CHAPTER - II
LITERATURE REVIEW;
THEORETICAL AND EMPIRICAL
PERSPECTIVE
2.1 Introduction

MGNREGA has attracted a considerable amount of national and international academic interest because of its size and its implications for rural India. The scheme has systematic approach with regard to the issue of job cards to the rural worker households, identification of works, executions of works, payment of wages in time, maintenance of transparency and accountability norms. The success of this programme is strongly believed to depend on community mobilization and their participation, strength of PRIs and monitoring mechanisms adopted by the Central and State Governments.

As per the Planning Commission statistics, Agriculture employment growth rate of 0.40 per cent during 1993-94 to 2004-05 and that of rural non-agriculture employment growth rate of 3.52 during the same period indicates that the rural areas did not provide adequate opportunities for the population. Hence a scheme like MGNREGS has a great potential to fill this gap (Kareemulla et al 2010). MGNREGA is symptomatic of fact, that some studies have endorsed it on the ground realities that it will transform the lives of the poor and empower them while other studies are critical of the nationwide employment programme.

Building on lessons from a long tradition of food-for-work schemes (Dutta et al. 2012b; Subbarao 1997), NREGS features important innovations (Khera and Nayak 2009). First, it establishes a legal right for households to be employed for up to 100 days per year; in fact, individuals who apply but do not receive work within a period of two weeks are entitled to unemployment compensation. Second, the minimum wage rate, set at the state level, applies both to males and females, making the program particularly attractive to women, who normally receive significantly lower wages than men (Deininger, Jin, and Nagarajan 2013). Amenities such as crèches, which by law must be provided at the work sites to encourage women’s participation, can also be expected to reduce gender discrimination. Third, to improve the productive capacity of rural areas in the long term and thus make the program sustainable, there is a desire to focus work on productive infrastructure such as irrigation systems, minor roads, and land improvement.
In light of the MGNREGA’s size and importance, a large literature aims to assess the impacts of MGNREGS. Descriptive evidence suggests that the quality of program implementation varied across states (Liu and Barrett 2013) but that the program seems to have allowed households to mitigate the impacts of consumption shocks (Coffey, Papp, and Spears 2011), for example, due to variations in rainfall, and deal with large and covariant swings in asset prices (Johnson 2009). As it provides a larger relative wage increase for females than for males, it is not too surprising to see positive program impacts on females at the descriptive level, with knock-on effects on their offspring (Dev 2011).

Reviews of the program found that many job seekers were unable to obtain the desired level of work, at least initially (Dutta et al. 2012b). Local decisionmakers were found to use NREGS strategically to maximize rents (Niehaus and Sukhtankar 2012), consistent with the wide variation in quality and transparency of implementation across the country.

This chapter is organised as follows. The second section reviews various rural employment theories. In the third section a review of some of the recent important studies relating MGNREGA across the country was done. Studies on awareness levels of community, process, performance and challenges in implementation, institutional arrangements made in different states for implementation of MGNREGS, performance of MGNREGS in different states, impact of MGNREGS on the lives of the poor especially marginalized sections, impact on food security, changing migration pattern and effectiveness social audits and other transparency mechanisms under MGNREGS were reviewed are presented briefly below in a systematic order. The review of literature helped in understanding the entire process of MGNREGS planning and implementation related issues. The Section 4 summarizes and concludes.

2.2. Rural Employment Theories
Several studies provide ample evidence that despite a modest overall performance by the Indian economy during the past one and a half decades, the extent to which economic progress has translated into increased labour earnings and, consequently,
poverty reduction, has been rather disappointing (Bhalla, 2002; Ghosh, 2004; Kijima and Lanjouw, 2005). Much of this concern arises in relation to the rural workforce, which accounts for 75 per cent of the total workforce in India (Sen and Ghosh, 1993; Nayyar, 1993; Bhalla, 1998; Sen, 1998). Accordingly, slow growth in labour earnings is one of the major reasons for the slower decline in poverty, particularly in the rural areas in the late 1990s and early 2000s (Sen, 1998; Bhalla, 2002; Deaton and Dreze, 2002).

The level of earnings and wages of a workforce is considered a robust indicator of the livelihood status of the population. Though in a general neo-classical framework, the level of wages and earnings of the workforce is determined by demand for and supply of labour, in developing countries, this is affected largely by strict labour market dualism (Heckman and Hotz, 1986) and strong entry barriers across different segments of the labour market. The Lewisian model of labour market dualism considers the coexistence of traditional and modern sectors of employment as largely explaining the wage differentials in a developing economy. In India, the labour market dualism has been documented widely in terms of formal-informal, employment status of workers, occupation types, sectors of employment, states and regions, etc. (Sen, 1994; Unni, 2001; Tendulkar, 2003; Das, 2003). Accordingly, wages and earnings of workers differ across different segments of the labour market (Sen, 1998).

Among poor people, there are some whose economic suffering is largely based on lack of employment opportunities. Ready, willing, and able to work, they simply cannot find a job. There is substantial debate as to why this is the case. In effect the reasons are multidimensional and they can be traced to specificities of sectoral growth patterns; inadequate levels of investment; low employment intensity of investment; international or national institutional arrangements; integration difficulties of specific groups within the population; severe inequalities in access to resources; contractionary macroeconomic fiscal stance; rural seasonal unemployment; and the precarious nature of self-employment (Islam 2006, Cornia 2004, Milanovic 2003).

As Devereux (2006) pointed out, the effect of public employment programmes on poverty reduction is “directly proportional to the scale of the programme (the number
and duration of jobs provided), the proportion of the budget allocated to labour costs (also known as the ‘alpha-ratio’), and the level of income transferred (the wage rate).” However, this presents policy makers with a difficult trade-off. At the household level, “tiny transfers equal tiny impacts, but moderate transfers can have major impacts” (Devereux 2002b: 672).

Tinbergen also saw employment guarantee programmes that made ‘strategic use of surplus labour to promote economic growth in developing countries’ (Tinbergen 1994). It is now widely accepted that under these programmes, surplus labour can generate productive assets that expand employment avenues in the mainstream economy to divert the surplus labour to the mainstream economy gradually. In other words, employment guarantee programmes are transitional programmes that contribute towards transforming a labour surplus economy into a full employment economy in the long run.

Employment programmes typically try to cover large numbers of poor people, at a wage that will facilitate self-targeting without distortion of the labour market. In some instances, though, this has meant that incomes generated under the programmes were insufficient to cover the basic needs of the beneficiaries (ESCAP, 2002/03). Such programmes also need to be combined with other social protection measures.

Basu et al (2009) argue 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 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 – concerns expressed by Shah, 2008), private farming sector productivity (concerns expressed about the possible negative impact on private sector production if minimum wage offered under NREGS 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.

Historically speaking, public employment programmes started as relief works to provide employment and wages to people affected by disasters like droughts, floods etc. Over the years, however, they were seen as an instrument of using surplus labour for generating capital goods for increasing labour absorbing capacity of the mainstream economy (Nurkse 1957).

It needs to be noted that wage employment programmes in general have come a long way from their historical origin as relief works organized for the poor in emergency situations caused by natural disasters or economic depressions and crisis. These programmes are also not seen merely as an instrument of consumption smoothing that helps the poor some support in the lean season of the year. In fact, these programmes are now recognized in the literature as a modern instrument of general development policy, as they have shown tremendous potential to alleviate poverty as part of mainstream economic strategy (Tinbergen 1994). That is, these programmes have emerged as a tool that promotes strategic use of surplus manpower for promoting pro poor growth leading to sustainable development (Ibid 1994).

Employment guarantee programmes will generate massive purchasing power in the economy, and this will raise the aggregate demand in the economy. Since the deficiency in the aggregate demand is a constraint to economic growth under the neo-liberal policies in most developing economies, including India, employment guarantee schemes can address this deficiency adequately. In this sense a guarantee programme can give a fresh doze to revitalize the economy. (Hirway 2005).

