

IMPACT OF 10 Years of MGNREGA: AN OVERVIEW

S.Mahendra Dev
IGIDR, Mumbai

Context and Background

- Public works programs are an important component of labor market interventions and social assistance
- Rural labor market problem: Acute poverty, disguised unemployment, low skills, low occupational diversification.
- Therefore, governments increasingly relied on direct intervention in the form of public works.
- In the broader context of development: Using surplus labor for capital formation (Ragnar Nurkse, 1957)
- At global level, many countries have this programme.
- India has a long experience in experimenting with labour intensive public works starting from 1960
- The EGS of Maharashtra 1972/73; MGNREGA introduced in 2006-07. 10 years experience.

Potential Ten Direct and Indirect Benefits of MGNREGA

- 1. **Creation of Employment: Livelihood security:** increase in consumption, food security and nutrition, reduction in poverty, positive impact on health and education
- 2. **The most important benefit according to workers is self respect**
- 3. **Asset creation:** benefit agri. And rural development and environment protection
- 4. **Positive impact on agricultural wages**
- 5. **Impact on women empowerment**
- 6. **Help marginalized sections SCs and STs**

Ten Benefits

- 7. Reduction in Distress Migration
- 8. Seasonal benefits and insurance function
- 9. Financial Inclusion
- 10. Strengthening grass root processes of democracy infusing transparency and accountability in governance. Particularly involvement of panchayats. Social audit can improve governance.
- In fact, There is a need to use MGNREGA exp. Increase in general and drought years in particular
- There are extreme views on MGNREGA. It is better to examine the evidence based on field studies

Field Surveys: IMPACT OF MGNREGA

- There have been thousands of studies using secondary data and field data on the impact of MGNREGA
- We cover here only few of the studies (NREGA Sammeksha, Dreze and Khera, Young Lives, IGIDR study, Dilip Mookherji) to give a flavour on the impact and concentrate on the following.
 - (1) Income, livelihood Security and well being of hhs.
 - (2) Impact on gender and disadvantaged
 - (3) NREGA and Child well being
 - (4) Creation of Assets
 - (5) Impact on migration
 - (6) Political Voice and grassroots revolution
- Basically putting together some old and new studies

(1) Impact on Income, livelihoods: Macro

- Macro Level: Employment peaked in 2009-10 with more than **2.8 billion person days** (2.2 billion in 2013-14 and 1.9 billion in 2015-16)
- Households provided employment increased from 21 million hhs. In 2006-07 to **55 million days in 2010-11** and then declined (43 million in 2015-16.)

Average person days created in **2015-16: 44**

- Expenditure **Rs.35868 crores in 2014-15;**
0.29% of GDP.

- Expenditure spent since 2006-07 on wages: More than 2 ,00,000 crores till 2014-15.
- In spite of some leakages, **studies show a positive impact of this transfer on household income, food security and health of the hhs.**

(1) Income and Livelihood Security: Field Studies

- A study on three states show that the share of NREGA income of the poor was highest in A.P. (17%), Rajasthan (10%), Maharashtra (7%).
- Several other studies have different shares in various states.
- Modest contribution increase in wages. Recent studies (using difference-in-difference method) show a rise of daily wages 5% to 9% in different states (Dilip Mookherji)
- Different studies have also shown positive effects on food and non-food consumption, calories and protein intakes, health, savings (Dilip Mookherji)

A lifeline for the rural poor (Dreze and Khera, 2009)

Proportion(%) of sample workers who:

NREGA is very important to them	71
NREGA helped them to avoid hunger	69
NREGA helped them to avoid migration	57
NREGA helped their family to cope up with illness	47
NREGA helped them to avoids demeaning or hazardous occupations	35

NCAER survey

- Compared IHDS conducted 2004-05 and 2011-12 panel survey.
- Impact: the poor and vulnerable are more likely to work
- The program reduced poverty overall 32% and prevented 14 million falling below poverty line.
- Reliance on money lenders declined
- Children education improves
- Empowered women
- Impact limited by work rationing.
- Need to monitor long term impact

