

Evaluation of Mahatma Gandhi National Rural Employment Guarantee Scheme in Select States of India

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ABSTRACT

In this paper, an attempt is made to assess the extent to which Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has succeeded in making a positive impact so far as women's participation, social equity and financial inclusion in rural India is concerned and to highlight the issues in the implementation of this scheme. Alongside it gives a brief account of the suggestions given by the World Bank and CAG and also the recent initiatives undertaken by GoI for the smooth functioning of MGNREGS. Being the world's largest democracy India should make its efforts for improving the lives of the deprived and the vulnerable sections of the society through effective implementation of centrally sponsored schemes like MGNREGS in its quest for becoming a true welfare state.

Keywords: Wage employment, Women workers, Unemployment allowance

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I. INTRODUCTION

A flagship programme of the UPA government, the Mahatma Gandhi National Rural Employment Guarantee Scheme was announced in 2005. It was introduced in 200 of the country's most backward districts in 2006 and was expanded to cover all 615 rural districts across India in 2008. It is perhaps the largest and most ambitious social security and public works programme in the world. This paper is dedicated to the Evaluation of MGNREGS.



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The two broad objectives of this paper are: (1) To assess the extent to which this scheme has succeeded in making a positive impact so far as women participation, social equity and financial inclusion in rural India is concerned and, (2) To understand the constraints faced in implementation of this scheme and to see what are the remedial measures taken by the government to overcome such constraints.

The methodology adopted in this paper is to do a comparative analysis of 10 states in India using data from the official website of MGNREGA, Planning commission evaluation studies and reports from CAG and other published sources.

II. BACKGROUND AND OBJECTIVES OF MGNREGS

MGNREGA, implemented by the Ministry of Rural Development, was enacted in 2005 with the primary objective of guaranteeing 100 days of wage employment per year to rural households. MGNREGA was implemented in phases, starting from September 2005, and at present it covers all districts of the country, with the exception of those that have a 100 per cent urban population. The objectives of the programme include:

- Ensuring social protection for the most vulnerable people living in rural India through providing employment opportunities,
- Ensuring livelihood security for the poor through creation of durable assets, improved water security, soil conservation and higher land productivity,
- Strengthening drought-proofing and flood management in rural India,
- Aiding in the empowerment of the marginalized communities, especially women, Scheduled Castes (SCs) and Scheduled Tribes (STs), through the processes of a rights-based legislation,
- Strengthening decentralized, participatory planning through convergence of various anti-poverty and livelihoods initiatives,
- Deepening democracy at the grass-roots by strengthening the Panchayati Raj Institutions (PRIs),
- Effecting greater transparency and accountability in governance.

Coverage of the Scheme

The Act was notified in 200 rural districts in its first phase of implementation (with effect from 2 February 2006). In FY 2007–08, it was extended to an additional 130 rural districts. The remaining districts were notified under MGNREGA with effect from 1 April 2008. Since 2008, MGNREGA has covered the entire country with the exception of districts that have a hundred per cent urban population.

Salient Features of the Act

- *Registration:* Adult members of a rural household willing to do unskilled manual work may apply for registration either in writing, or orally to the local Gram Panchayat (GP). The unit for registration is a household. Under the Act, each household is entitled to a 100 days of employment every year.

- *Job Card:* After due verification of place of residence and age of the member/s (only adult members are eligible for employment), the registered household is issued a Job Card (JC). Job Card forms the basis of identification for demanding employment. A JC is to be issued within 15 days of registration. Each JC has a unique identification number. The demand for employment in the GP, or at block level has to be made against the JC number. Job Cards are also supposed to be updated with days of work and payment made to the beneficiary as and when the work is undertaken.
- *Application for Work:* A written application seeking work is to be made to the GP or Block Office, stating the time and duration for which work is sought. The GP will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates.
- *Unemployment allowance:* In case employment is not provided within 15 days, the state (as per the Act) will pay an unemployment allowance to the beneficiary.
- *Provision of Work:* While allocating work, the below mentioned considerations are followed: (1) Work is provided within 5 kilometres (km) radius of the village. In case, work is provided beyond 5 km, extra wages of 10 per cent are payable to meet additional transportation and living expenses; (2) Priority is awarded to women, such that at least one-third of the beneficiaries under the Scheme are women; (3) At least 50 per cent of works, in terms of cost, are to be executed by the GPs.
- *Wages:* Wages are to be paid as per the State-wise Government of India (GoI) notified MGNREGA wages. Wages are also to be paid according to piece rate, as per the Schedule of Rates (SoRs). Payment of wages has to be done on a weekly basis and not beyond a fortnight in any case. Payment of wages is mandatorily done through the individual/joint bank/post office beneficiary accounts.
- *Planning:* Plans and decisions regarding the nature and choice of works to be undertaken in a FY along with the order in which each work is to be taken up, site selection, etc. are all to be made in open assemblies of the Gram Sabha (GS) and ratified by the GP. Works that are inserted at Block and District levels have to be approved and assigned a priority by the GS before administrative approval can be given. The GS may accept, amend or reject them.
- *Cost Sharing:* The GoI bears the 100 per cent wage cost of unskilled manual labour and 75 per cent of the material cost, including the wages of skilled and semi-skilled workers.
- *Worksite Management:* To ensure that the workers are directly benefitted under the Scheme, the Act prohibits the use of contractors or machinery in execution of the works. To ensure that the spirit of the Act is not diluted and wage employment is the main focus, MGNREGA mandates that in the total cost of works undertaken in a GP, the wage expenditure to material expenditure ratio should be 60:40. Worksite facilities such as crèche, drinking water and shade have to be provided at all worksites.
- *Transparency and Accountability:* Transparency and accountability in the programme is ensured through the following:
 - Social audit, to scrutinize all the records and works under the Scheme are to be conducted regularly by the GS. Grievance redressal mechanisms and rules have to be put in place for ensuring a responsive implementation process.
 - All accounts and records relating to the Scheme should be available for public scrutiny.



