CHAPTER V
CONCLUSION AND SUGGESTIONS

5.1 CONCLUSION

This study investigates five issues linked to India’s flagship employment programme, National Rural Employment Guarantee Scheme (NREGS) in Cachar district of Assam. First, the study investigated into the impact of the program on the welfare of the participating households, second, the level of information of households about the provisions of NREGS, third, the problem of implementation and administrative efficiency, fourth, the impact of the programme on migration and finally, the seasonality of the NREGS performance in terms of employment creation and the expenditure incurred on NREGS.

The findings of the study draws upon information from field survey of 320 households of which 240 are participants completing the 100 days of employment, 80 are participants completing less than 50 days of employment. A field survey using structured questionnaire relating to the first four issues was conducted during November 2010 to May 2011 in Cachar. The fifth issue that is the seasonality of the NREGS performance in terms of employment creation and the expenditure incurred on NREGS has been examined based on secondary information. The findings based on econometric models and tabular analysis made on the objectives and hypothesis set for the study support the following major conclusions.
(1) This study investigates impact of NREGS on household welfare in terms of calorie intake and asset acquisition in Cachar district. The impact analysis has been carried out by econometric methods. Impact of the NREGS on the outcome has been measured by the change in outcome from households completing 100 days of employment (treatment group) and that from households completing less than 50 days of employment (control group). Then multiple regression analysis is used to observe the impact of the scheme on the selected outcomes. The OLS technique was used to estimate the multiple regression models of calorie intake and asset acquisition score formulated for each of the households completing 100 days of employment and households completing less than 50 days of employment to test the impact of the program on household welfare in terms of per capita daily calorie intake and household asset score. The regression results for models involving calorie intake per day as the dependent variable and per capita income, family size, education, migration and loan as the regressors show that the unstandardised coefficients ($\hat{\beta}_1$) on change in per capita income are positive and significant for both the two groups-households completing 100 days of employment (treatment group) and households getting less than 50 days of employment (control group) under study but the coefficient for NREGS beneficiaries who completed 100 days of employment ($\hat{\beta}_1=29.41$) is higher and more significant as compared to households who completed less than 50 days of employment ($\hat{\beta}_1=14.28$) implying that if income increases by a rupee, the households getting more days of employment consume more than the households getting lesser days of employment. These results confirm that those who get more work under NREGS become better off than those who get lesser works. This has
also an implication that the households who completed 100 days find no alternative employment other than NREGS during the non-agricultural period and these households, thus, have utilised the whole NREGS year as subsidiary occupation when it is scarce for them. The NREGS income is thus an effective means in enhancing the calorie intake of the poor people and thus their ultimate welfare. NREGS in Cachar district is thus capable to supplement the income and thus the welfare of the weaker section of the population. It is further observed that coefficients on household size ($\beta_2$), migration ($\beta_4$) and loan ($\beta_5$) are negative for both treatment group and control group. The signs of these estimates are correct on theoretical grounds implying that there is an inverse relationship between calorie intake and these variables. On the other hand, education has been found to be positively correlated with calorie intake for the two groups under study indicating that educated has a positive impact on the enhancement of the per capita calorie intake in a poor family. However, the calorie intake is more sensitive to change in family size, education and loan in case of households who completed 100 days of employment where as the households who completed less than 50 days of employment have higher coefficients on migration than households having completed 100 days of employment.

