

MGNREGA and Inclusive Growth: A Study using NSS Data

*Dissertation submitted to Jawaharlal Nehru University
in partial fulfillment of the requirement
for the award of the degree of*

MASTER OF PHILOSOPHY

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2016



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CERTIFICATE

This is to certify that the dissertation entitled “**MGNREGA and Inclusive Growth: A Study using NSS Data**” submitted in partial fulfillment of the requirement for the award of M.Phil degree of this University, is my original work and it has not been previously submitted for the award of any other degree of this university or any other university.

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We recommend that this dissertation may be placed before the examiners for evaluation.

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Acknowledgement

This paper has benefited from the help, support and comments of numerous people and it is not possible to mention all of them here. I would like to thank Prof. Dr. Himanshu for his patience and guidance in supervising this work. This work would have never been possible without his patient guidance.

I would like to thank my friends Chandan Kumar Sharma, Avnish Kumar, Anshul Yadav, Priyanka Singh, Himani Aggarwal and Jitesh Rana for their support, comments and suggestions.

Special thanks to my parents, Sanjay, Santosh, Manoj and Rahul for all the support and help.

All errors are my own.

Sandeep Kumar

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Introduction

The post-independence Indian economy has been perennially afflicted with the problem of poverty and unemployment. The conditions, especially in the rural areas have been pitiful. With liberalization of the economy after 1992, despite huge expectations on the employment front, initial experiences were of jobless growth. It was also lopsided and, was mainly restricted to urban areas and rural areas continued to lag behind. The rate of growth of rural population during 1993-94 to 1999-2000 was much higher than the growth rate of employment. During this period, rural employment grew at just 0.6% per annum. This decline in rural employment largely owed to the decline in labour-use in the food crops due to mechanization, fall in growth of labour intensive food crops production and curtailment of rural development expenditure over time (Patnaik, 2005). Such growth trends reflected increased incidence of unemployment during this period that contributed to increasing poverty and inequality. This period also noticed slow growth of agricultural productivity, increase of short-term migration from rural to urban areas due to distress and farmers committing suicides in various parts in rural areas. All this reflected a need for a new approach to poverty reduction from supply to demand based.

Inclusiveness is one of the most challenging issues for India in the present time. We are experiencing the fastest economic growth rate in the world. Our economy exhibited remarkable resilience in recovering from the global economic and financial crisis of 2008. However, progress in poverty reduction and employment generation has not been commensurate with the promise held out by the rapid pace of economic growth. The Planning commission has put special emphasis on the inclusive growth in its approach paper for eleventh and twelfth five year plan. We have fixed the target of growth at 8.5 - 9 percent for the twelfth plan period, but what is more important is the inclusiveness of this growth. For inclusive growth to happen, poverty must be addressed at priority basis. Growth has no meaning if it does not reduce misery and hunger of the large section of the society. More than 65 per cent of our population resides in rural areas and the incidence of deprivation and poverty is highest among them. Conditions of SC/STs, women and disabled are even worse. We achieved

average growth rate of around 8% during the eleventh plan but reduction in poverty was not as significant especially in rural areas.

Public Work Programmes have been on the policy menu in our country for years. The idea that every ruler needs to undertake welfare measures in difficult times like that of duress, famine etc. was advocated by the “Arthashastra”, written in 400 B.C. by Chanakya. In this backdrop, India has focused on wage employment since 1960s for employment generation, income improvement and poverty alleviation. The first such programme was the Rural Works Programme. It aimed at constructing permanent civil works consisting of soil conservation, road construction, etc. The focus of this programme was on the drought prone areas. In 1971, Crash Scheme for Rural Employment was initiated for undertaking durable projects on minor irrigation, land reclamation, soil conservation, etc. The Food for Work Programme was launched in 1977 for generating additional gainful employment in rural areas and the wages were paid in the form of grains. The FFWP was renamed as National Rural Employment Programme (NREP) in 1980. It aimed to generate additional gainful employment during the periods of seasonal and sporadic unemployment in rural areas. It focused on the creation of durable assets. And hundreds of such programmes have been implemented since then with the aim of welfare of the poor people. All of these programmes were supply based schemes except the Maharashtra Employment Guarantee Scheme.

It is quite clear that the wage employment programmes have not been highly successful in India for the last about four decades. This is due to their inability to provide sufficient employment within the periphery of the villages at the minimum wages as per the demand. The achievement in terms of poverty reduction has not been faster enough as expected, despite very high govt. spending on all such programmes. Therefore the need was felt to look for some other sort of employment model due to these limitations of the previous wage employment programmes. That has the potential to improve rural income distribution, reduce household poverty and increase incomes of the poorest. As a result, a new demand driven scheme, The National Rural Employment Guarantee Scheme was started in 2006 with almost the same objectives. Development policies of our country since independence have proved that ‘trickledown effect’ of rapid economic growth has not been realized. This act is

therefore an attempt to target the poverty and deprivation directly through guaranteed wage employment. In other words, Failure of earlier rural employment programmes like Jawahar Rojagar Yojana (JRY), Employment Assurance Scheme (EAS), and National Food for Work Programme (NFWP) etc. led to the enactment of this act. Maharashtra Employment Guarantee Scheme (EGS) was the first employment guarantee programme of our country. Many studies have evaluated the impact of EGS on poverty and deprivation of Maharashtra. One of such studies found that its impact on poverty reduction was limited in terms of head count ratio. However, the scheme had contributed significantly in reducing the intensity and severity of poverty and to drought relief (Patel, 2006).

The National Rural Employment Guarantee Act (NREGA) was enacted in 2005 by the Government of India (GOI). Its name was modified as Mahatma Gandhi National Rural Employment Act (MGNREGA) on 2nd October 2009. The MGNREGA is motivated by EGS of Maharashtra and is the largest employment guarantee programme of the world. It is a revolutionary step in securing livelihoods and creating a safety net for our poorest rural households.

The MGNREGA guarantees 100 days of work in a financial year to every rural household whose adult members are willing to do unskilled manual work. It came into force from February 2006 in 200 most backward rural districts. The backwardness index developed by the Planning Commission was used to choose these districts. It was then extended in two more phases. In second phase it covered an additional 130 districts in 2007. As part of phase three expansion in 2008, it covered all the remaining rural districts. The Act provides legal entitlement to work and statutory minimum wage to every rural household. The act is seen as a landmark, especially during the lean agricultural seasons, in security to incomes and ensuring a minimal level of stability in rural households. It was the outcome of a sustained and long effort by political leaders, academics and activists from across the country.

Through several unique features in its design, the scheme has consciously attempted to counter weaknesses of earlier welfare programmes. It has built in provisions to ensure gender equality like equal wages for men and women, one third of total work should be undertaken by women, availability of crèches at work sites etc. The act has

provisions also to ensure that the poorest of the poor and women get the benefit of this programme. Provisions like transport allowance if work site is not located within five kilometer radius of the village of applicant, bank or post office account transfer within 15 days of task completed, elimination of contractors and machines, social audit, free job cards etc. aim to ensure that the poorest of the poor takes benefit of this programme.

Main objectives of MGNREGA are to provide for livelihood security of rural poor, create sustainable rural livelihoods through regeneration of natural resource base, provide wage employment opportunities, creation of durable public assets and strengthen rural governance through the processes of accountability, transparency, and decentralization (Vision MGNREGA, 2010). Full cost of wage payments is borne by central govt. and cost of material is shared between central and state govt. in the ratio of 3:1 respectively. If state fails to provide work to the applicant within 15 days then the applicant should be paid unemployment allowance. The burden of this allowance is borne fully by state govt. This provision is in the form of incentive system for the states to provide employment to the applicants on time.

There is no fixed eligibility criterion once the programme is available in a district. Interested household needs to register with the local Gram Panchayat, stating the name of all adult household members who are willing to do work under the scheme to take advantage of the scheme. The household is then issued a job card that entitles it to apply for work. It has a unique identifying number. It needs to make an application to the Gram Panchayat stating its intent to work and the requested number of days it wishes to work when any household member wishes to take up work under the scheme. Which the Gram Panchayat is then legally bound to provide within the stipulated time.

The literature on development economics of the 1980s recognizes that the poverty is not simply lack of income but it is a multifaceted concept. It is influenced by various factors like the level of education, socio-cultural environment, the state of health and demographic characteristics of the poor households (Sen, 1985). These in turn determine their access to development opportunities. The recognition of this aspect of poverty has brought to the focus the need for supplementing poverty alleviation

schemes with special programmes for building the capabilities of the disadvantaged, poorest and the marginalised section of our society. There was re-orientation of the Indian social sector policies starting from the late 1970s onwards. These were in the form of special schemes for the poor and marginalised, component plans to accommodate their capability building as well as basic non-material needs. Launching of National Literacy Mission, announcement of National Health Policy in 1983, emphasis on primary health care in the Sixth Plan, formulation of a National Policy on Education in 1986, introduction of Special Component Plan for SC/STs in 6th plan and likes are some examples of our new approach to poverty alleviation strategies. The MGNREGA can thus be seen as one more step in this direction.

Many studies have pointed out that both internationally as well as in India, poverty and environmental resources have two-way relationship between them. The poorest of the poor and rural households depend on local natural resources like grazing land, water bodies, forest etc. for their sustenance. The water bodies have been degraded and local common resources blindly destroyed heavily for the industrial profit making in the last few decades. There has been dangerous level of deforestation, desertification and soil erosion in the development process because of unbridled exploitation of these resources. This has led to the lopsided development, and has made poor even poorer and rich even richer. Several studies have pointed to this fact that the level of inequality in the last decade has broken all historical records (Oxfam, 2014).

The increasing voice and the role of the judiciary, the media, civil society organizations and NGOs is one more important development in recent years in the area of policy making and implementation. Some NGOs and the media have often exposed weaknesses and lags in the implementation of programmes targeted to the poor like in the PDS. They have brought to notice corruption, weak administration, leakage of benefits, inadequacy of resources and low coverage of the target group in most poverty alleviation schemes. The Supreme Court was prompted to issue a series of directives due to the activism of the civil society to ensure people's participation in monitoring and implementation. It also directed the central and state governments to serve cooked mid-day meals to primary school children and use excess food stocks to run food for work schemes in drought affected areas. It shows that the government

has moved towards guaranteeing development benefits to the poor due to increase in pressure from the civil society. The National Rural Employment Guarantee Act, 2005, a right-based poverty alleviation programme, is viewed in this background as an important step initiated by GOI under the pressure from various stakeholders. India is a signatory to UN's "Declaration on the Right to Development" since 1986. It advocates a rights-based approach to development. This is a framework for the process of human development, protecting and promoting human rights (UNCHR, 2008). The Millennium Development Goals (MDGs) were needed to be achieved by 2015. These were additional forces which led to the implementation of this programme.

Bhaduri (2005) advocates for 'Development with Dignity'. According to this approach, people are not only concerned about development now, but it must come with dignity. The concept of poverty and development has become broader now. Deprivation or poverty must be considered as an infringement on basic human rights. The design and implementation of a set of effective welfare programmes that can help convert these concepts into reality lies in the acceptance of a "rights based approach to development". Thus, the MGNREGA recognises this and aims to achieve this objective. Social disparity in our country goes back to the history of discrimination against certain population groups like SCs, STs, disabled and OBCs. These groups have remained at the bottom of the social and economic pyramid. These groups therefore have large concentration of poor people. They have limited access to land and non-agricultural income sources. There has not been any quantitative systematic all-India study of MGNREGA using NSS and official data. Newly released "Status of work participation under NREGA" data have not been studied by now. This study aims to fill these gaps.

Objectives of the Study

In the above context, this paper broadly aims to study

1. The performance of MGNREGA across states.

2. The participation of marginalized section like SCs, STs, OBCs, differently abled and women.
3. The Official data, NSS data and “Status of work participation under NREGA” data to answer the above mentioned objectives and comparison of these data sets in terms of results.
4. The determinants of employment creation under MGNREGA.

Data Sources, Concepts and Methodology

District wise data related to women participation, SC/ST etc. is available on MGNREGA website. NSS data from Employment-Unemployment survey of 61st, 64th, 66th and 68th round will be used. Recently released “Status of work participation under NREGA” data obtained from MOSPI (Ministry of Statistics and Programme Implementation) will also be used to see its performance over the period. Various appropriate statistical, mathematical, graphical and econometrical methods will be used to analyse the other research questions. Cropping intensity and land uses data have been obtained from the agriculture census and Ministry of Agriculture website. Cropping intensity is the number of times a crop is planted per year in a given area.

$$\text{Cropping intensity} = (\text{Gross cropped area} / \text{Net sown area}) \times 100$$

This paper is structured as follows

1. Chapter one gives an overview of the concepts and existing literature.
2. Chapter two does the evaluation of the scheme across states and also studies other objectives of this paper using official data.
3. Chapter three uses employment-unemployment survey data of 61st, 64th, 66th and 68th round of NSS to study the objectives of this paper.

4. Chapter four shows some important results obtained from the “Status of work participation under NREGA” data. It also studies the objectives of this paper using the same data.
5. Chapter five studies some important determinants of NREGA participation using panel regression analysis.
6. Last section concludes the study.

Some additional tables are provided in the appendix for reference.

The MGNREGA and Inclusive Growth: An Overview

01

CHAPTER

We are living in a world where the gap between have and have-nots is increasing at an unprecedented rate every day. The situation in our country is also the same. Every year some new number of billionaires and millionaires are added to the existing stock in our country. We have the third rank in terms of number of resident billionaires. Their level of wealth is more than the GDP of some middle sized countries. Simultaneously we have also topped the Global Hunger Index. India is home to the highest number of poor and malnourished people in the world in absolute numbers. These contrasting and appalling facts show that there has been something historically wrong with our developmental policies. Government of India has realized this and put its focus on inclusive development and growth during the last one decade.

Growth is said to be inclusive when everyone enjoys its benefit equally. Inclusive growth is one of the primary guiding principles of policy making and economic planning nowadays. What this essentially implies is that the benefits of economic growth shall percolate down to the economically weakest and most deprived sections of the society who shall also be made to participate in and contribute to the process of planning and policy making. This is very much in line with our long cherished objective of people oriented planning and uplift of the downtrodden sections of the society with a view to ultimately establishing a welfare state. Only thing to be realized in this context is that we can no longer rely on the trickle-down hypothesis in view of various institutional rigidities and infrastructural bottlenecks. The state must directly play a pro-active role in ensuring a fairer distribution of the fruits of growth so as to achieve inclusive growth in the real sense of the term.

The implementation of MGNREGA is one such attempt. This act is considered as a major step in the direction of inclusive growth. During the last decade, the benefit of rapid and consistent high growth largely occurred to the people belonging to the top most economic strata of the country as reflected by the consistently increasing inequality numbers. According to the World Bank data, ginni coefficient for India

increased from 30.8 in 1993 to 33.9 in 2009 (see table 1.1). So this was largely a period of lopsided growth restricted mostly to the urban areas. MGNREGA through its design aims to provide supplementary income to the people who are at the bottom of the income and wealth pyramid. This is also the section of the society that benefited the least from the rapid growth of last decade. Frequent droughts, rising input cost and climate change are some of the factors that made the lives of rural poor more vulnerable. Governments' single minded focus on fiscal consolidation through FRBM act 2003 led to the reduction of public spending in agriculture and other social sector programmes. Among all these negative developments the enactment of MGNREGA in 2005 was seen as a boon for the poorest rural people.

Table 1.1: Ginni coefficients for various years in India

Years	Ginni coefficients
1983	31.1
1987	31.9
1993	30.8
2004	33.4
2009	33.9

Source: World Bank

Inclusive growth is basically the combination of economic growth and equitable distribution. This implies that economic growth is a pre-condition for inclusive growth. There is still a debate about whether growth should precede distribution or the vice versa. Some economists led by Amartya Sen believe that only through sufficient public spending on health, education and other basic public services can a country increase the capabilities of its populace. It is not possible to achieve a consistently high growth rate with the help of hungry and uneducated workforce. There are some economists who believe on the contrary that growth should precede the redistribution. One of the most vocal advocates of this strand of thought is Jagdish Bhagawati. He believes that only through growth sufficient resources can be generated for redistribution. It may initially lead to rise in inequality but that can be mitigated later through appropriate redistribution policies. But the government through MGNREGA seems to be trying to achieve both growth and redistribution simultaneously.

The MGNREGA was launched on 2nd February, 2006 in Andhra Pradesh and implemented in 200 most backward districts. These districts were chosen based on a criteria developed by the planning commission. The scheme was later implemented in all rural districts with effect from April 1, 2008. It gives hundred days of guaranteed wage employment to every household. Minimum wage rate cannot be less than 60 rupees per day. Wages have to be paid within 15 days of work undertaken otherwise unemployment allowance should be paid the full burden of which is borne by the state government. Work must be provided within 5 km of the household and one third of the work has to be undertaken by the women. Besides, there are provisions of social audit, travel allowance, crèches etc. and all these provisions are unique to this act. These unprecedented provisions were included with the aim of achieving unprecedented results. These have also made the participation of poorest easier by promising them guaranteed minimum wages. The requirement of hard physical work has automatically helped to control the leakages.

Inclusive growth is a pattern of growth that leads to higher economic growth and simultaneously to the rise in employment opportunities for all as well as lower poverty. Sudarshan (2009), Shah et al. (2011), Pankaj et al., (2010) and several others agree on the positive impact of MGNREGA. They find that it has led to fall in distressed and short term migration from rural to urban areas. They believe that income of the poorest have been increasing after the implementation of MGNREGA. This has led to the multiplier effect and consequently their demand for consumer goods is also increasing. This has led to the revival of rural demand as well as economy. Pankaj (2008) supports that the living standard of rural people have improved. A recent report i.e. IRMA (2010) looks at the asset creation and finds that MGNREGA has helped in creation of durable assets in rural areas. It has been successful in dignifying labour work in rural areas. These papers widely accept that this has helped in improving the state of rural infrastructure like electricity supply, educational institutions and road etc. MGNREGA work on the private land of small and marginal farmers has contributed to the increase in productivity of their land. This has in turn increased the profitability of their land and brought them back to sustainable agriculture. Creation of public assets has many spillover benefits that are yet to be realized. It will be very beneficial for the rural folks in long run.

Poorest rural people, especially tribals depend mainly on local environmental resources for their livelihoods. Government accepted this fact and enacted many laws such as forest right act to give them the right to maintain and use local environmental resources like forest, wood etc. Development of environmental, forest and natural resource base is therefore important for the purpose of inclusive growth. Tiwari et al. (2011) studies the role of MGNREGA in reducing vulnerability to climate change and enhancing environmental services. It finds that this scheme has provided multiple environmental services like carbon sequestration, increased soil fertility, more water storage in tanks, reclamation of degraded lands, water percolation and ground water recharge etc. All these services have also reduced their vulnerability to climate changes and, increased livestock and crop production. Provisions like payment for environmental services, rewarding the poor for contributing benefits need to be made because the benefits of these services cross boundaries and have long term benefits.

Poverty reduction has been one of the biggest challenges to our policymakers since independence. Although after the implementation of new economic policies in 1992 we have seen comparatively substantial decrease in poverty rate. But our rate of decrease in poverty during this period has been well below the rate of poverty alleviation in China. This reflects the neglect of agriculture, rural economy, poor and marginalized by our government. So any policy in our country that aims to achieve inclusive growth must focus on the development of rural poor and agricultural labourers. (IWMI-IRMA, 2012) and Mukherjee et al (2011) study the impact of MGNREGA on rural labour market. It finds that MGNREGA has had significant impact on rural labour market. It has increased the wages and income of unskilled labourers. Imbert et al (2015) also agrees with this and reports that the availability of public work crowds out the labour from the private work. This tightening of the private rural labour market leads to increase in wages. It may lead to reverse migration in long run from urban to rural areas. There are significant differences between the pre and post-MGNREGA rural labour markets. It has brought a large segment of previously economically inactive section into the workforce, especially women. It has set wage floors, raised the depressed wage rates and tightened residual labour market. It has also segmented the rural labour market into two and raised the opportunity cost of labourers' time and thereby their bargaining power in the market. Sankaran (2011) says that piece rate system of wage calculation has denied minimum

wages to the labourers. It was originally designed to ensure efficiency but has turned into a method of exploiting labourers. Changes should be made to the schedule of rates to ensure that everyone gets the minimum wages. Minimum wages should be such that they could fulfill their basic minimum needs of education, health and food.

