CHAPTER – 2
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MNREGA is a most unique and flagship wage employment guarantee programme sponsored by the Government of India to provide livelihood security to millions of rural poor in India. It is first ever largest employments programme visualised in human history due to its numerous pros and cons. As a result, no. of studies has been assembled up exploring its desirability, impacts on targeted rural populates, achievements gained asper the objectives set, excuses still exist in the Act and its implementation, improvements required to be brought about etc. A number of studies conducted by researchers, various institutions and NGOs, which focus on impact of the MNREGA on employment generation, alleviation of poverty, food security, out migration etc. have been discussed in below paragraph. In this chapter, the highlight some findings of selected studies with respect to the study objectives as elaborated earlier. Here, all reviews are synchronizing according to objectives of the study.

2.1 General Guidelines

Guidelines provided by The Ministry Rural Development (Development, The National Rural Employment Guarantee Act 2005 (NREGA)- Operational Guidelines (1st Edition), 2005)\textsuperscript{14} Government has to fulfil its obligation to provide minimum 100 days of employment to every registered rural household for each financial year at any cost. Resource constraint cannot be shown as justification for not executing the Act. Secondly, contractors have been completely excluded that has reduced the extent of corruption and thus has increased the wage employment since the use of machines has been brought

down to the minimum level. Thirdly, durable assets for rural connectivity, water conservation, drought and flood proofing etc. have been created on the other side providing the platforms for rural transformation in India. Fourthly, it has increased the curiosity and awareness among the rural people about the ongoing public programmes enhancing the peoples participation in these programmes. The Act has facilitated to involve the local people at all stages planning, implementation and social audit. Fifthly, the central emphasis on payment of statutory minimum wages, provision of legal entitlements to labour on working hours, rest, drinking water, medical aid and crèche facilities and the provision for unemployment allowance upon inability to provide the guaranteed days of work have made this Act unique and unparallel in the history of independent India. (Development, operational Guidelines (3rd Edition), 2008) so far as the mode of payment of NREGA wages is concerned, as per the operational guidelines of NREGA (MoRD, 2008), all the NREGA wages were to be paid through banks and/or post offices. However, due to staff shortage, delay in processing and other kinds of irregularities, the payment of NREGA wages has been delayed at many places.

2.2 Income and Consumption Pattern

The survey conducted by (Prasad M. R., 2008) found that MNREGA has positive impact on reduce the out migration. To some degree, the impact of MNREGA on Income, Purchasing Power and Food Security has been observed remarkable positive kind. it was worst to explained that majority of the Job Card holders neither got an employment within stipulated period of 15 days nor get any Unemployment Allowance.

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15 Ibid pp. 14
(Joshi Vasha, 2008)\textsuperscript{17} conducted an evaluation study on MNREGA in Rajasthan. They observed that after the implementation of MNREGA, the migration significantly decrease but not yet completely stopped. MNREGA generated the income of the households and boosting the purchasing power of the beneficiaries. It also creates valuable assets in villages. With this, it also reduce the debt of rural people to some extent, overall study reveals that after commence of unique Act, Income and Standard of living has increased considerably.

(Shah & Makwana, 2011)\textsuperscript{18} Based on evaluation carried out at field level, it revealed that MNREGA holds the key to success for the positive development of country’s vast rural populaces. The programme deemed to have huge potential in empowering rural communities. The programme was succeeding to enhance income level, food security and livelihood security of rural poor on a sustainable manner. Further, MNREGA brought very positive changes in respect of employment, income, wage-rates and food security. It boosted village economy and found 177 beneficial to rural poor. The study further revealed that the participation of peoples was low at the stages of planning, implementation and Gram Sabhas. The awareness level about project activities was also low to moderate. This calls for higher efforts to increase the people’s participation at all the stages of the programme. The study reveals need of bringing more transparency in conducting social audits. The more involvement of line departments in the programme will be helpful in effective implementation of programme. Timely repairs and maintenance of created assets also needed for sustainability of the impact of the programme. The investment under MNREGA must be focused more on activities providing benefits at the community level so that poor derive maximum benefits. The MNREGA reformed on the suggested lines holds out the prospect of not only transforming the livelihoods of the poorest rural peoples of the country but also

\textsuperscript{18} Ibid pp. 12
heralding a revolution in rural governance in India. The goals of upliftment of poor rural households through ensuring food security on a sustained basis by providing wage employment through MNREGA not look distant, if MNREGA pursued in earnest.