2. Impact on Women and social groups

- Self help groups and Civil society organizations encouraged women's participation in states like Rajasthan, Kerala and U.P.
- Impact on disadvantaged social groups
- Evidence suggests that MGNREGA is succeeding as a self targeting programme with high participation from marginalized groups including SCs and STs
- Share of SC (22.6%) and ST (17.6) together in NREGA participation was 40% of total.
- Works on private lands of the marginalised also helped SCs and STs to some extent

A job of One's Own :Women (Dreze and Khera 2009)

Population 1% of female sample workers who:

Collect their own wages	79
Keep their own wages	68
Earned and cash income (other than NREGA wages) during the last three months	30

NREGA labourers: Rural India's “working class” (Dreze and Khera, 2009)

Proportion(%) of sample workers who:

Live in Kaccha House

81

**Belongs to S.C./S.T.
families**

73

Are illiterate

61

**Have no electricity at
home**

72

Impact on Social Groups: 6 states field survey (Chhabra, 2009)

	Proportion of Hhs reported NREGA as			
	SC	ST	OBC	OC
Brought significant change in life	57.4	55.6	56.7	30.0
To avoid hungry	48.4	46.1	49.5	30.1
Send children to school	37.8	34.1	36.1	21.5
Helped to cope illness	38.0	34.9	38.5	23.1
Raise market wages	67.1	56.9	66.4	56.2
Helped repay our debts	40.5	46.1	41.7	24.5

3. NREGA and Child Well Being

- The NREGA seems to have some positive impact on child well being
- Long term benefits for children in terms of reducing, malnutrition, ill-health and improve education.
- We have already seen above NREGS had positive impact on women's well being.
- Women's well being and empowerment are crucial for the well being of children.
- One of the gaps is lack of care facilities at work sites in many cases. Due to lack of creche facilities, women with small children hesitate to participate.

Impact on children with Young Lives

- ❖ The Young Lives project is in four countries Ethiopia, Vietnam, Peru and India (only combined State of Andhra Pradesh in India).
- ❖ (2) A recent study using young lives data (Mani, Behrman, Galab and Reddy, 2014) examined the impact of the NREGA on Schooling and Intellectual Human Capital.
- This paper uses a quasi-experimental framework to analyze the impact of NREGA on schooling enrollment, grade progression, reading comprehension test scores, math test scores and Peabody Picture Vocabulary Test (PPVT) scores

Impact of NREGA on Children

- They used three rounds of Young Lives data.
- They find that the program has no effect on enrollment
- but has strong positive effects on grade progression, reading comprehension test scores and PPTV scores.
- This effect in A.P. is similar to the effects of conditional cash transfer programs implemented in Latin America.
- The findings have important policy implications
- Public works programs can be extremely beneficial in improving children's human capital.

(4) Impact on Assets

- MGNREGA 's impact is mixed. In some places they created quality assets and in some others asset quality is poor.
- NSSO survey shows that around 99% of hhs in Rajasthan, 82% in M.P. and 64% in A.P. were using the assets created
- Research indicates that wherever village communities have taken enthusiastically supported by an able, capable local governance institutions, the results were positive
- In other instances, lags in process and procedure have reduced the efficiency of assets (NREGA Sameeksha)

