Chapter-II

REVIEW OF LITERATURE: PERFORMANCE ASSESSMENT OF MGNREGA

The goals of MGNREGA are to provide strong safety-net for vulnerable groups by providing a fallback employment when alternative employment sources are scarce or inadequate. It acts as a growth engine for sustainable development of agriculture economy and empowerment of rural poor through the process of rights-based law and new ways of doing business. It aims to provide a model of governance reform anchored on the principles of transparency and grass-root democracy (MoRD 2008)\(^{16}\).

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. A review of some of the recent important studies relating the performance assessment of MGNREGA across the country was done. The opinions of various eminent persons on draft NREGA bill, awareness levels of community and opinions of representative of PRIs, institutional arrangements made in different states for implementation of MGNREGS, performance of MGNREGS in different states, challenges in implementation, status and use of MIS, provision of worksite facilities, effectiveness social audits, assessment of works taken up under MGNREGS, impact of MGNREGS on the lives of the poor, changing migration pattern, and funds related studies were reviewed are presented briefly below in a systematic order. The review of literature helped in understanding the planning, implementation and monitoring processes of MGNREGS related features.

2.1 OPINIONS ON DRAFT NREGA BILL

Shah, M (2004) briefed the insights of draft MGNREGA and expected that this Act will create an additional space for a change in society with deep social and economic inequities and act as an instrument for galvanizing Panchayati Raj Institutions in India.

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He also mentioned that the success of the Act depends on the mobilization of disadvantaged in the society who virtually has no voice in Gram Sabhas and indicated the crucial role of grass-root civil society institutions in mobilization and empowerment of rural worker community.

Shah, M (2005) has reviewed the recommendations of Standing Committee on draft NREGA bill, and articulated that the most important suggestion of the Standing Committee was universalisation of employment guarantee (not to be restricted to those below the official poverty line (BPL). The Standing Committee favours a universal, self-targeting employment and participation that will be ensured by the nature of the work to be and the wage to be provided by it.

Jain, L C (2005) supported the Standing Committee of Rural Development for its noteworthy recommendation by giving greater role to Panchayats than visualized. He suggested that the work under the scheme must be part of village area plan as outlined in the 73rd amendment to the Constitution.

Kundu, A and N Sarangi (2005) examined the rationale for exclusion of urban areas from the scope of MGNREGA, given socio-economic deprivation and vulnerability in small and medium towns. They felt that lack of employment in rural area has affected demographic growth of urban poor, leading to distortions in the urban hierarchy. The authors suggested the possibility of utilising the educated unemployed in non-manual work which needs to be explored.

Vaidyanathan, A (2005) reviewed the Standing Committee’s recommendations on the NREGA and the basic changes envisaged in the draft bill. The author opined that those changes were essential. He insisted that if the programme is to be effective, it should require strong support and willingness of states to abide by implications. The author thought that the most serious lacuna in the Standing Committee report was its sidestepping of the problems in ensuring involvement of states.
2.2 AWARENESS OF WORKERS ON RIGHTS AND ENTITLEMENTS

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, difficulty in completion of given task under piece rate system were some of the challenges observed in the study.

Jacob, A and R Varghese (2006) reported, based on a survey results in the state of Kerala, that in the very first year of implementation, almost all of the respondents were aware about their entitlements under the Act and this was due to high literacy rate among the workers. If workers are well aware of their entitlements they can easily access the benefits.

PACS (2006) studied and found that in Bihar the awareness levels were significantly low among all stakeholders and reported that ‘NREGA awareness week’ held during 1st week of July 2006 has contributed in intensifying awareness among the rural community. Awareness of a programme generally depends on the socio-economic conditions of the poor as well as the efforts and strategies adopted by the state for awareness generation among the poor.

Pankaj, A and R Tanka (2010) highlighted the fact that high literacy rate in Himachal Pradesh is the cause of high awareness levels among women about the Act. They stated that 71 per cent of the female workers were able to meet their personal needs with income earned from MGNREGS. The payment of wages through SB accounts leads to greater incidence of self-collection and control over the usage of wages.

Venkatesha, M R et al. (2010) based on primary data from two villages of Maharashtra, found that inter-personal relation between participants and implementing agents who represent the state is vital in making perceptions. Further, two information nodes – Gram Sevak and Sarpanch turn out to be the most influential agents who act as prime informants.
2.3 INSTITUTIONAL SUPPORT FOR IMPLEMENTATION OF MGNREGS

Aiyar, Y and S Salimah (2006) indicated some design principles that can strengthen the MGNREGA in their article. The authors suggested that the GPs have to be given the responsibility for all operational activities while state government is made responsible for overall monitoring and regulation of the process. Citizens must play a great role in monitoring of the programme through social audits and community score cards.

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.

Ambastha, P, P V S Shankar and M Shah (2008) based on the field observations of National Consortium of Civil Society Organisations (NCCSO) reported some of the lacunae in implementation of MGNREGA 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. They recommended the revision of wage rates in line with the programme. Further, they have suggested the cost of wage employment to Rs.53,000 crores with additional 10 per cent of cost towards professional support and 2 per cent for capacity building activities.

