works, particularly those related to water conservation, remain incomplete, either due to lack of technical support to GPs or the onset of monsoons.<sup>38</sup>

The Working Group on MGNREGA set up by the Planning Commission towards formulation of the 12th Plan suggests that works are left incomplete for several reasons, which can be variously addressed:

- The Management Information System (MIS) needs to identify those works which are to be executed over a period of more than a year. Such works may be split into annual work elements, with each annual segment given a distinct work identity.<sup>39</sup>
- Some works are left incomplete because revisions of wage and material rates raise the actual cost beyond the approved estimates. Whenever there

is a revision in the Schedule of Rates (SoR),<sup>40</sup> the District Programme Coordinator (DPC)<sup>41</sup> must revise the approved estimates for projects in the Annual Plan which are yet to begin. This should be done on a *suo moto* basis by the DPC and the revised estimates conveyed to Project Implementing Agencies (PIAs).

- For projects which are under execution when the SoRs are revised, the DPC must conduct a survey re-estimating the value of the unfinished portion of the works. The entire process of re-estimation must be done within a period of one month of the revision of SoRs.
- For those PIAs that have incomplete works for more than one fiscal year after the year in which the works were proposed, no sanction is to be given for beginning new works.

It is important to note that findings related to quality, durability and rate of work completion suggest that the problem is not in the design of the Act but the usefulness of the Scheme is dependent on the strength of its implementation at the field level. For instance, lack of planning in areas like potential demand and need for MGNREGA works, participation of villagers and prioritisation of works in the Gram Sabha (GS),<sup>42</sup> and focus on creation of productive assets based on principles of watershed, etc., can greatly reduce the development potential of MGNREGA.<sup>43</sup> Taking up of planned works, relevant to the need of the region and demand of the beneficiaries is also vital for ensuring ownership of assets and their development utility in the long run.

<sup>34</sup> AFPRO, 'Infrastructure Development and Beyond'.

<sup>35</sup> Ibid.

<sup>36</sup> Indian Institute of Management-Shillong (IIM-S), 'Appraisal of MGNREGA in Sikkim and Meghalaya', Shillong: IIM, Report submitted to the Ministry of Rural Development/UNDP, 2009.

<sup>37</sup> Verma, *Multiple Use Water Services in India*.

<sup>38</sup> World Bank, *Social Protection for a Changing India*, Volume II, Chapter 4, 2011.

<sup>39</sup> The MIS has now been changed to allow for this.

<sup>40</sup> The details of the productivity norms are listed in the Schedule of Rates (SoRs). The SoRs are calculated through Work Time and Motion Studies. The SoRs, under the Act, have to be such that an average person working for nine hours, with one hour of rest, is able to earn the notified MGNREGA minimum wage.

<sup>41</sup> A District Programme Coordinator (usually the District Magistrate or District Collector) is the overall incharge of MGNREGA in a district.

<sup>42</sup> A Gram Sabha is a body of all persons as electors in the electoral roll for a Gram Panchayat. All the meetings of the GS are convened by the GP to disseminate information to the people as well as to ensure that development of the village is done through participation or consent of all households.

<sup>43</sup> Centre for Science and Environment (CSE), 'An Assessment of the Performance of the National Rural Employment Guarantee Programme in Terms of its Potential for Creation of Natural Wealth in India's Villages', New Delhi: CSE, 2008.

## WORK ON PRIVATE LANDS AND PUBLIC LANDS

*A significant share of MGNREGA works (12 per cent in FY 2011–12\* and 20 per cent in FY 2010–11) is taken up on private land. Research on the subject compares and contrasts the advantages and challenges of these works vis-à-vis works on Public Lands. A study on best-performing assets in Bihar, Gujarat, Kerala and Rajasthan, estimated a higher RoI of 116 per cent for water-related public assets, due to the number of people they benefit, as against a RoI of 35 per cent for private assets, in a single year of use. However, private assets were found to be better maintained and hence more sustainable, due to definite ownership and rights.*

MGNREGA allows for asset creation, such as water conservation works, provision of irrigation facilities, land development, etc. on public land.<sup>44</sup> The Act also provides for taking up of works such as irrigation, horticulture and land development, on private land belonging to the Scheduled Castes (SCs) and the Scheduled Tribes (STs) or families below poverty line (BPL), or to the beneficiaries of land reforms or to those under the Indira Awas Yojana (IAY) of the Government of India (GoI) or that of the small or marginal farmers as defined in the Agriculture Debt Waiver and Debt Relief Scheme, 2008 of the GoI, or to the beneficiaries under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006.

Though MGNREGA is demand-based and taking up of one kind of work does not exclude the other, there has been some debate on the effectiveness of works undertaken on public land in comparison to works on private land. Studies show that while private assets are preferred by beneficiaries, public assets benefitted a larger area and more people, leading to higher returns on investments.<sup>45</sup> In a study across

Bihar, Rajasthan, Kerala and Gujarat, 99 public and 44 private best-performing assets were surveyed. Out of the studied assets, on an average private assets recovered their investment cost faster, that is, 116 per cent in one year as against 36 per cent in one year for private assets (see Figure 3.1). In reference to a specific case in Nalanda, Bihar, pisciculture on a public pond contributed Rs 27,400 (since this was a public asset, the amount went to the GP for development activities in the village) while various private ponds, which were significantly smaller, had an average earning of Rs 5,500 for the owner. The same study estimated a 50 per cent cost recovery for private ponds and a 150 per cent cost recovery for village ponds, in one year.<sup>46</sup>

However, public assets are prone to destruction because of neglect in maintaining them, in the absence of strong local institutions—the classic tragedy of the commons. With defined ownership, assets on private land are relatively well taken care of and better maintained. In fact, the development of private property under the Scheme has the potential to contribute to more sustainable livelihood creation.<sup>47</sup> In Gujarat, a study of ten farmers who had been provided private assets under the Scheme, found a significant impact on their livelihoods. The Gross Cropped Area (GCA)<sup>48</sup> for these farmers more than doubled as a result of asset provision, from around 15 to 34 hectares. This also led to a reduction in the number of days of labour, on other farmers' fields, that these households engaged in, suggesting they became more self-reliant as a result of MGNREGA works.

On the other hand, community upkeep of public assets is limited, possibly due to ambiguity over ownership and usage rights. In Kerala, a study observed that, of the 23 public ponds studied, only one was being maintained by the community. Villagers, including those who were directly benefiting from the asset, asserted that it was the responsibility of the GP to regularly clean and maintain the assets.<sup>49</sup> The possible reasons for the non-maintenance of these assets could

<sup>44</sup> Public land refers to government land or community land as a common property resource not belonging to only one individual.

<sup>45</sup> Verma, *Multiple Use Water Services in India*.

<sup>46</sup> Verma, *MG-NREGA Assets and Rural Water Security*.

<sup>47</sup> IIM-Shillong, 'Appraisal of MGNREGA in Sikkim and Meghalaya'.

<sup>48</sup> Gross Cropped Area is the total land area where crops are sown once or more than once, during a year. The area is counted as many times as there are sowings in the year.

<sup>49</sup> Cf. N. Nair and S. Sanju, 'Water Conservation and Irrigation Asset Creation under NREGS in Kerala: Understanding the Ownership and Effectiveness of the Assets created and Its Influence on Labor Dynamics', Anand: Institute of Rural Management, MTS report, 2010.

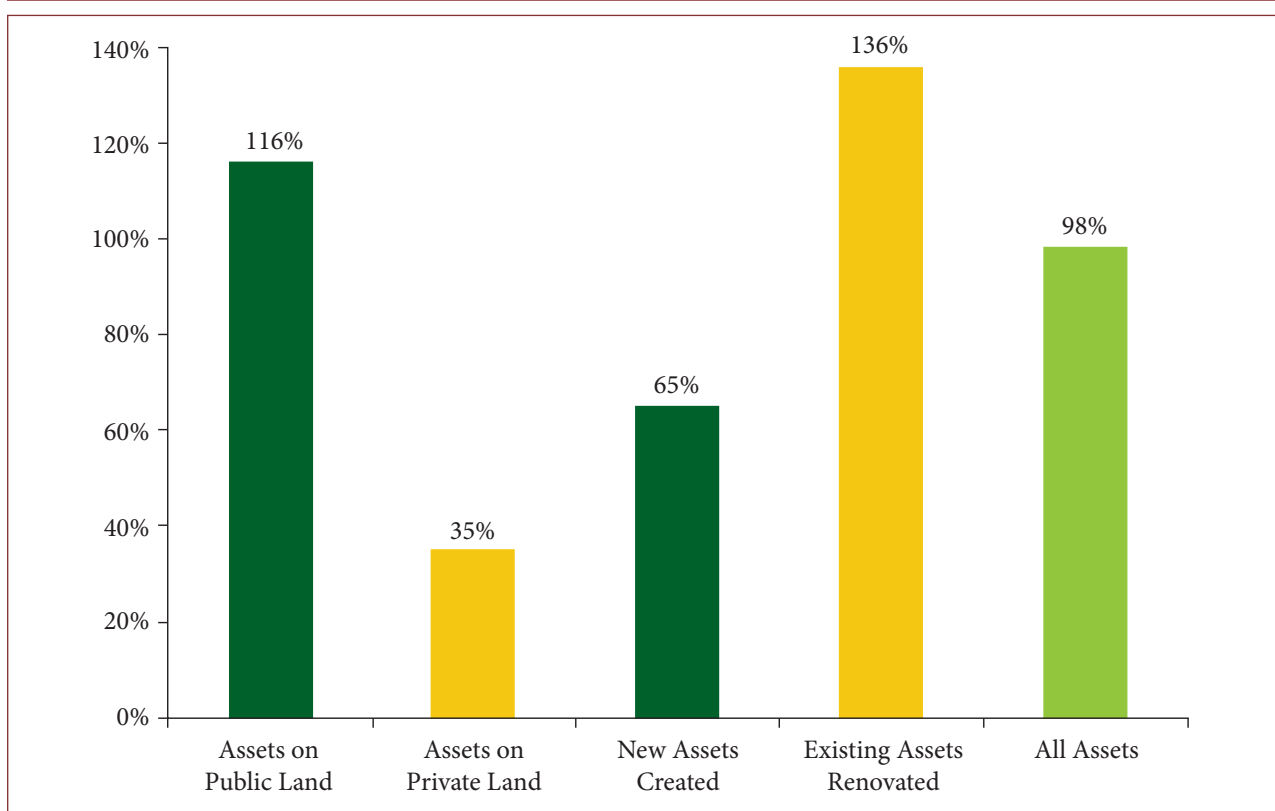
be: diffusion of benefits over a large group and less individual ownership, disproportionate benefits accrued to influential groups, or weak Panchayati Raj Institutions (PRIs).<sup>50</sup> From the point of view of reducing poverty, public works are prone to being taken over by interest groups (here, interest groups refers to stakeholder groups defined on the basis of traditional hierarchies, caste, etc. These groups may, sometimes, block equal and open access to community resources like ponds etc.).<sup>51</sup> Thus, the choice between the two kinds of assets, in some cases, provides for a paradox between equity (since community resources can potentially benefit more people) and effectiveness (as works on private lands appear to be better maintained and more sustainable).<sup>52</sup>

On effective utilisation of resources, a similar comparison may also be drawn between creation of new assets and renovation of old assets. A study found that while creation of new assets was beneficial, investments in expanding, deepening, improving and renovating existing assets provided the highest returns; existing assets renovations had a return of 136 per cent, much higher than the return on new assets created which was 65 per cent (see Figure 3.2).<sup>53</sup>

#### MULTIPLE USES OF MGNREGA ASSETS

*Most assets created under MGNREGA are used for multiple purposes. As studies in Bihar,*

**FIGURE 3.2 Benefits from One Year of Use as a Proportion of the Investment Made in Different Best-performing Asset-types across Four States**



Source: Verma, *MG-NREGA Assets and Rural Water Security*.

<sup>50</sup> Panchayati Raj Institutions (PRIs) are systems of local governance in rural India at three levels of administration: village, block and district.

<sup>51</sup> Bassi and Kumar, *NREGA and Rural Water Management in India*.

<sup>52</sup> Verma, *Multiple Use Water Services in India*.

<sup>53</sup> Ibid.

*Rajasthan, Gujarat, Kerala and Madhya Pradesh have shown, almost 50 per cent of the assets surveyed were designed for single-use such as, irrigation, but were de facto multiple-use structures (being used for household purposes, groundwater recharge, livestock etc.). This reflects the potential of MGNREGA to contribute to water and livelihood security in the village ecosystem. For assessing the development impact of MGNREGA assets, it is important to take into account the nature and multi-utility of each asset.*

Most rural households not only have multiple uses for water but also use multiple sources of water for their varied needs. Each source of water, such as a pond, serves multiple purposes.<sup>54</sup> Even within the homestead, households can use up to nine different water sources. This makes most of the water structures created under MGNREGA multiple-use structures; in fact, MGNREGA may be viewed as the world's largest laboratory for community-based multi-use water services (MUS). Thus in order to quantify the impact of MGNREGA and benefits accrued, it is important to take into account the nature and multi-utility of each asset. Efficient MUS also emphasises the need to strike an appropriate balance between sustainable infrastructure investments and water governance.

According to a field survey in Bihar, while ponds were demanded by the GS primarily for purposes of irrigation, an important share of their benefits accrued were from pisciculture. In Nalanda, pisciculture on MGNREGA ponds was a major source of income. In the case of a public pond, pisciculture contributed an income of Rs 27,400 for farmers. In addition to this, farmers gained by saving the cost of purchasing water at Rs 60/hour. MGNREGA works on private land too

were used both for irrigation of crops as well as for pisciculture.<sup>55,56</sup>

Quantification of the benefits from MGNREGA assets also includes other aspects. Some of these can be directly measured, as with a quantifiable increase in the area irrigated, the storage capacity of a water body, the area afforested, the production of food, fodder or grass and other parameters linked to the functioning of the ecosystems. There are other uses and advantages of these assets that are more difficult to quantify. For instance, a study conducted in Chitradurga, Karnataka, concluded that the MGNREGA activities reduced the vulnerability of agricultural production, water resources and livelihoods to uncertain rainfall, water scarcity and poor soil fertility.<sup>57</sup> (See Chapter 4 for other studies on quantification of benefits from works). These findings were also supported by a study conducted in Maharashtra.<sup>58</sup>

#### LEVERAGING MGNREGA FOR SUSTAINABLE DEVELOPMENT

*Several states have initiated the convergence of MGNREGA with other Schemes/Government departments such as those dealing with agriculture and horticulture. Literature on this topic details several individual case studies and positive impacts of this approach.*

MGNREGA with its inter-sectoral approach opens up opportunities for convergence with different programmes. The aim of convergence is to optimise public investments made under existing Schemes through suggested ways of linking and steering them towards a common/shared recipient end, both physical (area, infrastructure, natural resource) and human (person, group, agency) (see Box 3.1).<sup>59</sup>

<sup>54</sup> See, for example, the '7-harvest farm ponds' constructed by Samaj Pragati Sahayog in Central India (Mihir Shah et al., *India's Drylands: Tribal Societies and Development through Environmental Regeneration*, New Delhi: Oxford University Press, 1998).

<sup>55</sup> See Verma, *MG-NREGA Assets and Rural Water Security*.

<sup>56</sup> Cf. A. Kumar and G. Chandra, 'Effectiveness and Ownership of Irrigation Assets created under MNREGA and Labour Market Dynamics in Bihar', Anand: Institute of Rural Management (IRMA), MTS report, 2010.

<sup>57</sup> R. Tiwari, H. I. Somashekhar, V. R. Ramakrishna, I. K. Murthy, M. S. Kumar, B. K. Kumar, H. Parate, M. Varma, S. Malaviya, A. S. Rao, A. Sengupta, R. Kattumuri and N. H. Ravindranath, 'MGNREGA for Environmental Service Enhancement and Vulnerability Reduction: Rapid Appraisal in Chitradurga District, Karnataka', *Economic and Political Weekly*, vol. 66, no. 20, 14 May 2011.

<sup>58</sup> Watershed Organization Trust (WOTR), 'Impact Appraisal of NREGA in Aurangabad and Ahmednagar Districts of Maharashtra', WOTR, Report submitted to the Ministry of Rural Development/UNDP, 2010.

<sup>59</sup> Ministry of Rural Development (MoRD), 'Guidelines for Convergence: Leveraging NREGA for Sustainable Development through Inter-sectoral Convergence', Ministry of Rural Development, 2009–10.



The current studies and assessments on MGNREGA do not conduct a macro-analysis of the impact and benefits of convergence with MGNREGA, in other words, how supplementing the costs of development programmes through the Scheme is aiding beneficiaries.

To support convergence initiatives and allow

for greater flexibility in adopting agro-climatic specific works, the revised MGNREGA Schedules and Guidelines have added new works to the list of permissible works under the Scheme. These are discussed in detail in the last chapter on Ministry of Rural Development's initiatives.<sup>60</sup>

### Box 3.1 Convergence Initiatives Supported by State Governments and Civil Society Organisations

**Andhra Pradesh:** Chittoor demonstrates an example of effective convergence of MGNREGA with horticulture. Under the State's Horticultural Programme and MGNREGA, the cumulative area under mango horticulture plantations gradually increased from less than 30,000 acres in 2007–08 to more than 70,000 acres in 2009–10. As such, Chittoor has become the highest performing district in Horticulture plantations in the state. About 56,348 acres of mango gardens had come up by 2009 and about 30,120 acres of assigned land has been additionally brought under cultivation. Survival rate of the plantations have been found to be high—about 88 per cent (2007–08) to 96 per cent (2008–09). The beneficiaries indicated a high satisfaction from these plantations in terms of the revenue generated.

**Madhya Pradesh:** The *Kapildhara* Scheme in Madhya Pradesh is a convergence between MGNREGA, agriculture and horticulture departments. The Scheme provides farm ponds, dug wells, tanks for increasing water availability on the lands of farmers who have more than 1 hectare of land and belong to SC/ST and BPL families. Research listing case studies on the impact of the Scheme found several beneficiaries reporting an increase in water availability and crop yield, under the *Kapildhara* Scheme; for instance one beneficiary reported an overall productivity increase from 4–5 quintals of wheat to about 18–20 quintals.

**West Bengal:** In Bankura, a convergence on the principles of Integrated Natural Resource Management (INRM) was taken up in MGNREGA. Landless women formed Self-Help Groups (SHGs) to lease barren land for 25 years, under a crop sharing scheme. They used MGNREGA funds for land development and planting Mango orchards and timber. Along with this land lease scheme for orchards, water conservation treatment to reduce the velocity of water run off was taken up in the upland. In midlands, water tanks were built on private land. In the lowlands, small seepage tanks were constructed, which filled through seepage of ground water resources, providing farmers with a small but almost perennial source of water. From 2008 to 2012 a total of Rs 1500 core has been spent on INRM related MGNREGA work throughout Bankura district. Over 5500 ST families, in 119 villages, have been provided with 83 lakh person-days of work, 3600 small water bodies (*Hapas* and seepage tanks) have been constructed. In the Hirbandh block alone around 100 hectares of mango orchards have been planted.

#### Sources:

**Andhra Pradesh and Madhya Pradesh:** Centre for Education and Research Development (CERD), *NREGA Processes in Andhra Pradesh and Madhya Pradesh: Appraisal and Research Study*, CERD, Report submitted to the Ministry of Rural Development/UNDP, 2010.

**West Bengal:** *The Bankura Experiment—NREGS can work*, <http://meerasanyal.wordpress.com/2012/04/28/the-bankura-experiment-nregs-can-work/>.

<sup>60</sup> MoRD, 'Recommendations of the Working Group on Individual Land and List of Permissible Works', Report submitted to the Ministry of Rural Development, 2010, and MoRD, 'Report of the Committee on Revision of MGNREGA Operational Guidelines', New Delhi: Submitted to the Ministry of Rural Development, Government of India, 2012.



## 4 Environmental Services and Agricultural Productivity

**M**GNREGA is recognised as an ecological Act that aims to create sustainable livelihoods through regeneration of the natural resource base of rural India. In the process, it provides resilience and adaptation to climate change.<sup>1</sup>

Evidence of the suitability of the MGNREGA works in terms of their usefulness for environment and ecology is emerging.<sup>2</sup> In the short run, environmental services<sup>3</sup> have an impact at the local level on natural resources, water availability, etc. At a large scale, these may have regional implications for

climate change mitigation and carbon sequestration as well (see Table 4.1).<sup>4</sup>

This chapter looks at some of the evidence-based studies that have attempted to quantify and/or project the environmental and agricultural impact of the Scheme. The existing literature suggests that MGNREGA has had a positive impact at the micro-level. However, more scientific studies quantifying the macro-level impact of the Scheme are required; for instance, questions like has the MGNREGA affected the viability of cultivation of small/medium and large farm holders in

<sup>1</sup> Centre for Science and Environment (CSE), 'Opportunities and Challenges for NREGA', New Delhi: CSE, 2008.

<sup>2</sup> A. Sharma, *Rights-based Legal Guarantee as Development Policy: A Discussion on the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)*, New Delhi: UNDP, 2010.

<sup>3</sup> Environmental services include recharging groundwater, increasing rain water percolation, conserving water, increasing the area irrigated, reducing soil erosion, increasing soil fertility, conserving biodiversity, reclaiming degraded crop and grazing lands, and carbon sequestration.

<sup>4</sup> R. Tiwari, H. I. Somashekhar, V. R. Ramakrishna, I. K. Murthy, M. S. Kumar, B. K. Kumar, H. Parate, M. Varma, S. Malaviya, A. S. Rao, A. Sengupta, R. Kattumuri and N. H. Ravindranath, 'MGNREGA for Environmental Service Enhancement and Vulnerability Reduction: Rapid Appraisal in Chitradurga District, Karnataka', *Economic and Political Weekly*, vol. 66, no. 20, 14 May 2011.

**TABLE 4.1 MGNREGA Activities and Key Environmental Services**

MGNREGA Activities	Local Environmental Services	Regional and Global Environmental Services
<b>Water Conservation and Harvesting</b>	Groundwater recharge, soil moisture retention and protection (erosion control), flood control (reduced risk), providing irrigation and drinking water and improving soil quality (nutrient cycling)	Water conservation
<b>Irrigation Provisioning and Improvement</b>	Providing irrigation, improved-agriculture and livelihoods, increased crop production	Reduce the need for methane producing large dams
<b>Renovation of Traditional Water Bodies</b>	Improved storage capacity, irrigation availability, groundwater recharge, soil quality (nutrient cycling), biomass production and crop production	Water conservation
<b>Land Development</b>	Land reclaimed for agriculture, improved-irrigation availability, hence agriculture and livelihood improvement	
<b>Drought Proofing</b>	Soil moisture retention, protection (erosion control) and soil quality (nutrient cycling), flood control (reduced risk), biomass production (fuel wood) and local climate regulation	Water conservation, carbon sequestration, biodiversity conservation
<b>Flood Control</b>	Better drainage, higher land productivity (erosion control) and flood control (reduced risk)	Water conservation

*Source:* R. Tiwari, H. I. Somashekhar, V. R. Ramakrishna, I. K. Murthy, M. S. Kumar, B. K. Kumar, H. Parate, M. Varma, S. Malaviya, A. S. Rao, A. Sengupta, R. Kattumuri and N. H. Ravindranath, 'MGNREGA for Environmental Service Enhancement and Vulnerability Reduction: Rapid Appraisal in Chitradurga District, Karnataka', *Economic and Political Weekly*, vol. 66, no. 20, 14 May 2011.

certain/all tracts and for which crops, still remain unanswered.

#### ENHANCEMENT OF ENVIRONMENTAL SERVICES

*Preliminary findings indicate that MGNREGA works have led to a rise in groundwater, improvement in soil quality and reduction in vulnerability of production systems to climate variability (by strengthening livelihood and water security). However, some literature also points out that the extent and kind of impact MGNREGA works have on the environment depend on the scale of the activities undertaken, the technical design, the quality of assets*

*created, and ownership and use of the physical structures constructed. There are only a few studies on the subject.*

While there are several studies that suggest that MGNREGA has had a positive impact on the environment, there are only a few studies that have actually attempted to quantify this impact.<sup>5</sup>

A pilot study in Chitradurga, Karnataka, developed and tested a framework for quantification of environmental services provided by the MGNREGA.<sup>6</sup> The findings suggested that the potential and extent of impact depended on the scale, technical design, ownership and maintenance of the structures constructed and activities undertaken.<sup>7</sup>

<sup>5</sup> Indian Institute of Science (IISc), GIZ and the Ministry of Rural Development (MoRD) with support from Central Research Institute for Dryland Agriculture (CRIDA) and Indian Institute of Forest Management (IIFM) were at the time of the publication (June 2012) of this compilation, conducting a study in five states of India—Andhra Pradesh, Madhya Pradesh, Karnataka, Rajasthan and Sikkim. The study includes: an assessment of environmental services generated through MGNREGA works and climate change vulnerability reduction. The study will also look at convergence issues at the local level.

<sup>6</sup> Tiwari et al., 'MGNREGA for Environmental Service Enhancement and Vulnerability Reduction: Rapid Appraisal in Chitradurga District, Karnataka.'

<sup>7</sup> Ibid.



While effective planning is vital to ensure the usefulness and sustainability of MGNREGA works (see chapter 3), studies point that some MGNREGA works are easy to execute and can even be categorised as 'fail-proof'. In other words these activities can improve soil, water and forest resources without requiring micro-plans and watershed plans.<sup>8,9</sup>

Listed below are some of the main findings of studies related to the impact of MGNREGA activities on the environment:

### Improvement in Water Percolation and Rise in Groundwater

Micro-level studies indicate that the water conservation structures, desilting of traditional water bodies, plantations and other works taken up in MGNREGA, have improved water percolation and helped recharge groundwater. This has also led to a rise in groundwater levels and water availability, increasing the area under irrigation in some cases.

An assessment of 34 anicuts<sup>10</sup> in Rajasthan observed that on an average, an anicut built under MGNREGA was irrigating an area of 26 hectares (ha) and enhancing groundwater recharge for 3–25 wells leading to a rise in water levels between 10–40 feet.<sup>11</sup>

The Chitradurga study (mentioned above) noted that due to check dams created under MGNREGA, the percolation potential of the villages studied improved by 1,000–28,000 cubic metres a year. In one village, the construction of percolation tanks improved recharge by 24 per cent in the watershed considered.<sup>12</sup> Desiltation works between 2006–09 further contributed to recharging of groundwater. Three villages out of the 20 studied, recorded a significant rise of 30 per cent (46 metre), 53 per cent (82 metre) and 77 per cent

(113 metre) in groundwater. Rise in groundwater also led to an increase in the area irrigated. Six villages showed a significant improvement in areas irrigated by bore-wells; two villages recorded an increase of more than 90 per cent in irrigated area, one village recorded a doubling from 400 hectares (ha) irrigated before desilting to 800 ha irrigated after desilting, and three villages recorded an increase of more than 20 per cent.<sup>13</sup>

Results from a project in the Khargone district of Madhya Pradesh also demonstrate the collective impact of planned MGNREGA works on water and livelihood security. At the end of a three-year MGNREGA project (2010–12), on revival of a river (including desilting, check dams, etc.), there was an increase in water availability such that the duration of the surface water level flow increased by two to three months, the groundwater level increased by two to three meters and the crop area increased by about 400 ha.<sup>14</sup>

Other studies from across India have put forward similar findings. In Maharashtra, in perception-based surveys, over 40 per cent of the 200 households in a sample survey said that there had been an increase in groundwater levels as a result of works taken up under the Scheme.<sup>15</sup>

### Improvement in Soil Quality

Application of excavated silt from MGNREGA works has the potential to add to soil fertility. In a study in Chittoor, Andhra Pradesh, excavated silt was applied to 36,000 acres of degraded lands belonging to Scheduled Caste (SCs)/Scheduled Tribes (STs)/Below Poverty Line (BPL) families. This increased the soil fertility in terms of nutrients found in the soil.<sup>16</sup> The

<sup>8</sup> See Sharma, *Rights-based Legal Guarantee as Development Policy*.

<sup>9</sup> Tiwari et al., 'MGNREGA for Environmental Service Enhancement and Vulnerability Reduction: Rapid Appraisal in Chitradurga District, Karnataka'.

<sup>10</sup> Anicuts are stone bunds.

<sup>11</sup> S. Verma, *MG-NREGA Assets and Rural Water Security: Synthesis of Field Studies in Bihar, Gujarat, Kerala and Rajasthan*, Anand: International Water Management Institute, 2011.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> District Awards for excellence in MGNREGA Administration Presentation, Presentation made to the Ministry of Rural Development by district administration Khargone, Madhya Pradesh, 20 January 2011.

<sup>15</sup> Watershed Organization Trust (WOTR), 'Impact Appraisal of NREGA in Aurangabad and Ahmednagar Districts of Maharashtra', WOTR, Report submitted to the Ministry of Rural Development/UNDP, 2010.

<sup>16</sup> Centre for Education and Research Development (CERD), 'NREGA Processes in Andhra Pradesh and Madhya Pradesh: Appraisal and Research Study', CERD, Report submitted to the Ministry of Rural Development/UNDP, 2010.

Chitradurga study also confirmed this. Croplands that had been treated by silt excavated from water bodies, recorded a two- to threefold increase in the organic carbon content.<sup>17</sup>

### Potential for Carbon Sequestration

The Chitradurga study (mentioned earlier) also attempted to estimate the potential of MGNREGA works to generate carbon sequestration. The study projected the potential carbon sequestration over a period of 30 years. From three plantations of over 35,000 trees, spread over an area of 80 ha, the potential carbon sequestration after a period of 30 years was projected at around 7,700 tonnes of carbon.<sup>18</sup> Given that works related to afforestation make up around 10 per cent (including agro-forestry, etc.) of the total MGNREGA works, the carbon sequestration potential is enormous.

### Reduction in Vulnerability of Production Systems

MGNREGA activities have shown the potential to reduce the vulnerability of production systems to climate variability by strengthening livelihood and water security through water conservation, water harvesting and desilting and increased crop yields.<sup>19</sup> For example, in a perception-based study in Sidhi and Nuapada in Madhya Pradesh, 79 per cent (out of 240 households) and 15 per cent (out of 240 households) of the respondents agreed that MGNREGA works had led to an increase in water availability, thus reducing the vulnerability of production systems.<sup>20</sup>

### CREATION OF GREEN JOBS

*MGNREGA works have been described as 'Green' and 'Decent', i.e. the Scheme creates decent working conditions by ensuring workers rights and legal entitlements,*

*providing social protection and employment and environmentally sustainable works that regenerate the ecosystem and protect biodiversity. Evidence suggests this is bearing out in many cases.*

MGNREGA creates green jobs. Green jobs are decent jobs (ensuring productive and secure employment, social protection, rights, participation in planning) that contribute to environmental sustainability (protection of the ecosystem, reliance on renewable sources of energy) and are therefore directly related to climate change mitigation and adaptation activities.<sup>21</sup>

In a pilot study in Kaimur, Bihar,<sup>22</sup> six worksites on rural connectivity, minor-irrigation and water conservation works were assessed on a point based index of 17 indicators related to decent work including, days of employment against demand, wage payment, worksite facilities, employment to women, etc. All six works scored high to be categorised as decent work, with water conservation scoring above rural connectivity and minor-irrigation works. The specific findings were:

- 100 per cent of the daily wage commensurate to the work done was paid,
- 91 per cent–100 per cent of the days of employment demanded were provided,
- Worksite facilities such as crèches were not available at some locations,
- All wage payments were made in 7–15 days,
- Employment provided to women was more than 33 per cent.

Decent work also incorporates working with dignity and without harassment at workplace. For instance, a study<sup>23</sup> pointed out that work in the construction industry typically exposes workers

<sup>17</sup> Tiwari et al., 'MGNREGA for Environmental Service Enhancement and Vulnerability Reduction: Rapid Appraisal in Chitradurga District, Karnataka.'

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Centre for Science and Environment (CSE), 'An Assessment of the Performance of the National Rural Employment Guarantee Programme in Terms of its Potential for Creation of Natural Wealth in India's Villages', New Delhi: CSE, 2008.

<sup>21</sup> International Labour Organization (ILO), 'MGNREGA: A Review of Decent Work and Green Jobs in Kaimur District in Bihar', ILO, 2010.

<sup>22</sup> Ibid.

<sup>23</sup> J. Dreze and R. Khera, *The Battle for Employment Guarantee*, New Delhi: Oxford University Press, 2011, pp. 43–81.

to a range of vulnerabilities (such as exploitation, illness). MGNREGA provides an opportunity for decent work. A field survey conducted across 100 Gram Panchayats (GPs) in six northern states, found that workers regarded MGNREGA as dignified employment. Ninety per cent of the workers reported no incidence of harassment at the workplace. The improvement in work condition was also due to an absence of contractors (since there is a ban on contractors in MGNREGA). The workers were found to be more aware of their wages and how much they should be paid.<sup>24</sup>

Since MGNREGA works contribute towards water security, arresting soil erosion (see Chapter 3) they incorporate environmental considerations to begin with. The study in Kaimur, Bihar<sup>25</sup> (mentioned above) also assessed works on indicators related to the environment, including protection of forests and water systems. All six works assessed scored high on the index and were categorised as environmentally sustainable. Specific findings with regard to these works included:

- Roads/minor irrigation and water harvesting led to creation of structures that arrested soil erosion, however, no compaction was undertaken which made the structures less sustainable,
- No machines were used and 100 per cent of the works were done by manual labour.

Overall, studies suggest that MGNREGA works are decent and green in their conception. However, the true potential of MGNREGA as a *Green Scheme* can be fully realised if additional parameters are included in planning and implementation, to focus on activities specifically from the point of view of environment sustainability and decent work, such as use of resource efficient materials at work sites, etc.<sup>26</sup>

## AGRICULTURAL PRODUCTION AND PRODUCTIVITY

*Studies indicate that the impact of MGNREGA on agricultural production and productivity is not uniform. Districts and villages which have performed better in the MGNREGA implementation demonstrate a visible growth in agricultural production and productivity. However, more research is required to quantify the definite impact of MGNREGA on agricultural production and productivity at the macro-level.*

### Improved Irrigation and Change in Cropping Pattern

Provision of water for agriculture is vital for ensuring food and water security in rural India. Research suggests that water-related assets created under MGNREGA have increased the number of days in a year water is available and also the quantity of water available for irrigation.

A study in the Sidhi, Betul, Jhabua, Shivpuri and Rajgarh districts of Madhya Pradesh noted that 70 per cent of the irrigation structures under *Kapildhara*<sup>27</sup> Scheme ensured perennial water across agricultural seasons for beneficiaries.<sup>28</sup> In the districts of Ujjain and Dhar, the irrigated land area increased by 26 per cent and 19 per cent respectively. In Chhindwara and Panna, the increase in irrigated area was even higher, i.e. 35 per cent and 30 per cent respectively, due to MGNREGA works.<sup>29</sup>

The increased availability of water has also led to changes in crop patterns and increased area under cultivation according to some studies. A study conducted in Sidhi in Madhya Pradesh found that around 55 per cent of the 240 respondents together reported an increase of 372 acres under crops. And

<sup>24</sup> Ibid.