Basu et al. (2009) analysed labour market implications of Government Employment Guarantee Scheme (EGS) and found that the EGS can potentially serve two distinct types of purposes (a) to enhance efficiency in labour markets and (b) to alleviate poverty by employing workers otherwise left out of the labour market.

Lal Radhika (2010) explored how an EGS approach could be a justified and useful policy tool, in combination with social protection, an approach to employment and to
make labour markets function more effectively. The author argued that Poverty Eradication Programmes (PEPs) can be complementary to other types of social protection and assistance programmes that seek to smoothen consumption, foster investment in human capital, and help to reduce inequality and mitigate vulnerability. The intention of PEPs is not only to combat rising unemployment during crisis, but also to contribute to decent work and with high-quality assets and public services.

The Maharashtra Employment Guarantee Scheme (MEGS), the largest state sponsored public works program to alleviate poverty, which came into effect from January 1979, acted as a prelude to National Rural Employment Guarantee Scheme (NREGS). Shah (2008) has highlighted the achievements as MEGS succeeded in reducing “severity of poverty by augmenting the incomes of the poor, it seems to have led to an 18% increase in agricultural wage rate for three important reasons: first, increased demand for labor resulting from increased land productivity; second, higher reservation wage due to off-season employment opportunity, and; third, increased collective bargaining power.

The MGNREGA, as it stands, eliminates explicitly two important criteria inherent in Employment Guarantee Schemes (EGS), particularly those that have been instituted in the State of Maharashtra: (i) public works programmes should not compete with agricultural labour hiring decisions and (ii) public works programmes should generate a productive asset that directly impacts agricultural productivity (Basu 2005). However, with most of Indian agriculture characterized by seasonality; a slack/lean season when agricultural labour demand is low and a peak/harvest season when labour demand is high; it can be reasonably assumed that the public employment, guaranteed for at least 100 days, will be instituted during the lean season when the rural labour force is most vulnerable. By removing the constraint that productive assets must be created to impact agricultural productivity, the NREGA allows for a certain leeway regarding the location of public works programmes.

The employment guarantee act, which is a clear improvement over the earlier programmes, now offers a fresh opportunity to reverse these trends and to rejuvenate the rural economy. Strengthening of the planning component under its implementation is therefore critical for the country. Several scholars have tried to look
into the implementation aspects of MGNREGA since the launching of MGNREGA viz., rural wage formation and its consolidation processes, attendance of labour in public and private works and shortage of labour in private works and the impact of MGNREGA on agricultural productivity, rural-urban migration, rural poverty, etc.

Harsha A (2010) based on a field study, argued that MGNREGA cannot be a long-term solution to the unemployment problem of rural India. A comprehensive and a more sustainable solution that creates large-scale self-employment opportunities in the secondary and tertiary sectors in the rural areas that stimulates demand and increases rural productivity are still need to be found.

2.3 Thematic Review of Literature on MGNREGA

A number of major studies relating to border theoretical and empirical on various aspects of MGNREGA are presented below:

2.3.1 Studies relating to Awareness, Process, Performance and Challenges

Centre for Budget & Governance Accountability (CBGA) (2006) conducted the survey in AP, Chhattisgarh, MP and Jharkhand about MGNREGA and reported that awareness levels were higher in AP (97.5%) followed by Chhattisgarh (69%), MP (45%) and Jharkhand (29%). Non-payment of unemployment allowances, presence of invisible workers, difficult in completion of given task under piece rate system were some of the challenges observed in the study.

Ghosh P (2006) opined that the success of the scheme could be assured if the responsibility of implementation is given to the elected representatives i.e., the Panchayats and not the Block Development Officer or Gram Sevaks. Generally, in strong PRI system, the BDOs and Gram Sevaks work under the control of PRIs only.

Shah, M (2007) opined that NREGA has the potential to provide “big push” in India’s regions of distress. To realise MGNREGS potential the role of civil society organisations is crucial. He also opined that MGNREGS calls for a new self-critical politics of fortitude, balance and restraint.
The **CAG report (2007)** on “Performance Audit of Implementation of National Rural Employment Guarantee Act, 2005 has come with many lapses in implementation MGNREGA. It summarises lack of adequate administrative and technical manpower at the block and GP level; Systems for financial management and tracking were deficient, with numerous instances of diversion / misutilisation, delay in transfer of state share, delay in wage payments, non-existence of works etc.

**Dre’ze and Christian Oldiges (2007)** based on the official data, estimated that, the employment generated under MGNREGA (90 crore person days during 2006-07) was much more than the employment generated in earlier years under NFFWP and SGRY. They also opined that the women participation in MGNREGS brings social change. The authors expressed the view that MGNREGA has shown greater economic security and its implementation has led to rise of agricultural wages, slowing down of migration, creation of productive assets and women having more economic independence, changing power equations and so on. They concluded that the Southern state and Western states did better than most of the Northern states.

**Dev Mahendra S (2007)** reported that initial reports on the working of MGNREGS have been positive although there were problems at the ground level. MGNREGS was relatively better implemented in Andhra Pradesh because of tracking the progress with IT, social audit, involvement post-office etc. He suggested that the delivery systems in all the direct programmes can be improved with the new approach of participatory development, social mobilization, Right to Information, involvement of the civil societies and Panchayati Raj Institutions. The author viewed that if there is political will, it is possible to implement MGNREGS effectively with the new approach.

**Hanumantha Rao and Durga Prasad (2008)** based on the survey results of 10 states describes that the backward states like Bihar and Uttar Pradesh which together account for 37 percent of rural poor have not gained adequately from MGNREGS whereas Chhattisgarh and Madhya Pradesh could take full advantage of MGNREGS to enhance livelihood security. In Andhra Pradesh, the SCs’ & STs’ share in employment was very low and in fact OBC households have availed of more employment through MGNREGA. In respect of wage income, the differences in
minimum wages and low turnout under the piece rate system were responsible for the variations in average wage incomes. The Poverty Gap Index (PGI), with and without MGNREGS, points out that most of the worker households were closer the poverty line after participation in MGNREGA. The impact of quality of assets created, increase in wages of unskilled workers in other activities would determine the likely flow of benefits in reducing rural poverty. The paper concludes that MGNREGA is moving in a positive and significant direction and yet to become a demand driven one.

Pramathesh A, Shankar and M. Shah (2008) reported some of the lacunae in implementation of NREGA such as under staffing or lack of exclusive MGNREGS staff at lower level, top –down approach in planning, deployment of old SoRs resulted in varying combination of malpractices.

Jha, Gaiha R and S. Sankar (2008) assessed cost effectiveness of social safety in by using econometric exercises and analysed the participation of landless, small and marginal farmers and medium farmers. The results were contrary to the findings of CAG (2007) and others. They reported that the share of participation of households that worked for 90 days or more in 2007 was a little over one-fifth. The agriculture labour and self-employed in non-agriculture relied on the NREGS to supplement their incomes whereas for the workers of other labour and self-employed in agriculture categories, NREGS has become the mainstay of their income. NREGS seems to have been well targeted by asset class as landless labour participation was higher and for long durations. The proportion of ST participation was the highest but the number of days worked was the highest among ‘others’. The performance of NREGS was uniformly not successful in various states and validated the optimism of Dreze (2007) and Roy et al (2008).

Siddhartha and Vanaik (2008): The authors criticised the way that the CAG has done the audit as it does not explore the impact of MGNREGA on lives of workers, quality of assets created, impact on poverty, women empowerment, or agricultural productivity; They also observed that the CAG has not taken into consideration of the state specific MGNREGS circulars and orders. The authors viewed that the CAG averages reflected from extremely different regions with uneven performance of
MGNREGS and hence, these averages should not be treated as benchmarks for judging the performance and viability of programme in a specific state.