Ambastha, P (2009) recommended the establishment of Nation Authority for NREGA (NAN) to perform key functions like human resource development, streamlining IT systems to facilitate effective monitoring and social audits. The four departments of proposed NAN would perform specified functions to strengthen the NREGA at national level. The authors suggested that the evaluation, social audits and grievance redressal
would be made independent of RD Department at state level for effective implementation.

**Appu, P S (2009)** opined that the recession was the promising moment to expand MGNREGA with greater emphasis on building social capital in a big way. He recommended the constitution of National Rural Development Board at national level and giving the responsibility of NREGA implementation to highly capable BDOs (young IAS officers) at block level and to district level officers such as CEO of Zilla Panchayat for its effective implementation.

### 2.4 PROCESS AND PERFORMANCE OF MGNREGS

**Chakraborty, P (2006)** has carried out the preliminary appraisal based on the secondary data and explained that NREGA has no problems for the budget. Its allocation is only marginally higher than what was spent in the past by the government on various rural employment programmes. It is a demand-driven scheme and it has fallen far short of meeting demand in some states. The fund utilisation ratio also varies widely across states. She recommended urgent need for coordination across the levels of governments.

**CAG (2007)** report on “Performance Audit of Implementation of National Rural Employment Guarantee Act, 2005 (NREGA”) has come with many lapses in implementation NREGA. 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 or misutilisation, delay in transfer of state share, delay in wage payments, non-existence of works etc.

**Datar, C (2007)** reported the reason for failure of MGNREGS-Maharashtra as lack of enthusiasm among political and bureaucratic classes to NREGA because of its decentralised, transparent and accountable nature. The authors reported that the politicians were providing last minute support to drought affected farmers and landless labourers by sanctioning works in an arbitrary manner. In many districts, officials on
contract basis have not yet been appointed. When poor pressurise the GPs, CEOs and BDOs, then NREGA will become vibrant in the state.

Dre’ze, J and Siddhartha (2007) reported that Rajasthan was far ahead of other states in providing employment under the NREGA as per the official data and fully consistent with independent reports. This is due to enforcement of MGNREGA’s “transparency safeguards” in the state. However, the depressing news is that people were paid much less than that of minimum wages in some GPs.

Dre’ze, J and C Oldiges (2007) were critical about the MGNREGA website for its oddly scattered or mix of valuable data with dubious statistics. After analysis of data they estimated the employment generated under NREGA (90 crore person days during 2006-07) was much more than the employment generated in earlier years under NFFWP and SGRY. The authors analysed the official data and concluded that the southern states and western states did better than most of the northern states. They also opine that the women participation in MGNREGS brings social change. With regard to wage rates, the authors observed that a debate is needed in regard to the adoption of state specific rates or national norms. 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. Based on Surguja and Koriya’s experiences they also reported that the corruption has come down.

Ambastha, P, P V S Shankar and M Shah (2008) clearly say that MGNREGA to realize its potential must focus on raising the productivity of agriculture in India’s most backward regions. Then this can further lead to the creation of allied livelihoods on the foundation of water security. This is the only way one can envision a decline in the size of the work guarantee over time. The authors have suggested some of the reforms for better implementation of MGNREGS which include: Deployment of full-time professionals dedicated to MGNREGA at all levels; Intensive efforts in building up a massive cadre of fully trained “barefoot professionals” at the Gram Panchayat level; Provision of adequate resources and setting up systems for continuous monitoring and
evaluation at every stage of the programme to ensure quality; and mandating a role for civil society organisations to work as support agencies for Panchayati Raj Institutions in MGNREGA planning, implementation and social audit.

**Jha, Gaiha R and S Sankar (2008)** mainly assessed cost effectiveness of social safety in three Indian states by using econometric exercises and analysed the participation of landless, small, marginal and medium farmers. The results were contrary to the findings of CAG 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 MGNREGS to supplement their incomes whereas for the workers of other labour and self-employed in agriculture categories, MGNREGS has become the mainstay of income. MGNREGS 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 MGNREGS was uniformly not successful in various states and validated the optimism of Dreze (2007) and Roy et al (2008).

**Mehrotra, S (2008)** examines the performance of MGNREGS based on secondary data and highlighted specific strengths and weaknesses and made some suggestions which include the professionalism of MGNREGA in his article.

**Rao, K H and P Durgaprasad (2008)** studied the survey results of 10 states. Their paper describes that the backward states like Bihar and UP which together account for 37 percent of rural poor have not gained adequately from MGNREGS whereas Chhattisgarh and MP could take full advantage of MGNREGS to enhance livelihood security. In A.P, the SC’s and ST’s share in employment was very low and in fact OBC households 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 to 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.

**Siddhartha and A Vanaik (2008)** criticised the way that the CAG has done the
audit. The CAG 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
NREGS 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. They appreciated the CAG’s valuable and novel
recommendations for effective implementation of NREGS in various states.

**Central Institute of Fisheries Education (2009)** revealed, in a study, that despite
good demand for work the employment is not available and unemployment allowance
was also not paid in the study area of Maharashtra. The Panchayat Samities and Zilla
Parishads approved only the digging of ponds despite the fact that the other works were
also identified by GPs as these works (former) have to pay huge amount of royalty
charges (22.2 % to 37.15 % of total budget) to government for removal of soil.