Funding of MGNREGA

The Central Government bears the costs on the following items:

- The entire cost of wages of unskilled manual workers.
- 75% of the cost of material, wages of skilled and semiskilled workers.
- Administrative expenses as may be determined by the Central Government, which will include, inter alia, the salary and the allowances of the programme officer and his supporting staff and work site facilities.
- Expenses of the National Employment Guarantee Council.

The state Government bears the costs on the following items:

- 25% of the cost of material, wages of skilled and semi-skilled workers.
- Unemployment allowance payable in case the state Government cannot provide wage employment on time.
- Administrative expenses of the State Employment Guarantee Council.

III. IMPLEMENTATION OF THE SCHEME DURING 2006-07 TO 2013-14

MGNREGA aims to provide a steady source of income and livelihood security for the poor, vulnerable and marginalized. Overall, evidence suggests that MGNREGA does provide basic income assurance to a large number of beneficiaries. In FY 2011-12 alone, nearly 5 crore households (close to 25 per cent of all rural households in the country) were provided over 209 crore person-days of work (see Table-1).

Table-1: An Overview of the Performance of MGNREGA (FY 2006-07 to FY 2014-15)

Items	2006-07	2008-09	2010-11	2012-13	2014-15*
Employment in Cr HH	2.1	4.5	5.5	4.98	2.94
Total person-days in Cr	90.5	216.3	257.2	230.5	88.7
SCs person-days in Cr	23	63.4	78.8	51.2	20.2
STs person-days in Cr	33	55	53.6	41	14.4
Women person-days in Cr	36	103.6	122.7	118.2	47
Employment per HH in days	43	48	47	46	30
Budget in Rs Cr	11300	30000	40100	33000	34000
Expenditure in Rs Cr	8824	27250	39377	39735	16272
Works taken up (in lakh)	8.4	27.8	51	104.6	82.8
Works completed (in lakh)	3.9	12.1	25.9	14	24

Note: During 2006-07 and 2007-08, the scheme was implemented on a pilot basis in 200 and 330 districts

Source: Author's compilation based on MGNREGS Portal

From above Table we can conclude that since inception over the period of 9 years the MGNREG Scheme has created a lot of impact in India so far as providing employment to number of households is concerned. However, we need to look into the individual dynamics of some of the states so as to throw more insights into the scheme.

IV. EVALUATION OF MGNREGS IN SELECT STATES OF INDIA

The Act is an important step towards realization of the right to work. It is one of the most significant Acts in the history of Indian polity in many ways like grass root level participation of every citizen and beneficiary through democratic process, multilayered social audit and transparency mechanism by the involvement of civil society, comprehensive planning at village level towards sustainable and equitable development etc. One prominent feature of this Act is to improve the quality of life of rural households who are vulnerable to out-migration in search of daily wage employment by channelizing the workforce towards developmental activities at the village level itself.

The scheme is implicitly strengthened by mandatory and active participation of local community, and transparency in record keeping. Nevertheless, due to massive funding, extensive coverage of beneficiaries, there is a necessity to identify and assess the ground realities, active participation by the SCs and STs, by women and to what extent has this scheme led to financial inclusion at village level, besides, studying the impact of the scheme on migration, quality of life, etc. Against this background, there is a necessity to carry out a comparative study of some major States in India so as to capture the broad objectives of this paper.

Table-2: Comparative Performance of States in 2013-14 (No.s in lakh)

Sl.No.	State	Total Job Cards issued	Total HHs worked	Total HHs reached 100 days limit	Total works completed
1	Andhra Pradesh	150.1	60.1	7.5	2.8
2	Bihar	131.7	20.6	1.2	1.0
3	Chhattisgarh	41.8	25.1	3.5	0.7
4	Madhya Pradesh	107.9	29.1	1.8	2.7
5	Maharashtra	71.9	11.4	1.2	0.7
6	Odisha	64.5	17.1	1.6	0.7
7	Rajasthan	99.2	36.2	4.5	0.9
8	Tamil Nadu	96.4	62.7	9.2	1.4
9	Uttar Pradesh	149.8	49.9	1.6	5.2
10	West Bengal	117.1	61.3	2.8	1.8
	Total:	1314.4	478.9	46.5	24.0

Source: Author's compilation based on MGNREGS Portal

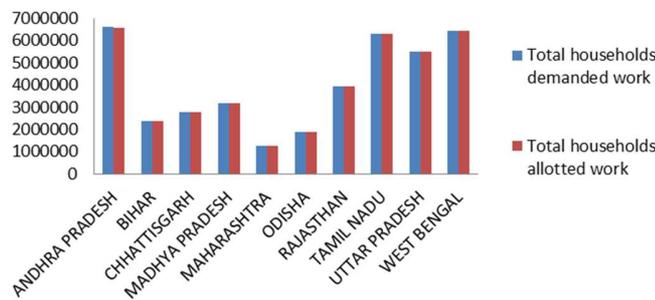
State Level Performance of MGNREGS



In this paper we selected the states based on few criteria viz. total job cards issued, total households worked, total households reached 100 days limit and total works completed. Based on the latest 2013-14 data which was obtained from the MGNREGA official website, the top ten states of Andhra Pradesh, Bihar, Chhattisgarh, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal were selected for comparison. Table-2 gives a comparative performance of the states based on the above criteria.

