

## ***GIDR Occasional Paper Series 4, 2014***

# **Mahatma Gandhi National Rural Employment Guarantee (MGNREGA) Programme in India**

## **A Review of Studies on Performance Outcomes and Implications on Sustainable Livelihoods across States**

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**Contents**

	Page No
Executive Summary	5
Introduction	7
MGNREGA-Preview	8
Provisions of MGNREGA	9
Implementation Process	10
Performance of MGNREGA	10
Achievements of MGNREGA: Evidences from Empirical Studies	12
Major Limitations of MGNREGA	12
I. MGNREGA: Perspectives on Major Impacts	13
1.1. Gender and Social Empowerment	13
1.2. Environmental Services and Agricultural Productivity	16
1.3. Employment Generation and Multiplier Effects	19
1.4. Sustainable Rural Asset Creation	21
1.5. Income and Livelihood Security	23
1.6. Participation of Marginalized Communities	28
1.7. Food Security, Savings and Health Outcomes	33
1.8. Influence on Domestic Labour market and Labour Migration	36
II. MGNREGA Implementation and Outcomes across select states	39
2.1. Gujarat	39
2.2. Andhra Pradesh	41
2.3. Odisha	43
2.4. Uttar Pradesh	45
2.5. Madhya Pradesh	46
2.6. Haryana	46
2.7. Punjab	47
2.8. Kerala	48
Recommendations and Allocations	50
Conclusion	52
MGNREGA Phase II	55
References	58

**List of Tables**

Table 1	Performance of MGNREGA across different indicators	11
Table 2	Dalit women's participation in MGNREGA	14
Table 3	MGNREGA and employment and wage incomes of rural households	19
Table 4	Share (%) of poor rural workers in person days of wage employment generated by MGNREGA in Six survey districts, 2010	20
Table 5	Percentage Distribution of MGNREGA workers by type of their non-MGNREGA employment	21
Table 6	Works under MGNREGA during 3 years (2006-07 to 2008 -09)	23
Table 7	Share (%) of poor rural workers in person days of wage employment generated by MGNREGA in Six survey districts, 2010	29
Table 8	Person-Days of Employment per Household in MGNREGA Works	31
Table 9	Status of MGNREGA in Pati V/S Other Survey Areas	32
Table 10	Last Three Years MGNREGA works (crore person days)	33
Table 11	Impact of MGNREGA program on expenditure and savings of beneficiaries	35
Table 12	MGNREGS Progress at a Glance in Gujarat- November 2012-13	39
Table 13	Projected Employment Generation and Expenditure on MGNREGA in 12th Plan Period	52

**List of Charts/ Figures**

Chart 1	MGNREGA: Impacts and Sustainable Livelihood Outcomes	13
Figure 1	Wage Rates of Rural Casual Labour	15
Figure 2	MGNREGA profile in the selected districts of 5states with percentage of works implemented	17

## **EXECUTIVE SUMMARY**

This report is a detailed compilation of the status of implementation and performance outcomes of MGNREGA in India, as emerge from a critical review of the selected relevant literature (from the number of existing literature on the same brought out by researchers from different disciplines, policy makers and civil society organizations working at the grass root level.

The dynamism cast by the implementation of MGNREGA in India, as argued by majority of stakeholders has been quite encouraging as evident from the burgeoning size of empirical studies examining the status and outcomes of implementation and performance of the programme, both at micro and meso level. The programme is now implemented for past eight years and become integral part of social safety net for the large part of the population living in rural areas. Though over the years budgetary provision for the programme is increasing in monetary terms; many of the performance parameters of the programme has shown either stagnation or decline in recent years; of course with varying experience from across the states and districts within it. It is not surprising the questions are asked about the continuing of the programme itself in it's present form with such a huge fiscal commitment.

On the other hand the protagonists supporting the continuation of the programme are divided; while one section says the universal nature of the programme must be maintained in present form covering the entire country, the implementation part need to be looked into to make it relevant for the present time. On the other a section of protagonist are of the view the programme must be downsized and implemented in those areas where it is needed and the nature of work undertaken in MGNREAGS should include more non-farm activities keeping in view the changes happening in aspirations of rural population.

The current review take a critical look at the selected studies unraveling various impacts of MGNREGA both at micro and meso level; beginning from its inception in 2005. These studies have covered performance of MGNREGA by relevant performance indicators, in various states in both micro and macro settings, highlighting the common and unique issues emerged across these study sites related to the implementation of the MGNREGA and its functioning. Most of these studies were undertaken using appropriate methodology and some of them also used inter-disciplinary research methods relying on both quantitative and qualitative techniques.

One of the major findings of the current review is over the years the researchers found the programme is deviating from it's desired goal originally set by the planners. Various kind of leakages are found in the implementation of the programme; be it in giving mandated days of employment or payment of wages or participation of marginalized sections. It is also evident from the studies that were reviewed; often the gram sabhas or the official machinery responsible for the actual implementation could not undertake the mandated responsibility leading to wastage, siphoning of the public money and general discontentment against the programme. It is also found that beneficiaries often taken for ride for not knowing the nuances of the programme.

## *GIDR Occasional Paper Series 4, 2014*

Notwithstanding the lacunas given above; the above researchers also shows that MGNREGA have some impact on rural economy. There were evidences of increasing employment opportunity, better wage rate, and flexible working hours. The impact of the programme is noticed in strengthening rural institutions like gram sabhas, increase in access to financial institutions like banks, better gender parity in wages and employment opportunities for women, construction of essential physical infrastructures in the village, improvement in natural resource base of the village; mainly availability of water and greater accountability of government machinery because of people's right to work.

In spite of the glaring weaknesses, the review found the researchers have acknowledged the potential of MGNREGA as one of the most viable social safety net for rural poor. However, in order to achieve this, the continuous evaluation and reflections on the programme is needed by all the stakeholders. It needs to accommodate the changing aspirations of rural population. The gramsabhas need to be more proactive and beneficiaries need to be educated about the scheme. The programme should also expand it's ambit of work to be undertaken to make it sustainable over the period of time. Very little is known about how the programme itself has led to or having the potential to lead other sectors of the rural economy because of availability of extra cash in the hands of the people.

**Introduction:**

India is a country with vast majority of the workers depending on the informal sector for livelihood. 86 percent of the total workers belong to informal sector. However their share in national output is only 50 percent approximately. Most of these workers are either casual in nature or are self-employed. These workers have no security, no legal contract, no health benefits and other benefits extended to the workers of the formal sector (Kannan, K.P. and J. Breman, p.1). Their vulnerability is extended by the necessity to remain mobile due to the saturation and lack of demand in the primary agricultural sector. They generally have to work outside the place of their birth and face many uncertainties due to unfamiliar conditions, work expectations and job profile. Further they are, by and large, paid much less than the nominal wage for any particular job owing to basic limitations like lower education, poor skills and dearth of capital (ibid, p. 3).

The National Commission on informal sector has suggested a “levelling up” strategy targeted at promulgating a “social floor” of labour rights and standards improving the conditions of the workers by lowering the scale of multiple vulnerabilities which account for their misery (ibid, p. 6).

In days of lean seasons or failure of agriculture due to vagary of the nature, force many of these rural households (having no land or smaller holdings) to migrate under distress to sustain their families; especially from those areas where agriculture is basically depended upon monsoon (ref). Often these migrants end up in city slums, live in unhygienic conditions and supply the bulk of unskilled and semi-skilled labour to manufacturing and service sector in urban areas, often at lower wages than prescribed under law. Those who could not migrate depend upon meager assets which they sell or mortgage, cut back on their consumption including food, health care and education of their children (ref).

To address these issues discussed above the Government of India (GOI) came up with a new programme called Mahatma Gandhi National Employment Guarantee Act (MGNREGA) in 2006. The twin objectives of the programme were to create employment opportunity for rural population for certain minimum days in a year; as a matter of right and tap the vast reserve of under-employed and unemployed labour force in rural India, particularly women in time of agricultural crisis in particular and non-agricultural seasons in general. It is thought that the programme will be particularly help the rural population in lean seasons and reduce the distress migration, increase the purchasing power in general and create necessary physical asset in rural areas using untapped labour.

Targeting poverty through employment generation using rural works has had a long history in India that began in the 1960s. There were few notable precursors to the MGNAREGA act which were based on the theme of alleviating rural poverty through creating employment in rural areas. These were Food for Work Programme (FWP) of 1977 and three years later National Rural Employment Programme (NREP) was introduced in 1980. In 1989, the above programmes were merged into Jawahar Rozgar Yojana (JRY) implemented through panchayats for the first time; In 1999 the programme is revamped and rechristened as Jawahar Gram Swarojgar Yojna (JGSY),

reinforcing the role of panchayats with greater autonomy as sole implementing authority. In 1993 another different programme with same objective was launched, it was Employment Assurance Scheme (EAS), specifically targeting job creation for rural areas in lean agricultural months. This programme is implemented through zila parishads or district level elected body as the sole authority. In 2001 government merged the EAS and JGSY to converge employment generation, infrastructure development and food security in rural areas, the government integrated EAS and JGSY into a new scheme Sampoorna Grameen Rozgar Yojana (SGRY), village panchayats being sole implementing authority. Throughout these years the above programmes often overlapped and administered by different departments of the government. All these programmes suffered from poor coverage, wrong targeting and coherence among multiple agencies. Even entrusting these activities to panchayats yield little desired results. In 2006 the government integrated SGRY of 2001 and FWP reintroduced in 2001, into a new scheme called Mahatma Gandhi National Employment Guarantee Act (MGNREGA). The innovative feature of the scheme was getting employment for a certain number of days in a year becomes matter of right to the people, keeping in view the spirit of directive principles of Indian constitution (article 41; which directs all the states in India to ensure all citizens living in their jurisdiction right to work in line with the fundamental right to life guaranteed under article 21 of the constitution). The law originally proposed in September 2005 but rolled in 200 most backward districts in February 2006.

It has been argued that provision of employment to the rural poor is not an exclusive step; but has multi faceted effects on the economy. Unemployment is strongly correlated with poverty, thus, provision of gainful employment will help reduce the number of poor. Further, the provision of incomes enables livelihood security, decision making and bargaining power to the poor. The socially marginalized and ostracized communities are rejuvenated to fight for themselves. Local savings are boosted, adding to local capital formation. Even the female gender starts realizing its true potential and is willing to accept newer roles and responsibilities. Distress migration, constituting a significant proportion of migration in India, can be reduced considerably and its ill effects can be evaded. Besides, there are positive effects on physical and mental health also. By absorbing surplus labour in productive activities, pressure on agriculture reduces considerably which further boosts agricultural productivity. Thus, provision of gainful long term employment can result in many constructive spill-over effects on the society.

### **MGNREGA- Preview**

As mentioned earlier, Mahatma Gandhi National Rural Employment Guarantee Act, henceforth MGNREGA is a wage employment scheme, enacted by the government of India (henceforth GOI) in 2005, aims of providing 100 days of guaranteed employment to every rural household willing to work in unskilled activities. In a sense it is creating legal entitlements. If the State fails to keep that 100 days' contract, the State will have to pay an unemployment allowance. If it fails to do that, the complainant can go to the courts. Wages paid under MGNREGA would correspond to the minimum wages paid in the particular state, revised from time to time. It is a decentralized program involving the Gram Panchayats and other local authorities in the implementation and supervision of the scheme. Initially started in 200 most backward districts of



the country in 2006 the programme covers entire country today, nearly 619 districts covering all states had been included in MGNREGA.

MGNREGA was envisaged as a demand driven program where the work in a particular village is undertaken based on the demand from number of households demanding such work in a given year, the upper cap being 100 days per year per household. The costs to be shared by both the centre and states, though the larger part of the fiscal burden to be taken care by center as it has more resources. The centre will provide 100 percent funding of wages for unskilled manual work and 75 percent of material cost of the schemes including payment of wages to skilled and semiskilled workers while the States will fund 25 percent of material including payment of wages to skilled & semi-skilled workers cost. It was also decided that in case the states are unable to provide the required employment opportunities at the stipulated time, they will be entitled to an unemployment allowance to be paid by the respective states. This was thought to act as a deterrent for possible lags in implementing the scheme on the part of state government.

### **Provisions of MGNREGA**

The main provisions of Act are:-

1. Employment to be given within 15 days of application for work.
2. If employment is not provided within 15 days, daily unemployment in cash is to be paid.
3. Employment within 5 km radius, else extra wages to be paid.
4. At least one-third beneficiaries have to be women.
5. Gram Sabha will recommend works.
6. Gram Panchayat to execute at least 50 percent of works.
7. PRIs have a principle role in planning & implementation.
8. Transparency, accountability & social audit would be ensured through institutional mechanism at all levels.
9. Grievance redressal mechanism to be put in place for ensuring a responsive implementation.

The other intended benefits from MGNREGA apart from job creation and improving livelihood conditions of the rural poor are:

- 1) To reduce distressed migration from rural to urban areas and from one part of rural to another part of rural areas
- 2) Creation of durable assets in rural areas
- 3) Invigorating civic and community life and enlivening of PRIs as they have been entrusted to formulate, implement and monitor the scheme
- 4) Empowerment of rural women through opportunity to earn income independently and to participate in social groups
- 5) Overall development of rural economy
- 6) Promotion of inclusive growth and development
- 7) Multiplier effects on the economy

### **Implementation Process:**

MGNREGA was enacted to be implemented mainly in the rural and semi urban areas. It was implemented in three phases; in the first phase the most backward 200 districts in the country were included in the purview of MGNREGA. In the second phase, another set of districts slightly better off than the first phase districts were included. In the last phase, all remaining districts were covered. MGNREGA has a list of activities that can be undertaken for providing jobs, mostly focusing on creation of physical assets in rural areas through construction of public infrastructure, construction and restoration of canals, tanks, checkdams, protection walls, open wells and tube wells, building and restoration of village roads and land development among others. A job card had to be issued to the household after systematic registration of all the workers and noting down of the necessary details. The official structure and functioning of MGNREGA is discussed below.

At the Central level, the Department of Rural Development, Government of India, is in charge of implementation of MGNREGA in rural areas. It formulates policies and provides guidelines to the states and local governments to implement the scheme. At the state level, there is MGNREGA council headed by Chief Minister as the chairman and the Minister for Rural Development as the vice chairman. Further, the State Government is responsible for fixing rates to different works every year in consultation with the MGNREGA State Council. The district is the nodal unit for implementation of MGNREGA. The Collectors cum-District magistrates are the District Program Coordinators (DPCs) of MGNREGA works. The Project Directors of District Rural Development Agency (DRDA) work as nodal officers of the program. Moreover, at the district level, the most important institution is the Zilla Panchayat which acts as a nodal agency for the preparation of five year perspective plan based on village level plans as well as the annual plan of MGNREGA activities. At the Block level, the Block or Panchayat Samiti lies between the Gram Panchayat (GP) and Zilla Panchayat in implementation of MGNREGA works and plays a crucial role in implementation. The Block/Taluka level setup consists of Program Officer (PO), who is invariably the Block Development Officer (BDO). His chief responsibility is to ensure that anyone who applies for work gets employment within 15 days. The GP is the basic root of the three-tier Panchayati Raj system in India and is the nodal implementing body in the successful execution of MGNREGA. The GP is responsible for many activities including registration of households, issue of job cards, creation of awareness, planning and execution of works and maintenance of records. A coalition of all these, especially the GP, is necessary to for a successful planning, execution, monitoring, evaluation and grievance redressal mechanism of MGNREGA.

### **Performance of MGNREGA:**

There have been some significant achievements to the credit of MGNREGA. Since inception in 2005, the performance of MGNREGA has been somewhat wavering. In some states and in some indicators, it has performed above potential, while in others, it is found lacking in many respects. Overall, its performance cannot be considered to be flawless. There have been some revisions in the act as per the need of the hour, but in spite of these, there have been many areas where the act

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is found wanting. However over the years as the studies shows the experience from MGNREGA varies across states and within a given state.

**Table 1: Performance of MGNREGA across different indicators**

	FY 2006-07 200 Districts	FY 2007-08 330 Districts	FY 2008-09 615 Districts	FY 2009-10 All Rural Districts	FY 2010-11 All Rural Districts	FY 2011-12 All Rural Districts (P)
Number of HHs provided employment (in ₹ Crore)	2.10	3.39	4.51	5.3	5.5	5.04
<b>Person days (in crore) [% of total person days]</b>						
Total	90.5	143.59	216.32	283.6	257.2	216.34
SC	22.9[25]	39.4 [27]	63.4[29]	86.5[30]	78.8[31]	47.7[22]
ST	32.9[36]	42.1[29]	55.0[25]	58.7 [21]	53.6[21]	39.6[18]
Women	36.8[40]	61.2[43]	103.5[48]	136.4[48]	122.7[48]	103.8[48]
Others	34.6[38]	62.2[43]	97.9[45]	138.4[49]	124.8[48]	129.1[60]
Average person day per household	43	42	48	54	47	43
<b>Funds Allocated and Utilized (In ₹ Crore)</b>						
Budget Outlay	11300	12000	30000	39100	40100	40000
Central Release	8640.85	12610.39	29939.60	33506.61	35768.95	29189.77
Total available fund (including OB)	12073.5	19305.8	37397.06	49579.19	54172.14	48832.49
Expenditure	8824	15857	27250	37905	39377	38034
Average wage per day ( ₹ )	65	75	84	90	100	115
Average cost per day ( ₹ )	97	110	126	130	134	175
<b>Works Detail (in Lakh)</b>						
Total works taken up	8.4	17.9	27.8	46.2	51.0	82.5
Works completed	3.9	8.2	12.1	22.6	25.9	18.6
Water conservation	4.5[54 ]	8.73 [49 ]	12.79[46]	23.4 [51]	24.3[48]	44.1[53]
Provision of irrigation facility to land owned by SC/ST/BPL/S&MF and IAY beneficiaries	0.81[10]	2.63[15]	5.67[20]	7.73[17]	9.15[18]	9.52[12]
Rural Connectivity	1.80[21]	3.08 [17]	5.03 [18]	7.64 [17]	9.31[18]	17.9[22]
Land Development	0.89[11]	2.88 [16]	3.98 [15]	6.38 [14]	7.04[14]	7.69[9]
Any other activity	0.34 [4]	0.56 [3]	0.28 [1]	0.98 [2]	1.06[2]	3.06[4]

Source: Compiled and computed from the official report of MGNREGA 2013.