**Planning Commission (2008)** has conducted a survey in 20 states to study the impact of MGNREGA. The results showed a shift of low income groups (about 50%) towards high income category, significant increase in the expenditure of food and non-food items (6%) and change in the expenditure pattern, procurement of livestock (68%) and household articles (42%) and initiation of savings for the first time (2%), clearing of outstanding loans (1/5th of sample households) were some of the positive impacts of MGNREGA on rural households. It was also reported the non-provision of employment within stipulated timeframe (80%) and non-payment of unemployment allowances, the utilization of small portion of households for more than 35 days of work and existence of distress migration in sample villages as asserted respondents.

**Dre’ze (2009)** noticed prolonged delays in wage payment and hurdles for delays. The delay in work measurements, flow of funds, irresponsible record keeping etc; were observed. In addition to these, sudden switching to bank payments led to ‘jam’ in banking system and reluctance of government functionaries also contributed to the delays. He commented that the answer shown by centre to the problem of delay payment was ‘Business Correspondent (BC)’ model – which has little to do with delays. He also suggested the replacement of piece-wage rate with daily wage in drought affected areas and revoking of the Section 25 of MGNREGA to ensure transparency.

**Johnson D (2009)** reported that MGNREGA doesn’t just provide money to poor households; it provides money when they most need it, further author suggested that if households are able to use MGNREGA as an ex-post substitute for formal weather insurance, then they may able to shift away from investments in low-risk, low-return assets to higher-risk and higher return assets.

**IHD (2009)** conducted study in three states viz., Andhra Pradesh, Bihar and Rajasthan and concluded that regional variations in scheme performance were attributed to differential institutional and delivery capacities of the local level bureaucracy and
PRIs, mobilization of civil society, administrative preparedness of the state and political will. Simultaneously, institutional and knowledge gaps were observed in terms of procedural lapses, lack of awareness at different levels, operational deficiencies such as lack of guidelines to undertake works, varying interpretations of rules and procedures and missing institutional capacities at all levels.

**Dre’ze and Khera (2009)** on the basis of a field survey conducted in six states of North India revealed that most of the MGNREGA workers belong to the most disadvantaged sections of society. About 98 per cent of the sample workers stated that they were ready to work for 100 days in the year signifies the massive demand for work. The survey also showed that awareness levels among MGNREGA workers are still very low. The potential value of the MGNREGA as a lifeline for 69 per cent of the rural poor is observed, however, inadequate shelf of works, delays in wage payments, lack of basic worksite facilities were observed. Behind these failures, existence deep structural problems, including poor flow of funds, staff shortage, flawed record-keeping, and the lack of grievance redressal mechanism were cited. The survey also found the involvement of contractors in 27 per cent of sample worksites.

**Jha et al (2009)** find 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 Andhra Pradesh 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 Andhra Pradesh. 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.

**Shah M (2009)** briefed that MGNREGA will stimulate demand as it provides money in the hands of rural poor who have the highest marginal propensity to consume (MPC). In this way it will stimulate production of goods, income and create demand.
in the economy. A mutually reinforcing the relationship between investment and income catalysed by MGNREGA as the workers rebuild the small farms and give them a chance to return to full-time farming which in turn spurs further investment. Author suggested the convergence of MGNREGA with other rural livelihood programmes and creation of cadre of dedicated executive agencies to carry this momentum forward in a positive upward spiral where it will become broad based the growth process.

The Study entitled “Quick Appraisal of Mahatma Gandhi NREGA in Andhra Pradesh” in Adilabad, Guntur and Anatapur district by Administrative Staff College (2009) of India, has found increase of attendance in the meeting, participation of women, SCs and STs have shown positive changes with the implementation of the Mahatma Gandhi NREGA.

The study entitled, “Socio-Economic Impacts of Implementation of Mahatma Gandhi NREGA” by Council for Social Development (2010), has noted increase in the frequency of Gram Sabha meeting in most places in the post-Mahatma Gandhi NREGA situation. There has been a significant improvement in the participation of women in almost all the places.

Hirway I, Saluja M and Yadav B (2010) analysed the multiplier multiple impacts of MGNREGA through a village level Social Accounting Matrix (SAM) model and concluded that if MGNREGA is undertaken on a scale and implemented well it can reduce poverty at the bottom as well as empower the poor in short run. The multiplier analysis has demonstrated the positive impact of NREGS on incomes, production and employment in Nan Kotda village.

Khera R (2010) observed long delays in the process of preparation of pay orders and payment of wages. However, the weekly payment schedule in Andhra Pradesh which reduced the significant delays in wage payment despite substantial scale of MGNREGS in the state.

Chandra Nayak et al (2010) stated that, women are more likely to show interest in MGNREGS works and households belonging to SC - has turned out to be positively
and significantly (at the level of 5%) related to the demand for MGNREGS jobs. The authors elucidated the awareness level is found to be somewhat mixed and positively related to access to job cards and per capita landholding size. As perceived by the respondents, there is a considerable increase in employment opportunities and substantial reduction in forced migration. The works selected under the MGNREGS generally helped in creating tangible assets for the community as a whole in addition to generation of necessary employment opportunities.

Leelavathi and Hanumantha Rao (2010) based on the field survey results of 2006-07 in four districts of Andhra Pradesh, estimated the performance MGNREGS-A.P with 23 indicators. Inter district variations were observed in terms of performance. The overall effectiveness score was 43.68 per cent and termed the performance of MGNREGS in Andhra Pradesh as moderate.

Kamath (2010) analysed the design and implementation of MGNREGA and found that, in spite of legal social and livelihood security framework, lack of effective decentralisation and participation of village communities in planning and implementation of shelf of works under MGNREGA has impacted the programme spread and outreach. Analysing the NSS 62nd round of employment and unemployment data, the author argued for a close alignment of agriculture, its seasonal operation with MGNREGA work planning to ensure participation of vast underemployed and casually employed in rural areas.

As per the study on “Impact Assessment of NREGA and Evaluation of System and Process in the State of Karnataka” by the STEM (2011) covering five districts viz., Bidar, Chitradurga, Davangere, Gulbarga and Raichur, it has been observed that there is delay in payment, lack of technical personal with the implementing agencies, lack of staff for supervision, not giving adequate training, ineffective involvement of NGOs, insufficient awareness among villagers and untrained representatives. The case studies also indicated lack of publicity and awareness, violation of guidelines, Gram Sabha meeting, unscientific way of preparation of plans, lack of technical and administrative staff etc. in few districts.
An emphasis on promoting self-help groups among poor women that started in the late 1990s is likely to have allowed Andhra Pradesh a head start in implementing NREGS. Strong self-help group coverage, a federated structure, and various efforts to promote convergence with local government (Deininger and Liu 2013) allowed quick mobilization of the target group once NREGS became effective. Importantly, all self-help groups had elaborated “livelihood plans” to identify opportunities for small-scale labor-intensive investment that could be used as the starting point for a list of projects to be implemented under the program.

2.3.2 Studies relating to overall Impact of MGNREGA on participants

Jayati Ghosh (2008) opined that MGNREGA is actually far from being an expensive failure; it will prove to be an extremely cost-effective way of increasing employment directly and indirectly, reviving the rural economy, providing basic consumption stability to poor households and improving the bargaining power of rural workers.

A relatively high share of MGNREGA income to the total income (about 8 per cent of the total annual income of the households in Bihar and to about 2 per cent in Jharkhand) of the beneficiary households despite the low number of employment days in Bihar (and also in Jharkhand) was because of the very low income base of the households. The beneficiaries in both the states used their MGNREGA earnings for food and daily consumption items (Ashok K. Pankaj, 2008).