From the Table it is clear that Andhra Pradesh is the leading state in terms of number of job cards issued followed by Uttar Pradesh, Bihar, West Bengal and Madhya Pradesh. Tamil Nadu and Andhra Pradesh are lead runners in providing households with 100 days limit of employment. Andhra Pradesh takes the first place in total works completed category.

Figure-1: Demand for and Allotment of MGNREGA work in 2013-14

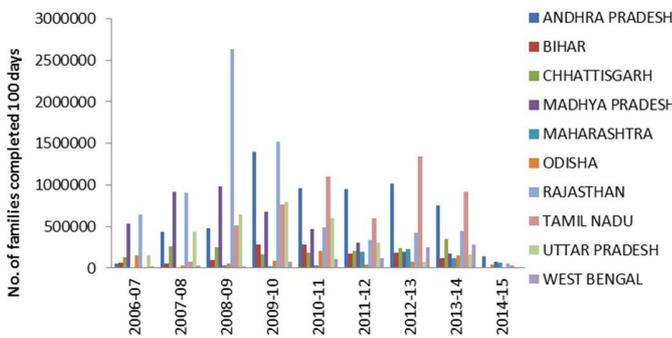


Source: Source: Author's compilation based on MGNREGS Portal

From Figure-1 however, it is clear that there is very little difference so far as households demanding MGNREGA work and being allotted the same is concerned, in the sample of the 10 selected states.

Therefore, it can be said that state-specific capacity and commitment and stakeholder dynamics within states govern how much work is available rather than just the demand for it from rural households. But then in the states of Maharashtra, Odisha and Bihar the demand from households seems to be scanty which is where field analysis is needed to find out if it could be due to the wage differential between the minimum wage and MGNREGA wage or due to failure of governance.

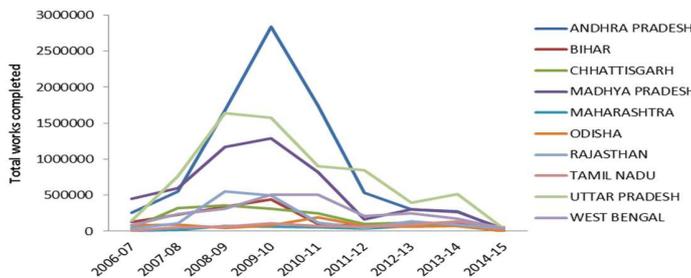
Figure-2: Number of Families completed 100 days work



Source: Source: Author's compilation based on MGNREGS Portal

From Figure-2 one can see that Rajasthan, Tamil Nadu and Andhra Pradesh are the states wherein over the years the number of families that completed the 100 days limit is higher.

Figure-3: Total Works Completed



Source: Source: Author's compilation based on MGNREGS Portal

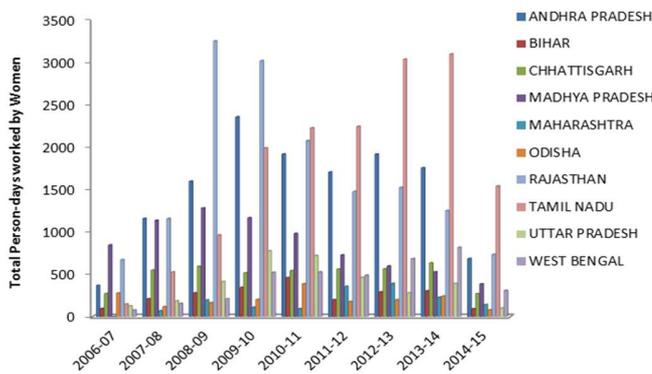
In terms of total works completed Andhra Pradesh, Uttar Pradesh and Madhya Pradesh have been the precursors (Figure-3).

Women Participation

As a rural wage employment programme, MGNREGA recognized the relevance of incorporating gender equity and empowerment in its design. Various provisions under the Act and its Guidelines, aim to ensure that women have equitable and easy access to work, decent working conditions, equal payment of wages and representation on decision-making bodies.

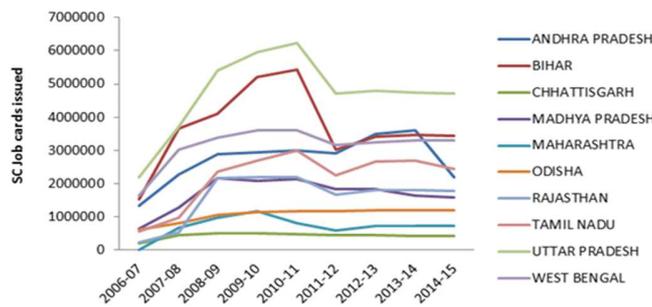
With a national participation rate of 47 per cent, evidence suggests that women are participating in the Scheme more actively than in other works. Research also indicates that MGNREGA is an important work opportunity for women who would have otherwise remained unemployed or underemployed. MGNREGA has reduced traditional gender wage discrimination, particularly in the public works sector. Studies also indicate that women exercise independence in collection and spending

Figure-4: Total Person-days Worked by Women (2006-07 to 2014-15)



Source: Source: Author's compilation based on MGNREGS Portal

Figure-5: Job cards issued to SCs in the 10 states over 9 years



Source: Author's compilation based on MGNREGS Portal

of MGNREGA wages, indicating greater decision-making power within the households. They were able to utilize the money for avoiding hunger, repaying small debts, paying for their child's schooling and bearing medical expenses.

