Chapter - 1

Introduction
INTRODUCTION

1.1 Statement of the Problem:

The past century has been marked by the transformation of India from a colonial agrarian economy into a modern industrialization, knowledge based economy within the framework of a liberal and secular democracy. Indeed, India is on the threshold of great power status. Commentators both at home and abroad are extolling India’s dramatic rise. Goldman Sachs Economic Research Report on Global Economics (2007)\(^1\) even speaks of India becoming the second largest economy after China by 2050. India is now getting used to its much higher rate of growth (8 percent) and occasionally touching even 9 percent. In the last quarter of financial year 2006-07 the economy grew at 9.7 percent. As a consequences of this, sustained span of economic expansion, the country now boast of middle class variously estimated between 150-300 million. There is a long list of achievements, sufficient enough to be celebrated and to hope that the dream of great power status is now within the realization. However, before one join in the chorus of celebration, it might be desirable to take in to account of stock of poverty and unemployment of our country. Being peripheral to the mainstream economy, the rural communities have benefited very little from the growth and development occurring in the ‘shining’ enclave in India. After six decades of Independence, agricultural growth remain anemic, farmer are trapped in poverty, and the poor prefer urban slums to stagnant villages and the rural communities lack basic facilities like schools and health centres.

As the foundations of Indian freedom movement were built upon economic nationalism conceptualized around the correlation between colonization and pauperization of the Indian masses, it was obvious that the issues of mass poverty will find prominence in the planning for re-construction of Indian polity and economy after freedom. Since independence, the Government of India has implemented several schemes in its all five year plans for the improvement of rural poor and weaker section of society. Most of the plan has focused on agriculture, industry, defence, unemployment, and poverty eradication, development of villages, and cottage industry, mobilization of natural resources. Despite its several programme and progress the hardcore reality is facing chronic problem that half of its population still illiterate, perception of gender inequality, relative low life expectancy, existence of
large unemployment, large people still below poverty line, malnutrition and anemia, lack of safe drinking water and other basic amenities. The need for enhancement of livelihood arises taking into consideration of all the factors of production and distribution of productive assets and productive abilities. The economy is not in a position to automatic generating livelihood for all those who seek it; our country has surplus labour power but insufficient capital for investment. The pathos of Indian story is that 220-230 million of our people that are 22 percent of total population are poor according to latest findings of National Sample Survey. The estimates of Tendulkar Committee (2009)\(^2\) also show that, between 1993-94 and 2004-05 aggregate poverty head count ratio of India has fallen only marginally from 45.3 percent to 37.2 percent. Similarly the rural poverty has declined from 50.1 percent to 41.8 percent only and urban poverty has declined from 31.8 percent to 25.7 percent.

According to the Ministry of Rural Development, India has been a welfare state ever since her Independence and the primary objective of all governmental endeavor has been the welfare of its million, planning has been one of the pillars of Indian policy since Independence and the country’s strength is derived from the achievement of planning. The policies and programmes have been designed to alleviate rural poverty, one of the primary objectives of planned development in India. It was realized that a sustained strategy of poverty alleviation has to be based on increasing the productive employment opportunities in the process of growth itself. Elimination of poverty, ignorance, disease and inequalities of opportunities and providing a better and higher quality of life were the basic premise upon which all the plans and blueprints of development were built. In India basically three rules have been adopted to achieve objective of full employment i.e. economic growth, micro economic policies, and special employment generation programme. The unemployment has become a global problem and it has brought serious economic problem particularly in developing countries. The problem of unemployment in developing countries differs from that of the developed countries. The unemployment in developed countries is merely a social problem rather than an economic curse. In developing countries unemployment differ from the develop countries in its origin, form and composition. The unemployment problem is always been a challenging and frustrating problem to the economists and administrators basically in developing countries. Developing countries try to develop rapidly with their limited resources but they fail due to inability to compete with the other developed countries. The
unemployment problem in developing countries is multidimensional; it has both social and economic implications that are universally recognized. So that India adopted special employment generation scheme as one of the policy to achieve the goal of economic growth and elimination of poverty, inequalities and unemployment.

However, the basic weakness in our employment performance is the failure of the Indian economy to create a sufficient volume of additional high quality employment to absorb the new entrants in to the labour force while also facilitating the absorption of surplus labour that currently exist in the agricultural sector, into higher wage, non-agricultural employment. A successful transition to inclusive growth requires migration of such surplus workers to other areas for productive and gainful employment in the organized or unorganized sector. Women agricultural workers in families where the male head has migrated, also requires special attention given the need for credit and other inputs if they are self-employed in agriculture or for wage employment if they do not have land.

In a rural agrarian labour surplus economy especially, most of them has zero or negative marginal productivity; section of rural population depends on the wage they earn through unskilled, casual, manual labour. They are vulnerable to the possibility of sinking from transient to chronic poverty in the event of inadequate labour demand or in the face of unpredictable crises that may be general in nature, like natural disaster or personal, like ill-health, all of which adversely impact their employment opportunities. In the context of poverty and unemployment workfare programme have been important programme intervention in developed as well as developing countries for many years. These programmes typically provide unskilled manual workers with short-term employment on public work such as irrigation infrastructures, afforestation, soil conservation and road construction. The rationale for workfare programmes rests on some basic considerations. The programmes provide income transfer to poor household during critical times and therefore enable consumption smoothing especially during slack agricultural seasons or years. In countries with high unemployment rate transfer benefit from workfare programmes can prevent poverty from worsening, especially during lean periods. Durable assets that these programmes may create have the potential to generate a second round of employment benefits as necessary infrastructure is developed. Workfare programmes have been important programme interventions in India and elsewhere in developing countries since long. These programmes typically provide unskilled workers with
short-term employment on public works. They provide income transfer to poor households during periods when they suffer on account of absence of opportunities of employment. In areas with high unemployment rates and under employment, transfer benefits from workfare programmes can prevent poverty from worsening especially during lean periods. Durable assets that these programmes create have the potential to generate second-round employment benefits as requisite infrastructure is developed.

The need to evolve a mechanism to supplement existing livelihood sources in rural areas was recognized early during development planning in India. The study of poverty in India by Dandekar and Rath (1971) proved to be the turning point for study and analysis as they provided useful definition of poverty as well as meaningful detail about the incidence and severity of poverty in rural and urban settings in India. It coincided with the call of eradicating poverty (Garibi Hatao) by Prime Minister Indira Gandhi during the historical mid-term general elections of 1971, Planning Commission itself had said in its approach paper of the Fifth plan “the elimination of abject poverty will not be attained as a corollary to a certain acceleration in the rate of growth of the economy alone. It will be necessary to launch a direct attack on the problems of unemployment, underemployment and massive low end poverty”. It gave her grand success with clear mandate for the promise to fight poverty and unemployment. The government implemented workfare programme that offered wage employment on public work on minimum wages. The wage employment programmes started as pilot project in the form of Rural Manpower (RMP) [1960-61], Crash Scheme for Rural Employment (CRSE) [1971-72], Pilot Intensive Rural Employment Programme (PIREP) [1972], Small Farmers Development Agency (SFDA), Marginal Farmers and Agricultural Labour Scheme (MFALS) to the poorest of the poor. These experiments were translated into a full-fledged wage-employment programme in 1977 in the form of Food for Work Programme (FWP). During 1980s this programme was further streamlined into the National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEG), Jawahar Rozgar Yojana (JRY 1993-94), Employment Assurance Scheme (EAS). The EAS and Jawahar Gram Samridhi Yojana (JGSY) were merged into the Sampoorna Grameen Rozgar Yojana from 2001-02. The Jawhar Rozgar Yojana (JRY) was merged with JGSY, Integrated Rural Development Programm (IRDP) which emerged with five other scheme- TRESEM, DWCRA, SITRA, Ganga Kalyan Yojana and MWS has
been merged newly introduced scheme namely Swarna Jayanti Grama Swaorgar Yojana (SJGSY) in 1999. These wage-employment programmes implemented by the state governments with Centre’s assistance were self-targeting, and the objective was to provide enhanced livelihood security, especially of those dependent on casual manual labour. At the state level, the Government of Maharashtra formulated the Maharashtra Employment Guarantee Scheme (MEGS) and Maharashtra Employment Guarantee Act, 1977 to provide wage-employment to those who demanded it. In the wake of economic liberalization and adjustments and in order to provide a safety net, especially for the rural poor, top priority has been accorded to rural development through introduction of new programmes and restructuring of the existing ones. The Ministry of Rural Development is committed to eradicating poverty and hunger from the rural India and to usher in all round development of rural masses. As such there has been a paradigm shift in the policy of rural development, as the rural poor are treated as resources that form an integral part of the development strategy.

Thus we have a long history and experience in implementing wage employment programmes and poverty alleviation programmes. Giving a statutory framework to wage employment programme-, based on the experience of these programmes, the National Rural Employment Guarantee Act (NREGA) was enacted to reinforce the commitment towards livelihood security in rural areas in 2005 expressing the consensus of the state to use fiscal and legal instruments to address the challenges of unemployment and poverty. The Act was notified on 7th September, 2005 in which the ongoing programmes of Sampoorna Grameen Rozgar Yojana (SGSY-2001) and National Food for Work Programme (NFFWP-2004) were subsumed within the scheme. It was “an Act to provide for the enhancement of livelihood security of the households in the rural area of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members’ volunteers to do unskilled manual work and for matters connected or incidental thereto....” (NREGA-2005). Besides employment generation, the objective of the scheme is to create durable community assets for strengthening of the livelihood source on sustainable basis. It serves as a social safety net by providing a source of guaranteed employment as such it is an “employer of last resort”. The NREGA achieves twin objectives of rural development and employment. The significance of NREGA lies in the fact that it creates a rights-based framework for wage employment programmes and makes the government
legally accountable for providing employment to those who ask for it. A well-designed employment guarantee programme can, under favourable circumstances, promote job creation, gender equality and pro-poor development. The NREGA has great potential for increasing the volume of employment among the rural unemployed and underemployed. It provides ample opportunities for creating rural public asset, which has been largely neglected. It helps to enhance the purchasing power of rural households, thereby contributing to poverty alleviation. It also has the capacity to tap the hitherto under-utilized labour of women in developing rural India. By providing equal wages to both men and women, NREGA upholds the social position and integrity of women and thus promotes gender equality (Rania Antonopoulos-2009)\(^5\). In this way, the legislation goes beyond providing a social safety net towards guaranteeing the right to employment.