2.3 Assets Creation and its Durability

A study by (Ambasta, 2008) reveals that evaluated the performance of NREGA in its first two years of implement highlights major issues confronting implementation of NREGA. The study tried to show why NREGA has raised expectations like no other rural development programme and how it can and must be made to deliver on its massive, if yet unrealized, potential. The study finds that the lack of trained professionals for time bound implementation, under staffing and delay in administration, lack of peoples planning, poor quality of works and assets created, inappropriate schedules of rates, unnecessary bureaucratic interventions and mockery of social audits are hindering the implementation process.

(Kareemulla, 2010) analysed the scheme in four states, viz., Rajasthan, Andhra Pradesh, Karnataka and Maharashtra with a specific objectives of desirability, quality and durability of assets created and the special effects on the livelihood generation by NREGA beneficiaries. The study indicates that a extensive variation of works were taken up under the scheme in the study districts including works on soil and water conservation structures and rural roads, which matched the requirements of the people but the quality and maintenance of assets need more attention in the coming years so that investment made would not go useless. The scheme in any case achieves its

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primary prior objectives of employment generation; the assets created are generally seen as a not durable in the study areas.

A study conducted by (Abhishek, 2011)\textsuperscript{21} The MNREGA provides employment to the rural Households. It increased bargaining power to the unskilled labour class of the village. The MNREGA has reconstructed the appreciative of the daily private wage rate in the village and, because of the implementation of the programme, the private rate has gone up which is effecting the relationship amongst the agricultural farmers and the poor labourers. The villages are being developed, new roads constructed and now people can move easily inside the villages. The act empowered the labourers, and now they are aware of their rights; they are no more slaves of the farmers. The labourers’ purchasing power has improved now they have access to all those goods and services, which earlier considered only for the wealthy people. The MNREGA has changed the pattern of agriculture in the village. Since there is less availability of the labourers in the village, hence the farmers are adopting new ways of doing farming. While doing agricultural work with machines the farmers do not get fodder for their animals therefore nowadays farmers reducing their domestic animals. On the one hand, MNREGA has brought large change in the life of the labourers; on the other hand, its impact on the agriculture is very poor. However, the MNREGA does not intend to affect the agricultural pattern but because of changes brought about through it is directly affecting the agricultural system of the sample selected and can be generalised in the larger context in the country.

2.4 Employment Generation

In his article (Anish, 2008)\textsuperscript{22} found that employment generation in Hazaribagh (Jharkhand) has been quite stumpy. It was observed during the field study that

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\textsuperscript{21} Ibid pp. 6 \\
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there were delays of 40 to 50 days in wage payment. Because of these, workers have a preference to leave MNREGA worksites for immediate payment when alternative sources of employment available. During the off season no new works were taken up when work is most needed for surviviveness.

According to the findings (Nandini, 2009) they put forward that large disparities in the participation of women have been observed. Women comprise more than two thirds of MNREGA workers in Kerala (71 percent), Rajasthan (69 percent) and Tamilnadu (82 percent) and less than specific one-third in Assam (31 percent), Bihar (27 percent), W.B (17 percent), UP (15 percent), Himachal Pradesh (30 percent) and Jharkhand (27 percent). They also make known that the full suppressed of this Act is far from being realized. It is worth mentioning that two thirds of the female respondents reported having to face less hunger as a result of MNREGA employment. Overall, the perceptions of MNREGA were considered very significant by 68 percent of the respondents. Beside these, at majority worksites childcare facilities were lacking. MNREGA allowed workers to get work in their village, because of which scale of migration and hazardous works now reduced for many.

(Khera, 2009) notes that farmers union has been very effective in making NREGA perform better. The study is related to the Jagrut Adivasi Dalit Sangathan, Farmers union with a membership of 3500 families in Madhya Pradesh shows that the levels of NREGA employment in the Sangathan areas are as high as 85 days per household per year, and nearly half of all working households have got 100 days of work. They also earn the minimum wage less than prescribed minimum wage rate.

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The main objective of the report was impact of MNREGA on Wage Rates, food security and Rural Urban Migration in Chhattisgarh. The study comprises of 200 NREGA households as 50 non-NREGA household on different districts of Chhattisgarh. The study revealed that out of the total person-days generated employment, an increasing trend was observed to other caste while decreasing trend in case of Schedule Castes and Schedule Tribes in the year 2010-11 as compare to 2008-09. Women got higher employment opportunity in NREGA compared to men. A decreasing trend was noticed in case of household completed 100 days employment. This might be due to the fact that bottom level planner do not have clear-cut vision of how to generate employment. Hence, there is need to involve agricultural scientist, thinkers and planers in policy implication. This program should tune up with Comprehensive District Agriculture Plan for effective and efficient implementation.