From the above Figure it can be seen that Tamil Nadu, Rajasthan and Andhra Pradesh are the top three states in terms of women participation in MGNREGA work. Some of the possible factors responsible for a high rate of participation in these states could be: cultural acceptance of female participation in the labour force, influence of Self-Help Groups (SHGs), effective institutions at the State and local government level that are committed to promoting female participation in MGNREGA, wage differentials between private sector and

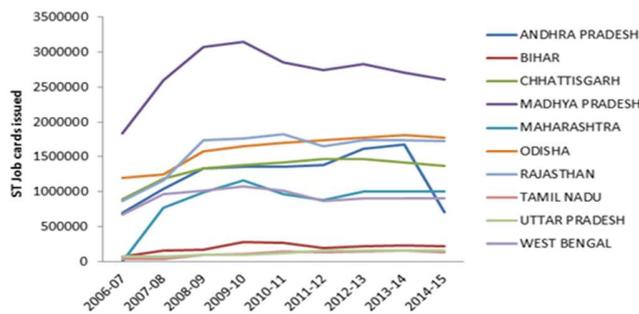
MGNREGA (Bonner, et al, 2012), etc. Parity in wage rates also appears to be positively affecting participation of women in the Scheme. States that have a high wage differential in casual labour market (for works other than MGNREGA) are likely to have a greater participation of women in MGNREGA, which assures wage equity.

Social Equity



Evidence suggests that MGNREGA is succeeding as a self-targeting programme, with high participation from marginalized groups including the SCs and STs. 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. In FY 2011–12 alone, 40 per cent of the total person-days of employment (84 crore out of 209 crore) were provided to SCs and STs as according. In the case of both SCs and STs, the participation rate exceeds their share in the total population.

Figure-6: Job cards issued to STs in the 10 states over 9 years



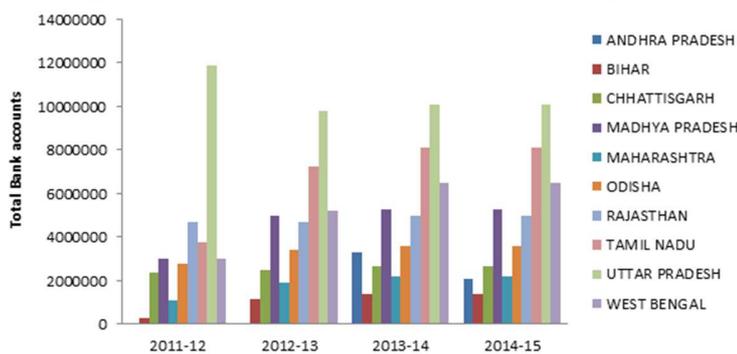
Source: Author's compilation based on MGNREGS Portal

From Figures 5 and 6 it is clear that Uttar Pradesh, Bihar, West Bengal and Andhra Pradesh are the best performers in terms of SC Job cards issued and Madhya Pradesh, Rajasthan, Odisha and Andhra Pradesh are the leading states in ST Job cards issued.

The NREG 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. It has been suggested that the concepts of the multiplier and accelerator could be usefully applied to

Figure-7: Total Bank Accounts Opened (2011-12 to 2014-15)



Source: Author's compilation based on MGNREGS Portal

MGNREGA. On the one hand, MGNREGA increases the purchasing power of workers creating demand for commodities.

This has been regarded as an important contributor to soften the impact of the world-wide recession on the Indian economy. At the same time, by

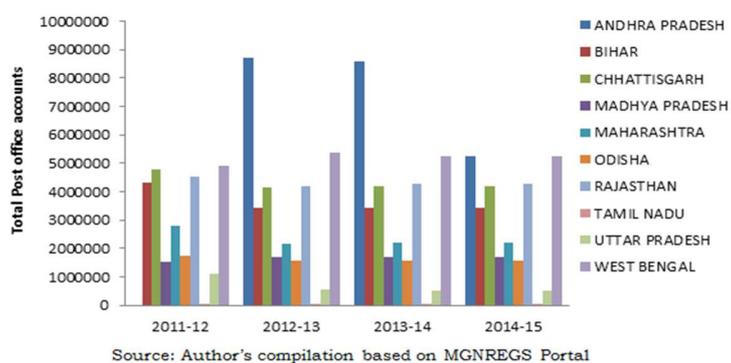
generating incomes for small and marginal farmers, both through direct benefits to them as workers and by improving the productivity of their lands, MGNREGA stimulates private investment on these farms. Effectively a wage employment programme can thus be transformed into a source of sustainable livelihoods generating self-employment. This would permit reductions in allocations for MGNREGA over time, not only because landed labourers get back to their own

farms, but also because of a general rise in demand for labour in the rural economy.

Financial Inclusion

MNREGA has already contributed to perhaps the largest financial inclusion drive in rural India in recent times. In 2008, the government made it compulsory for MNREGA wages to be disbursed through bank or post office accounts. The Reserve Bank of India allowed ‘zero balance’ or ‘no frills’ accounts to be opened for all MNREGA job card holders. Today, close to 40% of all rural households have a job card and nearly 90% of MNREGA job card holders have a bank or post office account. More than half (56%) are bank accounts. In many cases, accounts have been opened in the names of women. Predictably some states have done better than others. Workers with individual MNREGA bank accounts are highest in states of Uttar Pradesh, Tamil Nadu, followed by West Bengal and Madhya Pradesh (Figure-7). Also in terms of Post offices accounts the states of Andhra Pradesh, West Bengal, Chhattisgarh and Rajasthan are the forerunners (Figure-8).