<http://nrega.nic.in/netnrega/WriteReaddata/circulars/Report to the people English2013.pdf>

Note: Data in [ ] brackets represent percentage figures.

Table 1 gives a statistical account of the performance of MGNREGA among different aspects and across different classes of society. Asset creation and utilization of allocated funds have also been used as an indicator to measure the success of MGNREGA. The table shows the participation of different vulnerable groups; women, Scheduled Caste (SC) and Scheduled Tribe (ST) have increased till 2009-10 and shows decline following years. The funds in terms of nominal figures increased all these years except for year 2012-13. The nominal figure for average wage paid also increased over time. However in terms of physical assets created, the programme shows an upward trend over the years, but a caution of words here will be appropriate, it may be due to the some of these works are taken over to the next year.

### **Achievements of MGNREGA: Evidences from Empirical Studies**

Various studies have shown promising trends in the MGNREGA. Seventy percent of MGNREGA expenditure is on wages. MGNREGA has significantly increased the bargaining power of labour. There has been an increase in overall average minimum wage paid to labourers working in agriculture, increase in number of days the agricultural labour households get the work and annual income of these households (Source: IIM Lucknow, NDUAT Faizabad). The study found that the household earning had increased by 69 percent from ₹ 2795 in 2006-07 to ₹ 4060 in 2008-09.

Distress migration has reduced in many parts (Source: Disha, NFIW, IHD, CSE) and there is livelihood diversification in rural areas. (Source: IIM Shillong, CSE, IHD). MGNREGA is used as a supplementary income source in non-agricultural seasons. (Source: IIM Ahmedabad) MGNREGA creates “Green Jobs” as 70 percent work relates to water conservation, drought-proofing, plantation and afforestation. Productivity effects of MGNREGA have been reported and there has been significant improvement in ground water (Source: ASCI, IHD), agricultural productivity and cropping intensity (Source: ASCI, IIT Roorkee). This has led to reduction in water vulnerability, agriculture vulnerability and livelihood vulnerability (ibid)

### **Major Limitations of MGNREGA**

Lack of awareness among workers, inadequate infrastructure and human resource at the Gram Panchayat (GP) level and inadequate deployment of personnel leading to non-maintenance of records, delayed measurement of works done, quality of assets have been identified as some of the barriers to more effective implementation of MGNREGA. Other concerns are related to delayed payment of wages and a weak grievance redressal system. In spite of existing demand for work, the target of 100 days employment has not been met in any of the districts, which is a dismal record for MGNREGA. Issues related to transparency and accountability continue to haunt and weaken its performance further. Payment of wages has neither been timely nor adequate, thus creating doubts in the minds of workers regarding the efficiency of such a program. The vision of the officials has been very myopic and needs to broaden if these issues need to be addressed.

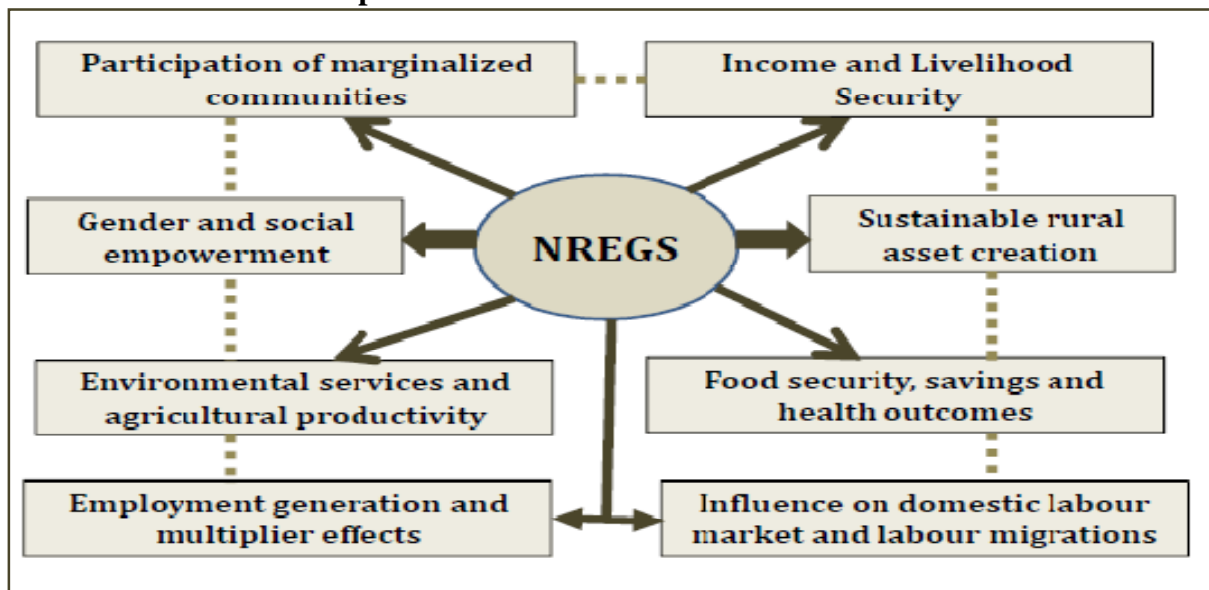
This report makes an attempt to discuss all possible components of MGNREGA and all aspects affected by, and affecting it. Following the introduction, there is a detailed study of the impact of

MGNREGA on different socio-economic-environmental indicators as discussed above. As far as possible, the analysis is substantiated by relevant quantitative and/or qualitative data provided in different literatures on MGNREGA.

## **I. MGNREGA: Perspectives on Major Impacts**

A broad framework as presented in Chart 1 aptly describes the impact of MGNREGA on different social and economic indicators of the district in particular and the country in general, as emerge from the vast literature. We shall try to examine the performance of MGNREGA under each of these heads specifically with the aim of finding out whether any particular steps have been carried out under MGNREGA focusing on each of these broad guidelines. We are of the opinion that such a comprehensive study regarding MGNREGA has not been carried out till now and this report would be one of a kind in the already substantial literature on MGNREGA.

**Chart 1: MGNREGA: Impacts and Sustainable Livelihood Outcomes**



*Source:* Viswanathan and Rudra N. Mishra, Inception Report Submitted to the ICRISAT on March 22, 2013.

### **1.1. Gender and Social Empowerment**

One of the arguments strongly favoring MGNREGA was its contribution towards gender empowerment in particular and social empowerment in general. With a view to include women in the labour force, MGNREGA came up with the norm of at least one third of the workers should be women in the activities carried out under the programme. It has been noted in many states there are more women worked in MGNREGA than males. This is because in some districts, male wages from non- MGNREGA activities (both agricultural and non-agricultural) is found to be much more than MGNREGA wages. Other benefits like flexible working hour, nature of activities undertaken and equal wage rate for both male and female workers results in higher participation of women in the programme. Further, flexibility of timings helps women take care of house and job. Reduced influence from contractors and formation of social groups

within work zones reduces the fear of exploitation and encourages women to participate more. Also, under MGNREGA, work is provided within 5 km radius of the worker's residence, much to the relief of women who do not have to move long distances in search of work.

As far as awareness regarding the benefits of MGNREGA like equal wages for males and females is concerned, initially there was very low knowledge. However, overtime, many NGOs and other voluntary organizations have joined hands to promote awareness regarding the benefits of MGNREGA among women. The Dalit Women's Livelihood Accountability Initiative (DWALI) supported by the fund for gender equality is one such initiative that has contributed substantially in bringing about changes in the lives of marginalized Dalit women in eight districts of Andhra Pradesh and Uttar Pradesh. Due to DWLAI thousands of Dalit women are more empowered socially, economically and politically. They are able to exercise their rights to claim the benefits provided by the very important and progressive MGNREGA. Other facilities like provision of crèches at worksites may not have been made keeping women in mind but have helped increase women participation. Table 2 shows the impact of such initiatives on the participation of Dalit women.

**Table 2: Dalit women's participation in MGNREGA**

<b>Indicator</b>	<b>2009</b>	<b>2011</b>	<b>% Change</b>
Dalit women who participated in MGNREGA work (No)	2,811	14,174	404.1
Dalit women who participated in at Panchayat meeting (%)	6	4	-33.3
Dalit women who worked as mate (No)	0	80	
Dalit women with bank account in their name (No)	1,547	9,099	488.2
Involvement of Panchayat raj leaders to access MGNREGA for Dalit women (No)	19	115	505.3

*Source:* (1) Updated data provided by grantees, as of September 2011. (2) 2009 data derived from the baseline survey report. Cited from 'Evaluation of UN Women Fund for Gender Equality Economic and Political Empowerment Catalytic Grant Programme: "Dalit Women's Livelihoods Accountability Initiative" India, 2012, p. 28.

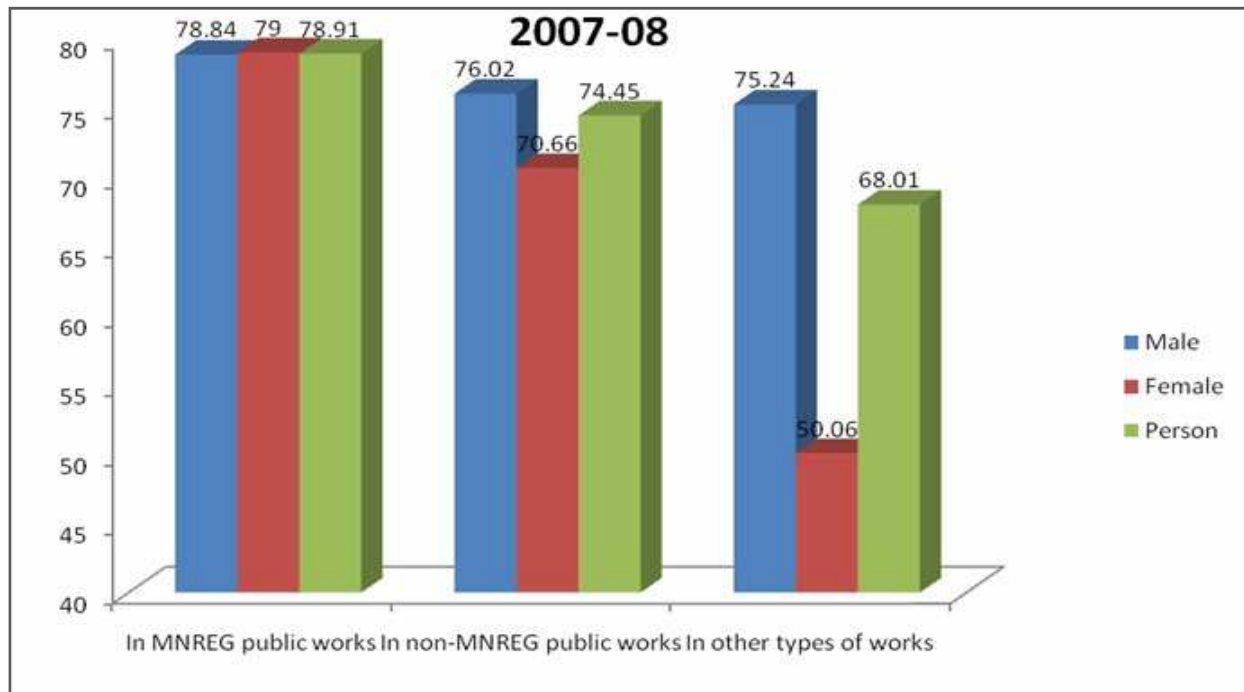
The programme has had positive effects on women workers in the rural labour markets. The wages paid to casual female workers in rural areas under MGNREGA works is almost equal to male wages, which is in sharp contrast to the non-MGNREGA public works and other works in year 2007-08, as seen in Figure 1 below.

Thus, empowerment of rural women has emerged as an unintended consequence of MGNREGA. Women have benefited more as workers than as a community. Women as individuals have gained because of their ability to earn independently, made possible due to the paid employment opportunity under MGNREGA. Independent and monetized earnings have increased consumption choices and reduced economic dependence. This has helped women in registering their tangible contribution to the household's income. The overall effects of these have translated into an increased say for women in household affairs. Women as a community, however, have been slow in realizing the potential benefits of the scheme. Nevertheless, their increased presence in the gram Sabha, the increasing number of women speaking out in the gram Sabha, frequent interactions with government officials and PRI representatives, and access to banks and



post offices are new developments. Additionally, the participation of women in MGNREGA has reversed the traditional gender roles, albeit in a limited manner (Pankaj, Ashok and Rukmini Tankha, 2010).

**Figure 1: Wage Rates of Rural Casual Labour**



Source: Cited from [http://www.macrosan.org/fet/jan11/fet110111Public\\_Works.htm](http://www.macrosan.org/fet/jan11/fet110111Public_Works.htm)

On the flipside, working hours for women have increased; leisure time has vanished; and there are physical and emotional strains related to such work. Lactating women and women with young children work under emotional strain, as they remain separated from their children for long hours. Further, rise in real wages combined with equal pay has also improved their bargaining power in the society. Women have regained confidence to fight for their rights and bargain to achieve the best for themselves (ibid).

The high participation of women ensures horizontal spread of benefits. Realization of greater numbers of person days ensures better individual-level effects. Districts with high SC and ST populations and states with high human and gender development indicates greater levels of state and civil society mobilization. However, other than SC, ST, and OBC women, others are not forthcoming in availing this paid job opportunity (ibid).

Apart from implementation issues, there are social and cultural contexts that restrict women's participation in some places. Persistent social and community mobilization and a proactive role for the state can compensate for some of these social and cultural deficits. This will also be helpful in bridging the gap between work participation and process participation (ibid).

Certain initiatives and changes can also prove helpful. The realization of sufficient numbers of person-days to earn a critical minimum income that triggers household-level effects is the first condition. Timely payment of wages through individual accounts of women workers encourages participation, and greater control over earnings. A daily wage system instead of wages as per the SOR has been helpful in realizing minimum wages. The experience of Himachal Pradesh is proof of this and the Act does not prohibit it. Alternatively, a gender-sensitive SOR, as has been introduced in Bihar, it can be experimented within other states as well. Working conditions need to be made more conducive by enforcing and strengthening existing provisions and adding new ones. For example, breastfeeding breaks for lactating women and flexibility in working hours may be considered (ibid).

Crèche provision may be linked with the Anganwadi or Integrated Child Development Services (ICDS) centres, panchayat bhavans, local school buildings, etc, to make them more practical. Among others, maternity relief for women, along the lines of MEGS, make-shift toilets at the worksite and innovations in work instruments so as to reduce work drudgery may be adopted. Increased participation in procedural aspects and greater control over the types and management of assets can increase social and community benefits. The Kerala model of linking MGNREGA with women's groups (Kudumbashree) may be useful for greater process participation. A minimum representation of women among the MGNREGA functionaries like program officers, Rozgar Sevaks, ombudsmen, members of vigilance and monitoring committees, mates, etc, would be useful. Some of the assets created, if properly chosen, may reduce the load of unpaid work like fetching water, fodder, etc. Creation of skill-generating assets like horticulture or fisheries through ponds can also be further explored to ensure better lateral benefits from such assets (ibid).

### **1.2. Environmental Services and Agricultural Productivity**

Environmental safety and sustainability is one of the most important issues demanding focus of the government officials and other authorities. Irrational use of environmental resources without any thought to preservation has led to serious depletion causing irreparable harm. We have now reached a condition where we cannot afford to ignore environment anymore. Hence, any program that is implemented has to be examined in terms of its effects on environment. As we progress more and more towards becoming a developed country, simultaneously, we are experiencing deteriorating climatic conditions. As of now, there exists some trade-off between environment and development. However, if we continue to exploit environment at the same pace, very soon there will remain no trade-off between the two and we will have to sacrifice one to obtain the other, which is a terrible outcome for any nation, let alone India. No country can hope to progress economically without the presence of environment.