<sup>25</sup> ILO, 'MGNREGA: A Review of Decent Work and Green Jobs in Kaimur District in Bihar'.

<sup>26</sup> Ibid.

<sup>27</sup> The *Kapildhara* Scheme in Madhya Pradesh is a convergence between MGNREGA, agriculture and horticulture departments. The Scheme provides farm ponds, dug wells, tanks for increasing water availability on the lands of farmers who have more than 1 hectare of land and belong to SC/ST and BPL families.

<sup>28</sup> Madhya Pradesh Institute of Social Science Research (MPISSR), 'Assessment of the Effectiveness and Impact of Kapildhara Sub-Scheme', MPISSR, Study Commissioned by Ministry of Rural Development & UNDP, 2010.

<sup>29</sup> Indian Institute of Forest Management (IIFM), 'Impact Assessment of MGNREGA's Activities for Ecological and Economic Security', Bhopal: IIFM, Report submitted to the Ministry of Rural Development/UNDP, 2010.

around 56 per cent of the respondents reported diversification of crops over previous years. Crops like *Jowar*, *Bajra*, *Kodo*, *Makka* and *Arhar* have been replaced by wheat, gram and vegetables due to increased availability of irrigation water.<sup>30</sup> In Kerala, it was seen that due to renovation and construction of ponds, and the resultant improved water availability, commercial crops like ginger and sugarcane are being grown.<sup>31</sup>

In Bihar, a study conducted in 26 villages across the districts of Nalanda, Vaishali and Bhojpur, found that there was an increase in the Net Sown Area (NSA),<sup>32</sup> the Gross Cropped Area (GCA),<sup>33</sup> and Crop Intensity (CI).<sup>34</sup> The per farmer increase among sample

beneficiaries, was around 5 per cent in NSA, 9 per cent in GCA and 4 per cent in CI.<sup>35</sup>

Other micro-level impacts have also been reported (see Box 4.1).

### Increase in Crop Productivity

With the improvement in irrigation (as discussed in the previous section), land development, regeneration of natural resource base and large-scale investment directly into the village economy, the impact of MGNREGA on agricultural productivity needs closer scrutiny.

Districts and villages which have performed better in the MGNREGA implementation and used funds

#### Box 4.1 Enhancing Agricultural Production

**Madhya Pradesh:** Mathurabai and her family, consisting of her husband and five children, live in the drought prone tribal tract of Bagli tehsil in Dewas district (Madhya Pradesh). She inherited 2 bighas of rocky land, unsuitable for cultivation, and for livelihood the couple took to agricultural labour.

In April 2007, under MGNREGA, field bunding work was undertaken in her land with support from Samaj Pragati Sahayog, reducing the risk of top soil run off, which enhanced productivity. The land development helped her harvest vegetables like chillies, cabbages and onions.

In 2008–09, her family worked 76 days in MGNREGA; in 2009–10, 38 days; and in 2010–11, 72 days.

In July 2009, Mathurabai sowed 2 kilos of this seed in her land, and followed that up with 3 kilos a year later, ensuring fodder for her cattle. In 2010, under MGNREGA a compost pit was also built in her land.

These interventions have enabled the family to meet their basic needs of life through farming itself.

**Andhra Pradesh:** In a GP in Vizianagram district of Andhra Pradesh. Due to renovation works on tanks like desilting, strengthening of the bund around the tank, deepening of feeder channel and field channels, 50 acres of assigned lands belonging to 40 ST members was irrigated. With improved irrigation, farmers were able to use their land for cultivating more crops.

#### Sources:

**Madhya Pradesh:** National Consortium of Civil Society Organizations (NCCSO), 'MGNREGA: Opportunities, Challenges and the Road Ahead', Second Report of the NCCSO on MGNREGA, 2011.

**Andhra Pradesh:** Centre for Education and Research Development (CERD), 'NREGA Processes in Andhra Pradesh and Madhya Pradesh: Appraisal and Research Study', CERD, Report submitted to the Ministry of Rural Development/UNDP, 2010.

<sup>30</sup> CSE, 'An Assessment of the Performance of the National Rural Employment Guarantee Programme in Terms of its Potential for Creation of Natural Wealth in India's Villages.'

<sup>31</sup> Verma, *MGNREGA Assets and Rural Water Security*.

<sup>32</sup> Net Sown Area (NSA) represents the area sown with crops in any of the crop season of the year, counting area sown more than once in the same year only once.

<sup>33</sup> Gross Cropped Area (GCA) is the total land area where crops are sown once or more than once during a year. The area is counted as many times as there are sowing in the area.

<sup>34</sup> Crop Intensity (CI) indicates the additional percentage share of the land area which is sown more than once a year to NSA, that is  $GCA/NSA \times 100$ .

<sup>35</sup> A. A. Kumar, 'Effectiveness and Ownership of Irrigation Assets Created under MGNREGA and Labour Market Dynamism in Bihar', Anand: Institute of Rural Management, MTS Report, 2010.



efficiently seem to demonstrate a visible growth in agricultural productivity. A study of 640 households in four districts of Rajasthan and Madhya Pradesh analysed the annual growth rate of agricultural productivity of non-irrigated land in 67 sample villages for 2006–09.<sup>36</sup> In three districts, the average annual growth rate of agricultural productivity was positive and ranged from 1 per cent to 12 per cent across villages. This growth was directly attributed to the water-related works and structures taken up under MGNREGA since the monsoon in the years of reference was below normal.<sup>37</sup> Significantly the growth in these areas was higher than the national average agricultural growth rate of 1.6 per cent for 2008–09. The impact was seen to be higher in places where watershed development works had been executed in the past.<sup>38,39</sup>

In Kerala, in an assessment of 40 ponds (25 public ponds and 15 private ponds), which were being used as secondary sources of irrigation in conjunction with canals, wells and bore-wells, rice yields went up from 3000 kg/ha to 4000 kg/ha, while coconut yields rose from 10,000 nuts/ha to 15000 nuts/ha.<sup>40</sup> Another study of micro-canal systems in Bihar noted that due to renovation of these systems, water availability and irrigation for paddy increased. This resulted in a 6–15 per cent increase in crop productivity.<sup>41</sup>

Similar findings have been reported from Betul and Mandla in Madhya Pradesh. In Betul, farmers registered an increase of 6–12 quintals yield per acre

for all major *Kharif* crops<sup>42</sup> in irrigated areas and 3–6 quintals in rain-fed areas, post the MGNREGA. In Mandla, in irrigated areas yield per acre has risen from 7–9 quintals and 5–7 quintals in rainfed areas for *Kharif* crops.<sup>43</sup>

Individual case studies also suggest an increase in productivity on the land of farmers where MGNREGA work was undertaken. In Bastar, Chhattisgarh a small farmer with one acre of land increased his yield from 1.5 quintals to 7 quintals such that his income went up from Rs 1200 to Rs 5600.<sup>44</sup>

However, literature on the impact of MGNREGA on agricultural productivity is neither uniform nor conclusive. For instance, in a study conducted in Himachal Pradesh, Punjab and Haryana, more than 62 per cent of the selected Panchayats in the district of Sirsa and nearly 75 per cent Panchayats in the district of Sirmour reported that agricultural productivity had increased due to MGNREGA activities. The same study also observed that in 87 per cent Panchayats of Hoshiarpur, Punjab, MGNREGA did not have any impact on agricultural productivity and irrigation.<sup>45</sup>

There is also the problem of attributing changes in crop yield, increased water availability for irrigation, increase in crop area, productivity of agricultural land, etc., to MGNREGA. The values of all these variables can be influenced by several other external factors such as, rainfall, floods and economic shocks such as inflation.<sup>46</sup>

<sup>36</sup> Institute for Development of Youth Women and Child (IDYWC), 'Impact Assessment Impact Assessment of Mahatma Gandhi of Mahatma Gandhi National Rural Employment Guarantee Scheme on Sustainable Asset Creation and Livelihood', IDYWC, Report submitted to Ministry of Rural Development/UNDP, 2010.

<sup>37</sup> Ibid.

<sup>38</sup> Ibid.

<sup>39</sup> Department of Agriculture and Cooperation: Background Note for Economic Editors, <http://pib.nic.in/archieve/eec/2009/EEC-DAC.pdf>.

<sup>40</sup> Cf. N. Nair and S. Sanju, 'Water Conservation and Irrigation Asset Creation under NREGS in Kerala: Understanding the Ownership and Effectiveness of the Assets created and Its Influence on Labor Dynamics', Anand: Institute of Rural Management, MTS report, 2010.

<sup>41</sup> Verma, *MGNREGA Assets and Rural Water Security*.

<sup>42</sup> The *Kharif* season is an agricultural season. In India the *Kharif* season is normally between May and January (the season differs across states). *Kharif* crops include paddy, millets, etc.

<sup>43</sup> S. Babu, H. Rao and P. T. Reddy, 'Impact of MGNREGS on Agriculture and Rural Labour Markets: A Study of Madhya Pradesh', Hyderabad: Centre for Wage Employment and Poverty Alleviation, National Institute of Rural Development (NIRD), 2011.

<sup>44</sup> R. Kumar and R. Prasanna, 'Role of NREGA in Providing Additional Employment for Tribals and Curtailing Migration', in *National Rural Employment Guarantee Act (NREGA): Design, Process and Impact*, New Delhi: Ministry of Rural Development, 2010.

<sup>45</sup> Centre for Research in Rural and Industrial Development (CRRID), 'Appraisal/Impact Assessment of NREGS in Selected Districts of Himachal Pradesh, Punjab and Haryana', Report submitted to the Ministry of Rural Development/UNDP, 2009.

<sup>46</sup> N. Bassi, D. M. Kumar, V. Niranjana and M. Sivamohan, 'Employment Guarantee and Its Environmental Impact: Are the Claims Valid?', *Economic and Political Weekly*, vol. 66, no. 34, 2011.





## 5 Labour Market and Migration

The impact of MGNREGA on rural labour markets is far from straightforward and has several dimensions that need careful consideration. For instance, the programme has increased rural labour participation rates by drawing into the workforce many who were not active workers, and making attractive and convenient work opportunities easily accessible. But it is also argued that the Scheme has created labour shortages by removing a block of labour supply from the residual labour market.<sup>1</sup> People who are already participating in the rural labour market may seek MGNREGA work if wages and employment conditions are better than their current employment.

This chapter considers the available literature on the impact of MGNREGA on labour market shortage and whether this shortage, if any, has had any impact on agricultural productivity. It also looks at the effect of the Scheme on migration.

Overall, there is no conclusive evidence to support

the claim that MGNREGA has led to a shortage of labour in the agriculture sector or vice versa.

The setting of a reservation wage<sup>2</sup> for rural labourers has been considered to be a significant impact of the Scheme.

The main conclusions of the primary studies on the subject are summarised below.

### IMPACT ON AGRICULTURAL LABOUR

*Research seems to indicate that the agriculture labour shortage is not caused entirely by MGNREGA; trends of reduced labour force in agriculture precede MGNREGA. Data from FY 2010–11 suggests that 70 per cent of the works in the Scheme have been generated during the agriculture lean season. On the other hand, data from some studies demonstrates that there has been a change in the composition of the MGNREGA labour*

<sup>1</sup> S. Verma, 'Labour Market Dynamics in Post-MGNREGS Rural India', Unpublished report shared with the Ministry of Rural Development (MoRD), 2012.

<sup>2</sup> A 'reservation wage' refers to the fall-back position if a bargain is not struck.

*force where more agriculture labour is participating in the Scheme.*

### Shortage of Agricultural Labour

The impact of MGNREGA on agriculture labour has been the subject of considerable debate among researchers. It is hypothesised that government hiring of unemployed labourers would affect labour supply across peak and lean agricultural seasons directly through its effect on wages and indirectly through its effect on agricultural output.<sup>3</sup>

Data suggests that the MGNREGA has had a positive impact on labour force participation in public works or that participation in public works has increased following the implementation of MGNREGA. A study comparing<sup>4</sup> the MGNREGA districts and non-MGNREGA districts, found that the probability of a casual worker being engaged in public works increased by 2.5 percentage points more in MGNREGA districts compared to non-MGNREGA districts.<sup>5</sup> Another research confirmed the analysis—comparing 2007–08 and 2004–05, it was seen that the fraction of days spent in public works employment increased by 1.2 percentage points during the dry season in the programmes' districts.<sup>6</sup> A large part of this can be attributed to the female labour force participation directly in the Scheme (see Chapter 2).

However, it is difficult to suggest that this casual labour in MGNREGA is actually labour from the

agriculture sector. The shortage in agricultural labour and their diversion from farms may be due to factors outside MGNREGA. In fact, post 2004–05, there has been a negative trend in labour force participation.<sup>7</sup> The National Sample Survey Organisation (NSSO) data indicates that this decline is also with regard to the agriculture labour force. According to the Survey, the decline in agriculture labour, as a share of total economic activity, at the national level, is since 2004, that is the trend precedes MGNREGA.<sup>8</sup>

A study found that high non-farm wages have had a more significant role in the diversion of labour from agriculture than MGNREGA.<sup>9</sup> Using macro-level data in the drought-prone states of Karnataka and Rajasthan as well as in an irrigation-dominated state like Andhra Pradesh, it observed that the impact of MGNREGA wages on the economic scarcity<sup>10</sup> of labour is more prevalent in Karnataka and Rajasthan; however this impact is relatively modest when compared with the impact of hike in non-farm wages. Though the provision of food security through the Public Distribution System (PDS)<sup>11</sup> has also contributed to the economic scarcity of labour, the relative hike in non-farm wages is contributing to higher economic scarcity of labour rather than PDS and MGNREGA wages. In other words, labour is being diverted away from agriculture due to more lucrative non-farm wages.<sup>12</sup> A study in Maharashtra corroborated the findings. It noted that though there has been a shortage of labour, there has been

<sup>3</sup> A. K. Basu, 'Impact of Rural Employment Guarantee Schemes on Seasonal Labor Markets: Optimum Compensation and Workers', *The Journal of Economic Inequality*, USA: Springer, May 2011.

<sup>4</sup> The study used Propensity Score Matching (PSM), a methodology attempting to provide unbiased estimation of treatment-effects vs the control group and the Difference in Difference (DID) method to determine a baseline. The DID is a quasi-experimental technique used in econometrics that measures the effect of a treatment at a given period in time. The DID estimator represents the difference between the pre-post, within-subjects differences of the treatment and control groups. Some pre-programme data was also used.

<sup>5</sup> M. Azam, 'The Impact of Indian Job Guarantee Scheme on Labor Market Outcomes: Evidence from a Natural Experiment', 10 October 2011, available at SSRN: <http://ssrn.com/abstract=1941959>.

<sup>6</sup> C. Imbert and J. Papp, *Equilibrium Distributional Impacts of Government Employment Programs: Evidence from India's Employment Guarantee*, Paris: Paris School of Economics, 2011.

<sup>7</sup> Azam, 'The Impact of Indian Job Guarantee Scheme on Labor Market Outcomes: Evidence from a Natural Experiment',

<sup>8</sup> Cf. Peter Lanjouw and R. Murgai, 'Poverty Decline, Agricultural Wages, and Non-Farm Employment in Rural India 1983–2004', Policy Research Working Paper 4858, 2008.

<sup>9</sup> S. Indumatib and P. M. Srikantha, 'Economic Analysis of MGNREGA in the Drought-prone States of Karnataka, Rajasthan and Irrigation-dominated State', *Agricultural Economics Research Review*, vol. 24, 2011, pp. 531–36.

<sup>10</sup> Economic scarcity of labour as referenced in the paper implies a shortage in labour caused due to difference in wages.

<sup>11</sup> Public Distribution System (PDS) is a Scheme of the Government of India where foodgrains like wheat, rice, sugar, etc. are distributed to eligible poor persons.

<sup>12</sup> Indumatib and Srikantha, 'Economic Analysis of MGNREGA in the Drought-prone States of Karnataka, Rajasthan and Irrigation-dominated State'.



a parallel increase in non-farm activity in the same villages such that it is difficult to segregate the effect of non-farm pull factors, spread of education and the MGNREGA factor.<sup>13</sup>

An analysis of the quantum of MGNREGA works provided across the year also indicates a powerful seasonal fluctuation, with a disproportionately higher share of works being done during the agricultural off-season. The month-wise employment data under MGNREGA during FY 2010–11 indicates that it is in the lean agricultural season (April–June and January–March), that around 70 per cent of person-days of work were generated.<sup>14</sup> While this does not factor in migration of labour during an agricultural lean season to other places, it does suggest that the impact of MGNREGA on labour markets may be limited at best (see Table 5.1).

Some studies, however, have found a change in the composition of the labour force that participates in MGNREGA, implying a more direct impact of the Scheme on the labour market. The results of a longitudinal study of over 1064 rural households<sup>15</sup> from 200 villages of Medak district, Andhra Pradesh over two years, showed that in the initial years, MGNREGA predominantly attracted non-agricultural labour (78 per cent). This was because participation in the programme was concentrated in the dry summer months when agricultural labour work was scarce. Over time, however, the programme was seen to be attracting households that would have participated in agricultural labour (55 per cent). This suggests broader labour market distortions where MGNREGA is not just viewed as an employment assurance during slack agricultural seasons but as an alternative to agricultural labour work.<sup>16</sup> The NSSO

panel survey on MGNREGA confirms the findings with regard to the constitution of MGNREGA labour force; for the states of Andhra Pradesh, Madhya Pradesh and Rajasthan, among the households that participated in MGNREGA work, a round within the survey observed that about 84 per cent, 80 per cent and 61 per cent were ‘agricultural labour’ households or ‘self employed in agriculture’ households.<sup>17</sup>

Synthesising results from studies across 12 states, findings suggest that it is difficult to generalise the impact of MGNREGA on labour markets and that the impact may vary from place to place. They argue that for MGNREGA to have a major impact on farm labour markets, it is critical that the volume of work offered under the scheme is substantial during the peak agricultural season. They note that the impact of MGNREGA was additive, expanding the labour market by attracting new labour to the workforce in Dholpur, Rajsamand and Bikaner (Rajasthan); Idukki and Trivandrum (Kerala); West Sikkim (Sikkim); and Chittoor (Andhra Pradesh). In Palakkad, however, where the plantation economy demands farm labour throughout the year, MGNREGA offered nearly 100 days of work and the Scheme’s impact on the labour market was substitutive; it drew a sizeable, mostly female, workforce away from agriculture and to make up, farm wages had to go up 50–70 per cent.<sup>18</sup>

The study<sup>19</sup> also outlined four distinct situations of MGNREGA’s (demand, supply and market wages) interaction with the labour market (see Table 5.2).

These categories may be explained as follows:

- **Insignificant Impact:** In places where the volume of MGNREGA work is small compared

<sup>13</sup> J. Kajale and S. Shroff, ‘Impact of NREGA on Wage Rates, Food Security, and Rural Urban Migration in Maharashtra’, Pune: Gokhale Institute of Politics and Economics, Agro-economic Research Centre, Report Submitted to the Ministry of Agriculture, 2011.

<sup>14</sup> Ministry of Rural Development (MoRD), ‘Report of the Committee on Revision of MGNREGA Operational Guidelines’, New Delhi, Submitted to the Ministry of Rural Development, Government of India, 2012.

<sup>15</sup> A household is defined as members of a family related to each other by blood, marriage or adoption, and normally residing together and sharing meals.

<sup>16</sup> M. Engler and S. Ravi, *Workfare as an Effective Way to Fight Poverty: The Case of India’s NREGS*, 2012, Retrieved from Social Science Research Network: <http://ssrn.com/paper=1336837>, accessed on 15 May 2012.

<sup>17</sup> National Sample Survey Organization (NSSO), *Survey of MGNREGA*, 2010–11.

<sup>18</sup> T. Shah, S. Verma, R. Indu and P. Hemant, ‘Asset Creation through Employment Guarantee?: Synthesis of Student Case Studies in 9 states of India’, International Water Management Institute (IWMI), Report submitted to the Ministry of Rural Development/UNDP, 2010.

<sup>19</sup> Verma, ‘Labour Market Dynamics in Post-MGNREGS Rural India’.

**TABLE 5.1 Month-wise Person-days Generated in FY 2010-11\*\***

State	April		May		June		July		August		September		October		November		December		January		February		March		Total		
	Per-son-days (In Lakh)	% days (In Lakh)	Per-son-days (In Lakh)	% days (In Lakh)	Per-son-days (In Lakh)	% days (In Lakh)	Per-son-days (In Lakh)	% days (In Lakh)	Per-son-days (In Lakh)	% days (In Lakh)	Per-son-days (In Lakh)	% days (In Lakh)	Per-son-days (In Lakh)	% days (In Lakh)	Per-son-days (In Lakh)	% days (In Lakh)	Per-son-days (In Lakh)	% days (In Lakh)	Per-son-days (In Lakh)	% days (In Lakh)	Per-son-days (In Lakh)	% days (In Lakh)	Per-son-days (In Lakh)	% days (In Lakh)	Per-son-days (In Lakh)	% days (In Lakh)	Per-son-days (In Lakh)
Andhra Pradesh	706.5	23	1001	33	677.5	23	206.5	7	76.3	3	32.8	1	29	1	22.2	1	21.9	1	23.4	1	53.9	2	157.2	5	3008.2	5	
Assam	42.6	10	28.8	7	18.2	4	14.3	3	21.4	5	28.3	7	29.3	7	41.6	10	59.3	14	51.1	12	48	11	50.7	12	433.7	12	
Bihar	115.3	11	141.3	14	117.5	11	63.8	6	57.8	6	70.4	7	56	5	59.2	6	91.9	9	98.4	10	96.2	9	65.6	6	1033.5	6	
Chhattisgarh	213.7	20	296.2	27	155.5	14	14.1	1	8.1	1	10.4	1	21.4	2	19.7	2	34.8	3	106	10	118	11	94.5	9	1092.5	9	
Gujarat	83.8	18	123.8	27	49.4	11	18.3	4	13	3	10.6	2	14.3	3	19.7	4	29.2	6	38.9	8	33.2	7	27.4	6	461.7	6	
Haryana	3.2	4	2.9	3	2.6	3	2.9	3	4.3	5	5.1	6	6.8	8	8.7	10	11.4	14	13.8	16	11.6	14	11.1	13	84.3	13	
Himachal Pradesh	20.2	10	27	13	25.2	12	21.2	10	19.9	10	19.6	9	15.1	7	17.1	8	11.2	5	4	2	8.9	4	19.7	9	209.2	9	
Jammu and Kashmir	1.8	4	1.6	3	1.5	3	2.8	6	3.5	7	4.3	9	5.5	11	6.2	13	7.3	15	6.1	12	4.5	9	3.9	8	49.1	8	
Jharkhand	95.5	12	106.1	13	91.3	11	60.9	8	54.7	7	69.3	9	49.7	6	38.3	5	47.6	6	62	8	69.3	9	60.2	7	804.8	7	
Karnataka	5.4	0	6.7	1	14	1	17.9	2	24.6	2	34.8	3	51.7	5	59.8	5	81.9	7	146.2	13	294.9	27	360.2	33	1098.2	33	
Kerala	14.6	3	29.5	6	37.4	8	48.3	10	39.5	8	49.8	10	35.1	7	35.4	7	43.3	9	55.8	11	55.1	11	48.8	10	492.7	10	
Madhya Pradesh	277.7	16	318	18	293.3	17	133.2	8	67.4	4	57.3	3	59.7	3	66.6	4	118.5	7	143.7	8	134.4	8	95.9	5	1765.8	5	
Maharashtra	53	29	46.1	25	23.8	13	6.2	3	3.1	2	2.5	1	2.7	1	2.5	1	6.2	3	8.6	5	13.5	7	15.9	9	184.1	9	
Odisha	163.9	17	239.9	25	124.3	13	29.9	3	27.7	3	31.7	3	38.6	4	45.9	5	57.9	6	66.2	7	79.8	8	70	7	975.8	7	
Punjab	6.1	8	7.5	10	8.1	10	5.3	7	5.8	7	6.1	8	5.9	8	4.4	6	4.4	6	4.3	6	6.4	8	13.6	17	77.8	17	
Rajasthan	322.6	12	594	23	687.4	26	245.2	9	69.1	3	40	2	29.1	1	30.9	1	75.5	3	155.8	6	186.2	7	159.1	6	2594.8	6	
Tamil Nadu	326.9	12	332.9	13	318.5	12	419.4	16	282.6	11	200.9	8	201.7	8	84.3	3	100.7	4	94.5	4	136.1	5	137.9	5	2636.3	5	
Uttar Pradesh	273.6	9	306.6	10	326.2	10	300.1	10	184	6	88.8	3	60.3	2	139.2	4	346	11	420.5	14	378.8	12	290.2	9	3114.4	9	
Uttarakhand	16.6	8	12.3	6	12.7	6	13.7	7	15.7	8	12.4	6	12.6	6	15.5	8	23	11	29.5	15	23	11	15.8	8	202.9	8	
West Bengal	243.9	17	233	16	209.2	15	106.1	7	58.2	4	56.9	4	45.6	3	41.1	3	69.3	5	119.4	8	141.7	10	106.5	7	1430.8	7	
Total	3068.6	13	3945.2	17	3288.2	14	1818	8	1138.5	5	934.3	4	849	4	840.7	4	1307.4	6	1728	8	1971.4	9	1882.2	8	22771.6	8	

Source: Mahatma Gandhi National Rural Employment Guarantee Act (official website), [www.mgnrega.nic.in](http://www.mgnrega.nic.in).

\*\* FY 2010-11 has been used since at the time of the preparation of the report, reporting on MIS was still open for FY 2011-12.

Table 5.2 Types of MGNREGA and Labour Market Interaction

	TYPE I Insignificant	TYPE II Misfit	TYPE III Significant	TYPE IV Potentially Significant
<b>Wage Rates</b>	$W_{\text{MGNREGA}} > W_{\text{LOCAL}}$	$W_{\text{LOCAL}} > W_{\text{MGNREGA}}$	$W_{\text{MGNREGA}} > W_{\text{LOCAL}}$	$W_{\text{MGNREGA}} > W_{\text{LOCAL}}$
<b>Opportunities</b>	MGNREGA work insignificant vis-à-vis local demand	Booming local labour market offering much greater opportunities	MGNREGA significant vis-à-vis local demand	MGNREGA potentially significant but poorly implemented
<b>Impact</b>	Impact of MGNREGA insignificant	Local labour market situation renders MGNREGA <i>misfit</i>	Impact of MGNREGA significant	Impact of MGNREGA insignificant
<b>Examples</b>	Godda (Jharkhand), Koraput (Odisha), Nalanda (Bihar), Narmada (Gujarat)	Kutch (Gujarat), Uttarkashi (Uttarakhand), Kangra (Himachal Pradesh)	Dholpur (Rajasthan), Palakkad (Kerala), Chittoor (Andhra Pradesh), Jalna (Maharashtra)	Narmada (Gujarat), Mandla (Madhya Pradesh)

Source: S. Verma, 'Labour Market Dynamics in Post-MGNREGS Rural India', Unpublished report shared with the Ministry of Rural Development (MoRD), 2012.

to the demand and compared to the total size of the labour market (due to limited institutional capacity, Panchayati Raj Institutions (PRIs)<sup>20</sup> not fully functioning and other factors), the Scheme has no perceptible impact on local labour markets.<sup>21</sup>

- **Misfit:** A competitive local labour market, with several employment opportunities outside MGNREGA also offers limited scope for MGNREGA to influence the labour market. In such cases, there was neither interest in the Scheme's wage benefit nor in its non-wage benefit. For instance, the studies found that in Kutch, Gujarat, people had limitless work opportunities at twice the MGNREGA wage rates and therefore did not demand MGNREGA work. Likewise, in the study villages of Uttarakhand and Himachal Pradesh the prevailing agricultural wages were equal to or higher than the MGNREGA minimum wages, limiting the demand for MGNREGA.<sup>22</sup>
- **Significant Impact:** This represents places where

the MGNREGA wage is higher than the local wage and, MGNREGA presence is large enough to catalyse widespread interest in the community and also to significantly change the structure, conduct and performance of agricultural labour markets.<sup>23</sup>

- **Potentially Significant Impact:** This represents cases where despite MGNREGA wages being significantly higher than local wages and the volume of potential MGNREGA work also significant, the MGNREGA invokes a lukewarm response owing to administrative constraints or lack of awareness, or both. For instance, the study found that in Mandla, Madhya Pradesh, wage payment delays prompted villagers to seek employment outside MGNREGA since they depended heavily on wage payments made weekly.<sup>24</sup>

Thus, the local labour market can significantly influence the implementation of MGNREGA and participation in the Scheme.

<sup>20</sup> Panchayati Raj Institutions (PRIs) are systems of local governance in rural India at three levels of administration: village, block and district.

<sup>21</sup> Verma, 'Labour Market Dynamics in Post-MGNREGS Rural India'.

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.



## INCREASE IN BARGAINING POWER AND CHOICE OF WORK

*MGNREGA wages provide an alternative source of income for rural labourers, raising the reservation wage (the fall-back position if a bargain is not struck) and implicitly offering labourers bargaining powers in an otherwise inequitable rural labour market. The Scheme has also provided labourers (particularly those who are in debt bondage or contract labour) with a dignified choice of work. Thus the diversion of labour in places may reflect an active choice made by the workers. Given this, the practice of seasonal scheduling of works may not be an optimal solution.*

### Providing Reservation Wage for Labourers

Proponents of the Scheme believe that the MGNREGA wages ensure an alternative source of income raising the reservation wage (the fall-back position if a bargain is not struck) of all workers and implicitly offering them some bargaining powers. This must be seen as a positive development, since the Indian labour market, due to inequitable social and power dynamics, has suppressed wages far below the competitive wages for the rural labour force.<sup>25</sup> For instance, as per agricultural practices in some areas, land owners lock-in or tie up labourers at a pre-determined rate for agricultural seasons to minimise production costs.<sup>26</sup> Other research concurs with the findings and further suggests that such benefits

extend even to other workers who do not participate in the Scheme.<sup>27</sup> Thus, the increase in average wage, whether agriculture or non-agricultural is resulting in creation of more flexible and fair labour markets in rural areas<sup>28</sup> (see Chapter 1).

Research also reflects favourably towards the 'choice of work' that MGNREGA offers to rural workers. The agrarian relations in rural India exhibit a variety of labour hiring arrangements—from active casual markets in both seasons, to tied-labour/implicit contracts to collective bargaining between labourers and landlords. The explicit and implicit objectives of MGNREGA target those labourers that are either involuntarily unemployed<sup>29</sup> in the agricultural lean season or those that are desperate to escape the vicious cycle of poverty and debt.<sup>30</sup> Thus, in places where there is a diversion of labour to MGNREGA, the situation may just be indicative of an active and preferential choice made by workers. In fact provision of this choice of work is one of the arguments that support the need to effectively implement MGNREGA in areas where contract labour/debt bondage still exist. Although there may be difficulties in making the switch from agriculture to the MGNREGA, such as escape from the labour contractor, timely and regular wage payments would definitely make the Scheme more attractive.<sup>31</sup>

### Seasonal Scheduling of MGNREGA Activities

Research claims that the positive effect of the Scheme on agricultural productivity may be offset by a

<sup>25</sup> D. Mukherjee and U. B. Sinha, *Understanding NREGA: A Simple Theory and Some Facts*, Centre for Development Economics, Delhi School of Economics, 2011.

<sup>26</sup> Basu, 'Impact of Rural Employment Guarantee Schemes on Seasonal Labor Markets: Optimum Compensation and Workers'.

<sup>27</sup> P. Dutta, R. Murgai, M. Ravallion and M. V. Dominique, 'Does India's Employment Guarantee Scheme Guarantee Employment', Policy Research Paper, Washington, DC: World Bank, 2012.

<sup>28</sup> Institute for Development of Youth Women and Child (IDYWC), 'Impact Assessment of Mahatma Gandhi of National Rural Employment Guarantee Scheme on Sustainable Asset Creation and Livelihood', IDYWC, Report submitted to Ministry of Rural Development/UNDP, 2010.

<sup>29</sup> A fundamental justification for public works schemes is the apparent high levels of disguised unemployment or underemployment in low-income rural areas (Gaurav Datt and Martin Ravallion, 'Transfer Benefits from Public-Works Employment: Evidence for Rural India', *The Economic Journal*, vol. 104, no. 427, 1994, pp. 1346–1369).

<sup>30</sup> Basu, 'Impact of Rural Employment Guarantee Schemes on Seasonal Labor Markets: Optimum Compensation and Workers'.

<sup>31</sup> K. Imai, R. Gaiha, V. Kulkarni and M. Pandey, 'National Rural Employment Guarantee Scheme, Poverty and Prices in Rural India', Economics Discussion Paper Series, EDP 908, Manchester: University of Manchester, 2009.

diversion of labour away from the agricultural sector into the Scheme.<sup>32</sup> As pointed out by a study in Kerala, the diversion of labour from rice fields may actually result in a decline in agricultural productivity.<sup>33</sup>

To limit distortion of the labour market during agricultural season, and ensure that employment opportunities are additive instead of substitutive, some districts schedule MGNREGA activities during the non-agricultural peak season. The Gram Panchayats (GPs)<sup>34</sup> prepare calendars, based on the advice of the Gram Sabha (GS),<sup>35</sup> that demarcate exclusive times of the year for MGNREGA work and for agricultural work. In the Elapully GP in Kerala a calendar was prepared setting aside six months for MGNREGA and six months for agriculture work.<sup>36</sup> The Dholpur and Rajsamand districts in Rajasthan, scheduled MGNREGA work during the summer when demand for agricultural labour was low such that MGNREGA work was additive and it expanded the labour market. Similar results were reported from Bikaner (Rajasthan); Idukki and Trivandrum (Kerala); West Sikkim District (Sikkim); and Chittoor (Andhra Pradesh).<sup>37</sup>

The solution of limiting MGNREGA work days may also not be optimal in the case the GPs have surplus labour that could not find employment even during the peak agriculture seasons (and MGNREGA absorbs this labour) or in the case of labour (debt-bondage, tied labour, etc.) that prefers the choice of MGNREGA work over work on private farms as

pointed in the paragraph under *Providing Reservation Wage for Labourers* above.

## MIGRATION

*MGNREGA has had a more direct and positive impact on reducing distress migration as compared to migration taken up for economic growth and other reasons.*

Studies indicate that MGNREGA has reduced migration by providing work closer to home and decent working conditions. A study conducted in Anantpur, Andhra Pradesh observed that the scheme brought down the migration levels from about 27 per cent to 7 per cent in the sample villages due to availability of work.<sup>38</sup> Another case study from Bastar notes that in one block the number of people migrating declined from 4500 to 500 as a result of employment being provided close to home by MGNREGA.<sup>39</sup> A survey of 240 households in the district of Sidhi in Madhya Pradesh also confirmed these findings; migration had reduced in sample areas by 60 per cent due to the availability of work.<sup>40</sup>

The impact of MGNREGA may be more on the population that migrates for employment; as per the National Census data 2001 around 15 per cent of the households migrate for employment.<sup>41</sup> In Punjab, while there has been a reduction in the in-flow of

<sup>32</sup> Mukherjee and Sinha, *Understanding NREGA*.