Institute of Human Development’s (2008) study has noted that the earning from MGNREGA has contributed 8 percent of the total income of the household in Bihar and about 2.41 percent of the total annual income of a household in Jharkhand. It has contributed more to the income of the SCs (11%), OBC (9%) and marginal landholders (8%). In both the State (Bihar and Jharkhand) Beneficiaries have spent a substantial part of their earning on food and daily consumption items, health, social ceremonies and education of the children. Debt repayment has also been formed as a component of expenditure from MGNREGA earning.

A Study by Indian Institute of Management Shillong (2009) on the implementation of MGNREGA in six districts has indicated that MGNREGA has sufficiently added to household income of the people who worked/working in MGNREGA. The workers
were of opinion that they have been able to arrange their households’ daily food requirements.

Earnings from MGNREGA are used as a supplementary income source during non-agricultural seasons (Indian Institute of Management, Ahmadabad, 2009)

A “Research study on changing gender relations through MGNREGS” in the States of Andhra Pradesh, Karnataka and Tamil Nadu done by NIRD Hyderabad (2010) stated that MGNREGS” becomes primary source of income for one third of households. Household’s average income has increased significantly in all the three States, according to the study.

The increase in overall employment and wages under MGNREGA has resulted in an increase in household income as compared to pre-MGNREGA (2005–06). In Chhattisgarh, the increase in household income ranged from 23 per cent–160 per cent in Jharkhand it ranged from 60 per cent–70 per cent and in Odisha it ranged from 30 per cent–40 per cent (Kaustav Banerjee and Partha Saha, 2010).

As per the findings of a panel survey on the Mahatma Gandhi NREGA in Andhra Pradesh, Rajasthan and Madhya Pradesh conducted by the National Sample Survey Organization (NSSO) in 2010-11, MGNREGA ensures works at a time when no other work or alternate employment opportunities (AEOs) exist. The Act has also contributed in ensuring greater food security, increased monthly per capita consumption expenditure, household savings etc.

Based on the survey in 1,500 households in three states, it has been observed that the share of MGNREGA in the income of the poor was the highest in Andhra Pradesh (about 17 per cent). In Rajasthan this share was 10 per cent and in Maharashtra it was 7 per cent (R. Jha, R. Gaiha and M. K. Pandey, 2011).

In Birbhum district of West Bengal, around 17 per cent (out of 96 Job Card holders surveyed) of the rural households used MGNREGA income to run, expand or start a rural business (S. Mangatter, 2011)
A study entitled as “NREGA process and practices in Andhra Pradesh and Madhya Pradesh: Appraisal cum research study”, by Centre for Educational Research & Development (2011) stated that beneficiaries of the Schemes in both the States reported that the Scheme increase their income by more than one fourth.

Mukherjee D and Uday Bhanu Sinha (2011) have analysed the impact of MGNREGA scheme on (i) rural labour market, (ii) income of the poor households and (iii) overall agricultural production. It is seen that the income from MGNREGA alone can be a substantial part of the target income of the poor. In such a situation, the poor may exhibit a backward bending supply curve of labour which may lead to an aggregate reduction in agricultural output. This adverse production effect can takes place even when the MGNREGA activities lead to a moderate improvement in agricultural productivity.

N. Pani and C. Iyer (2011): A study conducted in Karnataka in 2010–11, shows that the multiplier effects of expenditure from MGNREGA are quite significant, ranging from 3.1 in the northwest region to 3.6 in the Malnad and coastal districts of the State. The effect of the multiplier on the rural economy would be influenced by how much of the additional purchasing power generated from a rural employment scheme is spent on items produced in the rural economy. The study found that a greater proportion of the income, from 48 per cent to 66 per cent for men and women, generated from MGNREGA tends to be spent on the rural economy.

Ramachandrudu G and Appa Rao (2011) based on the study in the three mandals of Vizianagaram district, it has been observed that 31 per cent of sample respondents reported negative impact on agriculture because scarcity of labour and higher wage rates. The availability of employment to a worker was about 240 days in year and of which 30 per cent is through MGNREGS work which contributes to 38 per cent of household income during 2009-10. A positive impact on housing condition i.e. conversion of katch house to Pacca house, reduction in migration, procurement of farm assets and household durables was observed. The expenditure on education and health was increased at lower rate than the consumption on food items like the quantities of cereals, vegetables and oil consumed by the respondents due to MGNREGS wages earnings. The authors recommended to provide increased the
number of days of employment under MGNREGS in the districts like Vizianagaram where rain-fed single cropping system is in practice.

There are a number of distinct ways in which MGNREGA is likely to impact poverty, the most direct and obvious way being by providing extra work opportunities and income to the poorest in the rural areas (P. Dutta, R. Murgai, M. Ravallion and M. V. Dominique, 2012).

Ravi and Englär (2012) by using single cross section data containing 1066 households in Medhak district of Andhra Pradesh collected in June 2007 (when MGNREGA was already operational in the district) to implement Propensity Score Matching (PSM) and using subsequent panel data of 320 households (collected in December 2008) to implement a double difference and triple difference, found that MGNREGA significantly increases expenditure on food by 40 percent and non food consumables by 69 percent. They also found that the program improves the probability of holding saving by 9 percent.

M. Ravallion and G. Datt (2012) found that share of MGNREGA income for both male- and female-headed households in Andhra Pradesh is 19 per cent and 16 per cent, respectively. However, in Rajasthan, among female headed households, the share of MGNREGA earnings was found to be nearly 15 per cent of household income; this is slightly higher than twice that in male headed households. Using the same measure, among landless households, the share is 20 per cent in Andhra Pradesh, whereas in Maharashtra and Rajasthan is about 7 per cent.

Works on private lands under the Scheme, has also greatly benefited the marginalized. Since 2006–07, around 10 lakh households have benefited under this category of works. An impact assessment of assets created on individual lands under MGNREGA conducted during 2012-13 by Sambodhi Research and Communications Pvt. Ltd (2012) has, inter alia, found (i) increment in household income (ii) improvement in cropping intensity (iii) positive shift of small and marginal farmers to better remunerative crops (iv) improved quality of assets etc.
As per the **C&AG Report No.5 of 2013** on Performance Audit of Implementation of MGNREGA in Andhra Pradesh during 2009-10 to 2011-12 there has been an improvement in the lives of workers through increase in income, change in expenditure pattern, improved bargaining power accompanied by a reduction in migration to urban areas.

### 2.3.3 Studies relating to MGNREGA and Food security

The Study entitled, “Socio-Economic Impacts of Implementation of Mahatma Gandhi NREGA” by **Council for Social Development (2010)** in tribal areas of Chhattisgarh, Orissa, Jharkhand and Andhra Pradesh has noted that the implementation of the MGNREGA has contributed in increasing the food security of the rural masses and a major portion of increased income earned through MGNREGA was spent on food consumption.

The study entitled “Impact Appraisal Study Mahatma Gandhi NREGA” in Aurangabad and Ahmednagar district, Maharashtra by **Watershed Organisation Trust, (2010)** has found that earning from the MGNREGA have benefited and enabled the lower landholding in meeting their daily food expenses and has ensured food security.

**K. Banerjee and P. Saha (2010)** found that in Chhattisgarh, Jharkhand and Odisha, most sample households reported that had MGNREGA not been implemented in the study areas, most of the households would not have had the capacity to purchase enough foodgrains.

The study entitled “Impact Assessment of Mahatma Gandhi NREGS on Sustainable Asset Creation and Livelihood” conducted by **IDYWC (2010)** in Madhya Pradesh (Chindwara and Balaghat) and Rajasthan (Banswara and Alwar) has indicated positive trends in nutrition and food security. It has helped more than 80% of the households to purchase more nutritional food.

A study of “NREGA process and practices in Andhra Pradesh and Madhya Pradesh: Appraisal cum research study”, by **Centre for Education Research & Development (2010)** found that prospects of earning regular incomes through MGNREGA lead a
perceptible change in the food consumption pattern with more nutritious and balanced food in both States, especially among the tribal groups.