Figure-8: Total Post Office Accounts Opened (2011-12 to 2014-15)



Source: Author's compilation based on MGNREGS Portal

Besides spurring financial inclusion, the payment of wages through accounts also had an impact on wage corruption. When wages were paid in cash, the implementing agency was the same as the payment agency: it was easy to inflate attendance, claim wages from authorities, pocket the inflated amount and pay the labourer his/her fair share. When wages are paid through accounts, the inflated amount (if any) is deposited into the labourers' account, so that the only way corrupt officials can get a share is through extortion or collusion (MNREGA official collude with labourers or post office functionaries to defraud the system). While extortion and collusion do occur, wage corruption has become more difficult (Khera, 2013).

V. ISSUES IN IMPLEMENTATION OF THE MGNREG SCHEME

MGNREGA marks a radical departure from earlier wage employment programmes in terms of its legal and demand-driven framework. However, there is no denying the fact that there have been many problems in infusing the system with the new culture of demand-driven, rights-based, decentralized decision-making. In general, the implementation of MGNREGA in a State can be expected to depend on the quality of governance. States with better systems of governance and administration are more likely to have the ability to run complex programmes more effectively. On the other hand, poorer states have greater demand for work under MGNREGA. However, they also have higher rationing rates (Dutta, et. al.



2012) and greater unmet demand for work. This is perhaps because the state institutions are less capable of implementing MGNREGA. There is a possibility, therefore, that poorer states might end up in a vicious cycle in implementation of MGNREGA. They have higher demand for work but a lesser capacity to implement MGNREGA effectively because of institutional factors and end up with greater unmet demand for work.

Some of the key issues in effective implementation of MGNREGS are as follows:

- *Lack of awareness:* There is low awareness among potential beneficiaries about certain provisions of the MGNREGA. This limits their ability to fully benefit under the Act. Infrequent meetings and low participation at the Gram Sabhas (GS) convened for planning MGNREGA works further limit the implementation of the Scheme at the village level in many places. Awareness about the provisions of the Act is vital to exercising the demand to work and other entitlements under MGNREGA. Studies indicate that awareness levels among the potential beneficiaries of provisions of the Act, such as demanding work, unemployment allowance etc. are still low. National Sample Survey Organisation (NSSO) panel survey on MGNREGA conducted in Andhra Pradesh, Rajasthan and Madhya Pradesh, in one of its Rounds in 2010–11 found low awareness about unemployment allowance, low awareness about work on demand and low awareness about grievance redressal mechanisms.
- *Wage Payment Less than the Notified Wage:* Reports from the earlier fieldwork suggest that wage payments are often less than the notified wage, primarily due to inaccurate Schedule of Rates (SoRs), and delays in payment due to inadequate staff and other institutional constraints. Since MGNREGA wages are mostly calculated according to piece-rate (quantity of work output in a day), in some states, due to non-revision of SoRs, the average wage per day is less than the notified wage.
- *Leakages and Misappropriations in the Scheme in terms of fake or ghost workers:* MGNREGA has received serious criticism on account of perceived misappropriations and leakages under the Scheme. While there is no denying that in several cases these are true, states are making progress by introducing IT innovations. Wage payments to beneficiaries are calculated on the basis of attendance and measurements listed on Muster Rolls (MR). MRs are supposed to be available at worksites and updated every day. However, studies that have conducted MR verification indicate several irregularities in the filling and maintenance of these MRs. Field reports suggest that in some cases wage payments are made to workers who either have no Job Cards or those who did not actually undertake work at worksites. Double payments have also been noted.
- *Discrepancy in NSSO Data on Rationing:* According to the MGNREGA, an adult member of any rural household (willing to do manual unskilled work) who demands work, should be provided work. However, research suggests that in some instances, due to low awareness, limited capacity of the delivery systems and traditional social structures among other reasons, households are not being provided employment under MGNREGA. In other words, there is a rationing of demand; households that are willing to work and seeking employment under the Scheme are not being given work. Rationing also exists with regard to households who would have liked more days of work but still had fewer than the 100 days stipulated by the Act. The NSSO survey at the national level, 66th Round, does not take into account this aspect.

It is important to note that NSSO data may not be entirely accurate in its estimation of the extent of rationing since the calculation is based on a recall of 365 days, i.e. the beneficiaries were asked if they have sought employment under MGNREGA in the last 365 days. It may not be possible for the beneficiaries to be accurate in recalling information over a period of one year.

- *Transparency and accountability:* MGNREGA has inbuilt transparency and accountability mechanisms in its design, viz. pro-active disclosure and social audits. Social audit under MGNREGA refers to an audit of all processes and procedures under the Scheme, including wage payments, muster rolls, etc. It normally involves scrutiny of all documents and records on work done. Under the Act, the GS has to conduct regular social audits of all the projects under the Scheme taken up within the GP. Findings from various field studies suggest that the frequency and quality of social audits is a major constraint in effective implementation of the Scheme. In a study of 12 states across India, it was found that social audit by GS was seriously carried out in only 10 of the 40 works; in ten more cases, it was done by the block administration, in four by NGOs and in two by the district administration. In case of more than a dozen works, no audit was carried out by anyone (Shah, et. al. 2010).