<sup>33</sup> K. N. Nair, T. P. Sreedharam and M. Anoopkumar, *A Study of National Rural Employment Guarantee Programme in Three Gram Panchayats of Kasargod District*, Thiruvananthapuram: Centre for Development Studies (CDS), 2009.

<sup>34</sup> Gram Panchayat is the primary unit of the three-tier structure of local self governance in rural India, the Panchayati Raj System. Each Gram Panchayat consists of one or more villages.

<sup>35</sup> A Gram Sabha is a body of all persons entered as electors in the electoral roll for a Gram Panchayat. All the meetings of the Gram Sabha are convened by the Gram Panchayat to disseminate information to the people as well as to ensure that development of the village is done through participation or consent of all households.

<sup>36</sup> R. M. Sudarshan, *Examining India's National Regional Employment Guarantee Act: Its Impact and Women's Participation*, New Delhi: Institute of Social Studies Trust, 2011.

<sup>37</sup> Verma, 'Labour Market Dynamics in Post-MGNREGS Rural India'.

<sup>38</sup> K. Kareemulla, S. K. Reddy, C. A. Rao, S. Kumar and B. Venkateswarlu, 'Soil and Water Conservation Works through National Rural Employment Guarantee Scheme (NREGS) in Andhra Pradesh—An Analysis of Livelihood Impact', *Agricultural Economics Research Review*, vol. 22, 2009, pp. 443–50.

<sup>39</sup> R. Kumar and R. Prasanna, 'Role of NREGA in Providing Additional Employment for Tribals and Curtailing Migration', in *National Rural Employment Guarantee Act (NREGA): Design, Process and Impact*, New Delhi: Ministry of Rural Development, 2010.

<sup>40</sup> Centre for Science and Environment (CSE), 'An Assessment of the Performance of the National Rural Employment Guarantee Programme in Terms of its Potential for Creation of Natural Wealth in India's Villages', New Delhi: CSE, 2008.

<sup>41</sup> National Census 2001. The largest migration percentage was for marriage (44 per cent).

labour,<sup>42</sup> there is no significant impact of MGNREGA on out-flow of labour.<sup>43</sup> This may be because, to begin with only a limited percentage of population migrates out of the state for migration. In a study to assess the impact of MGNREGA on migration in Punjab, it was found that only around 5 per cent of the 300 households in five districts reported migration from the village due to employment opportunities.<sup>44</sup>

The World Development Report 2009 contended that a reduction in migration, as caused by MGNREGA, is posing a barrier to internal mobility thus limiting economic growth of these households. A majority of the studies on the subject note that the Scheme has caused mostly a reduction in distress migration, and opportunistic or aspirational migration in search of better and more lucrative opportunities continues as before (particularly because MGNREGA cannot match the wages of skilled labour in cities).<sup>45</sup>

The reduction in distress migration may be more apparent in the case of households that need to migrate with their families; the entire family is forced to migrate to cities due to limited work opportunities. This leads to a disruption of children's education and access to family health care.<sup>46</sup> A study across 12 districts of Gujarat, Madhya Pradesh, Maharashtra and Rajasthan, found that out of 938 beneficiaries, 55 per cent of the respondents felt that migration had been reduced in their families as a result of MGNREGA. Thirty-five per cent of the respondents (out of 938 respondents) felt that their children's education had been positively benefitted by MGNREGA, while 30 per cent felt that their clothing had improved.<sup>47</sup> A longitudinal study across six districts in Andhra Pradesh also highlights the positive impact of the Scheme on reduction in child labour. As per the research, MGNREGA reduced the probability of a boy (whose family was provided

### Box 5.1 MGNREGA: Stemming Distress Migration

Recurring drought in western Odisha, has diminished opportunities for labour employment in the agriculture sector forcing people to migrate in large numbers to far off places like the brick kilns of Andhra Pradesh the carpet industry in Vishakhapatnam, Andhra Pradesh. Most of these migrants are the landless and marginal farmers who resort to distress mortgaging or selling of their little yet precious land and other assets and migrate out along with their families, taking their school-going children with them, leaving behind the old and aged.

The interventions of eight partner organisations of the National Consortium of Civil Society Organisations (NCCSO) on MGNREGA working in western Odisha helped GPs to prepare plans worth Rs 18 crores in 59 villages between 2008 and 2009. In a distress migration zone, in 2009–10, the number of migrating families came down to 45 per cent of the level in 2008–09.

For instance, Ucchab Kumar's family has been migrating out of their village in distress for the past three generations to work in Andhra's brick kilns. Adhikar, a CSO working in Bolangir district, helped the GP plan and construct this farm pond under NREGA on Ucchab's land in Juba village. This minor investment has helped to completely stop his and his family's migration. Ucchab's farm pond not only protects the main paddy crop on his own 2.5 acres but also provides protective irrigation to 5.5 acres of adjacent farm land belonging to his neighbours.

*Source:* National Consortium of Civil Society Organizations (NCCSO), 'MGNREGA: Opportunities, Challenges and the Road Ahead', Second Report of the NCCSO on MGNREGA, 2011.

<sup>42</sup> Cf. T. Shah and R. Indu, *MGNREGA in Indo-Gangetic Basin: Fieldnotes from Here and There*, Anand: International Water Management Institute (IWMI), 2009.

<sup>43</sup> K. Vatta, D. K. Grover and T. Grover, 'Impact of NREGA on Wage Rates, Food Security and Rural Urban Migration in Punjab', Ludhiana: Agro-Economic Research Centre, Punjab Agriculture University, Report submitted to Ministry of Agriculture, 2011.

<sup>44</sup> Ibid.

<sup>45</sup> S. Verma, 'Multiple Use Water Services in India: Scaling up Community based MUS through MGNREGA', International Water Management Institute (IWMI), 2011.

<sup>46</sup> P. Mistry and A. Jaswal, *Study on the Implementation of NREGS: Focus on Migration*, DISHA, 2009.

<sup>47</sup> Ibid.

work under the Scheme) entering child labour by 13 percentage points and of a girl entering child labour by 8 percentage points<sup>48</sup> (also see Box 5.1).

MGNREGA also provides supplementary income for family members who choose or are unable to migrate. In Palakkad (Kerala), the results of a study showed that the labour market got vertically segmented: women, old people and the infirm sought employment with MGNREGA and the able-bodied men demanding higher wages chose farm jobs.<sup>49</sup> Likewise in Rajsamand and Dungarpur (Rajasthan) where migration to urban centers offers relatively higher incomes for men, much of the MGNREGA workers were found to be women and older men who had discontinued migration.<sup>50</sup>

Some reports indicate that in certain places the reduction in distress migration has been reversed due to improper implementation of MGNREGA processes. In Mandla (Madhya Pradesh), MGNREGA implementation initially reduced migration but the delay in payment of wages led the people back to their migrant ways. Delay in payment of MGNREGA wages was also found to be a key reason for the lack of enthusiasm among the tribal farmers in Narmada district (Gujarat). This was in spite of significant differences between the prevailing market wage rates (Rs 35/day *plus* meal; cash payment) and MGNREGA wage rates (Rs 100/day).<sup>51</sup>

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<sup>48</sup> V. Uppal, 'Is NREGS a Safety Net for Children?', Young Lives Student Paper, Young Lives, Department of International Development, Oxford: University of Oxford, 2009.

<sup>49</sup> T. Shah, S. Verma, R. Indu and P. Hemant, 'Asset Creation through Employment Guarantee?: Synthesis of Student Case Studies in 9 states of India', International Water Management Institute (IWMI), 2010.

<sup>50</sup> S. Verma, *MG-NREGA Assets and Rural Water Security: Synthesis of Field Studies in Bihar, Gujarat, Kerala and Rajasthan*, Anand: International Water Management Institute, 2011.

<sup>51</sup> Verma, 'Labour Market Dynamics in Post-MGNREGS Rural India'.





## 6 Governance and Process Challenges

**M**GNREGA marks a radical departure from earlier wage employment programmes in terms of its legal and demand-driven framework. However, there is no denying the fact that there have been many problems in infusing the system with the new culture of demand-driven, rights-based, decentralised decision-making.

In general, the implementation of MGNREGA in a State can be expected to depend on the quality of governance. States with better systems of governance and administration are more likely to have the ability to run complex programmes more effectively.<sup>1</sup> On the other hand, poorer states have greater demand for work under MGNREGA. However, they also have higher rationing<sup>2</sup> rates and greater unmet demand for work. This is perhaps because the state institutions

are less capable of implementing MGNREGA. There is a possibility, therefore, that poorer states might end up in a vicious cycle in implementation of MGNREGA. They have higher demand for work but a lesser capacity to implement MGNREGA effectively because of institutional factors and end up with greater unmet demand for work.

Some of these issues have been highlighted in the previous chapters, for instance, the low participation of women in some states, low capacity of Gram Panchayats (GPs),<sup>3</sup> low quality and durability of some assets, low work-completion rates etc.

This chapter looks at some of the major governance and process issues in the MGNREGA 'life-cycle', i.e. the initial stage of planning, demand for work, implementation at work sites, wage payments, etc. as identified by independent evaluations. It also includes

<sup>1</sup> P. Dutta, R. Murgai, M. Ravallion and W. V. Dominique, 'Does India's Employment Guarantee Scheme Guarantee Employment?' Policy Research Paper, Washington, DC: World Bank, 2012.

<sup>2</sup> Ibid. In their study, Dutta, Murgai, Ravallion and Dominique define rationing rate as the proportion amongst those who wanted work but did not get it.

<sup>3</sup> A Gram Panchayat is the primary unit of the three-tier structure of local self governances in rural India, the Panchayati Raj System. Each Gram Panchayat consists of one or more villages.



findings from a preparatory phase audit conducted by the Comptroller Auditor General (CAG) of India, of the 200 Phase I MGNREGA in 26 states in 2006 (hereafter referred to as CAG Audit).<sup>4</sup>

It is important to note that several states took action on the findings of the CAG and introduced systems to prevent procedural deviations and promote transparency in implementation of the Scheme. In fact 24 GPs from six states—West Bengal, Rajasthan, Maharashtra, Uttar Pradesh, Jharkhand and Bihar—were selected for a limited scrutiny of record maintenance for one month (November 2007). The audit found improvements in record maintenance.<sup>5</sup>

Over the last few years, based on these reports from the field, MGNREGA has instituted several reforms and policy changes in its implementation, for instance, bringing all documents and data in public domain through Management Information System (MIS). Some of the Government of India (GoI) initiatives to address these challenges are mentioned under each issue.

A summary of the GoI's most recent initiatives, progressing towards the next level of the Scheme, popularly known as *MGNREGA 2.0* is provided in the Chapter 7.

## AWARENESS AND PLANNING

*There is low awareness among potential beneficiaries about certain provisions of the MGNREGA. This limits their ability to fully benefit under the Act. Infrequent meetings and low participation at the Gram Sabhas<sup>6</sup> (GS) convened for planning MGNREGA works further limit the implementation of the Scheme at the village level in many places.*

### Awareness about the Act

Awareness about the provisions of the Act is vital to exercising the demand to work and other entitlements under MGNREGA. Studies indicate that awareness levels among the potential beneficiaries of provisions of the Act, such as demanding work, unemployment allowance etc. are still low.

A National Sample Survey Organisation (NSSO) panel survey on MGNREGA<sup>7</sup> conducted in Andhra Pradesh, Rajasthan and Madhya Pradesh, in one of its Rounds in 2010–11 found:

- **Low awareness about unemployment allowance:** In Madhya Pradesh 18 per cent households and in Andhra Pradesh and Rajasthan, less than 10 per cent households were aware of the legal provisions of the unemployment allowance.
- **Low awareness about work on demand:** In Rajasthan, 72 per cent of households were aware that MGNREGA work can be demanded at any time during the year. But only 47 per cent households in Madhya Pradesh and 29 per cent households in Andhra Pradesh were aware of this.
- **Low awareness about grievance redressal mechanisms:** About 35 per cent households in Andhra Pradesh, 28 per cent in Madhya Pradesh and 16 per cent households in Rajasthan were not aware of any grievance redressal mechanism in the MGNREGA.

But there are also positive findings on this account. For instance, in a study undertaken in two districts of Maharashtra, out of 200 respondents, more than 75 per cent said they were aware of MGNREGA and more than 75 per cent had also received the information about MGNREGA from GPs. Other sources of information were the GS, panchayat functionaries and other villagers.<sup>8</sup> Noticeably, states like Maharashtra with more mature and active

<sup>4</sup> At the request of the Ministry of Rural Development, the Government of India (GoI), undertook an audit in 2006 to evaluate how effective were the states in making a transition from the earlier wage employment programmes to the MGNREGA. The sample for the audit included 25 per cent of the MGNREGA districts in each state. The audit was conducted in the introductory phase of the Act and a majority of the findings of the audit were regarding process deviations from the National Guidelines.

<sup>5</sup> Comptroller and Auditor General of India (CAG), Performance Audit Report No. 11, CAG, 2008.

<sup>6</sup> A Gram Sabha is a body of all persons entered as electors in the electoral roll for a Gram Panchayat. All the meetings of the Gram Sabha are convened by the Gram Panchayat to disseminate information to the people as well as to ensure that development of the village is done through participation or consent of all households.

<sup>7</sup> National Sample Survey Organisation (NSSO), *Survey of MGNREGA*, NSSO, 2010–11.

<sup>8</sup> Central Institute of Fisheries Education (CIFE), 'A Study Report on Appraisal of MGNREGA Programme in Thane and Akola Districts of Maharashtra', Report submitted to the Ministry of Rural Development/UNDP, CIFE, 2009.

Panchayati Raj Institutions (PRIs)<sup>9</sup> seem to have higher awareness levels.

### Planning at the Gram Sabha

The Act mandates that the selection and prioritisation of works to be taken up during a Financial Year (FY) under the Scheme, be done by the GS. Planning and prioritisation of the works by the GS ensures that the development needs of each village are addressed through active participation of the villagers. The Act also prescribes that works be allotted in a way that at least 50 per cent of the total works (in terms of costs) be undertaken by the GPs. This is to provide the GPs a substantive role in the implementation of works.

However, field studies identify some constraints in the process, viz.

- GSs are held infrequently,
- There is low participation at GSs for selection and prioritisation of works,
- Sometimes work selection is not done according to the priorities or demand of the GS,
- The proportion of the work undertaken by the GP was less than 50 per cent of the total cost of the scheme in the district.

At the planning stage, the CAG audit<sup>10</sup> found that:

- Around 80 GSs had not been convened across 12 states including, Andhra Pradesh, Assam, Chhattisgarh, Jharkhand, Karnataka, Madhya Pradesh, Odisha.
- In 11 of the surveyed districts in eight states including Himachal Pradesh, Jharkhand, Odisha, Tamil Nadu, Uttar Pradesh less than 50 per cent of the total works (in terms of costs) were executed by GPs.

Other field studies had similar findings. A study in five districts of Uttar Pradesh found that for selecting the works to be undertaken, only 45 per cent of the 784 respondents (beneficiaries and non-beneficiaries) said that meetings of the GS were held and only 42 per cent respondents reported that the selection of works was done according to priorities of the GS.<sup>11</sup>

This percentage was found to be high (as noted in awareness levels above as well) in the case of states like Maharashtra. Out of 200 respondents interviewed in two districts of Maharashtra, 83 per cent in Thane and 60 per cent in Akola reported that GSs were held to discuss MGNREGA.<sup>12</sup>

***For generating awareness among potential beneficiaries, several states and districts have taken***

### Box 6.1 MGNREGA Help Centres for Generating Awareness

Vikas Sahyog Kendra (VSK), a Civil Society Organisation (CSO), has set up 'MGNREGA Help Centres', at the panchayat and block levels in Jharkhand. The first help centre became operational in May 2009 in the Chhattarpur block. The help centres are playing a key role in creating awareness on basic entitlements, processes and procedures for accessing entitlements under MGNREGA.

- The help centres assisted 3,228 labourers (1,610 women and 1,618 men) in getting an employment of 87,703 person-days with Rs 80 lakh as wages.
- In 2009–10, the help centres helped 435 families including 194 women-headed households in getting Job Cards (JCs) and employment to 4,837 labourers including 2,279 women. The labourers received wages of around Rs 47 lakh between March and July 2010.
- In FY 2011–12, there were, on an average, 50 to 60 working days per year in GPs
- In 2009–10, in Meral block in Garhwa district, 51 families availed 100 days of work (24, 15 and 12 labourers from Karkoma, Tisar Tetuka and Lowadag villages respectively), and 500 families availed 70 days of work in the same year.

*Source:* NCCSO, *MGNREGA: Opportunities, Challenges and the Road Ahead*, Second Report of the National Consortium of Civil Society Organisations (NCCSO) on MGNREGA, 2011.

<sup>9</sup> Panchayati Raj Institutions (PRIs) are systems of local governance in rural India at three levels of administration: village, block and district.

<sup>10</sup> CAG, Performance Audit Report No. 11, 2008.

<sup>11</sup> Indian Institute of Management-Lucknow (IIM-L), 'Quick Appraisal of Five districts of Uttar Pradesh', Report submitted to the Ministry of Rural Development/UNDP, Lucknow: IIM, 2009.

<sup>12</sup> CIFE, 'A Study Report on Appraisal of MGNREGA Programme in Thane and Akhola Districts of Maharashtra'.

*up innovative methods. For instance, Rajasthan has been the pioneer in some of these, like displaying the main provisions of the Act on the walls of GPs. Also see Box 6.1 for innovative work done in Jharkhand.*

## DEMAND FOR WORK AND UNEMPLOYMENT ALLOWANCE

*NSSO data notes that around 19 per cent (June 2009 to July 2010) of the rural households sought but did not get employment under MGNREGA. This could be due to a conscious stopping of works by state governments during certain seasons, among other reasons. Also there may be discrepancies in the scale of rationing as projected by NSSO data. Nonetheless, rationing of demand greatly undermines the poverty alleviation potential of the Scheme. Non-provision of dated receipts and work within 15 days and non-payment of unemployment allowance are other major process constraints.*

### Capturing Demand Accurately

According to the MGNREGA, an adult member of any rural household (willing to do manual unskilled work) who demands work, should be provided work. However, research suggests that in some instances, due to low awareness, limited capacity of the delivery systems and traditional social structures among other reasons, households are not being provided employment under MGNREGA. In other words, there is a rationing of demand; households that are willing to work and seeking employment under the Scheme are not being given work.<sup>13</sup>

The NSSO 66th Round data for 2009–10 indicated that for India as a whole, 25 per cent of rural households were provided work under the Scheme and around 19 per cent of the total rural households sought work but did not get employment. The rationing rate varied from one state to another

(see Table 6.1). A study<sup>14</sup> analysing the NSSO data observed that some of the poorest states, Bihar (34 per cent), Odisha (29 per cent) and Jharkhand (28 per cent), have low participation rates and high levels of unmet demand. This poses a paradox for implementation since it is these states which arguably require effective social safety nets the most for the poor. Potential benefits of the scheme to poor people are almost certainly undermined by such rationing.<sup>15</sup> The higher rationing in these states may be due to:

- Larger proportion of demand in these states to begin with,
- Low institutional capacity to administer the Scheme that cannot match this demand,
- Lower levels of awareness and empowerment,
- Weak PRIs, which have a key role to play in MGNREGA implementation.

Some district specific studies note some of the reasons that may be influencing rationing and limiting participation in other states. A longitudinal study in five districts (480 villages) of Andhra Pradesh<sup>16</sup> found that, out of 4,800 households, 53 per cent of the Poorest of the Poor (POP)<sup>17</sup> households and 56 per cent poor households were JC holders. However, the actual participation rate (defined as the number of people who have worked in the Scheme) was only 17 per cent in Phase 1 districts, 11 per cent in Phase 2 districts, and 5 per cent in Phase 3 districts in 2008. The study found that the allocation of work was governed by leaders in the village. Further, the low participation of women and illiterates, indicated low awareness of the programme or some other constraints, like social factors etc.<sup>18</sup>

A significant study on the topic points out that rationing could also be caused by a deliberate stopping of works during certain seasons by state governments (see Chapter 5). The study notes that local governments start and stop works throughout the year, with most works concentrated during the first two quarters of

<sup>13</sup> See Dutta, Murgai, Ravallion and Dominique, 'Does India's Employment Guarantee Scheme Guarantee Employment?'

<sup>14</sup> Dutta, Murgai, Ravallion, and Dominique, 'Does India's Employment Guarantee Scheme Guarantee Employment?'

<sup>15</sup> Ibid.

<sup>16</sup> K. Deininger and Y. Liu, 'Poverty Impacts of India's National Rural Employment Guarantee Scheme: Evidence from Andhra Pradesh', Selected paper prepared for presentation at the Agricultural and Applied Economics Association, Colorado, 2010.

<sup>17</sup> The study defines Poorest of the Poor or 'POP' as those who can eat only when they get work and lack shelter, proper clothing, respect in society, and cannot send their children to school.

<sup>18</sup> Deininger and Liu, 'Poverty Impacts of India's National Rural Employment Guarantee Scheme: Evidence from Andhra Pradesh.'

the year prior to the monsoon. The monsoon rains make construction projects difficult to undertake. Field reports also document government attempts to stop works during the rainy season so that they do not compete with the labour needs of farmers.<sup>19</sup>

A study however noted that, rationing does not interfere with the self-targeting nature of the Scheme; i.e. bulk of the pro-poor targeting is still coming through since it is POPs who are willing to do manual work and seek employment under the Scheme—is reflected in the high number of SCs and STs participating in the Scheme<sup>20</sup> (see Chapter 1).

### Rationing of Demand for Work in Terms of the Number of Days for which Employment was Sought

Rationing also exists with regard to households who would have liked more days of work but still had fewer than the 100 days stipulated by the Act.<sup>21</sup> The NSSO survey at the national level, 66th Round, does not take into account this aspect. However, the NSSO MGNREGA panel survey 2010–11<sup>22</sup> of three states, outlines some of the reasons for work not being available across these three states. Between April 2009 and March 2010, the percentages of those who sought additional work and were denied in the three states are as follows:

- In Andhra Pradesh, 18 per cent said that work was not available or the worksite was not open; 34 per cent said work was not available even though the worksite was open and 47 per cent households noted other reasons.
- In Rajasthan, 41 per cent said that work was not available or the worksite was not open; 5.4 per cent said work was not available even though the worksite was open and 35 per cent households noted other reasons.
- In Madhya Pradesh, 47 per cent said that work was not available or that the worksite was not open; 29 per cent said work was not available even though the worksite was open and 24 per cent households noted other reasons.<sup>23</sup>
- It is also interesting to note that, of the three states, only in Rajasthan, around 35 per cent of the

households said they were refused work because they had exceeded the 100 days limit.<sup>24</sup>

In this case, the worksite not being open is more likely to be reflective of an institutional capacity constraint. On the other hand, non-provision of work at operating worksites may indicate traditional hierarchies, among other factors.

### Discrepancy in NSSO Data on Rationing

While there is possibly a discrepancy in the data on MIS (which notes marginal differences in number of households who have demanded work and have been provided work), the NSSO data is inconsistent on some accounts.

#### Recall of 365 Days

It is important to note that NSSO data may not be entirely accurate in its estimation of the extent of rationing since:

- The calculation is based on a recall of 365 days, i.e. the beneficiaries were asked if they have sought employment under MGNREGA in the last 365 days. It may not be possible for the beneficiaries to be accurate in recalling information over a period of one year.
- It would also be difficult for them to observe a strict time period of 365 days in their response, particularly since the 365 day period does not coincide either with a calendar year or with the FY.
- The survey period is different from the FY, which is the basis of calculation under MGNREGA,

#### Limited Information

As per the NSSO (see Table 6.1), only 35 per cent of the total rural households have JCs.

- But as per the MIS, this number is around 53 per cent (of the total households). This data inconsistency between real-time data (which is authentic in the sense of including names, photographs, and other details of households) and NSSO data requires careful review and analysis.

<sup>19</sup> Cf. Association for Indian Development, *Key Observations on NREGA work in Andhra Pradesh*.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> NSSO, *Survey of MGNREGA, 2010–11*.

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.



**TABLE 6.1 Unmet Demand across States as per NSSO 66th Round**

State	Headcount index of poverty (% below poverty line)	No. of households having MGNREGA JC per 1,000 households	Per 1,000 distribution of households who got MGNREGA work	Per 1,000 distribution of households who sought but did not get MGNREGA work	Per 1,000 distribution of households who did not seek MGNREGA work
Andhra Pradesh	22.8	434	354	117	529
Assam	39.9	286	176	224	570
Bihar	55.3	172	95	344	513
Chhattisgarh	56.1	589	479	211	310
Gujarat	26.7	300	181	141	522
Haryana	18.6	66	51	144	805
Himachal Pradesh	9.1	454	334	85	582
Jammu and Kashmir	8.1	190	81	197	556
Jharkhand	41.6	303	163	275	409
Karnataka	26.1	151	80	148	772
Kerala	12	196	112	120	768
Madhya Pradesh	42	688	364	215	318
Maharashtra	29.5	135	44	232	723
Odisha	39.2	404	219	287	493
Punjab	14.6	86	52	260	688
Rajasthan	26.4	709	590	108	256
Tamil Nadu	21.2	396	335	78	586
Uttarakhand	14.9	343	271	105	551
Uttar Pradesh	39.4	211	162	187	650
West Bengal	28.8	592	430	225	341
<b>All India</b>	<b>33.8</b>	<b>347</b>	<b>242</b>	<b>193</b>	<b>538</b>

*Note:* (1) Poverty rates are based on Tendulkar poverty estimates, as on 1 March 2010. (2) Only major states have been included in the Table above (3) All India level includes all the States and Union Territories.

*Source:* NSSO 66th Round 2009–10 and Press Note on Poverty, Planning Commission, March 2012.

- The NSSO survey did not ask questions on denial of JCs and within the survey (see Table 6.1) the total households provided employment (24.2 per cent) and those who sought employment but did not get it (19.3 per cent) exceeds the percentage of households with JCs (35 per cent). This may suggest a denial of JCs or households may not be clear on what demanding employment constitutes.

Nonetheless, the NSSO survey does highlight an area of concern. For instance, research conducted in two districts of Bihar, showed that exclusion from receipt of JCs was arising due to social and caste conflicts. At the core of the problem observed in the case study were the electoral politics of the GPs.<sup>25</sup>

This issue requires an informed assessment in terms of the actual rate of denial of work and the

<sup>25</sup> R. Birner, K. Gayathridevi, K. Eaabe, E. Schiffer, and M. Sekhar, 'How to Overcome the Governance Challenges of Implementing NREGA', International Food Policy Research Institute (IFPRI) Discussion Paper 00963, 2010.



reasons for denial. What is clear is that so long as the states do not have mechanisms to accurately record demand for work, such a discrepancy can always arise. Recent steps (described in Chapter 7) attempt to address precisely this lacuna.

### Issue of Dated Receipts and Non-provision of Work within 15 Days

Under the Act, every household that applies for work is to be issued a dated receipt. This receipt becomes the instrument for ensuring the household gets work within 15 days from the date they desire work to be provided. Thus, provision of timely work is vital to ensuring social security to the poorest. However, findings from the field suggest that this is not always the case. The CAG audit found that dated receipts of applications were not given in 282 GPs across 21 states.<sup>26</sup>

A study across four districts of Kerala found that, of the 620 total respondents seeking employment, only 57 per cent got dated receipts while around 71 per cent got work within the prescribed period. Studies from other states have similar findings suggesting that dated receipts are often not issued.<sup>27</sup> In Odisha, in a study of 162 JC holders and 96 non-JC holder households across four districts, it was observed that the average waiting time was 31 days for getting work after application.<sup>28</sup> In Uttar Pradesh, 58 per cent of 400 sample beneficiaries across five districts were provided work within 15 days.<sup>29</sup>

Like, rationing, it is difficult to verify whether a household has been issued a dated receipt since application for work can also be made orally (as well as in written form).

### Unemployment Allowance

If an applicant for employment under the Scheme is not provided employment within 15 days of receipt

of his application or from the date on which the employment has been sought, he/she is entitled to a daily unemployment allowance. The CAG Audit found that unemployment allowance was not paid in 58 of the surveyed blocks across 17 states, including Assam, Chhattisgarh, Jharkhand, Karnataka, Odisha, Rajasthan and Uttar Pradesh.<sup>30</sup>

In a study in Kerala, it was found that out of 620 respondents, around 30 per cent did not get work within the prescribed 15 days; however, only 4 per cent of them got unemployment allowance.<sup>31</sup>

One of the main reasons for non-provision of dated receipts is the legal requirement for payment of unemployment allowance as mandated by the Act, in case employment is not provided by the state within 15 days. Further, the fact that unemployment allowance is to be paid by State Governments appears to act as a disincentive for them to provide dated receipts. Thus, the situation is one where work provided is assumed to be by definition identical to work demanded.

***MIS monitors both delays in provision of employment and payment of unemployment allowance. Reminders in the form of alerts for each district are provided online for speedy redressal and payment. In MGNREGA 2.0, it is proposed that the delays in provision of unemployment allowance or payment will be tracked at each stage (on a responsibility chart) on MIS (see Chapter 7).***

### TIMELY AND FULL PAYMENT OF WAGES

*Reports from the field suggest that wage payments are often less than the notified wage, primarily due to inaccurate Schedule of Rates,<sup>32</sup> and delays in payment due to inadequate staff and other institutional*

<sup>26</sup> CAG, Performance Audit Report No. 11, 2008.

<sup>27</sup> Gandhigram University, 'A Study on Performance of NREGS in Kerala', Report submitted to the Ministry of Rural Development/UNDP, 2009.

<sup>28</sup> Indian Institute of Technology-Kharagpur (IIT-K), 'Appraisal of Processes and Procedures of NREGS in Odisha: A Study of Balasore and Mayurbhanj Districts', Report submitted to Ministry of Rural Development/UNDP, Kharagpur: Indian Institute of Technology, 2009.

<sup>29</sup> Ibid.

<sup>30</sup> CAG, Performance Audit Report No. 11, 2008.

<sup>31</sup> Gandhigram University, 'A Study of Performance of NREGS in Kerala'.

<sup>32</sup> The details of the productivity norms are listed in the Schedule of Rates (SoRs). The SoRs are calculated through Work Time and Motion Studies. The SoRs, under the Act, have to be such that an average person working for 9 hours, with one hour of rest, is able to earn the notified MGNREGA minimum wage.

### Box 6.2 Management Information System (MIS)

In 2006–07, the physical and financial performance of MGNREGA was monitored through Monthly Progress Reports (MPRs). The MPRs were mostly hard copies of progress reports passed from the GPs to the block to the district to be entered online. These reports could not be drilled down beyond the level of the district which made it difficult to monitor GP-wise performance, issues and expenditure.

The Management Information System (MIS) of the GoI was developed to ensure intensive and real time monitoring, right upto the level of the GP.

MIS is arguably the largest online database for a public programme. At present there are 12 crore JCs (100 per cent of the JCs on record) and 9 crore Muster Rolls uploaded on the MIS.

MIS captures all information on the beneficiary (including name, photograph, house location, etc.), works (attendance of beneficiaries, location of work, person-days generated, etc.), expenditure (amount spent on material, amount spent per work, etc.) and other processes and procedures (delays in registration, wage payment, etc.)

There has been an increased thrust from the government to ensure that the State governments move from physical MPRs to real time MIS. For FY 2011–12, more than 90 per cent of the total expenditure (as compared to MPRs) is available on MIS (including details of beneficiaries etc.).

All MIS information is in public domain and is available at the level of the individual beneficiary. In other words, this information can be downloaded and cross verified in terms of work undertaken, payments made, etc.

*Source:* Ministry of Rural Development.

*constraints. To ensure timely payment and prevent misappropriations, the GoI mandated that payments be made through bank and post office accounts of beneficiaries (with certain exceptions as approved by the GoI in advance). As a result, over 10 crore post/bank office accounts have been opened and 80 per cent of the total wages are being paid through these.*

SoRs, the average wage<sup>33</sup> per day is less than the notified wage.<sup>34</sup>

- Irregular supervision at worksites which results in low productivity which in turn results in lower wages. A field survey in Himachal Pradesh indicated work productivity as a serious issue. Factors responsible included, a high composition of elderly men and women workers and non-uniform division into groups<sup>†</sup>.<sup>35</sup>

#### Wage Payment Less than the Notified Wage

As Table 6.2 indicates, in some states, the average wage is lower than the MGNREGA notified wage. Studies quote different reasons for this:

- Since MGNREGA wages are mostly calculated according to piece-rate (quantity of work output in a day), in some states, due to non-revision of

#### Delay in Payments

MGNREGA mandates that wage payment be made to beneficiaries within 15 days of work being completed. However, delays in payment have been recorded by different studies across the country. Delays on wage payments are a huge disincentive for beneficiaries who seek employment under the Scheme.<sup>36</sup> It also dilutes

<sup>33</sup> Average wage is calculated as the total expenditure on unskilled wages divided by the total number of person-days generated

<sup>34</sup> J. Dreze and R. Khera, *The Battle for Employment Guarantee*, New Delhi: Oxford University Press, 2009, pp. 43–81.

<sup>†</sup> Learning from the experience of the state of Rajasthan, several other states started the practice of dividing workers into small groups at worksites and assigning them a definite work output. The measuring of the task is done group-wise. Evidence suggests this helps in increasing participation and productivity.

<sup>35</sup> Siddhartha and A. Vanaik, 'CAG Report on NREGA: Facts & Fiction', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp.105–27.

<sup>36</sup> R. Khera, 'Wage Payment: Live without Pay?' in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 210–20.

**TABLE 6.2 State-wise Difference between MGNREGA Notified Wage  
(FY 2011–12 and MGNREGA Average Wage FY 2011–12\*)**

State	MGNREGA Notified Wage FY 2011–12 (Rs/day)	MGNREGA Average Wage FY 2011–12* (Rs/day)
Andhra Pradesh	121	101.26
Arunachal Pradesh	118	89.84
Assam	130	129.17
Bihar	120	114.13
Chhattisgarh	122	114.98
Gujarat	124	106.15
Haryana	179	178.69
Himachal Pradesh	120–150	117.41
Jammu and Kashmir	121	120.12
Jharkhand	120	119.77
Karnataka	125	122.98
Kerala	150	138.63
Madhya Pradesh	122	115.17
Maharashtra	127	127
Manipur	126	125.19
Meghalaya	117	114.03
Mizoram	129	116.23
Nagaland	118	117.98
Odisha	125	122.16
Punjab	153	150.22
Rajasthan	119	84.87
Sikkim	118	115.69
Tamil Nadu	119	92.15
Tripura	118	117.82
Uttar Pradesh	120	119.26
Uttarakhand	120	120
West Bengal	130	126.36

\* Provisional Data: At the time of the preparation of the report, data entry for States was still open for the year 2011–12.