Failure of the trickle-down theory was accepted in 1980s widely in the development economics literature. The constitution of India guarantees the fundamental right to live with dignity. MGNREGA can be seen as an effort on the part of the government in the direction of ensuring this right. Himanshu et al (2015) provides evidence of rationing in Rajasthan. It finds that the decline of MGNREGA performance in the state is not only due to fall in demand for work. Various administrative failures like corruption, inconsistent flow of fund etc. over the years have led to discouraged worker syndrome. Moreover, the lack of demand due to rural prosperity may have played a role. Shankar et al (2011) also supports the rationing in allotment of MGNREGA work. Workers' ability to seek grievance redressal and their awareness about the provisions of the scheme increases with better political and social networks. Better education increases their redressal seeking power. It also highlights the role of education in enabling the vulnerable to monitor the programme and learn about it.

It is expected that the participation of SCs, STs and OBCs would be higher in MGNREGA participation because of their relative vulnerability. There is consensus in literature on MGNREGA that their participation is relatively more and encouraging. Pankaj (2008), Uppal (2009), and Samarthan (2010) agree that drought affected, poor and lower caste households (SCs, STs and OBCs) are more likely to participate in MGNREGA than others. Uppal (2009) also finds that health outcomes and programme participation have positive correlation. Programme participation reduces the chances of children, especially girls entering into the labour market. Broadly, targeting efficiency of the scheme seems effective. Programme seems to have positive significant impact on children. It must run in an efficient and fair manner to have a sustained and meaningful impact on the lives of the poorest.

Literature on this topic also broadly agrees on the empowering effect of this programme on women. Sudarshan (2011), Pankaj et al (2010), and Khera et al. (2009) find that the MGNREGA have had a positive significant impact on the lives of the rural women despite its miniscule level. It has increased their ability to avoid hunger

and food security. Availability of employment locally and equal wage to men are new unprecedented developments for rural women. It has helped in reducing gender skewness and other gender discriminatory practices. Independent income has enabled them to take decisions related to education and health. In states like Kerala, they have been employed in managerial positions. This has further increased their voice in the system. Lack of crèches facility, SOR payment system and hard physical work etc. are some of the issues that have restricted their participation.

Wide scale corruption, inefficiency and several other failures in the implementation of MGNREGA have also been reported by some studies. Sukhtankar (2012) reports that less than the government notified wages were being paid in some districts of Orissa. People do not want to report the corruption to the higher officials because of their illiteracy and the belief that their complaints would not be taken seriously. This encourages the local officials to exploit workers. CAG report of 2008 also points out various failures associated with the implementation of MGNREGA. Moreover, various financial and administrative irregularities were found. Various provisions needed to efficiently implement the scheme were not in place. Shah (2007) finds that the extent of corruption, swindling and embezzlement increases as we move towards hinterlands. Machines were found to be doing the work at various MGNREGA sites. Worker sits at home and payment is shown to be made to him on the paper. He receives a meager amount daily for doing this. Contractor pockets his wages.

Khera (2008) reports that the group formation leads to better MGNREGA outcomes. Trained mates at worksites contribute to better implementation of transparency safeguards, record keeping and provision of worksite facilities. They also protect workers from corrupt practices of officials and other office bearers. IFPRI (2010) finds that the lack of accountability and transparency mechanisms enables interest groups to affect the decisions regarding MGNREGA projects. Local politics and caste conflicts lead to exclusion from receipt of job card. Programme design and complex administrative structure foster misappropriation of funds. Use of information technology is a better way to get away with these problems. Bonner et al (2012) finds positive correlation between literacy rate and success of MGNREGA. Civil society activism is less important than the bureaucratic capacity in determining its performance. The strength of organizational capacity and local administration at the panchayat, block and district level determines the factor of success. Liu et al (2010)

supports the fact that MGNREGA targets the poor. There is possible influence of local leaders in work allocation. Benefits from the programme have exceeded its cost in the short run. It has a positive significant impact on asset accumulation, protein intake, energy intake and consumption intake.

Thus, the review of literature on MGNREGA shows that it broadly accepts the positive significant impact of MGNREGA on the lives of rural poor. It also points out some weaknesses and gaps. These need to be addressed on a priority basis to make this scheme more effective. Unit level data of special NSS survey on NREGA named “the status of work participation under NREGA” was released recently. There has not been a systematic study of this data by now. Moreover, there has not been any systematic all India study of the impact of MGNREGA on inclusive growth using the official, NSS and special NSS data on NREGA simultaneously. This paper is an attempt to do this.

Evidence from Official Data

The inclusiveness of MGNREGA can be measured by evaluating the actual performance in terms of employment generation, participation of marginalised group; and some other variables, all of which will be looked at in detail in this chapter. We consider the SCs, STs, OBCs, disabled and women in marginalised group because of their comparatively lower socio-economic status. This chapter will do a comparative study of performance of MGNREGA across states using the data obtained from the MGNREGA data portal or official data and look at the participation of marginalized section. It will also try to determine the obvious systematic reasons for varying implementation across states using the existing literature. There is no existing systematic quantitative study comparing the performance of MGNREGA across states. This study aims to fill this gap.

MGNREGA guidelines require states to take special care of vulnerable section like disabled, aged, tribal groups, single women etc. They should be organized into labour groups and trained to articulate demand for MGNREGA participation. Some labour-intensive work should be kept open at all times to provide them with work on demand. The guidelines also suggest job cards of a distinct colour to help these groups with special protection. The extent of implementation of these guidelines will decide the participation of marginalized group in this scheme and thereby the impact of MGNREGA on their livelihood.

Theoretically, we might expect that the states with higher development levels are better equipped to implement MGNREGA effectively because higher level of development indicates the ability of a state bureaucracy to run complex programmes more effectively. However, high levels of development may reduce the need for MGNREGA employment. Thus participation in MGNREGA may be low in states with higher levels of development. There can be a negative relationship between poverty levels and the implementation of MGNREGA. High poverty levels may imply that the state institutions are less capable of effectively implementing the programme despite high demand for employment. A study of all-India data will make

it clear that whether developed or poor states have done better implementation of this programme. This has been attempted to do in the next section.

Evaluation of MGNREGA

Justice and equity is at the core of any social policy frameworks, implementation and governance. Justice can be distributive, procedural, retributive and restorative. The enactment of Mahatma Gandhi National Rural Employment Guarantee scheme reflects the will of the government and recognition of the right to work as a legally binding and justiciable right. This is a process in which the poor and most vulnerable are proactively engaged. The design of this landmark act has envisioned the principle of distributive justice.

This act also marks a paradigm shift from previous wage employment schemes through its rights-based framework because it provides a legally guaranteed opportunity of wage employment to every rural household. It has also some measures in place for empowerment of various stakeholders. This is the biggest public works programme in the world with an approximate annual expenditure of over 40,000 crore rupees. Under this programme, there are built-in accountability and transparency mechanisms. It has created an unprecedented scope for accountability of performance particularly towards its immediate stakeholders. It has been around ten years now since this act came into effect. Various questions have been raised on the effectiveness, efficiency and other aspects of this act. Some of them have been answered by the scholars, governments and various other stakeholders but some questions still remain unanswered. Most pertinent question among these has been that whether the entitlements are reaching the poorest of the poor and the most vulnerable. Data show that after ten years of MGNREGA's implementation despite some gaps, MGNREGA has provided the rural households and persons the choice to demand work.

Table 2.1: Number of person-days per household and their percentage change from 2006-07 to 2013-14

States	Employment provided - Number of person-days per household ¹		
	2006-07	2013-14	Change (%)
Andhra Pradesh	31.40	49.58	57.90
Arunachal Pradesh	22.50	26.09	15.96
Assam	72.50	23.65	-67.38
Bihar	35.30	41.87	18.61
Gujarat	43.70	39.79	-8.95
Haryana	48.20	36.28	-24.73
Himachal Pradesh	49.80	52.38	5.18
Jammu and Kashmir	26.90	51.41	91.12
Karnataka	41.10	49.56	20.58
Kerala	22.80	56.83	149.25
Madhya Pradesh	68.90	42.27	-38.65
Maharashtra	40.80	45.22	10.83
Manipur	93.00	24.86	-73.27
Meghalaya	26.90	59.30	120.45
Mizoram	15.60	75.29	382.63
Nagaland	43.60	45.08	3.39
Orissa	57.50	41.62	-27.62
Punjab	52.00	32.68	-37.15
Rajasthan	85.40	50.85	-40.46
Sikkim	60.00	69.57	15.95
Tamil Nadu	26.90	58.66	118.07
Tripura	71.60	88.18	23.16
Uttar Pradesh	32.00	35.10	9.69
West Bengal	14.30	37.44	161.82
Chhattisgarh	55.60	51.70	-7.01
Jharkhand	37.40	38.30	2.41

¹ Number of person-days per household has been calculated by dividing the total number of person-days of employment generated by total number of households that were provided employment.

Uttarakhand	31.20	41.66	33.53
All India	43.10	46.00	6.73

Source: MGNREGA data portal website.

Table 2.2: Number of person-days per household from 2006-07 to 2013-14

States	Employment provided - Number of person-days per household ²						
	2006-07	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Andhra Pradesh	31.40	47.99	65.67	54.05	56.49	49.27	49.58
Assam	72.50	40.01	34.29	26.16	26.23	25.17	23.65
Bihar	35.30	25.95	27.55	33.82	37.74	43.24	41.87
Gujarat	43.70	25.05	36.65	44.87	37.93	37.60	39.79
Haryana	48.20	42.42	37.74	35.79	39.28	42.64	36.28
Himachal Pradesh	49.80	46.06	57.29	49.40	52.40	47.98	52.38
Kerala	22.80	22.22	35.54	40.85	44.61	49.45	56.83
Madhya Pradesh	68.90	56.59	55.66	49.87	42.24	39.59	42.27
Maharashtra	40.80	46.33	51.18	44.33	47.17	53.12	45.22
Orissa	57.50	36.08	39.63	48.71	32.91	30.91	41.62
Punjab	52.00	26.86	28.37	27.11	26.26	26.52	32.68
Rajasthan	85.40	75.78	68.97	51.64	46.60	48.57	50.85
Tamil Nadu	26.90	35.97	54.67	54.05	47.51	57.45	58.66
Uttar Pradesh	32.00	52.04	64.91	52.07	36.35	26.98	35.10
West Bengal	14.30	26.00	44.59	31.07	26.47	34.54	37.44

² Number of person-days per household has been calculated by dividing the total number of person-days of employment generated by total number of household that were provided employment.

All India	43.10	47.95	53.99	46.79	42.40	47.72	46.00
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Source: MGNREGA data portal website & NREGA annual report.

The state-wise data for person-days of employment generated per household are summarized in the above tables from the year 2006-07 to 2013-14. It shows considerable variation across states. Manipur and Rajasthan were having highest number of person-days per household in 2006-07 but their position was taken by Mizoram and Tripura in 2013-14. West Bengal, Uttar Pradesh, Bihar and Mizoram were worst performing states in 2006-07. In 2013-14, West Bengal and Uttar Pradesh continued their dismal performance and were joined by Manipur and Assam. Percentage change in person-days per household over the period shows that Mizoram, Kerala, Tamil Nadu and West Bengal recorded the highest growth rate. Assam, Manipur and Punjab recorded highest negative growth rate. Given the relative well-off condition of Punjab it is not a significant cause of concern. The incidence of poverty in Bihar and Uttar Pradesh is highest in the country. So the bad performance of these states is a real cause of concern. Both states generated less than national average level of person-days per household in 2006-07 and 2013-14. Their growth rate over the period is also not very impressive. Rajasthan and Madhya Pradesh were the best performing states in the beginning of this programme but their significant decline is due to fall in demand or demand saturation after 2010. Supply side factors like flow of finances, administrative bottlenecks, minimum wage policy and flaws in programme have contributed to the fall in demand for work under this scheme.

During first year of the programme, West Bengal had the lowest number of person-days generated among the states with a large number of Phase 1 districts. It generated, on an average, only 14 person-days per household of work in 2006-07. Even later it did not make any notable improvement. Only 37 person-days per household of employment were generated in 2013-14. Among the Madhya Pradesh, Bihar, Uttar Pradesh, Orissa and Rajasthan (BIMARU) states, the only ones that did consistently well over the years were Madhya Pradesh and Rajasthan. Recently, the performance of Jharkhand and Chhattisgarh has also improved dramatically. Rajasthan did well during the initial years but could not continue its commendable performance later on. This performance is doubly disturbing because the West Bengal and BIMARU states account for a very significant share of the poverty in our country.

Among the southern states, Tamil Nadu picked up significantly from 27 days in the first year to 59 days in the last year of study. Kerala generated 23 days in the first year and 56 in the last year recording growth rate of approximately 150% over the years under study. Normal wage rates in Kerala are higher than under the MGNREGA. Orissa had generated 57.5 days of work per household in the first year but fell back to 41 days in the year 2013-14. Karnataka provided 41 days in the first and 49 days in the last year recording a moderate growth rate of around 20%. In Kerala, only 23 days of work were generated per household in the first year. But it recorded significant improvement afterwards and was among the best performing states in 2013-14.

MGNREGA's favorable performance in Tamil Nadu is primarily due to the seriousness of state government and effective top-down administrative capacity. This is in contrast to the intended bottom-up approach of the programme. Although they place a burden on staff, the stringent reporting safeguards and requirements have put Tamil Nadu into a place to prevent leakages and corruption.

The Andhra Pradesh has presented the best example of how the all stages of MGNREGA work can be easily and effectively computerised. It has made every work like preparation of muster rolls, registration of workers, preparation of work estimates and issue of job cards etc. information technology (IT) enabled. This has not only made for greater efficiency but also engendered greater transparency. It has opened up MGNREGA for public scrutiny. Every payment made anywhere in the state and each job card issued has a unique identification number. Anyone interested can access this information and check whether or not what is reported is true because all these information is available on the internet. However, at various MGNREGA sites, it has been noticed that machines are doing the work. Payment is shown on paper to worker, who sits at home and receives a small sum daily for not interfering with the machine contractor. These contractors then pocket their wages. Thus, there can ultimately be no real substitute to the effective vigilance by people.

The participation of the disadvantaged and poor in a democracy can be enhanced through the provision of more information in the short-run and more education in the long term. The political process in Andhra Pradesh and Tami Nadu generated awareness about the importance of participation in public meetings. The presence of workers from the two main political parties at the village level has led to higher

awareness. More efforts are needed to understand the dynamics of how social and political networks emerge and are sustained in different contexts.

Overall, the performance of southern states was better than rest of the India and was led by Kerala and Tamil Nadu. Some of the North Eastern states like Mizoram and Tripura improved their performance at the fastest pace and were the best performers in 2013-14. At the all India level, average person-days per household generated was 43 in 2006-07. It increased to 46 in 2013-14 implying a growth rate of around 6.5% over the period. The case of Maharashtra is interesting because it has seen a concentration of farmer suicides due to various reasons like debt, drought and non-remunerative farming in recent years. It does not show much improvement over these years and work generated there has remained relatively low and well below the national average for both the years. Growth rate of person-days per household from 2006-07 to 2013-14 has been around 10% which is also not very impressive.

Table 2.3: Percentage of households completed 100 days of employment in 2006-07 and 2013-14 and poverty rate (%) in 2011-12 by Tendulkar methodology

States	Percentage of households completed 100 days of employment		Poverty rate
	2006-07	2013-14	2011-12
Andhra Pradesh	2.70	15.48	9.20
Arunachal Pradesh	NA	0.04	34.67
Assam	23.40	1.22	31.98
Bihar	3.60	5.99	33.74
Gujarat	5.40	5.06	16.63
Haryana	11.10	4.34	11.16
Himachal Pradesh	26.50	10.28	8.06
Jammu and Kashmir	9.70	10.13	10.35
Karnataka	12.80	8.11	20.91
Kerala	0.50	26.68	7.05
Madhya Pradesh	18.50	6.00	31.65
Maharashtra	1.50	10.72	17.35
Manipur	NA	0.00	36.89

Meghalaya	0.60	15.35	11.87
Mizoram	11.70	0.00	20.40
Nagaland	NA	0.24	18.88
Orissa	11.10	9.16	32.59
Punjab	16.80	3.00	8.26
Rajasthan	54.40	12.33	14.71
Sikkim	5.40	22.12	8.19
Tamil Nadu	0.30	14.69	11.28
Tripura	26.30	48.30	14.05
Uttar Pradesh	6.00	3.21	29.43
West Bengal	0.60	4.57	19.98
Chhattisgarh	10.40	13.78	39.93
Jharkhand	3.70	6.04	36.96
Uttarakhand	2.80	7.04	11.26
All India	10.20	9.47	21.92

Source: MGNREGA data portal website and planning commission database.

Above table shows the figures for the percentage of households who have completed full 100 days of employment in 2006-07 and 2013-14. It also shows the percentage of people who are below Tendulkar poverty line for the year 2011-12. It shows considerable variation across states and over the years for both the variables. Madhya Pradesh, Chhattisgarh and Rajasthan among the BIMARU states have had highest number of households completing 100 days of work for 2006-07. West Bengal, Tamil Nadu and Kerala were the worst performing states. Less than one percent household in these states completed full 100 days of work. Andhra Pradesh, Kerala, Meghalaya, Tripura and Tamil Nadu were the best performers in 2013-14. Uttar Pradesh, West Bengal, Jharkhand and Punjab were the worst performers. 10 percent households completed 100 days of work at all India level in 2006-07. This percentage fell down to 9 in 2013-14. Performance of Kerala and Tamil Nadu stands out among all the states here. They were the worst performing states in 2006-07 but turned best performers in 2013-14. There was wide variation across states. Some did much better than the national average while others performed very badly in relation to national average. We see that the performance of Rajasthan has turned out to be particularly

problematic. Rajasthan had highest percentage of household completing full employment entitlement in 2006-07 but was among the worst performers in 2013-14.

Table 2.4: Percentage of households completed 100 days of employment

States	Percentage of households completed 100 days of employment ³						
	2006-07	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Andhra Pradesh	2.70	8.48	22.70	15.60	17.80	11.40	15.48
Assam	23.40	9.42	6.10	2.53	1.26	0.41	1.22
Bihar	3.60	2.68	6.85	5.99	9.22	5.45	5.99
Gujarat	5.40	5.78	6.50	6.17	5.05	6.00	5.06
Haryana	11.10	6.05	5.65	3.86	4.89	4.82	4.34
Himachal Pradesh	26.50	11.30	9.71	4.96	8.87	4.95	10.28
Karnataka	12.80	3.01	12.60	5.91	2.73	3.79	8.11
Kerala	0.50	2.07	4.56	8.35	8.78	12.76	26.68
Madhya Pradesh	18.50	18.80	14.40	10.60	6.96	3.12	6.00
Maharashtra	1.50	3.59	4.22	6.26	11.30	12.10	10.72
Orissa	11.05	4.38	5.92	10.20	3.46	2.72	9.16
Punjab	16.80	2.65	2.83	1.89	1.54	1.15	3.00
Rajasthan	54.40	41.30	23.20	8.46	7.22	6.54	12.33
Tamil Nadu	0.30	15.20	17.40	22.20	9.48	10.90	14.69
Uttar Pradesh	6.00	14.90	14.50	9.34	4.15	0.84	3.21
West Bengal	0.60	0.76	2.07	2.10	2.01	2.68	4.57
All India	10.20	14.50	13.50	10.10	7.81	6.19	9.47

Source: MGNREGA data portal website.

Bihar, Jharkhand, Uttar Pradesh, Chhattisgarh and Manipur are the poorest states of our country. Poverty rate for all India was 21% but the level of poverty in these states was much higher than the national average and well above 35% in most cases for the

³ Percentage of households completed hundred days has been calculated by dividing the total number of households completed hundred days by total number of households provided employment.

year 2011-12. Punjab, Kerala and Himachal Pradesh were the richest states with poverty rates in single digit. Given the demand driven nature of MGNREGA, we should expect this programme to generate large number of work demanders in poorest states. It implies that poorer states should have higher proportion of households completing 100 days of work. Table 2.3 shows that only Chhattisgarh out of the poorest states does better than the national average and generates more than 10% households who have completed full 100 days of employment. Performance of Chhattisgarh is commendable and should be appreciated. Bad performance of Bihar, Jharkhand, Uttar Pradesh and Manipur shows that there are problems and various obstacles in the implementation of this scheme in these states. It also implies that this scheme has yet to reach the targeted population and has the potential to make a difference to the lives of the poorest of the poor.