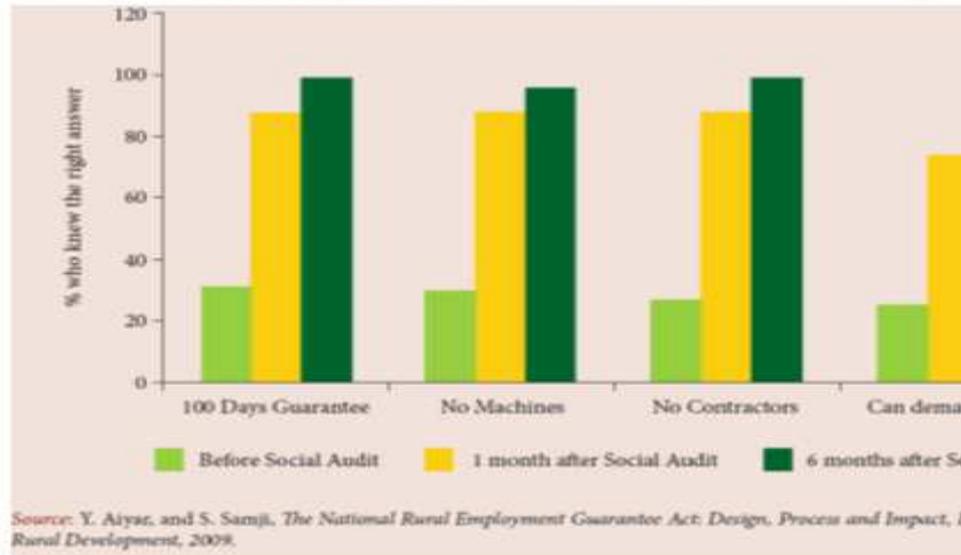
However, there are good practices where states have taken innovative steps towards developing and institutionalizing accountability tools into the governance system. One of the most interesting examples of these innovations can be found in the state of Andhra Pradesh where the government has initiated a systematic process of undertaking social audits for all MGNREGA works across the state.

Box-1: Social Audits in Andhra Pradesh

Andhra Pradesh has set up an independent directorate for conducting social audits as well as demarcated a set percentage of funds (from the total funds that the state receives from the GoI) to ensure both flexibility and independence of this unit. The social audit process hinges on participation of youth volunteers, normally from worker households, who are trained to accept complaints and survey records as well as generate awareness about the audit. The volunteers also conduct a cross-check of official records through a door to door verification of MRs and physical verification of works. On a pre-notified date, the reports, along with the findings of the social audit, are readout in public meetings attended by the labourers, official functionaries, political representatives and the media. The officials respond to the issues which are read out in public and take corrective action.

In a study conducted to assess the impact of social audits, 840 labourers from three districts Cuddapah, Khammam and Medak (Andhra Pradesh) were interviewed. Overall findings of the study suggest that social audits have a significant impact on generating awareness among beneficiaries as well as in improving quality of implementation of the Scheme. The difference in awareness levels before and after is in Figure-9. Social audits also improved record maintenance and worksite implementation. The study found that entries in Job Cards increased from 39 per cent to 99 per cent. The availability of drinking water at worksites also went up from 79 per cent to 95 per cent.



Figure-9: Improvements in Awareness Levels Before and After

VI. RECENT INITIATIVES TAKEN BY THE GOVERNMENT TO STRENGTHEN THE FUNCTIONING OF MGNREGS

To strengthen the functioning of MGNREGS GoI has taken several initiatives such as:

- To ensure timely payment and prevent misappropriations, the GoI mandated that payments be made through bank and post office accounts of beneficiaries (with certain exceptions as approved by the GoI in advance).
- To respond to the demands of the States for greater location-specific flexibility in permissible works the list of permissible work under MGNREGA has been expanded.
- For generating awareness among potential beneficiaries, several states and districts have taken up innovative methods. For instance, Rajasthan has been the pioneer in some of these, like displaying the main provisions of the Act on the walls of GPs.
- The new Guidelines have provisions to ensure rights of vulnerable groups such as persons with disabilities, primitive tribal groups, nomadic tribal groups, de-notified tribes, women in special circumstances, senior citizens above 65 years of age, and internally displaced persons.
- To ensure greater dissemination of information and participation of rural people at every stage of MGNREGA, from planning to execution, the Guidelines emphasize the need for state and district governments to involve Civil Society Organizations (CSOs) as resource agencies. CSO involvement will also aid the process of social audits and help with increased transparency and accountability in implementation of the Act.

Box-2 shows the government of India initiatives undertaken to strengthen ICT for timely payment of wage and transparency. Box-3 depicts the Andhra Pradesh experience of tackling delayed wage payments.

Box-2: Strengthening of ICT for Timely Payment of Wage and Transparency

- *Electronic Fund Management System (e-FMS)*: Under e-FMS, all fund transfers and fund management, for the purpose of wage/material/administrative payments as per the actuals (with certain ceilings) will be done online. All electronic transfers are realized in a span of 24 hours.
- *Electronic Muster Rolls (MR)*: To prevent fudging of Muster Rolls, fake entries and other misappropriation, the GoI is piloting electronic Muster Rolls. Under this, the block or GP, receives demand applications, assigns work and provides print outs of Muster Rolls (with a list of beneficiary names as per demand) for each work site.
- *AADHAAR Linking*: Aadhaar is a unique identification number linked to the person's demographic and biometric information, which they can use to identify themselves anywhere in India, and to access a host of benefits and services. A pilot has been launched in Ramgarh district in Jharkhand for this.
- *Business Correspondent Model*: Learning from the experience of States, the GoI is looking to upscale the Business Correspondent (BC) Model and is supporting its implementation. Rs 80 per account per year is given as incentive for banks.
- *Electronic Transfer of Data Files*: Another major point of delay has been the crediting of workers' bank accounts as this involves physical movement of cheques and wage lists from the GP to the bank after which banks are required to feed in details of the bank accounts of wage earners once again. To make this transaction seamless, the Ministry of Rural Development has worked with five banks in four States (Odisha, Gujarat, Rajasthan and Karnataka). Other States will follow.

Source: Ministry of Rural Development, Government of India.