Besides, our regression results of asset acquisition show that the value of $R^2$ for households completing 100 days of employment (0.38) is higher than that of households completing less than 50 days of employment (0.12) when household asset score was regressed on per capita income, family size, education, migration and loan. The multiple regression results of asset acquisition have an implication that households getting more days of employment possessed fewer assets like
radio, television, and mobile Phone and so on, before joining NREGS in comparison to the households getting lesser days of work. However, the variable income had a positive and interestingly equal coefficient for both the categories of households under study. The sign of the coefficient for the two categories is correct from theoretical point of view. The coefficients for family size are negative in both cases implying a negative impact on asset acquisition. This is also correct from theoretical point of view. But the value for family size (-0.03) for households getting 100 days who are relatively more poor is higher than that for households getting less than 50 days of employment (-0.06). A possible reason behind this might be more expenditure on food items driven by growth in family size at the cost of expenditure on non-food items. However, the coefficients on family size for both groups are statistically insignificant for asset acquisition. Low level of income can be attributed to the insignificant relationship between family size and asset acquisition in case of the two groups of NREGS households under study. The coefficient for education for both the categories are positive which is not unexpected on theoretical grounds. However a lower value of the coefficient for beneficiary getting 100 days of employment has an implication that asset acquisition is less responsive to change in education for households joining for more days in NREGS due to poverty and lack of alternative employment during the lean period. The variables of out migration and loan had negative coefficients for both the categories of households implying negative impact on asset acquisition. But the coefficients on these two variables are statistically significant for beneficiaries getting 100 days of employment implying that these variables would have significant effect on asset acquisition. A higher value of the
coefficient on loan for beneficiaries getting 100 days implies that with increase in loan asset acquisition goes on decreasing at a higher rate for them as more of the incremental income is spent for repayment of loan.

In addition applying multiple regressions of caloric intake and asset acquisition with treating the outcomes (calorie and asset acquisition) of NREGS as the dependent variable and per capita income, family size, education, out migration and loan as the explanatory variables in estimating the link between NREGS and household welfare in the context of Cachar, we calculated composite index of caloric intake and asset acquisition. Then we regressed composite index for caloric intake and asset acquisition on per capita income, family size, education and loan for the two groups under study in order to make more accurate measurement of the linkage between NREGS and welfare of participating households. The estimated models show similar results- a higher value of $R^2$ (0.38) for households who worked for more days in comparison to that value for households who worked for lesser days (0.12). This implies that the variables of income, family size, education, migration and loan explain more variation in the dependent variable of composite index for households utilising the complete NREGS employment in a year as compared to those who do not. All the estimated models-caloric intake function, asset acquisition and composite index function fitted good for households completing 100 days of employment as the F values were higher and significant for such households than households getting less than 50 days of employment in these models.

So, according to our analysis, NREGS results in improvement of welfare of people through consumption and asset acquisition who participates and get more
works in the scheme. This has an implication that govt. as an employer of last resort through employment guarantee scheme like NREGS can lessen rural poverty and seasonal unemployment. Thus, Timely availability of wage employment more specifically employment during non-agricultural season as adopted in India through NREGS is an effective anti-poverty strategy.

(2) The study revealed that the administration faces problems at each stage of implementation of NREGS in Cachar district. The implementation of NREGS in Cachar district is, thus, faced with various problems. The problems differ across implementing agencies. The administration at the district level has faced the problem of delay in wage payment due to various formalities in fund disbursement. The administration at village level have faced problems like peoples’ attitude towards govt. schemes, lack of man power for execution and inadequate implementation infrastructure.

(3) The job card holders are unaware of most of basic provisions of NREGS. Illiteracy of the job seekers may be held responsible for low level of awareness of NREGS in Cachar. the job card holders are aware of those provisions which are well implemented in the district. Most of the job card holders are aware of the minimum days of employment in a year, wage payment within 15 days and worksite facilities. Awareness of the provisions of minimum wages, unemployment allowance, work within 5k.m. radius of village and social audit is low. Illiteracy of the job seekers may be held responsible for low level of awareness of NREGS in Cachar.