Kerala among the richer states has done very well. It recorded increase in the percentage of household completing 100 days of work from mere 0.5 in 2006-07 to more than 26 in 2013-14. Punjab in this group of rich states has performed the worst. In 2013-14, only 3% households completed their full 100 days of employment as compared to 16% in 2006-07. Sikkim and Andhra Pradesh have also registered impressive performance. They were much below the national average in 2006-07 but exceed national average by wide margin in 2013-14. Tripura was the state with highest percentage of households completing 100 days of employment in 2013-14 and figure stood at 48.80.

MGNREGA in West Bengal has not been able to provide the employment that one would have expected as the actual employment generation has been much below 100 days per household. The proportion of households completing 100 days of work constituted only 1% of total beneficiary households and above data also confirm the same. The average number of person days employed per household is around 54 days in the state which is far away from the envisaged 100 days. Works under MGNREGA in the state were mainly concentrated on irrigational development and water conservation activities apart from the major focus on rural connectivity to provide all weather access road. The quality of assets created under the scheme is good. There is the reluctance on the part of the state government to pay unemployment allowance as reflected by the fact that unemployment allowance was paid to a few workers in only some districts (Ghosh, 2011). MGNREGA has the great potential for enhancing

income and livelihood security of the rural poor in west Bengal but it is yet far from being realized.

Basu (2011) analyses the output and labour market responses to the MGNREGA and finds out the optimum compensation to programme participants. After accounting for the institution of permanent labour contracts, seasonality in agricultural production, technical change and productivity increases, MGNREGA makes labourers comparatively better-off than other relief programmes. Increase in wages under this scheme has more welfare enhancing effects than other relief programmes. An optimal wage that maximizes the expected lifetime utility of labourers may come in conflict with the one that maximizes expected agricultural output. Thus, different policy objectives involve trade-offs.

Table 2.5: Wages of unskilled agricultural labour and under MGNREGA⁴

States	Wages of unskilled agricultural labour			MGNREGA wages		
	2005-06	2014-15	Change (%)	2005-06	2014-15	Change (%)
Andhra Pradesh	51.13	214.46	319.44	80.00	180.00	125.00
Assam	65.23	195.97	200.43	66.00	179.00	171.21
Bihar	54.34	194.84	258.56	77.00	162.00	110.39
Gujarat	50.61	153.42	203.14	50.00	178.00	256.00
Haryana	92.03	334.58	263.56	99.21	251.00	153.00
Himachal Pradesh	107.68	302.79	181.19	75.00	182.50	143.33
Jammu and Kashmir	107.70	360.06	234.32	70.00	164.00	134.29
Karnataka	46.80	201.80	331.20	74.00	204.00	175.68
Kerala	148.14	575.89	288.75	125.00	229.00	83.20
Madhya Pradesh	39.17	146.84	274.88	67.00	159.00	137.31
Maharashtra	50.53	194.96	285.83	69.00	181.00	162.32

⁴ Wage rate for Himachal Pradesh is the average of schedule and non-schedule area. Yearly wages are the average of monthly wages.

Meghalaya	70.80	172.60	143.79	70	163	132.86
Orissa	49.50	175.99	255.54	70	174	148.57
Punjab	85.48	281.91	229.80	94.48	210	122.27
Rajasthan	71.18	263.26	269.85	73	173	136.99
Tamil Nadu	75.78	327	331.51	80	183	128.75
Tripura	76.39	209.63	174.42	60	167	178.33
Uttar Pradesh	60.71	188.50	210.49	100	161	61
West Bengal	54.91	206.27	275.65	70	174	148.57
All India	61.70	221.07	258.30	77.35	182.86	136.40

Source: RBI database, Gazette of India and MORD, GOI.

Above table shows that MGNREGA wage rates vary significantly across states. Wage rate of MGNREGA was higher than the market wage in most of the states when this programme began. But in general, both the wage rates have increased notably over the years under study. Increase in market wages was higher than the increase in MGNREGA wages between 2005-06 and 2014-15. Consequently, market wages have exceeded the MGNREGA wages in most of the states in the recent years. It also implies that MGNREGA works have led to greater bargaining power of the unskilled labour. It has also reduced the supply of unskilled labour to the private market. Both of these factors have contributed to the increase in market wages of unskilled labour to some extent over these years.

Table 2.6: Wages of unskilled agricultural labour⁵

States	Wages of unskilled agricultural labour							
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2014-15
Andhra Pradesh	51.13	55.10	62.10	81.19	99.35	114.69	140.14	214.46
Assam	65.23	67.08	73.04	79.94	91.44	106.85	125.99	195.97
Bihar	54.34	56.46	59.99	67.05	80.13	98.63	109.07	194.84
Gujarat	50.61	52.76	57.92	66.40	72.19	75.38	88.29	153.42

⁵ Yearly wage is the average of monthly wages.

Haryana	92.03	95.69	104.84	122.43	151.51	188.74	203.11	334.58
Himachal Pradesh	107.68	112.47	117.08	129.34	141.16	154.53	187.58	302.79
Jammu & Kashmir	107.70	108.86	112.87	122.56	146.63	180.35	220.52	360.06
Karnataka	46.80	49.21	52.20	61.61	73.42	86.66	108.38	201.80
Kerala	148.14	155.67	171.71	188.55	233.33	275.87	325.89	575.89
Madhya Pradesh	39.17	40.10	42.19	47.13	54.45	65.15	79.52	146.84
Maharashtra	50.53	54.04	58.09	64.09	74.43	89.96	112.36	194.96
Meghalaya	70.80	75.09	79.91	81.76	87.48	95.00	109.14	172.60
Orissa	49.50	53.25	56.99	63.13	76.74	94.78	122.43	175.99
Punjab	85.48	88.94	99.84	113.03	134.51	160.71	149.19	281.91
Rajasthan	71.18	73.52	80.96	98.61	116.75	137.13	166.11	263.26
Tamil Nadu	75.78	79.66	87.00	100.44	123.90	154.76	188.03	327.00
Tripura	76.39	87.18	90.01	95.46	114.35	110.93	114.57	209.63
Uttar Pradesh	60.71	63.36	69.03	79.06	93.56	109.81	128.95	188.50
West Bengal	54.91	57.69	62.05	67.65	75.58	90.63	112.16	206.27
All India	61.70	64.54	69.67	79.33	93.71	111.70	134.32	221.07

Source: RBI database and MORD, GOI.

Only Himachal Pradesh, Jammu & Kashmir, Kerala and Tripura were having higher market wages than the MGNREGA wages in 2005-06. Gujarat, Madhya Pradesh and Karnataka were the states with lower market wages than the MGNREGA wages in 2013-14. Karnataka and Tamil Nadu recorded the highest growth rate (more than 300%) in market wages during this period. Meghalaya registered the lowest rate of growth. Increase in MGNREGA wages was highest in Tripura and Tamil Nadu and lowest in Uttar Pradesh and Kerala. Currently, the highest MGNREGA wage is offered in Haryana at rupees 251 per day and lowest in Madhya Pradesh at rupees 159 per day.

Public sector hiring leads to increase in private sector wages by crowding out labourers for private sector work. In absolute terms, the welfare gains to poor households from increase in private sector wages are large. It is also relatively large, due to the spillover effects, to the benefits received solely by programme participants (Imbert et al., 2015). Large scale employment guarantee programmes involve a transfer to the rural poor funded mostly by urban rich taxpayers like many social programmes in developing countries. Employment guarantee programmes trigger a redistributive effect within rural areas from net labour buyer households to net labour seller households, through their effect on labour market.

In many states, post-MGNREGA rural labor market is completely different from pre-MGNREGA. By guaranteeing hundred days of convenient and accessible work close to home at competitive state determined minimum wages, MGNREGA has brought a new segment of previously economically inactive people, including a large number of women into the labor force. It has tightened the residual labor markets and raised depressed wage rates, set wage-floors and provided greater bargaining power to the labourers by introducing a high opportunity cost for their time, affected the labor work ethic and segmented the village labour markets into two (IWMI-IRMA, 2012). These impacts have not been consistent throughout the country and the nature of local labour markets has deeply affected the attractiveness, effectiveness and impacts of MGNREGA. Net impact of MGNREGA can be maximized if it is implemented in the areas where it is most required at a substantial scale and with full adherence to the MGNREGA protocol in letter and spirit. A target-driven and supply-push to MGNREGA in areas where there is tepid demand will result in adverse impacts on the local labor markets and the agricultural economy. And the success of MGNREGA in the long run, may be measured in terms of reduced demand for it. Communities and regions that require MGNREGA work today should be able to improve their economic condition and reduce their demand for unskilled minimum-wage employment over time. This will be possible only if the labour markets become more productive and the assets created through MGNREGA are able to enhance the profitability of agriculture by providing enhanced water security, improving productivity of land and connecting villages to markets etc.

Wages received under MGNREGA varied from person to person depending on amount of work done in West Bengal because of SoR (Schedule of Rates) wage

payment system. MGNREGA wages were higher than market wages for unskilled agricultural workers in the state. This has put upward pressure on market wages. Procedural irregularities are noticed such as irregularities in conducting social audits and gram sabhas. If the remedial measures are taken to address the limitations then the effectiveness of MGNREGA can increase. The impact of MGNREGA on labour migration is found to be positive but negligible (Ghosh, 2011). This implies that MGNREGA has succeeded in bringing migrated households back to the village.

Table 2.7: Some key indicators

Year	Number of households provided employment (in crore)	Average number of person days of work per household	Percentage of households completed 100 days
2006-07	2.10	43.10	10.20
2007-08	3.39	45.30	11.60
2008-09	4.51	47.95	14.50
2009-10	5.25	53.99	13.50
2010-11	5.49	46.79	10.10
2011-12	4.99	42.40	7.81
2012-13	4.25	47.72	6.19
2013-14	4.20	46.00	9.47

Source: MGNREGA data portal website.

The MGNREGA wages should neither be too high nor too low. It should be such that the poor people could seek employment that is available on demand, when they intend to do so. The daily wages should be around the level of the reservation wage of the poorest households. The ideal belief was that MGNREGA would serve the poor and the deprived through a mechanism of self-selection. It was, in turn, based on the belief that the MGNREGA wages will give sufficient incentive to people who do not have access to work in the local rural economy but want to work. This idea has been reflected in the programme wages and its implementation by now to some extent.

Figure 2.8: Trends in MGNREGA expenditure



Source: MGNREGA database website.

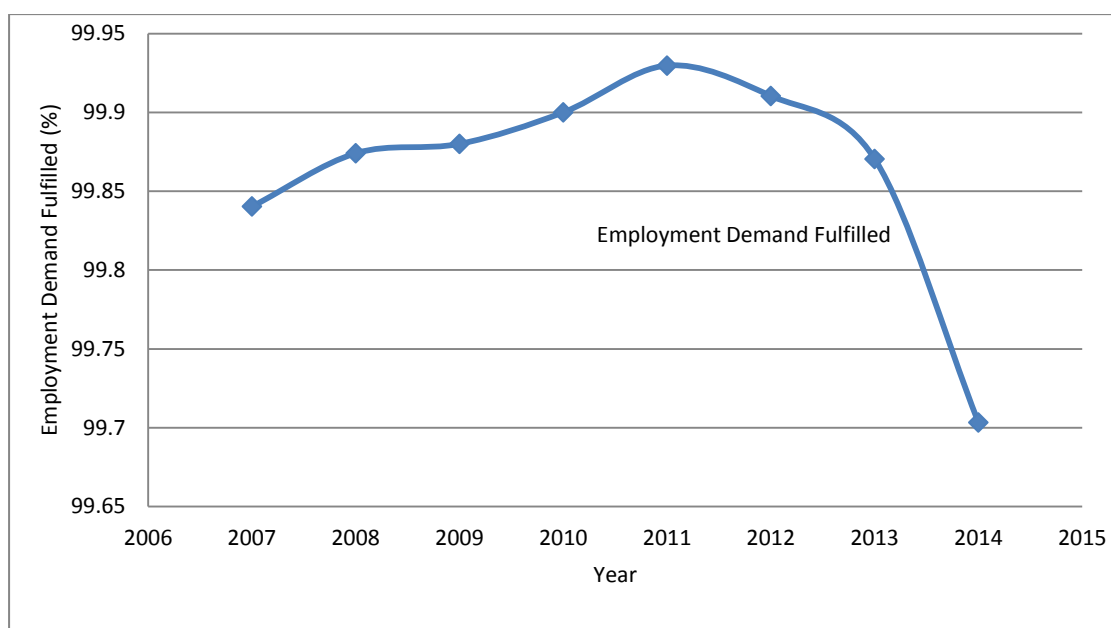
Broadly, we see that southern states like Tamil Nadu and Kerala have consistently done well on all indicators of performance of MGNREGA like percentage of households completed 100 days, person-days per household, increase in market and MGNREGA wages etc. Rajasthan has done well in initial years but got trapped in bad zone afterwards. Experience of other BIMARU states has been mixed. Some of these trends and facts are appreciable and need to be appreciated whereas some of these need to be improved.

This graph (figure 2.8) shows the trend in labour and material expenditure under MGNREGA from the beginning of the scheme to 2014-15. Both of these curves follow approximately the same trend. Expenditure on the scheme increased continuously till 2009-10 from the beginning and remained more or less unchanged afterward till 2012-13. It started to fall after 2012-13. These are in nominal terms. Real expenditure on MGNREGA started to fall after 2009-10 only. Given the level of poverty in some states and agrarian distress, these trends are cause of grave concern. Effective implementation of MGNREGA would ensure that it would be a step, in long-term, towards distress, flood and drought-proofing of our agriculture system. It will also raise agricultural growth so the expenditure incurred under this scheme would be non-inflationary in nature. By making agriculture less dependent on the vicissitudes of nature, it would put rural economy on to a more sustainable growth

path. It would steadily lead to decline in the number of people dependent on the state sponsored welfare programme over time.

The MGNREGA incomes will lead to the increase in rural growth and thereby to the increase in government revenues. This can fuel growth that would help in turn to reduce the fiscal deficit. The people's need to work outside their farms would decline over time. Subsequently, the amount and extent of the guarantee to be provided by the government would also fall. In the present context of continuously rising agrarian distress and farmers' suicides this makes perfect sense. It is also a very sound investment. We do not want a zero fiscal deficit that leaves scores of people uneducated, hungry, out of work and ill. Therefore, no FRBM Act should be allowed to override these priorities.

Figure 2.9: Percentage of employment demand fulfilled



Source: MGNREGA database website

Above graph shows the percentage of all employment demand which was fulfilled under the MGNREGA from 2005-06 to 2014-15. It shows that more than 99% demand was met during this period. One more important thing to note is that it was increasing from the beginning of the scheme till 2011-12 but started to fall thereafter, although marginally. It gives a very positive and encouraging sign that all is going well with this aspect of the programme. Almost everyone who demanded work got one.

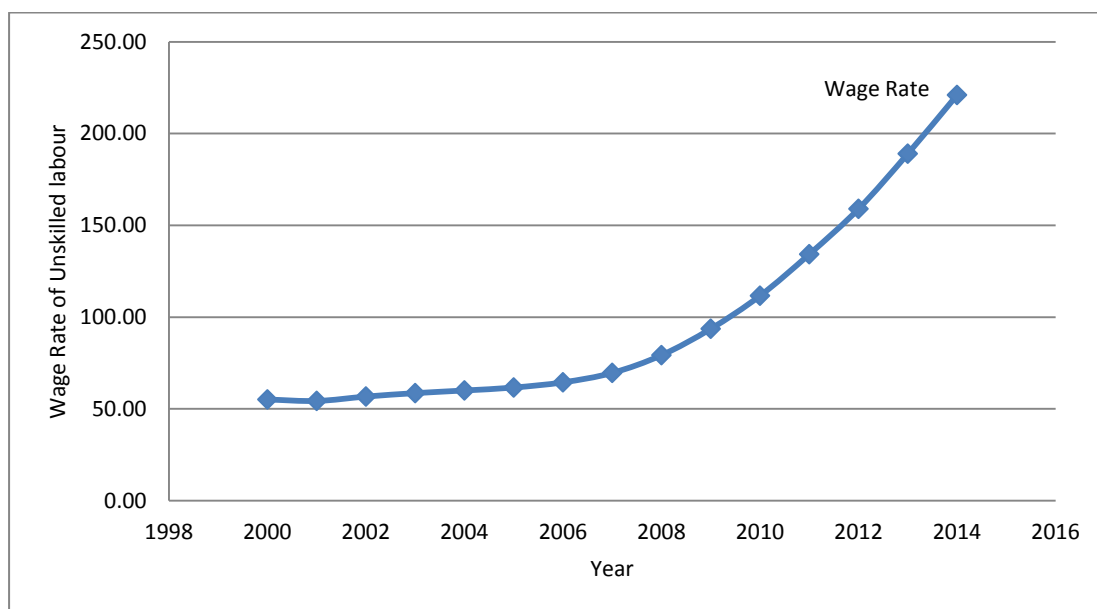
This graph is based on official data of the government. We will see later that it does not match with the data from NSS, primary survey by many researchers and “Status of work participation under NREGA”. These data show that there are significant gap in employment demanded and employment provided. We will look at these issues in other section where we study NSS data in detail. Official data probably, overestimates the percentage of employment demand fulfilled due to various reasons. It records only those unfulfilled demand which are registered in writing.

There are various instances where people demand employment orally but it does not go into official records. Act provides that application demanding employment should be made in writing. So, oral demand for employment does not get reflected in official data. Many people do not demand or write application because they are not aware about the provisions of the MGNREG act. Some people through their past experience know that officials would not listen to them. Consequently, they do not demand employment because they think that it would not be provided.

Has MGNREGA accelerated positive trends, or has it created unanticipated obstacles to progress? MGNREGA was set up with the best intention to increase employment opportunities in rural areas. It aims to provide work when better paying work is not available like during the lean agricultural seasons. But there are concerns about unanticipated effects from intervention in rural labour market. Has MGNREGA created competition for workers and thus a spiraling rise in private labour market wages by increasing demand for labour? These questions lie at the heart of the most strident opposition to this scheme. Existing literature is yet to answer these questions convincingly. One of the main challenges to understand the impact of MGNREGA on rural wages lies in the fact that there exists a complex relationship between wages and rural labour supply. It is generally believed that the rural areas suffer from disguised unemployment. If this is true then public work employment schemes that are available for only part of the year would not cause tightening of the labour market. Therefore it would not cause an increase in wages. Reducing disguised employment would not affect the labour supply. The average increase in household income of 4,000 rupees from MGNREGA work would hardly create significant changes in the wage rates of the rural economy. It neither seems substantial nor enough to put households above a threshold level where leisure is valued more than work. There is also counterargument against it. This line of argument says that MGNREGA causes a change in the

psychology of reservation wages. It makes workers unwilling to undertake any manual work without wages that is at least equal to MGNREGA wages. Such a bargaining power, however, is only credible if sufficient non-MGNREGA work is available.

Figure 2.10: Trends in rural wages of unskilled agricultural labour

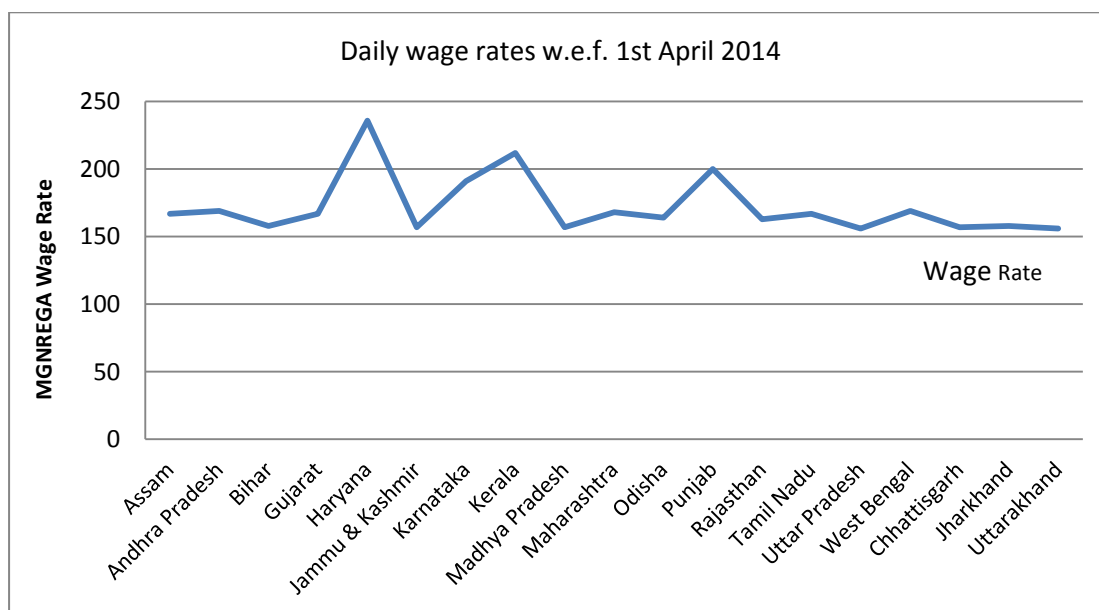


Source: RBI database

This graph (figure 2.10) shows the trends in rural wages of unskilled agricultural labour from 1999-00 to 2014-15. Years prior to 2005-06 can be considered as pre-NREGA period and years after 2005-06 as post-NREGA. Broadly, we see that wages remained unchanged or increased marginally till the year 2006-07. This was the time when we had completed one year of MGNREGA. It is expected that programmes like MGNREGA will put upward pressure on rural wages with some lag only. It may be due to various factors like increased bargaining power of labour, decrease in supply of unskilled labour to the private market etc. wages in pre-NREGA period increased at very low rate.