It is a first ever law internationally, that guarantees wage employment at an unprecedented scale with the objective of strengthening natural resources management through works that address cause of chronic poverty like drought, deforestation and soil erosion and so encourage sustainable development. In this way the legislation goes beyond providing a social safety net, and towards guaranteeing the right to employment. What is considered to be crucial is the empowerment of the poor through the provision of a right-based law, which would act as a strong safety net in the lack of alternative employment opportunities for the people. The other key attributes of this scheme are time bound guarantee, labour-intensive work, decentralized participatory planning, women empowerment, work site facilities, and above all, transparency and accountability through the provision of social audits and right to information. The process outcomes include strengthening grass root process of democracy and infusing transparency and accountability in governance. Today, the NREGA is implemented in the entire country. The process of implementation has proceeded in a various phases. In phase one it was implemented in 200 backward districts of the country, additional 130 district in phase two 2007-08 and remaining 266 districts notified on September 2008 and the scheme has now been extended to all the districts of the country. The programme was dedicated to the ‘Father of the Nation’ from 2\(^{nd}\) October 2009, the birth day of Mahatma Gandhi and since then it is known as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).
MGNREGS can thus be constructed as a timely intervention. Even after six decades of India’s Independence, the country still fails to arrest abject poverty, illiteracy, malnutrition, social inequality and so on. A legal-binding rights based programme of this kind is expected to bring about a turnaround in the rural economy by eradication all the above social malice. MGNREGS can improve sustainable rural livelihoods through spill-over effects thereby enabling the poor manage their risks and opportunities effectively. There is no denying of the importance of policy and programme actions for employment generation to ensure food security amongst poor than direct food subsidy strategies (Von Braun, 1995). This ‘Employment of Last Resort’ programme based on government expenditure would be stabilizing and stimulating for the economy by generating guaranteed employment. The rationale for these programmes are based on the premise that the government has an active role to play in promoting full employment in developing economies by assuming the role of the market maker for labour. An exploration on whether the MGNREGS has been able to fulfill its role of being the Indian version of the Keynesian scheme, like the other scheme, brings about a lot of discussions of whether one should see it in the light of merely being an employment generation programme or one should perceive it as that, which shall impact the labour market drastically, providing an opportunity for labourer to not only demand for work but also demand for their right as a collective unit, under the banner of being a worker and not an individual carrying social and political identity tags attached with their names. This programme involves the establishment of a federally funded but locally decentralized job creation program as rural public work programme which secures an infinitely elastic demand for labour ensuring simultaneously full employment and price stability. The public works are supposed to play a positive role as income insurance in the presence of seasonality in agrarian labour market (Basu 2011), for building longer term capital assets (Basu 1981), preventing dislocation of families in search of jobs and food (Dreze and Sen 1991), arresting rural-urban migration (Ravallion 1999).

This Act is the most significant legislation of our times in many ways. For the first time, the power elite recognize the people’s right to fight endemic hunger and poverty with dignity, accepting that their labour will be the foundation for infrastructure and economic growth. The rural communities have been given not just a development programme but a regime of rights. The MGNREGA can give people an opportunity to make the entire system truly transparent and accountable. Properly
supported, people’s struggles for basic entitlements can, in turn, become the strongest political initiatives to strengthen our democratic fabric. Independent India has to

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<tr>
<th>Date</th>
<th>Main Provisions of Bills/Acts</th>
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<tr>
<td>1952</td>
<td>Community Development Programme (CDP)</td>
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<td>1960-61</td>
<td>Rural Manpower (RMP)</td>
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<td>1971-72</td>
<td>Crash Scheme for Rural employment (CRSE)</td>
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<td>1972</td>
<td>Pilot Intensive Rural Employment Programme (PIREP)</td>
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<td>1973-76</td>
<td>Marginal Farmers and Agricultural Labour Scheme (MFAL), Drought-prone Area Programme (DPAP)</td>
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<td>1974</td>
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<td>1975</td>
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<td>1977</td>
<td>Food for Work Programme (FWP) and Antyodaya Programme</td>
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<td>1979</td>
<td>Training Rural Youth for Self-Employment (TRYSEM)</td>
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<td>1980</td>
<td>The National Rural Employment Programme (NREP), Integrated Rural Development Programme (IRDP)</td>
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<td>1983</td>
<td>Rural Landless Employment Guarantee Programme (RLEGP), Development of Women and Children in Rural Areas (DWCRA)</td>
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<td>1989-94</td>
<td>Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS), Prime Ministers Rozgar Yojana (PMRY), Nehru Rozgar Yojana (NRY)</td>
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<td>1999-2000</td>
<td>The Jawahar Rozgar Yojana (JRY) was merged with JGSY was made a rural infrastructure programme, Swarnajayanthi Gram Swarozgar Yojana (SGSY), Antyodaya Anna Yojana (AAY), Pradan Manthri Gram Sadak Yojana (PMGSY).</td>
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<td>2001</td>
<td>The Sampoorna Grameen Rozgar Yojana (SGRY)</td>
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<td>2004</td>
<td>National Food for Work (NFFWP)</td>
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<tr>
<td>7th September 2005</td>
<td>Notification of NREGA</td>
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<tr>
<td>2nd February, 2006</td>
<td>NREGA introduced in 200 districts</td>
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<td>2007</td>
<td>NREGA Phase II- Extended to additional 130 Districts.</td>
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<tr>
<td>1st April 2008</td>
<td>NREGA Phase III-Extended to cover all districts of India</td>
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acknowledge the critical role the MGNREGA has played in providing a measure of inclusive growth. It has given people a right to work to re-establish the dignity of labour, to ensure people’s economic and democratic rights and entitlements, to create labour intensive infrastructure and asset, and to build the human resources base of our country. Thus the Act gives hope to those who had all but lost their hope. It has a clear focus on the poorest of poor. It seeks to reach out to those in need of livelihood security. It gives employment, income, livelihood, and a chance to live a life of self-respect and dignity. The government has referred to it as an “Act of the people, by the people and for the people”.

1.2 Review of Literature:

This part of the chapter deals with the review of available literature on the topic. It enables us to gain insight into the problems and guides us to minimize duplication of research efforts. The review covers all the aspects related to the theoretical understanding of the subject and it includes its features, effects and impacts in the economy, existing implementation status, weakness and limitations and strength of MGNREGS at national as well as regional level. A number of research studies have been conducted on various aspects of MGNREGS. Some studies relating to MGNREGS are reviewed below.

Shah (2004)\textsuperscript{11} argued that MGNREGA is a truly historic opportunity for dramatic socioeconomic transformation in rural India. As regards the capacity of the administrative and technical staff, he emphasizes the need for capacity-strengthening activities, especially at the level of the elected local governments. Capacity strengthening should be aimed at improving the ability of elected representatives to keep and maintain accounts, books, and Muster Rolls; to measure the volume and quality of work; and to conduct social audits. The current level of capacity-strengthening support is considered to leave elected local officials unable to deal with complex administrative and technical tasks. Outsourcing technical and administrative tasks to private resource persons in response to manpower constraints is unlikely to promote the effective implementation of MGNREGA activities unless these individuals are qualified and accountable to the elected local governments.

Chathukulam (2005)\textsuperscript{12} said that the National Rural Employment Guarantee Act is an epoch making event in the history of independent India. Since the year 1970, several wage employment programmes were introduced in the country. The
prominent wage employment programmes introduced in India include NREP, RLEGP, JRY, EAS, JGSY, and SGRY. But the huge backlog of rural unemployed poor stands testimony to the limited success of these wage employment programmes. But the MGNREGS is quite distinct from all its predecessors. It is designed with the following unique features; a) it introduced a right based framework, b) it introduced a legal guarantee of work as opposed to a government programme which could be withdrawn by a government at will, c) time bound action to fulfill guarantee of work within 15 days of demand for work, d) incentive structure for performance (central government funds 90 percent of costs of generating employment), e) disincentive for non-performance (unemployment allowance to be paid within 15 days if work not provided within 15 days is a state government liability), f) demand based resource availability and, g) accountability of public delivery system through social audits. Of all the above mentioned programmes, SGRY was perhaps the most ambitious one next only to MGNREGA. But the implementation of SGRY in several parts of the country was not fool proof. For example, the implementation of SGRY in Kerala was made possible by violating the several fundamental principles and guidelines of the programme.

NREGA (2005)\textsuperscript{13} mentioned that it is an Act which provides 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 and for matters connected therewith or incidental thereto. Every person who has done the work given to him under the scheme shall be entitled to receive wages at the wage rate for each day of work. If authority is failed to provide employment within 15 days of demand, the unemployment allowance payable to, the household of an applicant jointly shall be sanctioned and disbursed by the Programme Officer or such local authority (including the Panchayat at the district, intermediate or village level) as the state government may, by notification, authorize in this behalf. If the Programme Officer is not in a position to disburse the unemployment allowance in time or at all for any reason beyond his control, he shall report the matter to District Programme Coordinator and announce such reasons in a notice to be displayed on his notice board and the notice board of the Gram Panchayat and such other conspicuous places as he may deem necessary.
Chathukulam and Gireesan (2007)\textsuperscript{14} in his study on the impact of MGNREGS in 37 Grama Panchayat in two districts – Wayanad and Palakkad – in the state of Kerala point out the active involvement of Local Self Government (LSGs) in programme planning and implementation. Several micro level institutions have been formed at the Panchayat level for the smooth functioning of MGNREGS; but their sustainability has not been ensured. Although the registration of workers and issuance of job cards was accomplished, there have been lapses in providing employment to the registered workers. There is impressive participation of women not only as workers but also as supervisors. Flood control, renovation of traditional water bodies, micro-irrigation works and water conservation and harvesting are the major areas of intervention in MGNREGS, with lower priority given to rural connectivity. MGNREGS activities are not integrated with other developmental programmes. Although many workers are eligible for unemployment allowances, they were not paid these allowances. According to this study, in spite of the many problems resulting from MGNREGS work being executed during agricultural seasons, this scheme has been largely beneficial for socially and financially backward population groups.

Chathukulam and Gireesan (2007)\textsuperscript{15} conducted studies in 37 Grama Panchayat in Wayanad and Palakkad districts. Their survey was based on 916 beneficiaries from two blocks of the two districts. They found that 2,13,840 households were issued job cards in the state, 1, 04,927 households demanded wage employment and 99,450 households received employment (94.78 percent), 70.66 percent of total funds received in the state were utilized, 88.71 percent of total expenditure was spent for meeting unskilled wages, 7871 works were initiated and 6050 works completed (76.86 percent), Flood control and protection, renovation of traditional water bodies, micro irrigation and water conservation and harvesting were the thrust areas of work. Rural connectivity was given the least priority, 20.5 lakh person-days of wage employment were generated, 13.47 lakh person-days of employment were generated for SCs, 2.54 lakh person-days of employment were generated for STs, 537 beneficiary households received more than 100 days of wage employment, delay in wage payment for more than 7 days was noted in the majority of cases, Considering the improvement of annual family income, 14 percent beneficiary households in Palakkad and 13 percent in Wayanad could cross the limit of Rs.22, 000 owing to the intervention of MGNREGS.
Dreze (2007)\textsuperscript{16} opined that the Act has a wide range of transparency safeguards to prevent corruption. For instance, muster rolls are to be kept at the worksite, displayed at the Panchayat office and read out in public at the time of wage payments. Employment and wage details have to be recorded in the job cards to enable the workers to check and verify the records for themselves. Contractors are totally banned. There is evidence of substantial progress towards a transparent accountable system. Contractors have virtually disappeared from MGNREGA. Mass fudging of muster rolls, in certain states, is a thing of the past (i.e. Rajasthan). A survey conducted in Orissa revealed that 95 per cent of the wages paid according to the muster roll had actually related the labourers concerned. This is a major achievement especially in contrast with the situations two years ago, where a similar study in the same area had uncovered evidences of massive fraud in National Food for Works Programme (NFWP).