Source: Mahatma Gandhi National Rural Employment Guarantee Act (official website), <http://www.mgnrega.nic.in>.

the spirit of the Act that is meant as an instrument of social security for the poor. Field surveys point to delay in wage payments across several states. The NSSO survey on MGNREGA findings in FY 2009–10

indicate that; in Andhra Pradesh, about 68 per cent of households who worked in MGNREGA received payments within 15 days; in Rajasthan, 10 per cent of the households received payment within 15 days

and in Madhya Pradesh 23 per cent of the households received payments within 15 days.<sup>37</sup>

The CAG audit conducted in 2006 found there were delays in payment in 213 GPs in 16 states including, Andhra Pradesh, Chhattisgarh, Jharkhand, Karnataka, Uttar Pradesh and West Bengal.<sup>38</sup>

Field studies<sup>39</sup> and reports from state Governments note the following broad reasons for the delays in wage payment:

- **Inadequate staff:** Shortage of staff (often given part-time responsibility) lead to late measurement of works which translates into late payment of wages. This lack of functionaries is a real bottleneck in MGNREGA implementation, with serious consequences, especially for its bottom-up, people-centred architecture. The shortage of staff has had a serious impact on key parameters like high-quality, people-centred planning and implementation of works, availability of employment on time, timely measurements of works that are completed or in progress and hence, timely payments. A field assessment was undertaken in Madhya Pradesh, Gujarat, Chhattisgarh and Odisha. Results from the survey showed that in Bolangir and Nuapada districts of Odisha, the block development officers were given part-time responsibility of MGNREGA. For a block of 140 villages, only four to five Junior Engineers (JEs) were available, two of whom were given additional responsibility for the MGNREGA.<sup>40</sup> The CAG audit conducted in 2006 found that there were no appointments of full-time, dedicated programme officers in 102 blocks of the 26 audited states, of technical assistants in 57 blocks and of dedicated Gram Rozgar Sevaks (GRS)<sup>41</sup> in 303 GPs.<sup>42</sup>

The problem of inadequate staff and delayed measurements and payment gets further exacerbated

during peak seasons, when the demand for work is at its highest.

- **Irregular flow of funds:**<sup>43</sup> The funds are allocated to states and districts based on an initial demand, at the beginning of the FY and subsequently based on expenditure (district/block/GP should have spent at least 60 per cent of the funds to request for the next instalment). There can be several time lags in this cycle; for instance, delay in updating expenditure records, delay in placing demand for additional fund by the district (which travels through the state to the GoI) and scrutiny of expenditure and release of funds by the GoI. There may be further delay for the funds to reach the GP or the field. The CAG Audit conducted in 2006 found that fund delays and procedural issues were caused due to non submission of appropriate documentation by blocks while applying for a subsequent instalment of funds; 58 blocks did not submit Utilisation Certificates of at least 60 per cent of funds while applying for the next instalment.<sup>44</sup>

Delay in payments was observed to be the biggest perceived problem for beneficiaries, in a study conducted across 12 states (see Figure 6.1).

*Recognising that certain delays may be caused due to the time lag between demands for funds from districts and release of funds from the Centre, the GoI instructed the states to set up State Funds in FY 2009–10. These funds would allow for bulk transfer (as per expenditure) of funds from the Central Government to the State. Following this, the State Governments can allocate funds to districts as per demand and later re-allocate funds (in case of unutilised funds) within the district without involving the Central Government in the process.*

*MGNREGA 2.0 has carefully considered and enacted further provisions for recruitment of*

<sup>37</sup> NSSO, *Survey of MGNREGA*, 2010–11.

<sup>38</sup> CAG, Performance Audit Report No. 11, 2008.

<sup>39</sup> Khera, 'Wage Payment: Live without Pay'.

<sup>40</sup> P. Ambasta, 'MGNREGA and Rural Governance Reform: Growth and Inclusion through Panchayat', Paper for International Conference on Dynamics of Rural Transformation in Emerging Economies.

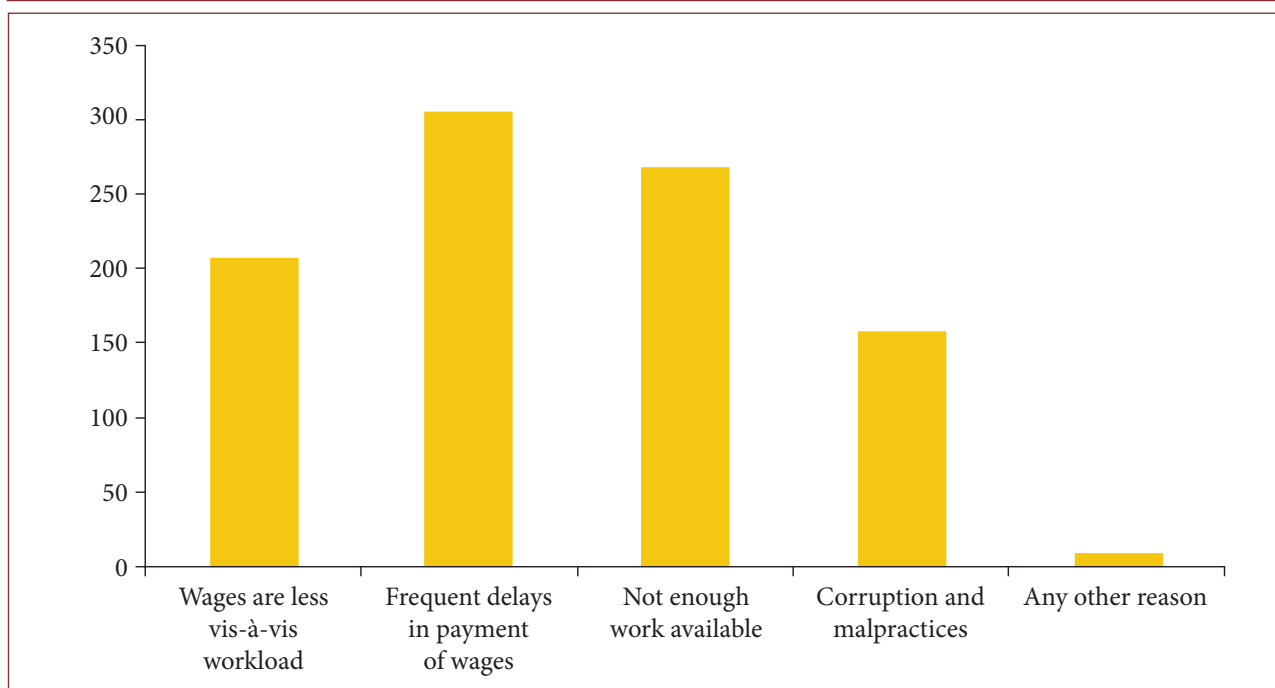
<sup>41</sup> Gram Rozgar Sevaks are functionaries deployed at the level of a GP to support MGNREGA implementation.

<sup>42</sup> CAG, Performance Audit Report No. 11, 2008.

<sup>43</sup> Khera, 'Wage Payment: Live without Pay'.

<sup>44</sup> CAG, Performance Audit Report No. 11, 2008.

**FIGURE 6.1 Main Issues (as per Interviews with Sample Beneficiaries) in MGNREGA Implementation From Bihar, Gujarat, Kerala and Rajasthan**



*Note:* The values on the y-axis represent a composite index which was calculated based on ranks given by the respondent to the different variables. The number of respondents giving each variable a particular rank (1–4) was divided by the rank itself and the totals were added to form the composite index for each variable.

*Source:* S. Verma, 'Labour Market Dynamics in Post-MGNREGS Rural India,' Unpublished report shared with the Ministry of Rural Development (MoRD), 2012.

**additional staff and streamlining of fund-flow procedures (see Chapter 7).**

### Payment through Banks and Post Offices and Financial Inclusion

To ensure transparency in wage payments and prevent misappropriations, the GoI mandated that all MGNREGA wage payments should be made through banks/post office accounts opened in the name of the worker. As a result, nearly 10 crore bank/post office accounts of rural people have been opened under MGNREGA and around 80 per cent of MGNREGA payments are made through this route.<sup>45</sup> Some states in North-East India including Manipur, Mizoram, and Integrated Action Plan<sup>46</sup> districts, after consultation with the GoI, are still making payments in cash due

to logistic reasons, including, poor coverage of bank and post office accounts and security reasons. Tamil Nadu is the only other state that continues to make its wage payments in cash.

The NSSO panel survey on MGNREGA in one of its Rounds observed that in Andhra Pradesh, 83 per cent of the payment is being made through post office, 4 per cent through bank accounts and around 6 per cent through smart cards. In Madhya Pradesh, around 19 per cent of the payment is through post office accounts and 19 per cent through bank accounts. In Rajasthan, around 52 per cent is through post office accounts and 49 per cent through bank accounts.<sup>47</sup>

The opening of accounts has brought the poor into the organised sector and in some cases provided them with better access to credit. Despite clear

<sup>45</sup> MGNREGA (Official Website) <http://www.mgnrega.nic.in>.

<sup>46</sup> The Government of India introduced a scheme for the development of viz. the Integrated Action Plan. The idea was to provide additional Central Government support in implementing development schemes, including infrastructure, health, drinking water, etc.

<sup>47</sup> NSSO, *Survey of MGNREGA*, 2010–11.



advantages of the system of bank payments, it is important to recognise that the banking system has certain problems.<sup>48</sup> Some of these are:

- **Poor coverage/network of banks/post offices:** This suggests that the distance from the nearest bank/post office may be too much, making it inconvenient for the beneficiary to collect payment
- **Non-streamlined record-keeping at banks/post offices:** This is primarily due to a lack of staff given the large volume of MGNREGA beneficiaries and payments. Other problems include non-updation of pass-books; in a survey in Uttar Pradesh and Jharkhand, it was found that pass-books were updated in only 44 per cent of the cases.<sup>49</sup>
- **Illiterate workers:** Workers sometimes do not get to open or operate their own account. In a survey conducted in Allahabad and Ranchi, only 28 per cent of the sample workers had opened their accounts on their own.<sup>50</sup> Filling deposit and withdrawal slips is also a problem for illiterate beneficiaries.
- **Low Cash and Line Limit:** A major problem faced by branch post offices (BPOs) is that their cash and line limit is very low. States need to raise the cash and line limit for their BPOs so that they are not strapped for funds while making payments to MGNREGA workers.

However, despite these issues, beneficiary interviews in Allahabad and Ranchi indicated that a majority (77 per cent) of the sample workers preferred bank payments over the traditional form of cash payments.<sup>51</sup>

*The GoI is currently pilot testing innovative ways for wage payment, including use of bio-metrics, smart cards, etc. (see chapter 7, Box 7.2). Also for timely wage payments in IAP districts, cash wage payments have been allowed in areas where the outreach of banks/post offices is inadequate. A provision is also being made that, a reserve amount equal to one month's wages will be mandatorily required to*

*be kept with the Head Post Office (HPO) to avoid delays on account of clearance of cheques, etc.*

#### LEAKAGES AND MISAPPROPRIATIONS IN THE SCHEME

*MGNREGA has received serious criticism on account of perceived misappropriations and leakages under the Scheme. While there is no denying that in several cases these are true, states are making progress by introducing IT innovations.*

MGNREGA has received serious criticism on account of perceived misappropriations and leakages under the Scheme. There are several field studies that confirm the fact that, given the scale of the programme, there are large scale discrepancies at state/district level. Some of the main findings from these studies are:

#### Muster Rolls<sup>52</sup>

Wage payments to beneficiaries are calculated on the basis of attendance and measurements listed on Muster Rolls (MR). MRs are supposed to be available at worksites and updated every day. However, studies that have conducted an MR verification indicate several irregularities in the filling and maintenance of these MRs.

#### *Non-availability of MRs at Worksites/ kachcha (non-permanent) Entries in MRs*

In a study conducted across Himachal Pradesh, Punjab and Haryana, it was found that in Sirsa district of Haryana, MRs were not available at any of the worksites. The main reason for its absence was that the MRs were filled only after the completion of work. In Sirmour district in Himachal Pradesh, MRs were available only with 50 per cent of the GPs.<sup>53</sup> The CAG audit found that copies of MRs were not available for public scrutiny in 246 GPs across 15

<sup>48</sup> K. Bhatia and A. Adhikari, 'NREGA Wage Payments: Can we Bank on the Banks', in *Economic and Political Weekly*, 2 January 2011.

<sup>49</sup> Ibid.

<sup>50</sup> Ibid.

<sup>51</sup> Ibid.

<sup>52</sup> Muster Rolls are attendance sheets used for MGNREGA works. MRs are normally issued by the Block to the Gram Panchayat and each of them are stamped with a unique identification number.

<sup>53</sup> Centre for Research in Rural and Industrial Development (CRRID), 'Appraisal/Impact Assessment of NREGS in Selected Districts of Himachal Pradesh, Punjab and Haryana', Report submitted to the Ministry of Rural Development/UNDP, 2009.

states, including, Assam, Chhattisgarh, Himachal Pradesh, Uttar Pradesh, Odisha and Uttarakhand.<sup>54</sup>

Regular updation of MRs is important to ensure both accuracy and transparency in recording attendance. In the study it was found updated at 60 per cent of the worksites in Hoshiarpur district in Punjab and only at one worksite in Sirmaur district in Himachal Pradesh.<sup>55</sup> Another study conducted in five districts of Uttar Pradesh noted similar findings. Out of 400 beneficiaries, around 70 per cent confirmed that attendance entries were made in MRs and these were available at worksites.<sup>56</sup> Most of the worksites which do not keep MRs make non-permanent or kachcha entries for attendance.

### Fake Entries in Muster Rolls

A survey<sup>57</sup> conducted across different states in India with a detailed MR verification found that:

- In Ranchi district of Jharkhand, leakages of around 33 per cent in the five randomly selected GPs.

- In Surguja district of Chhattisgarh there were leakages of around 5 per cent.
- In Bolangir, Boudh and Kalahandi districts of Odisha, leakage in funds (due to the presence of contractors among other reasons) was found to be 30–40 per cent during the MR verification process.
- In Andhra Pradesh, no large-scale fraud or leakage was found.
- In Kangra district of Himachal Pradesh, there was no large irregularity found. However in Sirmaur (as also noted by the study mentioned above), there were significant irregularities such as adjustment's to MRs had been made.
- In Jhalawar district of Rajasthan, leakages of around 5 per cent were noted.

While there are instances of leakage on the ground, several states have taken initiatives to improve their monitoring and wage payment systems (see Boxes 6.3, 6.4 and 6.5).

### Box 6.3 Bank at Your Doorstep Innovative Pilots in Different States

To ensure that wage payment is made on time and transparently, states are trying different IT pilots.

**Rajasthan:** In Sriganganagar district, Rajasthan, a pilot on Smart Cards was tried in 2009 where one Business Correspondent (BC) was able to transact 1,400 daily wagers. This pilot was up-scaled, so that 25 BCs were hired. These BCs are serving 20,000 beneficiaries.

The incentive for the BC lies in the one-time fee of Rs 4.50 for every Smart Card issued, which the bank bears. The bank also pays the correspondent a monthly stipend plus a small amount for every transaction.

While the smart card device is available on a rent of Rs 9,000 each year, each Smart Card costs Rs 112. The bank bears these costs. RBI reimburses Rs 50 per smart card to the bank. Under the pilot, the bank has issued smart cards to MGNREGA beneficiaries in 13 of the 20 branches they have in the district.

The advantages are obvious. The bank's reach has expanded because of the BCs, and time is saved in carrying out the transactions.

**Tamil Nadu:** In Cuddalore district, the women of Periyakanganankuppam village use the Automated Teller Machine (ATM). Fifteen months after the district started paying MGNREGA wages through debit card linked zero balance accounts, the women have mastered the art of withdrawing their wages from the ATMs. These are different from the cash dispensers found in cities—in biometric ATMs the second level of authentication is one's fingerprint, not the personal identification number.

The authentication leaves no scope for fraud because no one except the beneficiary can withdraw money. For the elderly and the unlettered, there is help available. Sudha, a resident with a school-leaving certificate to her credit, manages the ATM and helps people withdraw their earnings. The panchayat has also employed a resident who collects weekly workers' lists and their due wages from the worksite, and deposits cash with the bank. The bank, SBI, sends its

<sup>54</sup> CAG, Performance Audit Report No. 11, 2008.

<sup>55</sup> CRRID, 'Appraisal/Impact Assessment of NREGS in Selected Districts of Himachal Pradesh, Punjab and Haryana'.

<sup>56</sup> IIM (L), 'Quick Appraisal of Five districts of Uttar Pradesh'.

<sup>57</sup> J. Dreze, 'Breaking the Nexus of Corruption', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 241–50.

### Box 6.3 (contd.) Bank at Your Doorstep Innovative Pilots in Different States

staff to the village to put in cash in the machines. During the pilot, the Cuddalore block administration paid Rs 12.25 lakh through 675 bank accounts in these two panchayats. Rs 6.05 lakh was paid as cash to non-account holders. The Rural Tele-Banking Initiative under IIT Madras provided the technology. Periyakanganankuppam, with 445 account holders, and Pathirikuppam, with 230 account holders, successfully completed the pilot in May last year. The plan is to upscale the project to all 145 villages in the Cuddalore block.

With a successful pilot in Tamil Nadu, the SBI is experimenting with a different technology in Odisha (see Box 6.4).

*Source:* Banks Expand Arms but Not Through Branches, *Down to Earth*, Centre for Science and Environment, 15 March 2010.

### Box 6.4 GPRS-based Wage Payments in Odisha

GPRS enabled mobile phones are being used to enrol beneficiaries, as well as to make payments in Odisha. A not-for-profit is the BC for Odisha's Pilot Project, which started in November 2009. Each Smart Card carries details of the beneficiary and a unique ID. Option for voice verification also exists.

A cheque, with a list of beneficiaries and amount due to each, is issued by the *sarpanch* (head of the GP) to the nearest State Bank of India branch. The bank credits the amount to beneficiary accounts, which gets credited to account of the BC. The money is then transferred to the BC representative (Customer Service Provider) at the GP level, who withdraws the amount and makes payments.

Cost, however, is a deterrent and is the reason the pilot project was restricted to 986 panchayats in Ganjam, Gajapati and Mayurbhanj, and one panchayat each in Bhadrak and Jajpur districts of Odisha. The pilot was planned in 1,000 GPs in 10 districts. SBI pays Rs 2,000 (approx. USD 44) per customer service provider to the Foundation. About 700 of them are active. The Foundation keeps Rs 500 (approx. USD 11) towards its costs and gives the rest to the service provider.

*Source:* Banks Expand Arms but Not through Branches, *Down to Earth*, Centre for Science and Environment, 15 March 2010.

### Box 6.5 Promoting Transparency at Worksites The Tamil Nadu Experience

A study noted an innovative system being used by Tamil Nadu, whereby each labourer had to enter his/her signature or thumbprint in the MR everyday by way of marking attendance. This ensures that not only are the MRs available for public scrutiny at the worksite, but also that a large number of people see them. Further the signatures/thumbprints make fudging difficult.

The state had also set up an impressive system of regular worksite inspections.

*Source:* J. Dreze, 'Breaking the Nexus of Corruption in NREGA: Myths and Reality', *The Hindu*, 22 January 2008.

#### Use of Contractor and Machinery

The MGNREGA prohibits the use of contractors for work and machinery to ensure that the labour is not exploited and benefits and wage payments are provided directly to the workers.

The CAG Audit conducted in 2006 found that in

Kalahandi district (Odisha), 149 works were executed between February 2006 and March 2007 through contractors.<sup>58</sup>

In a visit, the Audit also found that in Chitradurga district in Karnataka, machinery was being used to clear shrubs and earthwork excavation in ordinary

<sup>58</sup> CAG, Performance Audit Report No. 11, 2008.

soil. The cost of machinery was up to 72 per cent of the total cost of work.

### Payments to Fictitious (Ghost) Workers

Field reports suggest that in some cases wage payments are made to workers who either have no JCs or those who did not actually undertake work at worksites. Double payments have also been noted.

The CAG Audit also noted payments made to unregistered or fictitious workers in one GP in both Bihar and Odisha.<sup>59</sup>

## TRANSPARENCY AND ACCOUNTABILITY

*MGNREGA has inbuilt transparency and accountability mechanisms in its design, viz. pro-active disclosure and social audits.<sup>60</sup> However, evidence from the field indicates that the frequency of social audits and their quality is a major constraint in effective implementation of the Scheme.*

### Proactive Disclosure and Social Audits

Under the Act, the GS has to conduct regular social audits of all the projects under the Scheme taken up within the GP. Findings from various field studies

suggest that the frequency and quality of social audits is a major constraint in effective implementation of the Scheme. In a study of 12 states across India, it was found that social audit by GS was seriously carried out in only 10 of the 40 works; in ten more cases, it was done by the block administration, in four by NGOs and in two by the district administration. In case of more than a dozen works, no audit was carried out by anyone.<sup>61</sup> Similarly, a rapid appraisal of four districts in Karnataka, observed that social audits were yet to be attempted in most of the GPs in the sample districts.<sup>62</sup> The NSSO panel survey on MGNREGA, in one of its Rounds, indicated that only 28 per cent of the households in Andhra Pradesh reported that a GS was held during the FY to discuss agenda for social audits. This figure was 42 per cent in Madhya Pradesh and 36 per cent in Rajasthan.<sup>63</sup>

However, there are good practices where states have taken innovative steps towards developing and institutionalising accountability tools into the governance system. One of the most interesting examples of these innovations can be found in the state of Andhra Pradesh where the government has initiated a systematic process of undertaking social audits for all MGNREGA works across the state.<sup>64</sup> See Box 6.6.

### Box 6.6 Social Audits in Andhra Pradesh

Andhra Pradesh has set up an independent directorate for conducting social audits as well as demarcated a set percentage of funds (from the total funds that the state receives from the GoI) to ensure both flexibility and independence of this unit. The social audit process hinges on participation of youth volunteers, normally from worker households, who are trained to accept complaints and survey records as well as generate awareness about the audit. The volunteers also conduct a cross-check of official records through a door to door verification of MRs and physical verification of works. On a pre-notified date, the reports, along with the findings of the social audit, are readout in public meetings attended by the labourers, official functionaries, political representatives and the media. The officials respond to the issues which are read out in public and take corrective action.

In a study conducted to assess the impact of social audits, 840 labourers from three districts Cuddapah, Khammam and Medak (Andhra Pradesh) were interviewed. Overall findings of the study suggest that social audits have a

<sup>59</sup> Ibid.

<sup>60</sup> Social audit under MGNREGA refers to an audit of all processes and procedures under the Scheme, including wage payments, muster rolls, etc. It normally involves scrutiny of all documents and records on work done.

<sup>61</sup> T. Shah, S. Verma, R. Indu, and P. Hemant, 'Asset Creation through Employment Guarantee? Synthesis of Student Case Studies in Nine states of India', International Water Management Institute (IWMI), 2010.

<sup>62</sup> University of Agriculture Science (UAS), 'Rapid Appraisal: Final Report of the Professional Institutional Network', Report submitted to the Ministry of Rural Development/UNDP, Bangalore: UAS, 2009.

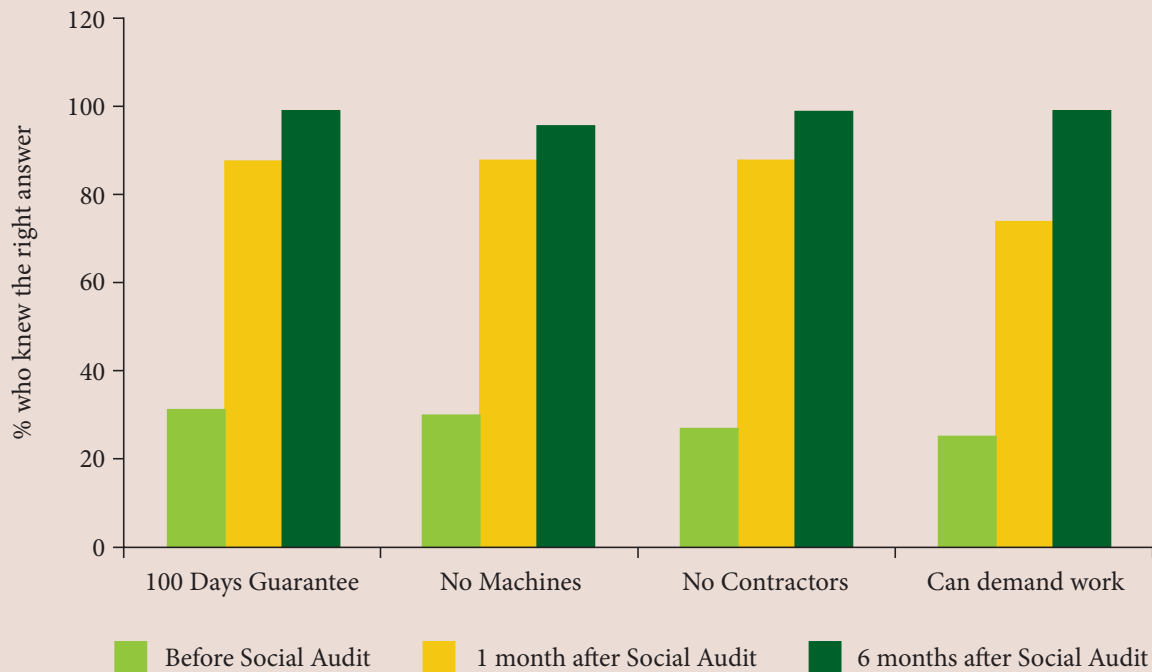
<sup>63</sup> NSSO, *Survey of MGNREGA*, 2010–11.

<sup>64</sup> Y. Aiyar and S. Samji, 'The National Rural Employment Guarantee Act: Design, Process and Impact', Delhi: Ministry of Rural Development, 2009.

### Box 6.6 (contd.) Social Audits in Andhra Pradesh

significant impact on generating awareness among beneficiaries as well as in improving quality of implementation of the Scheme. The difference in awareness levels before and after is in Fig. 6.2. Social audits also improved record maintenance and worksite implementation. The study found that entries in JCs increased from 39 per cent to 99 per cent. The availability of drinking water at worksites also went up from 79 per cent to 95 per cent.

FIGURE 6.2 Improvements in Awareness Levels Before and After Social Audits



Source: Y. Aiyar, and S. Samji, *The National Rural Employment Guarantee Act: Design, Process and Impact*, Delhi: Ministry of Rural Development, 2009.

*Learning from the experience of Andhra Pradesh, the GoI notified Social Audit rules, outlining in detail the processes and procedures for conducting quality audits by State Governments (see Chapter 7). Regular monitoring is done through the MIS and regular follow-up with states that are not conducting social audits, is also undertaken.*

#### Grievance Redressal

Ineffective grievance redressal remains a concern in implementation of the Scheme. Studies point out that it is necessary to strengthen grievance redressal systems to address issues of corruption as well as

other process issues. While the Act provides that each State formulate grievance redressal rules, few State governments have done so.<sup>65</sup>

*In view of the need to strengthen grievance redressal, the GoI amended the MGNREGA's Schedule to prescribe rules for speedy and effective disposal of complaints. States have also been advised to set up district level ombudsman to receive complaints from MGNREGA workers and other stakeholders and facilitate their redressal. Currently five states have set up district level Ombudsman, viz. Punjab, Sikkim, Manipur, Mizoram and Himachal Pradesh*

<sup>65</sup> J. Dreze, 'The Accountability Gap', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 266–69.



A summary of the major issues faced in implementation of the Scheme is provided in Table 6.3. Each of these are sought to be addressed

through *MGNREGA 2.0*, a summary of which is provided in Chapter 7.

**TABLE 6.3 Key Issues with MGNREGA Implementation as Identified by Field Studies**

Indicator	Issues
Demand for Work	<ul style="list-style-type: none"> <li>• Lack of awareness about the provision of demanding work</li> <li>• Dated receipt not given to applicants for work</li> <li>• Demand for work not recorded by States</li> <li>• Work not provided within 15 days</li> <li>• Job seeker denied employment</li> <li>• Unemployment allowance not paid</li> </ul>
Planning of Works	<ul style="list-style-type: none"> <li>• GSs not convened or not enough participation</li> <li>• GS's involvement in plan preparation is minimal, its role often confined to a formality of approving what has already been done by the block</li> <li>• Choice of works not oriented towards the priorities envisaged under MGNREGA</li> <li>• Inadequate shelf of works for execution through the year or poor planning</li> <li>• Lack of capacity in GP and shortage of technical staff with GPs for planning</li> <li>• Technical sanction and administrative sanctions not obtained</li> </ul>
Worksite Management	<ul style="list-style-type: none"> <li>• Worksite facilities not available</li> <li>• MRs not available at worksites or not properly maintained</li> <li>• JCs not with beneficiaries or not updated</li> <li>• Measurement not being done on time</li> <li>• Improper supervision or allocation of work</li> <li>• Presence of machinery or contractors</li> <li>• Fake entries or tampered MRs</li> </ul>
Quality of Works	<ul style="list-style-type: none"> <li>• Poor planning results in poor results (plantations made but no arrangement for watering meant plants died, etc.)</li> <li>• Several works left incomplete</li> <li>• Shortage of staff a serious issue in ensuring technical quality and durability</li> <li>• Some works, like roads, required machinery and tractors to ensure durability</li> </ul>
Wage and Wage Payments	<ul style="list-style-type: none"> <li>• Delays in payment; in some panchayats, delays cross 2–3 months</li> <li>• SoRs not accurately determined</li> <li>• Long gaps between work and measurement also cause delays in wage payments</li> <li>• Shortage of funds at block level also reportedly a cause of delayed wage payments</li> <li>• Increases in task rates made at the state level do not translate into similar increases at the GP level because it does not have the capacity to rework the estimates and engineers who can do so are too few in number.</li> <li>• Banks/Post Offices do not have branches/staff, etc. to cater to MGNREGA</li> <li>• Fudging of MRs/ghost workers (workers that do not exist yet are shown as beneficiaries)</li> </ul>
Other Administrative Constraints	<ul style="list-style-type: none"> <li>• Poor maintenance of Records like employment registers</li> <li>• Poor ICT infrastructure for monitoring (including computers, internet connectivity)</li> </ul>
Transparency and Social Audit	<ul style="list-style-type: none"> <li>• Social Audits not conducted</li> <li>• Reports and documents show that there are: <ul style="list-style-type: none"> <li>– No active vigilance committees</li> <li>– No vigilance committees</li> <li>– In case social audits done, no records made available of the event</li> </ul> </li> <li>• Ineffective or non-existent grievance redressal mechanisms</li> </ul>

Source: Ministry of Rural Development.

### ACCURACY OF MANAGEMENT INFORMATION SYSTEM (MIS) AND MONTHLY PROGRESS REPORT DATA

*One of the many concerns expressed about MGNREGA is that the administrative data may not be reflective of employment provided on the field. While this may be true to some extent, MGNREGA is increasingly available online for cross verification. In FY 2011–12,<sup>66</sup> more than*

*90 per cent of the total expenditure is available on MIS (including details of beneficiaries, etc.). However, there is no denying that national level studies to verify the authenticity of MIS data would help resolve some of the discrepancies that have been brought to light.*

One of the expressed concerns about MGNREGA is that administrative data may not be reflective of

**TABLE 6.4** Difference in NSSO 66th Round and MIS/Monthly Progress Report Data

State	% of rural households provided employment under MGNREGA as per NSSO [July 2009–June 2010]	% of rural households provided employment under MGNREGA as per MIS/MPR [July 2009–June 2010]	Average person-days/Households as per NSSO [July 2009–June 2010]	Average person-days/Households as per MPR/MIS [July 2009–June 2010]
Andhra Pradesh	35	50	46	61
Assam	18	27	32	42
Bihar	10	16	24	32
Chhattisgarh	48	61	35	44
Gujarat	18	24	25	38
Haryana	5	5	39	37
Himachal Pradesh	33	31	47	64
J & K	8	20	34	40
Jharkhand	16	44	23	43
Karnataka	8	42	30	58
Kerala	11	23	26	36
Madhya Pradesh	36	31	29	57
Maharashtra	4	3	34	38
Odisha	22	24	26	38
Punjab	5	9	30	27
Rajasthan	59	49	71	69
Tamil Nadu	34	34	43	58
Uttar Pradesh	16	24	31	58
Uttarakhand	27	33	23	35
West Bengal	43	26	17	44
<b>Total All India</b>	<b>24</b>	<b>25</b>	<b>37</b>	<b>54</b>

*Note:* (1) The All India Total includes all states and UTs. (2) Rural Households have been projected using 2001 and 2011 census. (3) Corresponding MGNREGA figures for June 2009 to July 2010 have been calculated.

*Source:* NSSO, NSSO 66th Round, 2009–10 and MGNREGA (official website) <http://www.mgnrega.nic.in>.

<sup>66</sup> Provisional Data: At the time of the preparation of the report, data entry for States was still open for the year 2011–12. Henceforth, all instances of Provisional Data have been indicated with an asterisk (\*) within the text.



employment provided on the field.<sup>67</sup> The NSSO 66th Round survey (June 2009–July 2010) provides a projection of the percentage of households that were provided employment under MGNREGA and the average person-days generated under the Scheme. However, these estimates are different from the data noted under the MPRs and MIS<sup>68</sup> as noted in Table 6.4. In this case it may be relevant to keep in mind that data on the MIS/MPR is real time, whereas NSSO data is survey data.

It is important to note that expenditure (as reported in the MPR) under MGNREGA is increasingly available on MIS. In FY 2011–12\*, more than 90 per cent of the total expenditure is available on MIS (including details of beneficiaries, etc.) and can be easily cross-verified (See Box 6.2). However, national level studies to verify the authenticity of MIS data are required.

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<sup>67</sup> C. Imbert and J. Papp, 'Estimating Leakages in India's Employment Guarantee', in *The Battle for Employment Guarantee Act*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 267–78.

<sup>68</sup> In 2009–10 (when the NSSO survey was conducted), a large part of the data reporting from the field was through Monthly Progress Reports. Since then the GoI has moved in large part to the online MIS.