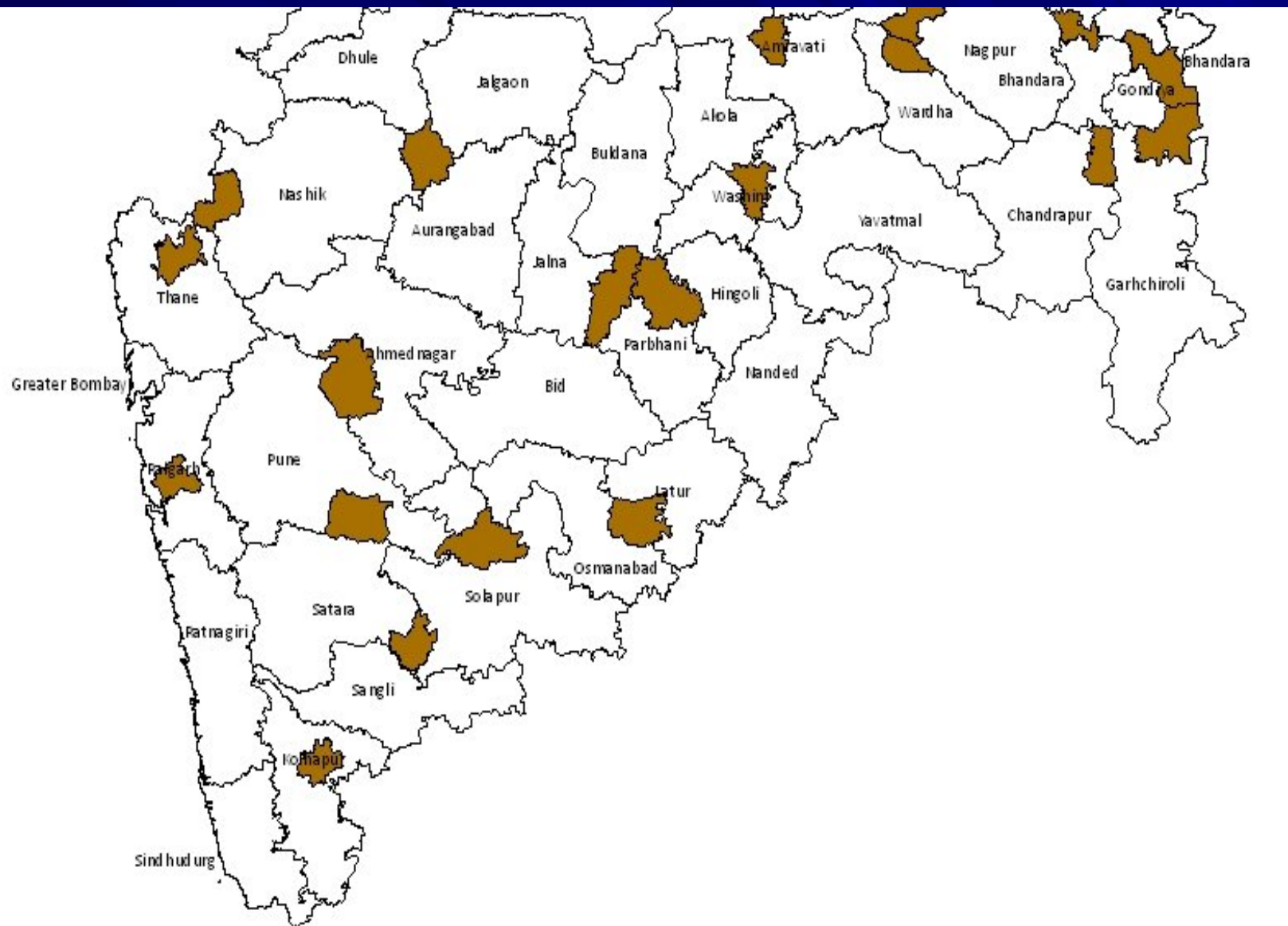
Projects at IGIDR

- 3ie funded collaborative study with IFPRI, Cornell University and IGIDR, 2013-15
- Government of Maharashtra supported study to assess usefulness of MGNREGA assets, 2014
- ICRISAT-funded study Village Dynamics in South Asia (Andhra Pradesh, Telengana and Maharashtra), 2014-15
- EU-funded FoodSecure Project on Public Distribution System and MGNREGA, 2014-15.
- Collaborative study with Stanford University on using mobile phones to improve implementation, Surguja, Chhattisgarh, 2014-17.

IGIDR Study on Maharashtra: Goals and Methods

- Asset verification
- User *perceptions* of the assets
 - Various aspects (quality, impact, use, role)
 - Focus on benefits and problems with the MGNREGA works.
 - Other aspects (as workers, needs of the community, socio-economic profile, etc.)
- Classified according to work type (but not the same as government classification).