Dreze and Oldiges (2007)\textsuperscript{17} pointed out the existence of gender discrimination in work creation. The gender bias is particularly strong in the northern states of India, especially in Bihar, Uttar Pradesh, Jammu and Kashmir, West Bengal, and Himachal Pradesh, where less than one-fourth of all work days are given to women. At the all-India level, women make up 40 percent of MGNREGA employment. At the core of gender discrimination are traditional and cultural factors and beliefs, which typically also result in wage discrimination against women. Wage discrimination arises from the vested belief that women are incapable of doing hard manual labor, which in turn causes elected local governments to pay lower wages to women than to men and women who bring their children to MGNREGA work sites in the absence of childcare facilities receive lower wages or are even turned away from work sites. The absence or insufficiencies of childcare facilities at MGNREGA work sites thus adversely affect female participation rates in MGNREGA implementation.

Dreze, Jean and Oldiges, Christian (2007)\textsuperscript{18} in their study suggested that the anticipated benefits of employment guarantee are beginning to show in the pioneer districts. The study reports that the levels of MGNREGA employment and expenditure were higher in 2007-08. MGNREGA generated 900 million person-days of employment in 2006-07, at a cost of about Rs. 9000 crore. This is much below the employment and expenditure level that would materialize if the Act were implemented in letter and spirit. The best performing states were Rajasthan (nearly 100 days), Tripura in northeastern India (87 days), Assam, Madhya Pradesh and
Chhattisgarh. Surprisingly, Kerala was at the rock bottom due to the low demand for MGNREGA employment in the state, rather than that of a failure to provide it. The large north Indian states generally lag far behind in the implementation of schemes. But in the case of MGNREGA, the pattern was reversed - only one of the southern (Karnataka) or western states has generated more than 10 person-days of employment per rural household in 2006-07, while the eastern and northern states have done comparatively well. It was encouraging to find that MGNREGA made an early start in these deprived regions. Women’s share of MGNREGA employment is nearly 50 percent at the all India level, rising to a startling 81 percent in Tamil Nadu. The study found that the economic dependence of women on men in rural India plays a major role in the subjugation of women, and in this respect MGNREGA is an important tool of social change. However, many states are violating the Act by failing to ensure that the share of women in MGNREGA employment is at least 33 percent: Jammu and Kashmir (4 percent only), Himachal Pradesh (12 percent only) and Uttar Pradesh (17 percent). The labour component of the MGNREGA is supposed to account for at least 60 percent of total expenditure. This requirement is comfortably met in most states, though some of them have marginally lower ratios, and Himachal Pradesh spends only 52 percent of MGNREGA funds on the labour component. Some states are evidently paying less than the statutory minimum wage, in flagrant violation of the Act. The most glaring offender in this respect is Rajasthan, where MGNREGA workers earned a meager Rs. 51 a day on an average in 2006-07 even though the statutory minimum wage was Rs. 73 a day. The report suggests that it would be naïve to think that the long history of fraud in public works programmes has already come to an end. But recent experience shows that it is possible to remove mass corruption from MGNREGA. This calls for a strict implementation of transparency safeguards, as well as firm action whenever corruption is exposed.

Drèze and Siddhartha Lal (2007)\(^9\) observed that the National Rural Employment Guarantee Act (NREGA) has been a subject of lively debate in the past two years or so. Unfortunately, the factual basis of this debate has been, so far, rather thin. This has made it possible for extremist positions to flourish without being put to the test of careful evidence. While the Act is regularly pilloried in the corporate-sponsored media as an "expensive gravy train" and described it that the government gets away with extravagant claims of success.
Mathur (2007)\textsuperscript{20} is of the view that MGNREGA is the first tangible commitment to the poor that they can expect to earn a living wage without loss of dignity and demand this as a right. The large numbers of unlettered households have made the effort to come forward to register; migration has reduced in several villages in Andhra Pradesh, Chhattisgarh, Orissa and Rajasthan; wages less than the minimum wage were raised in many states; the participation of women increased significantly even in the districts of Rajasthan and eastern UP; unemployment allowances were sought and actually paid in Madhya Pradesh and Orissa; the maintenance of muster rolls has become a feature in several districts. The most remarkable change is that a process for the empowerment of the poor is emerging around MGNREGA with NGOs and activists discovering in it a vehicle for meaningful interventions.

Rao (2007)\textsuperscript{21} described the MGNREGS as insurance for poor household. Because if the Gram Panchayat fails to provide jobs within the stipulated time period the job applicants are entitled to receive unemployment allowances. So in either way they are earning money and it has been able to improve the safety nets of the poor and consequently they are being included in the mainstream of the society without deprivation. With its legal framework and rights-based approach, MGNREGA provides employment to those who demand it. This is the largest ever public employment program visualized in human history. The successful implementation of MGNREGS can improve the safety nets and eliminating hardcore poor.

Shah (2007)\textsuperscript{22} is of the view that the multiplier effects of MGNREGA were seen to be significantly contributing to long-term development of agriculture and effectively reducing poverty. Though the number of people who depend on MGNREGA employment would steadily rise over time, the expenditure incurred on MGNREGA, however, “would be non-inflationary because it will spur agricultural growth upon whose foundation a whole range of sustainable livelihoods will be built” with private investments leading to secondary employment opportunities.

Vanaik et al (2007)\textsuperscript{23} pointed out that the fundamental attraction of the use of bank accounts for MGNREGA wage payments in Orissa is two-fold. First, as mentioned earlier, it separates the payment agency from the implementing agency, thus making corruption far more difficult. Second, it ensures that money sanctioned for wage payments can be received only by the labourer listed on the muster rolls. It eliminates the possibility of any intermediaries – whether a contractor or a government official – getting their hands on the money without the knowledge of the
labourer. In order to control corruption, bank accounts have been opened in a variety of banks - rural banks, cooperative banks, nationalized banks and, in a few cases, post offices in the name of the worker. One of the criterions of the bank is that it should be very close to the Gram Panchayat. The effort has been to open accounts in institutions that are as close as possible to the village where work is being carried out.

Ashok (2008) in his study evaluated that it is important to examine how the beneficiaries perceive the MGNREGA. We asked the beneficiaries about their views on the MGNREGA and how they would like to change it for their betterment. Thus, both in Bihar and Jharkhand, a majority of the beneficiaries were happy with the MGNREGA and found it to have helped in improving their economic conditions. But more than that, an overwhelming number of the beneficiaries demanded that its coverage dimensions should be increased. This overwhelming demand for guaranteed wage employment in the two states has strong roots in the socio-economic conditions prevalent in these states, which are partly revealed by the economic and livelihood conditions of the beneficiary households. About migration, which is governed not only by the lack of employment opportunities but also by the prospects of betterment and opportunity of better earning sources. However, migration of the landless, unskilled and manual wage earners is generally driven by the lack of sufficient employment opportunities in the local areas. Sometimes, the migration is seasonal and undertaken purely to meet the basic financial necessities during the lean season of the month. The trend of migration from the beneficiary households in both Bihar and Jharkhand appears to be more of a distressed seasonal migration wherein one member from the household migrates to earn for the entire family during the season. In fact, seasonal migration dominates the migration trends in both Bihar and Jharkhand.

Chandrsekhar and Ghosh (2008) described the programme as not only most important socio-economic issue in the country but also the most pressing political concern. They pointed out that the MGNREGA programme through large amount of annual outlay would create more demand for rural goods and services which would generate positive multiplier effect and will contribute to increased tax collection because of higher level of economic activity. Simultaneously the programme ensures the realization of the pressing need to increase capital formation in rural India. As far as recognized economic activity goes, women are participating in MGNREGA much more actively than they participated in other forms of recorded work. Part of this could be due to the fact that so far the NSSO data in India has failed to recognize
women's work, and a lot of women who would be involved in unpaid work are now getting a chance of paid employment which is showing up in official data.

Chathukalam and Gireesan (2008)\(^{26}\) are of the view that the MGNREGA implementation in the tribal communities has been hindered by ignorance of tribal life and faulty targeting. By giving the responsibility of MGNREGA implementation to Kudumbashree, the state government has further consolidated the position of this programme for women. Field work showed that there is a perception among women that one needs to be a member of Kudumbashree in order to work on MGNREGA sites. This is not the case. But women are joining up to make sure of getting work. It also indicated that major defects identified during previous wage employment programmes were absent in the MGNREGS in the state and provision of equal wages to men and women, non-involvement of contractors, very limited use of machinery, adherence to wage- material ratio etc. were followed and the absence of muster roll manipulations was absent in the execution of the program in the initial two districts of Palakkad and Wayanad.

CSE (2008)\(^{27}\) found that MGNREGA is focusing on job creation rather than local development through creation of productive assets. The study found that most of MGNREGA money has gone to road construction projects instead of works related to water conservation and harvesting that are the priority. Of the 27 states where MGNREGA was implemented, only five have made substantial allocation to water conservation. Working on productive assets like water harvesting structures does not fetch good wages to people under the irrational and complex wage calculation methods. The CSE analysis also found that many works had been left incomplete and abandoned and there was lack of maintenance of completed works – in fact, maintenance of water harvesting structures is not a permissible activity under MGNREGA. Thus study stressed that with proper focus on the creation of productive assets the scheme has the potential of reinvigorating the village economy. According to the report, if it is to reach its potential of changing the lives of 45 million rural households, it must be ‘strengthened and revamped to provide not just wages for work done but “work” that will make ecological regeneration possible’.

CSE (2008)\(^{28}\) conducted a more intensive study about the performance of MGNREGS in Nuapada district of Orissa and Sidhi district of Madhya Pradesh which focused on usefulness of assets created under MGNREGA. The study emphasized that MGNREGA had made a positive impact on water availability and crop diversity. In
Sidhi district, 78.6 percent respondents accepted that MGNREGA has led to increase of water availability. Around 55 percent respondents reported an increase of 371.6 acre area under crops. 55.5 percent of the respondents reported diversification of crops over previous years. Crops like Jwar, Bajra, Kodi, Makka and Arhar have been replaced by wheat, gram and vegetables due to increased irrigation water availability. In Nuapada district of Orissa, almost similar observations had been made by the respondents. 15.38 percent of respondents in the district accepted the fact that MGNREGA had led to increase of water availability. 15 percent of respondents changed to mixed crop in the last one year. While paddy and Biri were mostly grown in the area, the respondents were able to diversify and produce crops such as groundnut, millet and vegetables. 14.5 percent of the respondents reported an increase in the net sown area due to increased water availability as a result of works undertaken through MGNREGA. In sample area, MGNREGA works had led to an increase in areas sown by 18.25 acres.

CSE (2008)29 in its study found that the role of women in planning or conducting social audits is not visible. During a recent survey of states (Chhattisgarh, Madhya Pradesh, Orissa and Tamil Nadu) it was found that women workers did not take part in social audits. “An analysis of social audits reports conducted by NGOs in districts including Dungarpur (Rajasthan), Hardoi (Uttar Pradesh), Surguja (Chhattisgarh), Villupuram (Tamil Nadu), Chitrakoot (Uttar Pradesh) clearly indicate that the auditing processes have been mostly focused on issues such as registration of families, checking of muster rolls for preventing forgery, timely payment of wages and payment of unemployment allowance. It did not say anything about gram Panchayat involvement in the implementation process”.