**IHD (2009)** conducted a 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.
Khera, R and Nandini (2009) reported the survey results and indicated the female labour workforce participation rate is significant in Rajasthan and Madhya Pradesh and it is the least in Uttar Pradesh which was broadly in line with the official data. They wrote that employment opportunities for women in the private labour market are limited, irregular, poorly paid and can even be hazardous. It often involves migration which raises a whole range of issues of its own. In addition to invisible social barriers, working conditions in the private labour market are often very demanding and exploitative. Hence, the female workers’ participation was high in many states.

Ritesh, S and V Vutukuru (2009) studied the impact of social audits and the payment process on the size of the program in AP. They compared the performance of MGNREGS-Karnataka and Andhra Pradesh for the years 2007-08 and 2008-09. The results showed significant improvement in the size of the programme in terms of person-days of employment in A.P and recommended to replicate the A.P’s Social Audit model elsewhere in the country.

Chandranayak et al. (2010) conducted a research to review and appraise the implementation of MGNREGA processes and procedures in Orissa. The econometric results indicate that ceteris paribus women are more likely to show interest in MGNREGS works. The households belonging to SC turned out to be positively and significantly (at the level of 5%) related to the demand for MGNREGS jobs. The researchers elucidated that the awareness level is found to be somewhat mixed and positively related to access to job cards and per capita landholding size. The prominent outcome of this study in Orissa was that the workers received their wages within a fortnight and large part of wage was paid even within a week mostly through their bank accounts. As perceived by the respondents, there is a considerable increase in employment opportunities and substantial reduction in forced migration. The works selected under the NREGS generally helped in creating tangible assets for the community as a whole in addition to generation of necessary employment opportunities.
Deepak S and M Sovna (2010) reported that the state of Maharashtra showed very poor performance in terms of issue of job cards to the registered households, low employment generation (well below 30 days) and payment of wages less than the minimum wage. The works under MGNREGA were mainly concentrated on irrigation and water conservation activities since irrigation was the major problem in the state. They recommended the linkage of employment guarantee scheme with other schemes of public works to improve the skills among the workers.

Leelavathi and K H Rao (2010) based on the field survey results of 2006-07 in four districts of A.P, 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 A.P as moderate.

Dey, S and A Bedi (2010) carried out a study in Bhirbhum district of West Bengal, which showed universal awareness about 100 days employment guarantee. However, only 20 per cent of legally guaranteed employment was created during 2008-09 and hardly 3.4 days of employment provision was made during agriculture lean season.

2.5 CHALLENGES IN IMPLEMENTATION OF MGNREGS

CSE (2006) hinted, in a report, that the major challenges in implementation of the MGNREGA in 200 backward districts where the problems such as location of these districts in the arid and semi-arid regions, below the national average socio economic indicators of these districts and the most backwardness in terms of connectivity. It was reported that these districts are primarily agricultural based with high per cent of agricultural labourers, landlessness, lack of employment opportunities in non-agriculture sector, lower incomes and non-existence of Panchayats which impede the implementation of MGNREGA.

Bhatia and J Drèze (2007) from their field experiences both in Jharkhand and Rajasthan, connoted that there was growing awareness of the promise of “100 days of employment” but there was very little understanding of the basic “features of the MGNREGA”. A number of shortcomings had been identified in implementation of NREGA in Jharkhand. They were in sharp contrast with the findings in Dungarpur district
of Rajasthan. As Rajasthan has a long tradition of implementation of labour-intensive public works programmes, the required administrative arrangements were improved over time in the light of earlier experiences and hence the high performance of MGNREGS was reported in Rajasthan.

**Dev, S M (2007)** reported that initial reports on the working of MGNREGS have been positive although there were problems at the ground level. The MGNREGS was relatively better implemented in A.P. because of tracking the progress with IT, social audit, involvement of post-offices 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 NREGS effectively with the new approach.

**Rai, P (2007)** conducted a survey in six districts of Orissa covering 100 villages. The survey showed that the poor implementation of the Act was very poor in those villages. The report indicated that the funds released to the state did not reach the actual beneficiaries. No measure of transparency was evident in these districts. The survey results indicated that 18 out of 100 sample villages were not provided with job cards and 37 villages were not provided any employment under MGNREGA even after 16 months after launch of the Scheme. Not even a single family got 100 days employment and in three villages no wage payment done even after 4-8 months completion of work. Over 90 percent of the families in rural Orissa need wage employment desperately but more than 1/3rd of the needy households had not received job cards.

**Dre’ze, J (2008)** who conducted a survey in three districts of Orissa points out quiet sabotage of the transparency safeguards aimed at perpetuating the traditional system of extortion in rural employment programmes. The report disclosed that the post of Village Labour Leader (VLL) continues to act as a convenient foothold for the contractors in half of the sample worksites and indicated that the existence of contractors in MGNREGS works. Some of the lacunae in the design of job cards such as
lack of a column for wages paid to a particular worker, replacement of worksite names with numerical codes, printing of the first page of the job cards in English and unreadability of job cards even by trained investigators etc. It was also observed that various adjustments in the muster rolls had become routine practice for fraudulent payments. The percentage (pc) system had absorbed about 20 to 25 per cent of MGNREGA funds in the sample blocks and estimated that 30 to 40 per cent of MGNREGA funds were siphoned off in the sample GPs. Contractors were fading away due to tightening of checks and balances in half of the sample GPs.