In the light of this argument, it becomes important to evaluate the impact of MGNREGA on environment also. It is argued that MGNREGA will help recharge soil, prevent soil erosion, control floods, raise ground water levels and protect the moisture content in the soil and air. As a consequence, it will not only increase employment and reduce poverty through these activities, but will also contribute to improvement in environmental conditions. This is a positive sign for India as it relies heavily on agriculture for employment and output effects, which is adversely

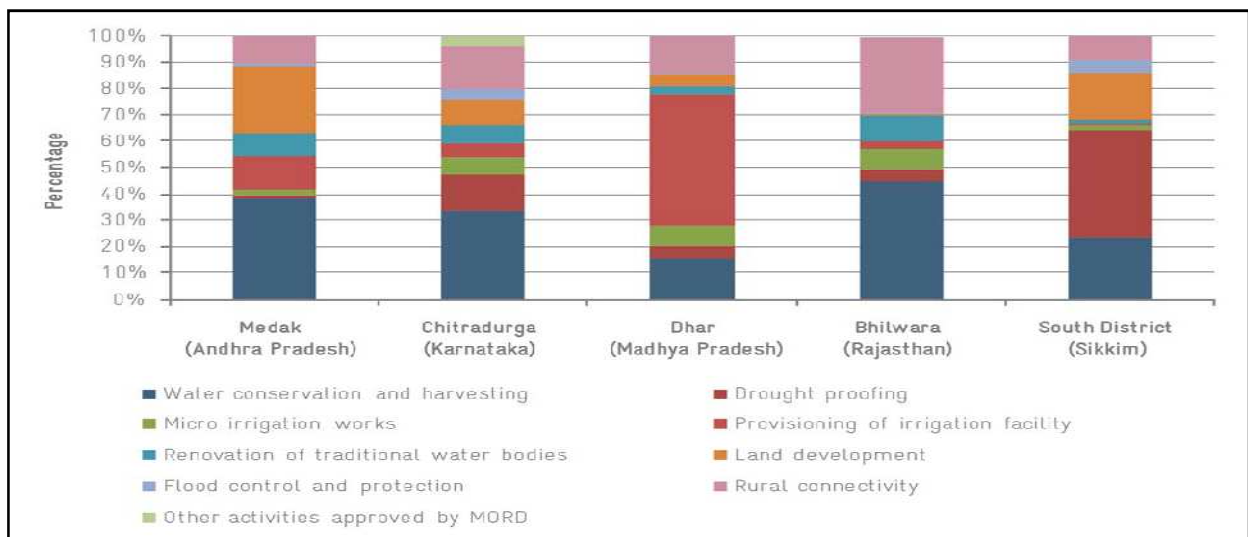


affected by vagaries in climatic conditions. Improvement in agriculture will help farmers raise incomes and come out of poverty, along with adding to national production, productivity and incomes. This is another argument voiced in favour of MGNREGA by many of the supporters.

However, it is imperative to not get carried away by such claims and examine the actual impacts of MGNREGA on environment objectively. Many authors are of the opinion that improvement in agricultural productivity is not directly related to environmental sustainability. Further, the impact of MGNREGA on water harvesting and soil reclamation should be examined in a water scarce region. During and after rainfall seasons, the water content in the soil and ground will obviously be higher irrespective of the presence or absence of MGNREGA. Most studies relating MGNREGA and environment have focused on qualitatively superior regions for their study. However, these regions will represent a good quality environment only. In such cases, the actual impact of MGNREGA on environment is uncertain. Only a comprehensive analysis evaluating environment standards pre and post MGNREGA will be able to give a clearer picture of actual impacts of MGNREGA on environment (Kumar, 2011).

The MGNREGA works are largely focused on land and water resources, which include: water harvesting and conservation, soil conservation and protection, irrigation provisioning and improvement, renovation of traditional water bodies, land development and drought proofing. These MGNREGS works have the potential to generate environmental benefits such as ground water recharge, soil, water and biodiversity conservation, sustaining food production, halting land degradation and building resilience to current climate risks such as moisture stress, delayed rainfall, droughts and floods (Tiwari et al., 2011; MoRD, 2012).

**Figure 2: MGNREGA profile in the selected districts of 5 states with percentage of works implemented**



Source: Reproduced from the article: 'Environmental Benefits and Vulnerability Reduction through Mahatma Gandhi National Rural Employment Guarantee Scheme', IISc, Bangalore, p. 9.

## *GIDR Occasional Paper Series 4, 2014*

It has been observed that MGNREGA has helped improve ground water levels, drought proofing and flood control have helped retain the moisture in the soil and increased its fertility. MGNREGA has also taken up plantation of trees and fruit orchards, thus increasing carbon sequestration and mitigating climate change. Development of irrigation facilities has improved the productivity of soil and increased production of crops. Total area under cultivation has risen due to water harvesting and conservation techniques. MGNREGA focuses on all round environmental preservation and improvement. It has specially designed specific schemes and activities to target specific areas like water, land, crop production and forests.

A study of five districts namely Medak (Andhra Pradesh), Chitradurga (Karnataka), Dhar (Madhya Pradesh), Bhilwara (Rajasthan) and South District (Sikkim) reveals that water conservation has been given priority in all the districts. Further, provision of irrigation facility, rural connectivity and land development has also been given adequate importance in all the districts on an average. However, in other works, most of the districts fair poorly (IISC, 2013, pp. ii-iii).

In terms of other indicators also, a positive outcome is observed across all districts. The report confirmed that ground water level and availability increased in the surveyed villages, clean drinking water was available for a longer duration than before. Irrigation facilities were provided in all the districts and this augmented production and productivity. Soil erosion reduced in almost all the districts. Desilting of dams, tanks and percolation tanks was carried out regularly, which ensured that less saline water was transported to the fields. On one hand, area under cultivation increased as more land was made cultivable, while on the other hand, intensive farming led to increase in per hectare production as well. Thus, employment opportunities increased manifold in agricultural and non agricultural activities. The quantity and quality of crops grown in the fields has increased and the diversity is apparent. The climate across these five districts has been much less vulnerable than it was before (ibid, pp. iii-v).

In spite of such welcoming trends, one should be cautious while drawing generalization about the impact of MGNREGA on environment. It is obvious that environment is a very large entity, affected by numerous socio-economic factors. A very large database spanning at least 40 to 50 years is required if we need to undertake a comparative study of any kind regarding environment. However, most studies do not avail of such comprehensive database. Further, most studies are single- point measurement studies lacking periodic time series monitoring. Data constraints are one of the most impeding factors in such studies. Moreover, a study of very few districts cannot give a broader picture of the performance of MGNREGA across each and every district. Large scale variations observed even in few of the villages will make the entire study futile. It is also difficult to obtain a pre MGNREGA scenario describing the environmental conditions before the implementation of MGNREGA. Hence, a comparison of pre and post MGNREGA is unfeasible, and without making a comparison, it is inappropriate to conclude that MGNREGA has improved the environmental conditions of a particular area. All these factors have to be kept in mind before correlating MGNREGA with climate change (ibid).

### **1.3. Employment Generation and Multiplier Effects**

Employment generation has been one of the most important issues for the government of India since independence. It was well known that the traditional industries of India had been completely destroyed by the British. Not only that, even agriculture had been reduced to its lowest level. Hence, it was obvious that the government would have to undertake strong steps to ensure rapid increase in employment. However, the government was unable to create enough job opportunities to absorb the increasing population. Ignorance of agriculture, excessive encouragement to capital intensive industrialization, dependence on public sector, sidelining private sector and inconsistent attention to the labour intensive activities gradually formed an economic structure with high and increasing supply of labour and slowly progressing demand for labour. The resultant effect was that the unemployed labour force swelled beyond proportions. So much so that every year, the government is engulfed in the cycle of clearing the backlog of unemployment only, without any consideration of the labourers joining the bandwagon in the current year.

To target employment directly, the government launched a series of wage employment and self employment related schemes. However, it enjoyed limited success due to much social, political and economic interference. Even after many amendments and improvements, the extent of unemployment kept increasing. Further, in the last two decades, the number of educated unemployed has been increasing rapidly, raising serious questions on the efficacy of the education sector and its absolute irrelevance to the demands of the labour market. As a consequence, the government faced serious pressure to make the education sector more robust and responsive to the current trends along with encouraging more labour intensive activities to absorb the skilled and the unskilled.

**Table 3: MGNREGA and employment and wage incomes of rural households**

	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
Government expenditure on MGNREGA as percent of GDP (in current prices)	0.22	0.35	0.53	0.65
Number (million) of households provided with Employment under MGNREGA	21.0	33.9	45.1	52.6
Person days of employment provided per household under MGNREGA	43.0	42.0	48.0	53.9
Number (million) of households provided with 100 days of employment under MGNREGA	2.1	3.6	6.5	7.1
Wage ( ₹ ) paid per day of employment	65.0	75.0	84.1	90.2
Total wage income generated by MGNREGA (Million ₹ )	58825	107692	182004	255793
Total wage income earned from employment in agriculture (million ₹ )	793600	908600	1030884	1152759
Increase (%) in wage income of rural households attributable to MGNREGA	7.4	11.8	17.7	22.2

*Source:* Authors' estimates based on data available from MORD; Ministry of Statistics and Programme Implementation; and Planning Commission.

At the backdrop of such challenging conditions, the implementation of MGNREGA came as a relief for the government as it ensured employment for all those unskilled workers who were willing to work. Although modest in scale at the beginning in 2006-07, MGNREGA expanded quite rapidly and, by 2009-10, had become the largest ever special wage employment programmed not just in India but in the world. Nearly 53 million rural households were reportedly provided with 2862 million days of wage employment under MGNREGA (Table 3).

However, there is much scope for improvement under MGNREGA. For, an average rural household got only 54 days, instead of the promised 100 days, of employment in 2009-10, and just 13 percent of the rural households (who found employment under MGNREGA) actually got wage employment for 100 days. The wage paid per day of employment also remained below the stipulated Minimum wage of ₹ 100. If the obligation of the government defined by MGNREGA is to be fully met, considerable further expansion of MGNREGA will have to occur. Despite the incomplete and deficient implementation, however, MGNREGA appears to have already brought substantial gains in wage incomes for the poor households in rural areas. In 2009-10, for example, MGNREGA increased the combined wage income of poor households in rural India by as much as 22 per cent beyond what they would have otherwise earned. A brief review of employment and wages provided under MGNREGA is specified in Table 3.

**Table 4: Share (%) of poor rural workers in person days of wage employment generated by MGNREGA in Six Survey districts, 2010**

<b>Percent Share</b>	<b>Kurnool</b>	<b>Medak</b>	<b>Gaya</b>	<b>Purnia</b>	<b>Tonk</b>	<b>Udaipur</b>
SC/ST workers	45.8	53.7	92.6	60.4	56.0	54.6
Workers from landless and marginal farmer households	67.9	72.9	99.6	99.6	80.1	93.7

Source: taken from Ghosh, pp. 6.

There is a fair amount of evidence to suggest that it is mainly the workers from poor rural households who seek wage employment under MGNREGA. Data from MORD show that workers from Scheduled Castes and Scheduled Tribes (henceforth SC/ST) households – known to be the poorest households in rural areas – form a majority of the workers employed under MGNREGA (even though they constitute a minority of the rural workers). The data from the IHD survey, presented in Table 4, strongly corroborate this and also provide some additional evidence to show that it is indeed the poor who seek and get employment under MGNREGA. Thus the survey finds a large majority of the workers employed under MGNREGA to be from landless and marginal farmer households – the poorest households in rural areas. The provision that MGNREGA would only provide unskilled manual work seems to have served its purpose of reaching the poor (through a process of self-selection) admirably well (Ghosh, pp. 6).

**Table 5: Percentage Distribution of MGNREGA workers by type of their non- MGNREGA employment**

	<b>Kurnool</b>	<b>Medak</b>	<b>Gaya</b>	<b>Purnia</b>	<b>Tonk</b>	<b>Udaipur</b>
Casual labour in agriculture	74.0	98.3	60.3	77.8	29.2	30.8
Self-employment in agriculture	20.6	0.0	4.3	4.9	42.9	61.3
Self-employment in agriculture	2.2	1.13	20.3	6.2	10.4	4.6
Self-employment in non-agriculture	1.3	0.0	2.2	1.3	7.9	1.3
Self-employment in non-agriculture	0.0	0.0	12.5	9.3	2.1	0.8
Others	1.9	0.4	0.4	0.5	7.5	1.2

Source: taken from Ghose 2011, pp. 7.

The assumption that the main non-MGNREGA wage employment of the workers employed under MGNREGA is casual wage employment in agriculture also seems to be well founded. Data from the IHD survey in states of Andhra Pradesh, Bihar and Rajasthan as presented in Table 5 show quite clearly that a large majority of the workers employed under MGNREGA usually work in agriculture, either as self employed or as casual wage labourers (Ghosh. 2007, pp.7). Thus the principal source of wage income for both the self-employed and the casual wage labourers is casual wage employment in agriculture. Between 2009-10 and 2011-12, the total work generated by this flagship scheme declined from 284 crore person days to 211 crore person days. That's a dip of about 25 percent over the first three years of UPA-2 (Times of India, 3/2/2013, article 28 of compiled review).

However, overall, there is a significant decline in the job opportunities available under MGNREGA across all states. This is a very depressing as it not only means lesser job opportunities, but also reduces the number of productive activities going on there. The data for January 2013 show that in Karnataka, there was a 65 percent decline in MGNREGA jobs, while in Rajasthan, it was 53 percent, in Assam it was 52 percent, 47 percent in Gujarat, 45 percent in Bihar and 40 percent in MP. This is extremely disappointing (Times of India, 3/2/2013, article 28 of compiled review).

#### **1.4. Sustainable Rural Asset Creation**

Provision of gainful and productive employment to the citizens of any country is one of the fundamental duties and responsibilities of the government. This duty becomes all the more important in developing countries owing to majority of rural population, excessive dependence on agriculture, high levels of poverty and unemployment and weak occupational structure. Public Works Programs are seen as the best solution to such problems faced by the developing countries. For one, they increase the employment opportunities within the country and help absorb the increasing labour force and reduce the pressure on agriculture. Secondly, they also add to the productive potential within the country and contribute towards capital formation. In India, the Public Works Department was established during the British Rule itself to supervise

and undertake the construction and maintenance of transportation. However, after independence, and more importantly in the recent decades, its role has become much more significant in view of increasing unemployment and underemployment.

In early discussions on public works programs in India, there was a view that their primary role should be provision of short-term relief, with elimination of poverty being achieved through the normal process of agricultural growth. The underlying fear was that a productivity- raising emphasis would encourage excessive expenditure on capital equipment and administration as well as skilled labour. However, with the passage of time, it was realized that in a country like India, providing short-term relief will not be sufficient because, on one hand, agriculture has saturated itself and the possibility of further growth seems unlikely, while on the other hand, the industrial sector has not developed enough to absorb the entire surplus labour. These problems are further aggravated by continuous rise in population. Hence, it was observed that PWDs should not aim at temporary relief, rather should be planned in such a way as to guarantee long term productive employment. It is here that MGNREGA stands head and shoulders above other wage employment programs.

MGNREGA would ensure at least six outcomes – one, that the employment guarantee would not merely provide relief in times of distress, it would also be a move towards long-term drought and flood-proofing of Indian agriculture; two, this would shift the economy on to a more sustainable growth path, less vulnerable to the vicissitudes of nature; three, this growth will be a more effective instrument for reducing poverty because we now know that the impact of growth on poverty is higher in areas where social infrastructure is more developed; four, the number of people who depend on a state sponsored employment guarantee would steadily decline over time. As the condition of their farms improves, people will no longer need to look for work under MGNREGA; five, the expenditure incurred on the employment guarantee would be non inflationary because it will spur agricultural growth upon whose foundation a whole range of sustainable livelihoods could be built; and six, by fuelling successive rounds of private investment, it will also set up a multiplier of secondary employment opportunities (Shah, 2007).

MGNREGA activities solely focus on generation of employment through creation of durable assets. For instance, construction of concrete roads within the villages connecting them to urban centres, towns or major roads would employ unskilled laborers and also improve transportation within and outside the villages. Similarly, construction of buildings for schools, colleges, hospitals or industries will encourage further socio-economic development signaling long term employment. Another area where MGNREGA can be extremely successful is creation of wells, tube wells, canals and other sources of irrigation. The uncertain nature of rainfall in India makes farming extremely difficult and vulnerable to climatic vagaries. Development of irrigation facilities will not only increase employment opportunities for the unskilled but will also raise the production productivity of agriculture by encouraging multi cropping and intensive farming, which in turn will increase labour productivity. The case of Ratu block in Ranchi district of Jharkhand is a typical example of how MGNREGA can help create durable assets for the economy. Wells constructed under MGNREGA, although via a lot of corruption and malpractices, helped farmers irrigate their lands adequately, take multiple crops in a year, use water for drinking, bathing and washing activities and raise their incomes substantially. Similar



examples and cases can be cited where MGNREGA has helped in improving the overall work conditions in districts (Aggarwal 2012, Gupta et.al 2012).

The success of MGNREGA should be judged not by the large number of unskilled manual labour which is coming out to dig roads, but to be able to say that we have created sustainable rural livelihoods through the rejuvenation of water, land and forests. In fact, water conservation has been a top agenda in many of the MGNREGA activities. The basic thought process underlying MGNREGA is to create employment opportunities for the rural and semi-urban unskilled poor in course of development of sustainable assets related to land, water and forests, whereby, after the construction activities are completed, the workers can engage themselves in agriculture to take advantage of the good quality land and water. Some of them can also engage in forest related activities. All in all, MGNREGA is to be used to re-build our traditional agricultural set up and conserve our depleting natural resources using our human capital productively. Table 6 gives an account of different types of work associated with water conservation undertaken under MGNREGA (Sharma Rita, 2009).

**Table 6: Works under MGNREGA during 3 years (2006-07 to 2008 -09)**

Type of Work	Number of Total Works (Lakhs)	Total Expenditure ( ₹ Crores)	Benefit Created (million units)
Water Conservation and Water Harvesting	9.08	14,600	251 Cu Mt.
Renovation of Traditional Water bodies	3.38	7,000	272 Cu Mt
Micro Irrigation Works	2.20	2600	0.1 Km
Provision of Irrigation facility on Private Lands	7.66	3000	0.2 Hectare
Drought Proofing (Afforestation)	2.72	4000	1 Hectare
Land Development	6.40	4700	2 Hectare
Rural Connectivity	7.11	16,400	1 Km

Source: Cited from MGNREGA for Water Management, 30<sup>th</sup> October, 2009 ORF series.

Drought Proofing and Flood Control are two very important works essential in India as we face extreme rainfall patterns across the country. In some areas, there is excessive rainfall causing floods every year, while in others, there is acute/severe shortage of rainfall, causing droughts. Both the extremities cause tremendous damage to crops, affecting the overall economic stability. Hence, it is of utmost importance that we can create some infrastructure to combat these uncertainties and mitigate the effects on production. MGNREGA has been proved successful in some districts in India, creating suitable and sustainable structures for drought proofing and flood control. Nevertheless, it needs to be assessed whether these structures are actually beneficial or not, and, further, whether the same can be extended to other areas also.