Dreze (2008)30 found that in Jharkhand, one of the worst performing states in MGNREGA, it was observed that “the transition to a rights- based framework has led to a major decline in labor exploitation on rural public works. Wages are higher than they used to be, delays in wage payment are shorter, productivity norms are more reasonable, and complaints of worksite harassment are rare. MGNREGA is a valuable and valued opportunity for the rural poor, and particularly for women, to earn a living wage in a dignified manner”.

Dreze et al (2008)31 is of the view that there was virtually no check on the embezzlement of National Food for Work Program (NFWP) funds in Surguja district of Chhattisgarh. The situation was so bad that it was constrained to describe NFWP as
"Loot for Work Programme". In the same district, it was interesting to hear from a wide range of sources where the enactment of MGNREGA had led to a steep decline in the incidence of corruption. This was borne out by the muster roll verification exercises. In a random sample of 9 works implemented by Gram Panchayat, it was found that 95 percent of the wages that had been paid according to the muster rolls had actually reached the labourers concerned. A similar exercise conducted in Koriya, the neighboring district, led to similar estimates of "leakages" in the labour component of MGNREGA by only 5 percent or so. In Jharkhand, detailed muster roll verification of MGNREGA works in five randomly selected Gram Panchayat of Ranchi district suggested leakages of around 33 percent. In Jharkhand, there was evidence of a gradual retreat of corruption compared with earlier years when it was not uncommon to find that entire muster rolls had been manufactured from top to bottom.

Drèze and Khera (2008)\textsuperscript{32} argued that the move toward bank payments is not a sufficient means for creating accountability in MGNREGA implementation, as the banking system is prone to corruption as well. Even they argue that the move to bank payments has reduced transparency in MGNREGA wage payments, because banks are not subject to the same transparency and publication rules of key MGNREGA documents (such as Muster Rolls) as the MGNREGA implementing agents. Another problem concerns the scattered location of bank and post office branches, which reduces the accounts' accessibility and increases the opportunity costs of MGNREGS workers to visit banks, not to mention the high transaction costs and the time involved.

Fahimuddin (2008)\textsuperscript{33} states that the National Rural Employment Guarantee Scheme (NREGS) is a legislation enacted on August 25, 2005, which provides a legal guarantee for 100 days of employment in every financial year to adults of rural households willing to do public work related unskilled manual work at the statutory minimum wage. The study was conducted in 2 Gram Panchayat namely Imipur Grant and Runcot of Khairabad block of Sitapur district. A total of Rs 7555 crores were allocated under MGNREGA for Sitapur district during 2007-08. Each block of the district got 5-6 percent of the total allocation. Among 19 blocks of the district, Pahla block received maximum 9.16 percent while Aliya block received minimum 3.52 percent of the total allocation. During 2006-07 and 2007-08, 4 types of work were undertaken like Ponds, Kharanja, Minor Irrigation and Plantation. In 2007-08,
utilization of the sanctioned amount on wage component was low for ponds (60.49 percent) and minor irrigation (21.55 percent) as compared to Kharanja (93.62 percent). During the initial year of implementation of the NREGA, total job card holders were 894 but in the subsequent year 2007-08 their number was only 132. Women job card holders were only 12, SC card holders were in the majority (96), followed by OBCs (26) and minorities (10) in 2007-08. This showed that people were not coming forward to demand jobs as the pace of the programme is increasing while the situation should have been otherwise. Beneficiaries reported that only 50 percent families were listed under BPL category. 38 percent beneficiaries were landless and 52 percent beneficiaries had less than 1 acre holding. 56 percent of the NREGA beneficiaries reported that women’s participation was not 33 percent. Majority felt that roster based applications for the work was not followed and most of them did not go beyond their village for work. On an average 1 person per family got employment and during 2006, 2007 and 2008, each person got employment of 78 days, 75 days and 90 days respectively, which was less than the promised 100 days of employment. Thus, more employment days need to be provided to workers under NREGA in the district. Around 70 percent of the beneficiaries reported that project work was prepared in Gram Sabha (village) meetings and 66 percent informed that they participated in these meetings. Only 50 percent of the NREGA beneficiaries reported that the details of sanctioned work and its amount was read out in Gram Panchayat meetings and list of the work was displayed on the notice board of Gram Panchayat. Various discrepancies were reported in the payment of wages by the NREGA workers. It is mandatory in the NREGA that workers must be paid within 7 days of end of work, but 30 percent of them reported that they did not get the payment within the stipulated time. 50 percent said that their payment remained due after completion of the work, and only 50 percent of the total workers were paid the minimum wages prescribed under the NREG Act. Women are given less wages on the pretext of their being women. When workers failed to finish work within the stipulated time, their wages were reduced. Impact of the NREGS on providing greater employment and income opportunities to rural workers has been positive. Assets created under the programme have been mostly of durable nature. The programme has boosted the overall development of villages. It was recommended that the stipulated number of days of employment should be provided.
Gopal K.S (2008)\textsuperscript{34} has the view that MGNREGA has led to an avoidable yet rising tension between agriculturists and workers. As a knee jerk reaction to this MGNREGA is either being watered down or informal instructions are given to stop works. The contentious issue for agriculturists is not the minimum wages paid in MGNREGA as generally believed but that women who are the backbone for agricultural work and were paid very low wages are now getting ‘equal and minimum wages in MGNREGA. The servitude of ‘quality’ labor force is a threat. So this aspect must be seen from gender point of view in our society. It is vital that the workers and agriculturists are not edging out aspirations of each other. One way to address this aspect is that the number of works taken up can be reduced during peak agricultural season. Current blanket closure of all works in the guise of agriculture must not be allowed as even during peak agricultural season a section of the labor will need employment. Alongside steps to reduce friction and providing space for both interests through healthy bargaining and recognition of the mutuality of interests must be the strategic way out. Another major factor is that the agriculturists do not see any benefit to them especially from the works being taken up. As asset building is the key task in MGNREGA, it is vital that the works taken up must lead to improved livelihood conditions and real benefits to the farmers.

IHD (2008)\textsuperscript{35} found that innovative implementation mechanisms like vesting the responsibility of implementation in Kudumbashree (self-help groups) in Kerala are illustrative of the space available for effective implementation of MGNREGS, and especially that of women’s participation. Kerala’s strong Panchayat Raj Institutions (PRIs) could also have enabled effective implementation. Awareness building appeared to have worked well in Pakur, Jharkhand—a tribal dominated area which shows high performance. However, several field studies point out generic factors like low funds, poor flow of funds due to political and administrative hurdles, etc. as reasons for varying performance across states and districts.

Jacob Naomi (2008)\textsuperscript{36} argued that aspect of MGNREGA where it can be used to curb rural-urban migration is conditional on the MGNREGA being implemented well in that region, otherwise, if work is not supplied, if wages aren’t paid on time and if money is just being siphoned off, then workers will have no incentive to stop migrating. However it should be clear that the primary aim of the Act is to provide welfare for the section of the population that does not even earn the minimum wage-
the fact that it can also curb distress migration is just a positive secondary impact of the Act.

Jandu (2008)\textsuperscript{37} is of the view that the majority of the women workers under MGNREGA programme said that such employment has brought a significant change in their communities and in their own lives; the MGNREGA wages are higher than the market wages and it has improved their spending capacity. Women are able to use their earnings for household food and consumption needs, healthcare and education of children. More important, earlier they “used to be dependent on their husbands for any expenses”, but now with some cash in their hands, women have greater degree of economic independence and self-confidence, “feel empowered”, as they are also earning members of the family.

Jha et al (2008)\textsuperscript{38} by using pooled household data for Rajasthan and Andhra Pradesh found that the size of land holding is negative related. They observed that NREGS is better targeted in Rajasthan as compared to Andhra Pradesh. Because the sample village have greater inequality in terms of land holding, more geographically remote and experience more political interference compare to the sample village in Rajasthan. This means that the programme is benefitting the poor, who are the main target of the programme. However, they also find that when this analysis is done at the level of the two states, this finding holds for the state of Rajasthan, but not for Andhra Pradesh and they conclude that the higher level of inequality in Andhra Pradesh than in Rajasthan translates into higher leakages and higher incidence of capture. But another study analyzing official data for Andhra Pradesh comes to a different conclusion. This finds that only 16 per cent of households participating in NREGA also received a housing subsidy under a state government programme intended for the poorest of the poor. However fieldwork suggested that of the two programmes, NREGA is better targeted and the self-targeting approach of NREGA was enabling the poorest households to benefit.

Khera (2008)\textsuperscript{39} made a survey by visiting the worksites of two districts Badwani and sindh in Madhya Pradesh by taking two blocks from each districts. He interviewed 50 randomly selected NREGA labourers in each block and found that areas where there are sangathan (workers organization) the implementation of the scheme have been a grand success. The NREGA in contrast seeks to be inclusive of all groups and ensure assistance and outreach to the most marginalized persons. To ensure that there is a local consensus on these concerns to match the national
consensus calls for the creation of ‘pre conditions’ - typically through mobilizing, organizing and training, including information, education and awareness raising efforts, with special effort to involve women.

Mathur (2008)\textsuperscript{40} in his article pointed out that the most important aspects is that the capital formation in a rural areas and it also clearly spelled out types of work permitted under it. The most important impact of Act is empowerment, where the poor household demand for minimum wage of payment, bargain for higher wages and obtain unemployment allowances from a reluctant and willing government. The NREGA by the guarantee of employment which impacted on their economics condition, which in turn enable themselves to send their children for schooling, improved nutrition, brought down dependence on money lenders, and reduced abject poverty and migration.

Mehrotra (2008)\textsuperscript{41}is of the view that the programme has achieved two objectives, First, provide work and thus income for the landless labourers and marginal farmers in lean season, secondly it has created assets that will increase land productivity and contribute Another important aspect that he found was that while the share of SCs in Indian population is 16 percent there share in employment under MGNREGA is 27 percent and while the share of STs in the population is 8 percent their share of employment of employment is 16 percent. Such data demonstrates that such programme can repay the investment on them very quickly tribute to agriculture.

Mehrotra (2008)\textsuperscript{42} states that NREGA ensures, on demand, 100 days of employment in a year to a household at a minimum wage. The NREGS is based on the twin principles of universality and self-selection. The Act places enforceable obligation on the state and gives bargaining power to rural labourers. As a legal Right to Work, the NREGS contrasts with previous employment generation schemes in several respects. First and the foremost, it bestows entitlements to workers – in the form of providing work for those who demand within a time frame (15days of applying for work) at a guaranteed wage, which was not the case with earlier public works programmes. Second, the universal nature of the programme eliminates targeting errors. Third, the process of implementation and community involvement (in the form of social audits) is expected to reduce corruption and malpractices which formed a major weakness in earlier programmes. And finally, the guarantees enshrined in the Act are expected to ensure its implementation a binding responsibility of the government.
Narayan (2008)\(^43\) in his articles ‘Employment Guarantee, Woman’s Work and Child Care’ reveals that the social audit conducted on NREGA, which is a clear sign of positive impact on the social and economic well-being of rural laborers and their families. This is the study undertaken Villipuram district of Tamil Nadu and it is apt to state that 80 percent of women in this state are working under NREGA. The study revealed the creche and the child care facilities of working woman and how the woman are being suffered on the work side by the representative is the important matter of concerned. There are some disturbing aspects of the programme that partially reduce the poverty impact – for example school going girls staying back to help with household chores and child care when mothers are at work has to be set against the increased expenditure on education noted by surveys.

