Extension of Social Security

National experiences in building social protection floors

India’s Mahatma Gandhi National Rural Employment Guarantee Scheme

Ellen Ehmke

ESS – Paper No. 49

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Foreword

Among the various country experiences in extending social protection coverage in low and middle income countries, India’s Mahatma Gandhi National Rural Employment Scheme (MGNREGS) stands out as an example of a rights-based scheme that combines the promotion of employment and income security for rural populations in an innovative way. Building on years of experience with similar programmes with a more limited geographical coverage, the MGNREGS represents a bold effort to provide rural populations with a basic level of income security through 100 days of guaranteed employment per household.

It is therefore not surprising that the MGNREGS has attracted much interest in the international community of experts and practitioners in the fields of social protection, employment and development at large. The experience of this scheme demonstrates that – despite some remaining implementation challenges – how employment guarantee schemes can contribute to a marked improvement of living conditions in rural areas.

One of the features of the scheme to have attracted much interest is its rights-based approach. The Mahatma Gandhi National Rural Employment Act (MGNREGA), adopted in 2005, provides the legal framework for the implementation of the schemes and defines clear entitlements for the population, including both rights and obligations. The Act also sets the institutional framework for the implementation and functioning of the schemes.

This insightful analysis of India’s MGNREGS in the light of the provisions of ILO Social Protection Floors Recommendation, 2012 (No. 202), demonstrates how the extension of social protection based on clear qualifying conditions and entitlements laid down in national legislation can contribute not only to a marked improvement of living standards of poor and vulnerable populations, but also contribute to strengthening their rights and dignity. Building nationally defined social protection floors, as part of progressively comprehensive social protection systems, therefore play a key role in realizing human rights and promoting both economic and social development.

Isabel Ortiz
Director
ILO Social Protection Department
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<td>ADS</td>
<td>Area Development Society</td>
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<td>AP</td>
<td>Andhra Pradesh</td>
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<td>BPL</td>
<td>Below Poverty Line</td>
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<td>CAG</td>
<td>Comptroller and Auditor General of India</td>
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<td>CEC</td>
<td>Centre for Environment Concerns</td>
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<td>CEGC</td>
<td>Central Employment Guarantee Council</td>
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<td>CPIAL</td>
<td>Consumer Price Index for Agricultural Labour</td>
</tr>
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<td>CSO</td>
<td>Civil Society Organisation</td>
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<td>ESID</td>
<td>Effective States and Inclusive Development Research Centre</td>
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<tr>
<td>GoI</td>
<td>Government of India</td>
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<tr>
<td>GP</td>
<td>Gram Panchayat (lowest tier of government, administrative unit)</td>
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<tr>
<td>GS</td>
<td>Gram Sabha (village council)</td>
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<tr>
<td>HH</td>
<td>Household</td>
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<tr>
<td>IAMR</td>
<td>Institute of Applied Manpower Research</td>
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<td>IEC</td>
<td>Information and Education Campaign</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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<tr>
<td>INR</td>
<td>Indian National Rupee (currency)</td>
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<td>MIS</td>
<td>Management Information System</td>
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<td>MSC</td>
<td>Mihir Shah Committee</td>
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<td>MGNREGA</td>
<td>Mahatma Gandhi National Rural Employment Guarantee Act</td>
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<td>MGNREGS</td>
<td>Mahatma Gandhi National Rural Employment Guarantee Scheme</td>
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<tr>
<td>MH</td>
<td>Maharashtra</td>
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<tr>
<td>MoRD</td>
<td>Ministry of Rural Development</td>
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<tr>
<td>NAC</td>
<td>National Advisory Council</td>
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<tr>
<td>NCEUS</td>
<td>National Commission on Enterprises in the Unorganised Sector</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<tr>
<td>NLM</td>
<td>National Level Monitors</td>
</tr>
<tr>
<td>NSS(O)</td>
<td>National Sample Survey (Office)</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>PEP</td>
<td>Public Employment Programme</td>
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<td>PPP</td>
<td>Purchasing Power Parity</td>
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<tr>
<td>PRI</td>
<td><em>Panchayati Raj</em> Institutions (local government bodies)</td>
</tr>
<tr>
<td>RSBY</td>
<td>Rashtriya Swasthya Bima Yojana (social health insurance scheme)</td>
</tr>
<tr>
<td>SC</td>
<td>Scheduled Castes (official term for the former untouchables)</td>
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<tr>
<td>SCRD</td>
<td>Standing Committee on Rural Development</td>
</tr>
<tr>
<td>SEGC</td>
<td>State Employment Guarantee Council</td>
</tr>
<tr>
<td>SoR</td>
<td>Schedule of Rates</td>
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<tr>
<td>SPF</td>
<td>Social Protection Floor</td>
</tr>
<tr>
<td>ST</td>
<td>Scheduled Tribes (official term for the indigenous population)</td>
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<tr>
<td>TN</td>
<td>Tamil Nadu</td>
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<tr>
<td>UPA</td>
<td>United Progressive Alliance</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar</td>
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<td>WGW</td>
<td>Working Group on Wages</td>
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Executive Summary