Citizen	Panchayats GP/PS/ZP	Workers	Other Impl. Agency	District/Block Admin.	States	Post office	MoRD	Social Audit Agencies	Engineers	
Block		<b>DPC :NUAPADA</b>			Local   English		<b>MIS Report</b>			
BODEN KHARIAR KOMNA NUAPADA SINAPALI		 <b>Data Entry</b>			<b>Accounts &amp; EFMS</b> <ul style="list-style-type: none"> <li>DSC               <ul style="list-style-type: none"> <li>DSC Enrollment Report</li> </ul> </li> <li>FTO               <ul style="list-style-type: none"> <li>FTO Status Report</li> <li>FTO Rejection Report</li> <li>FTO Invalid Accounts Report</li> <li>Daily Squaring of FTO'S</li> <li>Monthly Squaring of FTO'S</li> <li>Inter/Intra Bank Transaction Report</li> </ul> </li> <li>RECONCILIATION OF ACCOUNT               <ul style="list-style-type: none"> <li>Day wise Squaring of EFMS Account</li> </ul> </li> <li>WORKERs ACCOUNT               <ul style="list-style-type: none"> <li>Status of Freed Account</li> <li>No.of Accounts of MGNREGA</li> <li>Active Bank /Post Office Account of 2011-2012(As per Work Demand)</li> <li>Account Opened and Amount Disbursed through Bank/Post Office in MGNREGA</li> <li>Joint Account Detail</li> </ul> </li> <li>BANK               <ul style="list-style-type: none"> <li>Block Wise No. of Banks of MGNREGA</li> </ul> </li> </ul>			<b>MIS Report</b> Financial Year: 2011-2012 <ul style="list-style-type: none"> <li>Employment               <ul style="list-style-type: none"> <li>Employment Status</li> <li>Employment Provided Period wise</li> <li>Households Completed 100 days in Financial Year</li> <li>Age Wise Registered and Employed Persons</li> </ul> </li> <li>Works               <ul style="list-style-type: none"> <li>Works under diffrent category/status</li> <li>Work Status</li> <li>Assets Created</li> <li>Bharat Nirman Rajeev Gandhi Sewa Kendra</li> </ul> </li> <li>Fund Management               <ul style="list-style-type: none"> <li>Fund Transfer Statement and Expenditure Financial Statement</li> <li>Labour ,Material Ratio Analysis</li> <li>Outlays &amp; Outcomes</li> <li>Expenditure on works</li> <li>Funds and Expenditure Summary</li> </ul> </li> </ul>		
You have utilize 50% of fund. You are eligible for IInd Installment after 60% of utilisation of fund Kindly see the conditional alert below <ul style="list-style-type: none"> <li>Complaints Not Disposed For Last Six Months</li> <li>Social Audit Status</li> <li>Rajeev Gandhi Sewa Kendra</li> </ul>		<b>Online submission of Proposal</b> <ul style="list-style-type: none"> <li>Audit Report               <ul style="list-style-type: none"> <li>Implementing Agency wise expenditure Statement</li> <li>Block wise expenditure Statement</li> <li>Uncashed cheque Statement</li> <li>Bank Reconciliation Statement</li> <li>Receipt &amp; payment Statement</li> <li>Income &amp; Expenditure Statement</li> <li>Balance Sheet</li> <li>Observation of CA</li> <li>Action Taken Report</li> </ul> </li> <li>Utilisation Certificate</li> <li>Current Year Progress( Annexure IReport)</li> <li>Pre-Requisite Statement</li> <li>Online proposal for demand of fund</li> </ul>			<b>Performance Monitoring</b> <ul style="list-style-type: none"> <li>Week Wise Work Progress</li> <li>Yearly Work Completion Rate</li> <li>Mustroll Performance Status</li> </ul>			<b>Alert</b> <ul style="list-style-type: none"> <li>UnEmployment Allowance</li> <li>Bank/Post Office Wise Delayed Payment</li> <li>Anticipated Expenditure/Expenditure in Dinline of Current Year</li> </ul>		
<b>Labour Budget Analysis</b>					<b>Data Status</b> 			<a href="http://www.mgnrega.nic.in">www.mgnrega.nic.in</a>		

## 7 Recent Initiatives to Strengthen MGNREGA

This chapter highlights some of the recent initiatives and reforms taken up by the Government of India (GoI) as part of the next level of implementation of MGNREGA, viz. *MGNREGA 2.0*. The GoI will also be releasing revised MGNREGA Operational Guidelines based on the recommendations of the Mihir Shah Committee.<sup>1</sup> The chapter also provides an overview of the salient features of the new Guidelines.

### LIST OF PERMISSIBLE WORKS EXPANDED

The list of permissible works under MGNREGA has been expanded:

- To strengthen the positive synergy between MGNREGA and agriculture and allied rural livelihoods,
- To respond to the demands of the States for greater location-specific flexibility in permissible works, and

- To help improve the ecological balance in rural India (see Table 7.1).

Some of these works are new but many of them come within the category of works already permitted under MGNREGA. The list was drawn up in response to demands from States for a more elaborate, specific and unambiguous list of works that could be taken up under the categories currently permissible.

While taking up works under MGNREGA, the following conditions need to be followed:

- Only those works to be taken up that result in creation of durable assets,
- The order of priority of works will be determined by the Gram Panchayat (GP),<sup>2</sup>
- 60:40 ratio for labour: material costs should be maintained at the GP level,
- No contractors/labour-displacing machinery to be used.

<sup>1</sup> Ministry of Rural Development (MoRD), *Report of the Committee on Revision of MGNREGA Operational Guidelines*, Ministry of Rural Development, 2012

<sup>2</sup> Gram Panchayat is the primary unit of the three-tier structure of local self governance in rural India, the Panchayati Raj System. Each Gram Panchayat consists of one or more villages.

**TABLE 7.1 Expanded List of Works Allowed under MGNREGA**

S.No.	Type of Work	S.No.	Type of Work
<b>Watershed-related works</b>		<b>Fisheries-related works</b>	
1	Contour trenches	18	Fisheries in seasonal water bodies on public land
2	Contour bunds	<b>Works in coastal areas</b>	
3	Boulder checks	19	Fish drying yards
4	Farm bunding	20	Belt vegetation
5	Gabion structures	21	Construction of storm water drains for coastal protection
6	Underground dykes	<b>Rural drinking water-related works</b>	
7	Earthen dams	22	Soak pits
8	Dugout farm ponds	23	Recharge pits
9	Stop dams	<b>Rural sanitation-related works</b>	
<b>Watershed-related works in mountain regions</b>		24	Individual household latrines
10	Springshed development	25	School toilet units
<b>Agriculture-related works</b>		26	Anganwadi toilets
11	NADEP composting	27	Solid and liquid waste management
12	Vermi-composting	<b>Flood management-related works</b>	
13	Liquid bio-manures	28	Deepening and repair of flood channels
<b>Livestock-related works</b>		29	Chaur renovation
14	Poultry shelter	<b>Irrigation command-related works</b>	
15	Goat shelter	30	Rehabilitation of minors, sub-minors and field channels
16	Construction of <i>pucca</i> (permanent) floor urine tank and fodder trough for cattle		
17	Azolla as cattle-feed supplement		

*Source:* MoRD, 'Report of the Committee on Revision of MGNREGA Operational Guidelines', Ministry of Rural Development, 2012.

### ENSURING THE DEMAND-BASED CHARACTER OF MGNREGA

A major weakness in the implementation of the Scheme (also discussed in Chapter 6) has been that States have not set up effective systems of recording demand. The new MGNREGA Guidelines enlists provisions for States to overcome this weakness. Some of these are:

- The GP or Programme Officer (PO), as the case may be, shall be bound to accept valid applications and to issue a dated receipt to the applicant,
- Refusal to accept applications and provide dated receipts will be treated as a contravention under Section 25 of MGNREGA,
- The provision for submitting applications for work must be kept available on a continuous basis through multiple channels so designated by GPs. GPs may empower ward members, *anganwadi* workers,<sup>2</sup> school teachers, self-help groups (SHGs), village-level revenue functionaries, common service centres and MGNREGA Labour Groups to receive applications for work,
- Provision must also be made (wherever feasible) for workers to register applications for work through mobile phones in addition to the MGNREGA website and this should feed directly into the Management Information System (MIS),
- The MGNREGA software will automatically generate the pay-order for payment of unemployment allowance to such wage seekers whose demand for work is not met within 15

<sup>2</sup> Anganwadi centres were constructed by the Government of India (GoI) as part of Integrated Child Development Scheme for giving primary health care to women and infants. Anganwadi workers are employed in these centres.



days (of demand). Reports prepared on this will have to be part of the essential set of reports to be tracked at the State level,

- State Governments have to ensure that the MGNREGA MIS will record the demand for work, i.e. the monitoring system has to ensure it captures even households<sup>3</sup> that may have been purposely denied employment,
- To estimate demand in advance, the district administration may conduct a door to door survey of Job Card (JC)<sup>4</sup> holders .

### EFFECTIVE PLANNING

To adequately match the demand of work, prior assessment of the quantum of work likely to be demanded as well as the timing of this demand, is required. Concomitantly, a shelf of projects of works to be taken up in the year, should be prepared to meet this demand.

This matching of demand and supply of work is the process of planning under MGNREGA and is summed up as a Labour Budget for submission to the GoI for fund allocation at the beginning of the Financial Year (FY).

A Labour Budget must, therefore, reflect:

- Anticipated *quantum of demand* for work,
- Precise *timing of the demand for work*, as also
- A plan that outlines the *quantum and schedule of work* to be provided to those who demand work.

This is the only way work-providers can open work in a manner that is synchronised with the pattern of migration in that area so as to pre-empt distress migration. It must also be incumbent upon work-providers to *pro-actively inform* work-demanders well *in advance* about the schedule of work to be provided so that they do not need to migrate in distress.

### Strict Time Schedule

Under the current timeline, Annual Plans (outlining works to be undertaken in a GP, as per demand) are to be presented for approval at the Gram Sabha (GS)<sup>5</sup> around 2 October each year. However, this may be too late to prevent distress migration. In the absence of a timely work guarantee, households are likely to migrate after the *kharif*<sup>6</sup> harvest season. It is, therefore, important for the GP to inform potential workers of available employment and the timing of this employment well in advance of the kharif harvest. The Guidelines provide a time schedule (see Table 7.2), to ensure that Labour Budgets are submitted on time by States, approved by the GoI, communicated back to the States and districts for beginning work in March and April.

### DEPLOYMENT OF HUMAN RESOURCES

Field studies (see Chapter 6) and reports have both indicated the need to deploy additional staff to aid with effective planning at the GP level, supervising (taking measurement, etc.) and monitoring of works.

TABLE 7.2 Time Schedule

Date	Action to be taken
15 August	Gram Sabha to approve GP Annual Plan
2 October	Block Panchayat to submit Block Annual Plan to the District Programme Coordinator (DPC)
1 December	District Panchayat approves District Annual Plan
15 December	DPC ensures shelf of projects ready for each GP
1 March	Work for the next financial year begins

<sup>3</sup> A household is defined as members of a family related to each other by blood, marriage or adoption, and normally residing together and sharing meals.

<sup>4</sup> See Introduction for further explanation.

<sup>5</sup> A Gram Sabha is a body of all persons entered as electors in the electoral roll for a Gram Panchayat. All the meetings of the Gram Sabha are convened by the Gram Panchayat to disseminate information to the people as well as to ensure that development of the village is done through participation or consent of all households

<sup>6</sup> Kharif season is an agricultural season. In India the Kharif season is normally between May and January (the season differs across states). Kharif crops include paddy, millets, etc.

The new Guidelines suggest that:

- Each Block must appoint a full-time PO for MGNREGA. Block Development Officers (BDOs)<sup>7</sup> or other block officers should not be given 'additional charge' for the programme, as substitute for deploying a PO.
- Blocks, where either Scheduled Castes (SCs) plus Scheduled Tribes (STs) form  $\geq 30$  per cent of the population or the annual MGNREGA expenditure was more than Rs 12 crore, appoint at least three Cluster Facilitation Teams (CFT),<sup>8</sup> each of which will service a Cluster of Gram Panchayats (CGP).<sup>9</sup> Each CGP will cover around 15,000 JCs or an area of about 15,000 hectares (ha). The CFT will comprise a fully dedicated, three-member professional support team led by an Assistant Programme Officer (APO) and include specialists in earthen engineering, community mobilisation, hydro-geology, and agriculture/allied livelihoods. This will also enable more professional planning based on the watershed approach aimed at improved land and water productivity.

### REDUCING DELAYS IN WAGE PAYMENTS

Apart from deploying additional staff, *MGNREGA 2.0* also:

- Specifies a payment schedule for states to follow and track, using a transactions-based MIS (also see Boxes 7.1 and 7.2).
- Suggests that the timeline for each process be determined and delays be monitored at each step through MIS like closure of Muster Rolls (MR), capturing measurements, generating pay-order, issuance of cheque and pay-order to paying agency, transfer of cash to sub-agency (Branch Post Office/ Business Correspondent) and wage disbursement to workers.

### STRENGTHENING MIS

A major criticism of MIS is that it does not capture transactions on real-time basis and all data entries are basically post facto. For example, entry of payments into the MIS is done after wages are disbursed to workers. Another criticism is that there are delays in data reporting through MIS.

*MGNREGA 2.0* has worked out a strategy to address some of these issues by deploying a Real-Time Transaction Based e-Governance solution in pilot districts in a few selected States including Sabarkantha in Gujarat, Bangalore Rural in Karnataka, Ganjam in Odisha, and Jaipur, Baran, Ganganagar in Rajasthan.

The first phase of the pilot will strengthen the Electronic Fund Management System (e-FMS)

#### Box: 7.1 Tackling Delayed Wage Payments

##### The Andhra Pradesh Experience

Online entry of data in Andhra Pradesh is real time, i.e. the State uses its data software to issue pay-orders to banks and post offices, for payment of wages.

On the field, the schedule for closing of MRs and their entry into the software is set to avoid delays in wage payment. The measurement sheets and MRs of the week's work are compiled on the sixth day of that week and transmitted to the Mandal (Sub-Block) computer centre. The next day, the muster data is fed into the computer and on the eighth day pay-orders generated and cheques prepared. By the tenth day, cheques are deposited into post office accounts of workers. By the thirteenth day, workers are able to access wages from their accounts. Free availability of payment information facilitates public scrutiny and transparency.

Use of such real-time technologies to enable online updation of critical data at each stage of the MGNREGA workflow is now being facilitated by the GoI for some States.

*Source:* Ministry of Rural Development, Government of India.

<sup>7</sup> A Block Development Officer is in charge of a block and monitors all development related programmes.

<sup>8</sup> CFTs are teams of professionals recruited to provide support to the MGNREGA. Each CFT will be appointed for a cluster of GPs.

<sup>9</sup> Each CGP will consist of around 15,000 Job Cards or an area of about 15,000 ha, broadly corresponding to the boundaries of a milli-watershed and local aquifer.

## Box 7.2 Strengthening ICT for Timely Payment of Wage and Transparency

### Government of India Initiatives

- **Electronic Fund Management System (e-FMS)**

The Government of India is advocating that all states gradually move to an Electronic Fund Management System (e-FMS). Under e-FMS, all fund transfers and fund management, for the purpose of wage/material/administrative payments as per the actuals (with certain ceilings) will be done online. All electronic transfers are realised in a span of 24 hours. The e-FMS ensures timely availability of funds at all levels and transparent usage of MGNREGA funds. This improves efficiency of the program on the whole and also provides for timely wage payments.

- **Electronic Muster Rolls (MR)**

To prevent fudging of Muster Rolls, fake entries and other misappropriation, the GoI is piloting electronic Muster Rolls. Under this, the block or GP, receives demand applications, assigns work and provides print outs of Muster Rolls (with a list of beneficiary names as per demand) for each work site.

- **AADHAAR**

Aadhar is a unique identification number linked to the person's demographic and biometric information, which they can use to identify themselves anywhere in India, and to access a host of benefits and services. A pilot has been launched in Ramgarh district in Jharkhand for using the Aadhaar number for biometric-based authentication of payments to MGNREGA workers. Around 20,000 workers have been given Aadhaar numbers and payments are being made to MGNREGA through this. The Aadhaar number along with the JC number will now be part of the MIS to help eliminate non-genuine and duplicate JCs.

- **Business Correspondent Model**

Learning from the experience of States, the GoI is looking to upscale the Business Correspondent (BC) Model and is supporting its implementation. The GoI has allowed Rs 80 per account per year as incentive for banks.

- **Electronic Transfer of Data Files**

Another major point of delay has been the crediting of workers' bank accounts as this involves physical movement of cheques and wage lists from the GP to the bank after which banks are required to feed in details of the bank accounts of wage earners once again. To make this transaction seamless, the Ministry of Rural Development has worked with five banks in four States (Odisha, Gujarat, Rajasthan and Karnataka) to successfully develop electronic transfer of data files to banks. This solution is now being taken up in other States.

A similar solution is being developed for transmitting data to Head Post Offices (HPOs) which will cut down the time required for documents to travel. This is being already tried out in Rajasthan.

*Source:* Ministry of Rural Development, Government of India.

leveraging the Core Banking System (CBS) of commercial banks. Subsequently this will also cover payments made through post offices and cooperative banks. In the second phase, field-level electronic data will be captured through handheld devices. The handheld device will be used for demand registration, attendance, recording work measurements. These will be directly uploaded to the central MIS. Also see Box 7.2.

### EQUAL OPPORTUNITY FOR VULNERABLE GROUPS

The Guidelines have provisions to ensure rights of vulnerable groups such as persons with disabilities, primitive tribal groups, nomadic tribal groups, de-notified tribes, women in special circumstances,

senior citizens above 65 years of age, and internally displaced persons.

### Facilitation

For ensuring equal opportunity, POs may procure the services of resource agencies/Civil Society Organisations (CSOs) working for the disabled/vulnerable. The resource agencies will be responsible for assisting the GS in identifying the disabled and vulnerable persons, mobilising them and ensuring that they get their rights under the Act.

### GREATER ROLE FOR CIVIL SOCIETY ORGANISATIONS

To ensure greater dissemination of information and participation of rural people at every stage

of MGNREGA, from planning to execution, the Guidelines emphasise the need for state and district governments to involve CSOs as resource agencies. CSO involvement will also aid the process of social audits and help with increased transparency and accountability in implementation of the Act.

### **BETTER SOCIAL AUDITS AND VIGILANCE FOR TRANSPARENCY AND ACCOUNTABILITY**

#### **Social Audit**

Under *MGNREGA 2.0*, the GoI has notified Social Audit<sup>10</sup> Rules that mandate the establishment of a Social Audit Unit (SAU), to facilitate social audit by GSs.

- The SAU can be either a society or a directorate, in each case independent of the implementing departments/agencies.
- The SAU shall be responsible for building capacities of GSs for conducting social audit by identifying, training and deploying suitable resource persons at village, block, district and State level (drawing from primary stakeholders and other CSOs).
- The SAU will create awareness amongst the labourers about their rights and entitlements under the Act and facilitate verification of records with primary stakeholders and work sites.

#### **Performance Audit**

Complementing the social audit will be one by the Comptroller and Auditor General (CAG). All expenditure on MGNREGA will be audited both at the level of the Central and State Governments. In addition to the financial audit, the CAG will conduct a performance audit with regard to these schemes. To begin with, performance audits of MGNREGA will be taken up in 12 States—Assam, Andhra Pradesh, Bihar, Chhattisgarh, West Bengal, Jharkhand, Madhya Pradesh, Rajasthan, Gujarat, Maharashtra, Odisha and Uttar Pradesh.

#### **Vigilance Cell**

GoI has suggested that States set up three-tier vigilance mechanisms to pro-actively detect irregularities

in the implementation of the Act and to follow up detected irregularities and malfeasance, including those identified during social audit.

At the State level there will be a Vigilance Cell consisting of a Chief Vigilance Officer who could be either a senior government officer or a retired one supported by at least two senior officials (serving or retired), one engineer and an auditor.

#### **Strengthening Section 25 of the Act**

The Guidelines emphasise the need for States to ensure that provisions of the Act are followed carefully. The following will be considered offences punishable under Section 25 of the Act:

- JCs found in the possession of any Panchayat or MGNREGA functionary without plausible justification,
- Missing entries or delay in entries in the JC,
- Refusal to accept applications and provide dated receipts,
- Unreasonable delays in payment of wages,
- Failure to dispose of complaints within the stipulated time.

#### **Limitations on Administrative Expenses**

MGNREGA provides 6 per cent of the total expenditure in a State, as administrative expenditure. To ensure this is not misused, the Guidelines prescribe that:

- At least two-thirds of the 6 per cent admissible under it should be spent at the block-level and below (GP etc.),
- The following items shall under no circumstances be booked under the administrative costs of MGNREGA:
  - New vehicles,
  - New buildings,
  - Air-conditioners,
  - Salaries/remuneration/honoraria of functionaries who are not exclusively or wholly dedicated to MGNREGA work.

<sup>10</sup> Social Audit refers to an audit of all processes and procedures under the Scheme, including wage payments, Muster Rolls, etc. It normally involves a scrutiny of all documents and records of the work done.



# Bibliography

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This Bibliography lists studies and their abstracts reviewed and referenced in the MGNREGA SAMEEKSHA. The list primarily consists of major studies that have been published from 2008 (two years after the implementation of the Act) and are specifically on MGNREGA.

Several of these studies have been conducted as part of the Ministry of Rural Development, Government of India's own initiative, the Professional Institutional Network (PIN). The PIN was set up in collaboration with United Nations Development Programme (UNDP) to conduct independent evaluations and assessments of MGNREGA across States. Under the PIN, impact assessments, appraisals and research were conducted by Indian Institutes of Management (IIMs), Indian Institutes of Technology (IITs), agriculture universities, thinktanks, civil society organisations and other professional institutes.

Action for Food Production (AFPRO), 'Infrastructure Development and Beyond: Exploring the Scope for Sustainable Livelihood Support under NREGA', Report submitted to the Ministry of Rural Development/UNDP, New Delhi: AFPRO, 2009.

**Abstract:** *Recognising the need to learn from work carried out in MGNREGA and its effectiveness for sustainable livelihood support at the community level, AFPRO carried out a study in Chainpur Block, District Gumla, Jharkhand.*

*An assessment was done of 37 works in 28 villages and 10 Gram Panchayats (GP) in Chainpur block. Works covered included—ponds, wells, roads, check dams, earthen bunds, land leveling sites and guard walls. Works were selected on a random basis from different years of MGNREGA implementation since 2006. Areas for improvement at village-level were related to effective participation of villagers/beneficiaries in the decision-making process, selection of need-based Schemes, and increasing the ownership of infrastructure created under the Scheme. The need to give priority to selection of smaller structures for soil and water conservation has also been highlighted in the recommendations. Giving better tools to workers, orientation of functionaries, coordination among line departments, etc. are some of the other measures suggested.*

Aiyar, Y., and S. Samji, 'Guaranteeing Good Governance: Understanding the Effectiveness of Accountability in NREGA', in *NREGA: Design, Process and Impact*, Ministry of Rural Development, New Delhi: Government of India, 2009.

**Abstract:** *This study documents social audits in Andhra Pradesh and the state's experience in institutionalising these audits into the implementation of the MGNREGA. It draws on empirical work aimed at measuring effectiveness of social audits conducted between March and December 2007.*



Ambasta, P., 'MGNREGA and Rural Governance Reform: Growth and Inclusion through Panchayats', Paper for International Conference on Dynamics of Rural Transformation in Emerging Economies, Planning Commission, Government of India and Institute for Human Development, India, 14–16 April 2010.

**Abstract:** *The Constitutional 73rd Amendment Act and the establishment of a local governance system in India through three-tier Panchayati Raj Institutions (PRIs) has marked a new chapter in the history of democratic decentralisation in India. The vision behind this has been that these local government institutions will be the pivots fostering inclusion in an era of high economic growth. This study argues that the challenges of inclusion are formidable and the articulation of this vision has been hampered by an ineffective devolution of funds, functions and functionaries to the PRIs. In this context, it examines the experience of the MGNREGA to see how its outcomes have fallen short of its potential due to inadequate support structures at the grassroots. It then attempts to spell out a blueprint of reforms that are needed for MGNREGA to realise its true potential. Since funds to PRIs are not so much of an issue after MGNREGA, functionaries are the real bottleneck, which must be taken care of by re-visioning the cutting edge of implementation of the Act. The study also examines in detail the deployment of Information Technology (IT) for MGNREGA and suggests how it can be strengthened. It proposes that to ensure proper monitoring, evaluation, deployment of human resources and their development, IT innovations, and for grievance redress, a national authority for MGNREGA is needed to anchor and support implementation. It further argues that while such support and resource deployment are necessary conditions, rural development and the empowerment of the poor cannot happen through techno-managerial provisioning alone but need grassroots mobilisation. In the tasks of mobilisation and support to GSs and PRIs for making MGNREGA more effective, civil society has a role to play and this role needs to be mainstreamed. Such reforms in MGNREGA can effectively transform governance at the grassroots and also empower rural communities. Over time such reforms can become the way forward for all interventions targeting the rural poor.*

Ambasta, P., P. S. Vijay Shankar, and M. Shah, 'Two Years of NREGA: The Road Ahead', *Economic and Political Weekly*, vol. 43, no. 8, 23 February 2008.

**Abstract:** *It is not possible to realise the massive potential of the MGNREGA if we deploy the same ossified structure of implementation that has deeply institutionalised corruption, inefficiency and non-accountability, into the very fabric of Indian democracy. On the other hand, if the reforms suggested in this study are put into place, the MGNREGA holds out the prospect of transforming the livelihoods of the poorest of the poor and heralding a revolution in rural governance in India.*

Administrative Staff College of India (ASCI), 'Quick Appraisal of NREGA in Andhra Pradesh', Report submitted to the Ministry of Rural Development/UNDP, Hyderabad: ASCI, 2009.

**Abstract:** *ASCI conducted a study to understand MGNREGA's processes, procedures and impact. The study was oriented towards identifying good practices that could be upscaled for strengthening the programme. Research was undertaken in six blocks of three districts—Anantpur, Adilabad and Guntur of Andhra Pradesh. The positive findings of the study included, increase in groundwater in Anantpur as a result of the assets created, improved agricultural yields across all three districts and reduction in migration. The study also showed the problems the programme faced including delays in wage payment and poor quality of assets.*

Azam, M., 'The Impact of Indian Job Guarantee Scheme on Labour Market Outcomes: Evidence from A Natural Experiment', 10 October 2011, available at SSRN: <http://ssrn.com/abstract=1941959>.

**Abstract:** *Public works programmes, aimed at building a strong social safety net through redistribution of wealth and generation of meaningful employment, are becoming increasingly popular in developing countries. The NREGA, enacted in August 2005, is one such programme. This paper assesses causal impacts (Intent-to-Treat) of NREGA on public works participation, labour force participation, and real wages of casual workers by exploiting its phased implementation across Indian districts. Using nationally representative data from the National Sample Surveys (NSS) and Difference-in-Difference framework, the author finds that there is a strong gender dimension to the impacts of NREGA: it has a positive impact on the labour force participation and this impact is mainly driven by a much sharper impact on female labour force participation. Similarly, NREGA has a significant positive impact on the wages of female casual workers/real wages of female casual workers increased 8 per cent more in NREGA districts compared with the increase experienced in non-NREGA districts. However, the impact of NREGA on wages of casual male workers has only been marginal (about 1 per cent). Using data from the pre-NREGA period, the authors also performed falsification exercises to demonstrate that the main conclusions are not confounded by pre-existing differential trends between NREGA and non-NREGA districts.*

Babu, S., H. Rao, and P. T. Reddy, 'Impact of MGNREGS on Agriculture and Rural Labour Markets: A Study of Madhya Pradesh', Hyderabad: National Institute of Rural Development (NIRD), 2011.

**Abstract:** *The study has been undertaken in Betul and Mandla districts of Madhya Pradesh to assess the impact of MGNREGA on labour markets, particularly with regard to changes in land use, cropping patterns and economics of agriculture. In both the districts, research shows that fallow land has been brought under cultivation; there has been a change in cropping pattern from dry land crops to irrigated crops and from traditional to cash crops. There is also a reported hike in the cost of labour. Migration continued unabated in the study areas. However, there was no distress migration by the sample farmers.*

Babu, S., H. Rao, P. T. Reddy, and D. Chakrabarty, 'Impact of MGNREGS on Agriculture and Rural Labour Markets: A Study of West Bengal, India', Hyderabad: National Institute of Rural Development, 2011.

**Abstract:** *The study has been undertaken in Paschim Medinipur and Burdwan districts of West Bengal, to assess the impact of MGNREGA on labour markets, particularly with regard to changes in land use, cropping patterns and economics of agriculture. Distinct changes in land use pattern have taken place and fallow lands have been brought under cultivation. On the other hand, marginal and small farmers have experienced high costs for paddy cultivation in irrigated as well as rain-fed areas. But an analysis of the break-up of the costs shows that some of the expenses pertaining to small farmers, especially on irrigation, have reduced. This is attributed to the irrigation structures created under MGNREGA.*

Babu, V. S., and K. H. Rao, *Impact of MGNREGS on Scheduled Castes and Scheduled Tribes: Studies Conducted in Eight States*, Hyderabad: National Institute of Rural Development, 2010.

**Abstract:** *Studies were undertaken by NIRD in Tripura, Rajasthan, Chhattisgarh, Mizoram, Orissa, Tamil Nadu, Uttar Pradesh and West Bengal to highlight issues related to MGNREGA and Scheduled Castes (SCs) and Scheduled Tribes (STs) in each of the States. The studies also elaborate issues of MGNREGA implementation; for example, awareness levels among beneficiaries, etc. Other impacts of the Scheme with regard to agriculture wage and migration have also been noted.*

Banerjee, K., and P. Saha, 'The NREGA, the Maoists and the Developmental Woes of the Indian State'. *Economic and Political Weekly*, vol. 65 no. 28, 10 July 2010.

**Abstract:** *The United Progressive Alliance (UPA) government's much touted flagship programme under the NREG Act is aimed at countering some of the developmental woes of the Indian state in the backward regions. The Maoists are active in some of the most backward areas and the government has been accusing them of stalling development. Hence, the current solution operationalised by the government is to flush out those opposing development by force and then proceed with developing these areas. The authors examine these issues through a case study of the NREGA in Jharkhand, Chhattisgarh and Orissa. The districts chosen were from among the first 200 where the NREGA has been implemented from 2006 onwards and are also under the influence of the Maoists.*

Bassi, N., D. M. Kumar, V. Niranjana, and M. Sivamohan, 'Employment Guarantee and Its Environmental Impact: Are the Claims Valid?' *Economic and Political Weekly*, vol. 46, no. 34, 20 August 2011.

**Abstract:** *This study questions some of the assumptions, fundamental concepts and methodologies by Tiwari et al. 'MGNREGA for Environmental Service Enhancement and Vulnerability Reduction: Rapid Appraisal in Chitradurga District, Karnataka' (in Economic and Political Weekly, 14 May 2011), arguing that the analysis in the study does not support the authors' claims of multiple benefits from the MGNREGA.*

Bassi, N., and D. M. Kumar, *NREGA and Rural Water Management in India: Improving Welfare Effects*, Hyderabad: Institute for Resource Analysis and Policy, 2010.

**Abstract:** *NREGA is being eulogised by many in the academic, development and policy arena as a 'silver bullet' for eradicating rural poverty and unemployment, by way of generating demand for productive labour force in villages and private incentives for management of common property resources. The study argues that the nature of water management activities chosen under the Scheme and the callous way in which these activities are planned and implemented in different regions, without any consideration to their physical and socio-economic realities of the regions concerned, are creating several negative welfare effects. It identifies three broad and distinct regional typologies in India for deciding the nature of water management interventions for*

different regions, and proposes the types for water management works under NREGS for each typology, which has the potential to generate labour demand, while producing welfare effects.

Basu, A. K., 'Impact of Rural Employment Guarantee Schemes on Seasonal Labor Markets: Optimum Compensation and Workers Welfare', *Journal of Economic Inequality*, US: Springer, May 2011.

**Abstract:** *The recent enactment of the NREG Act in India has been widely hailed as a policy that provides a safety net for the rural poor with the potential to boost rural income, stabilise agricultural production and reduce rural-urban migration. This study models the impact of such employment guarantee schemes in the context of an agrarian economy characterised by lean season involuntary unemployment as a consequence of tied labour contracts. Specifically, it examines labour and output market responses to a productive rural Employment Guarantee Scheme (EGS) and determines the optimal compensation to public work employees consistent with the objectives of (i) productive efficiency in agriculture and (ii) welfare maximisation of the labourers. The author's framework provides a theoretical one for the evaluation of a number of (sometimes) conflicting observations and empirical results on the impact of an EGS on agricultural wages, employment and output, and underscores the importance of the relative productivity of workers in the EGS programme vis-à-vis their counterparts engaged in agricultural production in determining the success of these programmes.*

Bedi, Arjun S., and Subhasish Dey, 'The National Rural Employment Guarantee Scheme in Birbhum', *Economic and Political Weekly*, vol. 65, no. 41, 9 October 2010.

**Abstract:** *This study of the functioning of the National Rural Employment Guarantee Scheme between February 2006 and July 2009 in Birbhum district, West Bengal, reveals that in order to serve as an effective 'employer of last resort', the programme should provide proportionately more job-days during the agricultural lean season and wages should be paid in a timely manner.*

Berg, E., S. Bhattacharyya, R. Durg, and M. Ramachandra, 'Can Rural Public Works Affect Agriculture Wages: Evidence from India', WPS/2012-5, Oxford: Centre for the Study of African Economies Working Papers, 2012.

**Abstract:** *It has long been hypothesised that public works programmes, in addition to the welfare effect on those directly employed, can influence equilibrium wage rates. In this study, the authors test the impact of the Indian government's major public works programme, the National Rural Employment Guarantee (NREG), on agricultural wages. The rollout of NREG in three phases is used to identify difference-in-difference estimates of the programme effect. Using monthly wage data from the period 2000-11 for a panel of 249 districts across 19 Indian states, we find that, on average, NREG boosts the real daily agricultural wage rates by 5.3 per cent. It takes six to 11 months for an NREG intensity shock to feed into higher wages. The wage effect appears to be gender neutral and biased towards unskilled labour. It is positive across different implementation stages and months. It remains significant even after controlling for rainfall, district and time fixed effects, and phase-wise linear, quadratic, and cubic time trends. The validity of the authors identification strategy is confirmed by placebo tests. They have argued that since most of the world's poor live in rural areas, and the poorest of the poor are agricultural wage labourers, rural public works constitute a potentially important anti-poverty policy tool.*

Bhalla, S. S., 'No Proof Required: Corruption by any Other Name', *The Indian Express*, 4 February 2012.

**Abstract:** *This is a secondary analysis based on both official MGNREGA and NSS data. The author has developed a corruption index for MGNREGA based on difference in participation of the poor and non-poor and the expenditure on the poor and non-poor under the programme.*

Bhatia, K., and A. Adhikari, 'NREGA Wage Payments: Can We Bank on the Banks', *Economic and Political Weekly*, vol. 65, no. 1, 2 January 2010.

**Abstract:** *The study discusses the hardships NREGA workers face when they do not have banks or post offices near their homes. Their difficulties are further exacerbated if the transaction is processed through the post offices because of poor record-keeping and the inability to cope with mass payments of NREGA wages.*

Bhattacharyya, Sambit, Raghav Gaiha, and Raghendra Jha, 'Social Safety Nets and Nutrient Deprivation: An Analysis of the National Rural Employment Guarantee Programme and the Public Distribution System in India', ASARC Working Paper 2010-4, Canberra: Australian South Asian Research Centre (ASARC), 2010.