2.5 Works taken up and Wage structure

The NREGA’s potential in empowering women by providing them work opportunities has also been discussed by others (Navjyoti, 2008). Looking at all India participation rates in the first two years of its implementation of the NREGA, they also found that there was a marginal increase in the participation of women from 40 percent in 2006-07 to 44 percent in 2007-08.

The report of (CAG, 2007) illustrated that the lack of administrative and technical work force at block and GP levels was the main shortages and needs

immediate restructuring. It adversely affected the planning, scrutiny, approval, monitoring, and measurement of works and maintenance of the stipulated records at block and GP levels. The quality of works undertaken was found uniformly poor. About 3.2 percent of registered households have been provided work for 100 days. The process of social audits is unfortunately yet to be adopted with enthusiasm. The report also indicts state governments for effectively scuttling the payment of unemployment allowances.

The study on “MNREGA and Opportunities and Challenges”, conducted by (CSE, 2008)\(^{29}\) New Delhi investigate that MNREGA intervention has not been able to generate the kind of employment demand as expected. Because of complex and illogical wage calculation formula, has made productive assets creation less productive to local communities at village level. The MNREGA itself converted a labour surplus programme to a labour using programme. There is eagerness over its state of implementation, whenever local communities have been able to use MNREGA Act for development with positive impact on their livelihoods and disappointment whenever local organisation is calling the blast in MNREGA implementation.

The study conducted by (Paulomee, 2008)\(^{30}\) suggests that in some extent, impact has been seen of MNREGA on the wage rates of Non-MNREGA works. The different means of measuring the same work run to differing wage payment across villages. Irregularity has been observed regarding Job-cards, often kept by Sarpanch or Talati and hence beneficiaries do not have perfect information about their wage rates.

A Study conducted by (Datta K S, 2009)\(^{31}\) Even though people are not well aware that the work carried out in their village is from NREGA fund,

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improvement in water availability has been observed. Impact of connectivity is clear. It has increased mobility and interaction. Migration has become limited. Earlier, during slack season, more than one family members or the entire family was migrating for work. After NREGA, only one member of the family is mostly migrating, as work is available in the area itself. Improvement in general economic conditions of the family has been observed as well. Awareness about NREGA is very poor. Even Sarpanch of the village is not fully aware of the NREGA implementation process and its benefits. The people are not aware of the importance of job cards and those of most of the workers remain in the custody of either Sarpanch or a person identified by Sarpanch. Information noted in job card is often incomplete. Photographs of members mentioned in the job card are often not pasted in the job card. Hardly any permanent asset has been created out of NREGS fund. Repairs of check dam/bori band and reconstruction of roads of the previous year seem to have consumed a major part of the fund. Officers and Sarpanchs highlight the problem that they are encountering in implementing NREGA work in following the stipulated norm of 60:40 ratio between labour cost and materials. The creation of permanent assets, they argue, will increase material cost for which there is no provision in NREGS. Demand for employment is not registered, though work is proposed considering 100 percent demand. Consequently, no unemployment allowance has been paid so far. Utilization of fund many places is more than 90 percent, even though such expenses are not reflected in the quality of assets created. There are many irregularities indicated in social audit reports but the same mistakes are repeated over and over again. Though Gram Sabha proposes the work to be carried out under NREGS, the driving force in deciding the type of work is higher authorities at the district level. No prior notice is displayed for the work. Sarpanch calls the group when that is needed. There is no board displaying information about the work being carried out on the worksite. No work has been done on private land, though there is such a provision for SC/ST beneficiaries. Practically no facilities are
available at the worksite as per NREGS norms. Payment of wages is irregular. There is considerable delay in opening Bank/Post Office accounts. Measurement of work done – as most of the payment is made based on work measurement – is not satisfactory. Administrative staff is less and there is no separate staff for NREGS. With majority of job, cardholders remaining engaged on their own land in agricultural activities, people do not generally demand work during July to October. Cooperation from Line Departments is rather weak in implementing NREGS work. Planning of work is poor and people are not aware of what they can do with NREGS fund. The expertise for planning is not available. Training component in empowering communities to plan their annual activities is weak. Management of work proposed is another problem, as they are not exposed to management aspects. Supervision at worksite seems to be poor. In most places, no separate supervisor is appointed and some local village fellow does the work as part time. When we came across one village with only 10 percent utilization of fund, the Sarpanch explained that work needed in his village was very less and job cardholders do not come for work. All the families in his village are APL.