Narayan (2008)\(^44\) is of the view that an important problem in rural areas was “distress migration” especially when an area was struck by drought, famine, flood or other natural calamities. Field reports have clearly indicated that the people/beneficiaries no longer have to move from one place to other place in search of work. The migration has fallen very sharply. Participation of women has increased significantly. In several states participation of women has surpassed men’s participation. Women perceived that MGNREGA is giving them a sense of independence and security. Wages earned under MGNREGA has helped women in several ways. It helped them to pay the debt and retrieve the pawned gold; helped them in taking care of children’s education; enabled them to meet the day-to-day household expenses and facilitated them to save money.

Prasad, B.N. (2008)\(^45\) in his study analyzed the processes initiation and execution of NREGS in Uttar Pradesh. 350 beneficiary households (BH) from 14 villages of Hamirpur district were selected, and 115 non-beneficiary households (NBH) were also covered. The study was conducted during 2006-07 and 2007-08. The total BPL population was 339258, of whom 183185 were males and 156073 were females. The total BPL population comprises 56798 (31 percent) males and 47654 (30.53 percent) females of SC category, 86254 (47.08 percent) males and 72869 (46.68 percent) females under OBCs, 22388 (12.23 percent) males and 19860 (12.73 percent) females under General Category, and 17745 (9.69 percent) males and 15690 (10.06 percent) females under Other Category. In 2007-08, Rs. 20197 lakh was sanctioned and Rs. 11748 lakh was utilized i.e. 58.17 percent of the sanctioned funds. Flow of funds from block to Panchayat and beneficiary level was delayed due to
reasons like favouritism and unethical demands made by block officials and unfavourable behavior of bank employees, etc. Number of families employed for 100 days during 2007-08 was 18.13 percent. Women’s participation was 23.67 percent in 2007-08, which was less than 33 percent norm of the scheme. NREGS is the 7th major source of income of beneficiary households. In 2007-08, 2225 offers were obtained and accepted, and 904 works were completed. Selection of work is done through open meeting of local Panchayat and is approved by district Panchayat. Main works selected by Gram Panchayat are water conservation, connecting roads, construction of dams, medh bandi (28.57 percent each), plantation of trees, construction of bridge/culverts and ponds (14.29 percent each). To make NREGS successful wide publicity was given – messages, notices and information including the labour rate were given in newspapers (71.42 percent), meetings of Gram Sabha, through writing on walls (57.14 percent), nukkad natak (street plays) and pamphlets (28.57 percent), and departmental meetings (14.29 percent). Work distribution was communicated through munadi/ nagada (drums), meetings (28.57 percent), Gram Panchayat officers, telephone and weekly staff meetings (14.28 percent). 85.71 percent respondents did not get offers either from Forest Department or Irrigation Department. 85.71 percent officials said that they attended meetings of social audits, discussed the works with villagers, and formed committees to look at the under construction and constructed assets under NREGS. 71.43 percent block officials said that there was no provision for maintenance of assets created under NREGS. 98.57 percent Panchayat pradhans said that on-going projects have been prepared at district level and 1.47 percent pradhans mentioned that it was done at Panchayat level. 90 percent pradhans said that wages were now paid through banks, 7.14 percent mentioned post offices, and 2.86 percent said it was paid in cash. 90 percent respondents admitted that applicants got work within 15 days, 7.14 percent said that it took a month, and 2.85 percent said that it took more than a month. Only 30 percent pradhans admitted that Gram Panchayat read in front of Gram Sabha the projects sanctioned, amount granted and expenditure incurred on projects in the past 6 months. To improve the implementation of MGNREGS it was recommended that money should reach in time (42.85 percent), sufficient funds should be allotted, there should be increase in number of bank employees, technical staff should be appointed in gram Panchayat at block level (28.57 percent), there should be separate staff for MGNREGS, solution should be
found to problems in opening of bank accounts, and arrangement of conveyance for field staff (14.29 percent) should be made.

Sainath (2008)\textsuperscript{46} has opined that MGNREGA has brought a big shift in the attitude of the people. It has impacted on the social structure of the villages. We have never seen land owning upper caste groups working in the farms of SC/ST households. A paradigm shift could be observed with the advent of MGNREGA. The land owning class now comes and works in the farms of dalits. People are reported to have said that they will all work together as a group and not on a caste basis. It is a common sight in many of the states that petty shop owners, stone cutters, people of different caste groups and land owners of different types (marginal, small and big) participate and work together under NREGA.

Shah (2008)\textsuperscript{47} argued that the emphasis on creation of public productive assets under NREGA, such as land development, water conservation and water harvesting structures, drought proofing, irrigation facilities etc. has significant bearing on development of smallholder productive assets land, livestock, tree covers, irrigation works all related to use in agriculture. Rural connectivity plays a pivotal role in enhancing access to basic services to health, education, communication and in improving economic well-being of women and men located in remote rural areas. In other words, the convergence between community productive assets and smallholder/household productive assets may add value to the overall strength of MGNREGA programme rather than undermine the effectiveness there of.

Shah and Aasha (2008)\textsuperscript{48} raise the following concerns about the MGNREGA. The demand for work can be even more than 100 days, although as far as the knowledge of the present authors goes, we are yet to confront a situation where demand for work in general and for more than 100 days at household level has been registered and recorded in any of the job cards under MGNREGA. Within a household, any adult member can work. If the current guaranteed ceiling of 100 days is currently not fulfilled and even households don’t register their demand for work, what is the rationale behind talking of a utopian scheme where every adult individual will be entitled to do as many days work as they like, and that too under a government scheme with exclusive support from the public exchequer? Already the provision in the Act to register demand for work at household level has remained a utopia. What is then the point in insisting on a higher level utopia? The British had introduced the system of ‘Test Relief’ wherein the government machinery used to provide relief
work to demanding workers at a wage below the market wage rate to determine whether there was *prima-facie* a case for resuming relief work in a distress area, and that's why it was referred to as 'Test Relief'. In Independent India, it seems some people are eager to dole out money without even operational mechanisms to register demand for employment by all adult workers in a family. We are under apprehension that an unwarranted and non-operational system of providing any number of days work to an individual adult worker will merely open the floodgates to further corruption – much beyond what the government exchequer can manage. Migration of labor from one area to another within a country or across the globe is always a welcome feature of a free world, as long as it is not distress migration, i.e., migration under compulsion. Unless such distress migration is operationally distinguished from induced migration to take advantage of better economic opportunities in a new region, one would tend to overlay the disadvantages of migration. So, the aim of NREGS should not be or should never be stoppage of all kinds of migration, but only distress migration. In a country where moral hazard problems are enormous and there are fairly high incidences of willful default of credit taken from formal government/quasi-government institutions, extending credit to potential MGNREGA workers before any work is done can merely open further floodgates to large scale moral hazard problems, entirely destroying the labor market. There is no second opinion on the fact that access to institutional credit must improve, but that is true irrespective of MGNREGS.

Appu (2009)\textsuperscript{49} found that MGNREGS has facilitated to ‘people coming together’. It is quite common to see a large number of men and women irrespective of the caste working together in creating productive assets. This provides a great deal of opportunities for frequent interaction resulting in mutual trust and social capital. Nurkse has mentioned that capital starved over populated countries could build social capital in a big way by employing the surplus labour on a variety of projects. The massive effort in building social capital through MGNREGA could trigger higher productivity of land and labour, diversification of agriculture and foster industrial growth. It would mitigate the sufferings inflicted by chronic drought and flash flood.

Balachand (2009)\textsuperscript{50} is of the view that the scheme has its impact on the expenditure pattern of the families also. A shift in the expenditure pattern on food and non-food items with family spending more on both the counts could be found; more than half of the households have purchased livestock like sheep and goat.
Basu et al (2009) argued that the success of an employment guarantee scheme (EGS) in safeguarding the welfare of poor depends both on the wage given and the ease with which any worker can gain access. Thus EGS is both a wage guarantee and a rationing devise. According to them, EGS is linked to an aggregate, not just EGS, employment target. Once the target is determined, EGS wage and access can be manipulated to deliver outcomes ranging from a contestable labor market to a simple universal unemployment benefit. The credibility of the target is however, dependent on a number of endogenous factors like, distributional concerns of the planner, (whether or not to put more emphasis on equity concerns), private farming sector productivity (concerns expressed about the possible negative impact on private sector production if minimum wage offered under MGNREGS exceed the wage offered in the market), prevalence of market power enjoyed by local bureaucracy and political elements and proper implementation of socially productive public works.

Dreze and Khera (2009) observed that for several workers, MGNREGS is an important source of additional income. Perceptions on the programme benefits reflect the fact that it formed an important part of the workers' life, as a strategy to avoid migration (57 per cent), to cope with hunger periods (69 per cent), to cope illness in the family (47 per cent), and enabled them to avoid demeaning and hazardous work. The study also observed that wages earned through MGNREGS had helped workers in financing their food and health requirements with 69 per cent of workers reporting that the wages earned were spent on food and 47 per cent reporting expenditure on health. Further, more than two thirds of the respondents said that it had helped them send children to school. The share of MGNREGS income in household income would improve significantly in Gaya and Ranchi, with increased person-days of MGNREGS employment.

Dreze and Khera (2009) found that 98 percent of the sample workers stated that they were ready to work for 100 days in the year – the “upper limit” under the Act. MGNREGA as of now meets only a fraction of this demand: in their survey only 13 percent of the respondents had actually secured 100 days of MGNREGA work in the preceding 12 months. There are, of course, wide inter-state variations in this respect. While the proportion of sample workers who had completed 100 days of work was particularly low in Chhattisgarh (1 percent), Bihar (2 percent), Uttar Pradesh (3 percent) and Jharkhand (7 percent), it was considerably higher in Madhya Pradesh (17 percent), than and as high as 35 percent in Rajasthan.

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Gopal (2009) revealed that despite all round optimism, one must note that even as an instrument for providing employment, the MGNREGA has several limitations. It would be unwise to create great expectations among people about the MGNREGA given the way it is currently understood, directed and implemented. It was found in his study that in Tanakallu mandal, the local NGO, Jana Jagruti, took the information and pasted it on village walls. It was a revelation to the villagers. Many discrepancies and indications of further swindling by officials came to their notice. For instance, in Vepalapally village, Sivanna died two years back but someone was drawing money in his name, even afterwards. In Ratan Nayak thanda, Seetharam Naik died eight years back but Rs. 12,000 was drawn in his name. In Sedum village, Rs. 11,500 was drawn in the name of Chinna Dawood Khan and Rs. 3,200 in the name of Pedda Dawood Khan, though both of them had expired.