**Abstract:** Using primary data collected during 2007–08, the authors have examined the nutritional status with respect to the two macronutrients (calories and protein) as well as various micronutrients of rural households in three Indian states—Andhra Pradesh, Maharashtra and Rajasthan. They have found that, by and large, there are serious deficiencies with regard to consumption of various nutrients in all the three States. With this as a background, they model the impact of two policy interventions (NREG and PDS) on nutrient intake. In addition to OLS and IV estimations for each nutrient for each State, they also conduct systems estimation for each nutrient for all States. In many cases, there are significant effects of the two policy interventions on nutrient intakes. The impact effects of a change in the policy measures are also computed and found to vary across nutrients and States. Finally, in order to assess the impact on an index of under-nutrition, both the nutrient-income relation and how the proportions of undernourished vary must be taken into account. As their analysis demonstrates, a preoccupation with the former could be misleading.

Birner, R., K. Gayathridevi, K.G. Raabe, E. Schiffer, and M. Sekhar, 'How to Overcome the Governance Challenges of Implementing NREGA', Discussion Paper 00963, International Food Policy Research Institute (IFPRI), 2010.

**Abstract:** The study is based on two districts of Bihar and indicates the following problems: Governance issues in the NREGA implementation, elite capture in the definition of projects, exclusion in issuing of job cards, lack of awareness and capacity among rural citizens, misappropriation of funds, lack of capacity due to staff shortages and lack of training.

Bonner, K., J. Daum, J. Duncan, E. Dinsmore, K. Fuglesten, L. Lai et al., *MGNREGA Implementation: A Cross-State Comparison*, Woodrow Wilson School, New Jersey: Princeton University, 2012.

**Abstract:** The study looks at MGNREGA performance in Tamil Nadu and Uttar Pradesh with regard to the influence of socio-economic characteristics of the States, political influences and organisational capacity of respective State governments.

Findings indicate that aside from leadership commitment, State-level politics have minimal impact on MGNREGA's implementation. Rather, it is the strength of the district, block, and GP's administrative and organisational capacity that appears to be a determining factor of success. In Tamil Nadu, MGNREGA's favourable performance is primarily due to effective administrative capacity. In contrast to Tamil Nadu's top-down implementation, MGNREGA in Uttar Pradesh (UP) has entrusted significant responsibility to staff at the GP level. Yet GPs are often not equipped with sufficient resources, skills or experience to effectively carry out. The study also shows that the obstacles to MGNREGA's implementation in both Tamil Nadu and UP include the States' reluctance to disburse unemployment allowance to workers, and the questionable productivity of assets created through MGNREGA public works projects.

Additionally, the higher participation of women under MGNREGA in Tamil Nadu is primarily attributed to cultural factors, effective state and local institutions, SHGs and high wage differences in private sectors. On the contrary, the low participation in UP is mainly due to caste and religion.

Bordoloi, J., 'Impact of NREGA on Wage Returns, Food Security and Rural-Urban Migration—Assam', Report submitted to the Ministry of Agriculture, Jorhat: Agro-Economic Centre for North-East India, Assam Agricultural University, 2011.

**Abstract:** The study was carried out in five districts of Assam to study the impact of MGNREGA on wage differentials and migration as well as to assess the Scheme's processes and procedures. MGNREGA does not have a significant impact on migration because it is unable to meet the demand from wage seekers. On the positive side, the Scheme has reduced gender differentials in wages, a majority of beneficiaries perceive the assets created under MGNREGA as beneficial.

Central Institute of Fisheries Education (CIFE), 'A Study Report on Appraisal on MGNREGA Programme in Thane and Akola Districts of Maharashtra', Report submitted to the Ministry of Rural Development/UNDP, Mumbai: CIFE, 2009.

**Abstract:** The study undertook an assessment of MGNREGA in two districts of Maharashtra, Thane and Akola. The positive findings included significant representation of women and SCs and STs in MGNREGA works, increased employment opportunities, etc. The constraints identified were unemployment allowance not paid, delay in wage payments, lack of worksite facilities, etc.

Comptroller and Auditor General of India (CAG), 'Performance Audit of Implementation of National Rural Employment Guarantee Act (NREGA)', Performance Audit Report No. 11, CAG, 2008.



**Abstract:** At the request of the Ministry of Rural Development, the CAG undertook an audit in 2006 to evaluate how effectively States were making a transition from the earlier wage employment programmes to the MGNREGA. The audit was conducted in 26 States and the sample for the audit included 25 per cent of the MGNREGA districts in each State. The audit was conducted in the introductory phase of the Act and a majority of the findings of the audit were process deviations with regard to the National Guidelines. It is important to note that several States took action on the findings of the CAG and introduced systems to prevent procedural deviations and promote transparency in implementation of the Scheme.

Centre for Education and Research Development (CERD), 'NREGA Processes in Andhra Pradesh and Madhya Pradesh: Appraisal and Research Study', Report submitted to the Ministry of Rural Development/UNDP, New Delhi: CERD, 2010.

**Abstract:** CERD conducted a study to understand MGNREGA's processes, procedures and impact. The research was initiated to assess not only the benefits and challenges of MGNREGA in Andhra Pradesh and Madhya Pradesh, but also to study existing management practices for further replication, among other States and districts in similar circumstances.

The districts of study were Chittoor and Vizianagaram in Andhra Pradesh and Shahdol and Seoni in Madhya Pradesh. The study did an analysis of both secondary data from MIS and field level data gathered through surveys, focus group discussions, case studies, etc. The research makes general recommendations on processes and procedures to ensure greater efficiency in the two States. A targeted approach in terms of empowering the vulnerable groups may need to be followed both towards creating awareness and for extending outreach in participation. Replicable practices include: Andhra Pradesh's systems of mobile musters and muster roll maintenance; weekly cycle of opening and closure of musters; Fixed Daily Activity Schedule in generating pay-orders/system of weekly cycle; and the system of wage cum withdrawal slips. Public private partnership may need to be explored and encouraged especially for enhancing awareness levels of wage seekers and the masses.

Centre for Good Governance (CGG), 'Social Audit of NREGS in Andhra Pradesh: Best Practice Notes on Social Accountability Initiatives in South Asia', Hyderabad: CGG, 2009.

**Abstract:** The report reviews the social audit system of Andhra Pradesh. It documents the institutional arrangements set up for the social audit, their impact and challenges in up-scaling them.

Centre for Research in Rural and Industrial Development (CRRID), 'Appraisal/Impact Assessment of NREGS in Selected Districts of Himachal Pradesh, Punjab and Haryana', Report submitted to the Ministry of Rural Development/UNDP, CRRID, 2009.

**Abstract:** CRRID conducted an assessment of MGNREGA in three districts, viz. Sirsa in Haryana, Sirmaur in Himachal Pradesh and Hoshiarpur in Punjab. The study aimed at identifying efficient management practices, procedures, processes, and recommending interventions and strategies for dissemination and upscaling. More than 62 per cent of the selected Panchayats in Sirsa district and nearly three-fourth Panchayats in Sirmaur district reported that agricultural productivity has increased due to MGNREGA activities. But more than 87 per cent panchayats of Hoshiarpur district reported that NREGA did not have any impact on agriculture and irrigation. Data gathered during the survey also indicated that there was no change in in-migration of the workers in Sirmaur and Hoshiarpur districts whereas 37 per cent Panchayats in Sirsa district reported that in-migration had decreased due to NREGA work at their native place. But on the other side there was a decrease in out-migration from the villagers. All the panchayats in Sirmaur, three-fourth in Hoshiarpur and 50 per cent in Sirsa reported that out-migration from their village had decreased.

Centre for Science and Environment (CSE), 'An Assessment of the Performance of the National Rural Employment Guarantee Programme in Terms of its Potential for Creation of Natural Wealth in India's Villages', Report submitted to the Ministry of Rural Development/UNDP, New: Delhi: CSE, 2008.

**Abstract:** There have been a number of studies that look at the implementation of the act in terms of employment created as well as issues of wages, processes of implementation, feedback mechanisms, etc. However, few studies have actually focused on an assessment of the impact of the NREGA in terms of the realisation of its development potential. With the overwhelming considerations of ideology and corruption at the forefront, rarely have any of the studies attempted to look into the actual assets being created and their contribution towards long-term development and sustained employment generation in the villages. This study tries to bridge this lacuna by attempting to study the effectiveness of the assets created under the Act.



There have been numerous success stories of economic and environmental regeneration where year-round productive employment has been generated as a result of community or NGO efforts. Such success has not been found in the government employment guarantee schemes of the past. Yet, the potential of NREGA in reaching the rural poor is unsurpassed as it is now being implemented in all the districts of India. There is, thus, an urgent need to study how such success stories can be made part of the employment guarantee schemes, what are the lacunae and drawbacks and how they can be addressed.

Using primary data collected from two districts, Nuapada district in Orissa and Sidhi district in Madhya Pradesh, the authors have assessed the potential of the NREGA in providing food and livelihood security.

Centre for Science and Environment (CSE), *Opportunities and Challenges for NREGA*, New Delhi: CSE, 2008.

**Abstract:** This compilation looks at how NREGA is an opportunity to make jobs work for village development. It shows how the Scheme needs to look at holistic planning and how the details, and not the concept, of the MGNREGA need to be fixed. For, the God of ecological regeneration, too, is in the details. In 2006–07 alone MGNREGA has created more than half a million productive assets, mostly water and soil conservation structures. Each of them has the potential to herd poverty out from villages. On the other hand, the Act has not been able to generate the kind of employment demand as expected. It has created only an average of 43 days of employment in 2006–07. Further, the NREGA targets development in backward districts using the huge demand for casual jobs. Its challenge is to turn the demand for casual job into productive employment. Thus, it is imperative to understand the complex socio-economic and governance challenges of these districts.

Centre for Science and Environment (CSE), *An Ecological Act: A Backgrounder to the National Rural Employment Guarantee Act*, New Delhi: CSE, 2009.

**Abstract:** The paper makes a case for using MGNREGA as an effective development tool. In the context of rural poverty, the MGNREGA should be seen more as a livelihood-generating programme than a wage-earning scheme. It offers a unique opportunity to turn around rural development. However, the concept of creating employment in public works is not new. The Maharashtra model of rural employment has existed since the 1970s. The most critical difference now is that people's entitlement, by law, to employment, is mandated through NREGA for the entire country. Not much has changed in the form and substance of the public work programmes in the past thirty-odd years, however. In many ways the NREGA is a replication of earlier schemes in letter and spirit, but with a legal guarantee. So past failures do haunt the NREGA like, lack of right planning, focus on local needs and also dominantly bureaucratic roles. The study posits that if implemented efficiently, NREGA can be used to regenerate local ecology, and help trigger real economic growth. Its focus on irrigation, land and plantation gives it the necessary capacity to rescue rural India from its crisis.

Chandrashekar, C., and J. Ghosh, 'Public Works and Wages in Rural India', Retrieved from MacroScan: An Alternative Economic Webcentre, [http://www.macrosan.org/fet/jan11/fet110111Public\\_Works.htm](http://www.macrosan.org/fet/jan11/fet110111Public_Works.htm), accessed on 11 Jan 2011.

**Abstract:** This study is based on an analysis of the NSSO's 64th Round data that showed that real wages, specifically for women increased in the rural areas after implementation of the Scheme. Casual wages in agriculture remains constant compared with 2004–05. Labour costs account for less than half and usually around one-third of total agricultural costs. MGNREGS has had positive effects on women workers in rural labour markets. It has caused gender gaps to come down.

Dasgupta, S., and S. Sudarshan, 'Issues in Labour Market Inequality and Women's Participation in India's National Rural Employment Guarantee Act', Working Paper No. 98, Geneva: International Labour Organization, 2011.

**Abstract:** The National Rural Employment Guarantee Programme (NREGP), renamed in October 2009 as Mahatma Gandhi National Rural Employment Guarantee (MGNREGP) was a response by the UPA government to the distress in rural India, particularly in the agriculture sector. By providing 100 days of work to a rural household, the Act provides an income supplement for poor households. The NREGA wage is critical in this aspect. Using data from the 2004–05 NSSO survey and NREGA data from official sites, the study finds that: (i) women's participation in the NREGA has been increasing; (ii) statewise women's participation in the programme is positively correlated with women's participation in rural areas, though women's participation in NREGA is often higher than in other forms of recorded work so far; and (iii) women's participation is negatively correlated with the existing gender wage gap in unskilled agricultural labour. The latter implies that where women's actual wages as a share of men's is lower in the private sector, women are flocking to work in this government administered programme. This will inevitably raise women's bargaining power, and is potentially a critical factor in reducing gender disparities in the labour

market. The question of course is to what extent the implementation of the programme will adhere to the Guidelines and to what extent other considerations would influence the actual roll out of the programme in different state governments. The paper also finds that the achievements or outcomes of the NREGA as far as women are concerned are—as with any other government programme—mediated by the intervening institutions including both the gendered nature of the labour market and the efficacy or otherwise of the local government.

Deininger, K., and Y. Liu, 'Poverty Impacts of India's National Rural Employment Guarantee Scheme: Evidence from Andhra Pradesh', Paper prepared for presentation at the Agricultural and Applied Economics Association, Colorado, 2010.

**Abstract:** This study looks at the targeting of NREGS and how it affects some major welfare indicators on its direct beneficiaries. The authors have used the data from some 2,500 households in Andhra Pradesh (AP) who were surveyed in 2004 before NREGS had been conceived, in 2006 when implementation had just started, and in 2008 when NREGS operated state-wide. These are combined with detailed administrative data on NREGS roll-out and work records. The empirical results suggest that NREGS targets the poor. However, a higher propensity of participation for households playing a leadership role in the village points towards some influence of village leaders in allocation of work. A lower participation propensity for illiterate and female-headed households also suggests that awareness of the programme or other constraints on the ability to supply labour continue to be relevant. The authors' results also point towards significant and positive impacts of NREGS participation on consumption expenditure, intake of energy and protein, and asset accumulation, which suggest that the short-term effects of NREGS on participating households were positive and greater than programme cost.

Dheeraja, C., and H. Rao, 'Changing Gender Relations: A Study of MGNREGS across Different States', Hyderabad: National Institute of Rural Development (NIRD), 2010.

**Abstract:** This is a study on the impact of MGNREGS on gender relations in 102 districts in 27 States. The study found that gender relations in favour of women increased in the post-MGNREGS period. Self-esteem, self-image and confidence levels of women improved through their participation under MGNREGS. SHGs contributed to the changes in gender relations among the members and MGNREGS consolidated these changes. Gender Relation Index (GRI) consisting of social, economic and political dimensions at both household and community levels increased for women after implementation of MGNREGS.

Dreze, J., 'Employment Guarantee and the Right to Work', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 3–21.

**Abstract:** This essay gives a brief history of MGNREGA's implementation and lists out various points of debates and discussion on the Scheme. It also quotes key findings from a field study conducted in Rajasthan, Andhra Pradesh, Uttar Pradesh, Jharkhand and Tamil Nadu.

Dreze, J., 'Dantewada: Guarantee Withdrawn', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 220–33.

**Abstract:** This essay is based on a report prepared for the Central Employment Guarantee Council (CEGC) in September 2008. The field visit was undertaken in Bheramgarh block of district Dantewada in Chhattisgarh by Jean Dreze, Member of the CEGC. The report identifies constraints including, suspension of works in rainy season, staff shortage, low awareness levels and hoarding of Job Cards, in implementation of MGNREGA.

Dreze, J., 'Breaking the Nexus of Corruption', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 241–50.

**Abstract:** The essay looks at the effectiveness of the transparency safeguards under MGNREGA. In the initial stage of implementation of the Scheme, claims were often made that MGNREGA funds are not reaching the poor based on misleading accounts of a CAG report. The field studies undertaken indicate positive findings and show an improvement, fewer instances of corruption and leakages under MGNREGA than programmes like the National Food for Work Programme.

Dreze, J., 'The Perils of Gandhigiri', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 257–61.

**Abstract:** This is a short opinion-based essay on the change of NREGA's name when the prefix 'Mahatma Gandhi' was added and the electoral popularity of the programme was being associated with the UPA.

Dreze, J., 'The Accountability Gap', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 266–69.

**Abstract:** The essay sums up the constraints in the implementation of MGNREGA based on field surveys across different states in India, including Orissa, Jharkhand, Chhattisgarh.

Dreze, J., and R. Khera, 'The Battle for Employment Guarantee', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 43–81.

**Abstract:** The Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) is a unique initiative in the history of social security—it is not just an employment scheme but also a potential tool of economic and social change in rural areas. This volume presents the first comprehensive account of the 'battle for employment guarantee' in rural India. Staying clear of the propaganda and mud-slinging that has characterised much of the MGNREGA debate so far, the book presents an informed and authentic picture of the ground realities.

The essay is based on field studies of MGNREGA. A wide range of issues is examined such as entitlements, corruption, people's perceptions of MGNREGA, women's empowerment, mobilisation of unorganised workers, and socio-economic impact of NREGA. A comparative analysis of the challenges and successes in the implementation of NREGA in different States including Orissa, Himachal Pradesh, and Rajasthan is also provided.

Dreze, J., R. Khera, and Siddhartha, 'Orissa: Ten Loopholes and the Silver Lining', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 187–201.

**Abstract:** This essay presents the findings from a survey undertaken in Bolangir, Boudh and Kalahandi districts of Orissa during October 2007. The survey included careful verification of Muster Rolls for one randomly selected MGNREGA work in each of the 30 sample GPs.

Dreze, J., and Christian Oldiges, 'Employment Guarantee and the Right to Work', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 21–43.

**Abstract:** The essay provides an all-India snapshot of the implementation of MGNREGA (based on official figures). It also gives state-specific patterns and concludes that some states like Rajasthan, Madhya Pradesh and Chhattisgarh were the ones that performed well in 2007–08.

Dutta, P., R. Murgai, M. Ravallion, and W. V. Dominique, 'Does India's Employment Guarantee Scheme Guarantee Employment?', Policy Research Paper, Washington DC: World Bank, 2012.

**Abstract:** The study analyses the data from India's National Sample Survey for 2009–10 that reveals considerable un-met demand for work in all states. The authors have shown the expectations that poorer families tend to have more demand for work on the Scheme, and that (despite the un-met demand) the self-targeting mechanism allows it to reach relatively poor families and backward castes. The extent of the un-met demand is greater in the poorest states—ironically where the scheme is needed most. Labour-market responses to the scheme are likely to be weak. The scheme is attracting poor women into the workforce, although the local-level rationing processes favour men.

Engler, M., and S. Ravi, 'Workfare as an Effective Way to Fight Poverty: The Case of India's NREGS', *Social Science Research Network*: <http://ssrn.com/paper=1336837>, accessed on 14 June 2012.

**Abstract:** This study analyses the impact of India's Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) on households. In particular, the authors have studied the impact of the programme on food security, savings and health outcomes of households. They followed 1064 rural households from 200 villages of Medak district, Andhra Pradesh over two years. In the early stage of the programme, several households that applied for work were denied employment due to shortage of work. They exploited this exogenous variation to calculate triple difference estimates of the impact of the programme. Their results indicate that the NREGS significantly increased the monthly per capita expenditure on food by Rs 25.8 (9.6 per

cent) and on non-food consumables by Rs 11.17 (23 per cent). The programme also improved food security by a significant reduction in the number of meals foregone by households per week. The programme raised the probability of holding savings for a rural household by 21 per cent and the per capita amount saved increased by Rs 18.6. The health outcomes impacted by the programme include a significant reduction of 12 per cent in the incidence of reported depression and improvements in mental health indicators. There were no significant changes in physical health outcomes. The authors also found out what were the alternative time use of households if NREGS did not exist. The results show that in the initial years, the programme predominantly attracted non-agricultural labour (78 per cent). This was because NREGS participation was concentrated in the dry summer months when agricultural labour work is scarce. Over time, however, we note that the programme is predominantly attracting households that would have participated in agriculture labour (55.3 per cent) if the NREGS did not exist. This suggests broader labour market distortions where NREGS is not just viewed as an employment assurance during slack agriculture season but as an alternative to agriculture labour work.

Gandhigram University, 'A Study on Performance of NREGS in Kerala, 2009', Report submitted to the Ministry of Rural Development/UNDP, Dindigul: Gandhigram University.

**Abstract:** *The broad objective of the study is to analyse the functioning of NREGS in Wayanad and Palakkad Kerala encompassing all its essential aspects. More specifically the study aimed at analysing the extent to which the scheme has generated employment, assessing the impact of the scheme on selected variables, and ascertaining the limitations and constraints faced by the functionaries in implementing the scheme.*

Ghosh, J., 'Equity and Inclusion through Public Expenditure: The Potential of the NREGS', Paper presented at the International Conference on NREGA, New Delhi, 21–22 January 2009.

**Abstract:** *The main point of the study is that 'inclusive' public spending, such as in the MGNREGS, is not only desirable from a social or welfare perspective—it also provides very direct economic benefits because it is much more effective in dealing with the economic situations of credit crunch and aggregate demand slowdown. Because wage employment schemes tend to be self-targeting in terms of increasing the incomes of those who are most likely to spend their income rather than save it, they necessarily imply higher multiplier effects that make the public expenditure more effective in reviving output and indirect employment.*

Work given under NREGS is arduous, physically demanding and the main beneficiaries of such work are the local rural economies through the contributions to infrastructure and land productivity, and the macro-economy because of the effect of the wage incomes on aggregate demand. NREGS is completely different from earlier government employment schemes since it treats employment as a right. The programme is intended to be demand-driven, and encourages participation of local people in the planning and monitoring of specific schemes. MGNREGA tends to be more socially inclusive in that it involves women, SCs and STs as workers in the Scheme. Greater participation of women in the NREGS, particularly in some States, is clearly a positive indicator that shows the inclusive potential of the programme. However, NREGS potential has still not been achieved. Capacity building and administrative support at local government levels are key elements for better implementation of NREGS.

Ghosh, J. K., 'Impact of NREGA on Wage Rates, Food Security and Rural Urban Migration in West Bengal', Report submitted to the Ministry of Agriculture, Birbhum: Agro-economic Research Centre, 2011.

**Abstract:** *The study aims to compare wage differentials between MGNREGA activities and other wage employment activities and the pattern of migration from rural to urban areas across five districts of West Bengal. The MGNREGA wage was found to be higher than the wage for agricultural workers in the state and this led to distortion of the wage labour market. The study postulates that the net effect of MGNREGA has been negligible.*

Ghosh, P., S. Narain, J. Parikh, N. Saxena, and P. Soni, *Climate Change: Perspectives from India*, New Delhi: UNDP, 2009.

**Abstract:** *This collection of articles captures and disseminates some perspectives on climate change and development from the Indian context including views of some of India's best known environmentalists, economists and policymakers who have put forward their concerns and convictions. Jyoti Parikh has identified the special vulnerabilities of women to climate change. She makes reasons for making gender an integral part of debates and discussions on climate change.*

Hazarika, P. G., 'Promoting Women Empowerment and Gender Equality through the Right to Decent Work: Implementation of National Rural Employment Guarantee Program (NREGP) in Assam State (India)—A Case Study', The Hague: Institute of Social Studies, 2009.



**Abstract:** *The gendered distribution of assets and the resultant fallout on women substantially limits national efforts at overcoming poverty, thus indicating the urgent need for addressing issues relating to persistent gender discrimination and factors affecting women's ownership and control of assets. The primary objective of this research is to study the impact of the National Rural Employment Guarantee Programme on women's empowerment and gender inequality and to identify major constraints, if any, on their access to productive employment opportunities through the employment guarantee programme. This study is basically the outcome of the researcher's field work in Assam. The essay focuses on women workers in two selected districts of the State, to derive conclusions to highlight the impact of the programme on the lives of women workers and gender relations. Significant benefits reported by the study include, income gain, social empowerment, more say in intra-household decision making and creation of community assets, etc. The study concludes by identifying certain barriers to women's access to MGNREGA and important learning lessons for policy.*

Hirway, I., and S. Batabyal, 'MGNREGA and Women's Empowerment', New Delhi: UN Women South Asia, 2012.

**Abstract:** *MGNREGA has been found to certainly trigger processes which enhance women's empowerment through guaranteed daily wage employment with equal pay, mobilisation of collective strength and participation in GSs and Social Audits. However, as this study by Indira Hirway reveals, MGNREGA has also added to women's time burden and drudgery. Much is yet to be done in empowering women to become active participants as well as real beneficiaries of MGNREGA. This study highlights the impact of MGNREGA on women in the village of Movasa, Gujarat.*

Hirway, I., M. R. Saluja, and B. Yadav, 'Analysing Multiplier Impact of NREGA Works through Village SAM Modeling', in *National Rural Employment Guarantee Act: Design, Process and Impact*, New Delhi: Ministry of Rural Development, 2009.

**Abstract:** *This essay analyses the multiple impacts of employment guarantee programmes in India within the National Rural Employment Guarantee Act (NREGA) framework. A village-level Social Accounting Matrix (SAM) has been constructed in order to assess selected dimensions of the above impacts. The essay is divided into five sections. Section one presents the economy of the Nana Kotda village, which was selected for in-depth study. Section two discusses the performance of the employment guarantee scheme designed under the NREGA, (i.e. NREGS) in Nana Kotda and identifies potential NREGS works for the village. Section three discusses the construction of SAM. Section four presents the results of the multiplier analysis, and Section five draws conclusions from the study and makes recommendations to improve the impact of NREGS on the village economy in particular and the Indian economy in general.*

Hyderabad Karnataka Centre for Advanced Learning (HKCAL), 'Scientific Field Appraisal Study on NREGA in Bidar District of Karnataka', Report submitted to Ministry of Rural Development/UNDP, Gulbarga: HKCAL, 2010.

**Abstract:** *The study looks at the different aspects of the programme implementation in a scientific and systematic way. The study notes that through the implementation of the MGNREGA, the GP is able to position itself as the benefactor of the poor and the downtrodden. Works carried under the MGNREGA has resulted in the increase of the ground water (increase is reported to be as high as 30–40 per cent). It also states that MGNREGA works on private lands belonging to different communities including the Scheduled Castes and Scheduled Tribes have helped in consolidating their efforts towards undertaking various land developmental works. Best practices on MGNREGA have also been documented under the study.*

Holmes, R., S. Rath, and N. Sadana, 'An Opportunity for Change? Gender Analysis of the Mahatma Gandhi National Rural Employment Guarantee Act', London: Overseas Development Institute and Indian Institute of Dalit Studies, February 2011.

**Abstract:** *The study presents evidence from qualitative and quantitative research carried out in Madhya Pradesh. It assesses the extent to which MGNREGA integrates a gender-sensitive approach to public works programmes to support the inclusion of women in poverty reduction and growth processes. The findings suggest that women's employment in MGNREGA has improved the economic status of some women and enhanced their decision-making power slightly in some households. This relates mostly to decisions on the food purchased for household consumption. In other cases, MGNREGA employment has had no impact on household relationships.*

*Though the Scheme increases employment and wages for women, a closer look at the number of days of work provided and the actual provision of wages suggests a more unequal picture. The current design of MGNREGA, though it has taken different gender sensitive approaches, is not comprehensive in addressing the different ways in which women experience poverty and*



vulnerability. As a result, its impact has been mixed with gaps in gender sensitive design exacerbated by poor implementation. The study shows that the MGNREGA design and implementation should, therefore, be strengthened to avoid exacerbating gender inequalities; supporting women's participation in decision-making and investing in gender-sensitive implementation will empower women and enhance gender equality.

Institute of Development Studies (IDS), 'Evaluation of NREGA in Rajasthan', Report submitted to Ministry of Rural Development/UNDP, Jaipur: IDS, 2008.

**Abstract:** The study looks at process level issues in MGNREGA implementation in Rajasthan in Dungarpur, Jhalawar, Banswara, Jalore and Karauli districts. The issues include articulation of demand for work, execution of works, monitoring, etc. It also assesses early outcomes of the Scheme. In general, the study identifies problem areas such as Job Cards not being updated, delayed payments, issues in registration and provides recommendations for addressing these concerns.

Institute for Development of Youth, Women and Child (IDYWC), 'Impact Assessment of Mahatma Gandhi National Rural Employment Guarantee Scheme on Sustainable Asset Creation and Livelihood', Report submitted to Ministry of Rural Development/UNDP, Chhindwara: IDYWC, 2010.

**Abstract:** IDYWC conducted a study in four districts, spread across two States, i.e. Madhya Pradesh and Rajasthan, critically evaluating development effectiveness, asset creation and livelihood sustainability through NREGS. A study was conducted in 16 panchayats of these four districts among 640 households. These households have been interviewed through a structured questionnaire. Random sampling was adopted for the study; however, there has been a conscious effort to ensure the maximum representation of the most marginalised including women in the sample design. As a result, more than half of the sampled household are tribal and 21.5 and 17.3 per cent of the sampled households belong to the Scheduled Castes and Other Backward Classes. This has provided a great deal of insight to the present status of scheme, its acceptability, impact and implementation bottlenecks through the lenses of the most marginalised populations in terms of sustainable livelihood generation.

The findings suggest that the NREGS has substantially improved the livelihood scenario of rural India by providing multiple livelihood options. The average wage, whether agricultural or non-agricultural has increased, resulting in the creation of more flexible and fair labour market in rural areas. The study shows that the average income of the households has increased considerably.

The study has evaluated approx 580 structures/works executed under NREGS in selected panchayats on the given parameters. It was found that the structures, which have been built under the NREGS, are sustainable and will last for the designed period of time. Particularly, wells, check dams and anicuts have been built with the right quality and technical inputs. The study has done the detailed assessment of agricultural productivity in sample villages, which shows a positive trend. If the investment in rural economy continues to take place at the present rate, the agriculture growth could be as high as 7 per cent per annum in next 10 years in NREGS districts where implementation is good.

Indian Institute of Forest Management (IIFM), 'Impact Assessment of MGNREGA's Activities for Ecological and Economic Security', Report submitted to the Ministry of Rural Development/UNDP, Bhopal: IIFM, 2010.

**Abstract:** The study was carried out in the four districts of Madhya Pradesh, of which two were rich in natural resources (Panna and Chhindwara) and two poor in natural resources (Dhar and Ujjain).

The increased supply of water due to multiple individual and community level activities of MGNREGA has led to an increase in the irrigated land in all the sampled districts which in turn has led to increased crop production, crop diversity and thereby increase in household income. In the resource rich districts, i.e. Panna and Chhindwara, the irrigated land area has increased by 26 per cent and 18.5 per cent respectively, whereas, in the resource poor districts, the increase of irrigated land area was even higher (Dhar [35 per cent] and Ujjain [30 per cent]). As a result of this, the cropped area under Rabi, especially wheat has increased significantly, leading to an increase in wheat production. Between the two resource rich districts (Panna and Chhindwara), the production of wheat per household has doubled in both districts after MGNREGA's intervention. In case of gram, some variability has been noticed as like in Dhar district, per household agriculture production of gram has increased by four times. In contrast, gram was replaced by wheat in Panna district. The impact of irrigation amongst KD beneficiaries in all the sampled districts has been more pronounced. The change in wheat production was significantly higher and it ranged from 2.25 to 16.7 folds, with maximum for Ujjain and minimum for Dhar. The importance of such interventions under MGNREGA can be seen in the form of increased income per household from agricultural production in the sampled districts. The increase in income from Rabi crop varied from 15 to 117 per cent of total beneficiaries.

*In the case of the Kapildhara Scheme, it was found that there is a need to follow an integrated approach to form a cluster of villages so that in each cluster, the number of wells may be balanced by the recharge activities done according to site suitability.*

Institute of Forest Management (IIFM)-Institute of Rural Management Anand (IRMA)-Institute of Social Science Research (ISSR), 'Independent Evaluation of MGNREGA: Draft Report Findings', IIFM (Bhopal), IRMA (Anand), ISSR (Ujjain), 2012.

*This is a draft report of an independent evaluation commissioned by the Madhya Pradesh Government on the impact of MGNREGA on small and marginal farmers. Preliminary analysis suggests an increase in cultivated area, reduction in migration and an increase in food availability.*

IIM-(Ahmedabad), 'A Quick Appraisal of NREGA Strategies for the Next Level', Report submitted to the Ministry of Rural Development/UNDP, Ahmedabad: Indian Institute of Management, 2009.

**Abstract:** *As part of the Professional Institutional Network (PIN) set up by the Ministry of Rural Development in collaboration with the UNDP to conduct a quick appraisal of MGNREGA across states, IIM-Ahmedabad undertook a survey in Jalpaiguri, West Bengal and Dangs, Gujarat. The study notes that MGNREGA may lead to an increase in agricultural wage rate for three important reasons: (i) increased demand for labour resulting from increased land productivity; (ii) higher reservation wage due to off-season employment opportunity, and; (iii), increased collective bargaining power. It is found that non-poor workers constituted about 20–30 per cent of MGNREGS work force as expected because employment opportunities were provided on the basis of demand rather than poverty. Similarly, persistent seasonal migration of labourers from rural to urban centres seems to lead to the inference that there were indeed errors of exclusion as well.*

IIM-(Bangalore), 'NREGS Surveys in Anantpur, Gulbarga, Adilabad and Raichur', Report submitted to the Ministry of Rural Development/UNDP, Bangalore: Indian Institute of Management, 2008.

**Abstract:** *The study was conducted across four districts of Andhra Pradesh and Karnataka to appraise the MGNREGA processes and procedures. The report emphasised the need for capacity building, awareness generation and strengthening of MGNREGA demand process. The results also indicated that the programme appears to be better implemented in the districts of Andhra Pradesh as compared to Karnataka.*

IIM-(Calcutta), 'NREGA in Burdwan, Birbhum, Malda and Purulia Districts, West Bengal', Report submitted to Ministry of Rural Development/UNDP, Calcutta: Indian Institute of Management, 2009.

**Abstract:** *The study reviews and appraises implementation of MGNREGA process in four districts, viz. Burdwan, Birbhum, Malda and Purulia of West Bengal. It focuses on awareness about MGNREGA among workers, implementation processes like demand for work, registration, work process, wage payment, records, monitoring, social audit and redressal of grievances. The findings of the study indicate that there has been an increase in income and wages across the four districts of West Bengal. The study also notes an increase of 50–80 per cent in daily wages of the workers compared to the past two to three years, increase in the wage rates by 20 per cent in the districts and no difference in task rates for male and female workers. The study also identifies problems like non-availability of lists of approved works for the year at the GP and non-access to Muster Roll.*

IIM-(Lucknow), 'Quick Appraisal of Five Districts of Uttar Pradesh', Report submitted to the Ministry of Rural Development/UNDP, Lucknow: Indian Institute of Management, 2009.