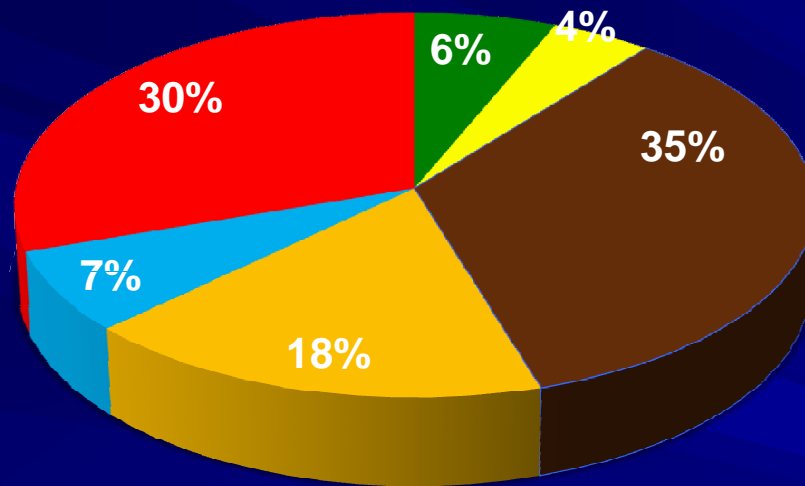
Survey Area (20 blocks, 100 GPs)



The Survey

- February-March 2014.
- 20 blocks, 100 GPs.
- 344 enumerators, 40 supervisors mainly from agriculture colleges.
- A list of 4266 asset IDs based on administrative data.
- 2 beneficiaries for public works, 1 for private works using a spatial delimitation criteria.
- Multiple components
 - User questionnaire, community questionnaire, administrative data

What type of works?



- Afforestation
- Horticulture
- Land development on private lands
- Other works
- Roads
- Water works on common lands

■ Regional variation in scale and type of works.

- Pune Sangli Solapur Ahmednagar land development
- Bhandara afforestation
- Wardha, Nagpur (toilets)
- Other works distributed evenly

■ Owners/users/workers

■ ~161 hh benefit from multiple assets

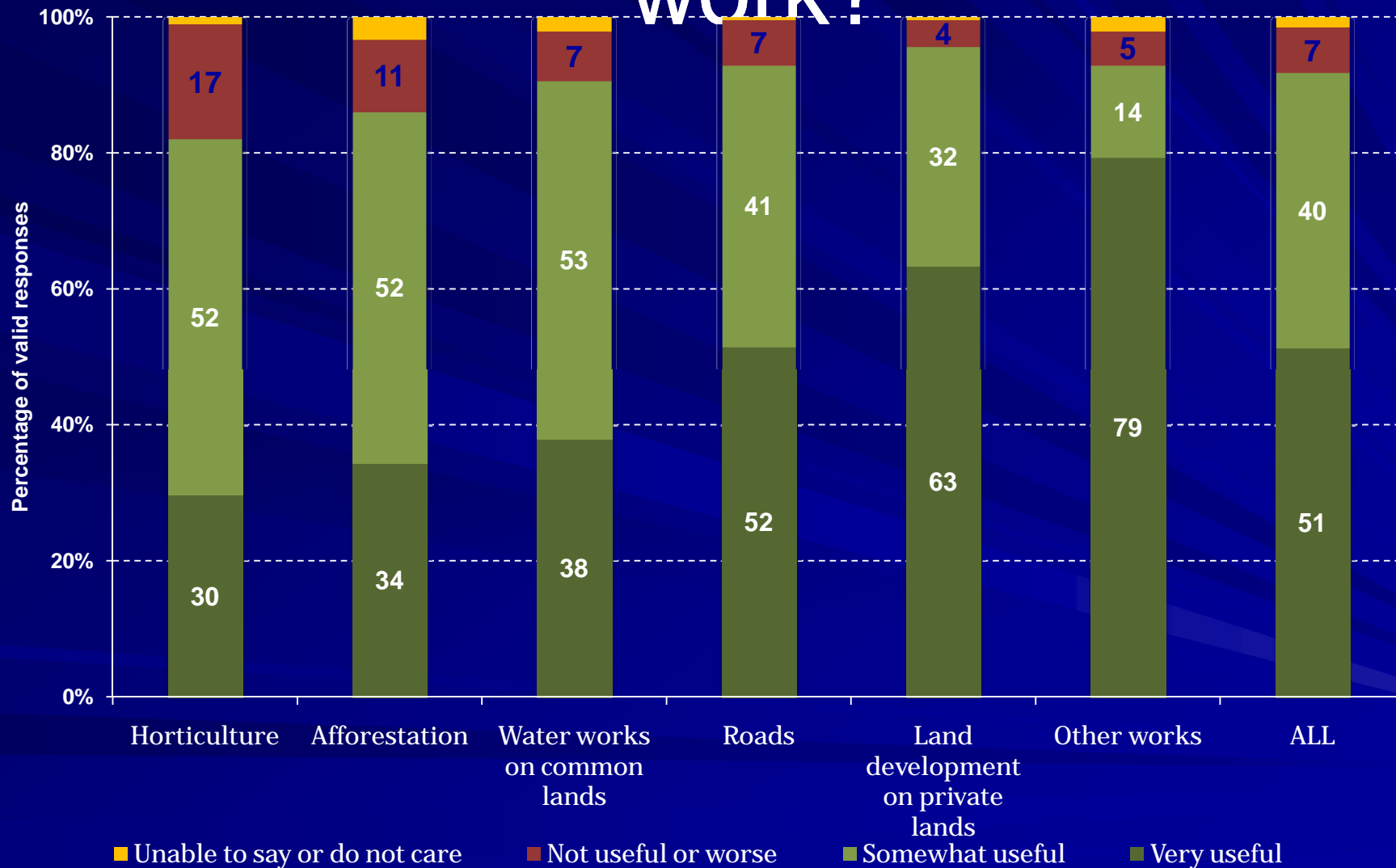
Who benefits? (1)