### **1.5. Income and Livelihood Security**

A number of employment related schemes have been implemented in India to solve the problems of increasing unemployed. In fact, reduction of unemployment was one of the fundamental

objectives of planning process in India. However, an analysis of those schemes brings out the fact that most of them would assure employment but were not very successful in providing adequate wages for the poor. For instance, self employment schemes would ensure skill building and training of the poor; however, there were not many opportunities or adequate capital whereby the trained and skilled could showcase their talent and earn income for themselves. On the other hand, the wage employment schemes were not only temporary in nature but also faced many hurdles in wage payments due to corruption and other malpractices. Thus, the poor were in a pitiable situation, facing tremendous income and livelihood uncertainties.

The implementation of MGNREGA came as a relief to these vulnerable classes of society as it guaranteed not only wage employment for the present, but also created enough capital assets to get employed in future. MGNREGA promises 100 days of employment at the minimum wages. Firstly, it provides wages corresponding to the stipulated minimum level set by the government of that district. Secondly, as Gram Panchayats are the main officials managing and supervising MGNREGA, chances of manipulation decrease as there is the condition of proximity. Thirdly, MGNREGA entitles that wages should be paid immediately after completion of the work. Fourthly, the presence of job cards enables that wages go to the needy and deserving only. Numerous cases can be cited where MGNREGA wages has helped families not only survive extreme poverty but also to maintain their livelihood. Aged physically challenged and extremely poor people who were incapable to migrate to urban areas for work have found sufficient employment through MGNREGA and they are able to earn for their families. Women, especially widowed and single mothers, have also benefitted greatly through MGNREGA. They can take of their house work and family; at the same time, they can also earn money through simple works in MGNREGA. Such cases have been recorded in many districts. Some families have also been able to save money earned through MGNREGA for other basic needs like health and medicines.

However, in spite of being one of the best wage employment programs on paper, MGNREGA has not been equally successful in theory. In fact, a lot is to be desired from MGNREGA as far as implementation is concerned. Quantitative data as well as case studies have shown the MGNREGA has been successful in some districts but has failed miserably in most of them. Many workers have complained of moderate to significant delays in wage payments. There have been cases reported where the wages have not been paid at all. Although the GPs are considered to be official heads, in many instances, they themselves are corrupt or are forced into one or other kind of malpractice involving funds. In some villages, the allocated fund is siphoned away by the officials, and no work has been recorded. In others, the workers are paid some bribe and the money is embezzled by the officials, the workers do not have to work in the projects. Further, in almost all villages, the wages paid are much below the minimum wages in the district but the workers are hesitant to complain against this as they are threatened or face extreme poverty. The number of days for which work is provided is also much less than the stipulated 100 days fixed by the government. Owing to such limitations, some of the beneficiaries feel that either the implementation of MGNREGA should improve or it should be totally scrapped as it breeds more exploitation at the grass root level, pushing to poor to further backward socio-economic conditions.



One suggestion to reduce the number of wage related malpractices taking place in MGNREGA is to infuse certain extent of technology and banking practices into it. Many observers have advocated the payment of wages through bank accounts, instead of cash payments. The main advantage of this approach is that it reduces the likelihood of any fudging of the muster rolls on the part of the implementing agencies (e.g., the gram panchayats), since the actual wage payments are beyond their reach. It can be seen as an example of “the separation of payment agencies from implementing agencies”, adopted by several states (in various forms) as a safeguard against the embezzlement of MGNREGA wages. Bank payments of MGNREGA wages have already been introduced in a number of districts, and are likely to be used more widely in the near future (Vanaik 2008, Siddhartha, 2008).

A case study of Mayurbhanj district (Odisha), carried out in October 2007 narrates the impacts of infusing banking technology into MGNREGA. A small team visited three blocks of Mayurbhanj district (Joshipur, Betnoti and Suliapada). It covered four randomly-selected gram panchayats (GPs) within each block and one worksite in each GP. One worksite in each block was selected for detailed muster-roll verification and a questionnaire was filled at each worksite (ibid).

Within Odisha, the system of paying MGNREGA wages through bank accounts was pioneered by Mayurbhanj. Beginning from late 2006, by May 2007 most blocks in Mayurbhanj had initiated the practice of paying labourers through bank or post office accounts. The fundamental attraction of the use of bank accounts for MGNREGA wage payments in Odisha is twofold. First, as mentioned earlier, it separates the payment agency from the implementing agency, thus making corruption far more difficult. Second, it ensures that money sanctioned for wage payments can be received only by the labourer listed on the muster rolls. It eliminates the possibility of any intermediaries – whether a contractor or a government official – getting their hands on the money without the knowledge of the labourer. Once this possibility is eliminated, other records like muster rolls and job cards should fall into place, since there is little incentive to fudge them if you cannot get the money at the end of it. Bank accounts of the workers have been opened in many banks (nationalized, commercial and regional rural banks), while the mode of payment differs in each district. Nevertheless, proper wage payments have been made (ibid).

Nonetheless, it cannot be ignored that wage payment through banks is a recent innovation. Bank payment means interaction of an external system with MGNREGA processes, which is bound to present some policy challenges as well as compatibility issues like:

- (a) Excess Burden and Bank Reluctance:
- (b) Delays
- (c) Distance
- (d) Complication of Records: Muster Rolls, Job Cards and Passbooks
- (e) Continued Vulnerability to Deception
- (f) Incomplete Separation of Implementing and Payment Agency

The system of bank payments for the MGNREGA in Odisha looks set to be expanded, with a number of other districts preparing to take it on as the model for removing corruption and ensuring correct payments. However, there seems to be little discussion of how a qualitative

improvement can be brought about in the system. Some thought needs to be put into the strengths and weaknesses of the system before such expansion occurs. Last but not least, it is important that bank payments should not be seen as superseding the other transparency measures that the MGNREGA sets in place. In particular, accurate maintenance of job cards and muster rolls must be strictly enforced. From Mayurbhanj itself, it is clear that bank payments, in and of themselves, cannot eliminate corruption. Improving the system of bank payments can only go part of the way towards that end. Building a culture of transparency and accountability in the implementation of MGNREGA remains extremely important (ibid).

A similar survey was carried out in December 2008 in one block each in Allahabad (Uttar Pradesh) and Ranchi (Jharkhand) districts to examine the impact of introducing banking in MGNREGA wage payments. The survey findings are, in some ways, encouraging. We found that the direct transfer of wages into workers' bank accounts is a substantial protection against embezzlement, provided that banking norms are adhered to and that workers are able to manage their own accounts. Respondents had a fairly positive attitude towards bank payments, and an interest in learning how to use the banking system. While the rushed transition to bank payments (in 2008) created a certain amount of confusion and chaos, the prospects of effective use of banks as a payment agency for MGNREGA seem reasonably good (Adhikari and Bhatia, 2010).

However, the survey also points to some serious issues related to the use of post offices as a payment agency, including poor record-keeping and their inability to cope with mass payments of MGNREGA wages (these issues require further probing, given that there were few post offices in our sample). In remote areas, large distances to the nearest bank or post office also cause much hardship to the MGNREGA workers (ibid).

Further, it is important to realize that that this new system of wage payments is far from foolproof. As workers familiarize themselves with the banking process, cases of embezzlement through "deception" and "exploitation" will reduce (in fact, they have already declined substantially), but the possibility of embezzlement through "collusion" remains. The risk of manipulation is particularly high in areas with a feudal and exploitative social structure, where MGNREGA workers are easily manipulated. This is, perhaps, the main message of the Deogarh scam, where the banking system was swiftly integrated in a powerful nexus of corrupt contractors, politicians and bureaucrats. Even in Allahabad and Ranchi districts, a similar situation emerged in specific gram panchayats (ibid).

This continued vulnerability points to the need to revive adapt and strengthen the earlier transparency safeguards related to wage payments. Possible steps in this direction (aside from strict enforcement of the more traditional safeguards) include bringing the bank's MGNREGA-related documents in the public domain, proactive disclosure of the gram panchayats bank account details, and distribution of cheques or wage slips in a public place along with reading aloud of muster rolls and maintenance of job cards. Ultimately, the best protection against embezzlement is the empowerment of MGNREGA workers. As they learn to defend their rights under the MGNREGA, manage their own bank accounts, and even build collective organizations, the crooks are likely to find it much harder to manipulate the system (ibid).

While infusion of banking practices is expected to remove the maladies existing within the structure of MGNREGA, the question of provision of minimum wages to all MGNREGA beneficiaries is still unresolved. In spite of clear cut guidelines that the wages paid under MGNREGA should conform to the minimum wages set in that area, there have been many cases of wages being less than the stipulated minimum. It is obvious that wage payments are an important component of wage employment scheme. Further, most of the rural poor have no other source of earning income and rely solely on MGNREGA wages for their survival and livelihood. In such circumstances, there has to be some strong legal enforcement to ensure timely and adequate payment of wages to the rural poor.

The central government has activated a provision in the law to determine the wage rate under the MGNREGA scheme at a uniform rate of ₹ 100 across India, and also to index this wage rate to the Consumer Price Index for Agricultural Labourers. While the indexing of MGNREGA wages is welcome, a uniform all-India wage has meant that in several states the MGNREGA wage will be lower than the minimum wages for comparable work that are currently determined by each state government under the Minimum Wages Act, 1948 (MWA). The debate offers us an occasion to revisit the principles upon which wages for such “unskilled manual work” is fixed in India, whether under the MGNREGA or the MWA, and for moving in the direction of coherence and fairness in the national minimum wage policy (Sankaran 2011).

The viability of a national (statutory) minimum wage has been debated for several years now. One of the chief objections to such an idea has been that since the cost of living is subject to regional variation, any national minimum wage would be set at the lowest common level and would lead to a downward effect on states with higher minimum wage levels. That this fear is not unfounded is seen in the provision of the MGNREGA which permits the central government to set a wage rate and sets the floor at ₹ 60, which even in 2005, was lower than some states’ minimum wages (ibid).

While the determination of minimum wages is based on fulfilling minimum basic human needs, the “capacity to pay” of a particular employer has been declared by the courts to be irrelevant in the fixation of minimum wages. This is because receiving wages at the minimum level is a basic human right, a human right that trumps any other argument based on profitability or viability in the market. Yet, despite this, “deep pockets” does have a role to play even in minimum wage rates. The central government pays ₹ 156.91 for “excavation and removal of overburden with 50 meters lead/1.5 meters”, while it goes up to ₹ 237.83 for soft soil with rock and ₹ 314.84 for rock, while earth cutting operations in a state, say Bihar, by even highly skilled workers can get only ₹ 183. Similar work done under the MGNREGA of course pays far less. While under the MWA the “appropriate government” has been granted power to fix wage rates resulting in the variation, this is now compounded by another central wage rate under MGNREGA (ibid).

The position taken by the central government is that a state government is free to pay the difference in the wages since the Centre needs only to bear the wages payable under the MGNREGA. This position is untenable when the state government is under a constitutional mandate to pay a minimum wage. Further, this also goes against the principle of administrative relations in a federal constitution, particularly Articles 256-58 which can result in a dispute in

connection with the extra burden occasioned upon a state while giving effect to a central or existing law it is obliged to implement (ibid).

This constitutional impasse can be the occasion for the central government to determine a central statutory minimum wage under the MWA and to use *such* a wage as the wage rate under MGNREGA. The wage rate that the central government can unilaterally declare under the MGNREGA, the minimum wage under MWA, following court decisions, is now required to ensure a certain minimum of basic needs of food, clothes, housing, educational costs and social security in order for it to be a 'minimum' wage. There can be no dispute that ensuring a basic minimum for a decent life is a first charge upon any government. The crisis around the MGNREGA wage rate can be an occasion to rationalize wages both under MGNREGA and under the MWA and bring about a true need-based minimum wage, a necessary prerequisite for the millions in the informal economy in India today. Other considerations like shortage of funds and employer constraints can, in no way, force the wages to go below this minimum. In this way, adequate enforcements and proper monitoring can ensure that the rural poor are provided with sufficient employment as well as stipulated minimum wages and exploitation can be checked (ibid).

## **1.6. Participation of Marginalized Communities**

Since independence, India has to face many socio-political issues, among which, upliftment of marginalized communities is an extremely sensitive issue. The conventional caste system prevalent in India created a social divide between people. This divide was exploited by many who aspired to acquire supreme power. Over the years, the condition of those situated on the lowest rung of this system deteriorated to below deplorable levels. So much so that they lost the will and enthusiasm to fight for themselves and started living lives of downtrodden. Following the Constitution's Right to Equality, the Indian government was handed the responsibility of ensuring that the marginalized, ignored and deprived communities get due recognition and their problems are heeded and necessary steps taken.

However, even after 60 years of independence, what we observe is continued class struggle. In spite of innumerable acts and policies implemented in favour of the marginalized, a social divide is still vividly evident. The SC, ST, OBC, Tribals and Dalits belong to the wider group of marginalized communities. They still face many hardships in their lives. They generally belong to the poorest category, and have to confront many difficulties to make two meals a day. Being unskilled, they are unable to find sufficient employment to earn minimum required income and support their family. The government started many public distribution schemes to distribute food grains and other essential amenities at highly subsidized rates for these communities; however, widespread corruption and severe leakages meant that nearly 40 to 50 percent of the allocated amenities do not reach the actually needy and are misappropriated. The government also initiated many employment related programs to absorb this unskilled group, but their problems could not be solved.

The importance of MGNREGA stems from the fact that targets the marginalized communities while providing employment opportunities. The guidelines under MGNREGA clearly specify

that preference will be given to SC, ST, OBC, women and other backward communities in the activities of MGNREGA. Very few employment-related programs have actually made such direct attempt to address the needs and problems of the socially backward communities. Although the performance of MGNREGA in the participation of marginalized communities is uneven across districts, there is no denying the fact that MGNREGA has helped many of the backward families to improve their living standards by becoming gainfully employed. The first phase implementation of MGNREGA chose 200 most backward districts of India with the aim that improving the conditions of the backward communities will go a long way in shaping the overall development process of the economy. It is a well known fact that a dualistic economy, where the developed and backward communities co-exist, cannot hope for a speedy growth outcome. It has been documented in many articles that if India wants to develop, it will have to uplift the weaker sections first. The implementation of MGNREGA might provide the necessary impetus required to boost our economy.

There is a fair amount of evidence to suggest that it is mainly the workers from poor rural households who seek wage employment under MGNREGA. Data from MORD show that workers from Scheduled Caste and Scheduled Tribe (henceforth SC/ST) households –known to be the poorest households in rural areas – form a majority of the workers employed under MGNREGA (even though they constitute a minority of the rural workers). The data from the IHD survey, presented in Table 7, strongly corroborate this and also provide some additional evidence to show that it is indeed the poor who seek and get employment under MGNREGA. Thus the survey finds a large majority of the workers employed under MGNREGA to be from landless and marginal farmer households – the poorest households in rural areas. The provision that MGNREGA would only provide unskilled manual work seems to have served its purpose of reaching the poor (through a process of self-selection) admirably well.

**Table 7: Share (%) of poor rural workers in person days of wage employment generated by MGNREGA in Six survey districts, 2010**

<b>% Share</b>	<b>Kurnool</b>	<b>Medak</b>	<b>Gaya</b>	<b>Purnia</b>	<b>Tonk</b>	<b>Udaipur</b>
SC/ST workers	45.8	53.7	92.6	60.4	56.0	54.6
Workers from landless and marginal farmer households	67.9	72.9	99.6	99.6	80.1	93.7

*Source:* Author's estimates based on data from IHD Survey.

The United Progressive Alliance government's much touted flagship program under the National Rural Employment 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, as operationalized by the government, is to flush out the anti-developmentalists by force and then proceed with development. We examine these issues through a case study of the MGNREGA in Jharkhand, Chhattisgarh, and Odisha. The districts chosen were from the first 200 where the MGNREGA has been implemented from 2006 onwards and are also under the influence of the Maoists (Banerjee and Saha, 2010).



The initial 200 districts chosen for implementation of the National Rural Employment Guarantee Act (MGNREGA) were the most backward districts of this country. In administrative lexicon, backward districts or remote/underdeveloped Areas are identified on the basis of a set of criteria –low agricultural productivity, High incidence of poverty, high concentration of scheduled castes/tribes, areas which suffer from isolation in demographic terms, etc. This identification process then leads to planning for development of these backward areas. The current developmental indicators show very clearly that it is the states of Jharkhand, Chhattisgarh, and Odisha that lag behind on every indicator. In terms of social groups we could easily state that Dalits, Adivasis, nearly all backward castes and Muslims are the most marginalized; women within these groups are the most Discriminated. It was assumed that MGNREGA would be able to address these issues. Three years since its inception, the results in these areas leave much to be desired. Additionally for the Indian state, the list of developmental woes becomes exacerbated because a substantial portion of these backward areas have also been under the influence of the Maoists (ibid).

In terms of the most backward areas of this country, one of the chronic problems is of joblessness. Also, a substantial portion of these districts suffer from very low levels of agricultural productivity. The annual average days of employment (during the year 2008-09) per household (except those in MGNREGA-related works) were low in most of the study regions. In particular, it was extremely low in the villages in Odisha where it was only 35 to 40 days. For the study regions in Chhattisgarh it was in the range of 60 to 70 days, while in case of Jharkhand it was in the range of 150 to 200 days. The higher days of employment in Jharkhand is due to employment in the non-agricultural sector (construction works and stone cutting) in the nearby towns. In the face of such distress, people in these areas migrate to look for work. It is in this backdrop that the MGNREGA came into force – promising to provide for the livelihood security of rural households (ibid).