Over the past decade the extension of social protection to all has become an ever more important theme in the international community and in many countries. The international community reaffirmed its commitment to the extension of social protection through the adoption of the Social Protection Floors Recommendation No. 202 by the International Labour Conference (ILC) in 2012. It promotes social security as a human right and a social and economic necessity, and outlines a two-dimensional approach of coverage extension. It complements existing ILO social security standards and provides guidance to member States in building social protection floors.

A considerable number of middle- and low-income countries have undertaken substantial efforts in extending social protection (UNDP, 2011). This study reviews the legislation and implementation of the Indian Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in the light of the provisions of Recommendation No. 202. The MGNREGA is a major initiative in terms of social security extension in India today, and the base of biggest employment programme in the world. It is a central pillar of India’s national social protection floor. Since its inception in 2006 the national employment guarantee scheme based on the MGNREGA has provided a source of income to rural workers, increased wage rates, achieved high female participation rates and created durable assets. The local Panchayati Raj Institutions (PRI) have been empowered and involved in the processes of planning and monitoring. However, this success has been tainted by shortcomings in implementation such as rationing of employment, delayed wage payments, the failure to pay allowances, and ensuring quality of assets, as well as their maintenance.

In the light of the provision of Recommendation No. 202, this study highlights three central themes: first, the innovative policy framework of the Act, which brings together rights-based entitlements, demand-driven employment, and citizen-centred monitoring. Second, it assesses the practices of access, benefit allocation and labour protection in the MGNREGA works. And third, it reviews the administrative organisation of governance, finances and coordination within the larger policy framework. The study concludes that the employment guarantee schemes based on MGNREGA reflect many of the provisions of Recommendation No. 202. They show some remarkable features from which other countries – or also other states and regions within India – can learn. In fact, the experience of India’s employment guarantee has generated much interest in other countries as a potential model for South-South policy learning. There are, however, some challenges associated with the implementation processes. This study offers some orientations on how these could be addressed in the interest of further enhancing social protection in India.

JEL Classification: J24, J45, O21

Keywords: social protection, public employment programmes, public works, informal economy, developing countries
Acknowledgements

Aiming at deepening knowledge how countries implement rights-based approaches in social protection in practice, this study of India’s Mahatma Gandhi National Rural Employment Guarantee Schemes (MGNREGS) is based on a frame of analysis based on the principles laid out in the ILO Social Protection Floors Recommendation, 2012 (No. 202). This study was commissioned by the ILO Social Protection Department, under the guidance of Krzysztof Hagemejer and Christina Behrendt.

Markus Ruck of the ILO’s Decent Work Team in New Delhi and Mito Tsukamoto of the Development and Investment Branch of the ILO’s Employment Department and have provided many useful comments and suggestions, as have Krzysztof Hagemejer, Christina Behrendt and Emmanuelle St. Pierre Guilbault of the ILO’s Social Protection Department. In addition, Benedetta Ottavio and Jahnavi Sen assisted in the finalization of this study.
1. Introduction