(4) The study looked over NREGS-out migration nexus which is prime objective of the flagship programme. We applied the Logit regression taking out-migration
as the response variable and, per capita income and proportion of employed members in NREGS-- out of total employed for those who completed 100 days work during the reference period 2007-08 to 2009—explanatory variables, to test the relationship. The logit regression of out migration shows that the coefficient on income is negative ($\beta_1=-0.0017$). The negative sign of the coefficient for income implies that higher values of income decrease the odds that a household would migrate after joining NREGS and vice versa. The point that emerges from this implication is that the households who were migrating to the nearby village or Silchar town in the absence of NREGS have got jobs in their own village after the introduction of the employment guarantee programme. Thus, income support to the poor households through govt. sponsored wage employment programmes like NREGS in the rural areas is helpful in reducing migration. We conclude that the more employment generated in rural areas, the less is migration of people from rural to urban areas. The results also showed that proportion of employed members in NREGS out of total employed ($\beta_2=-0.055$) has statistically significant and negative impact on the probability that a household would migrate. This implies that higher the proportion of employed members in NREGS the lower is the migration to towns during the non-agricultural season. This finding of the study reveals that NREGS has reduced out migration in the study area. The combined effect of income and proportion of the employed is statistically significant as it is revealed from the higher value of likelihood ratio with p value<0.01. Thus, the study has found statistically significant impact of NREGS on seasonal out migration of poor low skilled labours in the context of Cachar district.
(5) The NREGS employment and expenditure were low in the first two years of implementation (2007-08 and 2008-09) during the lean season (between mid August and the end of November in the district. Such facts towards employment generation during crisis period in the area under study might be due to administrative delay in disbursement of funds, lack of awareness of the importance of NREGS during lean season in administration as well as approval of the schemes for execution. Or it might be due to demand for daily labour in the informal labour market during the lean period at a wage rate higher than the minimum wage as prescribed by the govt. for NREGS workers. However, generation of employment and expenditure under NREGS has increased over time suggesting that the implementation of NREGS is improving with time in Cachar district. This reflects a pressure from higher tiers of administration to generate more employment and spend money.

(6) The empirical results revealed that the job card holders face problems in getting jobs under NREGS in Cachar. 72% of the respondent households who completed less than 50 days of employment during the period 2007-08 to 2009-10 reported problems in getting NREGS jobs. The major problems faced by the job card holders are delay in wage payment, inadequate employment and long waiting period after demand for NREGS employment in the district. Thus, the study provided evidence of problems faced by job card holders in availing of the supplementary jobs in NREGS in Cachar.

(7) The NREGS beneficiaries are largely non-literate or semi-literate. This finding supports the general fact that public programme for manual work draws illiterate and poor people. The higher participation of semi-literate and illiterate people in
NREGS in Cachar revealed that the unskilled manual work under NREGS has attracted illiterate low skilled people to the programme; the educated youth in the rural areas who's main priority is white collar jobs are indifferent to avail the job opportunities of NREGS.

(8) Year wise comparison of the status of NREGS in Cachar with all India and Assam in terms of its key indicators-employment generated both in household and person days terms, total allocation of resources and expenditure revealed that the employment generated and expenditure under NREGS in Cachar have improved. However, In comparison to All India and Assam, the quantum of employment under the wage-employment programme has varied in Cachar. This might be attributed to instability in household demand for works in comparison to all India and Assam.

The average person days generated in the district has been found to be nearly 24 days during the reference period 2007-08 to 2009-10 which is much lower than the 100 days level as guaranteed by the govt. However, this can be tolerable on the ground that it is just five years of NREGS implementation in the district. It requires time to reach the level fixed by the govt. The block wise performance of NREGS in terms of person days revealed that Katigora block (30 days) had topped in the district followed by Rajabazar block (28 days); Binnakandi block (16 days) ranked first from the bottom in the district. Thus, there are variations in the achievements of NREGS across blocks in the district. This may be due to differences in demand for NREGS jobs, utilisation of funds, conditions of the rural economy, availability of non-farm employment during the lean season and local governance across the blocks in the district.
(9) The study has found that households getting 100 days of employment are mostly from general category. Such finding creates suspicion of dominance by upper caste over the NREGS scheme and vis-à-vis marginalisation of lower caste. However, such caste based reflection may or may not be valid on economic ground.