**Liu and Deininger (2010)** found significant impact of MGNREGA participation on calorie consumption, protein intake, and consumption expenditure. Further, they found an impact on consumption which is greater than the direct cash transfer from MGNREGA and concluded that the short term effects of MGNREGA on participating households were positive and greater than the program costs.

Studies on poverty suggest that deprivation across a wide range of nutrients (calories, micro-nutrients, etc.), can lead to a poverty trap where low nutrition leads to low productivity which in turn leads to low wages and then to low nutrition, thus completing a vicious cycle. Depending on how net transfers from MGNREGA are spent, their nutritional implications may be significant *(Jha, Gaiha and Pnadey, 2011).*

**Prattoy Sarkar, Jagdish Kumar and Supriya (2011)** in the study conducted in the Burdwan district of West Bengal, has examined the socio-economic impact of MGNREGA on the rural poor who are mainly comprised of small and marginal farmers & agricultural labourers. It has been found that significant changes have taken place in the socio-economic variables like annual per capita income, monthly per capita food expenditure, annual per child expenditure on education, per capita savings, condition of the dwelling houses, access to healthcare facility and possession of other assets or luxury items for those households which are regularly working in the scheme. According to the value of the socio-economic index prepared, it has been found that in the initial year of implementation (2007-08) of MGNREGA in the study area, 43.9 per cent beneficiary households were in poor socio-economic conditions which have gradually improved in the succeeding years and decreased to 32.9 per cent in 2008-09 and further to 18.3 per cent in 2009-10.

The implementation of MGNREGA is a direct way of increasing income of rural poor and it has been successful in reducing the poverty level by 4 percent. The study has shown that raise in income led to an increase in food consumption level of both cereals and non-cereals –by all the categories of rural households. A diversification in
the dietary pattern of different households has also been observed, which is again a strong indicator of better food consumption. This study is based on the household unit level data from 66th round of NSS pertaining to the year 2009 (Praduman Kumar and P.K. Joshi, 2012).

The impact of MGNREGA on poverty levels of a household is likely to be positive if the increase in income has translated into an increase in expenditure, particularly on food and essential items, of the household. In Andhra Pradesh the MGNREGA has resulted in a significant increase in monthly per capita consumption expenditure of around 10 per cent for households. Expenditure on non-food consumables increased significantly by around 23 per cent. Expenditure on transportation decreased significantly due to the MGNREGA by around 65 per cent. This was most likely because the MGNREGA stipulates that employment be provided within 5 kilometres (kms) of the residence of participants (Engler, M., and S. Ravi, 2012).

Klaus Deininger, Yanyan Liu, (2013) find that the program is well-targeted in Andhra Pradesh and has had impacts higher than the amount of the program’s direct cash transfers. While short-term effects are higher in terms of participants’ nutritional intake, in the medium-term, there in-creased accumulation of non-financial assets such as land. Both short- and medium-term benefits seem to accrue more to participants in the scheduled castes and tribes, as well as to those who would otherwise rely on casual labor.

Praduman Kumara and P.K. Joshi (2013) have revealed that MGNREGA has benefitted 22.5 per cent of the rural households by providing, on an average, wage employment for about 43 days. It has increased the income of rural households and has been successful in reducing the poverty level by 4 per cent. The MGNREGA has provided almost equal employment benefits to all the categories of farmsizes, household-types and income-groups. The study has shown that the raise in income could lead to increase in food consumption — both of cereals and non-cereals by all the categories of households. A diversification in the dietary pattern of households has also been observed, which is again a strong indicator of better food consumption. These developments have resulted into a substantial increase in calorie-intake as well as protein-intake by different categories of households, leading to a decrease in the
undernourished and nutrition-deficit households by 8-9 per cent. In nutshell, the impact of MGNAREGA has been positive and effective in increasing household food consumption, changing dietary pattern and providing nutritional food security to the poor rural households of India.

2.3.4 Studies relating to impact on Savings level and access to Health and Education

A study titled as “NREGA process and practices in Andhra Pradesh and Madhya Pradesh: Appraisal cum research study”, by Centre for Educational Research & Development (2010) found that people access to health facilities increased due to the type of works taken under the Scheme, such as road connectivity and income to the household. The workers started sending their children, girls in particular, to schools trends increased due to the assured income.

There is a significant reduction of 12 per cent in the incidence of reported depression and improvements in mental health indicators in Medak district of Andhra Pradesh as a result of MGNREGA. Consequently, post MGNREGA, health expenditure has decreased by Rs 8 per capita. The programme also raised the probability of holding savings for a rural household by 21 per cent and the per capita amount saved increased by around Rs. 19.24 Ravi and Englar (2012)

2.3.5 Studies relating to Market Wage Rates

The MGNREGA notified wages have increased across States since 2006. A majority of the research suggests that MGNREGA has led to an increase in agriculture wage rates. A study estimates that MGNREGA boosts the real daily agricultural wage rates by 5.3 per cent. The wage effect is equal for both men and women and is in favour of unskilled labour. Thus, MGNREGA may also be indirectly benefitting poor households through the increase in private sector wages. A majority of the literature supports the view that increase in MGNREGA wages causes in upward pressure in market wages.

Based on the experience of the Employment Guarantee Scheme (EGS) in Maharashtra, it has also been suggested that a high rise in MGNREGA wages could even lead to the possible exclusion of the poor. As the EGS wage exceeded the
agricultural wage, the Scheme became lucrative even for the Above Poverty Line (APL) population. The poor were crowded out since the districts had a limited institutional capacity in terms of opening and managing work sites (K. Inai, R. Gaiha, V. Kulkarni and M. Pandey, 2009).

Based on NSSO 64th Round Survey (2009) during agricultural year 2008–09, both male and female workers reported earning an average of Rs 79 per day for work under the Act. These earnings are 12 per cent higher than the average daily earnings for casual workers.

Engler and Ravi, (2012), Cf. Anil Sharma, (2009) argue, that the upward pressure on casual wages may translate into an overall increase in prices, which could undermine any gains for the poor; if aggregate price levels increase it would reduce net income gains for the poor.

A study conducted in five districts of Uttar Pradesh noted that in its sample, around 85 per cent of the beneficiaries belong to Below Poverty Line (BPL), 50 per cent belong to SCs, 45 per cent belong to the Other Backward Classes (OBCs) (Indian Institute of Management-Lucknow, 2009).

Khera and Nayak (2009) use qualitative data collected on 1060 NREGA workers from 98 NREGA worksites spread across 10 sample districts from six north Indian states to examine the socio-economic consequences of NREGA for women workers. They report that significant benefits have already started accruing to women through better access to local employment, at minimum wages, with relatively decent and safe work conditions.

The Study entitled, “Socio-Economic Impacts of Implementation of Mahatma Gandhi NREGA” by Council for Social Development, (2010), has noted substantial increases in the market wage rates of agricultural and non-agricultural labours. The impacts were more prominent in Cuddapah, Khammam, Dindigul, Raigarh, Gaya, Chitrakuta, Bhandara, Lalitpur, Sonbhadra, West Midnapore and Bankura in both peak and lean seasons. In the district of Dindigul the agriculture wage rate has been increased by about 192% for male workers and 207 for female workers in lean season and 97% for male workers and 62 for female workers in the peak season.
A Study of “Concurrent Evaluation of Nation Rural Employment Guarantee Scheme in the State of Uttarakhand” by IIT Roorkee, (2010) conducted in the districts of Udham Singh Nagar and Chamoli Stated that more than 60 percent of workers reported that MGNREGS has positive impact on the market wage rate.

Imbert and Papp (2011) found that benefits from increased wages also extend to the private sector and are significant even for those households that do not participate in MGNREGA.