Provision of work and creation of durable assets are the economic mechanism of the MGNREGA. Both these objectives have important socio-economic implications in terms of livelihood strategies in rural India. Both male and female unemployment rates in rural India have gone up in 2004-05 as compared to 1993-94. The male unemployment rate (by current daily status) has gone up by 2.4 percentage points, while the female unemployment rate has gone up by 3.1 percentage points (NSS, 61<sup>st</sup> round). Impact on agriculture assumes particular importance in the current scenario marked by extraordinary food price inflation and falling per capita availability of food grains (ibid).

For the purpose of our analysis, the blocks surveyed for this study have been categorized into four groups on the basis of number of days of employment (according to the primary household-level survey) per household in MGNREGA works in the respective study villages. Those blocks who received employment for at least 50 days have been classified under group A. Blocks receiving employment between 25 and 50 days have been classified under group B. blocks who received less than 25 day of employment are classified under group C, while group D represents blocks where MGNREGA works are yet to be implemented. This is represented in Table 8 below (ibid).

**Table 8: Person-Days of Employment per Household in MGNREGA Works**

Group	State	District	Block	Person Days of Employment Per Household
A	Chhattisgarh	Bastar	Tokapal	55
	Chhattisgarh	Bastar	Bastar	50
B	Chhattisgarh	Dhamtari	Nagri	46
	Chhattisgarh	Dhamtari	Dhamtari	39
C	Jharkhand	Khunti	Khunti	25
	Odisha	Dhenkanal	Sadar Dhenkanal	20
	Jharkhand	Khunti	Raidih	15
	Jharkhand	Gumla	Murhu	1
	Jharkhand		Dumri	10
	Odisha	Malkangiri	Malkangiri	7
D	Odisha	Dhenkanal	Goundia	
	Odisha	Malkangiri	Korkunda	

*Source:* Survey Data. Cited from 'The MGNREGA, the Maoists and the Developmental Woes of the Indian State', EPW, July 2010, p. 43.

The Table highlights that Chattisgarh has performed better than Jharkhand and Odisha as its blocks fall in group A or B, representing somewhat higher days of average employment. Jharkhand and Odisha's blocks fall in group C or D, representing poor state of affairs with regard to implementation of MGNREGA. The fact that it is yet to be implemented in two blocks is further a cause of concern. Overall, it is observed that MGNREGA did not fulfill the criteria of 100 days guaranteed employment in any of the blocks, which is extremely discouraging (ibid).

Another striking feature that was observed in these districts was the involvement of Maoists. It was assumed that Maoists would hinder the developmental activities carried out under MGNREGA to assert their power. However, the case study reveals that Maoists are not against MGNREGA activities involving afforestation, land development, irrigation and others which increase the productivity of land. They would block road construction and connectivity as they felt the development of proper roads would ease the access for the police and might encourage more harassment of the locals in the form of night raids, beating, torture and other excesses. On the other hand, the development of agricultural activities will help the poor Adivasi farmers and Maoists to earn incomes through agriculture and maintain their livelihoods. It is obvious that development of such areas beyond a certain extent will limit the powers of the Adivasis, meddle with their thinking and might end their domination. Hence, it would be wise to reframe the activities under MGNREGA to suit the needs of the Maoists to get best returns (ibid).

Another key issue in the implementation of MGNREGA is the problem of awareness. Most of the backward communities are unaware of the different benefits and guidelines of MGNREGA. Hence, there lies the possibility of being exploited and underpaid. To solve these issues, a proper channel for information dissemination must be adopted whereby all relevant information regarding the rules, guidelines, benefits and pitfalls of MGNREGA are broadcasted along with grievance redressal system to attend to any queries that the beneficiaries might have. The

experience of the Jagrut Adivasi Dalit Sangathan in Madhya Pradesh is one such instance showcasing the power of grassroots organizational work in activating the National Rural Employment Guarantee Act. Levels of MGNREGA 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, 2008).

Most labourers are aware of their rights under the MGNREGA – in the 2008 survey we found that all the sample workers in Pati knew that they are entitled to 100 days of work, 85 per cent were aware of the minimum wage, and 95 per cent knew that wages were supposed to be paid within 15 days. Another striking example of the high level of engagement and awareness is that many Sangathan members in Pati were aware of the increase in the statutory minimum wage in Madhya Pradesh to Rs 85 per day (from Rs 69) even though the increase had come into force just a few days before the survey began. We were also amazed to find that many women in this area were aware of their right to have childcare facilities at the worksite (ibid).

**Table 9: Status of MGNREGA in Pati V/S Other Survey Areas**

	<b>Pati</b>	<b>Rajpur</b>	<b>Other States</b>
Proportion ( percent) of workers aware of their entitlement to 100 days of work each year	88	37	51
The minimum wage	745	58	62
Timely wage payments	76	47	56
Proportion who had got work in response to a written application	92	17	19
Number of days of work obtained in the past 12 months	85	23	41

*Source:* Preliminary results from a survey of MGNREGA conducted by the G B Pant Social Science Institute in May-June 2008, Cited from Reetika Khera's article 'Employment Guarantee Act', EPW, 30/8/2008.

What is perhaps more significant is that apart from awareness of their entitlements, Sangathan members are aware of the process through which these can be claimed. To illustrate, even at the time of my first visit in June 2006, most of the workers had gone through the formal process of applying for work. In May 2008, 92 per cent of the respondents from Pati block had got work in response to a written application. A review of this is provided in Table 9 above. Thus, awareness regarding MGNREGA can be spread easily among the beneficiaries provided the officials and the government is strong willed to achieve it.

However, it does not imply that MGNREGA has succeeded in participation of marginalized communities. A look at the performance of MGNREGA over the years creates many doubts and questions over its efficiency. In spite of all the efforts, not all marginalized communities have found employment in MGNREGA. Further, overtime, the percentage of Dalits and Adivasis employed in MGNREGA has also declined, much to the surprise of the officials. The data on job creation for Dalits is shown in Table 10.



**Table 10: Last Three Years MGNREGA works (crore person days)**

Year	Total	SC	ST	Women
2009-10	284	86	59	136
2010-11	257	79	54	123
2011-12	211	47	38	102
2012-13	146	33	23	78
Decline over 4 years (%)	-48	-62	-61	-43

Source: Ministry of Rural Development, Times of India February 3, 2013, p. 1

According to recent data of Ministry of Rural Development, only a handful of states viz., Maharashtra, Tamil Nadu, Kerala, Haryana, Chhattisgarh, and Jammu and Kashmir have shown an increase in jobs created under the scheme. But in Maharashtra, Tamil Nadu and Chhattisgarh, this increase hides a bitter reality- work given to Dalits actually declined while work given to ‘other classes’, i.e. the upper caste poor increased (Times of India, 3/2/2013).

In the case of Dalit households, work created under MGNREGA came down by a staggering 46 percent over the first three years of UPA-2, from about 86 crore to 33 crore person days. Adivasi households too seem to be getting increasingly excluded as work given to them declined by 35 percent, from 59 crore to 23 crore person days. The participation of women is also on the decline, between 2009-10 and 2011-12 the work done by women under the scheme declined by 25 percent, from 136 crore person days to 78 crore person days. The latest data for the current year shows that total of 146 crore person days of work under the scheme has been done as of February 2 2013. It seems very unlikely that the total for the year would reach even the 211 crore person days recorded last year. These figures represent the sorry state of affairs existing within the structure of MGNREGA. With such a performance on record, it cannot be said with any surety that the conditions of the poor will improve in the recent future. A lot more commitment and dedication is required if we want to bring positive changes in our economy (ibid).

## **1.7. Food Security, Savings and Health Outcomes**

MGNREGA is expected to be a multi-faceted program, creating spill-overs of employment on other sectors of the economy. MGNREGA is not just about employment provision; it caters to the larger objective of providing long term gainful employment, raising agricultural productivity leading to increase in domestic production, influence demand patterns by helping labourers earn adequate incomes, enabling them to earn in future too thereby adding to the savings potential of the country, associating with health care institutions to provide basic medical facilities to the workers to improve and maintain health status.

Although the progress of MGNREGA is somewhat slower than expected, it has created such spillovers in some of the districts, attracting worldwide attention. A program of this magnitude will take some time to be fully successful; especially keeping in mind the extent of bureaucratic hurdles it faces.

Many studies have been carried out to analyze the impact of MGNREGA on savings and health outcomes of the people. A study reveals that MGNREGA has made a positive impact on food and health conditions of the poor, with as much as 69 percent of MGNREGA wages being spent on food and 47 percent spent on illness (MGNREGA conference proceedings 2008, p. 11). As far as livelihood security is concerned, it is the backward communities of SC and ST that have been greatly benefitted from MGNREGA. Prior to MGNREGA, none of the wage employment schemes gave any particular recognition or consideration to the backward tribes. The SCs and STs in most districts faced extremely deplorable conditions with no employment, no food or water, no health infrastructure and no facilities specially targeted for them. They were generally debarred from getting employed in the government formed schemes, and even if any special mention was made in any scheme, it was never implemented. Thus, the life of the poor backward tribes was in perpetual darkness and alienation. However, the inception of MGNREGA not only recognized these backward tribes but also made it mandatory that they be employed in the activities sanctioned under MGNREGA. It is because of MGNREGA that these tribes were able to come out of abject poverty and ignorance and assert themselves in the economy. MGNREGA gave them hope to believe that they could also enjoy food security, get medical treatment and live life just like the others do without having to sacrifice their traditional lifestyle or give up their native homeland.

Further, it is difficult to analyze the impact of MGNREGA on Health as health is a very wide segment comprising of and affected by numerous forces. Clean air, adequate and clean drinking water, proper conditions of shelter, nutritious food, necessary sanitation facilities- these are few of the factors influencing health. The poor are generally prone to illness as they suffer from deplorably low levels of nutrition. Most of the poor children suffer from malnutrition across all districts in India. Mental health is also equally important. A well settled, happy and satisfied person will be mentally relaxed and this will improve his physical health also. However, if a person is ruffled by constant tension and worries of the world, to an extent, he will be devoid of mental health and his physical health will also deteriorate in the process. The poor people do not have enough money to satisfy their physical health requirements, at the same time, lack of stability and the grueling nature of their lives robs away their mental peace as well. Even if the overall health status improves in the rural areas, it is difficult to find out the exact causes of the improvement. Similarly, even for MGNREGA, it is difficult to judge how much of the improvement in health is due to MGNREGA and how much is due to other unknown causes. Nevertheless, MGNREGA has helped the workers to earn more and address their health needs to some extent, at the same time it has helped build crucial assets and infrastructure which will make available other essentials like drinking water, good quality cheap food and access to medical institutions which can also benefit the workers. Further, by providing employment and paving the way for generation of long term employment opportunities, it also provides the much required mental peace and stability to the rural poor. Although its implementation is under the scanner due to certain weaknesses, there is reasonable evidence to suggest that MGNREGA will help improve the rural health scenario once it is implemented properly and monitored regularly.

Food security is an altogether different segment, indirectly affected by MGNREGA. There are both positive and negative impacts of MGNREGA on food security in general. On one hand, MGNREGA has provided more job opportunities for the workers to get employed in and thereby

earn more incomes to support their families. Simple construction works and repair works are not very laborious, plus they also provide some wages during slack seasons. Even farmers employed full time in agriculture turn to MGNREGA during off seasons to earn some sort of extra income without affecting their original schedule. Working under MGNREGA has provided additional funds to the poor. Knowing micro economics, the marginal utility of an additional rupee is much more to the poor than the rich. This excess income has helped the beneficiaries not only increase their demand for consumption goods, but also shift to a superior quality of food grains. Further, the development of PDS and construction of warehouses and godowns has helped stimulate the flow of food grains to the needy and the poor. Overall, MGNREGA has created opportunities where even the poorest can earn enough to buy two meals a day. The expenditure on consumption goods has risen, albeit marginally, post MGNREGA in the districts surveyed. Table 11 gives an account of the impact that MGNREGA has on savings and expenditure patterns of the beneficiaries.

**Table 11: Impact of MGNREGA program on expenditure and savings of beneficiaries**

Particulars	Annual Expenditure ( ₹ )	Annual Savings ( ₹ )
Before implementation of MGNREGA	25700	4805
After implementation of MGNREGA	26500	5616
Absolute change	800	811
Percent change	3.11	16.87
t-value (paired-t)	2.7594***	8.7043***

Source: Harish, B.G. *et. al.* (2011): 'Impacts and Implications of MGNREGA on Labour Supply and Income Generation for Agriculture in Central Dry Zone of Karnataka'.

However, it does not mean the MGNREGA has ensured food security to the poor. The effects discussed above have been observed, but on a very small scale. Further, there have been some ill effects of MGNREGA as well. The wages provided under MGNREGA are slightly higher than the wages provided to laborers in agricultural operations of weeding and sowing. Hence, workers prefer MGNREGA to these agricultural operations, creating a shortage of laborers in agriculture. Moreover, even operations like harvesting, propping, spraying and cotton picking which pay higher wages than MGNREGA face labour shortage as workers prefer the less-laborious work in MGNREGA to the strenuous work in agriculture. As a consequence, the production and productivity in agriculture gets affected and the quality produced is questionable. Further, wages paid and employment provided under MGNREGA is uncertain and influenced by the whims and fancies of the officials. Thus, actual wages earned by MGNREGA beneficiaries is neither substantial nor does it bring any significant change in the total income of the household. The workers do earn some extra income, but it can only provide an emotional cushion and cannot, in any way, contribute to increased savings or improved lifestyles. As of now, MGNREGA does not adhere to its guideline of providing 100 days of employment at minimum wages to every household. Hence, its contribution to savings, food security and health is marginal to say the least. Similarly, workers do not choose MGNREGA as a better job option but consider it as an alternative to leisure. Its negative correlation to gender, education and farm size indicates that more educated males owning larger lands are not drawn to MGNREGA or are not considered to

be employed under MGNREGA. While this kind of approach indicates special preference given to unskilled, uneducated, poor landless workers and females in MGNREGA, it also excludes a section of society which need not necessarily be well off. It seems that some sincere efforts are required to ensure that MGNREGA fulfills its guidelines before a comprehensive study on its impact on savings and other indicators can be assessed. It has been proved in many studies that MGNREGA does influence consumption, savings and health patterns positively; therefore, the focus henceforth should be on improved implementation (Harish et.al, 2011).

### **1.8. Influence on Domestic Labour Market and Labour Migrations**

Since independence, agriculture has been the primary source of livelihood for a vast majority of the Indian population. Nearly 70 percent of the population was dependent on agriculture at one point of time. However, this percentage has decreased, albeit gradually, to 55 percent in the last decade. When such a large group of population relies on a sector for livelihood, it is anticipated that the sector will be productive enough to at least absorb 80 percent of the dependant population. However, vagaries in climatic conditions and lack of commitment from the government led to stagnation in agriculture. Its contribution to national income declined continuously and its ability to absorb more workers was diminishing. In spite of the Green Revolution, labour productivity increased in very few of the states while the rest suffered from disguised employment. Consequently, many of the able-bodied farmers were forced to migrate seasonally or permanently to urban areas to be employed in alternate unskilled activities.

In the 80's and 90's, this type of distress migration had become a characteristic of rural labour. The plight of a rural farmer had worsened to such an extent that he had to keep moving from one place to another all round the year to be able to manage two meals a day for himself and his family. Further, in most families, even women had to migrate to remote places in search of jobs to support their families. Many families where the members were very old or handicapped were forced to leave their traditional dwelling and permanently migrate to unknown territories. These migrant workers would face various hardships like lack of proper housing, irregular and meaningless work, indifferent surroundings and uncouth behavior from the local labourers who were competing with them for similar jobs. Women were also a victim of exploitation and many would be paid peanuts for whole day of arduous work.

The life of a rural poor was deteriorating from bad to worse. Although the government launched a plethora of programs targeting poverty, unemployment, slum rehabilitation and protection of migrant workers, there was no significant change in the lifestyles of these poor as the programs suffered from weak implementation and other hurdles.

At the backdrop of worsening labour conditions, MGNREGA came as a relief to the misery of the labourers. They were guaranteed 100 days work for the entire household at minimum wages at a distance of 5 kms from their houses. MGNREGA targeted SC, ST and backward communities the most which was another advantage for the poor. It was believed that MGNREGA will generate sufficient rural employment within the rural areas and curb distress migration. Further, the provision of minimum wages will raise the bargaining power of the labourers and reduce wage exploitation. Awareness regarding benefits will breed a consciousness

to fight for their rights among the labourers, who will demand transparency and accountability from the officials. Overall, MGNREGA will ensure that the rural poor are able to come out of poverty and fend a decent living for themselves.

A review of the existing literature on migration reveals that MGNREGA has reduced migration to some extent. Prior to MGNREGA, the workers employed as part or full time agricultural workers would migrate to nearby urban areas during off seasons to work as laborers in the unorganized sector. This would help them earn some extra wages; at the same time, being temporary, it removed the condition of permanent shift to urban areas. Hence, the workers did not have to migrate with their families and did not have to face a serious lifestyle change. However, the presence of contractors meant that the workers had to face serious exploitation in the form of lower wages, increased domination and oppression of the contractors and uncertain living conditions. They would be promised higher wages at the time of joining but paid lower wages after completion of work. Many-a-times, the activity would be stopped due to many socio-political reasons and the workers would be relieved without any pay. This would create problem for the workers as they would have spent their own money in migrating and surviving themselves in the urban areas without any monetary gain. Nevertheless, the workers would be forced to take this risk as it would mean a slightly higher income level than the regular farming.