Years of research and discussions on the need for a guiding framework for the extension of social protection to all culminated in the nearly unanimous adoption of Recommendation No. 202 concerning National Floors of Social Protection by the International Labour Conference (ILC) in June 2012. The Recommendation is significant because it reaffirms the role of social security as a human right and as a social and economic necessity. This international labour standard provides guidance to all 185 Member States of the ILO in developing their nationally-defined social protection floors (SPFs) as a fundamental element of their social security systems (see ILO, 2012a). The Recommendation complements the earlier ILO Social Security (Minimum Standards) Convention, 1952 (No. 102), which has mainly been applied through social security schemes covering workers in the formal economy, although it has a much wider remit. Recommendation No. 202 puts forward full population coverage as one of the main policy objectives for States to achieve and explicitly includes those working informally. It underpins the ILO strategy of extending social protection to all and provides a relevant framework for States who wish to tackle the lack of protection of persons in the informal economy.

According to Recommendation No. 202, national social protection floors (SPFs) should comprise at least four basic social security guarantees for all residents and children, including access to essential health care including maternity care, as well as basic income security throughout the life course, namely for children, persons in working age and older persons. These basic social security guarantees can be realised through different means, including through employment guarantee schemes, which are explicitly mentioned in the Recommendation.

India’s Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) constitutes a major component of the country’s strategy to extend social security, and it provides the legal basis for the biggest employment programme in the world. It can be considered as one of the central pillars of India’s national social protection floor, bearing in mind that it provides temporary employment and a certain level of income security to millions of rural households (ILO, 2014). Since its inception in 2006, the MGNREGA has provided a source of income to rural workers, increased wage rates, achieved high female participation rates and created durable assets. It has provided employment to 20 to 55 million rural households annually. In the financial year 2011-12 alone, it served just above 50 million households, this is equal to about 30 per cent of all rural households (see Table 1).

---

1 The Recommendation reflects the ILO’s two-dimensional strategy to the extension of social security, adopted in 2011, which includes the establishment of national social protection floors (horizontal dimension) and the pursuit of strategies for the extension of social security that aim at progressively ensuring higher levels of protection (vertical dimension) (see ILO 2012).

2 The national MGNREGA demands from 28 Indian states (except Jammu and Kashmir) to institute individual state-wide MGNREG schemes. To be precise one should thus speak of MGNREG schemes in plural, but it is typically used in the singular. The states also enjoy some discretion in the design of their respective schemes.
With this participation rate coverage of the relevant population is higher in MGNREGS than in any other major Indian social protection scheme (World Bank, 2011b). There has been an eightfold increase in employment in public works through MGNREGS, and “there is no doubt that its impact on rural wage earnings and poverty has been much larger than all previous rural employment schemes” (GoI, 2013: 8 Vol. I).

Although MGNREGA is a new act, it is embedded in a long history of social protection initiatives. Since its foundation in 1950, the Republic of India has devised numerous social programmes and schemes. Besides social security systems for the formally employed, who form a small minority of just seven per cent of the Indian work force (NCEUS, 2009), programmes have been devised for disadvantaged and rural groups since the early days of the Republic. Nonetheless, significant gaps in coverage remain till date.

To fill some of these gaps and provide a source of income to India’s rural population the MGNREG Act was devised in 2005. Following its unanimous adoption by the Indian

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### Table 1. Key data on MGNREGA for India and major States