A study of Channaveer et al. (2011) has revealed a significant difference in the use of machine power between fully and partially implemented MGNREGA villages due to higher wage rates in the former category of villages. While the wage rates in fully implemented MGNREGA villages were higher in comparison to the partially implemented MGNREGA villages, the productivity of labour in the former category of villages were found to be lower vis-à-vis the latter.

Based on the monthly wage data from the period 2000–11 for a panel of 249 districts across 19 States confirmed that the increase in wages especially unskilled wages was also visible in real terms. The study found that MGNREGA boosts the real daily agriculture wage rate by 5.3 per cent. The wage effect is equal for both men and women. The Scheme, by influencing wage rates in the rural unskilled labour market, has provided an additional opportunity for the Government to enforce statutory minimum wages (Berg, Bhattacharyya, Durg and Ramachandra, 2012).

There are, however, studies which argue that rise in casual wage rates cannot be wholly attributed to MGNREGA. An analysis of the NSSO data suggests that, where MGNREGA has only a limited share in the rural labour market, it does not seem plausible that the Scheme has a large impact on wages for other casual work. For example, in Punjab only 5 per cent of the rural households were provided employment. This makes it difficult to conclude that the casual (non-public works) wage rate is above the MGNREGA wage rate due to competition with the scheme for workers (Dutta, Murgai, Ravallion and Dominique, 2012).
2.3.6 Studies relating to impact of MGNREGA on Disadvantaged Groups

Evidence suggests that MGNREGA is succeeding as a self-targeting programme, with high participation from marginalised groups including the SCs, STs and women. At the national level, the share of SCs and STs in the work provided under MGNREGA has been high at 40–50 per cent across each of the years of the Scheme’s implementation.

The study entitled “Social-Economic Empowerment of Women under NREGA” in Cuddlaore (Tamil Nadu), Jhabua (Madhya Pradesh), Mayurbhanj (Orissa) and Rajnandgaon (Chhattisgarh) conducted by National Federation of India Women (2008) has observed emergence of women’s identity and their empowerment with the implementation of MGNREGA as an economic opportunity provider. Respondents in all the states were found to be positive about the importance of MGNREGA in their lives.

Narayan (2008), based on fieldwork from selected areas in Tamil Nadu, reports that women who took advantage of NREGA gained a certain independence. They seemed to have invested more in their children's welfare, paid off outstanding debts, and garnered a sense of empowerment since they could self-sustain themselves. However, he also finds that quite often women have to suffer income losses due to the lack of child-care facilities at NREGA worksites.

Panda.B, Dutta. A.K and Prosty. S (2009) mentions that one of the poignant and most visible link impacts of MGNREGA in Meghalaya and Sikkim is promotion of women empowerment. Provision of equal wages for men and women in the Act, the opportunity to share information during the course of work in MGNREGA worksite, the opportunity and necessity of interacting with the bank/post office/government officials have all in a fundamental way empowered the rural tribal women by enhancing their confidence level and by ensuring some degree of financial independence. Working in MGNREGA has given an opportunity to workers particularly women workers to share information among fellow workers. This has led to Knowledge Empowerment in the tribal society. Similarly, MGNREGA has also brought in improvement in the health status of the women workers. About 96 per cent of women workers surveyed are of the opinion that they have been able to gather
information on health related problems through interaction with their co-workers while working in MGNREGA.

A study entitled “Quick appraisal of five Districts under NREGS in Uttar Pradesh” by Indian Institute of Management, Lucknow (2009) in Jalaun, Kushinagar, Jhansi, Gorakhpur and Bareilly has found that the implementation of MGNREGA has promoted inclusive growth particularly for disadvantaged group like- BPL/SC/ST. The employment provided to BPL beneficiaries was 85% SC (50%) and OBCs (44%).

The study entitled “Impact of MGNREGA on scheduled Castes in Rajasthan” by National Institute of Rural Development (2010), has found that the work like irrigation wells taken up on individual lands have led to increase in water availability for respective lands and most important it has reduced their dependence on big farmers for irrigation facility. In a State like Rajasthan where drought like situation is a common phenomenon, the MGNREGA has acted as a safety net during drought for the marginalized section of the rural society. Works implemented under the MGNREGA on the SC lands have brought change in cropping system and cropping pattern.

The Study entitled, “Socio-Economic Impacts of Implementation of Mahatma Gandhi NREGA” by Council for Social Development (2010) with focus on socially disadvantaged group i.e., scheduled castes or scheduled tribes in 23 selected district (from 200 backward district) in the State of A.P. Bihar, Chhattisgarh, Rajasthan, Jharkhand, Karnataka, MP, Maharashtra, Orissa, Gujarat, TN, UP and WB has noted that the beneficiaries have been able to construct house on their own land, money earned was used for consumption of food items and buying consumer items.

A study conducted by the Institute of Human Development (2010) in Bihar and Jharkhand, district Rohtas, Gaya, Nalanda, Araria, Supaul, Samastipur, Purbi, Singhbum, Pakur and Palamu, has noted that the majority of beneficiaries in both the states belonged to the most vulnerable and marginalized group. More than ninety percent of the beneficiaries in Bihar (out of the sample coverage) belonged to SCs and OBCs, who were invariably landless or landless and most of them were casual labour in constituted about 95 percent of the beneficiaries, and in terms of land category,
more than 90 percent of the beneficiaries belonged to the landless and to household with up to 2.5 acres of land.

An NSSO survey of MGNREGA (2010–11) observed that in Andhra Pradesh 42 percent of the beneficiaries were SCs/STs and 50 percent were OBCs, these proportions in Madhya Pradesh were 67 percent and 29 percent, and in Rajasthan 50 percent and 42 percent, respectively.

A study titled as “Concurrent Evaluation of National Rural Employment Guarantee Scheme in the State of Uttarakhand” by IIT Roorkee, (2010) conducted in the district of Udham Singh Nagar and Chamoli found that Women’s participation in decision making process has increased after the introduction of MGNREGS, mainly due to their increasing wage earnings. The study further stated that participation of women is higher in the hill district of Chamoli than the plain district of Udham Singh Nagar. Apart from the lesser socio-economic constraints, non-availability of the male workers due to their significant migration to plains could be the basic reason for the larger participation of woman under the Scheme.

A “Research study on changing gender relations through MGNREGS” in the states of Andhra Pradesh, Karnataka and Tamil Nadu done by NIRD Hyderabad (2010) found that MGNREGS acted as social security measure to the aged women, widows divorced/deserted women. The study further stated that female dependency level has declined after execution of MGNREGS.

A study of “NREGA process and practices in Andhra Pradesh and Madhya Pradesh: Appraisal cum research study”, by Central for Educational Research & Development (2010) found that NREGA helps in women in general and lactating women in particular, to meet their basic needs, like food by ensuring regular income. MGNREGA employment trends validate the hypothesis that it is the most needy who seek employment under the Scheme. In a survey conducted in 2008 in six states—Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Rajasthan and Uttar Pradesh—it was found that a majority of the MGNREGA workers belong to the most disadvantaged sections of society; 81 percent of the sample workers lived in kachcha (non-permanent) houses, 61 percent were illiterate, and 72 percent have had no
electricity at home. SC and ST families accounted for 73 per cent of the workers in the randomly selected sample (J. Dreze and R. Khera, 2011).

**Pankaj and Tankha (2010)** based on their descriptive analysis of a field survey of NREGA workers report that women as individuals have gained because of their ability to earn independently, made possible due to the paid employment opportunity under NREGA. They use information collected from 428 female NREGA workers from four northern states in India.