However, many of the respondents reported that life was much better post MGNREGA. The similar unskilled job opportunities were available within their villages; minimum wages were being paid to the workers, other facilities like drinking water, sheds, sanitation facilities and crèches were also provided and the absence of contractors reduced exploitation to a large extent. It has been observed that distress migration has come down in most of the districts post MGNREGA. Now, land holding farmers and permanent agricultural workers seldom migrate to the urban areas in search of unskilled work. They rely on MGNREGA for their non-agricultural work. In most of the villages surveyed, MGNREGA led to construction of proper roads, which encouraged industrialization of minor and major kind in the villages. These industries employed local unskilled labour for construction and other purpose and skilled labour for running the factory. As a consequence, migration had reduced to half in many of the villages, and even further in some of the prosperous villages. However, the success of these villages is an outcome of many correlated factors, like interest shown by the workers, efforts of the village panchayats and heads, timely payment of wages and maintenance of transparency in the administration of MGNREGA and trust shown by the locals. In the absence of such cohesion, MGNREGA has not been able to perform to its potential.

In spite of all this, it cannot be said that MGNREGA has removed distress migration altogether. An examination of the surveys carried out by many economists has brought out that it is female migration that is reduced to some extent. Even though females would earn much more than MGNREGA if they migrated, they prefer to stay in their villages and work in MGNREGA because it is closer to home, they can take care of their family while working, they do not have to face the oppression of the contractors and they can earn enough by doing less arduous MGNREGA activities. However, it is not the same for male migration. Most the male respondents reported that they migrated to urban areas even post MGNREGA because they were paid much higher wages, the job was for a longer duration compared to MGNREGA and



migration helped them take advantage of other benefits provided by the government in urban areas for the poor, like subsidized food, cheap education for the family and cheaper shelter. Further, to avail employment under MGNREGA, a lot of pre-employment time was needed for registration, job card evaluation and distribution which could be utilized in working in urban areas. As MGNREGA promised 100 days employment guarantee for household but provided only 40 to 50 days of employment, it seemed wiser that the able bodied male members migrate to urban areas, leaving MGNREGA jobs for the less capable at home.

This approach, though logical from the mindset of the poor, reflects the weak implementation of MGNREGA and also signals what continued poor performance will do in future. Rural-urban migration is one of the strongest ill-effects of urbanization and it is imperative to control it. India must realize that there is great potential in the rural markets, given that almost 70 percent of Indian population resides in the rural areas. These areas can be tapped to unearth not only hidden talent, but they can be used to influence demand patterns in the country. It is evident now that rural areas are not synonymous with conventions or rigid outlooks. In fact, the development of mass media, communication and internet has broadened the perspectives to such an extent that even the rural people prefer dynamism and are receptive to changes. Entrepreneurs belonging to different markets can take a note of this and exploit this segment by setting up industries and shops in rural areas. After all, they comprise of a substantial population willing to purchase branded and good quality products. Hence, the development of MGNREGA will surely boost velocity of money in the rural areas which, overtime, will generate increasing demand for consumption and production goods alike. Thus, private companies can join hands with government officials and supervise the effective implementation of MGNREGA so as to benefit from the after effects in the form of higher sales and rising profits.

## **II. MGNREGA Implementation and outcomes across select states**

The respective state governments were entrusted with the responsibility of supervising the implementation and working of MGNREGA in selected regions. It was believed that different states have different socio-economic-political characteristic and therefore it would be wise to let the states decide the methodology of implementation using their discretion. The general guidelines, however, remained the same and accordingly, MGNREGA was to be implemented in three phases across India, beginning with the most backward districts in the first phase. Nearly 200 backward districts were selected for the implementation of MGNREGA in the first phase. A majority of these districts belonged to poorer states of Odisha, Madhya Pradesh, Rajasthan, Andhra Pradesh and Bihar. It was decided that MGNREGA will start working from the grass root levels and then proceed upwards. This was perceived to be the most sensible way to improve a country like India which is an amalgamation of many poor states and a few rich states.

Eight years since the inception of MGNREGA, there are many prominent features that have been observed. Right from the implementation process to the results, many different patterns and procedures come out. It has been observed that different states have different measures when it comes to MGNREGA. They have different bodies set up to supervise the working of MGNREGA, they have different benefits, their beneficiaries are belonging to different strata of society and the overall procedure related to MGNREGA is diverse. Some states have a well-

defined Gram Panchayat structure to examine the working of MGNREGA, while others have to rely on government officials. Some states follow the rule of minimum wage payments to the beneficiaries, while most pay much less than the stipulated wages. Similarly, the administrative procedure concerning MGNREGA is also different in different states.

Hence, keeping the socio-economic-political diversity in mind, it is imperative to evaluate the profile of all the states as it will give us a clear understanding of the methodology related to MGNREGA followed across India. Further, it will also help us better understand the reason for differing MGNREGA performance across different states in India.

### **2.1. Gujarat**

Gujarat has been one of the few states where MGNREGA has not been very successful like in other developed states. In spite of the fact the Gujarat is one of the few well developed states of India with a high GSDP; there are some districts in Gujarat which suffer from acute poverty and backwardness. Dangs, Sabarkantha, Panchmahals are some of the poor districts in Gujarat. These were selected in the initial phases of MGNREGA to improve employment conditions and add the production and productivity.

However, it has been observed that Gujarat has not been very welcoming to MGNREGA. One school of thought believes that the ongoing political feud between BJP and UPA could be responsible for the governmental dislike towards MGNREGA. However, other school of thought opines that Gujarat has ample domestically created employment opportunities within and in the nearby areas of Gujarat; hence the workers do not require any help from outside programs like MGNREGA. Consensus is that majority of the workers are not aware of the job opportunities available under MGNREGA; in fact they are not even aware that a program like MGNREGA exists. Consequently, in spite of prevalent demand for jobs, MGNREGA has not achieved the desired success due to information asymmetries.

Table 12 highlights the progress of MGNREGA in Gujarat. When compared to its inception, the figures in the table do represent a satisfactory picture.

**Table 12: MGNREGS Progress at a Glance in Gujarat- November 2012-13**

<b>Particulars</b>	<b>Status</b>
Households registered	37,84,843
Job Cards issued	37,84,843
Demand for employment	5,71,749*
Employment provided	5,64,741*
Total person days generated (In Lakhs)	1,69,33,449
Works completed	27,317
Works in progress	72,053
Fund available in the year	59,242.66**
Total expenditure	35588.24**

Note: \*- Figures indicate number of households; \*\*- Figures are in lakhs.

Source: [www.nrega.nic.in](http://www.nrega.nic.in)

A study conducted in some villages of Gujarat revealed that MGNREGA has not been implemented in three of the four villages which they surveyed. The job cards to be issued were never distributed. The village head asserted that the availability of ample opportunities for employment was a major reason behind the failure of MGNREGA. Workers were having enough varieties in the occupation by migrating over smaller distances that they did not feel the need to implement MGNREGA. Moreover, there was no free land available which could be used up for infrastructural projects under MGNREGA. A personal survey brought out the loopholes in policy making associated with the implementation. Nearly 61 of the 81 sanctioned schemes were only on paper. The social auditors and the officials concerned were bribed to submit a positive report, workers were asked to sign in the musters but were never called for work and those who tried to defy were threatened. The authorities generally extracted more money than what was earmarked for the program under false pretexts (Breman, 2013).

These problems have led to a manifold increase in the reserve army of labour. It is assumed that if no immediate steps are taken to absorb them, they will pose a serious threat to the future aspirations of development. A mixture of fraudulent bureaucracy, illiteracy, poverty and selfish interests has resulted in weak implementation of the schemes. In the event, the really needy have been neglected and their position has worsened. Many of them have been completely ignored by the government. Thus, it is inevitable that this social group is uplifted and serious thought goes into improving their conditions. The question, though, is whether the government agencies are willing and capable to open their minds or not. The idea of decentralization in the implementation of the programs has not proved successful in Gujarat with social concerns being sacrificed for personal benefits (ibid).

In Dangs, MGNREGA was implemented on 2<sup>nd</sup> February 2006, promising 100 days employment. However, inadequacy of staff was a major obstacle in the success of the program. Although job cards were issued to many of the respondents, there were many caste disparities. There were also problems concerning the misuse of cards. Many works were assigned to Dangs for providing employment; however, bureaucratic hurdles delayed the process. There were also many discrepancies related to payment of wages to different workers. In towns where people had their own lands, there was a serious shortage of workers for the MGNREGA works. However, in other towns where irrigation potential was low, many workers were available. In spite of this, MGNREGA did not make much of an impact on employment generation in Dangs. Even though MGNREGA aimed at reducing migration and improving the quality of life through employment, its direct impact on reduction of migration was difficult to trace. Whether reduction in migration, if any, was due to prosperity in agriculture, expansion in milk production or MGNREGA was confusing. Most of the residents opined that these schemes were a source to earn money and engage in political speculations more than improving the condition of the workers. The campaign of the politicians was so expensive that people doubted that the money would have come from these projects (ibid).

The implementation of MGNREGA in Gujarat has not been satisfactory because of pre existing employment opportunities due to extensive urbanization and industrialization. A good monsoon spell has also improved the conditions for work in agriculture. Overall, lack of political push and



ignorance among workers has resulted in poor performance of MGNREGA in Gujarat. The analysis reveals that utilization of funds sanctioned under MGNREGA has been poor (55 percent only). Further, although the demand for works has increased considerably, the number of works completed does not reflect any major achievement. There have been delays in wage payments and anomalies in the details regarding works undertaken. No unemployment allowance has been paid by the state which could reflect poor demand mobilization leading to make-believe equality between demand and supply. Job cards issued as a percentage of households is only 40 percent to 45 percent approximately (ibid).

In Gujarat, the average employment under MGNREGA worked out to be about 10-11 days per worker. However, in the initial year of implementation (2007-08), this figure was only 7.9, indicating that MGNREGA did not make much impact initially. Among women, this figure was slightly higher at 9.5, indicating more female participation in Gujarat. However, the number of unemployed was also higher among females as compared to males across all districts and among participating and non participating households. OBC households, landless and low income groups had a larger share of employment days in MGNREGA. Comparing the incomes of MGNREGA beneficiaries with non-beneficiaries, there is no major contribution of MGNREGA that come out as non beneficiaries have higher incomes than beneficiaries. In Gujarat, a new feature emerges with 60 percent ST and 53 percent ST households in both participating and non participating categories. Nearly 38 percent of the participants in Gujarat belonged to marginal land holding (Chhabra *et al.*, 2009).

Although Gujarat stands above most states in terms of growth standards and potential, however, its performance in MGNREGA leaves a lot to be desired. Unemployment and poverty reduction are the two major objectives of states as well as the country. However, it seems that political differences and subjective mindsets are overpowering general goals. Moreover, It is obvious that job opportunities under MGNREGA have decreased at a very fast pace in the past two to three years across all states in India. Hence, it is important that the officials keep their personal judgments out of the working of MGNREGA as it is a national program bringing numerous benefits for the citizens.

## **2.2. Andhra Pradesh**

Agriculture remained the main source of livelihood for the people of Andhra Pradesh due to slow growth of the industrial and service sectors. However, successive governments were unable to realize and accept this fact. Although many schemes related to agriculture and beneficial to farmers were announced in the elections, very few were actually implemented. There was severe shortage of institutional credit for the small and marginal farmers. In the absence of perennial sources of irrigation, the dependence on ground water was increasing. There was hardly any improvement in technology related to agriculture and the prices for improved seeds and fertilizers continued to be high. Instead of coming out in support of the peasantry, the State launched a series of reforms in agriculture as a part of the economic restructuring project, which further pushed agriculture and the peasantry into crisis (Reddy, D.N. 2006; and Galab *et al.*, 2009).

Andhra Pradesh, which was considered to be a relatively progressive state agriculturally, was in a serious crisis by late 1990's. This coupled with other pressures forced many farmers to commit suicide (Reddy, 2013, p. 120). As a consequence, in 2004, congress party came into power, promising the peasantry of a positive change in the atmosphere of agriculture and in their livelihood. As a part of this promise, the MGNREGA was implemented as a flagship welfare scheme on 2<sup>nd</sup> February, 2006. Since then, it has brought about some improvements in the condition of the workers of Andhra Pradesh.

There has been substantial increase in terms of job card provision, work assignment and person days of employment per household in the districts covered in the first phase. However, the districts covered in the later phases have not shown such a significant trend. This could be due to two reasons: i) the first phase districts had a head start in implementing the program and the time factor could have helped in improving the performance, ii) the first phase districts were more backward, with more poor willing to do physical labour while the later phase districts were more developed, where the demand for physical work might have been less, resulting in differential performance (Reddy, 2013, p. 120).

With regard to the awareness regarding MGNREGA and the benefits available from the scheme, the performance of SHGs (Self Help Groups) in Andhra Pradesh is commendable. Aided by government support, they were able to provide awareness and information regarding the working of the scheme and other important details to the extent that nearly 94 percent of the total population were aware about most of the benefits of the MGNREGA. A state level social audit unit was established by the government to bring out the strengths and weaknesses of the scheme and help wage seekers protect their rights. Besides, transparency was maintained in keeping records and attendance musters of the workers which instilled trust in the program. This has brought a positive impact in the overall wage levels of the state; the male as well as female wages have increased post MGNREGA and the gap between male wage and female wage is also reducing, thus enforcing the statement "equal pay for equal work" (ibid).

However, the performance of MGNREGA has not been flawless. In many cases, tools were not provided by the officials and the farmers were supposed to bring their own tools. This was a deterrent to the poor farmers who did not possess any tools and were turned away. In terms of wage payments also, significant loopholes existed. In many cases, after a day's work, the wages paid were about one-third to one half of the stipulated minimum wage under MGNREGA. Even in the social audit unit, there have been instances of poor record maintenance, deviations in payment of wages and fudging of muster rolls (ibid).

A comparison of the performance of MGNREGA in two villages (Kuppanagar and Makkarajpet) of the same district of Medak village of Andhra Pradesh reveals a contrasting image. In Kuppanagar information was adequately provided, assistance was given, wage levels improved and incidence of hunger and food insecurity almost eradicated. Thus approximately 90 percent of all households were in favour of MGNREGA and believed that it improved their living conditions for the better. However, in Makkarajpet, in spite of having a higher proportion of population working under MGNREGA, the performance was dismal in terms of average days of employment per household, average wages per person, average annual earning of the household

and provision of 100 days employment as guaranteed by the MGNREGA. Food insecurity persisted in Makkarajpet post MGNREGA also. The rising prices were another major concern for the households suffering from poverty. Thus, majority of the households believe the MGNREGA did not bring any marked improvement in their living standards (ibid).

An overall analysis of other districts of Andhra Pradesh reveals the fact that the performance of MGNREGA is closely associated with its implementation. In districts where the Panchayat have been actively involved in the process and have been easily available to the households, the performance of MGNREGA has brought fruitful results. In contrast, the absence of unity among the members of the Panchayat has been a deterrent in the working of MGNREGA. Further, it has been unsuccessful in those districts which are already prosperous and settled. Thus, it is difficult to judge the performance of MGNREGA on the basis of two or three samples. A number of factors are responsible in determining the success or failure of MGNREGA and thus a coalition of all these factors is essential for a satisfactory functioning of the program (ibid).

In Andhra Pradesh, the districts and talukas selected have very few variations among them. The total population seems to be similar in all the districts. The percentage of SC population is also similar; there is some variation in the proportion of ST population, ranging from a low of 2 percent to a high of 10 percent approximately. Literacy rate among males is better as compared to females, both in the overall population and among SC/STs. 66 percent of the MGNREGA participating households belong to OBC. Further, landless labourers form a larger share of the total participants (43 percent). Agriculture is observed to be the primary occupation of the workers in these villages, as total irrigated area is a high percent of the total cropped area. Most of the workers are termed as agricultural labourers and cultivators. Even the Work force Participation Rates reflect positive results with female participation increasing steadily and being almost equal to male WPR in 2001. In spite of this, there is sufficient room for implementing MGNREGA to supplement agriculture. It has been observed that growth of employment in agriculture is decreasing at an increasing rate. Further, wells, canals and tanks are the main source of irrigation in these districts which require constant maintenance and repair. Moreover, many households in these villages do not have adequate infrastructure facilities in the form of toilets, ventilation and other basic amenities. MGNREGA can be implemented to provide supplementary relief of this kind (Chhabra *et al.*, 2009).

### **2.3. Odisha**

In Odisha, MGNREGA was implemented in three phases. The work participation rate in the districts covered in the first phase was higher than in other districts, while literacy rate remained lower. Further, employment provided as a percentage of job cards issued remained at a low level which might be technically construed as demand for work. In terms of demand for work, the districts covered in the third phase performed better than the first and second phase districts. Although women's participation rate seemed to increase every time, it was observed that the really needy BPL population, which composed of a large share in the total population, was completely neglected by MGNREGA. Part of this can be attributed to the lack of awareness among the beneficiaries (Kumbhar, 2013).

A field survey on Sason Gram Panchayat has brought out many findings. Firstly, agriculture is the main occupation of the people, with a small share engaged in beedi making. The development of service sector has opened new avenues for employment, especially in the banking and hotel sector. Landless labour constitutes 35 percent in the Panchayat. This puts immense pressure on the working class and, to an extent, is also responsible for inserting a downward pressure on wages (ibid).

The implementation of MGNREGA depends heavily on the pre-work activity. The reports and the paperwork suggested that many steps were taken to make people aware about the MGNREGA program, help them get registered, help them create proofs and explain the entire process of work. However, the survey revealed that the people were neither aware of, nor conscious of MGNREGA and hence did not demand work in a written format or verbal request. The job cards were not issued properly and many needy sections were ignored in the process. This led to renting out of the job cards, where the holders would rent their cards to the needy people, under the condition of some fixed return. Further, out of the total 22 allotted projects, only two were completed. Although demand for work was steady, an overall shortage of work existed as the wages paid in MGNREGA was slightly above the prevailing wage rate, but there were significant delays in the payment and the nature of work required hard physical labor while farming or migrating to nearby states would be much less cumbersome. Hence, only unskilled sedentary workers demanded work in MGNREGA (ibid).