The study by the Institute of Applied Manpower Research, Delhi (2009) is based on evaluation of the NREGS which assess its impact by taking 20 districts from Northern, Western, Southern and North-East region of India and 300 beneficiaries from each districts. This study reveals that in many districts, affixing of photograph on job cards is not followed and in some places the beneficiary paid money for getting it. Job card was not designed to have sufficient space for all the entries in detail. Many households did not get the work within the stipulated 15 days’ time of demand for work, neither were they paid any unemployment allowance. On the utility of maximum number of days of works, only small fractions of households could utilize more than 35 days of work.

IHD (2009a) observed that state governments are responsible for framing the rules as well as actual implementation of the scheme on the ground. The scheme does provide room for the state governments to innovate and adapt it according to the local requirements. For instance, the performance of the scheme in the state of Andhra Pradesh has been characterized by some analysts as a ‘success model’ because of strong political will and the state has had experience of rural works and community mobilization movement. In Rajasthan, which has the history of drought relief based public employment and active civil society, the success of MGNREGS is more impressive compared to other north Indian states. The programme does not attract so much demand from men in Kerala because the MGNREGS wage is too low for the men compared to their opportunity cost.
IHD (2009a)\(^7\) has raised a concern about what kind of jobs are being created under the MGNREGS and to what extent the assets are pro-poor in nature. Provisions for basic safety, sanitation, emerged prominent, as far as quality of employment is concerned. On a broader plane, some scholars have raised the issue of the adequacy of minimum wages of MGNREGS and questioned whether these were sufficient to compensate the bodily deficit caused by the hard labour required at the worksites. It is argued that the replacement cost of the bodily energy used up is not being met, and these bodily deficits imposed on the most vulnerable sections of society were the drivers of the asset creation under the scheme.

IHD (2009b)\(^8\) in its study found that MGNREGS enabled women to make significant contribution to household earnings. The share of women’s MGNREGS income in the total income of the household constituted 21 per cent in Dungapur (Rajasthan), 15 per cent in Kangra (Himachal Pradesh), 10 per cent in Ranchi (Jharkhand), and 8 per cent in Gaya (Bihar). Income from MGNREGS contributed as much as 27 per cent of the total income of a woman worker’s household in Dungapur (Rajasthan), 18 per cent in Kangra (Himachal Pradesh), 16 per cent in Ranchi (Jharkhand), and 13 per cent in Gaya (Bihar), other main sources of income of households being wages from non-agriculture and agriculture, and remittances. In a similar study, it was found that in Rajasthan and Andhra Pradesh 80 per cent of women collected wages on their own and retained the same, while 43 per cent of women workers in Bihar reported receiving wages on their own.

IHD (2009c)\(^9\) has provided a feature related to the type and nature of work is that MGNREGS has brought in ‘group work’ as a dominant mode of working, especially manual works like digging and land development. This is something of a new work culture in public works programmes. Such systems have often led to problems of free riders. However, some field experiences in Andhra Pradesh revealed that workers developed innovative mechanisms of sharing of responsibilities wherein physically weak or old age persons were given ‘lighter’ work instead of altogether excluding them. Thus, the potential exclusionary nature of manual work has been addressed to a certain extent.

Jha et al (2009)\(^\) finds that landholding of a household is a negative predictor of employment provided under MGNREGS in Rajasthan, suggesting better targeting in Rajasthan. However, the relationship turns positive in Andhra Pradesh suggesting program capture by households with larger landholdings. This difference, according
to them, arises due to varied level of land inequality in the two states (more inequality in AP than in Rajasthan) and higher ratio of MGNREGS wage to agricultural wage rates. Other determining factors are remoteness of the villages and greater political interference in AP. They also find evidence of complementarily in both the states, between public distribution and MGNREGS employment suggesting real income transfer through food subsidies requires supplementation.

Khera and Nayak (2009) have found that apart from socio-cultural restrictions, the presence of contractors on the worksites (which is not legally permitted), a schedule of rate-based wages and delays in wage payment and lack of childcare facilities have restrictive effects on women’s participation as workers under the MGNREGS.

Khera and Nayak (2009) have noted that MGNREGA employment was considered to be attractive for women because it promises to pay the statutory minimum wages. They note that MGNREGA wages imply a substantial jump in the earning potential of women and as per their survey data the average wage earned by women in the private labour market ranged from Rs. 47 to Rs. 58 per day whereas the MGNREGA earnings were Rs. 85 per day. This is “clearly a huge increase over previous earning opportunities”. They also note that many women who were earlier not working because the wages being paid were too low are now coming out to work and in their worksites where contractors were present, 35 percent of women reported various types of harassment. Also, worksite facilities were negligible on these worksites. They suggest that possible ways to strengthen women’s participation is to move from a household entitlement of 100 days to women’s entitlement of 100 days of work.

Nair et al (2009) studied the impact of the National Rural Employment Guarantee Programme in three Grama Panchayat of Kasaragod district of Kerala, namely Madikai, Ajanoor and Trikarpur. While the worker registration is appreciably good in all the three Grama Panchayat including registration of SC and ST categories, however, there is a sharp drop in the number of people who demanded jobs in 2007-08 which was below one fourth in two Panchayat and just above one third in the third Panchayat. There was further drop in number in following year.

NCEUS (2009) observes that ‘...MGNREGS has potential to lead the economy towards a labour-intensive growth path, especially in light of the low and declining growth rate of productive employment...’. Thus, the wage-work programme
needs to be seen in a long term perspective, with a strong planning component, converging with ongoing development efforts, incorporating decentralized planning, and implementation, skill training, maintenance of public assets, and eventually absorbing wage-earners into mainstream employment.

NCEUS (2009)\textsuperscript{65} finds out that one of the important outcomes identified with MGNREGS is that of awareness among the rural poor with regard to minimum wage. Workers are expected to be paid the prevailing minimum wages notified by the respective state governments. However, field surveys found that this is one entitlement that not many workers are aware of! Also it is found that in many areas minimum wages are paid to workers for the first time. About 50 per cent of workers are aware that they are entitled to minimum wages, but it is only in half of the worksites that minimum wages are actually paid.

Prasad, B.N. (2009)\textsuperscript{66} is of view that Gandhiji said, “If villages prosper the country will prosper, if villages sink the country will sink”. Keeping this in view, the Indian state has initiated a number of development measures for all round development of India. Poverty and unemployment are two major problems India faces. The central government launched “National Employment Guarantee Scheme”. In UP the scheme was launched in the first phase in Hamirpur and Sonbhadra districts. The study assessed impact of the scheme on livelihood conditions; participation of the under-privileged sections; female empowerment; strengths and weaknesses of the scheme; and aimed at suggesting measures for effective implementation. 2 villages from all 8 blocks of Sonbhadra district were selected for the sample survey, covering a total of 16 villages. The sample was 400 households who participated in the scheme and 135 non-beneficiary households. 4 sets of questionnaires were used namely Block Level Schedule, Gram Panchayat Level Schedule, Beneficiary Level Schedule and Non-Beneficiary Level Schedule. Sonbhadra is one of the most backward districts of UP, and SC population is 48.57 percent in rural areas and 13.22 percent in urban areas. Out of the total work force (main + marginal), 73.13 percent were engaged in the primary sector; 34.79 percent were cultivators and 38.34 percent were agricultural labourers. Other occupations and household industry had 24.38 percent and 2.49 percent workers respectively. This indicates the importance of MGNREGS for poverty alleviation and employment generation in rural areas of the district. The scheme was found to be beneficial as rural connectivity improved, water conservation has helped crops and cattle, khet talab
(field ponds) improved the condition of the population, migration to urban areas reduced, etc. In 2006-07, 22.41 percent works were completed while in 2007-08, only 18.74 percent works were completed. 87.50 percent block officials said that funds reached the Gram Panchayat within 15 days, but this was not confirmed. 97 percent admitted that workers do not receive dated receipts for their application for work. The number of families who got 100 days of employment in 2006-07 and 2007-08 was 7.02 percent and 8.32 percent respectively. Women's participation has been satisfactory at 29.59 percent and 32.35 percent respectively during 2006-07 and 2007-08, which was higher than Hamirpur, where it was 23.25 percent and 23.67 percent. Majority of the beneficiaries were in 15-45 years age group. Sources of income revealed that MGNREGS was the 6th source in 2007-08, contributing 11.11 percent share of the income. 99.50 percent beneficiaries were unaware of unemployment allowance and 99.25 percent mentioned that shade, medical, and crèche facilities were not available at work sites. Their standard of living was low as 92.59 percent people were living in temporary homes and none of them had electricity connection. 70 percent were engaged in non-agricultural activity and 94 percent in construction sector. 89 percent said that officials did not accept their application for registration, 64 percent applied but were still waiting for job cards, 40.74 percent reported that discrimination prevailed on the basis of caste, religion and sex. More than 59 percent respondents wanted to work but did not get work, 30 percent reported that they did not have job cards, in almost 5 percent cases payment was pending, and 6.36 percent faced problems as they had small children.

Pankaj and Tankha (2009) observed that in most of the states there have been very high levels of participation by women in MGNREGS works. Non-discriminatory wages; assured minimum wages which are more than market wages for women; the dignity that comes with the work since it is seen as working for the government rather than for a landlord or contractor; employment at the doorstep; and certain women-specific facilitation like the Kudumbashree in Kerala, female mate in Rajasthan, SHGs in Andhra Pradesh are seen as factors that contributed to higher participation of women in MGNREGS. However, there are certain factors which inhibit participation women in MGNREGS and these include local social and cultural norms which run against women's wage work, inadequate worksite facilities like childcare, gender insensitivity of the nature of work, work measurement and schedule
of rates, and in some cases, exclusion of single women in the definition of ‘household’.

Rania Antonopoulou (2009) said that a well-designed employment guarantee programme can, under favourable circumstances, promote job creation, gender equality and pro-poor development. The MGNREGA has great potential for increasing the volume of employment among the rural unemployed and underemployed. It provides ample opportunities for creating rural public assets, which has been largely neglected. It helps to enhance the purchasing power of rural households, thereby contributing to poverty alleviation. It also has the capacity to tap the hitherto under-utilized labour of women in developing rural India. By providing equal wages to both men and women, MGNREGA upholds the social position and integrity of women and thus promotes gender equality.

Ratna M. Sudarshan (2009) argued that the Kerala state government has entrusted management and implementation of the MGNREGS on the ground to Kudumbashree (the state poverty eradication mission). The Kudumbashree programme started in urban areas in 1998, and was later extended to rural areas. The first step is to bring together families into neighbourhood groups of between 15 and 40 families, which are then federated at higher levels of administration. The Area Development Society of the Kudumbashree, representing 30 to 40 neighbourhood groups at Ward level, provides a volunteer area development supervisor (ADS) who helps to organize the NREGS work and ensures proper maintenance of muster rolls and provision of work-site facilities. The ADS is usually the head of an existing self-help group, and an emergent village leader. She looks after two to three sites, depending on the size of the village. Typically a woman between 32 and 45 years, the ADS is educated, and has been associated with Kudumbashree for a few years. Sources of income for the ADS include earnings as a MGNREGS supervisor and Kudumbashree enterprises.

Swaminathan M.N (2009) described that MGNREGA as the world’s largest ecological security programme, which can successfully strengthen the ecological foundations for sustainable agriculture.