Graph in the figure 2.10 clearly shows that the growth rate of rural wages increased significantly after 2006-07 and it continued till 2014-15. Although it cannot be concluded from this graph that this whole increase in wages was due to the introduction of MGNREGA. But it can be argued certainly that MGNREGA contributed to this growth or was one of the factors behind this growth.

Figure 2.11: State-wise MGNREGA wages



Source: MORD, Government of India

There is wide variation across states in MGNREGA wages as shown by the above figure for the year 2014-15. It was highest in Haryana at rupees 251 per day and lowest in Madhya Pradesh. Kerala and Punjab also have very high wage rate.

Impact on the lives of marginalized section

Existing literature on inclusive development acknowledges that the fruit of rapid development in the last few decades have not reached to every section of our society equally. The incidence of poverty is disproportionately high among rural households, SCs, STs, OBCs, landless labourers, small and marginal farmers etc. MGNREGA was enacted with the aim of providing minimum income support through the right to work to the people at the bottom of the income ladder. It also aims to provide a stable source of livelihood security and income to the poorest, marginalized and vulnerable. The impact of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on rural poverty depends on a large number of factors like the efficiency and outreach of the programme, participation of the poor, wage earnings etc. For example the capacity of small and marginal farmers in rain fed areas to bear the burden of wage rise needs to be kept in check since their population in these areas is higher. The impact of MGNREGA would be positive and beneficial for these

vulnerable farmers if the individual and community works undertaken in the scheme help them in raising productivity of their agricultural land.

Table 2.12: Participation of scheduled castes (%)⁶

States	Year							
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Andhra Pradesh	29.82	27.72	26.14	24.67	24.32	27.72	23.99	22.94
Assam	8.65	7.60	10.41	12.14	10.99	7.60	5.78	6.59
Bihar	47.08	45.66	50.07	45.30	45.40	45.66	23.97	29.15
Gujarat	7.04	5.92	12.67	14.87	14.54	5.92	8.99	7.66
Haryana	60.03	53.80	53.03	53.58	48.93	53.80	52.27	48.48
Himachal Pradesh	30.40	32.31	33.52	33.35	32.58	32.31	23.32	28.44
Karnataka	33.05	30.23	27.77	16.70	16.16	30.23	16.95	15.89
Kerala	20.10	14.76	19.47	16.77	17.04	14.31	15.26	16.88
Madhya Pradesh	15.87	17.87	17.82	18.48	19.34	17.87	19.19	17.21
Maharashtra	16.19	18.44	16.51	25.61	22.00	18.44	16.93	9.94
Orissa	23.65	24.33	20.24	19.16	18.13	24.33	18.11	16.35
Punjab	69.36	76.29	74.22	78.92	78.31	76.29	78.27	76.91
Rajasthan	15.97	19.24	28.79	26.53	25.50	19.24	18.38	19.85
Tamil Nadu	56.06	57.36	60.27	59.07	57.71	57.36	28.19	29.66
Uttar Pradesh	56.85	53.75	53.56	56.41	53.96	53.75	33.75	35.07
West Bengal	36.08	36.28	37.45	36.85	36.91	36.28	32.95	33.49
All India	25.36	27.44	29.29	30.48	30.63	27.44	22.05	21.99

Source: MGNREGA data portal website.

⁶ The figures have been calculated by dividing the total number of person days generated for SCs by total number of person days.

Table 2.13: Participation of scheduled tribes (%)

States	Year							
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Andhra Pradesh	13.01	12.79	12.95	14.71	16.02	12.79	15.38	10.82
Assam	46.26	39.12	34.45	31.02	27.26	39.12	20.46	16.18
Bihar	3.21	2.46	2.66	2.16	2.14	2.45	1.87	2.10
Gujarat	64.26	65.92	50.56	39.46	41.17	65.92	37.52	41.07
Haryana	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.00
Himachal Pradesh	22.40	11.03	7.79	8.70	8.19	11.03	7.06	7.37
Karnataka	20.35	19.18	13.87	8.58	9.36	19.18	27.66	7.94
Kerala	12.39	13.03	9.26	5.33	3.44	2.37	2.59	2.93
Madhya Pradesh	48.63	48.76	46.81	45.34	43.45	48.76	9.20	32.74
Maharashtra	40.88	38.49	44.17	33.16	25.57	38.49	14.37	19.67
Orissa	49.27	39.65	35.81	36.26	35.55	39.65	37.10	40.82
Punjab	0.00	0.00	0.00	0.00	0.01	0.00	0.04	0.03
Rajasthan	64.36	46.39	23.24	22.50	23.28	46.39	24.09	26.17
Tamil Nadu	2.37	2.63	1.74	2.50	2.19	2.63	1.31	1.30
Uttar Pradesh	3.11	1.84	1.96	1.48	2.11	1.85	1.05	1.03
West Bengal	18.60	13.80	14.81	14.38	13.41	13.80	9.55	9.65
All India	36.44	29.27	25.43	20.71	20.85	29.21	16.73	19.95

Source: MGNREGA data portal website

Important social groups such as scheduled castes (SCs) and scheduled tribes (STs) are at the lowest rung of the social and economic hierarchy and they together constitute about 23 per cent of the total population in our country. However, their share in the development outcomes is far too low in terms of both, resource endowments as well as human and social development indicators. Their presence is disproportionately

large in groups like agriculture labour households, small and marginal farmers as well as unorganized workers. Incidence of poverty and vulnerability is also very high among these groups compared to other social groups.

Given all these facts, MGNREGA appeared to be a critical source of employment for the rural poor, particularly categories like distressed families from SC and ST communities. The data clearly suggest that as a measure of social protection to the poor and the most vulnerable social groups this scheme is making a difference by augmenting their employment and income opportunities. In almost all states the share of SC and STs in the employment provided under the scheme is much higher than their share in population. In the states like Gujarat and Rajasthan, where it was lower initially, there was substantial improvement in the later years. Concentration of SC and ST population varies across states. Therefore figures of SC/ ST work days generated can be meaningfully interpreted with the availability of percentage of SC/ ST population in the respective states only. Most of the studies on MGNREGA have found that the scheduled caste/ scheduled tribe families are the major beneficiaries of the scheme. They also report that the participation rate of other backward classes, scheduled tribes and scheduled castes is more than their respective shares in the total population.

The MGNREGA work becomes an important source for sustaining them around the subsistence level because such conditions reflect that the workers face multiple deprivations. The majority of MGNREGA workers belong to the most disadvantaged section of the society such as SC and ST.

SC and ST together constitutes more than 50 percent of total employment days generated at the all India level as shown in the above tables. There was also steady growth in participation of SC families from the beginning till 2010-11, but it started to decline afterwards. The national scenario of the participation of SCs shows an increase from 25.36 percent to 30.63 percent during 2006- 07 to 2010-11 and then decline to 21.99 percent during 2013-14 with wider variations across the states. The table 2.12 shows participation rate of SCs in some states from 2006-07 to 2013-14. We can see that across the states the highest SCs participation is in Punjab, followed by Haryana, Uttar Pradesh and West Bengal with lowest participation of SCs in the states like Assam, Gujarat, Kerala, Maharashtra, and Karnataka in the year 2013-14.

It appears that MGNREGA provides a solution and effectively contributes to the inclusive growth by providing legal guarantee to the employment for under privileged section of society in the country.

Table 2.14: Participation of women (%)

States	Year							
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Andhra Pradesh	54.79	57.74	58.15	58.17	75.05	57.79	58.07	58.80
Assam	31.67	30.85	27.16	27.76	26.51	24.91	25.72	24.75
Bihar	17.38	26.61	30.02	30.04	28.50	28.63	30.41	34.97
Gujarat	50.20	46.54	42.82	47.55	44.23	45.22	42.68	43.96
Haryana	30.56	34.42	30.64	34.81	35.62	36.44	39.85	41.73
Himachal Pradesh	12.24	30.10	39.01	46.09	48.25	59.50	61.06	62.52
Karnataka	50.56	50.26	50.42	36.79	46.01	45.93	46.33	46.59
Kerala	64.31	72.55	85.01	88.19	90.36	92.85	92.95	93.37
Madhya Pradesh	43.24	41.67	43.27	44.22	44.40	42.64	42.47	42.65
Maharashtra	37.07	39.99	46.22	39.65	45.88	45.98	44.51	43.69
Orissa	35.64	36.39	37.58	36.25	39.40	38.64	36.39	33.57
Punjab	37.76	16.29	24.60	26.28	33.83	43.22	46.30	52.74
Rajasthan	67.14	68.99	67.10	66.89	68.34	69.17	69.14	67.76
Tamil Nadu	81.11	82.00	79.66	82.91	82.59	84.01	74.84	83.94
Uttar Pradesh	16.55	14.52	18.10	21.67	21.42	17.13	19.39	22.17
West Bengal	18.28	16.99	26.52	33.42	33.69	32.44	33.21	35.70
All India	40.65	42.51	47.87	48.19	47.72	48.18	52.44	51.64

Source: MGNREGA data portal website

The participation rate of women in the scheme is quite impressive. It is well above the minimum requirement of 33% in all the states except Jammu & Kashmir and Assam. Nationally 51.63% of the total person-days were undertaken by women. Kerala had the highest women participation rate of well above 93%. All BIMARU states except Rajasthan did worse than the national average.

If we consider the national scenario of the participation of women, we see that it has increased significantly from 40.65 percent in 2006-07 to 52.44 percent in 2012-13. It has started to decline afterwards. It is much higher than the usual female work participation rate in many states. This reflects the enhanced employment opportunity for women due to MGNREGA. High rate of women participation indicates the needs of women workers as well as the vulnerabilities of families. Here emerges a clear pattern that south Indian states appear to have a higher participation of women in MGNREGA compared to their work participation rate, while the same trend was not visible in case of most north Indian states. Wages earned under MGNREGA has helped women in significant ways. MGNREGA is giving them a sense of independence and security. It helped them to pay the debt and retrieve the pawned gold, especially in south Indian states; helped them in children's education; enabled them to meet the day-to-day expenses and enabled them to save money.

Empowerment of women was not among the main objectives and it was also not among the original intentions of the Mahatma Gandhi National Rural Employment Guarantee Scheme. But certain provisions were made in the Act with the aim to ensure that rural women benefit from the scheme like equal wages for women and men, priority for women in the ratio of one-third of total workers and crèches for the children of women workers. Provisions like flexibility in terms of choosing month and period of employment, absence of contractor and work within a radius of 5 kilometers from the house were not originally made for enhancing women's participation but have been conducive in their participation.

The negative side of the scheme is the system of wages based on piece rate and hard manual work. Women find it difficult to earn minimum wages due to this wage rate system in many states. Participation of women in the MGNREGA varies across states. In the states of Rajasthan, Andhra Pradesh, Tamil Nadu, Kerala, Punjab and Himachal

Pradesh, the share of women in total person-days is relatively high. It may lead to a greater discretion to them to spend, decision-making role in the family and confidence to earn independent of male family members. Therefore, the emergence of women as independent income earners with control over their earnings may have a significant empowerment effect.

Table 2.15: Pwd participation rate

States	Pwd participation rate (%)
Andhra Pradesh	1.20
Assam	0.14
Bihar	0.15
Maharashtra	0.78
Meghalaya	0.05
Orissa	0.12
Gujarat	0.95
Rajasthan	0.05
Tamil Nadu	0.91
Tripura	1.13
Uttar Pradesh	0.16
West Bengal	1.11
Chhattisgarh	0.42
Jharkhand	0.26
Punjab	0.09
Haryana	0.06
Himachal Pradesh	0.22
Jammu and Kashmir	0.65
Karnataka	0.13
Kerala	0.09
Madhya Pradesh	0.50
All India	0.53

Source: MGNREGA database website, 2013-14

According to census 2001 the percentage of person with disability population in total population was 2.1%. Official data as shown by above table tells that only 0.53% was the participation rate of Pwd in MGNREGA. It shows that the current provisions of the scheme are not conducive to the participation of Pwd population and need modifications. Special provisions need to be put in place to enhance their participation rate. Participation of Pwd persons was highest in Andhra Pradesh and lowest in Rajasthan and Meghalaya.

The women workers have gained from the act in Bihar, Jharkhand, Rajasthan and Himachal Pradesh mainly because of the guaranteed and paid opportunities for employment. Benefits have occurred through the enhancement of capability and choice, intra-household effects and income-consumption effects (Pankaj et al., 2010). Women have gained in terms of realization of equal wages under the MGNREGA. It will have long-term implications in the rural labour market for correcting the prevalent gender discriminatory wages and gender skewness. Future depends on their strength of collective mobilization and more importantly in backward states like Bihar. Despite the difficulties and hurdles for women, this scheme provides an opportunity for empowerment to some extent. The traditional gender roles have been reversed by the female mate system. The increasing interactions of women with panchayat representatives and government officials, access to post offices and banks, and more number of women speaking out in the gram sabha are new developments.

On the negative side, there are various emotional and physical strains that are associated with such hard manual work. Leisure time has vanished and working hours for women have increased. Lactating women remain separated from their children for long hours. It causes them emotional strain. The challenges lie in the vertical and horizontal expansion of benefits. Horizontal spread of benefits will be ensured by the high participation of women. States with greater level of civil society mobilization, better gender and human development indicators and high SC/ST population have benefited more. This paid job opportunity is not being availed by non-OBC and SC/ST women in adequate numbers. There are cultural and social contexts that restrict the participation of women in some areas, in addition to some implementation issues.

Some of these cultural and social deficits can be compensated for by persistent social and community mobilization with a proactive role for the state. It will be instrumental in reducing the wedge between process participation and work participation as well. Payment of wages on time through women workers' individual account leads to greater control by them over their own earnings as well as participation. The experience of Himachal Pradesh has proved that the replacement of SOR by a daily wage system can be quite helpful in ensuring minimum wages to all workers. Bihar has introduced gender-sensitive SOR and it has shown better results in terms of realization of minimum wages, especially for women workers. Similar wage determination system can be experimented in other states as well. The provision of crèche can be linked with the local school building, panchayat bhavan and Integrated Child Development Service centre to make it more practical. Working conditions may be improved by strengthening and enforcing current provisions, and adding new ones, like breastfeeding breaks for lactating women and flexible working hours.

Adequate representation of women among the MGNREGA functionaries would be helpful. They can be employed as mates, rozgar sevaks, members of monitoring committees, ombudsmen and programme officers. Community and social benefits can be increased by their greater control over the management of assets and increased participation in procedural aspects. The greater process participation can be achieved by linking MGNREGA with groups like Kudumbashree as in the Kerala model. The load of unpaid work like fetching fodder, water, etc. may be reduced by some of the assets created under the scheme. Skill-generating assets can be created like ponds for fisheries or horticulture. Many such things could also be explored further to ensure better long term benefits of such assets.

The MGNREGA has been successful in empowering women both socially and economically to some extent. It has achieved success in bringing large number of women into paid work outside home. Many of them were out of labour force and have joined the work force for the first time. It can deliver better results if some minor amendments to improve the scheme are attempted that will address local priorities and development challenges. The observed variation in the participation of women across states is found to be closely linked to the various factors for example how do men's market wages compare to women's market wages, how market wages compare with

MGNREGA wages, is there enough work available in local area and characteristics of the local economy like what alternatives are available (Sudarshan, 2011).

The MGNREGA has drawn in women as both managers and workers in Kerala due to the programme management role of the Kudumbashree. In Rajasthan and Kerala, high participation of women can be attributed and, is rationale household response to the high market wages for men and wide gender gap in market wages. Women's available time for paid work and mobility is restricted by their household care responsibilities. Some flexibility of timings and worksites near the home have drawn, like never before, them out to work. Its beneficial outcomes could be enhanced by undertaking some small changes in the design of the programme. It can be in various forms like creating different activities for those who are differently abled, providing cash transfers to those who are unable to work and recognizing the value of assets that contribute to local development and respond to their needs.

There are strong evidences of the positive and significant impact of the Scheme, especially on marginalized section including women. However, it has even greater poverty alleviation potential that is yet to be realized.

Evidence from NSS Data

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was the most significant rural development initiative of eleventh five year plan. It has become the largest employment guarantee scheme in human history over the last ten years. In its architecture, thrust and scale, it is unlike any other welfare scheme. Its people-centred, self-selecting, bottom-up, demand-driven and right-based design is unprecedented and new. Hundreds of crores of rural poor people have benefited from this scheme in such a short period. It is a welcome and appreciable development. This chapter will use 61st, 64th, 66th and 68th round of NSS data to assess the implementation of this programme and its impact on the lives of marginalized communities. It will also attempt to explain the emerging trends using the existing literature.

The target income of the poor person is a crucial dimension of the rural labour market. The backward bending supply curve of labour is due to this aspect of the rural labour market (Mukherjee et al., 2011). Therefore, to increase this target income, should be the focus of policymakers. It could be done by improving the standard of living of poor and creating more opportunities and market access for them. In the current scenario, with limited opportunities for market access and productive spending, it is unlikely that only one supply driven welfare programme could solve the problem. Take an example of a poor household whose income has increased. It decides to buy a LED-HD television or any other electronic equipment that would improve their living quality. But their village gets extremely irregular supply of electricity and some households are without electricity connection. So it is impossible for this household to enjoy the benefit of higher standard of living even now. Consequently, such household accessories may not be bought at all that would have improved their living standard otherwise. When it comes to the education of children of poor households they face the similar problem of market access. There may not be a good school in the areas inhabited by them even if they are interested in providing good quality education to their wards. The poor people may not have the basic level of education which is required to understand the process of dealing with a bank. This forces them, in most cases, to rely on local mischievous moneylenders and avoid banking sector

for their monetary needs. Therefore, the policy should be multipronged and inclusive to enlarge the opportunities available to the poor households. So it is possible to increase the target income by creating opportunities from multiple dimensions as well as by enhancing market access. MGNREGA income and the opportunities provided under this scheme can be instrumental in achieving this.

Evaluation of MGNREGA

Table 3.1 shows that 38.28% of the agricultural labour households at the national level had some landholding in 2004-05. This is the latest data available in this regard. This shows that a very high proportion of agricultural labour households in India actually own land.

Table 3.1: percentage of agricultural labour households with landholding

States	Agricultural labour with land (%)	States	Agricultural labour with land (%)
Andhra Pradesh	30.21	Maharashtra	36.53
Assam	47.82	Meghalaya	76.94
Bihar	29.87	Orissa	57.88
Gujarat	32.51	Punjab	3.02
Haryana	3.01	Rajasthan	44.71
Himachal Pradesh	72.77	Tamil Nadu	14.50
Jammu and Kashmir	92.60	Tripura	38.62
Karnataka	38.17	Uttar Pradesh	56.65
Kerala	51.34	West Bengal	43.43
Madhya Pradesh	46.13	Chhattisgarh	66.37
Jharkhand	54.03	All India	38.28

Source: Rural labour enquiry, NSS 61st round, 2004-05.

The percentage is around 70 in Chhattisgarh, 60 in Uttar Pradesh and Orissa, 50 in Madhya Pradesh, Rajasthan and Jharkhand. Most of these are small and marginal farmers who are forced to work under MGNREGA and to leave their villages each year to look for work outside as

manual labour because the productivity and income of their own land is no longer enough for their survival.