Box-3: Tackling Delayed Wage Payments - The Andhra Pradesh Experience

Online entry of data in Andhra Pradesh is real time, i.e. the State uses its data software to issue pay-orders to banks and post offices, for payment of wages. On the field, the schedule for closing of MRs and their entry into the software is set to avoid delays in wage payment. The measurement sheets and MRs of the week's work are compiled on the sixth day of that week and transmitted to the Mandal (Sub-Block) computer centre. The next day, the muster data is fed into the computer and on the eighth day pay orders generated and cheques prepared. By the tenth day, cheques are deposited into post office accounts of workers. By the thirteenth day, workers are able to access wages from their accounts. Free availability of payment information facilitates public scrutiny and transparency.

Use of such real-time technologies to enable online updation of critical data at each stage of the MGNREGA workflow is now being facilitated by the GoI for some States.

Source: Ministry of Rural Development, Government of India.

VII. RECOMMENDATIONS OF CAG

The Comptroller and Auditor General (CAG) report points to a number of issues in the implementation of NREGA. Some of them are novel. Others have been advocated for some time, but are likely to receive more attention now that they have been endorsed by the CAG.

- *Transparency Measures:* The CAG has chosen to highlight shortcomings in the maintenance of job cards and muster rolls. Among other things, they have recommended that the state governments must ensure that job cards are not retained by Gram Panchayat or departmental officials under any circumstances. Another major problem that the CAG identifies is that in many places the mandatory biannual social audits are not taking place. Here too, the CAG's findings lend important support to a demand that others have raised - that the social audit process must be taken far more seriously by the administration.
- *Works:* The CAG has pointed out that a number of projects not on the list of permissible works (such as shamshan ghats, panchayat ghars, community centres, school buildings and playgrounds) are being executed. It has recommended that state governments should be empowered to expand the list of permissible works in the light of local conditions, after keeping MRD informed.
- *Staffing:* CAG has singled out lack of dedicated administrative and technical staff for NREGA as the key constraint responsible for procedural lapses. For instance, according to the Operational Guidelines, the "programme officer" at the block level is supposed to be a full-time, dedicated post of rank equivalent to the Block Development Officer (BDO). Similarly, the Operational Guidelines recommend the appointment of a full-time gram rozgar sevak ("employment assistant") in each gram panchayat. As the report points out, however, these appointments are yet to be made in many states. Staff shortages have become a common excuse for non-compliance with the guidelines. Another critical finding relates to special staffing needs of a select group of districts, "which suffer from acute poverty, where employment demand is high, and consequently where there is increased pressure on the NREGA organisational set-up". It prescribes adequate staff as the way to enforce accountability in the matter of record maintenance and online data management.
- *Employment and Wages:* According to the operational guidelines, district-wise Schedules of Rates (SORs) must be prepared after undertaking careful "time and motion studies" for the NREGA workforce. On NREGA works, as the CAG points out, anyone above the age of 18 years can come to work, including first-time workers, women and the elderly may not be as productive as an able-bodied experienced worker. As such, it is important that new SOR be formulated for the NREGA with carefully calibrated and realistic stipulated tasks so as to ensure fair payment of wages. The report makes a pointed observation to the effect that the state governments should ensure payment of minimum wages.
- *Unemployment Allowance:* The reluctance of state governments to disburse unemployment allowances has been noted by many. The CAG has indicted a number of state governments for effectively scuttling the unemployment allowance. The report also brings out the myriad ways in which they have managed this. In other places, like Madhya Pradesh, the unemployment allowance was paid, but only to a few workers and after a long struggle. Noting the aforementioned, CAG has advised the central government to consider amending NREGA rules to allow the centre to pay part of the unemployment allowance, while instituting controls to minimise chances of persons drawing unemployment allowance without demanding employment or working.

VIII. FINDINGS AND SUGGESTIONS FROM THE WORLD BANK REPORT

As per the World Bank report one of the biggest challenges in implementing MGNREGS is to match the expression of demand with the supply of worksites and employment opportunities. It is vital to address the constraints – formal and informal – on this process. At the broadest level, this goes to the heart of what a rights-based, demand-driven approach means in practice. Some states have done better at establishing systems to improve the responsiveness of supply to the demand for work (Box-4). This has typically involved attention to or innovations in the following areas:

- *Establishing the implementation structure early in the game and ensuring adequate staff with the appropriate orientation and skills.* This includes serious and sustained efforts at building capacity at all levels of the delivery process, often in partnership with the State Institute for Rural Development. Under the Act, a portion of funds are available for capacity building of those involved in MGNREGS implementation, including PRIs. Using these funds effectively will be a critical element of program success over time.
- *Generating awareness of the rights and entitlements under MGNREGS as the first step towards establishing a right to work.* Over time, there has been some evolution of IEC campaigns in terms of moving from the dissemination of rights to an emphasis of the need to and the means by which individuals can demand that right. It is also necessary to make communities aware of the unemployment allowance provision in the Act for the guarantee function to be credible. It is vital to deepen awareness raising efforts on MGNREGS entitlements, in close collaboration with civil society and using strategies that are tailored to a largely illiterate audience.
- *Leapfrogging technical manpower constraints (e.g., the shortage of engineers at the block level) by developing detailed technical specifications of MGNREGS works for different geo-climatic conditions as a preparatory stage.* This minimizes the technical input required at the block and GP level at the planning stage and while starting a worksite. This can be done without the aid of technology (e.g., as in Madhya Pradesh) or with technology as an integral part of a transactions based Management Information System (e.g., as in Andhra Pradesh).
- *Streamlining the flow of funds in various ways so as to prevent funding delays to constrain opening of worksites or payment of wages.* For instance, some states (e.g., MP) make available advance funds (linked to the volume of MGNREGS work) with GPs that makes it easier to open worksites in response to demand. In addition, some states have reduced delays in payment of wages from the GP to worker post office accounts (e.g., by placing a “float” with post offices to make wage payments while waiting for funds transfer; and by mandating that the GP MGNREGS account and accounts of MGNREGS households to be in the same branch).
- *Revising the rural schedule of rates (SoRs) through detailed time and motion studies for different locales and groups to enable a “normal” worker to earn the minimum wage at MGNREGS worksites.*
- *Partnering with civil society organizations to work as support agencies on a variety of areas, including orientation and capacity building of MGNREGS staff,*



awareness generation and mobilization among workers, promoting participatory planning of works, and enhancing accountability.