**Abstract:** *IIM Lucknow conducted a survey of Jalaun, Jhansi, Kushinagar, Bareilly and Goraphpur districts of Uttar Pradesh. The main findings of the study were: GS' are the most vital and effective IEC sources for disseminating information on MGNREGA; local wage rate prevailing in the surveyed GPs have also increased by 15–20 per cent; 85.3 per cent beneficiaries in the sample group belong to Below Poverty Line Category; 50 per cent beneficiaries belong to Scheduled Castes; 44.5 per cent beneficiaries belong to Other Backward Classes and 97.7 per cent beneficiary households are operating through bank/PO accounts.*

IIM-(Shillong), 'Appraisal of MGNREGA in Sikkim and Meghalaya', Report submitted to the Ministry of Rural Development/UNDP, Shillong: Indian Institute of Management, 2009.

**Abstract:** IIM Shillong undertook a study of five districts in Meghalaya and five in Sikkim. The practices and processes of implementation of NREGA in the States of Sikkim and Meghalaya are largely transparent across regions. This is primarily due to the well conceived in-built transparency and monitoring mechanisms of the Act and subsequent improvements in it.

Women form a majority of the work force. Sixty-nine per cent women in Meghalaya and 72 per cent in Sikkim work in NREGA. The provision of equal wages for men and women in the Act, the opportunity to share information during the course of work on a NREGS worksite, the opportunity and necessity of interacting with the bank/post office/government officials have all, in a fundamental way, empowered the rural tribal women by enhancing their confidence levels and by ensuring some degree of financial independence. Further, in Khasi traditional societal arrangement, there is no place for the women in the village durbars. Now because of NREGA, they can have a minimum of 30 per cent representation in the Village Employment Council (VEC).

In terms of asset creation, the study found that public assets/properties are prone to destruction because of neglect of the common man in maintaining it. When the workers under NREGA work in private orchards, the ownership of the property is well taken care of. The convergence of the institution of private property with the interventionist ethos and practices of the Government in the form of MGNREGA ensures that the property is well taken care of along with employment generation and social capital building and reduction in moral hazard in community living.

IIT-(Chennai), 'NREGA in Districts of Dharmapuri, Erode, Nagapattinam, Perambalur, Thanjavur, Theni, Thoothukudi, Tiruvallur, Vellore, Villupuram of Tamil Nadu', Report submitted to Ministry of Rural Development/UNDP, Chennai: Indian Institute of Technology, 2010.

**Abstract:** The study assesses the MGNREGS activities with relevance to village requirements. The report dwells on six key aspects, viz. effective tracking of job requests, wage difference across districts, impact of MGNREGA on agriculture, high participation of women in MGNREGS, human rights and MGNREGA, effectiveness of GS in decision making and reasons for low BPL participation in MGNREGA. The findings of the assessment reveals that MGNREGA has become a blessing for the poor and has benefited a major section of rural people by providing a 100 days of employment to demanding households. It also highlights good practices including prompt wage payment, protection of the rights of rural women and provision of a helpline.

IIT-(Kharagpur), 'Appraisal of Processes and Procedures of NREGS in Orissa: A Study of Balasore and Mayurbhanj Districts', Report submitted to Ministry of Rural Development/UNDP, Kharagpur: Indian Institute of Technology, 2010.

**Abstract:** The study looks at processes and procedures adopted for the implementation of MGNREGA in Balasore and Mayurbhanj districts, Orissa. The major issues dealt with in the study are methods for awareness generation, levels of awareness among the workers about MGNREGA, modes of payments and issues related to JCs and work. The findings of the study show that the major source for information about MGNREGA to workers were PRIs. The study also identifies problems like lack of awareness among workers about unemployment allowance and the number of wage employment days provided under MGNREGA

IIT-(Roorkee), 'Concurrent Evaluation of National Rural Employment Guarantee Scheme in the State of Uttarakhand', Report submitted to Ministry of Rural Development/UNDP, Roorkee: Indian Institute of Technology, 2010.

**Abstract:** The study looks at the implementation of MGNREGS in two districts, one in the plains and the other in the hilly regions. Chamoli (hill area and mostly agriculture based) and district Udham Singh Nagar (plains area and most developed district) of Uttarakhand. The findings of the study shows that the share of SC/STs JCs issued was lower in the hills district than the plains district, participation of women was more in the hill district (Chamoli) than in the plain. It also shows that due to independent wage earning from MGNREGS the participation of the women in decision making has improved. The study also identifies problems like in a large number of cases, the JCs were found to be incomplete without photos and signatures/thumb impressions of the card holders. The labour budget was limited to only three to four activities in both the districts.

International Labour Organization (ILO), 'MGNREGA: A Review of Recent Work and Green Jobs in Kaimur District in Bihar', Geneva: ILO, 2010.

**Abstract:** The study attempts to quantify decent work elements and environment-related aspects in the execution of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The study reveals that the works in Kaimur district should be considered green and decent, although there is scope for improvement in the areas of social protection and

social dialogue. The study also suggests improvement in land management planning from the point of view of the source from where soil is excavated.

Imai, K., R. Gaiha, V. Kulkarni, and M. Pandey, 'National Rural Employment Guarantee Scheme: Poverty and Prices in Rural India', Economics Discussion Paper Series, EDP 908, Manchester: University of Manchester, 2009.

**Abstract:** The objective of this analysis is mainly to construct an intuitive measure of the performance of the National Rural Employment Guarantee Scheme (NREGS) in India. The focus is on excess demand at the district level. Some related issues addressed are (i) whether excess demand responds to poverty, and (ii) whether recent hikes in NREGS wages are inflationary. The authors' analysis confirms responsiveness of excess demand to poverty. Also, apprehensions expressed about the inflationary potential of recent hikes in NREGS wages have been confirmed. More importantly, higher NREGS wages are likely to undermine self-selection of the poor in it. So, in order to realise the poverty reducing potential of this scheme, a policy imperative is to ensure a speedier matching of demand and supply in districts that are highly poverty prone, and also to avoid the trade-offs between poverty reduction and inflation.

Imbert, C., and J. Papp, 'Equilibrium Distributional Impacts of Government Employment Programs: Evidence from India's Employment Guarantee', Paris: Paris School of Economics, 2011.

**Abstract:** This paper presents evidence on the equilibrium labour market impacts of the NREGA. The authors use the gradual roll-out of the programme to estimate changes in districts that received the programme earlier relative to those that received it later. Their estimates reveal that following the introduction of the programme, public employment increased by three days per prime-aged person per month (1.3 per cent of private sector employment) more in early districts than in the rest of India. Casual wages increased by 4.5 per cent and private sector work for low-skill workers fell by 1.6 per cent. These effects are concentrated in the dry season, during which the majority of public works employment is provided. The results suggest that public sector hiring crowds out private sector work and increases private sector wages. The authors use these estimates to compute the implied welfare gains of the programme by consumption quintile. Their calculations show that the welfare gains to the poor from the equilibrium increase in private sector wages are large in absolute terms and largely relative to the gains received solely by programme participants. They have concluded that the equilibrium labour market impacts are a first order concern when comparing work-fare programs with other anti-poverty programmes such as a cash transfer.

Imbert, C., and J. Papp, 'Estimating Leakages in India's Employment Guarantee Act', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 267–78.

**Abstract:** The authors compare official MGNREGA data, i.e. the number of households provided employment and person-days generated to the National Sample Survey Organisation data (NSSO) to find out its accuracy.

Indumatib, S., and P. M. Srikantha, 'Economic Analysis of MGNREGA in the Drought-prone States of Karnataka, Rajasthan and Irrigation-dominated State', *Agricultural Economics Research Review*, vol. 24, 2011, pp. 531–6.

**Abstract:** Using macro-level data on MGNREGA performance in the drought-prone States of Karnataka and Rajasthan as well as in the irrigation-dominated state of Andhra Pradesh, this study has revealed that the impact of MGNREGA wage on the economic scarcity of labour is relatively modest when compared to the impact of hike in non-farm wages. Even though the provision of food security through the Public Distribution System (PDS) has contributed to the economic scarcity of labour, the relative hike in non-farm wages is contributing to higher economic scarcity of labour rather than PDS and MGNREGA wages. The study has suggested that subsidies for farm mechanisation should be provided in order to sustain food and livelihood security in the drought-prone as well as irrigation-dominant states of India.

Institute of Rural Management Anand (IRMA), 'An Impact Assessment Study of the Usefulness and Sustainability of the Assets Created under Mahatma Gandhi Rural Employment Guarantee Act in Sikkim', Anand: IRMA, 2010.

**Abstract:** The study shows that MGNREGA has provided a supplementary source of income to families without discriminating between men and women, which is why the Scheme has a high participation for women. The Scheme has enhanced food security and provided opportunities for the unemployed. Overall, it has had a positive impact on livelihood. However, the state needs to ensure a better mechanism for durability and sustainability of assets created under the Scheme.



Jameel Poverty Action Lab (J-PAL), 'Mahatma Gandhi NREGA Awareness Campaign', Report submitted to Ministry of Rural Development/UNDP, J-PAL South Asia, 2010.

**Abstract:** Under the study, an awareness campaign was carried out in three districts of eastern Rajasthan, viz. Bharatpur, Dholpur and Karauli in the run up to the GP elections, 2010. The focus of the campaign was to understand voters' choices and the impact the campaign had on electoral accountability. The study also evaluates whether information disclosure affected female and male candidates and voters differently and evaluates how the intervention impacted the electoral process, which includes candidate selection, electoral participation and election outcome. A total of 460 street plays were performed, with an average audience of 230 adults—150 men and 80 women in each village. More than 130,000 calendars were distributed to households. The findings of the campaign shows increase in the number of women running for the elections in a constituency not reserved for them, an average of three female candidates in every four GPs. It also discouraged some incumbents (who did not have a good record in implementing the scheme) from seeking re-election. The study shows that the participation of people in the election increased from 74 per cent in 2005 to 84 per cent in 2010 in Dholpur and from 74 per cent to 78 per cent in Karauli. Overall, 11.5 per cent of open seats were won by women in 2010.

Jha, R., R. Gaiha, and M. K. Pandey, 'Net Transfer Benefits under India's Rural Employment Guarantee Scheme', *Journal of Policy Modeling*, vol. 34, no. 2, 2011.

**Abstract:** This paper explores the important but relatively neglected issue of real income transfers, net of the opportunity cost of time, under the National Rural Employment Guarantee Scheme. The authors use representative household level primary data for three States, Rajasthan, Andhra Pradesh and Maharashtra to depict various individual and social characteristics of the population in these States as well as those of the participants in the NREGS. They also model the stochastic dominance comparisons of per capita monthly expenditures of participants with and without alternative employment opportunities in the absence of NREG as well as the determinants of such opportunities. As an approximate measure of the net transfer benefits under NREGS, they consider shares of NREG earnings net of the opportunity cost of time in household income. The distribution of such net transfers across household characteristics as well as the distribution of benefits across villages in the three states is also discussed. In general, net transfers under the NREGS are quite modest. The paper also elaborates why accurate measurement of such transfers matters in an anti-poverty strategy.

Jha, R., R. Gaiha, S. Shankar, 'Targeting Accuracy of the NREG: Evidence from Rajasthan, Andhra Pradesh and Maharashtra', ASARC Working Papers 2010-03, Canberra: Australia South Asia Research Centre, 2010.

**Abstract:** This paper uses several tests for targeting accuracy of the National Rural Employment Guarantee Scheme (NREG) focusing on shares of participants by poverty status, their duration of participation, and earnings from it. The analysis is based on primary household data collected from three States, Rajasthan, Andhra Pradesh and Maharashtra. In all three States, the poor depended more on the NREG than the non-poor, with the share of NREGS earnings in household income of the poor being the highest in Andhra Pradesh. Useful insights into the design and implementation of this scheme that impede the participation of the poor and render it more attractive for the (relatively) affluent are obtained from a probit analysis. A major flaw is the hike in the NREG wage relative to agricultural wage, as it undermines self-selection of the poor—especially in villages with a high degree of land inequality. In fact, two different mechanisms seem to be operating—one tends to exclude the poorest (the negative effect of the land Gini), and the other tends to promote the inclusion of the (relatively) affluent (the positive effect of the interaction of the land Gini and the ratio of NREG wage to agricultural wage). That awareness of the scheme matters, is corroborated. However, the poor do not necessarily benefit as much as the non-poor at the entry point. But, with more information, corruption reduces at the implementation stage and this has the potential of serving the interests of the poor better.

Jha, R., S. Bhattacharyya, R. Gaiha, and S. Shankar, 'Capture of Anti-Poverty Programs: An Analysis of the National Rural Employment', *Journal of Asian Economics*, vol. 20, no. 4, September 2009.

**Abstract:** Using pooled household level data for the States of Rajasthan and Andhra Pradesh, the authors find that the size of landholdings is a negative predictor of participation in the National Rural Employment Guarantee Program (NREGP). In State-level analysis this pattern survives in Rajasthan but reverses in Andhra Pradesh where the authors notice a positive relationship. This paper examines whether this reversal in Andhra Pradesh is indicative of programme capture in Andhra Pradesh and better targeting in Rajasthan. The authors compare land inequality, ratio of NREG and slack season agricultural wage rates, political interference, and geographical remoteness across the two states and conclude that programme capture may



be an issue in Andhra Pradesh, largely because of these reasons. They also find evidence of complementarity between NREGP and the PDS, implying that the real income transfer through food subsidy needs supplementation.

Johnson, D., How do Caste, Gender and Party Affiliation of Locally Elected Leaders Affect Implementation of NREGA?, Working Paper 33, Chennai: Institute of Financial Management and Research (IFMC), 2009.

**Abstract:** The paper estimates the impact of the caste, gender, and party affiliation of locally elected leaders on implementation of NREGA, in Andhra Pradesh. While, for most castes, the study finds a modest increase in participation by members of the same caste of the leader in the programme, the study finds no impact on a broad range of other programme outcomes or any effect of reservations for women. The results suggest that NREGA in AP may be less susceptible to capture than other government programmes.

Johnson, D., 'Can Workfare Serve as a Substitute for Weather Insurance? The Case of NREGA in Andhra Pradesh', Working Paper 32, Chennai: Institute of Financial Management and Research (IFMC), 2009.

**Abstract:** The rural poor in developing countries have great difficulty in coping with adverse weather. In theory, workfare programmes may serve as an important mechanism for allowing households to deal with the effects of weather related shocks. If participation in a workfare programme is sufficiently flexible, households in a village which suffers bad weather may compensate for the loss of income by increasing their participation in the programme. If participation in a workfare programme is not sufficiently flexible due to, for example, caps on overall participation at the local level, then the programme will not allow households to compensate for the effects of a weather shock.

The author evaluates whether the NREGA allowed households in one state to mitigate the effects of weather induced income shocks by looking at whether participation in the Scheme is responsive to changes in rainfall. The study finds that NREGA did allow households to mitigate the effects of weather induced income shocks. While it is unable to precisely identify the relationship between changes in income and participation in NREGA, it shows that the relationship is strong enough to be practically significant.

JPMorgan, Wages in Rural India Accelerated Sharply Post-NREGA, 2011, Retrieved from India Equity Research: <http://indiaer.blogspot.in/2011/10/india-rural-wages-surge-to-support.html>, accessed on 15 June 2012.

**Abstract:** A comprehensive time series of rural wage data, both agricultural and non-agricultural, put together by the Ministry of Statistics and Program Implementation indicates that the advent of NREGA has resulted in a significant structural break in rural wage inflation. Between 1999 and 2005, pre-NREGA, nominal wages in the rural economy grew at an average annual rate of 2.7 per cent year on year average (oya). Post-NREGA, average wage inflation almost quadrupled to 9.7 per cent oya between 2006 and 2009.

Between January 2010 and May 2011 (the last date for which this data is available) annual nominal wage growth averaged almost 20 per cent (18.8 per cent oya). But even these averages are misleading, because nominal wages have shown a sharp and secular acceleration over the preceding 18 months, with wage inflation reaching almost 22 per cent by May 2011. While the increase in wages in 2011 is, in part, likely a result of NREGA wages being indexed, a sharp acceleration of wages was evident through most of 2010—even before indexation was announced or came into effect. As a result, indexation in 2011 has simply exacerbated this phenomenon.

Kajale, J., and S. Shroff, 'Impact of NREGA on Wage Rates, Food Security, and Rural Urban Migration in Maharashtra', Report Submitted to the Ministry of Agriculture, Pune: Gokhale Institute of Politics and Economics, Agro-economic Research Centre, 2011.

**Abstract:** The study makes an assessment of MGNREGA with respect to the extent of employment generation, wage differentials, rural to urban migration, asset creation, determinants of participation and implementation in five districts of Maharashtra. The report indicates that the State has not been able to show satisfactory performance in terms of employment generated and assets created. However, in places where it was implemented well, there has been a positive impact on food security, reducing poverty and out-migration.

Kareemulla, K., S. K. Reddy, C. A. Rao, S. Kumar, and B. Venkateswarlu, 'Soil and Water Conservation Works through National Rural Employment Guarantee Scheme (NREGS) in Andhra Pradesh—An Analysis of Livelihood Impact', *Agricultural Economics Research Review*, vol. 22, 2009, pp. 443–50.

**Abstract:** *The impact of National Rural Employment Guarantee Scheme (NREGS) has been studied on rural livelihoods and the nature of soil and water conservation (SWC) works. Rajasthan, Andhra Pradesh and Madhya Pradesh are the three States leading in scheme implementation with a large number of works, expenditure and employment. The study shows that in Andhra Pradesh, soil and water conservation (SWC) works have accounted for over 80 per cent of the total. The share of labour wages under the scheme has been 80 per cent with only 20 per cent for material, which is well within the prescribed norm of 40 per cent for the latter. The field study in the Ananthapur district has indicated that almost two-thirds of the beneficiaries are farmers. The scheme has brought down migration levels from about 27 per cent to only 7 per cent in the study villages. The linear regression function has brought out that the number of family members participating in the NREGS is significantly influenced by income from other sources, family size and landholdings. The NREGS earnings are being used mainly for food, education and health security. Although the scheme provides opportunity for 100 days of wage guarantee, the actual average employment is only for 25 days per household. Ideally, this gap needs to be bridged at least in the distress districts. The study has observed that SWC works in agricultural lands, especially in the rain-fed areas, need to be continued. However, some works require structural modifications for a better impact.*

Kelkar, G., 'Gender and Productive Assets: Implications for the National Rural Employment Guarantee for Women's Agency and Productivity', UNIFEM, 2009.

**Abstract:** *This study is an attempt at drawing policy attention to the complex inter-relationship between gender relations and income and productive assets through an analysis of the NREGA. The line of thinking in government and non-government agencies has been on reducing poverty and building the productive capacity of the rural economy. The dynamic of pervasive gender and social inequality has not been the major concern. The challenge is to see how the programme can be directed at reducing both poverty and gender inequality.*

*The paper discusses: gendered participation in NREGA programme, and continuities in gender relations; gender concerns in creation of productive assets under NREGA; relevant research on gender disparities in ownership and control of productive assets; gender dimensions in economic rights and security; productivity and efficiency of resource use, discussing the need for increasing women's control over productive assets, and its links with growth, equity, and efficiency impacts.*

Khan, A. U., and M. R. Saluja, 'Impact of the NREGP on Rural Livelihood', Indian Development Foundation, 2008.

**Abstract:** *This analysis looks at the direct and indirect effects that the NREGA has on employment generation and poverty reduction in a local. For this, a detailed survey in a specific village was undertaken to highlight the impact of the NREGP. This survey covered a poor agricultural village with 400 households and nearly 2,500 people. The survey recorded income and expenditure levels by type of household (large, small and marginal farmers, agricultural labour, services, etc.). The survey also recorded production activities undertaken by the inhabitants. The study shows that the sectors that show the maximum impact are wheat, animal husbandry, and education and the maximum impact on the household incomes accrues to the small cultivator followed by the labour household and then the large farmer households.*

Khera, R., and K. Muthiah, 'Tamil Nadu: Slow and Steady', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 233–41.

**Abstract:** *The essay focuses on the initiatives taken by the Tamil Nadu State Government to ensure effective implementation of the MGNREGA. It is based on field visits to districts Villupuram (in 2007–08), Cuddalore (in 2008) and Dindigul (in March 2010).*

Khera, R., 'Group Measurement of NREGA Work: The Jalore Experiment', Delhi: Delhi School of Economics, 2009.

**Abstract:** *This paper takes a closer look at an experiment of training mates (worksites supervisors) in Rajasthan to improve worksite management, based on field visits in Jalore district. Evidence suggests this experiment has been a success. The experiment has much to contribute to better worksite management. The main impact of this experiment on labour productivity seems to operate through the formation of groups and training of supervisors at worksites (particularly women). If the wage rate has been increasing on account of improved productivity (rather than due to inflated measurement), it is probably because group formation facilitates better worksite supervision and peer monitoring, rather than on account of greater work incentives. It has also seen that group formation can have an impact on productivity because of the greater clarity amongst labourers regarding the prescribed task.*

Khera, R., and N. Nayak, 'Women Workers and Perceptions of the National Rural Employment Guarantee Act', *Economic and Political Weekly*, vol. 44, no. 43, 29 October 2009.

**Abstract:** This paper, based on fieldwork in six States in 2008, examines the socio-economic consequences of the NREGA for women workers. In spite of the drawbacks in the implementation of the legislation, significant benefits have already started accruing to women through better access to local employment, at minimum wages, with relatively decent and safe work conditions. The paper also discusses barriers to women's participation.

Khera, R., 'Employment Guarantee Act', *Economic and Political Weekly*, vol. 43, no. 35, 30 August 2008.

**Abstract:** The paper has described the experience of the Jagrut Adivasi Dalit Sangathan in Madhya Pradesh. It shows the power of grassroots organisational work in activating the NREGA. Levels of NREGA employment in the Sangathan areas are as high as 85 days per household per year, and nearly half of all working households have got 100 days of work. They also earn the minimum wage. The Act can also be an opportunity to promote overall rural development and alter the balance of power in village society.

Khera, 'Wage Payments: Live without Pay?', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi; Oxford University Press, 2011.

**Abstract:** The paper is based on field visits to the States of Chhattisgarh, Gujarat, Jharkhand, Madhya Pradesh, Rajasthan, Uttar Pradesh and West Bengal. It discusses the issue of delay in MGNREGA wage payments and the reasons for this delay. The paper also recommends that the payment process should be streamlined, as it is in the case of Andhra Pradesh and Tamil Nadu. This would include, regularly updating records, JCs, maintenance of MRs, etc.

Khosla, R., 'Caste, Politics and Public Goods Distribution in India: Evidence from NREGS in Andhra Pradesh', *Economic and Political Weekly*, vol. 45, no. 12, 16 April 2011.

**Abstract:** This paper attempts to measure the effect of caste reservation policies on the provision of public goods and services in GPs in Andhra Pradesh using data from the NREG Scheme. The investigation finds that the effect of reservation varies tremendously in different social, political, and institutional contexts, shedding light on the conflicting results of similar studies. It provides important lessons for future research and policy about the caste-political conditions in which reservation can produce positive or negative results.

Kumar, A. A., 'Effectiveness and Ownership of Irrigation Assets Created under MGNREGA and Labour Market Dynamics in Bihar', MTS Report, Anand: Institute of Rural Management, 2010.

**Abstract:** The study throws light on various factors associated with the creation of successful assets under MNREGA along with labour market dynamics in post-NREGS in Harnaut block in Nalanda, Sehar block in Bhojpur and Vaishali block in Vaishali districts of Bihar. The criterion of selection of the study is based on the total number of productive assets created in 2006-07 and 2007-08.

In all the three districts the study found that the assets were productive and effective if they were made according to the rules and regulation of MNREGA. Those assets which are public in nature or owned by the community are more effective like for example, micro-canals and ponds. Wells which are private in nature are less productive as it irrigates only a very limited area as the owner is using these assets for vegetable production near the well area. Private assets are maintained properly in all three districts as the beneficiaries want the benefits of these assets for a long time. All the public assets that were studied did not have proper maintenance and hence, the authors feel that these assets are not going to be sustainable in the long term.

The study also shows that although labourers are getting economical benefit from MNREGA, they are unhappy regarding two issues: (i) according to them they are not getting sufficient number of days to work under this scheme and, (ii) there is delay in payment which affects their day to day activities.

Kumar, P., and I. Maruthi, 'Impact of NREGA on Wage Rate, Food Security and Rural Urban Migration in Karnataka', Report submitted to the Ministry of Agriculture, Bangalore: Agriculture Development and Rural Transformation Centre, Institute for Social and Economic Change, 2011.

**Abstract:** The study makes an assessment of MGNREGA with respect to the extent of employment generation, its effect on rural to urban migration, asset creation, determinants of participation and implementation in five districts of Karnataka. The main findings of the study were that the household size, land owned, BPL card, wage rate, ages of members, education and other work opportunities were the major factors determining MGNREGA participation. The wage rate has increased more

than 50 per cent in the agricultural sector and 75–100 per cent in non-agricultural sector unskilled and skilled works after the implementation of the MGNREGA. Around 55 per cent of participants stated that NREGA has enhanced food security by providing employment while around 37 per cent agreed that NREGA provided protection against the poverty.

Kumar, R., and R. Prasanna, 'Role of NREGA in Providing Additional Employment for Tribals and Curtailing Migration', in *National Rural Employment Guarantee Act: Design, Process and Impact*, New Delhi: Ministry of Rural Development, 2010.

**Abstract:** The two officers from the Indian Administrative Service (IAS) give a brief overview of implementation of the Scheme in their districts of Bastar and Kanker in Chhattisgarh. They suggest that the Scheme exhibits tremendous potential to increase livelihood security through asset creation. Provision of employment opportunities close to home provided by the Scheme have also lead to a decline in migration.

Madhya Pradesh Institute of Social Science Research (MPISSR), 'Assessment of the Effectiveness and Impact of Kapildhara Sub-scheme', Report submitted to the Ministry of Rural Development and UNDP, Ujjain: MPISSIR, 2010.

**Abstract:** The basic thrust of this survey is to evaluate to what extent the Kapildhara sub-scheme has been able to enhance agricultural productivity, intensity of agriculture, food security and check distress migration from rural areas of Madhya Pradesh. The survey also suggests some measures to improve efficacy of this important asset formation sub-scheme. It found that the majority of Kapildhara beneficiaries belong to the marginalised sections of society, viz. Scheduled Tribes, marginal farmers and BPL households. Significant portions of the Kapildhara beneficiaries also fall under the category of land reform beneficiaries.

It has been found that due to Kapildhara structures, irrigated acreage, crop diversity as well as cropping intensity increased in the beneficiary's agriculture. As the irrigated area and cropping intensity increased, agricultural employments as well as yield from the crops also increased according to the beneficiaries. Kapildhara has also reduced the number of mean migrating members from 1.6 to 1.1 and mean migration days from 142 to 79, which is a significant decrease from the pre-allocation migration situation in the beneficiary's households.

Mangatter, S., *Does the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) Strengthen Rural Self-employment in Bolpur subdivision (West Bengal, India)?*, Masters thesis, Germany: Philipps-Universität Marburg, 2011.

**Abstract:** This thesis asks whether the MGNREGA strengthens rural self-employment in Bolpur subdivision (West Bengal) or not. Its basic assumptions are: (i) additional incomes stimulate rural demand and facilitate investments and, (ii) assets created during MGNREGA works can be used for remunerative activities. Ninety-six JC holders in 16 villages were asked a set of largely quantitative questions. The survey showed that the MGNREGA currently fans the flames of rural entrepreneurship rather than broadly fuelling it. Merely 17 per cent of the sample households could use MGNREGA assets or other incomes to run, expand or start a rural business. However, the investigations also revealed the causes for the MGNREGA's limited impact on rural entrepreneurship and showed under what conditions the Act could become a catalyst for rural business initiatives. Most crucially, MGNREGA incomes must become more reliable and women SHGs must be involved in the planning of prospective MGNREGA works.

Martin Luther Christian University (MLCU), 'Supporting the Operationalization of Mahatma Gandhi NREGA in Khasi Hills, Meghalaya', Report submitted to Ministry of Rural Development/UNDP, Shillong: MLCU, 2010.

**Abstract:** The study looks at the status of MGNREGA implementation in three districts of Khasi Hills, viz. West Khasi Hills, East Khasi Hills and Ri Bhoi districts of Meghalaya. It identifies the contribution of MGNREGS in the improvement of people's daily lives such food security, health, etc. The findings of the study show that the MGNREGA has had a positive contribution in terms of additional cash flow in the household savings (it ranges from 13–32 per cent). It also states that with the implementation of MGNREGA, seasonal migration has been reduced. In Mawkyntew and Ranikor Blocks the seasonal migration has been reduced by 31 per cent. Some of the problems identified by the study are, one time registration, not providing employment within 15 days from the date of application and non-payment of unemployment allowance.

Mehrotra, S., 'NREGA Two Years On: Where Do We Go From Here?', *Economic and Political Weekly*, 31 October 2008.



**Abstract:** This paper examines the performance of the National Rural Employment Guarantee programme since its launch in mid-2005. It provides a summary of progress in certain areas and also highlights specific weaknesses. Finally, it describes the challenges that lie ahead and suggests how these can be overcome.

Ministry of Rural Development (MoRD), 'Guidelines for Convergence: Leveraging NREGA for Sustainable Development through Inter-sectoral Convergence, 2009–10', MoRD.

**Abstract:** MGNREGA with its inter-sectoral approach opens up opportunities for convergence with different programmes. The aim of convergence is to optimise public investments made under existing Schemes through suggested ways of linking and steering them towards a common/shared recipient—both physical (area, infrastructure, natural resource) and human (person, group, agency). To set pace and pilot convergence efforts, the MGNREGA formulated Convergence Guidelines in 2010 and signed Memoranda of Understanding with the Ministry of Agriculture (ICAR), Ministry of Environment and Forests, Ministry of Water Resources, the Pradhan Mantri Gram Sadak Yojna (PMGSY) and Schemes for land resource management.

Ministry of Rural Development (MoRD), 'Recommendations of the Working Group on Individual Land and List of Permissible Works', Report submitted to the MoRD, 2010.

**Abstract:** The Ministry of Rural Development set up a committee to research the coverage, quality and support given to individual works in detail at the GP and at individual and social group levels; many works taken up thus far, are not complete or not fructuous. The Committee was also to analyse the impact of MGNREGS on agricultural productivity.

The Committee put forth several recommendations, some of these were: Interventions must be specific and based on land types, soil conditions and monsoon behaviour. Lands belonging to the poor are poor in quality and enhancing it calls for substantial well-planned measures and spiralling activities that are spread over time; MGNREGS must shift from physical land development to land husbandry; unless the GS has a say in works and its implementation, investments will have little scope of being an asset. The key in works on individual lands is to understand and plan on the basis of its specificities along with incorporating farmers ideas.

Ministry of Rural Development (MoRD), 'Report of the Committee on Revision of MGNREGA Operational Guidelines', Report submitted to the MoRD, New Delhi: Government of India, 2012.

**Abstract:** A committee was set up under the chairmanship of Dr Mihir Shah, Member, Planning Commission to examine ways in which the Operational Guidelines of MGNREGA could be revised to address concerns to: (i) Expand the list of permissible works under MGNREGA in order to strengthen the synergy between MGNREGA and rural livelihoods, respond to the demands of the States for greater location-specific flexibility in permissible works, help improve the ecological balance in rural India and provide a cleaner, healthier environment to its people; (ii) suggest procedural changes that would help strengthen the demand-driven character of MGNREGA, which is its real differentia specifica; (iii) strengthen the participatory planning and implementation process under MGNREGA, so that the programme results in the creation of durable assets and an increase in farm productivity; (iv) make changes that would infuse the programme with greater efficiency and help overcome the major complaints under the programme such as delays in payments of wages and, (v) develop effective mechanisms for eliminating the scope of corruption under the programme.

Mistry, P., and A. Jaswal, 'Study on the Implementation of NREGS: Focus on Migration', Ahmedabad: DISHA, 2009.

**Abstract:** The paper presents findings from a study involving 938 respondents that comprise beneficiaries of the NREGS across four states and 12 districts. In addition to aspects such as scheme implementation and benefits from NREGS, the authors highlight the effect on migration across the four states.

Mukherjee, D., and U. B. Sinha, 'Understanding NREGA: A Simple Theory and Some Facts', Centre for Development Economics, Delhi: Delhi School of Economics, 2011.

**Abstract:** In this paper, using a simple theoretical model, the authors have analysed the impact of the NREGA scheme on (i) the rural labour market, (ii) income of the poor households and (iii) overall agricultural production. It is seen that the income from NREGA alone can be a substantial part of the target income of the poor. The authors show that in such a situation, the poor may exhibit a backward bending supply curve of labour which may lead to an aggregate reduction in agricultural output.



*This adverse production effect can happen even when the NREGA activities lead to a moderate improvement in agricultural productivity. Data on food prices tend to support their findings to some extent.*

Nair, K. N., T. P. Sreedharan, and M. Anoopkumar, 'A Study of National Rural Employment Guarantee Programme in Three Gram Panchayats of Kasargod District', Thiruvananthapuram: Centre for Development Studies, 2009.

**Abstract:** *This paper attempts to study the impact of the NREG in three GPs of Kasaragod District, viz. Madikai, Ajanoor and Trikarapur. It also looks into the organisational arrangements for planning and implementation of the scheme. Various institutional aspects in the form of Guidelines, Rules and Regulations brought out by the Government of Kerala have also been examined.*

*The identification of projects for NREGA is a grassroot level activity with Ward Development Committee and Area Development Society of Kudumbasree playing a pivotal role. The role of GS in the formulation of a ward level Action Plan is found to be weak. The worker registration is appreciably good in all the three GPs and registration of SC and ST categories is also impressive. But there is a big drop in the number of people who demanded jobs in 2007–08. It is below one-fourth in two panchayats and just above one-third in the third. There is a further drop in the number in the succeeding year. The positive is that all those who demanded jobs have been given employment. The percentage of man-days generated for SC and ST categories is very low compared to that of the general category. Women of the general category constituted the major beneficiaries of NREGA. Unskilled wages constituted the major component of expenditure. The number of projects is large, most of them not leading to creation of durable public assets. There is lack of integration with other schemes implemented at the local level. The scheme is successful in raising the level of employment and income of the rural household, thereby enhancing their purchasing power. Working in groups has empowered the women socially. But in some cases NREGA works and agricultural works were operational at the same time, aggravating the problem of labour shortage in agriculture. The study also recommends a few changes in the existing operational system to make the programme more effective.*

Narayanan, Sudha, 'Employment Guarantee, Women's Work and Child Care', *Economic and Political Weekly*, vol. 43, no. 09, 01 March 2008.

**Abstract:** *A social audit in Tamil Nadu finds that the NREGA has brought about major changes in the lives of women. However, the act overlooks the fact that childcare is a problem for many of the working women, especially for young mothers.*

Narendra Dev University of Agriculture and Technology (NDUAT), 'Rapid Appraisal of NREGA in Five districts of Uttar Pradesh', Report submitted to the Ministry of Rural Development/UNDP, NDUAT, 2009.

