Introduction

‘Unemployment’ gathers central stage at the macroeconomic policy making concerns. In the traditional development theories as well, the importance of employment, as a macroeconomic variable to achieve the goal of economic development, is unambiguous (Lewis, 1955; Fei & Ranis, 1964; Braun, 1995). Moreover, in the labour abundant developing economies, with rapidly increasing labourforce; unemployment poses a serious hindrance to achieve growth. The approaches to poverty reduction can take two forms; ‘Trickle down Approach’ and the ‘Targeting Approach’ (Radwan, 1995). With the widely accepted failure of the former approach (Piketty, 2014; OECD, 2015); the targeting approach, i.e. to alleviate poverty with ‘non-market intervention’ policies of food for work and public works among others, is the policy requirement for development.

In addition, to combat food insecurity in developing countries, unemployment is to be considered seriously in policy making. The problems of poverty and food security are inter-correlated with the problem of unemployment (Braun, 1995). Evidently, food security in developing countries is not only a supply side issue but equally an issue of limited access to it, i.e. poverty (Drèze & Sen, 1989). Addressing the labour market concerns is needed to address the concern of food security via striking a balance between labour market and food market (Braun, 1995).

1.1 Workfare or Welfare

There has been much debate over the form that poverty alleviation programmes should take. The very concept of work in exchange of benefits is quite controversial. But, it has been used for a better targeted poverty alleviation scheme, as these schemes are based on ‘self-targeting’ mechanism to choose the beneficiaries.
The welfare scheme or the cash transfer and food stamp programmes have not been able to reach the eligible population and been cost-inefficient as well; be it the case of developed countries like United States and Britain or the experiences of developing and under-developed countries like Sri Lanka and Jamaica (Rouse, 1990; Ahmad, 1993; Braun, 1995).

In favour of workfare, Besley and Coate (1992) discussed two types of arguments for poverty alleviation, viz. screening and deterrent arguments. Considering a model where public and private are two sectors. The ‘cost’ of poverty alleviation with the help of workfare is the amount of private sector work crowded out by public sector work in the form of workfare. The screening argument is that the ‘benefits’ of less transfer to the non-poor is more than the ‘cost’ of workfare and the deterrent argument is that the ‘benefits’ of having less number of poor should be more than the ‘cost’ of workfare. The mechanism of workfare is such that the non-poor are discouraged to participate and self-targeting, i.e. reach out to the poor, takes place at its own. Because of this feature of self-targeting, workfare is less costly than welfare poverty alleviation schemes.

Workfare or the public employment programmes are also cost efficient, as the non-poor are automatically screened out because of the type of work to be done and the nominal wage rates. Throughout the developing world, it is used as a safety net against poverty (in the form of guaranteed employment), preventing famine, corrective measure for recession, etc (World Bank, 1990; Lal et al., 2010). And if targeted well, public works programmes are a long term solution to poverty for developing countries (Zimmerman, 2013).

However, public works is not only a way of eradication of poverty and macroeconomic corrections; there are some ‘secondary outcomes’ as well in the form of creation of social assets and public goods, improvement in irrigation structures, environmental vulnerability reduction and social inclusion among other benefits (Subbarao et al., 2013).

In the Indian context, Dutt and Ravallion (1994) found while evaluating the
performance of Employment Guarantee Scheme (EGS) of Maharashtra that although social beliefs and rigidities are there for some cases, as they gave the example of working of young children’s mothers; the self-targeting mechanism works otherwise well with employment guarantee schemes.

1.2 Workfare Programme across Countries

The public works programmes have been used throughout the world; in the developed and developing countries, to serve different policy objectives. It is being used, at places, as counter-cyclical interventions to macroeconomic disturbances or as a cost efficient and self-targeted solution to poverty. The origin of the public works programmes lies back in the year 1834 as Britain’s much disputed the ‘Poor Law’ (Besley & Coate, 1992). The aim was to reduce the cost of relief provided to poor and it was based on the deterrent argument for the scheme to be self-selective in nature. Apart from Britain, in France also, there was a similar scheme, where the individuals had to work in the workshops to get the poor relief. In the developing countries of Africa, Asia and Latin America; the workfare programmes are used in policies widely but with different framework as well as objective(s). The public works programme of Sri Lanka and Sierra Leone aimed to rectify the civil war effects in the country and Argentina’s Head of Household Program was implemented as a corrective tool for financial crisis. While in Ethiopia and Rwanda, public work schemes were aimed to eradicate poverty and food insecurity (Zimmerman, 2013; Subbarao et al., 2013).