The MGNREGA will become helpful to these farmers in the long run when it will help them to rebuild decimated productivity of their small farms through treatment of their catchment areas, soil conservation and massive rainwater harvesting. A dramatic rise in employment and agricultural productivity can be achieved through the small increase of public investment in local water conservation activities. Public investment in the programmes like this gives incentive and capability of private investment to small farmers and thereby gives them a chance to return to full-time farming. It also increases their ability to undertake private investment by reducing their level of debt. In Indian agriculture, there is a strong complementarity between private and public investment, has been established long ago. The big push theory advocates this. So, even poor farmers have the incentive to undertake private investments on own private farms once the pre-conditions like better watershed and catchments facilities are met.

It thus shows that a wage employment programme like MGNREGA can be transformed into a source of sustainable livelihoods and generation of self-employment for the lowest strata of the society in long run. This could set up a virtuous cycle of growth. This would permit reduction in allocations for MGNREGA over time because landed labour would go back to their own farm lands and it would lead to a general rise in demand for labour in the private rural market. It has replaced the contractor raj that used to dominate rural development schemes in India, with panchayati raj. The gram sabha oversees the social audit of works by gram panchayats, implementation as well as the planning of the scheme. All these have improved the efficiency and implementation of this scheme.

Table 3.2: Migration and pattern of migration

Sector	Migrated to during last 365 days (%)		Pattern of migration (%)	
	yes	no	Temporary	Permanent
Rural	1.30	98.70	66.15	33.85
Urban	3.34	96.66	61.15	38.85

Source: NSS 64th round, 2007-08.

Table 3.3: Reasons for migration

Reason for Migration	Sector (%)		Reason for Migration	Sector (%)	
	Rural	Urban		Rural	Urban
In search of employment	16.99	20.20	Social or political problem	0.72	0.20
In search of better employment	17.67	16.90	Displacement by development project	0.42	1.52
Business	4.33	4.76	Acquisition of house	2.44	3.01
To take up employment	10.73	12.81	Housing problem	3.05	1.58
Transfer	4.91	10.52	Health care	0.40	0.90
Proximity to place of work	1.19	1.26	Post retirement	0.53	0.40
Studies	27.03	21.00	Marriage	2.90	1.31
Natural disaster	1.27	0.20	Other	5.41	3.44

Source: NSS 64th round, 2007-08.

It is interesting to look at the migration data to know whether MGNREGA has affected it in any way or not. It is well accepted fact that rural to urban migration takes place in our country mainly due to the lack of employment opportunities in rural areas. There are problems related to data on migration. Migration data of census of India and NSS are not comparable due to different definitions used. NSS 64th round data on migration is the latest available data on migration. Now

we will try to study this data and see the pattern and main causes of migration during the last 365 days of enumeration for the year 2007-08.

Table 3.2 shows that 3.34% of urban population migrated to urban areas and 1.30% of rural population migrated to rural areas during the last 365 days of enumeration in the year 2007-08. It also shows that more than 66% migration to rural areas and 61% to urban areas were temporary in nature. Table 3.3 shows the different reasons of migration to rural and urban areas. Majority of the households migrated for employment related issues in both urban and rural areas. Nearly 67% of the households in the urban areas and 55% of the households in rural areas had migrated due to the employment related issues. Other main reasons were related to marriage and study. Migration of households was largely confined within State so was intra-state in nature. 72% of the migrant households in the urban areas and 78% of the migrant households in rural areas had their last usual place of residence within the state. The migration of households from rural areas dominated the migration of households in both the urban and rural areas. Around 29% of rural migrant households migrated from urban areas whereas 57% of urban migrant households migrated from rural areas. Therefore, it is clear that the majority of migration were from rural areas and temporary in nature for employment. It is this kind of migration that MGNREGA is supposed to reduce.

Table 3.4: State level performance of MGNREGA based on 66th round NSS data (%)

States	Job card	Unfulfilled demand	Bank saving account	Not paid
Andhra Pradesh	39.07	11.61	26.20	2.00
Assam	22.45	20.70	46.69	1.73
Bihar	13.20	31.68	26.40	3.72
Gujarat	24.71	17.59	25.64	17.92
Haryana	5.28	14.93	9.20	20.00
Himachal Pradesh	43.25	8.73	22.27	2.57
Jammu and Kashmir	15.35	24.36	20.31	14.89
Karnataka	11.38	13.35	12.98	1.94
Kerala	16.39	11.93	6.51	2.44

Madhya Pradesh	62.02	22.76	15.37	5.79
Maharashtra	11.15	22.16	8.00	6.40
Manipur	66.55	4.06	42.59	0.98
Meghalaya	44.32	16.99	24.21	3.23
Mizoram	80.89	5.55	31.15	0.20
Nagaland	52.70	15.69	19.43	0.00
Orissa	34.47	27.58	17.67	3.90
Punjab	6.79	25.27	11.81	11.11
Rajasthan	66.27	11.59	37.02	2.60
Sikkim	37.66	1.97	14.71	1.37
Tamil Nadu	32.87	8.26	14.41	0.65
Tripura	73.41	9.62	24.78	0.00
Uttar Pradesh	17.92	17.40	8.84	5.05
West Bengal	46.41	22.28	35.72	4.49
Chhattisgarh	43.21	28.16	27.85	3.50
Jharkhand	25.79	30.65	24.62	6.30
Uttarakhand	47.85	15.05	29.38	3.62
All India	31.84	18.16	20.73	3.11

1. Figures for Punjab exclude Chandigarh.

2. Figures for all the variables are of rural areas only.

3. Households with at least one saving bank account as a percentage of total households is shown as variable “bank saving account”.

Source: NSS 66th round, 2009-10

When we were studying official data we saw that more than 99% demand for employment was being met by the states under this scheme. But table 3.4 using the NSS data shows that on an average more than 18% demand for employment was not met at the national level. States try to evade this probably because full burden of unemployment allowance has to be borne by state only. More than 30% of the households who demanded work were not provided in Jharkhand, second highest in the country. Situation is even worse in Bihar where more than 31.50% households were denied employment. Himachal Pradesh and Tamil Nadu were the best performers among non-north-eastern states with around 8.5% of total households denied

employment. Northeastern states did very well on this parameter and most notable were Sikkim and Mizoram.

At the all India level, 31.84% of rural households had received their job cards. Performance of northeastern states in issuing job cards is commendable. Madhya Pradesh and Rajasthan issued job cards to more than 60% of their rural households. In other BIMARU states like Uttar Pradesh and Bihar less than 20% households were issued job cards. Chhattisgarh and West Bengal also did better than the national average.

Only one fifth of Indian rural households have saving bank account in the name of at least one of their members. It can be attributed to various factors like illiteracy, lack of banks near village etc. Direct transfer of MGNREGA wages to bank account reduces leakages and makes villagers acquainted with the basic banking activities and facilities. Only Rajasthan and West Bengal among non-northeastern states had more than 35% households with saving bank account. Northeastern states had higher percentage than other states and well above national average. Maharashtra, Haryana, Kerala and Uttar Pradesh had less than 10% of their rural households with at least one saving bank account.

Official figures show that less than 0.3% people were not paid wages. But NSS data in the table 3.4 clearly show that 3.11% people were not paid wages by any mode at the national level. Post office and bank account transfer are most popular mode of payment with more than 65% wages being paid through these modes. Nagaland and Tripura did not report any case of nonpayment. Highest percentage of nonpayment was reported from Haryana, Gujarat, Jammu & Kashmir and Punjab. Northeastern states had very small percentage of nonpayment cases. Performance of Uttar Pradesh, Maharashtra and Madhya Pradesh was worse than the national average.

Table 3.5: Wage rates per day (in Rupees)

Category of workers	Rural	Urban
Casual labour in MGNREGA public works	89.03	-
Casual labour in other public works	93.11	-

Casual labour in other type of works	93.06	121.83
Regular wage / salaried person	231.59	364.95

Source: NSS 66th round, 2009-10.

Table 3.6: Wage rates per day (in Rupees)

Category of workers	Rural	Urban
Casual labour in MGNREGA public works	106.71	-
Casual labour in other public works	121.46	-
Casual labour in other type of works	138.62	170.10

Source: NSS 68th round, 2011-12

Table 3.7: Changes in wage rates per day from 66th to 68th round (%)

Change in MGNREGA wage	19.85
Change in market wage	48.95

Data from 66th and 68th round of NSS survey show that the market wages have been higher than the MGNREGA wages in rural areas. But the increase in market wages during this period was more than double of the increase in MGNREGA wages. This increase in market wages was partly led by the tightening of the rural labour market due to availability of public works under the MGNREGA.

The tightening of the rural labour market is a good indicator of success of poverty alleviation efforts and implies better outcomes for rural labourers in post - MGNREGA period. It will also raise farm productivity in areas of relative labour shortage through a pressure for technological innovation and improvement due to rising labour cost. The process of agrarian transformation has been like this all over the world. Water and soil conservation works on the marginal and small farmers' land constitute a large percentage of the works under MGNREGA. It has

contributed to their incomes through enhanced agricultural productivity. It will, in the long run, reduce their need to work under MGNREGA.

Table 3.8: Some important state level variables from 66th round

States	Didn't seek work (%)	Average person days
Andhra Pradesh	52.90	46.00
Assam	57.00	32.00
Bihar	51.30	24.00
Gujarat	52.20	25.00
Haryana	80.50	39.00
Himachal Pradesh	58.20	47.00
Jammu and Kashmir	55.60	34.00
Karnataka	77.20	30.00
Kerala	76.80	26.00
Madhya Pradesh	31.80	29.00
Maharashtra	72.30	34.00
Manipur	18.60	57.00
Meghalaya	35.70	50.00
Mizoram	50.00	76.00
Nagaland	24.80	40.00
Orissa	49.30	26.00
Punjab	68.80	30.00
Rajasthan	25.60	71.00
Sikkim	54.00	59.00
Tamil Nadu	58.60	43.00
Tripura	13.80	61.00
Uttar Pradesh	65.00	31.00
West Bengal	34.10	17.00
Chhattisgarh	31.00	35.00
Jharkhand	40.90	23.00

Uttarakhand	55.10	23.00
All India	53.80	37.00

Source: NSS 66th round, 2009-10

Table 3.9: Some important state level variables from 68th round (%)

States	Having job card	Bank or PO account	Unfulfilled demand	Didn't seek work
Andhra Pradesh	49.50	88.40	13.00	28.40
Assam	36.40	92.00	19.80	19.20
Bihar	22.30	77.40	35.40	19.30
Gujarat	23.80	90.40	29.20	39.40
Haryana	58.00	96.80	10.00	11.50
Himachal Pradesh	49.80	99.00	11.20	37.90
Jammu and Kashmir	36.80	95.80	8.50	19.80
Karnataka	20.20	89.50	30.50	26.10
Kerala	29.10	91.30	4.30	37.00
Madhya Pradesh	64.30	89.60	14.90	62.50
Maharashtra	16.70	65.60	44.80	31.20
Manipur	77.50	86.20	1.30	2.60
Meghalaya	71.70	36.80	6.10	2.30
Mizoram	95.10	78.40	13.90	9.20
Nagaland	93.70	79.50	5.10	12.50
Orissa	46.90	77.30	23.50	28.00
Punjab	12.10	85.30	30.40	14.60
Rajasthan	67.40	96.10	20.40	38.00
Sikkim	63.10	100.00	7.60	8.00
Tamil Nadu	48.30	51.10	7.50	17.50
Tripura	79.70	99.20	10.90	11.80
Uttar Pradesh	26.40	94.30	14.60	16.90
West Bengal	59.90	90.50	24.00	18.40
Chhattisgarh	72.20	94.00	8.50	19.60

Jharkhand	35.20	94.80	23.90	19.40
Uttarakhand	35.80	95.50	15.00	17.00
All India	38.40	86.10	18.80	30.50

Source: NSS 68th round, 2011-12.

Table 3.8 and 3.9 show similar trends as noticed from the table 3.4 but the performance of Chhattisgarh stands out among all the states here. Its performance has improved considerably from 66th to 68th round on almost all indicators. Second important point here is that we get a kind of paradoxical result here. One would expect that poorest states like Bihar and Orissa should perform better as compared to richer states like Tamil Nadu due to demand driven nature of the scheme but opposite is the case.

Theoretically, a state with better economic, organizational and human resource capacity should perform better than a state with low resources. The ability of the rich states to reach out to the potential beneficiaries and civil society is better than the states with poor resource capacities. It also affects its commitment, preparation, mobilization and continuity of efforts. Therefore, the states should concentrate on its own unique strength because a state may be able to overcome weakness in other areas by playing to its strengths. Given the fact that many of our states are under financial and administrative strain, this is the way to succeed.

Let's consider the example of Chhattisgarh. It has low economic and organizational capacity and it is a poor state. But it has very high public awareness level about every aspect of this scheme. It has facilitated the involvement of civil society and NGOs at all levels. The state government, in particular, has shown strong commitment to the successful implementation of MGNREGA. All these efforts have boosted the demand for work and the state government in turn is committed to deliver. Other states with similar poverty level and low capacity need to learn and endeavour to improve their commitment at bureaucratic, administrative as well as political levels. It thus shows that the sustained engagement with various stakeholders like NGOs, civil society etc. is critical for the success of this scheme.

The state govt. has been particularly focusing on creation of durable assets under the scheme in Sikkim. This programme has been able to dignify labour work in the villages and put money into the hands of the poorest of the poor. It has provided a source of supplementary income to the households without making any wage discrimination between the men and women. In rural Sikkim, MGNREGA is one of the principal sources of earning alternate income. This programme has provided the unemployed a means of sustenance and enhanced food security. It did not affect their daily household activities to a large extent because most of the employment was provided within the 5 Kilometer radius of the village. It has also provided them a platform to discuss common issues and has enhanced their awareness level about community activities. Technical advice provided by the horticulture and agriculture department has led to better quality of produce. On the negative side, the mechanism to ensure sustainability and durability of the assets created under this programme is absent (IRMA, 2010).

A study of the impact of MGNREGA in the state of Punjab (Vatta et al., 2013) finds that a lot more has to be done in terms of employment generation to meet the target of providing minimum hundred days of wage employment to every rural household. The employment generation has to be almost 11 times the present level to provide desired level of employment to all the current job card holders. The share of different work components in the total expenditure followed a small variation due to slight differences in the rural development priorities across various districts. Very high proportion of the MGNREGA works were classified as ongoing or suspended, although the extent of work completion has increased with time. Most of the muster rolls were found to be complete, most of the village panchayats were found to be covered under social audits and the frequency of two social audits was observed in each village. Not many irregularities were found to be emerging in these social audits related to the functioning of MGNREGA. Either through banks or post office accounts, more than 50 per cent of the job card holders have been included in the financial system for the processing of their MGNREGA payments. This is a welcome, impressive and commendable step towards financial inclusion of the poorest of the poor. The unemployment allowances were found due for a very small number of workers but the payments had not been made. The small number should not lead us to conclude that there are very few occasions of employment not being provided on demand to the rural workers. Many of the qualitative indicators of performance of MGNREGA show an improvement over time. It broadly reflects that qualitative performance of the programme is

improving although at a slower pace. If the problem of spillovers could be controlled and most of the proposed works were completed within the proposed year, MGNREGA will be successful in achieving the target of providing minimum 100 days of wage employment to every rural household. While the non-beneficiary households were deriving more income from wage employment in the non-farm sector, the beneficiary households were more equally dependent on wage employment in the non-farm as well as farm sector. The beneficiary households show higher participation in the MGNREGA activities which enables them to supplement their meager incomes, due to their relatively less access to the wage opportunities in the non-farm sector. There was high variability in income among the various sources of household income. Variability in the household income from various sources reflects higher income disparities and inequalities in the distribution of productive assets among these households. Non-agricultural wage incomes differed much across the beneficiary households than the non-beneficiary households, although agricultural wage income did not show much variability.

Shah et al (2011) studies the impact of MGNREGA in Gujarat and finds that it holds the key to the development of country's vast rural economy. The programme is deemed to have huge potential in empowering rural households, especially women. It is capable to raise income level, food and livelihood security of rural poor on a sustainable basis. MNGREGA has brought very positive and significant changes in respect of employment, income, wages and food security. It has provided a boost to the village economy and benefitted rural poor. The participation of people was low at gram sabhas, the stages of planning and implementation. The awareness level about the project activities and provisions of the scheme were also low to moderate. This requires higher efforts to increase the people's participation at all the stages of the scheme. It reveals need of bringing greater transparency in conducting social audits. The greater involvement of line departments in the programme will be helpful in effective implementation and bringing out better results. Timely repairs and maintenance work of the created assets are also needed for sustainability of the impact of the programme. The investment under the MGNREGA should be focused on activities that provide benefits at the community level so that the poorest of the poor could derive maximum benefit.

A study of impact of MGNREGA in Odisha is undertaken by Sukhtankar (2012). It finds that, while official records report that paid wages increased from Rs. 55 to close to Rs. 70 on average

during the survey period, the household interviews didn't corroborate this increase. It rules out the simple explanations for the absence of wage pass-through for example, it is not that households were not aware of the wage increase as 72 percent people knew about it. Although, 36% of the respondents reported problems while working, only 7% of them said that they would complain to higher-up officials. 53% cited that the reason for their inaction was the costs of complaining, as workers have to travel to block offices in the area with limited public transport facility. 73% cited the likelihood that their complaint would not succeed. Under these conditions, officials pay workers just enough to the workers' outside option to induce them to work so that they could get their share. The important point in all of this is that where NGOs are active, workers get more of the wage increase. NGOs make workers' complaints more effective, implying that strengthening of workers' voices might have some benefit.

An impact assessment of MGNREGA in Bihar and Jharkhand (Pankaj, 2008) finds that, in both the states, the non-beneficiaries are generally better-off than the beneficiaries. The literacy rate of the non-beneficiary households is 65.38% while that of the beneficiary households is 53.29%. It implies that the non-beneficiary households are both economically and educationally better than the beneficiaries. To earn a minimum livelihood, the beneficiary households need to work harder due to the low wages. The non-beneficiary households have comparatively lower work participation rate than the beneficiary households. About 89% of the beneficiaries stay in kutcha and thatched houses. Most of the beneficiary households were lacking in basic amenities like drainage, in-house toilets and electricity. Every fifth household was migrating among the non-beneficiaries and their living conditions were equally bad. In both the states, the lack of opportunities for employment in both the unskilled and skilled sectors is a major cause of migration at large-scale. Seasonal and out-of-state migration dominated the trend in both the states. The non-beneficiary households had had a comparatively higher incidence of migration than the beneficiary. Most of the demand for employment is from the near-landless and the landless households, OBCs, STs and SCs in both the states. 96.20% of the households in Jharkhand and 94.49% in Bihar were aware about its various provisions. But the quality of awareness level was very low in both the states. The provision of 100 days of guaranteed wage employment was known to most of the people. The awareness about other provisions like minimum wages, crèches, payment within 15 days, unemployment allowance and entitlement etc. was very poor in both the states. While the actual wage payment made in Jharkhand, on an

average, was Rs. 77.82 it was Rs. 68.46 in Bihar, which were less than the prescribed minimum wages. Around 30% in Jharkhand and 31% in Bihar is the share of women in the total number of person-days of employment generated. Nearly 2% of the total annual income of the households in Jharkhand and 8% in Bihar was contributed by MGNREGA. The beneficiary households have used their MGNREGA earnings to spend mainly on daily consumption and food items in both the states. In Jharkhand, 71% of this income and 67.30% in Bihar was spent on daily consumption and food items. It is quite evident by now that the MGNREGA has had a small but potentially effective impact on the reduction in indebtedness and increase in livelihood security. It has led to the creation of community assets, increase in the WPR and fall in distressed migration from the beneficiary households. There are several other intangible spillover effects that have positively affected the lives of local people. It may lead to a sustainable livelihood in the long run, if implemented properly.

Evaluation of the effectiveness of the processes of implementation of the Mahatma Gandhi National Rural Employment Guarantee Scheme in Karnataka, Pani et al (2011) finds that the level of awareness about the programme is uneven across different regions. The levels of awareness are very low in the northwest and the northeast regions. The tribal region has moderate level of awareness. However, the South and Coastal District regions as well as Malnad have high level of awareness. The transaction costs that result from this lack of awareness are not just at the level of not getting jobs but also not being paid the stipulated minimum wages. The district which has an active presence of a (NGO) Non Government Organization has a relatively better awareness level. The chronic poor should be the primary beneficiaries of the programme and a greater proportion of the chronic poor households should get employment under the programme than is the case with other sections of rural society. The option of using the MGNREGA workers to work on their own land is available to the land owners but this provision has not benefited the poorest of the poor who are typically landless. Thus, the current method of targeting the poorest of the poor and most vulnerable is not very effective. The social audits are held regularly across the Karnataka but their very purpose is defeated by the extremely low levels of people's interest. It is therefore essential that the attendance at social audit and gram sabhas improve. The main reason cited for the delay in payments across different regions is the measurement of work done. The line department officers making the measurements have a

number of responsibilities covering more than one gram panchayat, so to expect them to make the measurements more promptly would therefore be unrealistic. It may be much easier and faster to have the measurements taken locally. This raises the possibility of error but other methods can be used to check the wrong doing.