(Shah D. a., 2010)\(^3\) evaluated the performance of the NREGA in terms of coverage of households, employment guaranteed, works undertaken, strength and bottlenecks and suggested some strategies for further strengthening the programme in Maharashtra. The study found that only 10 to 11 percent of SC and ST families received the job cards as against 75 to 78 percent for other categories. The actual employment generation has also been much below the 100 days per family in a year in almost all the districts in Maharashtra. The wages offered under NREGA varied from ₹ 47 to ₹ 130 across various districts between 2006-07 and 2009-10. However, the average per day wage rates was seen to be increasing in the state during this period despite the fact that some of the districts offered very low wages under the scheme.

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2.6 Qualitative Functioning of the MNREGA

A report done by (CAG, Draft Performance Audit of Implementation of NREGA, 2007)\(^{33}\) finds many dodges in the implementation of NREGA in various parts of the country. The survey was done at the request of the Rural Development Ministry to ascertain the success of its NREGA scheme. In 26 states, 558 village Panchayats were identified for the survey spread over 68 districts and 141 blocks. The study said that in as many as 70 percent of villages checked, there were no proper records available on number of households who demanded jobs and the actual number of people who benefited from the job guarantee scheme. Surprisingly, the report explained in many cases, it found that jobs were allocated on "verbal basis" and no documentation was available with the administration part at all levels. As per the survey findings, in 340 villages in 24 states, no meetings were conducted for identifying the households to be registered under NREGA. No door-to-door survey was conducted in these villages to identify persons. Some households were not registered despite submitting applications on the ground that their names did not feature in the BPL survey list.

(Mihir, 2007)\(^{34}\) also emphasizes that, for NREGA to be able to realise its potential, the role of civil society organizations is critical and not up to the mark.

(Dreze J, 2008)\(^{35}\) highlights the advantage of NREGA over other previous wage employment programmes implemented in India in terms of control over corruptive practices. The study reveals that there was almost no check on the embezzlement of NFFWP funds. The situation was so bad that it was constrained to describe NFFWP as Loot for Work Programme. However, it was interesting to hear from a widerange of sources where the enactment of NREGA had led to a steep decline in the incidence of corruption. This was borne out by the muster roll verification exercises.

\(^{33}\) CAG. (2007). Draft Performance Audit of Implementation of NREGA. New Delhi: The Principal Director of Audit, Economic and Service Ministries.


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As far as the determinants of NREGA participation is concerned, they found that agricultural landholding is negatively related to the odds of NREGA participation in Rajasthan. A one standard deviation increase in landholdings (4.5 hectares) reduces the odds of NREGA participation by 1.3 fold. This indicates that NREGA as a programme is reasonably well targeted and there is little evidence of capture in the pooled sample. These trends however reversed in the case of Andhra Pradesh. They found a positive relationship between landholdings and NREGA participation in AP. One standard deviation (1.1 hectares) increase in landholdings increased the odds of NREGA participation by 1.3 fold. Given that AP is a high growth and high poverty elasticity state (S, 1992) this result is somewhat puzzling. In fact one would expect Rajasthan to show this pattern since it is a low growth and low poverty elasticity state. The answer to this puzzle may rest with inequality, distribution of political power in the village, geographical remoteness of a village, and access to information.

The article on “Two Years of NREGA: The Road Ahead” written by (P. Ambasta, 2008) reveals that, the local authorities facing the shortages of manpower at district, taluka and village levels which adversely affect the implementation of the MNREGA. Most of the appointments are based on contract basis. Many posts are still vacant. Non appointment of a full time dedicated PO, who is essential to the successful implementations of MNREGA and giving the additional charge of PO to BDO/TDO’s, who were already responsible for implementation of other many developmental schemes at the block level strikes at the root of the effective implementation and monitoring. Further, it seems that the existing bureaucratic machinery is just not willing to

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play ball with the strict provisions of MNREGA and it at time actively sabotaging its implementation. Understaffing, lack of professionals, interruption in administration etc. are other factors which affecting the effective implementation of MNREGA.