The significance of public works as poverty alleviation programmes in the developing countries is accepted widely. ‘Cash for Work’ scheme in Bangladesh, India, Pakistan, Philippines, Botswana, Kenya and Chile, and ‘Food for Work’ in Philippines and India are some of the examples (Subbarao, 1997). As a disaster relief strategy too, these schemes work well; as in the case of India and Bangladesh. The South Asian region, where a large proportion of population is poor, has the largest number of participants of public works programme; it is followed by the Sub-Saharan Africa, Latin America and Caribbean (Subbarao et al., 2013). In the South Asian region, India’s flagship scheme,
Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)\(^1\) has emerged as the largest public works programme because of the number of participants and government expenditure on it (*Zimmerman, 2013; Subbarao et al., 2013*).

### 1.3 Genesis of MGNREGA

The public works programmes in India have its origin in the times of British rule. Post-independence, the largest and the most successful scheme was Maharashtra’s Employment Guarantee Scheme (EGS) implemented in the year 1973. It aimed to guarantee 100 days of work during a year for every rural landless household in the state of Maharashtra. The Maharashtra EGS came into force after a severe famine in the state. Studies have found that the scheme reduced poverty and efficiently targeted poor households (*Ravallion, 1991; Hirway & Terhal, 1994*).

The MGNREGA is inspired by the Maharashtra EGS in its basic conceptual framework. The scheme was expanded at national level as the National Rural Employment Program (NREP) in the year 1977. Further, in order to provide employment access to landless poor, the Rural Landless Employment Guarantee Program (RLEGP) was introduced in 1983. Jawahar Rojgar Yojana (JRY) that came into existence from year 1989 was the merger of two area specific employment schemes, namely Nehru Rojgar Yojana addressing wage employment issues in urban areas, and Employment Assurance Scheme (EAS) providing wage employment in resource poor areas. The role of Panchayati Raj Institutions (PRIs) was recognised from the implementation of EAS, as the ‘Zila Parishads’ were given the authority of implementing the scheme. Sampoorna Grameen Rozgar Yojana (SGRY) was launched by the government in the year 2001 as a combination of EAS and Jawahar Gram Samridhi Yojana (JGSY). ‘Village Panchayats’ were the implementation authority in this scheme by reinforcing the significance of PRIs (*Planning Commission, 2001*).

The existing form of wage employment programme for rural areas in India is the MGNREGA. After the implementation of the scheme in 2006, all of the other rural

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\(^1\) Throughout the study, the word ‘MGNREGA’ is used to refer to the Act as well as the scheme. At places, ‘MGNREGA’ and ‘the scheme’ are used interchangeably for referring to the scheme.
employment schemes were merged in it, eventually.

The MGNREGA was introduced by the United Progressive Alliance (UPA) Government. It was reinforced by the development economist Prof. Jean Drèze. Various economists, lawyers, social activists, Non-Governmental Organizations (NGOs) etc had campaigned for the enactment of this act (Khera, 2011). Some studies also reinforced the need of employment guarantee scheme in the rural areas. Patnaik (2005) discussed the situation of ‘rural distress’ and the consequent requirement of employment guarantee scheme in rural India. In the study, he presented a rough estimation of expenditure that might arise for getting some employment guarantee scheme in place. He suggested an initial roll out to be in 150 districts that need it the most and get it financed by international institutions, such as World Bank or Asian Development Bank. The study also suggested it to be fully sponsored by the centre and in the name of targeting; the wages should not be too low. Discussing the sectoral employment trends and unemployment rates in rural India, Vaidyanathan (2005) pushed on the need for National Rural Employment Guarantee Scheme (NREGS).

1.4 The Act

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was notified on September 7, 2005 and it was enacted on February 2, 2006. The mandate of the Act is to provide 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. MGNREGA is,

“An Act to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work” (National Rural Employment Guarantee Act, 2005).

The law was initially named the National Rural Employment Guarantee Act (NREGA) but was renamed after Mahatma Gandhi on October 2, 2009 as Mahatma Gandhi NREGA.
1.4.1 A Paradigm Shift

MGNREGA is unique because of its various features that differentiate it from other employment schemes implemented in the history of India. The features making the scheme unique are as follows (Desai et al., 2015; MGNREGA Sameeksha, 2012).

- **Legal guarantee.** It legally reinforces the ‘Right to Work’.

- **Bottom-up.** The implementation through PRIs makes the scheme a people centric scheme.

- **Demand-driven.** Anyone can get work under the scheme by giving an application either in writing or orally.

- **Self-targeted.** Because of the type of work to be done under the scheme, non-poor are discouraged to participate and therefore poor are self-targeted.