An all-India study (IAMR, 2008) finds that there is migration from village to towns in search of employment as opined by one-fourth of the people surveyed. In the western region, approximately 50% of the households believed that migration is happening in their villages. Everyone agreed that there is migration from their villages to urban areas for jobs in the North Lakhimpur district. Approximately 70% of the beneficiaries said that the migration is not for better wages but only for wages. This result is in contrary to the general belief of better wages after migration. So the distress migration is not for higher wages but only for survival and minimum wages to supplement the livelihood. This implies that the MGNREGA Scheme will be helpful in addressing the distress migration of unskilled labourers in the long run. The participation of female-headed households ranges from 12% to 52% in the scheme and is very encouraging. There exists a transparent system for issue of the job card was accepted by majority among the rural households. They also accepted that registration and enrollment is an open-ended process under this scheme. However, 15% people experienced obstacles in registration process and made several visits to gram panchayat office. Gram sabha meetings were not conducted on monthly but on quarterly basis. Around 10% of the eligible family members were not included in the job card. Within couple of days of registration the job cards were issued. Job cards did not have adequate space for all the entries in detail. It is mandatory to affix photograph of all the eligible members but this was not followed at many places. The beneficiary was paid for it in some places. In most of the districts of eastern region, the gram panchayat officials were in possession of most of the job cards. The job cards are handed over for thumb impression to the beneficiaries only during the work season. They were neither paid any unemployment allowance nor did they get the work within the stipulated time from written demand, reported 20% of the households. Around 14% of the households didn't agree that the amount paid, number of days worked and the name of workers are read out, as stipulated in the guidelines of the scheme, at the worksite. The one-third of the allocated person-days was shared by the women in 42% households only. Only small proportion of the beneficiaries could undertake more than 35 days

of work. To spread the information and awareness about the scheme, all locally available communication methods were used. All facilities like drinking water, shed etc. were provided on most of the work sites except crèche. More than half of the beneficiaries are unskilled agricultural workers. There is a rise in number of households who are spending more on both non-food and food items. There has been a drastic fall in the number of households spending less on food.

Local elites and panchayat officials take hold of job cards with the help of their greater access and mobility. They fudge entries on the job cards as well as on the centralised computer database to swindle the poor and illiterate workers. The situation will improve as the workers' awareness level increases about the scams taking place on their name and the process of social audit picks up over time. It is also necessary to make the post offices and banks, with the help of various policy measures, more effective and better equipped. Before this revolutionary act was launched, the preparation needed for it was not in place. Essentially this is one of the reasons that answer the question as to why MGNREGA has fallen short of its potential. New architecture of implementation and radical governance reforms need to be put in place. It can lead to a productivity enhancing accelerator as well as the multiplier effect in action. That will transform the livelihoods in both the ecologically and economically sustainable way for millions of our poorest people.

Hence, the MGNREGA, if reformed and implemented in its spirit, holds out the promise of positively transforming the livelihoods of the poor rural people of our country in an unprecedented way. It also heralds revolution in rural governance in India. If the MGNREGA is pursued in earnest then the goals of upliftment of rural poor households through ensuring food security on a sustainable basis by providing guaranteed wage employment do not look distant.

Impact on the lives of marginalized section

Whether welfare or workfare is the best way of providing social security nets to the poor has been a subject of intense debate in the social policy literature from long time. Until the 1990s, most welfare programmes were contributory in nature and they were applicable only to the organised sector workers. Very large section of the workers was excluded from the social security net in the informal sector. Consistently higher growth rate of GDP and strong political commitments have led to many social welfare programmes being started since the beginning of 1990s. Among all these programmes, the MGNREGA stands out for its demand driven approach. It has expanded to cover the entire country and has greater permanence, the potential to stimulate local economy and provide income. It has attempted some gender sensitivity in its design. Public policy in India has always tried to include women as a percentage of beneficiaries. It is important because we have never paid attention to the gender sensitive design in the past.

MGNREGA is politically appealing but its poverty reduction impact depends on whether the poor are able to participate in the programme or not and the causes of poverty. Ill health or any other handicap that pushes them into poverty also prevents them from participation. Our experiences with various welfare schemes have proved that targeting poor does not necessarily work. Targeted Public Distribution System for example has committed enormous errors of exclusion and inclusion. It has led many researchers to claim that it is impossible to target and identify the poor. But MGNREGA has two key features (hard manual work and identity registration) that ensure that it reaches to the poor without worrying about the identification of the poor.

Table 3.10: percentage of Job card holding in each social group

Job Card			
Social Group	Yes	No	Total
SC	69.39	30.61	100
ST	74.29	25.71	100
OBC	59.65	40.35	100
Other	40.01	59.99	100
Total	61.50	38.50	100

Source: NSS 68th round, 2011-12

Table 3.11: Social group wise job card holding

Social Group	Job Card		Total
	Yes	No	
SC	16.72	11.78	14.82
ST	35.43	19.58	29.33
OBC	34.97	37.77	36.05
Other	12.89	30.86	19.81
Total	100	100	100

Source: NSS 68th round, 2011-12

Table 3.10 and 3.11 give us useful insight about the participation of marginalized section (SC, ST and OBC) of our society into the scheme. More than 87% of the total job cards were issued to this section. 35.43% of the total job cards were issued to STs, highest for any social group. SCs and STs account for around 23% of our population but their combined share in total job cards issued was more than 51%. Their more than proportionate participation is a positive thing. Around 75% of total rural ST households were having MGNREGA job cards. This percentage was 70 for SC and 60 for OBC households. Majority of job card holders belong to marginalized section who are at the bottom of the income ladder. Poverty rate in this group is disproportionately higher and way higher than the national average. MGNREGA was enacted to put money into the hands of the poorest of the poor and this group is important from that point of view. This suggests that MGNREGA is helping more to this marginalized section than the others and thus contributing to the inclusive growth and development.

Table 3.12: MPCE decile wise some important variables from 66th round

MPCE Decile class	Average person days	Having job card (%)	Unfulfilled demand (%)	Didn't seek work (%)
0-10	32	49.7	25.8	36.2
10-20	32	46.8	25.0	38.6
20-30	33	40.1	22	46.9
30-40	37	41.5	21.7	46.9
40-50	35	37.7	22.2	48.5
50-60	40	38.2	18.4	51.7
60-70	42	33.6	17.9	55.2
70-80	42	31.7	17.0	58.5
80-90	44	26.8	16.9	62.9
90-100	40	16.7	12.4	74.6
Total	37	34.7	19.3	53.8

MPCE – monthly per capita expenditure

Source: NSS 66th round, 2009-10

Table 3.13: MPCE decile wise some important variables from 68th round

MPCE Decile class	Having job card (%)	Unfulfilled demand (%)	Didn't seek work (%)	Having saving account (%)
0-10	54.3	19.7	26.8	87.0
10-20	50.9	22.1	28.3	86.7
20-30	47.0	17.2	25.2	86.0
30-40	44.8	18.6	27.4	84.7
40-50	41.1	19.3	29.2	87.2
50-60	41.3	19.5	30.0	85.5
60-70	39.6	20.0	33.8	85.2
70-80	34.5	18.9	31.3	86.8

80-90	27.4	15.7	36.5	84.6
90-100	19.9	14.8	42.4	87.3
Total	38.4	18.8	30.5	86.1

1. MPCE – monthly per capita expenditure

2. Households with at least one saving bank account or post office account as a percentage of total households is shown as variable “having saving account”.

Source: NSS 68th round, 2011-12.

Annual average person-days per household of employment generated have never exceeded 50 days under MGNREGA by now. This reflects the supplementary and small yet critical nature of this employment programme for self-selecting poorest of the poor and marginalized people. MPCE decile wise data in table 3.12 and 3.13 from 66th and 68th round of NSS survey respectively show similar trend. Average person days generated and households with saving or post office accounts do not show much variation as we move from lower to higher deciles. Percentage of households having job card and with unmet demand falls as we move to higher deciles from lower ones. Higher percentage of households in higher MPCE deciles tends not to demand work under this scheme. This shows that people at the bottom in the MPCE ladder are the biggest demanders and beneficiaries of this programme.

Table 3.14: Women’s labour force participation rate and their participation in MGNREGA from 66th round data

States	Women’s LFPR (%)	Women’s share in MGNREGA (%)
Andhra Pradesh	44.70	58.17
Assam	16.80	27.76
Bihar	6.60	30.04
Gujarat	32.20	47.55
Haryana	25.20	34.81
Himachal Pradesh	47.40	46.09
Karnataka	37.20	36.79
Kerala	26.00	88.19
Madhya Pradesh	28.40	44.22

Maharashtra	39.70	39.65
Orissa	24.90	36.25
Punjab	24.60	26.28
Rajasthan	35.70	66.89
Tamil Nadu	41.10	82.91
Uttar Pradesh	17.50	21.67
West Bengal	15.60	33.42
All India	26.50	48.19

1. These data are for rural areas only

2. LFPR is based on usual status (PS+SS)

Source: NSS 66th round, 2009-10

Table 3.15: Women's labour force participation rate and their participation in MGNREGA from 68th round data

States	Women's LFPR (%)	Women's share in MGNREGA (%)
Andhra Pradesh	44.80	57.79
Assam	12.90	24.91
Bihar	5.80	28.63
Gujarat	27.90	45.22
Haryana	16.40	36.44
Himachal Pradesh	52.90	59.50
Karnataka	28.90	45.93
Kerala	25.80	92.85
Madhya Pradesh	23.90	42.64
Maharashtra	38.90	45.98
Orissa	25.10	38.64
Punjab	23.70	43.22
Rajasthan	34.90	69.17
Tamil Nadu	38.60	84.01
Uttar Pradesh	17.80	17.13
West Bengal	19.40	32.44

All India	25.30	48.18
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1. These data are for rural areas only

2. LFPR is based on usual status (PS+SS)

Source: NSS 68th round, 2011-12.

Almost every state has higher MGNREGA participation rate of women than their labour force participation rate in general. Performance of Kerala, Tamil Nadu and Rajasthan are particularly remarkable. Uttar Pradesh has almost the same workforce participation rate and MGNREGA participation rate for women. Both of which are dismal and lower than the national average reflecting the failure of state government and other programme implementing agencies. Besides, many other social, cultural and traditional factors are responsible for this failure. Bihar has the lowest WFPR of women in the country and it is less than 10 percent. This is also reflected by their poor participation rate in MGNREGA. Work participation rate of women are quite lower than men reflecting the limited opportunities available for women. Moreover, the adult male family members decide about the duration and time period of the participation of women in the labour market. They also have greater control over their earnings.

With respect to female workers there have been some shifts out of agriculture into the MGNREGA in Kerala. Minimum wages paid for female workers under the programme are higher than the market agricultural wages. This has provided sufficient incentive even to those women to work under the MGNREGA, who were not working previously. The fact that MGNREGA wages are paid through bank or post office accounts, encourage savings. Good performance of the MGNREGA in Kerala is not due to the demand of citizens per se but many other factors like area development supervisors, the managerial role of the Kudumbashree and the commitment of the state government.

Assessment of the impact of Mahatma Gandhi National Rural Employment Guarantee act in Sikkim, Rao et al (2011) on gender relations confirms the social relevance of the programme. It finds more than proportionate participation of the women, SCs, STs and OBCs households in MGNREGA. Prevailing unemployment conditions in the rural areas even for the educated people are pointed out by the education profile of the workers. Large participation of farmer and agriculture labour in MGNREGA reveals that agriculture is not remunerative enough to provide

basic livelihoods in the state. It has helped to strengthen the natural resource base of local areas in addition to providing supplementary income and employment opportunities to the workers. Betterment of living standards of the workers has been attained due to both the high male and female participation in the MGNREGA. It has contributed in reducing the intensity of poverty to a large extent. The poverty ratio among the households with MGNREGA wage incomes was 15.4% and it was 5% for non-participants. After inception of MGNREGA, the gender relations index score has improved substantially from 37% to 56%. Their primary source of income is agriculture and it remained same even after MGNREGA. Films, news papers and the likes of popular media sources should be employed innovatively for wider dissemination of awareness about the provisions of the scheme. The number of days of employment and the GRI levels has shown positive correlation with each other. Over 80 days of employment under MGNREGA were provided to over 29% women worker headed households and this has contributed to betterment in gender relations. Several factors including the hard physical work like earth cutting have discouraged women workers to complete 100 days of employment. Therefore, there has to be a gender sensitive design of tools that could improve productivity level and simultaneously reduce the drudgery of work to women.

Some results related to women MGNREGA workers from a primary survey in six north Indian states of Uttar Pradesh, Rajasthan, Madhya Pradesh, Jharkhand, Chhattisgarh and Bihar Khera et al (2009) finds that there has been a significant impact in rural areas on the lives of men and women workers after opening of employment works under the MGNREGA. It is notable that relatively minuscule level of MGNREGA employment has resulted in the significant perceived benefits from the MGNREGA, in the case of women. However, the illegal presence of contractors and the lack of availability of crèches etc. across states are some serious problems in the implementation. There is an urgent need to address these problems. Gains have been noticed by women in accessing an income and work for themselves. It has also increased their access to healthcare and food for their families and themselves. It has enabled them to leave potentially hazardous work. Therefore, these gains should not be derailed due to the problems in its implementation. The minimum wage equal to men and the guaranteed availability of local wage employment is an unprecedented development for women in rural areas. A better ability to avoid hunger and increased food security among other significant benefits were reported by women.

The participation of women varies widely across regions. There exist some barriers that restrict the participation of women in the MGNREGA and these problems need to be addressed on a priority basis.

Women enjoy wage parity with men under this scheme. The positive gender bias of MGNREGS as noticed above has helped in qualitatively changing the status of women. It has led them to graduate from marginal to main workers. Conducive social, cultural and economic environment coupled with these favourable outcomes have enabled the poor rural women to gain increased access to opportunities, resources and information. It has also enabled them to have, both at community and household levels, a greater voice in the decision making process. Increased regular cash flows have improved their credit worthiness in the market as well as savings. This in turn has enhanced their access to credit. Their voice in household decisions regarding health care, schooling of children and food consumption has also enhanced due to their contribution to the households' income. Hence, this study supports the importance of this program in empowering women and the marginalized.

Results from NREGA Survey of NSS

Our country has the second largest population in the world. It is also an emerging economic super power with a consistently strong growth record for over the last 25 years. We have the seventh largest economy in the world in terms of nominal GDP. We are considered as the only bright spot in the current gloomy world economic environment. Our economy clearly stands out among emerging and neighbourhood economies in terms of all major macro-economic parameters. Yet, in nominal terms, our income per capita is only US\$1747 and we have the problem of income inequality of one of the highest degree in the world (Oxfam, 2014). In this backdrop, MGNREGA is considered as one of the most important and ambitious social welfare programmes of the Government of India that can contribute to the emancipation of the poorest of the poor. It can thereby contribute to the inclusive development and bring the level of inequality down in long run.

The Mahatma Gandhi National Rural Employment Guarantee Act mandated the implementation of a demand-driven employment programme aiming to benefit the poorest of the poor people in rural areas. It benefits them directly through the income provided by employment that pays them a socially acceptable wage. It also benefits the rural people indirectly through the execution of various investment projects aimed at improving productivity of agriculture and alleviating degradation of land. This Act has also set some important social goals like improved opportunities for marginalized sections of society including women empowerment. It also seeks to strengthen the community based decision making process and eliminate corruption through transparency in administration of the scheme. This Act came after several years of consistent and high economic growth, the so called “India Shining” years. These shining years failed to improve the living conditions of poor people in any substantial way, especially in rural areas. This act reflects the realization on the part of the government that we have failed to translate the phase rapid economic growth into a phase of strong poverty reduction. There has been no instrument of evaluation proportional to the schemes’ magnitude that could provide reliable picture of the

failure or success of this programme. However, the government has tried to provide the timely, accurate and relevant data from various sources. One such exercise of survey on Mahatma Gandhi National Rural Employment Guarantee Act in three states (Andhra Pradesh, Madhya Pradesh and Rajasthan) was undertaken by the National Sample Survey Organisation on the request of MORD. NSSO evolved the approach, survey design and instruments for the survey in consultation with the Ministry of Rural Development (MORD), GOI. The survey was called “Status of work participation under NREGA” and it was conducted between July, 2009 to March, 2011 in four rounds. A sample of 304 villages from each state was selected for survey. Each of these selected villages and sample households within the selected villages were surveyed four times in the form of four visits. This chapter will study this data and present some results based on it.

Evaluation of MGNREGA

Table 4.1 shows that 65% of total households in Rajasthan, 68% in Madhya Pradesh and 52% in Andhra Pradesh are having bank account in the name of at least one of their members. For the post office accounts the percentages were a bit lower than these and have been presented in table 4.2. Around 63% of total ST households have bank accounts.

Table 4.1: whether any member of household has bank account (%)

State	Member with bank account		
	Yes	No	Total
Rajasthan	64.07	35.93	100
Madhya Pradesh	68.80	31.20	100
Andhra Pradesh	52.73	47.27	100
Total	60.41	39.59	100

Source: Visit – 1, Status of work participation under NREGA, NSSO

Table 4.2: Percentage of households with at least one post office account

States	Post office account (%)	States	Post office account (%)
Rajasthan	19.34	Andhra Pradesh	17.84
Madhya Pradesh	33.14	Average	19.98

Source: Visit – 1, Status of work participation under NREGA, NSSO.

Table 4.3: Percentage of households having at least one bank account social group wise

Social group	Households (%)	Social group	Households (%)
ST	63.52	OBC	59.02
SC	57.67	Others	64.03

Source: Visit – 1, Status of work participation under NREGA, NSSO.

Every social group has around 60% households with bank accounts as presented in above table (table 4.3). Bank account holding is evenly spread among all the social groups. More households have bank accounts as compared to post office accounts across all three states and social groups. It may be due to enhanced understanding of the importance of bank deposits as savings and spread of regional rural banks. Spread of primary education, initiatives of govt. and non-govt. organizations may have played a significant role in this. These variables show similar trend in all four rounds of the survey.

If workers are able to manage their accounts on their own and the banking norms are adhered to, then the direct transfer of wages into bank accounts is a substantial step towards the protection from embezzlement. People are interested in learning about the banking system and had a positive attitude towards bank payments (Adhikari et al., 2010). Post offices' inability to cope up with mass payments of wages and their poor record-keeping are some points of worry. Many hardships are caused to the MGNREGA workers in remote areas due to the large distances to the nearest post office or bank. Cases of embezzlement through exploitation and deception will reduce as workers get familiar with the banking process. But the possibility of embezzlement

still remains through collusion. In areas with an exploitative and feudal social structure the risk of manipulation is higher. It implies that there is a need to strengthen, adapt and revive the earlier transparency safeguards related to wage payments. As workers learn to build collective organizations, manage their bank accounts and defend their rights under the MGNREGA the crooks will find it much harder to manipulate the system. Thus, the empowerment of MGNREGA workers is the best protection against embezzlement.

Table 4.4: Percentage of households who migrated during last 365 days

States	Migration (%)	States	Migration (%)
Rajasthan	8.76	Andhra Pradesh	34.59
Madhya Pradesh	41.03	Average	28.61

Source: Visit – 1, Status of work participation under NREGA, NSSO

Table 4.5: Percentage of households who migrated during last 365 days social group wise

States	Migration (%)	States	Migration (%)
ST	35.72	OBC	27.12
SC	25.36	Others	28.62

Source: Visit – 1, Status of work participation under NREGA, NSSO

Rural labour market is lopsided. It is constrained by several factors that are skewed in favour of the economically and socially powerful. The landless and poor labourers find it difficult to negotiate with their employers in an equitable manner. Migration of vulnerable groups like small and landless farmers is a coping mechanism of households and individuals in response to a crisis in the rural labour market. So the wages, migration and rural labour market are linked to MGNREGA interventions in many ways. One of the most pertinent questions in this regard is that whether MGNREGA has had any impact on distress migration or not.