A very nominal percentage of the households were lucky to complete 100 days of employment as targeted by MGNREGA. But most of the households had very few days of work. This could be attributed to seasonality of work, irregular payments, losing of job cards, and unacceptable demand. In many cases, the entire fund for a particular work would be ₹ 125 but every worker would demand ₹ 125 for completion of the project. These problems, coupled with ignorance, lack of political will, poor bargaining power of the weak and unavailability of job cards led to poor implementation of MGNREGA with many projects incomplete and misappropriation of allocated funds (ibid).

In case of 'Mo Pokhari', a multipurpose farm pond, there was success as the workers were very influential and used their own funds to complete the work and later got it defrayed from the gram panchayat. However, this would not have been the case if the poor were entitled to the project as they were not financially capable of shouldering the work. Absence of middlemen and contractors helped speed the process, but the officials had no incentives to promote them (ibid)..

Odisha is one of the most backward and poor states of India which requires a program like MGNREGA to be implemented extensively to support the poor people and revive the economy. The districts selected vary extremely in terms of rainfall patterns, soil type, cropping intensity and other agro climatic conditions. The percentage of people residing in the districts varies from a low of 5 percent in Nuapada to a high of 34 percent in Sundargarh. Similarly, ST population also varies from a low of 2 percent in Ganjam to a high of 50 percent in Sundargarh. However, percentage of SC population is almost similar in all the regions. Male as well as female literacy is average in all the districts and across categories of population. WFPR is relatively much lower in Dhenkanal district mainly due to a low female WFPR, whereas it is comparable, for both male

and female, for the other three districts. The proportion of marginal workers among all rural workers has been drastically increasing in all the districts, which is a cause for concern. However, the performance of MGNREGA has been somewhat able to solve this issue. Adequate funds have been sanctioned to all the districts under MGNREGA, and have been gainfully utilized by most. Wages provided have also been satisfactory, although skilled workers have earned more than the unskilled. Excluding Dhenkanal, satisfactory level of employment opportunities has also been generated. The type of work generally corresponds to rural road connectivity and renovation of traditional water bodies (98 percent together). In Odisha, 40 percent of the participating households belonged to OBC while 39 percent of the non participating households belonged to ST. In terms of participation by landholding, it was observed that a higher percent (59 percent) of the marginal land holders participated in MGNREGA activities from Odisha (Chhabra *et al.*, 2009).

In Odisha, MGNREGA employment utilized a maximum of about 8 percent of household labour supply in Ganjem district for all seasons taken together. However, it stands much less at 4 percent for all districts and seasons taken together. In spite of high number of working days available and high demand for labour, there has been poor absorption of labour in MGNREGA activities which shows weak implementation. This is clear from the data on non participants which indicates that non participants have more self employment opportunities and lesser unemployment days than the participants. In fact, MGNREGA participants search for employment alternatives in non MGNREGA activities to earn adequate wages. Further, very few of the participants in Orissa belonging to backward classes (approx 13 percent) were employed in MGNREGA. Thus, in spite of two years of implementation, the rural population in general and disadvantaged groups of population were remaining without employment for a reasonably significant period and the real impact of MGNREGA was visualized in providing very negligible days of employment to the farm households during the whole year. A larger share of the landless, marginal and small participant farmers were employed in MGNREGA while large farmers constituted only 8 percent. However, it is the weaker categories of farmers who faced problems of large scale unemployment (*ibid*).

### **2.4. Uttar Pradesh**

Uttar Pradesh is the largest state in India in terms of population and area, however, it is also one the most backward states of India. Although poverty rate has been declining in the past few years, it is still considerably high at 33 percent, with the share of rural poor increasing steadily. Nearly 40 percent of the households in Chandauli district are landless, while nearly 70 percent of the total households possess small and marginal size farms on an average in all the districts. Out of the total labour force, nearly 92 percent are self employed, while only 25 percent are agricultural labourers. General infrastructure facilities of schooling, ration shop, safe drinking water and staff for MGNREGA implementation has been satisfactorily provided in almost all the districts, however, the Gram Panchayats still face problems in accessing health centres, post offices, telephone connectivity and road transport. There are wide variations in different indicators of MGNREGA performance across different districts of UP. Women participation in MGNREGA activities was fair during the first phase but has declined thereafter, the share of SC and ST participation is also not satisfactory-a very small percent of the households have been



provided 100 days of employment (only 6 percent to 10 percent). The utilization of sanctioned funds has been to potential with a near 100 percent record. Other problems like shortage of staff, delays in wage payments, inefficiency in management of works and financial manipulations have also blemished the performance of MGNREGA in UP (Chhabra *et al.*, 2009).

In Uttar Pradesh, 63 percent of SC and 44 percent of OBC households have participated in MGNREGA. However, the proportion of working days of participants under MGNREGA stood at 9 percent only. Further, it has been noticed that wage rates have improved considerably for both males and females post MGNREGA. There is a 40 percent increase in male wages and 39 percent increase in female wages overall. Similarly, MGNREGA has also benefitted non agricultural labourers as there is a 25 percent increase in their wages for both males and females (*ibid*).

### **2.5. Madhya Pradesh**

Madhya Pradesh is well known for its diverse and vibrant socio-economic environment. 37.4 percent of the population of this state still lives below poverty line. Thus, the importance of MGNREGA in providing employment opportunities to the rural poor backward classes and helping them come out of poverty is immeasurable. The districts selected from MP also represent a significant portion of the tribal and the backward classes of society. Nearly 45 days of average employment has been provided to the participating households in all the districts of MP. The share of women employment in the total person days created ranges from 36 percent to 48 percent which highlights the encouragement given to women for participating in MGNREGA. The share of SC and ST in the total person days created shows wide variations in all the districts. 42 percent of the participating households belonged to OBC while a similar percent of non participating households belonged to ST (Chhabra *et al.*, 2009).

Madhya Pradesh also faces similar issues as other states because MGNREGA employs only 6.7 percent of the total working days available under beneficiaries. Although MGNREGA is a demand driven program and employment under it should be demanded during the summer season (lean agricultural season), it was demanded during rabi season in MP. Further, the proportion of non-MGNREGA, self-employment, and unemployment was greater among the non-participants compared to the participants. Besides, the participating households earned more than the non-participating households did, particularly during the rabi season (*ibid*).

### **2.6. Haryana**

Haryana is considered to be the one of the rich states of India in terms of its per capita income. The tertiary sector is the major contributor to GSDP, its share increasing steadily over the years. Although the share of primary sector has been declining, it still assumes significant importance in the occupational structure of Haryana with 51 percent of its working population still engaged in agriculture. Literacy rates among male and females and across categories of population in Haryana are satisfactory. Planning Commission estimates that the proportion of people below poverty line in Haryana is only 7 percent which reflects the State's efforts. Haryana is the only state with a 100 percent record of providing employment to all the job card issued households.



However, this comprises only 10 percent of the total households demanding work. Further, on an average, only 49 days of employment could be generated per person. The share of SC households in this employment is nearly 54 percent while that of women is a paltry 13 percent. The sanctioned funds have been fairly utilized. In Haryana, the ratio for the above mentioned categories was 68 percent SC and 50 percent OBC respectively. In Haryana, landless labourers constitute the bulk of participation (81 percent) (Chhabra *et al.*, 2009).

### **2.7. Kerala**

In order to understand the working of MGNREGA in Kerala, it is essential to understand the dynamics of Panchayati Raj in the State as it is the panchayats who have been responsible for the spread and implementation of social security programs. The Aryanad Panchayat, formed in 1953, is located around 40 kms from Trivandrum city, the capital of Kerala. This panchayat is actively engaged in improving the conditions of the people of Kerala, discussions on developmental issues, making people, especially women, empowered and aware about their rights and carry out many developmental works in Kerala. Another distinct feature of this panchayat is that women members are more than male members (Kannan and Jagajeevan, 2013).

The occupational structure of Kerala is dominated by the primary sector; given that only a little more than one-fifth of the total area is available for habitation and other socio-economic activities. Thus, the role of Aryanad Panchayat in the expansion of agriculture assumes significance. Many development initiatives have been encouraged by the panchayat whereby farmers can discuss their issues, vent their displeasure and suggest better methods. These interactions have brought many positive outcomes and have improved the lives of the poor farmers. On the educational front also, the panchayat has done commendable work by opening up libraries for those who want to gain knowledge, conducting seminars and classes to solve doubts, helping students compete and perform well in competitive exams. Thus, the role of local self government institutions is extremely crucial in the development of Kerala (*ibid*).

The emergence of Kudumbashree (translated as ‘light of the family’), as a powerful organization of women from poor households in Kerala offers a promising *modus operandi* and *modus vivendi* to the state initiated schemes for poverty alleviation and social security. Kudumbashree has been actively engaged in the implementation of MGNREGA in Kerala. It has set up many ADS (Area Development Societies) and CDS (Community Development Societies) to monitor the spread of information regarding MGNREGA. Once farmers are aware, application forms are distributed and queries are solved. Meetings are arranged to brief workers regarding the details of the work to be undertaken. The worker’s information is noted down in muster rolls and records are maintained properly. Even PHCs have been included under the program to provide medical aid to the workers. A campaign is organized by Kudumbashree in conjunction with the panchayat to handle registration, distribute job cards and organize workshops. Works like rehabilitation of ponds and tanks, cleaning of canals, water harvesting sites and road repairs and construction formed bulk of the activities under MGNREGA. Women were target groups for these activities (*ibid*).

However, only 42 percent of the total households were given employment and the number of days was 48 on an average. This is one of the most important areas where MGNREGA has been unsuccessful in many districts and states. Due to inflexibility in many matters related to MGNREGA like timings, many willing women were unable to work as they had family responsibilities. Even after minor changes effected, the problem still persisted. It would be wiser to leave a certain degree of autonomy with the panchayats with respect to the decision making regarding certain issues. Another complaint related to MGNREGA was undue delays in the payment of wages. Nearly 30 percent of women complained that they received wages around 60 to 90 days after the completion of the work. Similarly, facilities of drinking water and first aid were easily accessible by the workers but sheds for resting, preventive injections and implements for work seemed to be lacking (ibid).

One good aspect of MGNREGA is the age composition. It was observed that majority of the workers were above 30, while it also included workers who were above 60, highlighting that people preferred to work in MGNREGA as a means of additional income. Another positive change brought by MGNREGA is in the thinking and mentality of the female workers. Most workers asserted that MGNREGA gave them a sense of dignity and self awareness, they were able to handle tasks more efficiently and their image underwent a change. Many elder male workers helped these female workers to learn the skills and techniques required in carrying out the strenuous physical labour and this improved the bonding between the two classes. The dominance of women in the employment programs of MGNREGA can be attributed to the fact that the male workers receive much higher wages in the market and are willing to migrate for better pay-scale also. It is not surprising that male workers of working age are not attracted to work in NREG schemes even when they are unemployed because they would simply not accept a lower wage rate. Another reason responsible for attraction towards MGNREGA is the increase in the number of educated unemployed. Many young girls who have completed graduation have no other source of income due to vast unemployment and stiff competition in the organized and unorganized sector (ibid).

If we examine the performance of MGNREGA in the employment of SC/ST, we draw a depressing picture. The share of SC and ST workers in total workers and in employment was dismal. The lower number of days affected the earnings of this class as well. Thus, overall enthusiasm among this group for MGNREGA was reduced (ibid).

An overall analysis reveals the fact that although MGNREGA has been successful in certain areas, a lot is desired in others. The willingness and encouragement of the panchayats, attitude of the heads of the institutions and support of the government can go a long way in improving the conditions of the poor. Narrow mindedness of the rural poor is a deterrent to successful implementation of employment schemes. Unless female participation is encouraged in the family and unless they are given a platform to rise up, the development of Kerala will be slow (ibid).

## **2.8. Punjab**

MGNREGA was launched in one district of Punjab on 2<sup>nd</sup> February, 2006. Thereafter, it was extended to three more districts. A team of experts and officials examined the current situation in

these districts and suggested suitable measures and programs to be implemented. Most of these works fell in the 'most productive' assets category, which would add to the productive base in the villages and improve the quality of life. During 2008-9, more than half the projects were related to desilting, digging of ponds, improving road connectivity, land development, drought proofing and water conservation. In subsequent years, other works also gained importance. Although the pace of implementation was slow initially, it gathered momentum during the last three years (Gill *et al.*, 2013).

The survey also brought out that most of the workers who were employed in MGNREGA were satisfied. There was a facility for drinking water, the works were hazard free, although there was no crèche or shade, but workers had rest time while doing work. It has benefitted women the most. The families were hesitant to send young women to the work sites; however, the development of group work helped them immensely. They were not treated below men and all women worked together at the sites so the possibility of harassment was ruled out. The wages paid to females were also on the same level as the male wage, thus bringing equality in work. Community works helped women form their unions and fight for collective rights, thus enabling them to become strong and ascertain themselves. The females were able to demand for crèches and schools for their children and, in many cases, their demands were met. This was possible due to strong unionization. Further, MGNREGA also benefitted the distress farmers or crisis ridden farmers who were facing de-peasantization. Higher wages in MGNREGA works can also pressurize non-MGNREGA activities to pay higher wages. Thus, the overall price of labour can be increased (*ibid*).

The beneficiaries were paid wages through bank accounts or post office accounts which removed the possibility of under-payments or manipulation. Further, most of the benefits from MGNREGA went to the weaker sections like SC families and OBC families. The availability of employment during lean seasons in agriculture also helped in strengthening their livelihoods (*ibid*).

On the flip side, there are some weaknesses of MGNREGA also. Firstly, most of the farmers in Punjab were illiterate and faced a lot of trouble in understanding the information related to MGNREGA. Moreover, the average days-of-employment from MGNREGA for males was only 38 and females 45. In non-MGNREGA works, males got 122 days of employment on an average in a year as compared to 27 for females. This is the main reason why MGNREGA is women intensive. The total number of job cards issued and employment generated was also very low. The funds allocated for MGNREGA, shared by the Centre and State, were also grossly underutilized causing further blockage in the implementation of MGNREGA. The State officials showed no enthusiasm to make best use of the funds and improve the overall rural setup of their economies. There were many districts of Punjab where MGNREGA work was not started at all, either due to lack of land, bribery, information asymmetry or reluctance of the officials to shoulder responsibility. It has achieved sparkling success in some districts where it has been implemented strongly, improving the conditions of the workers and also developing a sense of belief and confidence in their abilities. The same could not be replicated in other districts, which is an important failure and a potential future objective for MGNREGA (*ibid*).

The satisfaction of the beneficiaries and the increase in their welfare has shown that MGNREGA can be a success. Punjab is lucky in the sense that it has not faced delays in payment of wages as faced by other states. This had instilled more trust on MGNREGA by the beneficiaries. A proper monitoring mechanism can go a long way in replicating the benefits in other districts of Punjab, and further, in other States of India. What is needed is a team of committed and dedicated staff and willing government officials to make it a success (ibid).

### **III. Recommendations and Allocations**

The working group on Planning & Execution has examined its agenda and after consultation with officials and civil society organizations and field visits, arrived at the following set of recommendations aimed at improving the implementation of MGNREGA. While some of these recommendations are aimed at greater compliance with provisions of the MGNREGA guidelines, other recommendations may require revision of the guidelines (Central Employment Guarantee Council, 2010).

The Annual Plan, drawn up on the basis of the Shelf of Projects (SoP) for each village, will get administrative and technical approvals so that works can be started as soon as there is a demand for work. The Gram Panchayats (GP) and other PIAs are the appropriate authorities empowered to 'start' works (by issuing work orders) once they have received administrative sanction for their Annual Plan. The GP must prepare a base year labour budget on the basis of a survey of job card holders within the GP, eliciting information on the seasonal demand for labour from each job card holder. This must then be verified by the Gram Sabha (GS). The GP in this task may be assisted by the Village Cluster for Development (VCD) team Additional staff dedicated for MGNREGA: a) at the GP level (one community mobilizer; assistants to the Employment Guarantee Assistant (EGA) in case of large GPs at the level of a cluster of GPs (7-8 members) (Sec 11B) and at the block office (ibid).

The support team at the cluster level will be jointly supervised by the Programme Officer (PO) and GPs The Labour-Material ratio is to be maintained at 60:40 across all works at the block level There is need for state-level detailed listing of works permissible under MGNREGA within the overall framework of the operational guidelines. Even in water-logged flood plains in the Gangetic basin, desert regions in Rajasthan and the coastal areas in Kerala, there is room for generation of more employment with appropriate works Convergence projects may be encouraged provided they address priorities expressed in the Perspective Plan and are ratified by the GS. There is need for provision of a crèche within the village for children of MGNREGA workers. MGNREGA may pay wages for one attendant for every group of ten children. To facilitate work on forest land, State Governments must set up a High Level Task Force which includes senior officials from the department of Rural Development, Forest Department and members of the SEGC. This Task Force must recommend a set of rules and orders to enable execution of MGNREGA on forest land. The Working Group suggests some institutional options for works on forest land. Payment of wages should be made by the PIA every week or fortnight on the basis of the muster roll and the measurement book, without waiting for verification by the PO. Verification of the measurement book and completion report by the PO should be required only for making the final payment to workers/suppliers. In case of a revision of wage or material

rates, it should be the responsibility of the DPC to issue fresh approval of revised estimates for proposed works and annual plans. This should be done on a suo moto basis by the DPC and the revised estimates conveyed to PIAs. There is need for appointment of one mate for every 30 workers, instead of the current ratio of 1:50 (ibid).