- Median land owned is 1.62 hectares
- 92% of beneficiaries' main occupation is agriculture

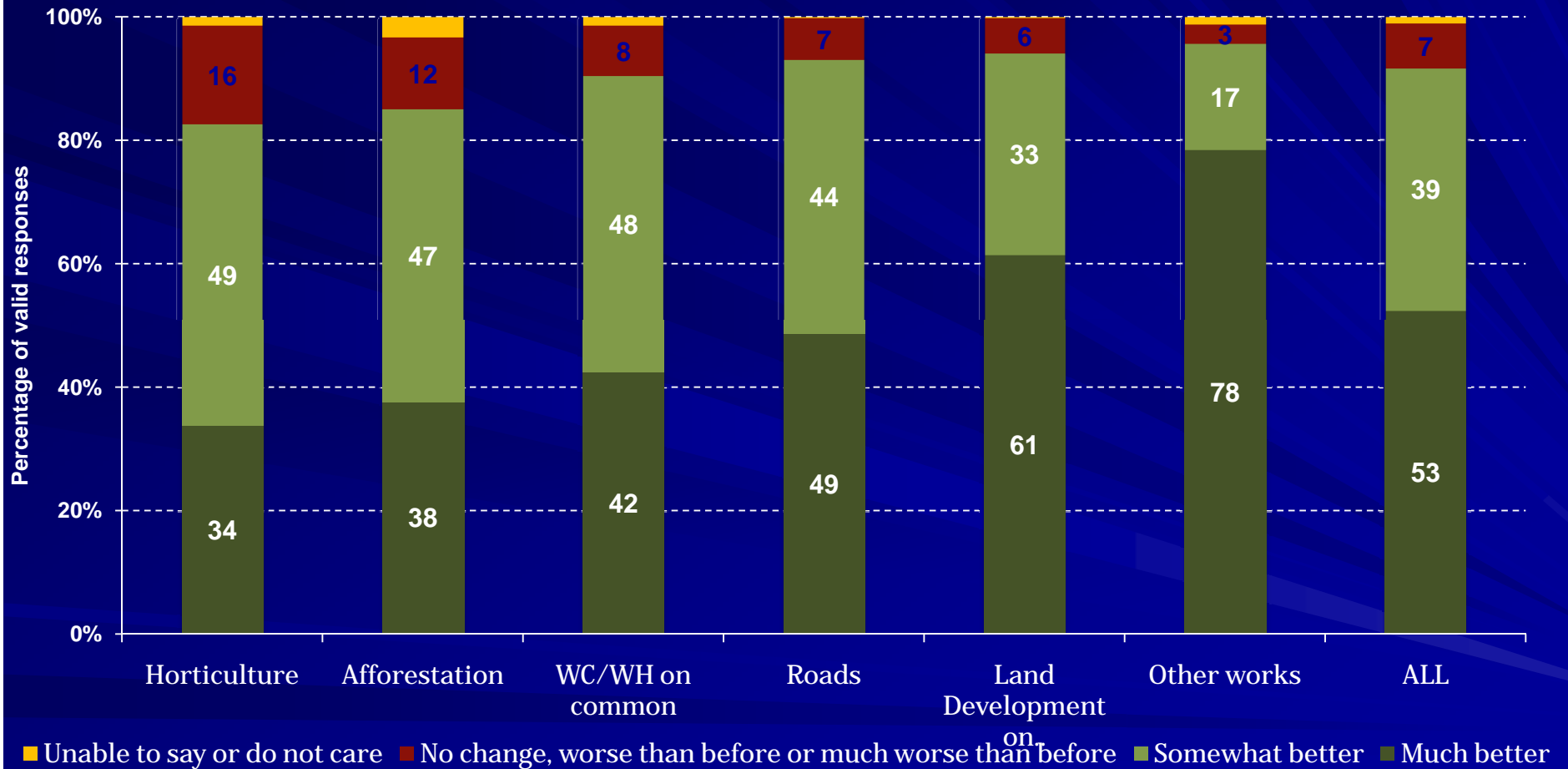
Characteristic	Land development (on private lands)		Horticulture (largely on private lands)	
	Data	Number of valid responses	Data	Number of valid responses
Number of works	1346		299	
Percentage of MGNREGA works				
- that belong to small farmers (<=2 hectare)	53	1307	13	299
- that belong to marginal farmers (<=1 hectare)	22		28	
- that belong to Scheduled Caste households	7	1299	11	289
- that belong to Scheduled Tribe households	6		28	
- that belong to Other Backward Castes households	24		34	
- that belong to the bottom 40% of the poor*	21	1280	39	278
- that belong to the top 40% of the wealth category*	17		10	
- that belong to the middle 20% *	61		51	