During the last decade agriculture has seen only marginal growth. Heavy industrialization, globalization and growth of informal sector in urban areas imply that

there has been quite substantial and inevitable migration from rural to urban areas in search of better livelihood opportunities. Non-farm work growth and urban growth have been the drivers of poverty reduction during this period. Structural changes in our economy imply that more and more people have moved from agriculture to non-farm sector. Sectoral growth trends and modern industrial policies have also meant that agricultural labourers may get pulled into the non-farm work. Agricultural labourers may be pulled into the non-farm work only if employment is available at higher wage rates in the neighbouring areas. Increase in non-farm wages causes a shift of agricultural labourers from farm to non-farm work. When agricultural land is converted for non-agricultural uses like for real estate and other industrial work it creates a class of casual and marginal workers. Land has become the most important commodity in rural India in the absence of rural households' any other durable assets due to poverty. Selling of agricultural lands due to frequent droughts, urbanization, industrialization and non-remunerative farming has led to increase in the number of casual labourers. These agricultural labourers or casual labourers who have sold or rented their lands for non-agricultural purposes look for other avenues to smoothen their consumption. MGNREGA is thus a way for them to earn supplementary income to support their consumption when they do not get any agricultural or casual work like during the lean seasons.

One of the objectives of the MGNREGA is to reduce distress migration. Our data here essentially covers the short term migration or seasonal migration. It is usually undertaken for employment opportunities outside. Reduction in seasonal migration may be seen as an indicator of successful implementation and MGNREGA's ability to stimulate development within the Villages. Migration has been defined here as going out of his/her last place of residence for more than one month but less than 6 months during the last 365 days. It was highest in Madhya Pradesh at around 41% and lowest in Rajasthan at around 8%. Migration rate was highest among the ST households when we consider social group wise data. All this has been presented in table 4.4 and table 4.5. Similar trend emerges in all four rounds of the survey.

Table 4.6: Some important MGNREGA variables state wise (%)¹

Variables	States Rajasthan	Madhya Pradesh	Andhra Pradesh	Average
Any member aware of NREGA	95.33	77.76	77.45	82.05
Job card	79.56	93.09	54.05	72.20
Any member worked under NREGA during last 6 months	35.79	17.32	25.03	25.42
Paid through bank or post office	100.00	97.39	88.14	94.24
Level of living improved	86.46	73.98	79.77	80.96
Heard of social audit	4.09	9.94	10.81	8.86
Social audit conducted	66.88	70.23	28.22	50.70
Gram Sabha held at least once during last 6 months	64.01	57.17	42.09	52.14
Got work in NREGA	16.92	11.92	23.94	18.11
Not paid	0.44	1.86	0.00	0.49
Piece rate payment	98.21	76.39	98.11	93.77
Use of own tool at work	99.13	83.00	98.92	95.77
Payment within 15 days	5.99	15.17	76.36	45.56
Other work available during NREGA	8.72	0.19	2.02	3.41
Additional days asked for & denied	26.46	20.11	4.16	13.23
Got public work other than NREGA	0.00	0.00	0.03	0.01

Source: Visit -1, Status of work participation under NREGA, NSSO

¹ All variables are in percentage terms.

Awareness about MGNREGA and its provisions is very high in Rajasthan. More than 95% of total population is aware about some provisions of this scheme. It is relatively low in Madhya Pradesh and Andhra Pradesh but still percentage stands above 76. More than 93% households have job cards in Madhya Pradesh. Andhra Pradesh on the other hand, has only 54% households with job cards. More than 35% households were provided NREGA work in Rajasthan during the last 6 months of this survey. Payment of wages through bank and post office accounts was very high in Rajasthan and Madhya Pradesh. Around 80% people in all three states admit that MGNREGA has led to improvement in their standard of living. Awareness level about social audit was very low in all three states. Less than 5% people reported to have heard of social audit in Rajasthan. There was wide difference in these three states in terms of percentage of Gram Panchayats who have conducted social audit. In less than 30% cases social audit was conducted in Andhra Pradesh. But Rajasthan and Madhya Pradesh reported that more than 60% GPs have conducted social audit.

Only 11% people accepted that they have got NREGA work in Madhya Pradesh. More than 23% people got NREGA job in Andhra Pradesh. Only 42% people in Andhra Pradesh believed that at least one meeting of Gram Sabha was held in their GP in the last 6 months of this survey. 1.86% people were not paid wages at all in Madhya Pradesh. All three states paid wages based on piece rate system in most of the cases. Very high proportion of people in all three states reported that they have used their own tool on work. Act mandates that wages must be paid within 15 days of completion of the work. But data in table 4.6 shows that this is not done at most of the times in all three states. Only in 6% of the cases in Rajasthan, the payment was made on time. Not much work was available outside in the times of MGNREGA work. It brings out that usually MGNREGA work is made available during the lean agricultural period. Almost no one got any other public work except MGNREGA. Important thing to note is that a very high percentage of people in all three states have demanded additional work and they were denied. All this data have been summarized in table 4.6. Trend is similar in all rounds of the survey.

Good performance of Madhya Pradesh among many factors is due to the seriousness of state government and its administrative machinery. These results show that the implementation of the MGNREGA in Andhra Pradesh has achieved a great success. Corruption has decreased and citizens have easily availed of work opportunities.

Andhra Pradesh has established an independent agency for monitoring of the implementation of MGNREGA. The implementation of the scheme has been taken out of the hands of the PRIs and is controlled mainly by the bureaucrats. Extensive use of IT services is unique about this state. All stages of the implementation work like preparation of work estimates, issue of job cards and registration of workers etc. have been effectively computerised. This has contributed in achieving better efficiency and to make MGNREGA open for public scrutiny. Every work undertaken, job card issued and payment made anywhere in the state has a unique code. Interested people can access all this information and check the authenticity of reported figures.

Rajasthan has performed well in the first three rounds of this survey (till September 2010) due to its history of drought relief through various public work and welfare programmes. Inadequate employment and income opportunities in local areas have always forced them to migrate to other areas within and outside the state. Local employment is preferred as migration has social as well as economic costs. There is also strong presence of civil society organizations like NGOs, SHGs in some parts of the state. All these factors had contributed to the participation of both men and women enthusiastically in the scheme in initial years thereby contributing to the better outcomes. But after first three rounds of this survey its performance has become less impressive. While trend in MGNREGA expenditure in Rajasthan has been same as that in the country, there is little evidence of demand saturation. There is active rationing of MGNREGA work in the state and it has varied distributive repercussions. Decline in performance of MGNREGA in Rajasthan during 2011 (round four of survey) is not only attributable to the lack of demand. While the demand has declined somewhat, there still remains significant demand for MGNREGA work. So the lack of demand is only one of the many factors that have contributed to a decline in its performance. Many administrative issues like seasonality, inconsistent flow of funds, lower wages, supply-driven approach, corruption, etc. are relevant in explaining the low performance. Over the years, all these factors may have led to a discouraged worker syndrome with workers showing disinterest in demanding work. The possibility of the lack of demand due to improved incomes in rural Rajasthan cannot be ruled out but this may not have had the dampening effect on demand for MGNREGA (Himanshu et al., 2015).

Impact on the lives of marginalized section

Mahatma Gandhi believed that the benefit of economic growth should reach to every section of the country including rural, tribal, artisans, scheduled castes, women etc. Elite capture of growth cannot be considered as real economic growth because it leaves a large section of population hungry and devoid of basic minimum necessities. India began a new experiment by passing the 73rd and 74th amendment Act to its constitution in 1993. It devolved substantial power to the local governments or Gram Panchayats. This led to the creation of grassroots Panchayati Raj Institutions or PRIs. It led to the creation and strengthening of institutions at the village, block and district levels. It also provided an open platform to encourage participatory governance at all levels.

MGNREGA was built on these PRIs to ensure that rural households could demand work and local governments could access the resources of state and central governments to provide work on demand. This structure has the potential to ensure the success of a grassroots, demand-driven programme like MGNREGA. The extent to which this potential is realized to make this scheme successful depends on the efficacy of village democracy. Not all interested households can get full 100 days of employment despite the universal nature of MGNREGA this is called work rationing.

Table 4.7: Some important MGNREGA variables social group wise²

Variables	ST	SC	OBC	Others
Any member aware of NREGA	85.74	87.61	84.84	66.51
Job card	90.36	80.61	76.35	38.45
Any member worked under NREGA during last 6 months	38.33	32.87	24.27	9.65
Paid through bank or post office	93.20	90.53	97.18	93.25
Level of living improved	82.16	77.31	82.81	78.98

² All variables are in percentage terms.

Heard of social audit	12.99	7.24	9.04	6.69
Social audit conducted	73.26	40.13	42.02	45.00
Gram Sabha held at least once during last 6 months	63.02	55.06	52.55	39.10
Got work in NREGA	24.24	22.51	16.98	9.25
Not paid	0.18	0.38	0.79	0.18
Piece rate payment	89.72	94.48	94.51	98.09
Use of own tool at work	96.17	94.75	96.39	94.91
Payment within 15 days	21.71	56.29	46.43	68.63
Other work available during NREGA	1.40	4.72	4.18	1.12
Additional days asked for & denied	19.43	12.66	12.50	3.31
Got public work other than NREGA	0.08	0.00	0.00	0.01

Source: Visit – 1, Status of work participation under NREGA, NSSO

More than 80% people in each social group were aware about the provisions of the scheme. SC, ST, and OBCs are the main participants in MGNREGA. More than 90% ST households have job cards in these three states and it is highest among all social groups. Only 38% job cards were issued to non-marginalised section here referred to as others. It shows that the self targeting mechanism of the scheme is working well. Most people were paid wages through bank or post office accounts in all social groups. There were some cases of non-payment of wages in all social groups. Performance of all social groups in the three states on some important MGNREGA parameters has been presented in table 4.7. All rounds of the survey show similar trend.

Non-payment of wages on time, lack of additional days of work under the scheme, absence of regular social audit and non-frequent Gram Sabha meetings are major issues among all social groups and states. Performance of all social groups in these three states has been similar. Similarly, all three states have done equally well on the parameters considered here.

Both the state wise and social group wise data suggest that more than 90% people are being paid wages based on piece rate system. Wages are linked to the amount of task completed. Under this system, wages of individual is determined from the Schedule of Rates (SOR) provided by the central government. First thing is that this SOR is determined without the consultation of workers and thus, is arbitrary in nature. Secondly, workers do not know in advance how much work has to be done to be eligible for the minimum wages. So, it deprives poor participants of minimum wage at various instances.

Table 4.8a: Social group wise participation in MGNREGA (%)

States	ST	SC	OBC	Others
Andhra Pradesh	13.9	24.8	52.3	9.0
Madhya Pradesh	40.5	23.0	33.4	3.1
Rajasthan	24.5	25.7	41.9	7.8

Source: Visit – 1, Status of work participation under NREGA, NSSO

Table 4.8b: Social group wise participation in MGNREGA (%)

States	ST	SC	OBC	Others
Andhra Pradesh	14.7	26.8	50.4	8.0
Madhya Pradesh	50.1	17.3	28.7	3.9
Rajasthan	24.8	25.6	41.5	8.1

Source: Visit – 2, Status of work participation under NREGA, NSSO

Table 4.8c: Social group wise participation in MGNREGA (%)

States	ST	SC	OBC	Others
Andhra Pradesh	15.0	26.8	49.2	9.1
Madhya Pradesh	49.6	16.2	31.5	2.7
Rajasthan	21.9	25.7	45.9	6.5

Source: Visit – 3, Status of work participation under NREGA, NSSO

Table 4.8d: Social group wise participation in MGNREGA (%)

States	ST	SC	OBC	Others
Andhra Pradesh	12.8	27.7	49.6	10
Madhya Pradesh	43.0	18.7	35.1	3.3
Rajasthan	26.1	27.7	40.2	6.0

Source: Visit – 4, Status of work participation under NREGA, NSSO

All rounds of the survey show that more than 90% participants belonged to SC, ST or OBC community in all three states. Their respective share in every state also remains almost the same. Given their relative vulnerability it shows that MGNREGA has served its demand driven feature well. This fact is confirmed by the official and NSS data as well. MGNREGA income contributes higher portion to their income as compared to the group “others” because of their low income base. Most of the participants in this social group belong to small and marginal landholders’ category. So this income has helped them to invest in their farm and thereby increasing its productivity. It will reduce their demand for MGNREGA work in long run.

Table 4.9a: Average MPCE of households (in rupees)

States	Participated in MGNREGA	Didn’t participate in MGNREGA
Andhra Pradesh	971	1193
Madhya Pradesh	589	795
Rajasthan	948	1067

Source: Visit – 1, Status of work participation under NREGA, NSSO.

Table 4.9b: Average MPCE of households (in rupees)

States	Participated in MGNREGA	Didn’t participate in MGNREGA
Andhra Pradesh	952	1149
Madhya Pradesh	620	786
Rajasthan	939	988

Source: Visit – 2, Status of work participation under NREGA, NSSO.

Table 4.9c: Average MPCE of households (in rupees)

States	Participated in MGNREGA	Didn't participate in MGNREGA
Andhra Pradesh	994	1178
Madhya Pradesh	617	724
Rajasthan	929	1005

Source: Visit – 3, Status of work participation under NREGA, NSSO

Table 4.9d: Average MPCE of households (in rupees)

States	Participated in MGNREGA	Didn't participate in MGNREGA
Andhra Pradesh	918	1103
Madhya Pradesh	654	713
Rajasthan	930	1009

Source: Visit – 4, Status of work participation under NREGA, NSSO

Average monthly per capita expenditure (MPCE) for the households that did not participate in MGNREGA work is higher than that for the households that participated in MGNREGA works in all three states. Trend is same for all rounds of the survey. It shows that the participants under this scheme are economically more backward than the non-participants. Participants use the wages for day to day expenses.

Table 4.10a: Status of participation and household type (%)

States	Status	Self employed in Agricultural labour			Self employed in agriculture		Others
		non-agriculture	Other labour	Other labour	in agriculture		
Andhra Pradesh	Participated	7.9	52.1	6.3	32.0	1.8	
	Didn't participate	12.7	26.9	14.5	22.9	23.0	

Madhya Pradesh	Participated	4.0	44.8	14.9	35.0	1.2
	Didn't participate	6.9	29.1	11.3	44.9	7.8
Rajasthan	Participated	9.8	14.8	25.3	45.9	4.1
	Didn't participate	17.8	5.5	21.4	41.3	13.9

Source: Visit – 1, Status of work participation under NREGA, NSSO

Table 4.10b: Status of participation and household type (%)

States	Status	Self employed non-agriculture	in Agricultural labour	Other labour	Self employed in agriculture	Others
Andhra Pradesh	Participated	7	51.4	7.5	32.0	2.1
	Didn't participate	12.5	27.9	12.6	23.6	23.3
Madhya Pradesh	Participated	2.5	42.4	14.3	39.5	1.3
	Didn't participate	6.7	32.2	9.7	44.0	7.4
Rajasthan	Participated	10.6	11.9	21.8	51.1	4.6
	Didn't participate	15.8	7.5	21.7	43.9	11.1

Source: Visit – 2, Status of work participation under NREGA, NSSO

Table 4.10c: Status of participation and household type (%)

States	Status	Self employed non-agriculture	in Agricultural labour	Other labour	Self employed in agriculture	Others
Andhra Pradesh	Participated	6.2	51.7	7.7	32.6	1.7
	Didn't participate	14.6	23.5	10.1	26.0	25.8

Madhya Pradesh	Participated	3.1	43.0	9.0	43.6	1.3
	Didn't participate	6.4	31.6	9.6	43.9	8.4
Rajasthan	Participated	10.4	11.1	22.4	52.2	3.9
	Didn't participate	14.4	7.9	19.7	46.8	11.2

Source: Visit – 3, Status of work participation under NREGA, NSSO

Table 4.10d: Status of participation and household type

	Status	Self employed in non-agriculture		Agricultural labour	Other labour	Self employed in agriculture Others	
Andhra Pradesh	Participated	6.5		50.2	7.1	34.0	2.2
	Didn't participate	13.6		26.7	10.9	24.2	24.7
Madhya Pradesh	Participated	5.9		36.2	14.1	42.2	1.6
	Didn't participate	5.9		31.7	8.4	45.1	8.9
Rajasthan	Participated	11.0		12.9	22.6	49.2	4.3
	Didn't participate	14		6.3	19.5	48.8	11.4

Source: Visit – 4, Status of work participation under NREGA, NSSO

Among the households who participated in MGNREGA work majority were either from the 'self employed in agriculture' households or the 'agricultural labour' households category in all three states. These two categories constituted more than 75% of the households employed. Self employed in agriculture are mainly small and marginal farmers who don't have the capacity to invest in their land. Therefore productivity of their land is very low. It also implies non-remunerative agriculture which forces these people to work under MGNREGA. Frequent droughts and climate change have only worsened the situation in recent years. Government should make special efforts to increase awareness about various provisions of MGNREGA. A

detailed implementation plan and strategy should be prepared for engagement of multiple agencies by hiring a professional communication agency. The average delay in payment of wages is more than 3-4 weeks in all three states. Due to insufficient food security the poor are highly vulnerable and they have high cash need for daily living. So MGNREGA workers should get their wages on time to keep them engaged in the scheme. Workers should be provided orientation programme on the banking procedure. It will make them comfortable to use and visit bank. It will reduce the role of agents who cheat the illiterate workers.

The ability to carry the poorest and vulnerable on board and to keep them there will determine the success of such a large scale programme. An exit route out of the MGNREGA has not been thought yet. The programme is susceptible to both a large exclusion error and inclusion error reflecting poor governance. Steps should be undertaken to strengthen local self-governance with clear distinctions among fiscal, administrative and political decentralization. Special efforts need to be made to provide incentive to the excluded to enter the programme through reforms in MGNREGA.

High participation of marginalized groups like SCs, STs, OBCs, agricultural labourers and self employed in agriculture, can be beneficial in long run. MGNREGA will provide them the money to invest in their own farms and thereby help them to get back to their own farm land. Agricultural labourers are the poorest and the most vulnerable group of the rural society in our country. Their high participation implies that MGNREGA is able to put money into the hands of the poorest of the poor in rural areas. They spend their wages mainly on food and daily needs. It will help and contribute to the growth and development of the most marginalized section of our rural society and thereby to the inclusive growth.

Some Determinants of Employment Creation under NREGA: A Regression Analysis

05

CHAPTER

This chapter will attempt to explain the factors that affect the employment creation using cross-section time-series regression taking some state level variables. MGNREGA state level data have been taken from the official data portal of the Government of India. These data have been supplemented with the land use data for all major states from the ministry of agriculture website as well as data available from the agriculture census database. The data related to cropping intensity have been also obtained from the same source. The data from 2008-09 to 2013-14 for all the variables have been obtained for the purpose of this study.

The raising of a number of crops from the same field during a year is referred to as the cropping intensity. It was calculated using the following formula

$$\text{Cropping Intensity} = (\text{Gross Cropped Area}/\text{Net Sown Area}) \times 100$$

Higher cropping intensity implies higher productivity per unit of arable land during an agricultural year. It also means that a higher proportion of the net sown area is being cropped more than once during a year. Here, the variable “percentage of geographical area available for potential MGNREGA work” in one way or the other has been taken as consisting of, area under permanent and current fallow, area under permanent pasture, area under forest cover, culturable waste and grazing land.

Although, various regressions were run initially to find the significant factors affecting the dependent variable, eventually the fixed effect regression gave a satisfactory result. The choice between the random effect and fixed effect model was taken based on the P-value obtained from the Hausman test. The regression results are reported in the following table (table 5.1). Only those variables that are reported in table 5.1 turned out to be significant but many variables like women labour force participation rate, election year dummy etc. were attempted to be included in the regression. These are the minimum wage rate prevalent in the state, proportion of registered rural households for MGNREGA job card demanding MGNREGA work,

percentage of the total geographical area available for potential MGNREGA works and cropping intensity. The number of person days generated per household has been taken as explained variable or regressand.

Table 5.1: Fixed effect regression results¹

Parameter	Coefficient	Approximate standard error	t-values	P-values
Constant	-77.88367	52.53477	-1.48	0.142
Percentage of geographical area available for potential MGNREGA work	1.998836	1.016371	1.97	0.052
Percentage of registered rural households demanding MGNREGA work	0.479174	0.0954646	5.02	0.000
Minimum wage rate (rupees per day)	0.0565515	0.0399134	2.31	0.0143
Cropping intensity	-0.2728655	0.2087394	-2.46	0.0080

This regression result is theoretically consistent and can be explained as follows. It is perfectly expected that the states with potential for higher land use in the form of utilization of waste land, grazing land, fallow land, forest land and community land etc. will have positively significant impact on MGNREGA employment creation. Higher potential area for MGNREGA work implies that it is easier for any state and its programme implementing agencies to create new work sites. They have more options when it comes to choosing new projects. This leads to more employment creation under the scheme and thereby to higher number of person days generated per

¹ Dependent variable = Number of person-days created per household

household. The need for intensive application of regional planning and macro planning is highlighted by this finding.