(10) Though the study showed dominance of upper caste over the NREGS scheme and vis-à-vis marginalisation of lower caste which may or may not be valid on economic ground; it revealed that the NREGS had targeted the poor sections of the population in Cachar. Thus, the study finds no evidence of programme capturing by the economically stronger section under NREGS in Cachar. Thus, the large participation of the upper caste in NREGS as revealed by the study indicates economic backwardness among upper sections in the district.

5.2 SUGGESTIONS

There are problems faced by job card holders and the govt. in implementing NREGS as revealed from the field survey in Cachar district. Thus for achieving the goal of livelihood safety net to the rural poor through NREGS particularly during the non-agricultural season, measures must be taken to solve the problems faced by the job card holders and the administration. The following measures are the need of the hour for solving the problems of implementing NREGS in Cachar district.

1) Emphasis should be given on provision of employment under NREGS during the lean season. The NREGS can be more effective in reducing out migration if
the employment is mostly provided during the lean season in Cachar where agriculture is the main occupation of most of the rural population (70%).

2) Most of the job seekers are unaware of their rights in the employment guarantee scheme in Cachar. Since NREGS is demand driven programme, the scheme can never be successful in achieving the objective--- of providing employment when alternative employment is scarce--- unless the job seekers are aware of their rights in the scheme. Therefore, steps must be taken for generation of awareness of the basic provisions of NREGS among job seekers in Cachar district. Local networks, radio advertisements, news papers, NGOs should all be used widely for awareness creation.

3) There is long waiting period between application for employment and getting job as revealed in the field survey in Cachar district. Thus, the administrative machinery should be more efficient in providing the jobs in time that is within 15 days of application for employment as per the NREGA provision under the scheme in Cachar.

4) Unemployment allowance should be provided to the job seekers of Cachar when the govt. is unable to provide employment within 15 of application for employment.

5) Priority has so far been given to rural connectivity in NREGS works in Cachar. Thus, the works under NREGS should be diversified in the district. The administration should also focus on water conservation, water harvesting, afforestation and tree plantation, irrigation, land development, desilting of tanks etc. under the scheme.
6) Delay in wage payment is one of the major problems in implementing the NREGS in Cachar. Timely payment of wage is the need of the hour. Since most of the workers are daily labour, the disbursement of wage for NREGS workers should made in time in order to pay the wages instantaneously to the workers. This may induce the workers to stay in NREGS and demand more works.

7) There is shortage of staff for implementing the scheme in blocks and GPs in Cachar. It is difficult for the village administration to look after the ongoing works under the scheme in a vast GP. There is also shortage of staff in block offices for NREGS. Thus, more staffs are required for an effective implementation of NREGS. Therefore, NREGS staffs should be increased in the blocks and GPs.

8) For better and faster implementation of the scheme, the blocks should be linked with the district MIS. Computerised net work of NREGS is a pre condition for successful implementation of the scheme in the district.

9) Social audit of the NREGS is a necessity for proper implementation of the scheme. Social audit of the scheme should be made as per NREGS provision in Cachar. It can be helpful for bringing transparency and accountability in the implementation of NREGS.

10) The market wage rate varies across blocks depending on the demand for and supply of labour. Therefore, the NREGS wage rate should be revised regularly keeping in conformity with the wage rate prevailing in the rural unorganised labour market of Cachar district. Regularly revised NREGS wage is a necessary step towards maintaining high demand for NREGS jobs in the district and
retaining the workers under the scheme which is required for wider implementation of the scheme which is demand driven in nature.

11) The local administration of Cachar should give priority to social needs under the permissible projects while taking up any scheme for execution. This is the need of the hour to improve the backward infrastructure of the region and spread the benefits of the scheme to the community for long run growth in the region.

12) Since NREGS enhances welfare of the participants in terms of consumption and asset acquisition and creates social and economic infrastructure, the duration of the scheme should be increased so that those who remain jobless for most part of the year can find jobs.

13) But not the least, the Gram Sabhas in each GP of the district should be held regularly with participation from all section of the population. Proper report of the progress of NREGS implementation should be placed in the Gram Sabha.