- *Emphasizing the commitment to transparency and accountability.* While the design of MGNREGS contains many safeguards in terms of transparency and accountability, actual implementation on this front has been highly variable. This includes institutionalizing social accountability mechanisms, making the MIS up-to-date, and a continued emphasis on monitoring and community mobilization.

Box-4: Some State-level Innovations in implementing MGNREGS

Rajasthan

According to official statistics, 90 percent of rural households in Rajasthan were provided MGNREGS employment in 2008/09 of which 41 percent were provided 100 days of employment. While official figures may overestimate the coverage of the scheme, Rajasthan is also well known for implementation of various transparency safeguards – a fact corroborated by many localized surveys. Muster rolls are present at most worksites, daily attendance is taken in front of workers, wages are paid based on group work and measurement and job cards are updated at the time of payment. Awareness of entitlements and processes is high. An active civil society played an active role in the campaign for the right to work and the right to information and has strongly promoted community monitoring through social audits. In addition, the state government has put in considerable effort to improve worksite management practices. Mates (work site supervisors) are trained to maintain muster rolls; they assign tasks to workers; record their output; and ensure worksites facilities are available. All such activities help improve productivity and increase transparency, allowing the program to be scaled up. Some problems persist – e.g., Rajasthan continues to have a poor record on payment of minimum wages and has not yet revised its Schedule of Rates to make it MGNREGS friendly. On the whole, however, Rajasthan's success could be attributed to the long history of public employment programs in the state and more importantly to an active civil society that has for years worked on other related movements like the Right to Information.

Andhra Pradesh

The movement here is driven by the government which has undertaken significant efforts to innovate and improve the delivery of the program, setting up administrative machinery and systems in readiness for MGNREGS. Some of the best practices adopted by the government include a focus on monitoring and accountability by using ICT tools and relying on communities. The former included the development of a web-based Management Information System with a local language interface that handles registrations, work estimates, muster rolls and wages to ensure correct and timely payment of wages and allows open access to reliable, timely and comparable information from the field. AP was the first state to institutionalize social audits as early as 2006, with a focus on follow-up action by the administration in the aftermath of such audits. AP also undertook several time and motion studies to revise the rural SORs to reflect the higher labor intensity and regional variation in MGNREGS work. In addition, AP was among the first states to introduce payment of wages directly into workers' post office or bank accounts (opened in the name of the women

within the household).

Tamil Nadu

The state of Tamil Nadu has used administrative monitoring effectively to increase transparency under MGNREGS. In some districts, a daily audit is done of the nominal muster rolls (NMRs). All NMRs are closed by 11 am each day and the information is passed from village to block and then to the district level monitoring office through an SMS. Inspection officers visiting worksites then check details with entries in the NMRs. Regular monitoring in this way has helped reduced the scope for 'ghost workers'. Similarly, while only 50 percent of MGNREGS works are mandated to be undertaken by the Gram Panchayat, Tamil Nadu makes it compulsory that all works are undertaken by the village body. Finally, the state (along with Kerala) has the highest proportion of women participating in MGNREGS – about 4 out of every 5 beneficiaries are women, a number that is also confirmed by many social audits. However, lack of childcare facilities at the worksites continues to remain a problem.

Some prominent suggestions given by World Bank for increased effectiveness of MGNREGS are as follows:

- To explore options for a wider range of works authorized under MGNREGS to reflect variable needs and to dovetail with other programs so as to contribute towards a coherent village development plan and to institutionalize direct involvement of the communities and Gram Sabha for identification of works in consistence with the village development plan.
- To establish systems for providing in-time technical inputs for asset planning and evaluation, beyond the currently mandated technical supervision during asset creation. The use of technology such as GIS in both planning and monitoring could be effective.
- An additional issue for consideration is whether any element of direct human capital formation can be factored into MGNREGS as it matures. Presently there is no provision under MGNREGS for skill formation among workers.
- Another issue is that public works for the poor remain restricted to rural areas. Therefore, planning for a Urban public works program for Indian cities and towns and combining it with vocational or technical training would enable young participants to upgrade their skills and also compete in the labor market.

IX. CONCLUSION

In a vast country with immense variations in the availability of natural resources and agro climatic conditions there is a need to understand the local, regional and state level dynamics and the social and economic relevance of the MGNREGS amongst the rural households. The Mahatma Gandhi National Rural Employment Guarantee Scheme has immense potential to provide social security to the masses only if its implementation is efficient and its synergies are optimally utilized. In this paper an attempt was made to assess the extent to which this scheme has succeeded in making a positive impact so far as women participation, social equity and financial inclusion in rural India is concerned and to highlight the issues in the implementation of this scheme. Alongside it gives a brief account of



the suggestions given by the World Bank and CAG and also the recent initiatives undertaken by Gol for smooth functioning of MGNREGS. Being the world's largest democracy India should make its efforts for improving the lives of the deprived and the vulnerable sections of the society through effective implementation of centrally sponsored schemes like MGNREGS in its quest for becoming a truly welfare state.

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