**Dre'ze, J and R Khera (2008)** identified the main technique of embezzlement of NREGA funds was fudging the muster rolls (attendance sheets) fake names or inflated attendance figures in the muster rolls. The middlemen pocket the difference amounts. Leakages and imperfections are inevitable in the programme like MGNREGS and thereby such practices should not be allowed (in the initial years) in order not to as these reports cloud the significance and relevance of the employment guarantee.

**Dre'ze, J and R Khera (2009)** wrote on the basis of a field survey conducted during May-June 2008 in six states of North India. The survey revealed that most of the MGNREGA workers belonged 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 a year signifies the massive demand for work. The survey also showed that awareness levels among MGNREGA workers were still very low. The potential value of the MGNREGA as a lifeline for 69 per cent of the rural poor was observed and it helped to avoid hunger and migration (59%) sending children to school (38%), coping with illness (50%), repaying debt (32%), and in avoiding demeaning or hazardous work (35%) of workers. Inadequate shelf of works, delays in wage payments, lack of basic worksite facilities were observed. Behind these failures, existence of 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. Finally, the authors concluded that the best weapon against corruption is strict enforcement of the transparency safeguards.
They suggested that the productive value of MGNREGA works could be enhanced further with moderate doses of scientific or technical inputs. Few more studies in northern states of India also indicated the same results and this is due to lack of awareness and illiteracy of workforce. There are two main reasons for low performance (1) massive corruption built into the system (2) people’s ignorance of their rights. However, this is not the general situation across the country.

**Pradeep Baisakh (2009)** based on the findings of Social audit in Karon block of Deoghar district in Jharkhand, he commented that muster rolls and job cards were being manipulated by implementing agencies to siphon off a large proportion of money from the wage component as well as money from material component. The author felt that while shifting cash payment to bank payment of wages, to curtail the looting of public money, the government overlooked the fact that bank records could also be manipulated as that of muster rolls and job cards. The signatures on withdrawal slips were forged to access money from the beneficiaries’ accounts without beneficiaries’ knowledge.

**Mahim, P S (2009)** stated that MGNREGA might not be very successful in Madhya Pradesh as the government and social auditors have claimed it to be a failure in either providing employment, curbing migration or creating viable community assets in two districts.

### 2.6 MONITORING AND INFORMATION SYSTEM

**Shah, M and P Ambastha (2008)** opined that Andhra Pradesh’s MGNREGS performance rests on two novel features viz. use of IT and role of Civil Society Organisations (CSOs) along with extraordinary support of top echelons of the political and bureaucratic leadership. These two ensure the timely payment of wages along with regular social audits which were missing in other parts of the country. The A.P state is taking up new initiatives based on the field level problems and to minimise the human interference in the programme implementation.
Dre’ze, J and C Oldiges (2009) compared the MIS data for 2006-07 and 2007-08 to assess the performance of MGNREGS in terms of share of women, share of SCs and STs workers, expenditure on unskilled labour and average wage per day in NREGA. They concluded that the total expenditure and share of women was more or less in proportion with the increased coverage of the Act. The share of ST has declined from 36 per cent to 29 percent due to the high share of ST population in initial 200 districts. There was an increase of 15 per cent in the average wage rate along with increase in employment levels in phase-1 districts. The labour component was much similar in both the years. Finally, the authors concluded that the official data is an open question which calls for urgent scrutiny and suggested for some independent large-scale surveys on the MGNREGA. They noticed crucial gaps in MIS like lack of details of active worksites and lack of provision for tracing delays in wage payment through MIS etc. They noticed the gaps in transparency measures and called for urgent attention of State Governments.

2.7 WAGE PAYMENT UNDER MGNREGS

RBI (2006) in order support the financial inclusion efforts under MGNREGA, as well as to leverage the advancement in banking technology initiated, two kinds of third party banking agents. Business Facilitators (BF) who would primarily be involved in process of opening of accounts and Business Correspondents (BC), who could, in addition to the BF functions, mobilize deposits and disburse credit on behalf of the bank.

Shah, M (2006) Judged that unless the black box of Schedule of Rates is opened and revised urgently in a transparent manner, MGNREGA cannot deliver its objective of timely payment of minimum wage.

Shankar, P V S et al. (2006) claimed that the present SoRs have pro-contractor bias and hence suggested revision of the SORs in a transparent and participatory manner. They opined that while preparing SORs one should take care of variations in geological strata, climate variation and variations within workforce.
Vanaik and Siddhartha (2008) conducted a survey and social audits in 2008 in Deogarh district of Orissa state. They revealed that even wage payments through banks were not free of maladies which afflicted the previous system of payment, corruption, fraud and misconduct.

Dre’ze, J (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 the 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.

Khera, R (2010) welcomed the separation of the implementing agency from the payment agency which was meant to prevent the embezzlement of NREGA funds. But long delays in the process of preparation of pay orders and payment of wages were observed during her field visits. She appreciated the well defined weekly payment schedule in Andhra Pradesh. It reduced long delays in wage payment despite substantial scale of MGNREGS in the state.