Vijayanand and Jithendran (2009) opined that the nation has implemented a series of wage employment programmes for the poor. The earlier programmes cast the state in the role of a benefactor offering hand-outs to the poor. But MGNREGA has
built notions of citizenship and entitlements. MGNREGA represents a paradigm shift from the earlier, wage employment programmes in several aspects.

Vijayanand (2009)\textsuperscript{72} pointed out the salient features of the approach are: i) implementation of MGNREGA through Grama Panchayat; ii) communicating the distinctive features of the scheme to the various stakeholders, especially to Panchayat leaders; iii) involvement of Kudumbashree network of poor women in a big way; iv) focus on total resource management in forest areas, river basins and watershed areas as the state has very little public land; v) designing processes and programmes to see that MGNREGS fits into the administrative operating system now existing in Panchayat; vi) institution of consistent and coherent information and accountability systems and participatory processes to ensure transparency; and vii) aiming of zero corruption in implementing MGNREGA.

Adhikari, Anindita and Bhatia, Kartika (2010)\textsuperscript{73} conducted a survey which covered 2 blocks each in Allahabad district (Uttar Pradesh) and Ranchi district (Jharkhand). In Allahabad the sample blocks were Karchana and Shankargarh whereas in Ranchi the sample blocks were Mander and Angara. A total of 259 workers were surveyed of whom 201 (78 percent) were men and 58 (22 percent) were women. It was found that women workers did not have an account in their name and received their wages through their husband’s account. Almost half (45 percent) of the sampled workers were illiterate, with only 21 percent having completed Class 10. Members of the upper castes in Allahabad were economically better off. The blocks in Ranchi district had predominantly tribal population. Most of the survey respondents (87 percent) were bank account holders, while 13 percent (all in Angara block) had their accounts in post offices. 44 percent of the workers were accompanied by a Gram Panchayat official at the time of opening an account, 16 percent were accompanied by a contractor, and only 28 percent had opened their account on their own. 41 percent of the workers went unaccompanied to the bank and withdrew the money themselves, while 50 percent went and withdrew the money with someone’s help. 77 percent of the sampled workers preferred MGNREGA wages to be paid through banks or post offices rather than in cash. In Angara and Shankargarh blocks, 94 percent of the sampled workers stated preference for the bank system, whereas a more mixed view was found in Karchaha (85 percent) and Mander (49 percent) blocks. 89 percent of the workers who went to withdraw their MGNREGA wages found the banking staff helpful, but 38 percent of the illiterate workers who went unaccompanied to the bank
to withdraw wages complained of some harassment by bank officials. 76 percent of the workers confirmed the accuracy of the bank records, while 13 percent found discrepancies, and the remaining 11 percent were unable to verify their bank records. In 4 out of 19 Gram Panchayat, the survey teams found evidence of fraud associated with fake names in the payment order. In Banjhila Panchayat of Mander block, most of the workers listed on the payment order belonged to the abhikarta’s family. It was found that in Kakram Gram Panchayat of Allahabad district, names of many upper caste men were included in the payment order even through the villagers said that these men had never worked on MGNREGA worksites. In Akauria Panchayat of the same district, almost half of the names on the payment order were fakes. In Chatra Panchayat in Angara block up to 10 fakes were found in the payment order. The survey pointed to some serious issues related to the use of post offices as a payment agency, including poor record keeping and their inability to cope with mass payments of MGNREGA wages. In remote areas, a large distance to the nearest bank or post office also causes much hardship to the MGNREGA workers. Hence it was recommended that to facilitate efficiency in wage payments and monitoring, preference should be given to centralized banks and financial institutions with computerized records; to ensure accountability within this new system, banks must be brought under the ambit of the Act’s transparency provisions; to restore public scrutiny of wage payments, distribution of cheques or wage slips should be done in a public place along with reading aloud of muster rolls and maintenance of job cards. Ultimately, the best protection against embezzlement is the empowerment of MGNREGA workers.

Ashok and Rukmini (2010) confirmed that empowerment of rural women has emerged as an unintended consequence of MGNREGS. Women have benefited more as workers than as a community. Women as individuals have gained because of their ability to earn independently, made possible due to the paid employment opportunity under MGNREGS. Independent and monetized earnings have increased consumption choices and reduced economic dependence. This has helped women in registering their tangible contribution to the household’s income. The overall effects of these have translated into an increased say for women in household affairs. Women as a community, however, have been slow in realizing the potential benefits of the scheme. Nevertheless, their increased presence in the Gram Sabha, the increasing number of women speaking out in the Gram Sabha, frequent interactions with
government officials and PRI representatives, and access to banks and post offices are new developments. Additionally, the female mate system has reversed the traditional gender roles, albeit in a limited manner. On the flipside, working hours for women have increased; leisure time has vanished; and there are physical and emotional strains related to such work. Lactating women and women with young children work under emotional strain, as they remain separated from their children for long hours. Some adolescent girls are reported to have left their studies to avail of the job opportunity under MGNREGS.

Cook and Kaber (2010)\textsuperscript{75} opined that as a part of a developing social protection umbrella in the country, MGNREGA can contribute in two ways; one is through a transfer of income to the poorest, though only to those who are able to perform manual labour. The other is in contributing to local development and hence reducing the social protection deficits. There is a need to move away from a static approach to social protection, to one that is equally concerned with developing the capacity to move out of poverty and vulnerability.

Dey and Bedi (2010)\textsuperscript{76} studied the functioning of the MGNREGS between February 2006 and July 2009 in Birubham district, West Bengal. Their study reveals that in order to serve as an effective “employer of last resort”, the programme should provide more job days during lean season and wages should be paid in a timely manner. This study shows that in Birubham, there is universal awareness about the MGNREGS, job card have been made available to all those who have applied and MGNREGS related information is well maintained and relatively accessible. But there are long delays in wage payments during the first year of the programme; since then, the payment lag has declined and it is now in the range of 20 days.

Kumar, Suna and Pratap (2010)\textsuperscript{77} responding to people’s protest about poverty through introduction of a right based approach for poverty alleviation in the form of provision of rural employment guarantee in the constitutional system of India suggest that the MGNREGA has inaugurated a remarkable process for the empowerment of the poor. The Act is particularly a tool of empowerment for the most vulnerable sections of the village communities as they are also victims of social exclusion and political marginalization. Secondly, it has stimulated mobilization of the poor for livelihood within the legitimate frame work of governance. Thirdly, MGNREGA has made a dent on poverty by both-increasing employment opportunities and raising the wage rate. And fourthly, it has strengthened the process of participatory democracy
through economic decentralization and by giving significant roles to the Panchayati Raj Institutions (PRIs), the rural poor classes, communities and the civil society groups.

Ratna M. Sudarshan (2010)\textsuperscript{78} pointed out that in Kerala women have been organized into self-help groups known as Kudumbashree groups. These groups engage in micro enterprises of various kinds. This offers an alternative to agricultural work but since the state government has placed Kudumbashree in charge of managing the MGNREGA, women have easily been directed into this work. In one of the tribal blocks visited in Kerala, however, there were no work opportunities and MGNREGA has filled a deeply felt need.

Vijayamohan N. Pillai (2010)\textsuperscript{79} in his study found that while the MGNREGA programme is being implemented in the letter, the spirit of the scheme seems to be missing in Kerala. In Kerala, all the stipulations seem to be strictly followed, yet one of the most important outcomes of the scheme, namely, 100 days of work, seems to be very far away. To the extent this goal is not fulfilled it may not be called a successful programme in Kerala. Further studies need to be directed to understand the short fall in days of employment created. Further, the financial ramifications also need to be analyzed. Since the average number of days of work through MGNREGA is about 20 days per worker, it needs to be explored as to what happens to wages that are slotted for the worker for the remaining 80 days of work. Another feature which stands out in the implementation of MGNREGA in the state is the overwhelming participation of women in the programme. The share of women in the number of person days generated is 86.9 percent in the state. This could well be one of the biggest votaries in support of the programme as the wages in the hands of the women get translated into useful investments in the form of education for the children and asset creation for the household.

Mukherjee and Sinha (2011)\textsuperscript{80} find that in case of the labour surplus economy, the impact of MGNREGA depends on the relative magnitude of MGNREGA work and the amount of surplus labour in the economy. If the amount of MGNREGA work is below the surplus labour available in each poor household then there would be no impact of MGNREGA work on the employment decision for their own cultivation and the decision to supply labour for the rich households. As a result of MGNREGA work, the level of outputs in both rich and poor households remains the same but the MGNREGA work would increase the income of the poor households. This prediction
is based on the presumption that that MGNREGA work of 100 labour days does not still allow the poor household to reach their target level of income. If the amount of MGNREGA works available is more than the surplus labour available in each poor household then there would be some change in the employment decision of the poor households and the analysis is similar to what is given below for any economy with or without surplus labour. This additional demand from MGNREGA work would reduce the supply of labour to the rich households.

1.3 Objectives of the Study:

The National Rural Employment Guarantee Act is an epoch making event in the history of Independent India. It has been hailed as a landmark initiative to alleviate poverty and guarantees wage employment in an unprecedented scale. It has given people a right to work, to re-establish the dignity of labour, to ensure people’s economic and democratic rights and entitlements, to create labour intensive infrastructure and assets, and to build the human resource base of our country. The significance of MGNREGA lies in the fact that it creates a right-based framework for wage employment programmes and makes the government legally accountable for providing employment to those who ask for it. In this way, the legislation goes beyond providing a social safety net towards guaranteeing the right to employment.

The study aims at analyzing the performance of MGNREGS in the state of Kerala encompassing all its essential aspects. More specifically, the study aims at assessing impact of the scheme on selected variables, and ascertaining the limitations and constrains faced by the functionaries in the implementation of the scheme. The study entitled “Performance Evaluation of MGNREGS in the State of Kerala” has following objectives:

1. To examine the systems and processes of MGNREGS implementation in the state of Kerala;
2. To identify the factors which determine the participation of people in the scheme which may promote or hinder for its better implementation in the state of Kerala;
3. To make a fairly thorough review of the existing literature on the subject and to perform a statistical analysis of available secondary data to analyze the
performance of the scheme in terms of its employment generation, financial
performance and asset creation;
4. To perform statistical analysis of collected primary household level data to
bring out the performance and progress of MGNREGS, and also to perform an
impact analysis of MGNREGS in terms of the perceptions of sample
households;
5. To bring out important lessons out of field level observations, interactions and
experiences, which can be used to evolve a more effective institutional and
operational structure not only to add value to the MGNREGS process, but also
to improve the capability of the village system in terms of delivery; and
6. To put forward suggestions and recommendations for improving the efficacy
and effectiveness of the scheme and its successful execution.

1.4 Hypotheses:
   i. MGNREGS does not reach to the poor people in the rural areas;
   ii. Participation of people in MGNREGS is not determined by any factors;
   iii. MGNREGS does not make any significant impact on socio-economic changes
        in the rural economy;
   iv. The performance of MGNREGS is not satisfactory and up to the mark.