**Abstract:** *The study was undertaken in five districts of Uttar Pradesh Azamgarh, Barabanki, Sultanpur, Aligarh and Faizabad to assess the quality of processes and procedures under MGNREGA.*

National Consortium of Civil Society Organisations (NCCSO), 'MGNREGA: Opportunities, Challenges and the Road Ahead', Second Report of the NCCSO on MGNREGA, NCCSO, 2011.

National Consortium of Civil Society Organisations (NCCSO), 'NREGA Reforms: Building Rural India', First Annual Report of the National Consortium of Civil Society Organisations on NREGA 2008–09, NCCSO, 2009.

**Abstract:** *These two reports describe the work of the National Consortium of Civil Society Organisations (NCCSO) on MGNREGA. The consortium has built partnerships with GPs, GS' and State and Central Governments. It comprises 72 partners spread over 85 blocks in 58 districts of 11 states of India. The work done by the consortium of CSOs falls into the following categories: (i) Mobilisation; (ii) Assistance to GPs for plan preparation and implementation; (iii) Implementation, where the states allow for such a participation; (iv) Capacity building and support to each other and to other agencies such as panchayat and line department functionaries; and (v) Advocacy of required policy changes at the local, the state and the national levels.*

National Federation for Indian Women (NFIW), 'Social-Economic Empowerment of Women under NREGA', Report submitted to the Ministry of Rural Development/UNDP, Delhi: NFIW, 2008.

**Abstract:** *The study was conducted in Rajnandgaon (Chhattisgarh), Jhabua (Madhya Pradesh), Mayurbhanj (Orissa) and Cuddalore (Tamil Nadu).*

*In spite of all the grey areas in the implementation of NREGA a silent revolution is taking place in rural India with respect to women. Women workers are getting empowered through NREGS as is visible in the form of growing contributions to household expenditure and bearing cost of children's education and healthcare. Women have also started to appear more actively in the rural public sphere as they take up their work and responsibilities. There is a general trend of low migration in the areas where assessment was carried out and workers have started to repay their debts.*

*The study shows that despite numerous problems, NREGA is a programme that has begun to make a difference in the lives of women. Furthermore, it is popular among the workers, who routinely ask if more work could be made available to them under the NREGA.*

National Sample Survey Organisation (NSSO), 'Survey of MGNREGA 2010–11', NSSO, 2011.

**Abstract:** *The NSSO conducted a survey in the states of Andhra Pradesh, Madhya Pradesh and Rajasthan. Three hundred and four villages from each of the three states were selected. The survey was planned to be conducted in four rounds. The first round was scheduled from July–Dec 2009, second round from Jan–Jun 2010, the third round from Jul–Dec 2010 and the fourth round from Jan–Jun 2011.*

Niehaus, P., and S. Sukhtankar, *Corruption Dynamics: The Golden Goose Effect*, Working Paper, 2010.

**Abstract:** *Theoretical work on disciplining corrupt agents has emphasised the role of promised future rents (e.g. efficiency wages) but not of illicit future rents. Yet when opportunities for future rent extraction increase, agents should extract less rent today in order to preserve those opportunities. We study this golden goose effect in the context of a statutory wage increase in India's employment guarantee scheme, comparing official micro-records to original household survey data to measure corruption. We estimate large golden goose effects that reduced the total impact of the wage increase on theft by roughly 75 per cent.*

Pani, N., and C. Iyer, 'Evaluation of the Impact of Processes in the Mahatma Gandhi National Rural Employment Guarantee Scheme in Karnataka', Bangalore: National Institute of Advanced Studies (NIAS), 2011.

**Abstract:** *This report seeks to evaluate the effectiveness of the processes of implementation of the MGNREGA in Karnataka and recommends specific steps that could improve them. The issues that arise relate to the processes involved in the worker seeking work, the process of providing that work, the consequences of that work for the rural economy and society, and the processes involved in enabling and monitoring the scheme.*

Pankaj, A. K., and A. N. Sharma, *Understanding the Processes, Institutions and Mechanisms of Implementation and Impact Assessment of NREGA in Bihar and Jharkhand*, New Delhi: Institute of Human Development (IHD), 2008.

**Abstract:** *This is a study of: (i) the implementation process, mechanism, difficulties and; (ii) impact of the scheme on the beneficiaries and communities vis-à-vis major objectives of the Act. The study is based on field work (survey) of nine districts (six from Bihar and three from Jharkhand), 30 villages (18 from Bihar and 12 from Jharkhand), 900 households, two-thirds beneficiaries and one-third non-beneficiaries (540 from Bihar and 360 from Jharkhand) and 37 worksites. This was also a resurvey of 102 beneficiary households in Bihar. This study examines the impact of the scheme on individual beneficiaries in terms of income consumption effects, changes in migration and indebtedness and impact of the community assets on the local economy, wage rate and agrarian conditions.*

Pankaj, A., and Tankha, 'Empowerment Effects of the NREGS on Women Workers: A Study in Four States', *Economic and Political Weekly*, vol. 45, no. 30, 24 July 2010.

**Abstract:** *Using a field survey, this paper examines the empowerment effects of the NREG Scheme on rural women in Bihar, Jharkhand, Rajasthan and Himachal Pradesh. It argues that women workers have gained from the scheme primarily because of the paid employment opportunity, and benefits have been realised through income-consumption effects, intra-household effects, and the enhancement of choice and capability. Women have also gained to some extent in terms of realisation of equal wages under the NREGS with long-term implications for correcting the skewed gender ratio and gender discriminatory wages prevalent in the rural labour market of India. Despite the difficulties and hurdles for women, prospects lie, inter alia, in their collective mobilisation, more so in laggard states.*

Planning Commission, *All India Report on Evaluation of NREGA: A Survey of Twenty Districts*, Programme Evaluation Office, Delhi: Institute of Applied Management Research and Planning Commission, Government of India, 2010.

**Abstract:** *This survey shows that due to the income generation through this scheme, the number of beneficiaries at the low earning level are reduced to nearly half in size resulting in the rise of households with marginally higher income. It was found that more than half of the beneficiaries are agricultural and unskilled workers. There is also a shift in the beneficiaries expenditure pattern on food and non-food items. Seventy per cent of the beneficiaries revealed that the migration is only for just wages and not for any better wages.*

PRADAN, *Implementing Integrated Natural Resource Management Projects under NREGA: A Resource Book*, Manual prepared for the Ministry of Rural Development/UNDP, Delhi: PRADAN, 2009.

**Abstract:** *PRADAN has demonstrated ways to promote the development of natural resources leading to equitable and sustainable economic growth, ensuring household food security and eliminating mass poverty in the region. Such an approach requires participatory planning at the level of hamlets and villages, to develop production and management systems suitable to the resource endowment to meet people's needs and preferences. The technologies that PRADAN has evolved are simple, labour intensive and, therefore, suited to the requirements of NREGA in order to generate wage employment opportunities while creating livelihood assets.*

Ravallion, M., 'Corruption in the MGNREGS: Assessing an Index', *Economic and Political Weekly*, vol. 47, no. 8, 25 February 2012.

**Abstract:** *There is corruption in the Mahatma Gandhi National Rural Employment Guarantee Scheme, no question about that. But simple indices that claim to measure corruption and make an assessment of interstate levels of corruption can end up offering us a wrong understanding.*

Roy, A., and N. Dey, 'The Wages of Discontent', in *The Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 261–65.

**Abstract:** *The chapter discusses the delinking of MGNREGA wages from Section 6(1) of the MGNREGA.*

SAMARTHAN, 'Impact Assessment of MGNREGA in Madhya Pradesh', Submitted to Poverty Monitoring and Policy Support Unit (PMPSU), Madhya Pradesh: State Planning Commission, 2010.

**Abstract:** *The study was conducted in 16 districts in Madhya Pradesh. The study sample was split across different geographical areas, phases of implementation, their performance on employment generation and also different categories of households. The findings in the report are broadly divided in 5 sections, 'Access of MGNREGS', 'Knowledge of and Attitude Towards the Scheme', 'Provisions and Practice Related Issues', 'Transparency and Accountability Related Issues' and 'Impact of the Scheme'. Some of the key findings of the report include, low awareness levels among beneficiaries, no clear strategy for maintenance of assets and funds to be used for maintenance and social audits not being conducted. In the cases where social audits were conducted the issues of less wage payment (69 per cent), quality and use of work (75.5 per cent), work demands (75.5 per cent) have figured prominently. On the positive side, the largest proportion of estimated benefited households spend their MGNREGA income on food, medicine, and clothes for the family members, i.e. 81 per cent, 55 per cent, 41 per cent respectively.*

Samaj Pragati Sahayog, and Megh Pyne Abhiyan, *Leveraging MGNREGA for Flood Control in Bihar: A Case for Policy Reform in Bihar*, 2011.

**Abstract:** *Based on intensive surveys and interactions with village communities spread over two years, the study has come up with an action plan which suggests that an outlay of Rs 4 crore in the selected panchayats could generate more than 2 lakh person-days of employment, and effectively help in controlling floods across nearly 9,000 hectares of land. Through extending such measure across all 39 flood-prone districts of the State of Bihar, it would be possible to effectively protect about 1.5 crore people of the State from the ravages of floods.*

Sankaran, K. 'NREGA Wages: Ensuring Decent Work', *Economic and Political Weekly*, vol. 46, no. 07, 12 February.

**Abstract:** While for several decades now there has been an unresolved debate about the feasibility of having a national minimum wage, the National Rural Employment Guarantee Act with its provision for a country-wide wage rate has placed the possibility to do so squarely on the agenda. The NREGA wage rate must logically be a need-based national minimum wage under the Minimum Wages Act. Declaring a need-based minimum wage rate under NREGA which is linked to the SoRs allows for sufficient flexibility to account for regional/geographical variation.

Shah, M., 'Taking Goals of NREGA-I Forward', *The Hindu*, 14 August 2009.

**Abstract:** Envisioning NREGA-II is important to realise the unfulfilled dreams of NREGA-I, which has failed thus far to break free of the shackles of a debilitating past.

Shah, M., 'Multiplier Accelerator Synergy in NREGA', *The Hindu*, 30 April 2009.

**Abstract:** The concepts of multiplier and accelerator borrowed from macro-economic theory illuminate the enormous potential of NREGA and help set standards that it must be judged by.

Shah, M., 'Manual Labour and Growth', *Economic and Political Weekly*, vol. 43, no. 51, 20 December 2008.

Shah, M., 'Employment Guarantee, Civil Society and Indian Democracy', *Economic and Political Weekly*, vol. 42, no. 45, 17 November, 2007.

**Abstract:** The author feels that the National Rural Employment Guarantee Act (NREGA), which promises the largest ever employment programme in human history, has the potential to provide a 'big push' in India's regions of distress. For NREGA to be able to realise its potential, the role of civil society organisations is crucial. But this calls for a new self-aware, self-critical politics of fortitude, balance and restraint.

Shah, M., et al., *India's Drylands: Tribal Societies and Development through Environmental Regeneration*, New Delhi: Oxford University Press, 1998.

**Abstract:** The book contains one of the first articulations of the case for and estimate of a productivity-enhancing rural employment guarantee in India that would be sustainable both in ecological and financial terms, giving rise to food security and livelihoods for millions of India's poorest people.

Shah, T., S. Verma, R. Indu, and P. Hemant, 'Asset Creation through Employment Guarantee?: Synthesis of Student Case Studies in Nine states of India', International Water Management Institute (IWMI), 2010.

**Abstract:** This report synthesises insights from 40 case studies of MGNREGS works undertaken by the students of Institute of Rural Management (IRMA) across 11 districts in nine States during 2009–10. Additional fieldwork was undertaken by IWMI researchers and consultants in Punjab, Haryana, Gujarat, Rajasthan, Uttar Pradesh and West Bengal to achieve a geographically well-rounded perspective. The study assesses the scheme against two criteria: satisfaction levels of work seekers with the wage-benefit provided by the scheme; and of the village community with the non-wage benefit created by it through durable social assets. Overall, the authors found that village communities were happier with the non-wage benefits than work-seekers were with wage-benefits.

In general, we found, (i) workseekers as well as the rest of the village community were adequately prepared for deriving Scheme's benefits; (ii) village power structures wanted to use MGNREGS to build broad-based political capital; (iii) the core and spirit of the MGNREGA protocol were upheld and the panchayat and block-administration played their respective roles adequately; and (iv) what MGNREGA offers has a good 'fit' with what work-seekers, village community and local leadership want.

Shah, V. D., and M. Makwana, *Impact of NREGA on Wage Rates, Food Security and Rural Urban Migration in Gujarat*, Vallabh Vidyanagar: Agro-economic Research Centre, Sardar Patel University, 2011.

**Abstract:** The study makes an assessment of the MGNREGA with respect to the extent of employment generation, its effect on rural to urban migration, asset creation, determinants of participation and implementation in five districts of Gujarat. The main findings were; though MGNREGA did not cause significant halting in distress out-migration, it succeeded, to



some extent, in shortening the out-migration period of some migrants. However, due to low realisation of wage amount, unavailability of employment for a longer period of time and uncertainty of starting of MGNREGA works, many members of beneficiary households preferred to migrate to other places without waiting to start MGNREGA works in their own village. Food consumption of MGNREGA beneficiaries was better compared to NSSO data of year 2005. In asset creation, the quality of assets created was either poor or moderate, due to lack of proper planning and maintenance. Assets became non-useful in a short period but more than 90 per cent of respondents perceived them as being useful to village community. They also felt that MGNREGA provides opportunity for infrastructural development of the village.

Shankar, S., and R. Gaiha, 'Networks and Anti-Poverty Programs: The NREG Experience', ASARC Working Papers 2011-05, Canberra: Australia South Asia Research Centre, 2011.

**Abstract:** Governments struggle with the reality that the beneficiaries of anti-poverty programmes are powerless to influence policies and stem the possibility of capture of benefits by the non-poor. Networks—social and political—are supposed to increase the ability of the less powerful to access their entitlements. The paper assesses whether socially and politically networked households do, in fact, have better awareness of the components of the programme and of the processes of decision-making, and whether such networking makes them more likely to vocalise their dissatisfaction when their entitlements are threatened. India's national rural employment guarantee scheme's (NREG) institutional design (mandating village assemblies to authorise decisions on the projects) makes it a good test case. The results show that links to social and political networks do significantly increase the awareness of the villagers on the programme's components and enhances their ability to seek redress of their grievances.

Shariff, A., 'Assessment of Outreach and Benefits of National Rural Employment Guarantee Scheme in India', *Indian Journal of Labour Economics*, vol. 52, no. 2, 2009, pp. 243–68.

**Abstract:** This paper analyses official statistics and survey data from seven northern States. The future of NREGA is strongly linked to the cherished national goal to strengthen and broad base decentralisation of local governance. But there are wide variations amongst the States not only in the level of decentralisation but also in the capacity to implement such a large scheme and lack of convergence amongst relevant government departments and functionaries. NREGA has the potential to address both sustenance of income and enhance the social welfare of households in rural areas.

Sharma, A. 'Rights-based Legal Guarantee as Development Policy: A Discussion on the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)', New Delhi: UNDP, 2010.

**Abstract:** The paper seeks to critically examine Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) as a Rights-based legal framework for guaranteeing basic livelihood security to rural households. The main concern of the paper is to examine the legal design and policy innovations and the extent to which they facilitate the fulfilment of the objectives of the Act. The issues discussed in the context of MGNREGA as a Rights-based law may be pertinent to policy formulation in other development contexts. In examining the rights-based framework of MGNREGA, the following questions arise: (i) What Rights are being recognised? (ii) What are the processes for realising them? Are these feasible? (iii) What obligations are created by such processes upon the State and the citizen? (iv) What are the challenges to the administrative systems in implementing programmes governed by legal frameworks? (v) What kinds of negotiations are possible to balance the mandatory nature of law and the flexibility desired of a development programme.

The discussion of MGNREGA in terms of its design and key factors that constrain and facilitate the achievement of its objectives engages with these questions, suggesting possibilities of reviewing some aspects of the Act as well as hoping to offer insights to similar policy exercises.

MGNREGA belongs to a long history of wage employment programmes. The most significant features of the MGNREGA are that it creates a rights-based framework and that it is a law. Backed by political will and adequate budget resources from the Government of India, the implementation of the Act has yielded encouraging results, despite uneven performance across the country. Initial studies vindicate its effect in augmenting employment, increasing wage earnings, stemming distress migration, enhancing productivity and promoting equity, especially gender equity. The way ahead is to (i) build capacity of the system to deliver a legal guarantee (ii) develop capabilities of the people to demand rights and hold the Government accountable (iii) revisit the Act to make it an instrument for more sustainable development.

Siddhartha, and A. Vanaik, 'Findings from a Survey in Himachal Pradesh', in *Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 201–20.

**Abstract:** This essay presents summary findings of an exploratory survey of the NREGA in Himachal Pradesh. The survey was conducted in Kangra and Sirmaur in December 2007. It involved field visits, muster roll verifications. Documents such as JCs, employment registers and perspective plans were also examined.

Siddhartha, and A. Vanaik, 'CAG Report on NREGA: Facts and Fiction', in *Battle for Employment Guarantee*, ed. R. Khera, New Delhi: Oxford University Press, 2011, pp. 105–27.

**Abstract:** The draft report of the Comptroller and Auditor General (CAG) based on an audit conducted in 2006–07, on the working of the National Rural Employment Guarantee Act was used by many sections of the media to strongly criticise this employment programme. Much of the coverage sensationalised the findings of the report. The essay looks at what did the CAG actually say? Where did it fall short in its investigations? And what can we learn from it to improve the functioning of the NREGA?

Sinha, R. K., and R. K. Marandi, 'Impact of NREGA on Wage Rates Food Security and Rural Urban Migration in Bihar', Report submitted to the Ministry of Agriculture, Bhagalpur: Agro-economic Research Centre for Bihar and Jharkhand, 2011.

**Abstract:** The study makes an assessment of MGNREGA with respect to the extent of employment generation, wage differentials, rural to urban migration, asset creation, determinants of participation and implementation in five districts of Bihar. The report suggests that MGNREGA succeeded in terms of reducing migration of labourers but only to a low extent. Wage differentials also reduced after implementation. General wage rate for male and female in both farm and non-farm activities increased. For assets, the performance of projects completed and total amount spent on works under MGNREGA during the reference years in all the selected districts were more or less satisfactory and emboldening for the job-seeking poor people of the rural area.

Sudarshan, R. M., 'India's National Rural Employment Guarantee Act: Women's Participation and Impacts in Himachal Pradesh, Kerala and Rajasthan, Institute of Development Studies (IDS), 2011.

**Abstract:** This research examines women's participation in NREGS in selected areas in three States: Kerala, Himachal and Rajasthan. NREGS has succeeded in bringing together large numbers of women into paid work, many of them for the first time. This report explores the complex reasons regarding why women's participation in the scheme varies significantly across and within States, and suggests improvements that could maximise impact. NREGS has achieved some success in empowering women, economically and socially. But the author suggests that minor changes to the scheme, to address local development challenges and priorities, could deliver better outcomes.

Sudarshan, R. M., 'Examining India's National Regional Employment Guarantee Act: Its Impact and Women's Participation, New Delhi: Institute of Social Studies Trust (ISST), 2009.

**Abstract:** A review of social protection approaches in India shows that until the 1990s, most schemes were contributory and applicable to workers in the organised sector. The dominant majority of workers in the informal economy were excluded from social security provision. Anti-poverty programmes provided some measure of relief, and welfare funds covered a few groups of unorganised workers in parts of the country. Since the early 1990s, the better growth performance, as well as stronger political commitment, has led to many more social protection programmes being started. Among these, the NREGA stands out for the fact that it is demand driven, has greater permanence than other schemes, covers the whole country, and has the potential both to provide a minimum income and stimulate local development. Unlike other public policy and public works, the NREGA in its design has attempted some gender sensitivity.

Preliminary findings suggest that in Kerala there has been some shift out of agriculture into the NREGS, mainly with respect to female workers, because of higher wages paid under NREGA than the market agricultural wage. There seems to have been some 'smoothing' of income or consumption. NREGS wages that are paid through banks encourages saving and some percentage is left in the account as savings. The actual performance of the NREGS in Kerala owes much to State government's commitment and the managerial role of the Kudumbashree and area development supervisors in particular.

Overall, findings confirm that the NREGS has the potential to stimulate local development, if the management and delivery are good; and that women's weak position in the labour market has been greatly helped. The evidence further suggests these benefits are due to a strong state apparatus (which includes the Kudumbashree) and not to the demand of citizens per se.

Sukhtankar, S. 'What Determines MGNREGA Wages?: Some Evidence on Voice and Exit from Orissa', University of Pennsylvania, 2012.

**Abstract:** *The evidence from Koraput, Rayagada and Gajapati districts in Orissa is somewhat depressing. The authors original data from a large-scale survey of almost three thousand households reveals that none of the wage increase passed through. There are, of course, some important caveats to keep in mind while interpreting these results. The area they studied is fairly remote and known to be relatively corrupt, and the data—from mid-2007—encompass what might be considered early days of the programme. Recommendations include, conducting careful evaluations before implementing big policy changes. Technological solutions, for example, electronic benefit transfers connected to biometrically-authenticated IDs such as Aadhar are often suggested as a mechanism that might improve effectiveness of MGNREGA wage payments.*

Swamy, R., 'The Mahatma Gandhi National Rural Employment Guarantee Act: A Study of Andhra Pradesh and Bihar', Masters Dissertation, Department of Social Policy, London: School of Economics and Political Science, 2010.

**Abstract:** *This study analyses the factors that affect the progression of a rights-based policy towards its successful implementation. It does so by comparing the performance of the MGNREGA between the two States of Andhra Pradesh and Bihar, India. The study argues that there are technical, historical and political factors that determine the success of a rights-based policy like the MGNREGA. On identifying the range of such dynamics, the study concludes by offering the possible means by which these factors can be nurtured or controlled for, whilst designing rights-based policies in the future.*

Tata Institute of Social Sciences (TISS), 'An Evaluation of MGNREGA in Kerala', Report submitted to the State Government of Kerala, Mumbai: TISS, October 2011.

**Abstract:** *The implementation of the MGNREGA has raised a formidable challenge to the existing institutional framework, as well as to the elected representatives, officials and workers to effectively plan, organise and execute a large number of works across the State in order to work towards the creation of assets that contribute to livelihood security and regeneration of the natural resource base.*

*The response from the State of Kerala, in terms of procedural clarity for programme implementation has been remarkable, as it capitalised on its achievements in implementing democratising decentralisation over the past decade. The implementation of MGNREGA commenced in the State in 2006–07, a decade after it embarked on democratic decentralisation. Procedures and systems for programme implementation have been put in place after considerable fine-tuning. Actual implementation has however raised issues or concern. Five years down, it is time to evaluate the extent to which the panchayats and the State have been able to realise the objectives of MGNREGA in the state.*

Tiwari, R., H. I. Somashekhar, V. R. Ramakrishna, I. K. Murthy, M. S. Kumar, B. K. Kumar, H. Parate, M. Varma, S. Malaviya, A. S. Rao, A. Sengupta, R. Kattumun, and N. H. Ravindranath, 'MGNREGA for Environmental Service Enhancement and Vulnerability Reduction: Rapid Appraisal in Chitradurga District, Karnataka', *Economic and Political Weekly*, 14 May 2011.

**Abstract:** *The activities undertaken under the MGNREGA in Chitradurga district, Karnataka, were assessed for their potential to enhance and provide environmental services. Key programmes implemented in 20 villages during 2009 were studied using rapid scientific assessment methods. An indicator approach was adopted to analyse environmental services such as water for irrigation and improvement in soil quality. The status of environmental services before and after implementation of the activities was examined and vulnerability indices were constructed and compared. The activities were found to have reduced the vulnerability of agricultural production, water resources and livelihoods to uncertain rainfall, water scarcity and poor soil fertility.*

University of Agriculture Science (UAS), 'Rapid Appraisal: Final Report of the Professional Institutional Network', Report submitted to the Ministry of Rural Development/UNDP, Bangalore: UAS, 2009.

**Abstract:** *The report assesses the quality of implementation of MGNREGA processes and procedures. It highlights the constraints as well as puts forth recommendations to improve the Scheme.*

Uppal, Vinayak, 'Is NREGS a Safety Net for Children?', Young Lives Student Paper, Young Lives, Department of International Development, University of Oxford, 2009.

**Abstract:** *This paper attempts to study two aspects of the MGNREGA's functioning using data from the Young Lives longitudinal study conducted in Andhra Pradesh.*

First it looks at the targeting of the programme and the characteristics of those who self select into it. The study finds that poorer and lower caste households are more likely to register as are those affected by drought. The author also finds that having more than five influential relatives increases the probability of registration by 10.3 percentage points. It attempts next to estimate the impact of programme participation on the children in participating households, looking specifically at anthropometric scores as indicators of health outcomes, and the incidence of child labour. While there seems to be a positive correlation between programme participation and health outcomes, this does not remain robust across specifications. On the other hand the study finds that programme registration reduces the probability of a boy entering child labour by 13.4 per cent points and programme take up reduces it for girls by 8.19 per cent points. The author finds that the targeting efficiency of the programme seems to be largely effective and it seems to offer a viable security net for households with variable employment opportunities. It also seems to have an important effect on children, further strengthening the programme's significance

Vaidya, C. S., and R. Singh, *Impact of NREGA on Wage Rate, Food Security and Rural Urban Migration in Himachal*. Shimla: Agro-economic Research Centre. Report submitted to the Ministry of Agriculture, 2011.

**Abstract:** *The study makes an assessment of MGNREGA with respect to the extent of employment generation, wage differentials, rural to urban migration, asset creation, determinants of participation and implementation in five districts of Himachal Pradesh. The main findings of the study suggested that out-migration was mainly the result of higher wages prevailing in the nearby towns; MGNREGA enhanced food security, provided protection against extreme poverty, helped to reduce distress migration and indebtedness and gave greater economic independence to women and purchasing power to the local economy. In terms of work, majority of the respondents found that there were good quality assets created under MGNREGA.*

Vatta, K., D. K. Grover, and T. Grover, 'Impact of NREGA on Wage Rates, Food Security and Rural Urban Migration in Punjab', Report submitted to Ministry of Agriculture, Ludhiana: Agro-Economic Research Center, Punjab Agriculture University, 2011.

**Abstract:** *The paper makes an assessment of MGNREGA with respect to the extent of employment generation, its effect on rural to urban migration, asset creation, determinants of participation and implementation in Punjab. Primary data was collected from 300 households in five districts of the State where the Scheme was implemented in different phases. It was found that family size, asset value, household income and stage of implementation of MGNREGA were significant indicators of household participation. At the worker level age and education were not found to be significant for participation.*

*The wages of casual labour have increased due to an overall decline in the supply of labour to the agriculture sector. These changes have been the reason for the significant decline in the inflow of labour into Punjab. Keeping in mind the present number of job-seekers and their future growth, the employment opportunities under MGNREGA have to be increased by almost 11 times in Punjab.*

Verma, S., 'Labour Markets Dynamics in Post-MGNREGS Rural India', Unpublished note shared with the Ministry of Rural Development, 2012.

**Abstract:** *MGNREGS deeply influences and is, in turn, influenced by the rural farm and non-farm labour markets. In 2009–10 and then again 2010–11, IWMI deployed more than 50 masters students from the Institute of Rural Management, Anand (IRMA) to understand how MGNREGA and village labour markets interact. The students covered 26 villages in 11 districts of nine States in 2009 and 13 villages in 11 districts of nine states in 2010. In addition, eight IRMA students surveyed village leaders, labourers and farmers in 75 villages from Gujarat, Rajasthan, Bihar and Kerala. This note synthesises and summarises the lessons from these field studies.*

Verma, S., 'Multiple Use Water Services in India: Scaling up Community-based MUS through MGNREGA', International Water Management Institute (IWMI), 2011.

**Abstract:** *Data from a study of 140+ best-performing MGNREGS water assets in 75 villages across eight districts of Bihar, Gujarat, Kerala and Rajasthan shows that, on an average, these assets were able to recover their investments in a little over a year. We also found that MGNREGS implementation deeply influences and is, in turn, influenced by the farm and non-farm labour markets. While the wage-benefits of MGNREGS are clear from the data on number of person-days of employment generated, the quantification of non-wage benefits and their distribution requires deeper investigation. Wherever village communities have taken enthusiastically to the idea of MGNREGS and where their enthusiasm has been supported by an able, well-staffed administration and capable local governance institutions and leadership, the results have been exemplary. IWMI*



studies indicate that five factors make or mar successful MUS implementation via MGNREGS: (i) Contextual fit; (ii) Village preparedness and attitude towards MGNREGS; (iii) Proactive and well-equipped MGNREGS administration; (iv) Empowered and enlightened village communities; and (v) Incentives and inventive flexibility.

Verma, S., 'MGNREGA Assets and Rural Water Security: Synthesis of Field Studies in Bihar, Gujarat, Kerala and Rajasthan', Anand: International Water Management Institute (IWMI), 2011.

**Abstract:** One of the biggest strengths of MGNREGS is that it is self-targeting. This means that unless there is widespread systemic corruption, the programme benefits will reach its desired beneficiaries as the rich elite are unlikely to be willing to do unskilled manual labour for minimum wages. However, this strength might also turn against the programme for two reasons. One, such a targeted programme might get branded as 'raahat kaam' or 'relief work' in the minds of its intended beneficiaries. Worse, they might begin to think of it as a precursor to or an excuse for a future unconditional entitlement. Two, the programme will completely bypass and is likely to be overlooked by the better-off farmers and the rich elite who, either officially via the GP or unofficially via strong social networks, tend to be the opinion makers in the village. It is, therefore, important to distinguish between the scheme's wage and non-wage benefits. While the poor may benefit from both, the better-off in the village would be interested primarily in the latter. The challenge is to enhance the stake of both groups in maximising the net positive impacts of the scheme (Shah 2009).

The author, therefore, studied water assets of 140+ best-performing MGNREGS in the four states of Bihar, Gujarat, Kerala and Rajasthan with the objective of understanding the quality and potential of their impact and mechanisms for sharing and maintenance of their benefits within village communities. He also interviewed both poor as well as well-off farmers in every village to gather their experiences, concerns and opinions regarding MGNREGS.

Vijayanand, S. M., *NREGA and Panchayati Raj: Learning from Kerala*, Thiruvananthapuram: Government of Kerala, 2009.

**Abstract:** NREGA is the first development legislation which assigns a definite and important role to Panchayati Raj Institutions (PRIs) which was ushered in more than 15 years ago and largely ignored. NREGA breaks new grounds in this respect. It assigns PRIs the most critical role in its implementation. The State Government prepares approaches starting from the panchayat level to districts and uses Kudumbashree, Community Development Societies and Network Development Groups to implement the Scheme in a demand-driven mode. The process of planning is with people's participation and transparency is maintained at every level.

Challenges for the Scheme include, inadequate awareness about the provisions of the Scheme and hesitation of Panchayats to start big works.

World Bank, *Social Protection for a Changing India*, vol. 2, chapter 4, Washington DC: World Bank, 2011.

**Abstract:** India's surge in growth and rapid expansion in public spending in the past decade has created new possibilities for its social protection system. The growing importance of social protection (SP) is reflected in the Government of India's (GoI) common minimum programme and eleventh Five-Year Plan which commit to institutionalisation of programmes as legal rights (as in the case of public works, through the NREGA), continued up-scaling of interventions (e.g., social pensions and midday meals), and proposals to expand new types of SP interventions to the large unorganised sector (e.g., social security). The report draws on existing and new data sources, including analysis of: (i) administrative data; (ii) several rounds of the National Sample Survey (NSS) data; (iii) a social protection survey (SPS) undertaken for this report in 2006 in the rural areas of Orissa, Madhya Pradesh and Karnataka; (iv) dedicated surveys on social pensions in Karnataka (KSPS) and Rajasthan (RSPS) in 2005 and 2006 respectively; and (v) a living standards survey conducted in Jharkhand in 2005 (JLSS). In addition, the report incorporates a rich body of secondary sources on SP programme performance and impact by national researchers and government agencies.

World Bank, 'Reshaping Economic Geography', Washington, DC: World Bank, 2009.

**Abstract:** The report argues that the most effective policies for promoting long-term growth are those that advocate transformations along the dimensions of economic geography and economic integration. The report concludes that promoting transformations along the three dimensions of economic geography are crucial to development and should be encouraged. These three dimensions are: Density—Higher densities as cities grow; Distance—Shorter distances as workers and business migrate closer to density; Division—Fewer divisions as countries lower their economic borders and enter world markets to take advantage of scale and specialisation.

Watershed Organization Trust (WOTR), 'Impact Appraisal of NREGA in Aurangabad and Ahmednagar Districts of Maharashtra', Report submitted to the Ministry of Rural Development/UNDP, WOTR, 2010.

**Abstract:** *The report looks at MGNREGA and Maharashtra Employment Guarantee Scheme. It evaluates the processes and procedures of the Scheme. NREGA works need to be assessed in the context of their livelihood utility for beneficiaries. The impact of the works undertaken and the assets created through NREGA/MREGS need to be assessed in this context. Uniformly, respondents of both the sample districts stressed the employment availability in the lean period as the most important aspect of the programme. Perception-based surveys suggest a reduction in distress migration, especially in the areas where it is implemented with vigour.*

*The respondents claim that after the MREGS implementation, water level in wells increased resulting in water availability for domestic use, livestock and irrigation for a greater period in the year. This has changed the land use pattern by increasing area under seasonal irrigation. Consequently, change in the cropping pattern that indicate slight shift towards commercial vegetable crops is evident. The respondents also reported increase in the land under cultivation, though on a smaller scale. During the FGDs participants mentioned that many farmers were able to take second crop in the Rabi season with increased availability of water.*

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the flagship rural employment scheme of the Government of India, was launched in February 2006. It is perhaps the largest and most ambitious social security and public works programme in the world.

Six years after its implementation, the basic principles and high potential of the MGNREGA are well established. The fact that about one-fourth (25 per cent) of all rural households in the country participate in the programme every year, is testimony to its resounding popularity.

Since its inception, around Rs 110,000 crore has gone directly as wage payment to rural households and 1,200 crore person-days of employment have been generated. MGNREGA with its demand-driven design, rights-based structure and unprecedented scale has attracted the attention of several scholars, researchers, social activists, and policymakers and analysts around the world. This anthology is a synthesis of over a hundred studies on MGNREGA, its impact and implementation. It provides a readable summary of these studies and popularly expressed concerns. It also seeks to identify unanswered questions on both the impact and potential of MGNREGA that will require further research. The report is objective in identifying both the positive impact of the Scheme as well as the constraints that limit MGNREGA's effective implementation.

There is a thread of optimism that runs through the chapters—the conviction that MGNREGA, if implemented effectively, can create vital rural infrastructure and address social and economic development concerns that will be sustainable.

*MGNREGA Sameeksha* will be a useful reference and resource for policymakers, academics, journalists, civil society organisations, social activists and general readers.

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