Santhikumari, A (2009) explained the process of payment of wages through IT based total financial inclusion project called ‘Bio-metric Smart Card Technology’ adopted by the Govt. of AP. The simplified enrollment procedures, integration of enrolment and payments through single device, replacement of Java based 32KB memory cards with POT identity cards (to reduce the cost of cards), involvement of bank branch managers in the entire process to redress the difficulties, if any, were some important changes that were adopted to remove some of hurdles in the process. However, problems like non-activation of cards, network congestion, and power problems in villages still exist and need the attention of administration.
Sivakumar, S (2010) explained the process of adoption of wage rates under MGNREGA and the changes that place over a period of five years. The draft NREGA bill contained only Section 6 (without subsections under this section). The term ‘Minimum Wage Rate’ was replaced by the word ‘Wage Rate’. The subsections, Section 6 into Section 6.1 and Section 6.2 were introduced as a part of Section 6. On January 1, 2009, MoRD revoked the Section 6.1 based on the recommendations of a meeting held in Prime Minister Office (PMO) and froze the wage rates to Rs.100. However, on July 3, 2009, the AP High Court has suspended the operation of Section 6.1 of MGNREGA as the minimum wage rate in the state was Rs.125 at that time and orders were given in favor of the MGNREGS workers. In addition to this, the Working Group on Wages has recommended for indexation of wage rates on the basis of CPIAL as on April 1, 2009. Further, Mazdoor Haq Yatra and Mazdoor Satyagraha were organized by the workers in Rajasthan demanding the minimum wages rates under MGNREGA. Based on all these demands, National Advisory Council (NAC) Chairperson wrote a letter to Prime Minister to pay the minimum wages to MGNREGA workers. Accordingly, the minimum wages of MGNREGA were again revised in January 2011. Still in 11 states, the Minimum Wage Rates are higher than the MGNREGS wage rates.

Anandita and Bhatia (2010) conducted a survey in UP and Jharkhand. They revealed that majority of workers preferred payment through bank or post office account rather than cash payment. 41 per cent of workers went on their own to withdraw the wages while 50 per cent accompanied by others (Sarpanch, Contractor or Abhikarta) who have exploitative nature. Non-issue of passbooks, non-entry of transaction details, and embezzlement of wage amount through collusion were observed in some of the sample GPs. Issue of incomplete pay orders, clubbing of pay orders of four to five works, or four to five weeks was also observed in many GPs during the survey.

Sankaran, K (2011) has discussed the universalisation of payment of minimum wages as an obligation on the part of government to ensure the minimum rights of sustenance of workers. She recommends that the crisis around the MGNREGA wage
rate is an occasion to rationalise wages both under MGNREGA and the Minimum Wage Act (MWA) and to bring about a true need-based minimum wage, which is a prerequisite for the millions in the informal economy in India today. The author suggested consultative process to be adopted for fixing need-based minimum wage rate.

2.8 IMPACT OF MGNREGS

Kannan, P (2005) viewed the MGNREGA as much needed developmental perspective that seeks to enhance human development by inclusion of the rural poor. He opined that the goal of investing in human capital can be completed through MGNREGA if project like construction of schools, health centres at local level along with the repairs of existing buildings. This will be the best way to utilise the unutilised potential in rural areas.

Ashok K Pankaj (2008) clearly indicated the relatively high share of MGNREGA income to the total income (about 8% of the total annual income of the households in Bihar and to about 2% 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. Due to MGNREGA a reduction of seven percentage points of indebtedness, 12 percentage points reduction in out migration among beneficiary households was observed in Bihar. Nevertheless, it has inculcated a new level of consciousness about the entitlement on minimum wages. An increase in the Work Participation Rate (WPR) was observed but no significant impact on the local wage because of the availability of abundance labour force and low level of employment generation under MGNREGA.

Das Sandeep (2008) observed that cotton growing regions like Warangal in AP is facing acute shortage of labour due to implementation of MGNREGA. The average daily wage went up from Rs.70 to Rs 120 as labourers get the prescribed wage under the MGNREGA which led to increased cost of cotton cultivation in the state.
Gladson dungdung (2008) explained that high labour making agriculture unviable and driving up the cost of food. Increased mechanisation is an option, but has to be weighed against the capital and long-term environmental costs (apart from the problem of soil compaction). For instance, many of the intercultural operations suggested under the Integrated Pest Management scheme are manual. If labour is not available, farmers may have to opt for increased use of pesticides and herbicides. This is ecologically undesirable, besides driving up input costs.

Ghosh, J (2008) wrote in an article, 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.

Planning Commission (2008) 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 on 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. The other things that were ported include 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.

Datta, S K (2009) carried a quick appraisal of MGNREGS in Dangs (Gujarat) and Jalpaiguri (West Bengal) districts and reported that the mobility and interactions of community increased to due to the impact of rural connectivity works. Migrations also become limited to only one member of a family during slack season due to availability of work locally. The report also indicates that even though people are not well aware of works carried out in their village under MGNREGA, improvement in water availability has been observed by them. Further, hardly any permanent assets have been created.
out of NREGS fund due the stipulated norm of 60:40 ratio between labour and material cost and also due to lack of coordination with line departments.