Every state must adopt a dashboard of key indicators which must be monitored at the highest levels to track MGNREGA implementation. The provision for administrative costs be increased from the current 6 percent to 8 percent. Of this 8 percent, 6 percent should be reserved to support the costs of Planning & Execution at the Block level and below. The above recommendations will enable MGNREGA to substantially increase coverage as well as the provision of work to the poor households in rural India. With the above changes, MGNREGA will provide 60 days of employment per year to each of eight crore households in rural India. In the 2000 most backward blocks, four crore households will be provided 80 days of employment each. Additionally, MGNREGA works will contribute strongly to poverty reduction through improved productive assets and better convergence with local livelihoods and priorities (ibid).

### **Plan Allocations Required for the Scheme during 12th Five Year Plan (2012-13 to 2016-17) as stated by the Rural Development Division, 2012.**

- The Working Group assumes that the number of person-days will increase at the annual rates of 5 percent, 15 percent, 5 percent, 5 percent and 0 percent in five years, with 2011-12 as the base year; The number of job cards is constant over the 12th five year plan period; the additional job cards to be issued in the period to household's registry under MGNREGA. However since many households holding job cards do not currently avail of employment under MGNREGA, the increase in the number of job cards will have a marginal influence on MGNREGA expenditure. State wise labour-material ratio is constant at the levels existing in 2011-12. There are variations across states in labour-material ratios; and Wage rates will rise every year at the weighted average of annual increase in CPIAL over the period 2007-10. There are variations across states in the annual increase in CPIAL.
- On the basis of the assumptions, the Working Group estimates that 15912 lakh Person days of employment will be generated over the 12th Plan period. This will require a financial allocation of Rs 3, 22,147 crores for MGNREGA over the 12th Plan period.
- The Working Group strongly recommends that an increase in the number of staff deployed be made in GPs, at the level of cluster of villages (sub- block) and at the block office for 2000 most backward block at the district level in 200 most backward districts and at the state-level in all states, with intensive support in 15 poorest states. These recommendations will result in increased utilization of the 6 percent provision for administrative expense.
- Hence, the Working Group recommends that one sixth of the provision of administrative expenditure i.e. one percent of total expenditure be earmarked for capacity development activities; the increased expenditure on additional human resources and on capacity development recommended above will be within the allocation of 6 percent of total expenditure for administrative purposes; the ministry should create a National Capacity



Building Fund (NCBRD) with an initial corpus of Rs. 1000 crores. This fund should be utilized for capacity building efforts for all programs of the Ministry of Rural Development. All the unutilized capacity building funds should be credited to this NCBRD; and additional resources be provided to the Ministry of Rural Development for social audit and to facilitate the expansion of financial services by commercial banks and post offices.

**Table 13: Projected Employment Generation and Expenditure on MGNREGA in 12th Plan Period**

Year	Estimated Person Days of Employment (in lakhs)	Estimated Expenditure ( ₹ crores)
2011-12 (Base Year)	25715.24	45353.18
12 <sup>th</sup> Five Year Plan		
2012-13	27001	53725.57
2013-14	31051.15	70564.04
2014-15	32603.71	84652.07
2015-16	34233.9	101589.59
2016-17	34233.9	116151.96
Total for 12th Plan	159123.66	426683.23

*Source:* Report of the 12th plan (2012-2017) Steering Committee on Rural Livelihoods and Rural Governance (Rural Development Division), Planning Commission, Government of India, 2012.

- Social Audit will cover all major schemes of the Ministry including MGNREGA. The annual expenditure for the Social Audit would be Rs 270 crores for the 1st year of the plan period. As the Social Audit process will anchor around MGNREGA, this grant should be made available as allocation for MGNREGA to begin with but later could become a grant to the Ministry as it will cover all schemes of the Ministry.
- The expansion of financial services will enable MGNREGA wage disbursements as well as financial transfers under schemes such as NSAP and Indira Awas Yojana through banks and post offices.
- The Working Group recommends the establishment of a National mission within the Ministry of Rural Development. This dedicated institution will guide and support states in the implementation of MGNREGA. The technical expertise will improve the quality of implementation, continuously evaluate performance and share lessons. The annual expenditure for the National Mission is estimated to be Rs 10 crore with an annual increase of 20 percent.

### **Conclusions**

The overall assessment of MGNREGA requires a critical evaluation of its implementation and working across the past six seven years. Focusing solely on its achievements or limitations will be irrelevant as it is, after all, a program and it can be subject to criticism leading towards something better- an improved program, a targeted program or a comprehensive program. The basic provision under MGNREGA- providing unskilled manual work to adult workers of every household in rural areas demanding work- is based on certain flawed assumptions and



conditions. Firstly, it is assumed that poor migrate only because of distress and to improve their economic positions. In doing so, the planners ignore migration as a choice and label it as a force. They consider rural migration as the exception rather than the rule. However, what is repeatedly overlooked by many is that migration requires capital to cover costs of the journey and potential unforeseen problems along the way or during the stay. The extremely poor in rural areas do not have such a stock of capital to migrate. Further, those who migrate do not aim only for economic advancement or psychological pull towards the major attractions in urban areas; they also have some intrinsic social reasons like addition to human capital, a desire to learn and yearning for higher goal of self-actualization. In most of the recent literature, migration is described as a 'dynamic socio-politico process', and a part of 'normal' livelihood strategy for the poor across India, not only during times of crisis. MGNREGA will be unable to curb this kind of migration in spite of its extended coverage and scope, because of its focus on unskilled manual work which will, in no way, add to the human capital of the worker and provide him contentment.

The other major flaw associated with MGNREGA is that it is a demand-driven program in the sense that MGNREGA will be implemented in a village only if there is sufficient demand for employment from that village. However, in such a scenario, the role of media in dissemination of information is extremely important. Unless the rural workers are aware of the existence of a program like MGNREGA, the demand for employment will not automatically follow. Hence, it was imperative at the time of inception of MGNREGA, that the role of mass media is not only stressed but strongly associated, legal or otherwise, with the pre implementation procedure to ensure that information regarding the guidelines, procedures, conditions and requirements under MGNREGA reaches the beneficiary at a time sufficient enough to make prior preparations. However, lack of awareness regarding the existence of MGNREGA, and in other cases, regarding the benefits under MGNREGA, have hindered MGNREGA from realizing its true potential and from achieving its objectives (Solinski, 2004).

Most of the studies point out that MGNREGA has not been able to provide its 'much hyped' 100 days employment at minimum wages across all states of India. Other problems further deteriorating its performance include corruption, delays in implementation, lack of political will of the officials administering MGNREGA, fewer person days provided, variations in payment of wages across states and demanding unnecessary documents for registration. It has been proved that MGNREGA has not brought any substantial reduction in migration. The sole burden of implementing MGNREGA rests on GPs who may not be financially and technically qualified to design the implementation of such a comprehensive scheme on their own. Information asymmetries of different kind further limit the scope of the program. Moreover, what most development discourses and welfare programs ignore is that the poor too have dreams and aspirations, and they are not constantly thinking about survival alone. They might migrate to achieve a variety of aspirations and challenge themselves, even if they do not gain much materially.

It is high time that we let go off our myopic and prejudiced ideology about rural areas, urban areas and the entire spectrum covering them, and start afresh, focusing more on what the poor want rather than what we think they want. They should be given a platform to voice their opinions, thoughts and suggestions which should be incorporated into the programs designed for

them. What is of utmost importance is that the poor, for whom the government launches plethora of programs, should at least have a say in their construction. Only the poor know what problems they face, what needs they sacrifice and what amenities they are deprived of. Hence, only they can create a program where there is minimal interference of outside forces, thus minimal corruption and which can fulfill most of their expectations, if not all. For any program to succeed, it should be welcomed by its beneficiaries and in alignment with their thinking. Once the beneficiary is well informed and of a calm and controlled mind, his decision making will be much better and the success of the program will be much more comprehensive and sustainable. The success that MGNREGA has enjoyed is, no doubt, appreciable; however, a lot more needs to be done to make it ever lasting. The performance of MGNREGA over the past few years has thrown some doubts, questions and criticisms regarding a number of issues. Now onwards, it is necessary that these doubts are catered to and required steps are taken to remove the unnecessary elements out of MGNREGA and make it full proof. In course of time, many more issue might crop up, which should be considered and incorporated in the amendment of the act as far as possible.

An examination of the recent progress experienced under MGNREGA ascertains that in spite of the prevailing weaknesses and rigidities, it can be improved to suit the needs and demands of the society. A survey conducted in 2011 revealed that as many as 17 workers of the Dungarpur district in Jaipur were given unemployment allowance as they were not given work under the provisions of MGNREGA. In 2009 also, a worker in Bhilwara was paid unemployment allowance for a similar cause after a social audit. Many more cases were also reported thereafter where aware workers had demanded unemployment allowance for the lack of employment through MGNREGA. Although there are delays in the payment of the unemployment allowance, and further, lack of awareness regarding when and how much allowance should be demanded; the success stories of a few districts does point out to a brighter future where workers are not only becoming aware of their rights but also having the confidence and self belief to fight for themselves. Adequate administrative support and strong legal enforcement can go a long way in accelerating the pace at which the future arrives. The workers or the government or the officials alone cannot remove the weaknesses inherent in the implementation. The entire system is a unit, and is together responsible for the ills as well as the achievements. Thus, a three pronged effort is required to achieve long standing goals of increased social welfare and improved economic structure.

MGNREGA was conceptualized and presented to the Indian economy at a time when the economy was suffering from prolonged recession, leading to low employment opportunities and workers being thrown out of jobs. There was extreme dissent among the citizens as recessionary tendencies hit their consumption, production and general living incentives. It was imperative that the government comes up with a temporary set up to revive the economy and ensure the citizens are encouraged and willing to work. The formulation of MGNREGA was in conjunction with Keynes' idea of revival: Let people dig pot holes and fill them, this will help increase employment and slowly form a bubble which will pull the economy out of recession. MGNREGA promised a similar venture: providing guaranteed employment to the rural workers in unskilled manual activities. It was assumed that initially, the employment activities may focus on purely unskilled manual activities like digging holes and re-filling them; but eventually it will

target asset building and creation of productive assets in rural areas, aiming at long term employment potential. However, eight years post its implementation, the economy faces contrasting trends: on one hand, it is fuelled by prolonged and rising inflation, while on the other hand, the growth of employment opportunities far recedes the growth of labor supply, causing recessionary tendencies. In such cases, the question of productive asset creation is left untouched. Most activists and economists believe that MGNREGA has not contributed to asset provision. In fact, MGNREGA has only facilitated the growth of temporary employment through digging of pot holes which have not contributed to the skills of the workers and also not created future potential for employment. Although there are instances where MGNREGA has helped create durable assets in certain villages like restoration of roads, construction of new roads, laying canals and channels for irrigation, restructuring lands for agriculture and construction of hospitals and schools, still however, there is a widespread belief that MGNREGA has not utilized its potential enough to improve the condition of the economy. The policy structure of MGNREGA is such that it has the potential to create adequate durable assets for the economy; however, it has not been utilized fully enough to meet the achievable targets. Thus, another bone of contention for the implementing agencies and those involved in making MGNREGA a success can be associated with how to improve the working of MGNREGA and ensure that its full potential is realized. This is not only advanced as a criticism of MGNREGA, but also a very strong recommendation concerning it. MGNREGA needs to be approached keeping all such and many more issues and aspects in mind to become comprehensive and achieve desired success.

### **MGNREGA Phase II**

Envisioning MGNREGA-II is important to realize the unfulfilled dreams of MGNREGA-I, which has failed thus far to break free of the shackles of a debilitating past. At least seven key elements need to characterize MGNREGA-II. One, strengthening the Panchayati Raj Institutions (PRIs) by providing them requisite technical and social human resource so that plans can be made and implemented genuinely bottom-up. Without a cadre of social mobilizers or lok sewaks (at least one in every village), it is difficult to convert MGNREGA into a truly demand-driven programme, where works are undertaken in response to the needs and aspirations of a fully aware citizenry. Otherwise, the current practice of works being imposed from above will continue unchecked. And without much greater technical support to the PRIs, it will be hard to stop the backdoor entry of contractors (Shah, 2009).

Two, there needs to be a renewed focus on improving the productivity of agriculture and convergence to engender allied sustainable livelihoods. MGNREGA is not the usual run-of-the-mill relief and welfare programme of the past. It is not merely about transferring cash to people in distress. It is about creating durable assets that will ultimately lead to a reduced dependence of people on MGNREGA. The percentage of agricultural labour households in India who own land is around 50 in Rajasthan and Madhya Pradesh, 60 in Orissa and Uttar Pradesh and over 70 in Chhattisgarh and Jharkhand. And if we focus on Adivasis, the proportion shoots up to as high as 76-87 per cent in Chhattisgarh, Jharkhand and Rajasthan. Millions of our small and marginal farmers are forced to work under MGNREGA because the productivity of their own farms is too low to make ends meet. MGNREGA will become really powerful when it helps to rebuild this

decimated productivity of small farms and allows these people to return to full-time farming, thereby also reducing the load on MGNREGA (ibid).

What would accelerate this strengthening of small and marginal farming is the proposal to allow assets creation through MGNREGA on farmers' lands. This is element three of MGNREGA-II and would help the poorest who constitute 80 per cent of farmers in India. It is not entirely clear why certain sections of civil society are opposed to this idea, which will also mitigate the apparent conflict perceived by some Gandhians between small farmers and MGNREGA. Especially given the just demand for extending the work guarantee of 100 days to every person (as promised in the Congress manifesto), there is need to extend the scope of MGNREGA to small and marginal farmers' lands. This remarkably inclusive provision can potentially transform Indian agriculture, which is crying out for greater public investment (ibid).

Apparently there is an apprehension that if work is allowed on poor farmers' lands, the provision will be misused by powerful rich farmers in the village. Let me begin by stating that Magsaysay award winner Deep Joshi believes that MGNREGA should actually be used for assets creation on all lands, much as in a watershed programme, so that plans can be made and implemented on a watershed basis. I disagree with him only because I feel priority must be given to the poor. But I fail to understand opposition to work on farms of the poor themselves. Misuse of MGNREGA provisions is a genuine fear but that should be addressed with element four of MGNREGA-II — strengthening social audit (ibid).

Here we have two possible ways forward, what I call MKSS-I and MKSS-II. The Mazdoor Kisan Shakti Sangathan (MKSS) blazed the trail of social audit in Rajasthan. MKSS-I, a process that has been fraught with violent opposition from vested interests, and by the MKSS' own admission, has been less than successful. MKSS-II refers to the social audit pro-actively promoted by the government of Andhra Pradesh and guided by the MKSS that has achieved unprecedented success. However, this remains a predominantly top-down approach with relatively weak roots. What we need to do is to combine the strengths of MKSS-I with those of MKSS-II, because social audit is undoubtedly the weakest link of MGNREGA so far, even though it was hailed initially as its most attractive *differentia specifica*. Pramathesh Ambasta, National Coordinator, Civil Society Consortium on MGNREGA, is working on a blueprint of a National Authority for MGNREGA, which should become a matter of serious reflection and debate if we are to strengthen social audit, evaluation and grievance redress, by making them independent of the implementing agency (ibid).

Element five has to be more of creative use of information technology (IT), which can greatly strengthen social audit and reduce chances of fraud and leakage. As in Andhra Pradesh, computer systems need to be tightly integrated end-to-end so that any work registered in the system is alive, status-visible and amenable to tracking. Delays at any stage can thus be immediately identified and corrected. The system keeps track of the work from the day the work-ID is generated and flags delays in the payment cycle as soon as they occur. Because the network secures all levels from the ground up to the State headquarters and data are transparently and immediately available on the website, a delay at any stage is instantly noticed by the monitoring

system. Free availability of this information on the website also facilitates public scrutiny, greater transparency and better social audit (ibid).

IT has one more new dimension. Ever since it was decided to make payments only through banks and post offices, MGNREGA-I has run into serious trouble caused by delays and corruption in payments. Workers, especially in remote rural India, find it very hard to travel long distances to get money. This promotes a nightmarish variety of malpractices. It is now imperative that we roll out the banking correspondent model using handheld computer devices and mobile phones to all gram panchayats in India by the end of the Eleventh Plan period. The government needs to commit the support required to make this happen in a time-bound manner to achieve unprecedented financial inclusion on the doorstep for our poorest people living in distant hinterlands. The demand-driven, pro-poor unique ID project can play a key role in this regard and also greatly benefit from the demand created by this exercise (ibid).

Element six of MGNREGA-II is a reformed schedule of rates (SoRs). The commitment to pay real (indexed to inflation) wages of Rs.100 a day can never be fulfilled if we continue to use antediluvian SoRs that were meant to serve the “contractor-machine raj.” Using these rates will inevitably underpay labour, especially women. We need gender, ecology and labour-capacity sensitive SoRs that are themselves indexed to the real minimum wage, undergoing revisions with each revision in the statutory wage. Otherwise, complaints of underpaid labour will never cease (ibid).

Finally, element seven — the role of civil society, which is crucial in making MGNREGA realise its potential. Whether it is grass-roots activists assisting PRIs in social mobilisation, developmental NGOs building capacities of panchayats and supporting them in planning and implementing MGNREGA works, academic institutions helping to improve the standards of evaluation or eminent citizens acting as ombudsmen, there is an urgent need to mandate civil society action in strengthening MGNREGA. On its part, civil society needs to adopt a strategy of dialogue and support to make MGNREGA a success. Revamped and revitalised CAPART (Council for People’s Action and Rural Technology) and NIRD (National Institute of Rural Development) based on vibrant partnerships with civil society could help facilitate this change (ibid).

Each of these seven elements was part of the original MGNREGA vision. What MGNREGA-II will do is to place renewed emphasis on key aspects of this vision and build new strategies to help the programme realise its true potential. It is good that the Ministry of Rural Development is engaging in detailed discussions with various stakeholders as also the Central Employment Guarantee Council before unfurling the MGNREGA-II blueprint (ibid).



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## *GIDR Occasional Paper Series 4, 2014*

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