**Richard Mahapatra (2010)** mentions that unique features of the public wage programme turned it into a magnet for women. More women than men work under the national programme that guarantees employment to rural people. Their participation has been growing since the inception of the Act in 2006. In Kerala, Tamil Nadu and Rajasthan, history of women mobilisation for schemes and campaigns seems to have contributed to their higher participation. In Rajasthan, the campaign for social audits, in which women play a major role, has contributed to enhanced awareness and increased participation under MGNREGA. The State’s MGNREGA worksites have good facilities for children and women. In Kerala, management of worksites and other logistics for implementation is placed in the hands of women self-help groups under the poverty eradication mission, Kudumbasree.

**Trishna Kalita (2010)** found that women like MGNREGA work for various reasons. Firstly, it is locally available. Secondly, there is less chance of exploitation. Thirdly, there are regularity and predictability of working hours. Fourthly, such works are socially acceptable and dignified. And finally, they are better paid in comparison to other works. In spite of better possibilities of women’s participation in MGNREGA work, there are certain problems associated with it. We have certain social taboos, and it is said that women are too weak to work and that going for work outside home in their case is socially unacceptable. The hostility of the panchayat functionaries and male relatives of women to female participation in MGNREGA has resulted in the exclusion of the names of many women from job cards in many places. Since men want more access to the highly paid MGNREGA work, they very often put resistance to women’s participation. The presence of illegal contractors has led to the
harassment of women workers, and the condition of work run by contractors has been exploitative. Since women are ignorant about the legal entitlement to get work on demand, they are very often turned away by the contractors who think they (women) are less efficient.

Similarly, Sudarshan's (2011) study finds that quite often women have to juggle work and care through the help of family members, quite often the older daughters. In spite of the provisions in the Guidelines of the Act for promoting women’s participation in the NREGA, local dynamics, gender relations and implementation challenges create several constraints for women’s meaningful participation.

2.3.7 Studies relating to impact of MGNREGA on Small and Marginal Farmers

The MGNREG Act allows works such as irrigation, horticulture, land development, on private land belonging to the SCs and the STs or below poverty line families or to the beneficiaries of land reforms or to the beneficiaries under the Indira Awas Yojana (IAY) of the GoI or that of the Small or Marginal Farmers (SMF) as defined in the Agriculture Debt Waiver and Debt Relief Scheme, 2008 of the GoI, or to the beneficiaries under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006.

The study entitled “Quick Appraisal of Mahatma Gandhi NREGA in Andhra Pradesh” in Addilabad, Guntur and Anatapur district by Administrative Staff College of India, March (2009) has found that intensive projects have largely benefitted small and marginal farmers and landless agricultural labour belonging to SC and STs who were assigned land under various development schemes by the Govt of A.P. For example, in Bandameedipally village, about 150 acres of land belonging to small and marginal farmers from SC and ST communities have been developed in the last couple of years which resulted in higher yields.

The Study entitled “Impact Appraisal Study of Mahatma Gandhi NREGA” in Aurangabad and Ahmednagar district, Maharashtra by Watershed Organisation Trust, (2010) has found that the Mahatma Gandhi NREGA has been successful in meeting twin benefits i.e., income through lean season employment and increased land productivity for marginal and small farmers. Certainty of employment option
through Mahatma Gandhi NREGA and extension of farming season with greater water availability has led to increase in bargaining power of the marginal and small farmers.

The Study entitled “Socio-Economic Impacts of Implementation of Mahatma Gandhi NREGS” by Council for Social Development, (2010) has found that especially small and marginal farmers have invested and have increased their income earned through Mahatma Gandhi NREGA into crop cultivation, primarily in the purchase of HYV seeds and chemical fertilizers. This has led a positive income on crop yield.

Permitting private works on lands of SMF implies coverage of 40 per cent of all cultivated area (80 per cent of all land holdings). MGNREGA can play a significant role in raising the agricultural productivity of these farmers who will then be able to return to farming and will no longer need to depend on the Scheme for their survival. This is a step in the direction of moving from unskilled manual labour to skilled farming practices (MoRD, 2012)

2.3.8 Studies relating to impact of MGNREGA on Migration
MGNREGA has had a more direct and positive impact on reducing distress migration as compared to migration taken up for economic growth and other reasons. Studies indicate that MGNREGA has reduced migration by providing work closer to home and decent working conditions.

Data suggests that the MGNREGA has had a positive impact on labour force participation in public works or that participation in public works has increased following the implementation of MGNREGA.

A survey of 240 households in the district of Sidhi in Madhya Pradesh confirmed that migration had reduced in sample areas by 60 per cent due to the availability of work (CSE, 2008)

Naomi Jacob (2008) came up with finding (Survey in Tamil Nadu) of roughly 400 people used to migrate (distress migration) before the NREGA and within two years this figure was halved. After the completion of the irrigation schemes and with the
employment opportunities from brick kilns and factories the number of out-migrants fell to 40. This reduction cannot be wholly attributed to the NREGA schemes. The men continued to migrate because of higher wage rates at destination.

A study on “Social economic Employment of woman under MGNREGA” carried out in (Rajnandgaon) Chhattisgarh, (Jhabua) Madhya Pradesh, (Mayurbhanj) Orissa, (Cuddalore) Tamil Nadu by National Federation of Indian Woman (2008) has noted that though migration has not been high in the sample areas, based on recall method, it was observed that in 2007 the seasonal migration has come down since job opportunities and livelihood alternative have increased in the village.

A study was conducted by Indian Institute of Management, Bangalore (2008) in Raichur and Gulbarga Districts in Karnataka, Adilabad and Anantapur Districts in Andhra Pradesh. The study suggested that in Anantapur district only 11% of the respondents are skilled and most of them (98%) did not migrate from the villages for work. This could be attributed to the fact that work was available under MGNREGA in the previous year as well. Almost all (99%) said that they would not like to migrate if work is available under MGNREGA. The contribution of MGNREGA towards bringing down distress migration to urban areas during the slack seasons is very valuable for the people. However, for MGNREGA to be beneficial for the people work and payments have to be provided regularly and timely.

Gulbarga sees a substantial migration of people to cities like Bangalore and Pune. Around 169 households (83.2%) responded that they will not migrate in the slack seasons if MGNREGA given them work. Raichur 83% of the respondents said that they had migrated for work in the previous year. 89% said they will not migrate, if they are given work under the MGNREGA.

The study conducted by the Central for Science and Environment, Sidhi in Madhya Pradesh (2008) has found that during the months of January-February and summer months when the MGNREGA works are undertaken people have the option to stay within the village instead of migrating outside looking for work. Migration has been reduced by around 60% due to availability of work under MGNREGA.
Venkatesh Athreya (2009) viewed that where the MGNREGS has been effectively implemented, there has been a significant reduction in labour migration and an improvement in the livelihoods of the poor. The author also recommended removal of the ceiling of 100 days of work and implementation of Act in true spirit as it has become a lifeline for millions of Indians who have been left out in the cloud by high economic growth.

K. Kareemulla, S. K. Reddy, C. A. Rao, S. Kumar and B. Venkateswarlu, (2009) based on the study conducted in Anantpur, Andhra Pradesh observed that the scheme brought down the migration levels from about 27 per cent to 7 per cent in the sample villages due to availability of work.

P. Mistry and A. Jaswal, (2009) based on the study across 12 districts of Gujarat, Madhya Pradesh, Maharashtra and Rajasthan, found that out of 938 beneficiaries, 55 per cent of the respondents felt that migration had been reduced in their families as a result of MGNREGA. Thirty-five per cent of the respondents (out of 938 respondents) felt that their children’s education had been positively benefitted by MGNREGA, while 30 per cent felt that their clothing had improved.

A longitudinal study across six districts in Andhra Pradesh also highlights the positive impact of the Scheme on reduction in child labour. As per the research, MGNREGA reduced the probability of a boy (whose family was provided work under the Scheme) entering child labour by 13 percentage points and of a girl entering child labour by 8 percentage points. (V. Uppal, 2009).