Singh S P and D K Nauriyal (2009) assessed the impact of MGNREGS in three districts of Uttarakhand and reported that NREGS activities were found to be supplementing income of the household to the extent of 10-20 per cent and hence no significant improvement in their income and employment levels. Further, marginal improvement in curtail of migration and indebtedness were found. Increase in consumption levels and savings were also marginally improved among the sample households. The report indicates that lack of procedures, low levels of awareness and weak PRIs etc., were the reasons for low performance of MGNREGS in the sample districts.

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

Jha et al. (2009) find that landholding of a household is a negative predictor of employment provided under MGNREGS in Rajasthan. However, the relationship turns positive in Andhra Pradesh as the programme captured by households with larger landholdings. This difference arises due to varied level of land equality 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 complementarity in both the states, between Public Distribution System and MGNREGS employment suggesting real income transfer through food subsidies requires supplementation.

Sainath, P (2009) asked in his article for expansion of MGNREGS, universal access to the PDS, more spending on health and education. He commented that a positive step taken by the Rural Development Ministry. It allows small but vital assets
like farm ponds on every farm which should become the objective of every government. A massive expansion of MGNREGS will also provide cushion to the lakhs of labourers struggling to find work and devastated by rising food costs. But it would call for throwing out the limit on number days of work under the scheme. He explained that the Prime Minister calling for anti drought measures on “a war footing” and this should be the time to do it.

Shah, M (2009) briefed the concept of the ‘multiplier and accelerator effect’ that was borrowed from macro economics and adapted to an agrarian economy. He explained how MGNREGA could do in a recession. MGNREGA will stimulate demand as it provides money in the hands of rural poor who have the highest marginal propensity (mpc) to consume. 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. He suggested the convergence of MGNREGA with other rural livelihood programmes and creation of a cadre of dedicated executive agencies to carry this momentum forward in a positive upward spiral where it will become broad based growth process.

Swaminathan, M S (2009) highlighted that the priority works under MGNREGS are important to strengthen the ecological foundations of sustainable agriculture. He also commented that a major weakness was the absence of effective technical guidance and support from agriculture and rural universities and institutes. He suggested the need to bring convergence of child care, nutritional health and education programmes at MGNREGS worksites for sustainable rural development along with human development. He opinioned that the MGNREGA workers need to be engaged in checking of eco-destruction. Recognition could be given to MGNREGA workers with Environment Savior Awards for their outstanding work for sustainable ecological development.

Venkatesh, A (2009) viewed the impact of the economic crisis on the rural economy as a significant loss of employment opportunities. He opinioned that the MGNREGA is especially important in terms of mitigating the crisis on rural working
people through creation of productive employment on a large scale. He discussed some of the key problems in implementation of MGNREGA. He also reported that where the MGNREGA 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.

Yasmeen, S (2009) developed a case study based on field observations in Betual district of Madhya Pradesh. She has taken the case of Hemraj Dhava whose barren land was brought into cultivation under MGNREGA in order to provide him with sustainable livelihoods. This case study was concluded with the remarks of Hemraj who requested to continue MGNREGA so that the lives of poor could change for the better.

Banerjee, K and P Saha (2010) indicated that Chhattisgarh fared relatively better in terms of number of days of employment and higher wage amount compared to Jharkhand and Orissa. During post MGNREGA, the cost of cultivation was enhanced due to use of input like chemical fertilisers and high yielding varieties (both of which were not used earlier). The crop yield also increased in the range of 50-55 per cent in Chhattisgarh and 90-100 per cent in Jharkhand and reduced the vulnerability of the small and marginal farmers and the incidence of seasonal migration came down. Further, the household income increased in the range of 23 to 160 per cent during 2008-09 as compared to 2005-06 in Chhattisgarh. In Jharkhand, it was in the range of 60-70 per cent while it was in the range of 30-49 per cent in case of Orissa.

Harsha, A (2010) 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 is still need to be found.
**NSSO (61st and 64th Rounds)** reported that in total person-days in all economic activities, the percentage share of person-days in casual labour in public works (including MGNREGA) has increased significantly between 61st and 64th rounds of NSSO (GoI 2010). The results showed that in public works female participation has increased from 0.29 per cent in 61st round of the survey to 1.44 per cent in 64th round of survey which is more than the growth of male participation of 0.21 to 0.85 per cent in the same period. The 64th round of NSSO shows the high wage rate in MGNREGA (78.91) than in public works (74.45) other than MGNREGA. The survey also reported no male-female disparities in wage rate under MGNREGS.

Roy, S and B Singh (2010) conducted study in two districts, Burdwan and Dakshin Dinajpur of West Bengal to assess the impact of MGNREGA on the empowerment of the beneficiaries. Significant positive changes were found in the level of aspiration, self confidence and self reliance of the respondents after commencement of the scheme. All the respondents were found to be in low empowerment category before MGNREGA. After working under MGNREGA, 75.5 per cent of the respondents were found under low empowerment category and 24.5 per cent were found under medium empowerment category. So a positive impact of the programme was observed on the empowerment of its beneficiaries in the study area.