1.5 Sources of Data and Methodology Used:

Both types of data i.e., primary and secondary, have been collected for the
purpose of this study. While the primary data have been collected through direct
personal interview schedules, Focus Group Discussions (FGDs), and other
participatory approaches involving workers, non-workers, Grama Panchayat
representatives, district, block and Grama Panchayat (GP) level officials, etc. The
secondary data have been collected from the documented official records i.e., from
the websites of the Ministry of Rural Development, Government of India, Block
Development Offices, and Grama Panchayat Offices etc... In most of the Grama
Panchayat, MGNREGS staff was able to provide the required details. Besides this the
relevant data have been collected from Economic Survey, Government of India,
Government of Kerala, Economic Review, Annual Reports of MGNREGS, various
studies and reports undertaken by researchers in the relevant field, Annual Reports of
the Department of Rural Development, Reports of various institutes of rural
development etc. Both kinds of information viz., quantitative and qualitative, were gathered in order to supplement the information.

The methodology used for evaluating MGNREGS is based on different statistical tools. In order to study the year-wise growth in the variables, percentage growth rates, simple average and percentage have been calculated. It is a simple measure to get a look at the year-wise increase and decrease in the variables under study. The formula used is current year value minus last year's value, the whole divided by the last year's value. The compound annual growth rate (CAGR) is used to calculate the growth over the period of time. The CAGR is a number that represents a steady level of growth from the initial value to an ending value as it determines the average of year to year growth rate for time series data. In addition, averages, standard deviation and coefficient of variation have also been used to analyse different variables to get meaningful results.

For determining various factors which affect the participation of people under MGNREGS, we have applied binary Logit regression model where the dependent variable is in binary form and simple regression model. This study has been conducted by using NSSO data (66th round socio-economic survey data) which have been collected during July 2009- June 2010 (Schedule 10: Employment and Unemployment). The study includes fourteen districts of Kerala by taking various numbers of observations from different districts with total observations of 2606. Specifically, we tried to identify various factors pertaining to household characteristics and factors that either promote or hinder household participation in MGNREGS. The Logit regression model was fitted to assess the influence of various predictor variables on the participation in MGNREGA by taking two dependent variables such as accesses of job card and demand for job as a binary outcome variable at household level. For OLS regression analysis at household level, number of days per household worked in MGNREGS was taken as the dependent variables. The household level factors identities, namely, occupation and caste/religious identity, sex, age, educational level of the household head, marital status and the amount of land possessed are used. People who are engaged in low paid wage labour, the backward caste SCs and STs, the illiterates, unskilled labours and those who are living in mud or kaccha houses and the landless labours or less land holders are expected to participate MGNREGS in large numbers and also expected that they will utilize maximum number of employment days under MGNREGS. It is useful to
assess how household level vulnerable aspects such as low economic status, women in need of work, households with food inadequacy and members of family, impact MGNREGS utilization. Standard statistical tools & software such as STATA were used for the purpose of statistical analysis.

For econometric model specification we have taken three dimensions (dependent variable) which are as follows:

I. Determinants of access to job cards;

II. Determinants of demand for MGNREGS Job; and

III. Determinants of person days of work under MGNREGS.

The econometric model including above three parameters is given as:

\[
\text{Logit} \left( \frac{E \left[ Y_i \mid x_{1_i}, \ldots, x_{m_i} \right]}{1 - \text{Logit} \left( P_i \right)} \right) = \ln \left( \frac{P_i}{1 - P_i} \right) = \beta_0 + \beta_1 x_{1_i} + \beta_2 x_{2_i} + \ldots + \beta_m x_{m_i}
\]

We have also constructed the Index of Banking Inclusion (IBI) where several indicators have been used to assess the extent of banking inclusion through the implementation of MGNREGS. The most commonly used indicator is availability of banking services (D_1), banking penetration (D_2) and banking disbursement (D_3). Availability of services can be indicated by the number of bank where MGNREGS wage transactions are taken place to measure the availability dimension. Banking penetration indicates number of MGNREGS workers who have bank accounts in a particular bank. The banking disbursement includes the amount of MGNREGS wage disbursed through the bank account. A comprehensive measure of banking inclusion should be able to incorporate information on several aspects (dimensions) of banking inclusion, preferably in one single number. Such a measure can be used to compare the levels of banking inclusion across economies and across states/provinces within countries at a particular time point.

The proposed IBI takes values between 0 and 1, zero indicating lowest banking inclusion (complete banking exclusion) and 1 indicating complete banking inclusion. Such an index, in our view, will be most useful for policy makers and academic researchers. The dimension index for the i^{th} dimension, D_i, is computed by the following formula.

\[
D_i = \frac{A_i - m_i}{M_i - m_i}
\]

(1)
interview among various groups of people in villages and government official transect walk to MGNREGS worksite etc. were used to gather information on various aspects of MGNREGS implementation. 20 Panchayat from 10 blocks from 5 districts were selected, surveyed, studied. The socio-economic context in which MGNREGA is being implemented; district administrative setup, processes and procedures were analyzed to identify the efficient management practices, procedures, processes, factors that have contributed to the good performance and factors that have resulted in limited performance. Dialogue with state government officials was also made to suggest remedial action and future interventions. All collected data and information were coded, tabulated, consolidated, cross-checked and entered in appropriate data entry formats and provided on tables/figures in the report for reference and converted into meaningful tables. Standard statistical tools & software such as Excel and SPSS were used for the purpose of statistical analysis. Simple tables using absolute numbers, percentages, and averages techniques were formulated. Various types of graphs and diagrams were also used extensively in order to make comparisons much more visible and simple manner. Appropriate hypothesis testing will also be carried out in the study. The questions schedules for collecting primary data were aimed at collecting information on the factors contributing to the implementation and its various provisions and performance criterion and impact of the scheme. The information collected is grouped in to following namely: awareness about provisions, registration and job card, employment, wage payment, banking related aspects, migration, impact and its performance. These questionnaires are given in Annexure I. The schedules were pre-tested before initiating field survey in the selected districts so as to check the reliability, accuracy and effectiveness of these instruments in capturing the required primary data.

1.6 Scheme of the Study:

The whole study is organized into seven chapters. First chapter introduces the main theme of the study, explaining about statement of the problem along with review of literature, objectives of the study, sources of data and methodology used, and limitations of the study. It is an introductory chapter of the study.

Second chapter presents an overview of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and its objectives and features, implementation and monitoring process and its economic impact on the country.
Where

\[ A_i = \text{Actual value of dimension } i \]

\[ m_i = \text{minimum value of dimension } i \]

\[ M_i = \text{maximum value of dimension } i \]

Thus, considering the above three dimensions – number of banks, number of bank accounts under MGNREGS and amount of wage disbursed through banks, we can represent a state \( i \) by a point \( (D_1, D_2, D_3) \) in the three dimensional Cartesian space, such that \( 0 < D_1, D_2, D_3 < 1 \), where \( d_1, d_2 \) and \( d_3 \) denote the dimension indexes for state \( i \) computed using above formula. In the three dimensional Cartesian space, the point \( (0,0,0) \) will indicate the worst situation (complete Banking exclusion) and the point \( (1,1,1) \) will indicate the best or ideal situation (complete Banking inclusion). The IBI for the state \( i \) is measured by the normalized inverse Euclidean distance of the point \( (D_1, D_2, D_3) \) from the ideal point \( (1,1,1) \). Algebraically,

\[ \text{IBI} = 1 - \sqrt{(1 - D_1)^2 + (1 - D_2)^2 + (1 - D_3)^2} / 3 \] (2)

Using data on all three dimensions for 14 districts for the year 2010-11, IBI values have been computed. Depending on the value of IBI, countries are categorized into three categories, viz…

- \( 0.5 < \text{IBI} < 1 \) - high banking inclusion
- \( 0.3 < \text{IBI} < 0.5 \) - medium banking inclusion
- \( 0.0 < \text{IBI} < 0.3 \) - low banking inclusion

Adequate, appropriate and comparable data for a large number of years and for a large number of states and districts is the essence of a robust IBI. Owing to lack of appropriate data, we are unable to incorporate many aspects of an inclusive banking system in our present index, such as affordability, timeliness and quality of the financial services.

The collection of primary data from five districts of Kerala namely Palakkad, Wayanad, Idukki, Malappuram and Alappuzha was carried out in October 2012–February 2013; therefore, the reference period for the survey is from second week of October 2012 to the last week of February 2013. A comprehensive analysis of information provided by the beneficiaries and government officials were made. Both quantitative and qualitative methods were used to gather primary data. Quantitative techniques include set of structured questionnaires that were administered to beneficiaries. Qualitative methods such as field observation, FGD, telephone...
Finally, it deals with the comparison between MGNREGS and early employment policies and programmes in the country.

Third chapter explains the MGNREGS and Kerala economy where we are dealing with economic features of Kerala, problem of unemployment especially educated unemployment and migration. It also deals with MGNREGS in Kerala, its implementation mechanism and its function, Kudumbashree (women-oriented poverty alleviation programme) and its role in programme implementation and creating awareness among people especially among women has also discussed in the chapter.

Fourth chapter deals with the determinants of performance of MGNREGS in the state of Kerala. The analysis is based upon household level data for which advanced econometric analysis like logit and simple regression model have been applied to find out what characteristics encourage households to reach out for MGNREGS and what are the factors determining the implementation performance of this scheme. Our study is based on NSSO data (66th round socio-economic survey data) collected during 2009-10. The household level factors identities, namely, occupation and caste/religious identity, sex, age, educational level of the household head, marital status, and the amount of land possessed are used.

Fifth chapter analyses the performance of implementation of MGNREGS by using the secondary data published in the official website of MGNREGS. In order to understand the status of implementation of MGNREGA nationally and in the state of Kerala in particular, an analysis of some of the key performance indicators on MGNREGA for major states and Kerala has been undertaken for consideration like employment status, financial performance and asset creation.

Sixth chapter evaluates the performance of MGNREGS by using the primary data which is collected from direct personal interview schedules and focus group discussion in the state of Kerala. For this we collected information from 400 beneficiaries of 20 Panchayats of five districts of Kerala out of 14 districts. The key indicators used to collect information are awareness about scheme, registration and job card, employment status, wage payment system, bank related information, migration, its impact on various development indicators and its performance.

Chapter seventh of the thesis provides summary of findings, policy recommendations for correction and success and improvement of MGNERGS in the country in general, Kerala in particular.
1.7 Limitations of the Study:

i. The official government data available on the official website of MGNREGS was not updated and eliminated or unavailable some earlier data of programme implementation.

ii. There have been two types of data available on official website of MGNREGS namely Management Information System (MIS) and Delivery Management Unit (DMU). The significant difference has been reported between the data entered by MIS and DMU which made some type of confusions which data has been applied. We have used DMU data in our study because of its scope.

iii. It was difficult to gather any data from the state officials other than what was available from the website. Officials felt that all the relevant information was available on the website even though this was not the case.

iv. The field survey has been undertaken and samples are drawn from only five districts namely Palakkad, Wayanad, Malappuram, Alappuzha and Idukki and from each district selected two blocks and from each block two Panchayats was selected and which has been considered as representatives of universe in the state of Kerala.

v. The major limitation of the study is that the samples have been drawn from approachable universe. Therefore, it does not contain any brief on the population living in the remote villages where one needs to track for one to two days by negotiating hill tops and valleys in order to approach them. Therefore, the study cannot infer and recommend specifically for that group of population.
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