The Study conducted by the Indian Institute of Management, Shillong (2009), has noted that Mahatma Gandhi NREGA has curbed migration of people from rural to urban area in search of employment. This has been acknowledged by more than 90% workers in East and North Sikkim.

The study entitled “Impact of MGNREGS on Scheduled Castes in Rajasthan” carried out in Sirohi and Karauli districts by National Institute of Rural Development (2010) has noted decline in migration i.e., 42% in Sirohi and 57% in Karauli.
R. Kumar and R. Prasanna, (2010) based on the case study from Bastar notes that in one block the number of people migrating declined from 4500 to 500 as a result of employment being provided close to home by MGNREGA.

A study comparing the MGNREGA districts and non-MGNREGA districts, found that the probability of a casual worker being engaged in public works increased by 2.5 percentage points more in MGNREGA districts compared to non-MGNREGA districts (M. Azam, 2011).

Another research confirmed the analysis—comparing 2007–08 and 2004–05, it was seen that the fraction of days spent in public works employment increased by 1.2 percentage points during the dry season in the programmes’ districts (C. Imbert and J. Papp, 2011). A large part of this can be attributed to the female labour force participation directly in the Scheme.

The World Development Report 2009 contended that a reduction in migration, as caused by MGNREGA, is posing a barrier to internal mobility thus limiting economic growth of these households. A majority of the studies on the subject note that the Scheme has caused mostly a reduction in distress migration, and opportunistic or aspirational migration in search of better and more lucrative opportunities continues as before (particularly because MGNREGA cannot match the wages of skilled labour in cities) (S. Verma, 2011)

Likewise in Rajsamand and Dungarpur (Rajasthan) where migration to urban centers offers relatively higher incomes for men, much of the MGNREGA workers were found to be women and older men who had discontinued migration (S. Verma, 2011).

Ahuja et al. (2011) studied the impact of MGNREGA on rural employment and migration in agriculturally backward and forward districts of Haryana and found that the extent of employment is more pronounced in agriculturally backward district than that of advanced districts as the farmers owning large size of landholdings, more number of livestock, migrating to other places for employment and are indebted, are less likely to work under MGNREGA. The high wage differentials between market
wage rate and MGNREGA wage has not been successful in limiting migration from the rural areas.

Some reports indicate that in certain places the reduction in distress migration has been reversed due to improper implementation of MGNREGA processes. In Mandla (Madhya Pradesh), MGNREGA implementation initially reduced migration but the delay in payment of wages led the people back to their migrant ways. Delay in payment of MGNREGA wages was also found to be a key reason for the lack of enthusiasm among the tribal farmers in Narmada district (Gujarat). This was in spite of significant differences between the prevailing market wage rates (Rs 35/day plus meal; cash payment) and MGNREGA wage rates (Rs 100/day) (Verma, 2012).

2.3.9 Studies relating to Transparency and Accountability (Social Audit)

Aakella and Kidambi (2007a): Based on the initiatives in Andhra Pradesh and pilot social audits of NFFW programme, the authors argued that the resultant social audit process promises to save the MGNREGA from regular problems that afflict the implementation of a scheme and potential to attack the corruption that plagued the anti-poverty programmes.

Neera Burra (2007): The Andhra Pradesh model has shown is that even a state government can set up systems for enhancing transparency and accountability in partnership with CSOs. The state lead in social audit does not necessarily mean that the process is being subverted in order to show state agencies in the best possible light. A reading of any of the detailed social audit reports that have been prepared by the grassroots auditors provides minute information of what has been transacted in the field. For the first time, the government knows the names of labourers who have been defrauded and the amount of money that has been taken. The reports provide an enormous amount of information about the nature of corruption. The public hearings bring all these issues to the forefront and, for the first time, unpalatable information is publicly shared. The author concluded that it is precisely because information is in the public domain that social audit as a tool is so powerful.

Afridi (2008) discussed the social audit process of Rajasthan and Andhra Pradesh as a community monitoring processes which are relatively diverse models. The author
recommended that the elements of both the models need to be incorporated in order to make the process effective and sustainable.

Aruna Roy, Dre’ze and Nikhil Dey (2008) have observed uneven picture of MGNREGA implementation and commented that, the Act made it possible to confront a range of exploitative practices. They started setting up new standards of transparency and accountability to enable the people to fight with corruption. They viewed that due to extension of MGNREGA to all districts it has faced new challenges which can be confronted by providing adequate administrative, legal, technical and institutional support in a creative manner.

Neera Burra (2008) reported the increased awareness level of workers about their entitlements after social audit (based on World Bank Study report). Author valued the process of social audit and its reports positively and said that for the first time, the government knows the names of labourers who have been defrauded and the amount of money that has been taken. The public hearings brought all these issues to the forefront and, for the first time, unpalatable information was is publicly shared. Officials did not like this and routinely complain that the public hearings are a form of public humiliation. The Andhra Pradesh model has shown a system for enhancing transparency and accountability in partnership with CSOs.

Dre’ze, Bhatia and R. Khera (2009): The Andhra Pradesh experience has demonstrated that relatively small resources invested in transparency measures and can go a long way in preventing corruption. They felt such practices are highly cost-effective (indeed, they save money).

Gopal K.S (2009) critically examined the Andhra Pradesh P Social Audit process and point out the lapses. The author commented that the social audit findings are not placed on the NREGS website. Further, many workers’ issues are provided with little remedial action in social audit process. The government is ignored the Gram Sabhas and building the technical capacities of villagers to conduct the social audits. Additionally, the social audit process ignored the transfer of cash to Indiramma Housing beneficiaries in the name of land development, booking the Field Assistants’ salaries under wages component; substitute the fund from NABARD or World Bank
with MGNREGS funds for renovation of MI tanks and land development. The Social Audits in Andhra Pradesh mainly focused on exposing and tackling corruption that has taken place in MGNREGS.

Gopinath Ghosh (2009) reported that Social Audits help to reduce the irregularities and corruption and handover the real Rights of labourers into their own hands. Author noted that in Andhra Pradesh, in open-house action was taken against corrupt officials and ordered enquiries and suggested this type of audits should be done along with community in villages.

Ritesh Singh & Vinay Vutukuru (2009) compared the performance of MGNREGS-Karnataka and Andhra Pradesh for the years 2007-08 & 2008-09. The results showed significant improvement in the size of the programme in terms of person-days of employment in Andhra Pradesh and recommended to replicate the Andhra Pradesh’s Social Audit model elsewhere in the country.

Recent evidence (Subbarao et al.2012) mentions Andhra Pradesh as one of the forerunners in digitizing all the records of transactions across multiple sites and levels of the program and the only state in India to have institutionalized social audits to promote effective program monitoring.

2.4 Summary
The existing reviewed literature clearly indicates that MGNREGA has the potential to transform the lives of rural people, especially the households that have participated fully and gained higher income benefits from MGNREGS. Further, it has ensured food security of the rural households and reduced distress migration.

As per the information revealed by many studies, it is clearly understood that the success of the MGNREG Act depends on awareness of the workers on basic provisions of the act and their entitlements, mobilization of poor, strong PRI system with proper institutional support and timely availability of funds, proactive role of functionaries etc. Many studies indicated low level of awareness among the illiterate workers and the cause of inability to demand the work. To ensure the norms of
transparency, institutionalization of social audits and usage ICT and regular monitoring of the programme are necessary which will gradually empower the community. To ensure the objectives of MGNREGS, the panchayats should then closely monitor the various aspects of MGNREGS. Further, some studies also indicated sharp fall in rural-urban migration due to MGNREGS employment.

Given the fact that there is hardly any study on inter-district and intra-district comparison between two states with variation in performance under MGNREGA, this study is aimed at analyzing the impact of MGNREGA on household income and nutritional food intake and on distress migration between two states.