Hirway I, M Saluja and B Yadav (2010) analysed the multiplier multiple impacts of MGNREGA through a village level Social Accounting Matrix (SAM) model. They 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 MGNREGS on incomes, production and employment in Nan Kotda village.

Mukherjee, D and U B Sinha (2011) analysed the impact of NREGA scheme on (i) rural labour market, (ii) income of the poor households and (iii) overall agricultural production. It is seen that the income from NREGA 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 take place even when the NREGA activities lead to a moderate improvement in agricultural productivity.

**Ramachandrudu, G and Appa Rao (2011)** conducted a study was done in three mandals of Vizianagaram district in AP to assess the awareness levels of various aspects of MGNREGS and its impact on income, consumption, agriculture, assets, quality of life and migration. The main results of this study were that 31 per cent of sample respondents reported negative impact on agriculture because of 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 contributed to 38 per cent of household income during 2009-10. A positive impact on housing condition i.e. conversion of *katch* house to *pacc*a house, reduction in migration, procurement of farm assets and household durables was observed. As per the report, 36 per cent of respondents have repaid the loans taken from money lenders or co-operative banks, or commercial banks. 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 number of days of employment under MGNREGS in the districts like Vizianagaram where rain-fed single cropping system is in practice.

**2.9 WORKSITE FACILITIES**

**Narayanan, S (2008)** wrote an article based on the social audit survey findings on crèche facilities and childcare practices under NREGS in Villupuram district of Tamil Nadu. It elaborates the difficult predicaments of young mothers who worked under the MGNREGS and provides ample evidences of urgent need for childcare facility at all worksites. She also suggested the government to develop a blueprint for childcare facility at worksite and cost norms with specific instructions on where to incorporate these expenses in the financial estimates. She prescribed that a crèche has to be provided if at least five workers (male and female) demanded for it as many workers are unwilling to bring their children to the worksite unless childcare is available.
2.10 TRANSPARENCY AND ACCOUNTABILITY

Aakella and Kidambi (2007a) wrote an article 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 NREGA from regular problems that afflict the implementation of a scheme and potential to attack the corruption that plagued the anti-poverty programmes.

Aakella and Kidambi (2007b) depicts that there are several instances of return of money in the public forum by the functionaries who have embezzled money fraudulently by creating fake muster rolls, inflated bills, exaggerated measurements and non-existent of works, through cuts and bribes from wage seekers ranging from Rs.2.5 to Rs. 3 lakhs. The authors explained the social audit process which brings the individual issues to the forefront and forcing the system to take cognizance. They concluded that the social audit process ensures transfer of power slowly but surely from the hands of implementing agencies to the beneficiaries. As this paper was written in the initial stages of social audits in the state, it could not indicate the level of acquaintance of workers about the process.

Afridi, F (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.

Burra, N (2008) reported that increased awareness level of workers about their entitlements after social audit (based on World Bank Study report). She valued the process of social audit and its reports positively and said that for the first time, the government knew the names of labourers who had been defrauded and the amount of money that had been taken. The public hearings brought all these issues to the forefront and, for the first time, unpalatable information was publicly shared. Officials did not like this and routinely complained that the public hearings were a form of public humiliation. She mentioned that Andhra Pradesh model had shown a system for enhancing transparency and accountability in partnership with CSOs.
Roy, A J Dre’ze and N Dey (2008) observed an uneven picture of NREGA 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 NREGA 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. They also indicated the regulatory and constructive role of Central Government, CEGC and need for a full-fledged ‘Employment Guarantee Mission.

Dre’ze, J, B Bhatia and R Khera (2009) based on their experience in Andhra Pradesh felt 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 AP Social Audit process and pointed out the lapses. He commented that the SA findings were not placed on the MGNREGS website. Further, many workers’ issues were provided with little remedial action in SA 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; substituted 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 had taken place in MGNREGS.

Vidya, S (2009) reported that the Bhilwara social audit team repeatedly came up against resistances. Yet the coming together of civil society and government in Rajasthan augurs well for the future of MGNREGA.

2.11 IMPACT OF MGNREGS ON MIGRATION

Ghosh, J (2006) reported that according to study on “Labour Mobility and the Rights of Children” that was done by ‘Mobile Cre’ches’ (an NGO), there were about 30
million migrant women workers and 60 million children in 2000. The most recent significant change was increased migration of women with men, or in groups or even on their own due to reduced viable cultivation and lack of employment opportunities. One of the potential benefits of MGNREGA is to improve the welfare of 60 million migrant children by providing employment to their mothers.

**Khera, R (2006)** reported that according to official data in Rajasthan the number of people employed in relief works jumped from 4.08 lakh in 2000-01 to 9.75 lakh in 2002-03. In the baseline survey, about half of the households reported that some members of family had migrated during the summer month in 2001. They concluded that the public works offer relatively predictable employment opportunities and are effective in slowing down the rural-urban migration.

**Jacob, N (2008)** focused on distress migration. Survey in Tamil Nadu came up with finding that about 400 people used to migrate before the MGNREGA but 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. The author suggested to maintain the migration data at the block level.