Notes this is the categorizing as per the investigator's perspective*

How useful is the MGNREGA work?



How has your life changed because of it?



Role in decision making

Characteristic	Percentage	Number of valid responses
(1)	(2)	(3)
Respondents reporting that they played a big role in deciding the types of works undertake :		1892
- Of these, those who said that these works are decided through people's mandate*	70	
- Of these, who said that the works are decided at the GP level	22.6	1892
- Of these, who said that the works are decided by the officials	5.9	1892
Proportion of the respondents reporting that they played no role in deciding the types of works undertaken		937
- Of these, who said that these works are decided through people's mandate	41.9	937
- Of these, who said that the works are decided at the GP level	30.6	937
- Of these, who said that the works are decided by the officials**	9.8	937
<p><i>Notes * Works decided through the GS meetings and people around the work are assumed to the ones coming through people's mandate</i></p> <p><i>** Officials include block/district officials, Gram Rozgar Sewak and Engineers.</i></p> <p><i>Data has been computed only for observations where the data is complete. The number of responses column provides this.</i></p>		

Public versus private

Percentage of households surveyed that said asset (is)	in %	Number of responses
<i>All assets</i>		
Very useful	51	4767
Somewhat useful	40	4767
Not useful and others*	8	4767
<i>Private assets*</i>		
Very useful	64	2257
Somewhat useful	29	2257
Not useful and others**	7	2257
<i>Public assets*</i>		
Very useful	40	2510
Somewhat useful	50	2510
Not useful and others**	9	2510

Notes: * Private assets includes the following work types- Land development on private lands, Horticulture, and Other works while public assets includes Water conservation and water harvesting works on common lands, afforestation, and roads

** The category others includes the following responses- "Has made things worse for me", "Has been the worst thing that could happen to me", "Unable to say", and "I do not care if it is useful to me or not".

MGNREGA works represent valuable additions to resource base

■ Roads built where none existed

- 56% of respondents for kaccha roads
- 96% of respondents for metalled road replaced trails and kaccha roads

■ Impacts

- Year-long access (75%), 2/3rd say it is all-weather
- Access to natural resources, fields (84%), access to markets (64%)
- Greater traffic to and from village and public transportation (79%)

...Contd.

- Afforestation works replace scrub
 - Soil erosion (75%)
 - Greener and more beautiful (82%)
 - 6 out of 10 trees survive
- Water conservation and harvesting works (private and public)
 - Expansion of cultivated/ irrigated area (89 %)
 - Prevent soil erosion (75%)
 - Controlling fertilizer / chemical run off (88%)
 - Diversification (horticulture, livestock, fish)
 - Availability of water for various purposes

Summary of findings

- Most assets exist and are functional
- 87% of the works exist and function and over 75% of them are directly or indirectly to agriculture.
- The study also finds that 92% of the randomly selected users report that their main occupation is farming; half of them are small and marginal farmers
- Perceived good quality and apparently maintained
- Represent substantive additions to village resource base and infrastructure

Summary of Findings: Contd.