It also implies the need to do both intensive and extensive planning for MGNREGA works well in advance. Planning through application of modern devices like GIS (Geographical Information System) and other instruments of modern science & technology needs to be undertaken. Suitable land development activities can be effectively undertaken in various Potential land areas through MGNREGA. These areas fall in the jurisdiction of various ministries and departments of government. Coordination among these departments can lead to better programme outcomes. It is therefore necessary to have a meaningful convergence of various schemes through a joint move forward.

Above regression result also shows that a larger percentage of households demanding work among the registered rural households for MGNREGA job card increase significantly the average person days of employment provided per household. This result points towards the fact that there is a need for stronger and effective awareness campaign for MGNREGA. There is also a need to effectively register demand for work with specific details through evolution of a meaningful operational system at the grassroots or PRI level. (Datta et al., 2009) makes two important points in this regard. First, villagers should be contacted individually for any feedback or inquiry. Because asking villagers to express their view points are always subject to falsification in front of a village mukhia and other office bearers of the local panchayat. With necessary help from suitable hand holding organizations like NGOs, SHGs etc. they must be allowed to express their views in confidence in an unbiased manner. All this will ensure that the true demand for work gets registered on paper. Second, in front of well articulated political bosses, officials and field investigators villagers cannot articulate their true views in an unbiased manner. So, to boost up their understanding of available resources around them, feasible schemes and articulation power, it is absolutely necessary to provide adequate training to the villagers. This in turn will ensure better outcome in terms of person days provided per household.

This result also implies that the convergence of Mahatma Gandhi National Rural Employment Guarantee Scheme with other programmes can lead to better outcomes. It provides a framework for all rural households to ensure basic livelihood security

through a guaranteed legal rights-based approach. (Sharma, 2010) argues that the government is itself subordinate to law. A law belongs not to the government but to the people. With people acquiring legally guaranteed rights, the hierarchical relationship between the public as recipient and the Government as provider begins to disappear. This is the new approach to development as advocated by many international agencies and it has been adopted successfully in many countries. It does not see poverty only as having lack of money but holistically. The government makes itself more accountable to the citizens for its action by enacting a law of this kind. It is the custodian of resources and also responsible for their delivery. It helps to create a more democratic base for the development process by moving from a programme based approach to a law. A rights-based law like MGNREGA, by reducing dichotomies between demand and supply, pushes for a change in the way government system works. Under this approach, the term “State” refers to the government and people but not just the government. It also signifies the maturing of democracy. A similar right based approach like that of MGNREGA is needed for programmes aiming to promote food security, health and basic education. The Anganwadi services should be extended to the worksites but there is little or no discussion about it. Construction of Anganwadi centres work should be allowed to MGNREGA labourers. If the Anganwadi could get away from a brick and mortar centre to the place where there is a demand for it like at the MGNREGA worksites to provide child care services then this discrepancy between service and need can be dissolved. The convergence of these two schemes for example can lead to better outcomes for both the programmes. This problem arises because the child’s right to care and nutrition is not accepted by ICDS but the parents’ right to work is accepted by MGNREGA. This is also because of the fact that a right-based approach provides a service where the people’s needs are most intensely expressed but a supply side grammar creates a Centre where people have to go. Education, health and livelihood are not optional capabilities but basic entitlements. Hence, without demands for them by the citizens, conditions must be created by the State for their realization. Demanding a right implies that the state has failed to provide a service and it also indicates the gap in the system.

A higher minimum wage rate exhibits a statistically positive significant effect on the number of person days provided per household. This is an expected result as higher

wages encourage more people to work under the scheme. There are two strands of thought on the impact of wages on the rural economy.

First, from the previous chapters, we know that the small and marginal farmers constitute the majority of MGNREGA workers. (Shah, 2009) believes that the higher MGNREGA wages have become really helpful to the participants. It has helped them to rebuild the decimated productivity of their small and medium farms. Income through this scheme gives the small and marginal farmers a chance to return to full-time farming on their own field in the long run. It also gives them the incentive to undertake private investment. In the poorest part of the country, the central Indian tribal belt, hundreds of such examples have been noticed. Construction of earthen dams on common land has recharged wells of many poor farmers who earlier used to work to build these dams as labourers. It has enabled these farmers to undertake a series of investments on their own farms to improve their productivity. Further investments have spurred due to increased output in an atmosphere of renewed hope and farmers have started to come back to land they had abandoned. Convergence of various programmes of rural development with MGNREGA, in a positive upward spiral, would carry this momentum forward. Through the downstream multiplier-accelerator effects it would also broad-base the growth process. It has thus been transformed into a source of sustainable livelihood from a wage employment programme. It would permit reduction in allocation for MGNREGA in the long-run, because of a rise in demand for labour in the rural areas and also because landed labourers would get back to their own lands.

Second set of authors believe that this positive wage - MGNREGA employment relation (obtained in table 5.1) should be interpreted with caution. (Datta et al., 2009) argues that the central and state governments should not continuously encourage MGNREGA employment through artificially raising minimum wage rates. The underlying economic reasoning lies in the distortionary effect of an increase in growth of wage rate. Higher MGNREGA wage induces not only new people to enter the scheme to register their demand for work but also existing people to demand more work. It is basically a response to higher wages offered under the scheme given that they do not have any, as better alternative as MGNREGA. It will lead the other segments of the economy like rural hinterlands to lose their existing workers or to pay

them higher wages to retain. So the non-MGNREGA wage employment may decrease due to increasing cost of distortionary wages. During the peak agricultural season, many small and marginal farmers hire unskilled agricultural workers. If the wage levels are too high then it may turn out to be a non-viable option for them to hire workers. Thus, it may raise their food security concerns and endanger their economic viability. Therefore, if and only if the distortionary effect of rising wage rate is not there, raising of wages and thereby MGNREGA employment is feasible. It can happen as long as there is an infinite supply of labour.

Higher cropping intensity has negative statistically significant impact on number of person days provided per household. Higher cropping intensity shows prosperous farming activities. So it reduces the need of highly unskilled and physically demanding MGNREGA work. The traditional agricultural policy of intensive agricultural practices based on irrigation, modern seeds technology and high fertilizer use is associated with higher cropping intensity. It, by now on its own, has led to the large employment generation. This implies that the traditional policies continue to be effective even today. Therefore, in pockets where there are limited scope for application of modern seed technology, fertilizer and irrigation it should be supplemented with MGNREGA activities.

Conclusion

There is significant variation across states in terms of MGNREGA outcomes. Three data sets analysed in this study also lead to different results, at least, for some variables. Official data have overestimated the extent of employment demand fulfilled and show better picture than the actual for some variables. While official data show that there are almost no cases of employment denied, NSS data show that around 18% people who demanded employment were denied. There have been many cases of late payments. Similarly, NSS data show that around 4% people have not been paid their due wages. Official data do not show any case of non-payment. Official data of many states underestimate the extent of employment denied to show their better performance and get away with the responsibility to pay unemployment allowances. As states have to bear the full burden of unemployment allowances. These results from NSS are also supported by status of work participation under NREGA survey. Most of the results are common in all these sources of data and are in accordance with the existing literature. Some common results of these data sets are as follows.

Rich south Indian states have done better than the poorer northern states on almost all parameters of this scheme. There are different reasons for the success and failure of these states. The impressive performance of MGNREGA in Kerala is due to the managerial role of the Kudumbashree, the state governments' commitment and especially the role area development supervisors (ADS). It also appears that these commendable outcomes are due to a strong state apparatus and not to the demand of citizens per se. On the ground, the Kerala government has assigned the implementation and management of the MGNREGA to Kudumbashree. The Kudumbashree programme was started in 1998 as the states' poverty eradication mission. Micro enterprises are organised and women self-help groups formed to provide supplementary income sources. At ward level, 30 to 40 of these neighbourhood groups constitute the Area Development Society of the Kudumbashree. Area development supervisor (ADS), a volunteer, is provided by them. The ADS is usually an emerging village leader and the head of an existing self-

help group. The ADS has been associated with Kudumbashree for a few years, typically a woman in 40s and is educated. Incomes from Kudumbashree enterprise and earnings as a MGNREGA supervisor are the sources of income for them. She helps to ensure the provision of work-site facilities, proper maintenance of muster rolls and to organize the MGNREGA work. Depending on the size of the village, she looks after two or three work sites.

Tamil Nadu has also done decently well. It has historical experience of developing operational capacity and managing relatively effective public welfare programmes. It has labor-intensive safeguards in place that has helped to prevent occurrences of payment diversions. Tamil Nadu has adopted a piecemeal rate of wage calculation. This rate allows for shorter working days, although at a lower wage payment, giving mainly female workers more flexibility. It has encouraged above average rate of women participation in the state. Local infrastructure to implement the Act was already present here well before the implementation of MGNREGA due to its past experience with other public welfare programmes. It has a strong, existing local bureaucracy. These existing functional local capacities have been effectively leveraged towards the implementation of MGNREGA.

The implementation of the MGNREGA in Andhra Pradesh has been a resounding success. Corruption has minimized and citizens have readily availed of work opportunities as shown by the data in this study. It has established an independent agency to monitor the implementation of the scheme. The implementation of the programme has been taken out of the hands of the Gram Panchayat and is controlled almost entirely by the bureaucracy. It has shown that all stages of MGNREGA work like the preparation of muster rolls, work estimates, issue of job cards and registration of workers etc. can be effectively computerised. This has helped in achieving greater efficiency and to opens up MGNREGA for public scrutiny. Each payment made anywhere within the state, work undertaken and job card issued has a unique identification code. Anyone interested can access all this information and check whether what is reported is true or not.

The performance of Chhattisgarh, Madhya Pradesh and Rajasthan among the northern states is notable. Rajasthan showed decline after 2010 due to administrative bottleneck and declining demand. Rajasthan did well due to its history of drought

relief through public work programmes. Lack of adequate employment and income opportunities in local areas force them to migrate to other places within or outside of the state. As migration has both economic and social costs, local employment is preferable to the people. In some parts of these states, there is a strong presence of NGOs and other civil society organizations. All this contributed to the enthusiastic participation of both men and women in the scheme. Recent performance of Chhattisgarh is the best among all northern states largely due to the seriousness of state government and active participation of NGOs.

Poor northern states like Uttar Pradesh, Orissa, Bihar and Jharkhand have performed below the national average. Recently Bihar and Jharkhand have shown some improvements. Payment procedures in UP remain problematic as one of the highest number of non-payment and delayed payment cases are reported from the state. Local officials lack the experience to handle large scale public welfare programme like this. This scheme still largely remains supply-driven in the state. MGNREGA has entrusted a significant amount of responsibility to the local staff at the gram panchayat level. But they are not equipped well with the experience, skills and sufficient resources to efficiently carry out MGNREGA responsibilities. Bihar has improved its delivery efficiency since the introduction of this scheme but its approach has been top-down. There have not been many changes in the basic characteristic of the grass-roots level institutions like panchayati raj institutions and local bureaucracy. Jharkhand is implementing the scheme without the help of formal PRIs. The very spirit of the MGNREGA gets violated by its implementation in a centralised manner by the bureaucracy. It also undermines the local institutions and participation of civil society. Due to the inefficiency and inability of local institutions job seekers are not able to translate their entitlements into effective demand. Even from the poor families, upper caste women have not come forward for MGNREGA work due to social restrictions in all the poor northern states. MGNREGA has performed poorly in Punjab because market wages exceed MGNREGA wages. In addition to this, there is relatively low participation in the programme by women. Rural prosperity and social restrictions seems to have played major role here.

Government has attempted to limit the misuse of funds and reduce corruption by separating the payment agencies from implementing agencies as the mobilization of

rural people is a time-consuming process. Different agents have been made responsible for the maintenance of Muster Rolls and the payment of wages. Mandated introduction of bank or post office account is a step forward in this direction. Through the creation of an extensive check-and-balance system government aimed to minimize corruption. But it has also led to the complex administrative system. This in turn has facilitated the misappropriation of funds and it has also adversely affected the monitoring and evaluation of the programme. Manpower shortages and capacity constraints explain, to some extent, the insufficient programme evaluation and monitoring in states like UP. Hiring and training of additional staff in these states may not reduce or even eliminate corruption as long as the scope for misappropriation is there. Sustainable solution to corruption requires the mobilization of rural people and civil society organizations to become responsible for regular vigilance and monitoring. They have the highest stake in the ultimate success of the programme so they must be included in the entire process at every stage.

MGNREGA implementing agents and local officials are not sufficiently trained and related posts are also vacant in these states. These challenges are well known in all these poor northern states and have contributed to their poor performance. More responsibilities for the programmes' implementation should be assigned to the non-governmental agents and other stakeholders by modifying the administrative structure of MGNREGA's implementation.

The southern states like Karnataka, Andhra Pradesh, Tamil Nadu and Kerala have ensured high participation of women. These states also have comparatively better gender and human development indices to the national level. Rajasthan is an exception among the north Indian states with its high women's participation rate. Historically there has been no social restriction on the work participation of women outside home in the Rajasthan. Frequent droughts in the state have always forced women to contribute to the household income. The women's Self Help Group movement began in Tamil Nadu in 1989. At that time, it had more to do with inculcating credit and saving practices among women. But over the years these institutions have matured and diversified. Now, these institutions serve an important role by providing a platform for women to make demand for MGNREGA in a single and unified voice. In addition to this, SHGs play a critical role in programmes'

monitoring and to ensure fair compensation to workers. From each panchayat, the leader of an SHG is always present when payments are made to workers. The study of Kerala suggests that due to difference between the MGNREGA and market wages for women there has been a switching effect. Higher MGNREGA wages than the market wages for women here have drawn large portion of women to work under this scheme. Males have shifted to private market work that offers them higher wages. The implementation of the MGNREGA has led to some upward pressure on female unskilled wages and created a shortage of agricultural labourers. Kudumbashree has ensured that MGNREGA draws in women as managers and workers both.

Caste and religion has played a significant role in restricting the participation of women in MGNREGA in UP. Certain caste and religious practices have forbidden women from working outside the home especially in agricultural work. For example the women from upper castes have not historically worked on the land of other people. Thus they tend to decline MGNREGA work even when they are in need of the income and physically capable of working. Muslim women practice the Purdah system. It stops them from appearing in public thereby limiting their ability to work in the scheme.

The work participation of women under MGNREGA has increased consistently over the years in Himachal Pradesh. Social practice of tabooing women's participation in the work outside of the home is not entrenched here. The need to earn a livelihood is not the reason for participation by women in the scheme. The state offers a conducive climate for agriculture and productivity is quite high here. Even small and marginal farmers, from their own land, are able to meet their minimum livelihood requirements. Substantial changes have been observed in the gender relations. It has led to the increased say of women in decision-making. It has reduced their dependence on male members for meeting personal expenditure and they have now got greater recognition of their contribution to the household income. As workers women have received more benefit than as a community. Monetized and independent earnings have reduced their economic dependence and increased choices. Therefore, the rural women empowerment has emerged as an unintended but positive consequence of MGNREGA.

Share of women in MGNREGA participation is well above their minimum requirement in almost all the states except few. Their participation rate is well above the women's labour force participation rate in all the states. Nationally their participation rate in MGNREGA is around 50%. Similarly, the participation rate of SCs, STs and OBCs is in excess of their share in population in all the states. But the less than proportionate participation of differently-abled is a cause of concern and special provisions should be made to increase their participation. People at the bottom of the MPCE ladder are the main beneficiaries of this scheme. Major portion of the participants belong to "agricultural labour" and "self employed in agriculture" categories thereby reflecting the participation of the economically and socially most vulnerable. It can therefore be concluded from this study that MGNREGA has contributed to the emancipation of the poorest of the poor and the most marginalized section of our society. Thus, it has led to more inclusive growth.

Regression result shows that the states with potential for higher land use in terms of utilization of waste land, forest land, fallow land and community land have better MGNREGA employment outcomes. A higher minimum wage rate and higher percentage of registered households demanding MGNREGA work exhibit a positive significant effect on MGNREGA participation. Higher cropping intensity leads to worse MGNREGA outcomes.

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Appendix A: Data showing some important variables

Table A.1: Group participation (%)

	Status	Self help group	Any user group	None
Andhra Pradesh	Participated	76.2	3.7	20.1
	Didn't participate	56.1	2.6	41.3
Madhya Pradesh	Participated	9.6	1.9	88.5
	Didn't participate	4.7	2.1	93.2
Rajasthan	Participated	2.4	1.3	96.3
	Didn't participate	1.5	0.3	98.2

Source: Visit – 1, Status of work participation under NREGA, NSSO.

Table A.2: Group participation (%)

	Status	Self help group	Any user group	None
Andhra Pradesh	Participated	76.9	3.7	19.4
	Didn't participate	57.9	2.7	39.4
Madhya Pradesh	Participated	9.6	2.4	88.0
	Didn't participate	6	1.8	92.2
Rajasthan	Participated	2.5	1.7	95.8
	Didn't participate	1.6	0.7	97.7

Source: Visit – 2, Status of work participation under NREGA, NSSO.

Table A.3: Group participation (%)

	Status	Self help group	Any user group	None
Andhra Pradesh	Participated	77.7	3.9	18.4
	Didn't participate	57.5	2.3	40.2
Madhya Pradesh	Participated	7.1	2.2	90.7
	Didn't participate	6.5	1.8	91.7
Rajasthan	Participated	2.0	1.4	96.6
	Didn't participate	2.2	1.0	96.8

Source: Visit – 3, Status of work participation under NREGA, NSSO.

Table A.4: Group participation (%)

	Status	Self help group	Any user group	None
Andhra Pradesh	Participated	76.0	3.2	21.8
	Didn't participate	59.3	2.8	37.9
Madhya Pradesh	Participated	7.2	2.0	90.8
	Didn't participate	5.4	1.3	93.3
Rajasthan	Participated	1.2	1.3	97.5
	Didn't participate	2.0	1.4	96.6

Source: Visit – 4, Status of work participation under NREGA, NSSO.

Table A.5: Distribution of number of days (%)

States	Less than 20 days	20 to 50 days	50 to 100 days	100days or more
Andhra Pradesh	11.4	11.7	11.3	1.1
Assam	7.8	6.9	2.8	0
Bihar	5.5	2.7	1.2	0
Gujarat	11.6	4.7	1.8	0
Haryana	1.9	1.4	1.9	0
Himachal Pradesh	6.6	14.5	11.8	0.4
Jammu and Kashmir	3.1	3.5	1.4	0
Karnataka	4.4	2.2	1.5	0
Kerala	6	3.8	1.3	0
Madhya Pradesh	17	14.1	5	0.3
Maharashtra	2	1.6	0.8	0.1
Manipur	6.9	26.6	40.1	0
Meghalaya	7.5	17.4	17.2	0
Mizoram	2.7	13.6	70.5	1.7
Nagaland	23	12	24.3	0
Orissa	12	7.4	2.2	0.3
Punjab	2.7	1.2	1.3	0
Rajasthan	3.4	13.2	42.2	0.1
Sikkim	6	10.3	27.7	0
Tamil Nadu	8.3	14.5	10.5	0.2
Tripura	1.8	24.2	51.2	0.2
Uttar Pradesh	8.1	5.4	2.6	0.2
West Bengal	32.6	9.3	1.2	0
Chhattisgarh	17.1	20	10.8	0
Jharkhand	10.5	4.5	1.4	0
Uttarakhand	15.5	10.5	1.1	0
All India	10.2	7.6	6.2	0.2

Source: 66th round of NSS.

Table A.6: Awareness level (%)

States	Participated	Did not participate	All
Andhra Pradesh	94.7	36.6	57.5
Rajasthan	97.2	70.6	86.9
Madhya Pradesh	70.9	39.9	49.3

Source: Visit – 1, Status of work participation under NREGA, NSSO.

Table A.7: Households reporting specific facilities under the MGNREGA (%)

Facilities	Andhra Pradesh	Madhya Pradesh	Rajasthan
Childcare	15.8	15.8	42.5
Drinking water	85.1	64.3	93.3
Shade	32.2	28.2	80.1
Healthcare	48.3	21.5	68.4
All facilities	1.7	3.9	30.6
None	13.9	32.6	4.5

Source: Visit – 1, Status of work participation under NREGA, NSSO.