**Sainath, P (2008)** explained that it is a small but significant statistic as the number of buses leaving Mahabubnagar district in Telangana to Mumbai were about 28 only. Three to five years ago, that number was 42 to 45 a week. There is a sharp fall in the number of bus trips carting migrants from Mahabubnagar to Mumbai. He said that the MGNREGS is “life-saving” and due to this time bound programme, the poor have slightly more money than they had earlier.

### 2.12 ASSETS CREATION UNDER MGNREGS

**Mathur, L (2007)** indicated in an article, that the number of works per district shows unusually wide variations across states 17,000 and 9,389 in Andhra Pradesh and Madhya Pradesh respectively against 430 and 917 in West Bengal and Maharashtra. In
most states the figure was between 2,500 and 4,000. By March, over 60 per cent of works in some states and around 50 per cent of works in several states were completed. He suggested that as the programme stabilizes, the nature, size and number of works will be stabilized.

**CSE (2008)** attempts to gauge the prospective impacts of the Act in providing sustained relief to communities by looking at the kind of works undertaken in villages and their associated realms like wages. This has been proved to a large extent especially in Sidhi district of Maharashtra. The potential of MGNREGA was very much realised and used it as an opportunity to revive its traditional ecological balance through creation of productive assets and had huge impact on the lives of the poor. However, Naupada has treated the MGNREGA more like any other employment scheme and had nominal impact on the lives of the poor. The authors suggested that MGNREGA need to be evaluated and monitored based on its impact on livelihood security through the parameters like increase in average annual income, increase in the productivity of small and marginal land holdings, quality of contribution of productive assets like water tanks.

**Ravindranath, et al. (2009)** assessed and found significant positive impact on soil fertility due to silt application, improved recharge and percolation rate due to construction of percolation tanks, financial benefits to farmers due to land development and land reclamation. The study team also estimated carbon sequester and biodiesel production due to plantation for over a period of thirty years and calculated the vulnerability reduction by using water, agriculture and livelihood indices. The authors opined that there was very limited attention towards the environmental or ecological or sustainable water and food security aspects of the programme.

**Goswami, H K (2009)** noted salutary effects on natural resources through water conservation, land development and afforestation projects taken up in large measures under MGNREGA.

**AFPRO (2010)** studied the process of asset management with regard to the lands of disadvantaged sections of the community. It was identified that the creation of assets
takes more time and hence the beneficiaries lose their interest; no linkage between the asset created and beneficiaries interest as works were carried out in target mode than community centric; low level of financial literacy among the workers. The authors suggested proper orientation of functionaries and coordination among different department for sustainable infrastructure development under MGNREGS needed.

Kareemulla, et al. (2010) studied the impact of soil and water conservation structures on agriculture in four rain-fed states. They calculated the Annual Return over Investment (ARI) from the assets of NREGA and found that the ARI was the highest in Anantapur district (4.3%), followed by Yevatmal (2.4%) indicating that the soil and water conservation works are yielding better returns in the districts with lower cropping intensity. They also recommended the quality and maintenance of assets need more attention in the coming years so that the investments made would not go futile.

IRMA (2010) assessed the usefulness and sustainability of assets created in Sikkim state and reported that the state government had initiated a new spring-shed development programme jointly with People’s Science Institute, Dehradun and WWF-India under the banner of “MGNREGS Dhara Vikas”. The outcome of this initiative includes preparation of a village spring atlas and increase in the discharge of the springs.

2.13 FUNDS FOR MGNREGS

Leelavathi and K H Rao (2010) compared the efficiency of fund management from March to May 2009 and March to May 2010 in Andhra Pradesh to assess effectiveness of the Electronic Fund Management System (eFMS). It was evident that considerable improvement in performance both in terms of expenditure and employment generation due to non-parking of funds at any level of implementation.

Shantanu, B (2011) articulated that “Of about Rs.623,000 crore that was spent for non-development purposes by the Centre and states, in the year 2007-08. In contrast, development expenditure (Rs.685,000 crore) was only about 10 per cent more than non-development expenditure. On every Rs.100 crore savings from non-development expenditure translates into over 27,000 year-round jobs. The Census 2001 shows that
about 45 million rural people were seeking work. And to provide this, an additional Rs.70,000 crore is required every year, part of which is already available in the NREGS budget. The NREGS bridges the rural-urban poverty-centric tensions and makes the cities liveable.

Finally, it is to conclude that the existing 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. The information revealed by many studies can give us broad ideas may be a little imprecise because of smaller sample size about the status of employment guarantee scheme implemented with a lot of expectations. It is clearly understood that the success of the Act depends on mobilisation of the poor, strong PRI system with proper institutional support and timely availability of funds etc. In few northern states, the financial institutions also erred due to imbibed attitudinal problem. Many studies indicated low level of awareness among the illiterate workers and their inability to demand the work.

Studies also indicated that to make sure the full payment of wages as prescribed, the SoRs are to be revised and wage rates should be indexed based CPIAL at regular intervals. Further, some studies also indicated sharp fall in rural-urban migration due to MGNREGS employment. Few studies also revealed the positive impact of assets developed under MGNREGS on water availability, agriculture and livelihoods of rural community and recommended the need for maintenance of these assets for better returns in future.

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