- An overwhelming 90% of respondents considered the works very useful or somewhat useful: only 8% felt the works were useless.
- In spite of problems MGNREGA is the best institutional mechanism available to cope with two profound challenges India will face in the coming years (Narayanan).
- The first is increasing cultivation on marginal lands. need to increase the productivity of the marginal lands.
- The second challenge relates to building the resilience of Indian agriculture. Climate change can reduce yields.

Other Studies: Impact on Assets

- Indian Institute of Science study of over 2000 hhs in 40 villages in A.P., Rajasthan and M.P. and Karnataka (quoted in Sudha Narayanan)
- documents clear benefits in terms of reduced soil erosion, increased water availability, groundwater recharge and biomass.
- Tata-International water management studies of best examples of 140 MRNREGA assets in 75 villages in Bihar, Gujarat, Kerala and Rajasthan suggest that for a majority of assets the recovery of investment happens within just one year of the completion of works (Quoted in Sudha Narayanan)
- They found too that additional water led to savings in diesel costs







(5) Impact on Migration

- MGNREGA has had a more direct and positive impact on reducing distress migration as compared to migration taken up for other reasons
- Some studies indicate that MGNREGA has reduced migration by providing work closer to home and decent working conditions.
- A study on Anantapur, A.P. observed that the scheme brought down the migration levels from about 27% to 7% in the sample. (Sammeksha)
- Another case study on one block in Bastar: migration declined from 4500 to 500.
- Some reports indicate that in certain places the reduction in distress migration has been reversed due to improper implementation

(6) Political Voice

- Generally people neglect political impact.
- NREGA's participation and accountability provisions provide ordinary people a voice in identifying local work projects
- Opportunity to engage in citizenship auditing involvement of panchayats
- Grassroots protests and fierce opposition for scaling down of NREGA
- Some Chief Ministers have grasped early that NREGA implementation could pay political paoffs.

Concluding Observations

- Letter to PM by some economists says the following
- Despite many problems, MGNREGA has achieved significant results.
- At a relatively modest cost (0.3% of GDP) about 50 million households are getting some employment.
- A majority of NREGA workers are women, and close to half are Dalits or Adivasis.
- A large body of research shows that the NREGA has several benefits , including the creation of productive assets
- Recent research also shows that corruption levels have steadily declined over time.

Concluding Observations

- EPW editorial says: *Why this Attack on MGNREGA?*
- According to editorial, four positive outcomes stand out
 - (a) provide some income security to rural poor
 - (b) productive assets in and outside agriculture
 - (c) High female participation and empowerment
 - (d) Modest tightening of rural labour market
- However, there are many problems in the design and implementation; corruption; wages are paid late; gram sabhas do not always have technical power; not always paid attention to quality assets

Concluding Observations

- The evidence on MGNREGA shows wide variations across states with regards to implementation
- Lower income states such as Bihar, Odisha and Jharkhand with limited administrative capacities lag behind 'five star' states (Kerala, Tamil Nadu, Rajasthan, Himachal Pradesh, A.P.) (Dilip Mookherji)
- There are comparisons with MGNREGA and PMGSY : Recently PM also mentioned in Parliament
- It has many benefits and many problems.
- There are many problems with MGNREGA but little evidence that removal or dilution of the program is the solution.

Concluding Observations

- We need to think of ways of improving the performance.
- If properly implemented, the potential benefits as the ten benefits listed by me are large. It can be used not only as social protection program but also as rural transformation program.

But one has to be pragmatic. We can not do miracles with 0.3% of GDP.

- Policy makers must continue to follow the two-fold strategy of letting the economy grow fast and attacking poverty directly through poverty alleviation programmes to reduce poverty and inequality and improve employment and social sector
- MGNREGS is part of these efforts

The background is a solid dark blue color with a pattern of lighter blue diagonal lines that create a sense of depth and movement, radiating from the top right corner.

THANK YOU