1.4.2 The phased implementation

MGNREGA was rolled out in three phases. In the year of its inception, i.e. year 2006, the scheme came into force in 200 backward rural districts of the country. In the second phase, it was extended to another 130 districts in the year 2007. In 2008, third phase of the scheme, it was implemented throughout the country, except the districts with no rural population.

1.4.3 Main Provisions

- The Act guarantees 100 days of employment to every adult member of a rural household willing to do unskilled manual work. The work will be provided on demand. It may be demanded either in writing as registration, or orally to the local Gram Panchayat (GP).

- The unit of registration is a household in the scheme. After due verification of the

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2 For more details on MGNREGA roll out in phases see Zimmerman (2013).
details provided by the member or members at the time of registration, a Job Card is issued to the household. The Job Card is to be issued within 15 days of registration and is the identification of the household with a unique registration number. After this a written application for the work with time and duration of required work, is to be made to the Gram Panchayat or the Block office. This demand for work should be met within 15 days of the application, failing which the state government will be liable to pay an unemployment allowance to the work-applicant.

- The wages paid for work is on piece rate and is to be paid on weekly basis or in any case not beyond fortnight. Wages should be paid as per the state-wise Government of India notified MGNREGA wages.

- At least one-third of the beneficiaries should be women. Also the wage rate is not gender biased. Women will be paid for work as par with men.

- The work should be provided within 5 kilometers of the village. If not so, an additional 10 percent wages is to be paid for meeting transportation costs.

- The central government bears 100 percent of wage cost of manual unskilled labourers and 75 percent of the material cost that also includes the wages of skilled and semi-skilled workers. The expenditure made on wages and material is mandated to be in the ratio of 60:40.

- For the sake of transparency, all the data related to the scheme are in public domain. Grievance redressal mechanism and Social Audits by the GPs are also for the features of the act to ensure transparency and accountability.

1.4.4 Governance Structure

Because of having a bottom-up approach, every step of the scheme starts at village-level; be it planning, implementation or monitoring. In the Gram-Sabhas, the village-level meetings, works to be done in the respective villages are discussed and recommended to
the block-level, where the projects get sanctioned. The responsibility of implementation of projects is of Gram Panchayat at village-level and Programme Officer at the block-level. The process of monitoring is performed at all levels; village, block, district, state as well as centre. After verification of work, quality and payments at all levels, a final annual report is prepared by the Ministry of Rural Development (Desai et al., 2015; MoRD, 2013).

1.5 Aim and scope of the study

The aim of this study can be broadly classified under three heads; to analyse the impact of India’s public works programme, MGNREGA, on consumption expenditure pattern and food security, on rural female workforce participation, and its targeting efficiency. Using primary as well as secondary data, this study evaluates the impact of the scheme on both macro and micro levels. The macro analysis helps to draw national level inferences while the micro study reveals some grass root level problems and the perception of the scheme participants towards the scheme.

In this thesis, the chapters are arranged in the following manner. After presenting an introduction to the topic, some significant and relevant studies are reviewed (Chapter 2). Subsequently, the objectives and hypothesis are dawn out of the literature review (Chapter 3). Further, it discusses the data used in this study. The details on primary data covering the sample design, selection of respondents, reference period, estimation of consumption expenditure, among others. The sample size and sampling weights of secondary data is also described.

Using Difference-in-Differences analysis, the study analyses overall impact of scheme participation on consumption expenditure pattern of poor and non-poor households, drawing a macro picture (Chapter 4). It also evaluates the impact on consumption expenditure pattern and food security of rural households in Allahabad district with cross sectional data analysis (Chapter 5). Further, the impact of MGNREGA participation on rural female workforce participation is analysed using secondary data for national level estimation (Chapter 6) as well as with primary data for estimating the effect on female
work participation in Allahabad district (Chapter 7). With the help of primary data analysis the importance of the scheme, from the view point of participants is discussed. It covers some case studies of female and elderly respondents, and responses to some explicit questions asked on the importance of the scheme to participants in the field survey (Chapters 5 & 7).

The self-targeting mechanism of the scheme is supposed to reach the rural poor by itself. But, some studies report the other way round, making it crucial to evaluate the targeting efficiency of the scheme. This study analyses the likelihood of participation of poor in the scheme using Random effects Logistic model and per capita benefits from the scheme accrued to the poor with Ordinary Least Squares analysis, to estimate the targeting efficiency (Chapter 8). At the end of this thesis, main findings and conclusions are explained. Also, on the basis of findings of the study, policy suggestions are given (Chapter 9).