(Vanik, 2008) the investigation carried out in three blocks of Mayurbhans district of Orissa state found malpractices in some functioning of MNREGA. Pre-absence of muster roll at worksites, fake entries of the household names or magnified entries in muster suggesting tapping of funds by agents. Contractors who were banned in MNREGA were found at nearly half of the worksites. In some places, instead of account payee cheques, bearers cheques were issued.

(Farzana, 2008) discusses the nature and characteristics of monitoring the National Rural Employment Guarantee Schemes implementation with a focus on the community control mechanisms existing in the two pioneering states of Rajasthan and Andhra Pradesh. They found some unforeseen outcomes from case study conducted in Banswara district that the social audit process has been controlled by the few influential villagers in gram panchayat and government officials. The participation of general villagers has been negligible in social audit process. Thus, the study explains that the conduct of audits in villages without the support of NGOs and members of civil society is wishful thinking. He observes that CSOs have taken lead role in Rajasthan in generating awareness and participation of rural people with a bottom up approach, while in AP, the Government has taken the lead role in initiating this process and co-opted individuals from non governmental institutions into it, which is more of a top-down approach. The study emphasizes in synthesizing both the models for more effective monitoring of NREGA activities. The study concludes that, the role of NGOs, activists and the civil society in meeting the primary challenge of the smooth conduct of audits at the village level cannot be overstated.

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However, cooperation from the government machinery in timely release of information is also critical.

The news article by (Hiral, 2010)\textsuperscript{41} explained large scale of duplicate job cards issued in kotda village of kutiyana block of porbandar district of Gujarat. The number of job cards issued there is at least three times of the total number of voters. The persons who died at least two years ago are the holder of job cards and payment has been made to them. A family having 10 members has no less than 20 cards issued on his family members name.

A study conducted by (Shreekant, 2011)\textsuperscript{42} based on impacts of NREGA on wage rates, food security and rural urban migration was undertaken as a part of broader study covering 18 major states as per the guidelines of the Ministry of Agriculture, Government of India. This study covered both primary and secondary data collected from five districts of Rajasthan State, namely, Banswara, Karauli, Nagaur, Jaisalmer and Sri Ganganagar. They found that, many obstacles has been observed in functioning of MNREGA, about 11 percent of the sample beneficiaries in the study districts revealed that they were asked to pay exorbitant charges as bribe for getting the job card. In some cases of irregularities were found in terms of wrong entry or no entry in the job cards, over written or no signature of concerned authorities in the job cards. About 20.5 percent cases were found where the job cards were not generally kept with the job card holders. Only 28 percent of them were provided a dated receipt for the application. No unemployment allowance was given to the 25 percent entitled beneficiaries. As far as the payment of wages is concerned, 99.5 percent beneficiaries were paid on the basis of piece rate/task wage. About 93 percent responses were found where the wages were not paid within stipulated 15 days of the work. Majority of beneficiaries revealed that the wages were paid by the post office (49.0 percent) and banks (45.5 percent).


The study carried out by (EDUCATION)\(^43\) in Kerala has its focus on assessing the performance of the NREGS in Kerala State. The study has covered a sample of 620 respondents selected at random in 31 panchayats, spread over eight blocks in four districts. The study has employed a mix of methods in order to gather both quantitative and qualitative data and information that would help objectively analyse the performance of the scheme in the state. The scheme has been implemented in three phases - two districts in first phase, two districts in second phase and the rest in the third phase. Kerala with its pioneering experience in local planning and development has been able to effectively ground all the essential activities specified under the NREGA. The scheme has reached the right category of households. All the registered households were issued job cards. Right type of works has been identified inspite of differing geographical conditions across the districts. Works have been executed in a methodical and systematic manner. There is a marked improvement in the average number of days employed per household and the number of households employed for 100 days. Works are provided within a radius of 5 km. Basic facilities are made available at the worksite though they are inadequate. Wages are paid in full through banks and post offices. There has been no report of delay in payment of wages. Wages for men under NREGA is less than prevailing wage rates. Wages for women under NREGA is higher than the prevailing wage rates. Though it is too early to expect the impact of the scheme, evidences clearly indicate that the scheme has influenced the income, expenditure pattern, savings, migration, assets, status of women and social relationship. The scheme has also brought in benefits to the households as well as to the community. The respondents have rated the functioning of the scheme with reference to select variables as ‘very good’, which is a sign of good work done by the various functionaries of the scheme.