<table>
<thead>
<tr>
<th>State</th>
<th>Share of rural HH that worked in MGNREGS in 2011-12</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
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<tbody>
<tr>
<td></td>
<td>Total HH worked in 1,000</td>
<td>Average person days</td>
<td>Share of HH that worked 100 days</td>
<td>Total HH worked in 100,000</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>31.50</td>
<td>4 998</td>
<td>32</td>
<td>18.98</td>
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<tr>
<td>Assam</td>
<td>25.10</td>
<td>1 349</td>
<td>22</td>
<td>1.17</td>
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<tr>
<td>Bihar</td>
<td>10.45</td>
<td>1 769</td>
<td>30</td>
<td>9.62</td>
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<td>Gujarat</td>
<td>12.15</td>
<td>8 221</td>
<td>16</td>
<td>5.08</td>
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<td>Jharkand</td>
<td>33.60</td>
<td>1 575</td>
<td>24</td>
<td>3.69</td>
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<td>Karnataka</td>
<td>21.01</td>
<td>1 652</td>
<td>15</td>
<td>2.73</td>
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<td>Kerala</td>
<td>34.58</td>
<td>1 416</td>
<td>41</td>
<td>8.81</td>
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<td>Madhya Pradesh</td>
<td>34.88</td>
<td>3 880</td>
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<td>Maharashtra</td>
<td>11.56</td>
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<td>Orissa</td>
<td>16.93</td>
<td>1 379</td>
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<td>Punjab</td>
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<td>245</td>
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<td>Rajasthan</td>
<td>47.65</td>
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<td>Tamil Nadu</td>
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<td>9.50</td>
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<td>Uttar Pradesh</td>
<td>28.76</td>
<td>7 328</td>
<td>29</td>
<td>4.22</td>
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<td>West Bengal</td>
<td>40.22</td>
<td>5 517</td>
<td>19</td>
<td>2.17</td>
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<tr>
<td>India</td>
<td>30.18</td>
<td>50 643</td>
<td>27</td>
<td>8.23</td>
</tr>
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3 See Ehmke, 2012 for a historical review of the expansion of social protection in India.

4 The Act was originally named NREGA. On 2 October 2009, Mahatma Gandhi’s birth anniversary, it was officially renamed the Mahatma Gandhi NREGA. This move has earned criticism as an “unhealthy politicization of the MGNREGA” (Khera, 2011b, p. xvi; see also Banerjee and Saha,
Parliament on 7 September 2005, it was implemented in three phases, starting with 200 districts in the financial year 2006-07, followed by another 130 in 2007-08. The remaining 289 rural districts were included under the scheme with effect from 1 April 2008. Today the Act is hailed as landmark legislation nationally and internationally for its innovative policy framework.

Chapter 2 of this study starts with an introduction to the innovative policy framework of the MGNREGA. In the following two core features – demand-driven employment and citizen-centred monitoring – are examined also with regards to their implementation. Chapter 3 assesses the practices of access, benefit allocation and labour protection in the MGNREGA works, all of which are key components of the provisions of Recommendation No. 202, particularly with respect to the principles of universality of protection as well as entitlements to benefits prescribed by national law and accompanied by efficient and accessible complaint and appeal procedures. Also concerned with design are the provisions on adequacy and predictability of benefits, non-discrimination, gender equality and responsiveness to special needs, social inclusion, including for persons in the informal economy, as well as respect for the rights and dignity of people covered by the social security guarantees. Chapter 4 reviews the governance and administrative organisation, financing and coordination within the larger policy framework, again with a view to the provisions of the Recommendation. These relate particularly to the principles of delivery, financing, management, coordination and monitoring of social security systems. Chapter 5 concludes the study.

5 The Indian financial year runs from 1 April to 31 March of the subsequent year.

However, the way to its adoption has been rocky. The legislation of MGNREGA was preceded by years of calls for an employment guarantee by the Indian labour movement. In the early 2000s, earlier employment and social programmes such as the Sampoorna Grameen Rozgar Yojana (SGRY) were performing particularly poorly and India witnessed a growing number of starvation deaths and farmer suicides (CEC and Oxfam, 2009; Jeelani, 2010). In 2004 this created the tailwind to heave the demand for an Employment Guarantee Act into the joint election manifesto of the United Progressive Alliance (UPA) coalition, which successfully challenged the then ruling National Democratic Front in the national elections. However, after the election many controversies within and outside the governing coalition became visible (Jerath, 2005). Particularly disputed were questions of targeting versus universality, 100 days versus the complete year, entitlement per household versus per individual, the guarantee component, the costs and the covered areas (Sood, 2005; Jeelani, 2010). For a detailed discussion of the making of MGNREGA, see Chopra, 2009; Drèze, 2011b, pp. 6 ff.
2. The innovative policy framework of MGNREGA

MGNREGA is an innovative legislative act that in many ways reflects principles that are included in Recommendation No. 202. MGNREGA is innovative in comparison to earlier employment and welfare schemes in India in terms of its legal anchorage as an Act of Parliament, the rights-based character, the transparency guarantees, the provisions for the participation of disadvantaged groups, the unemployment allowance and the proximity clause for the works, the demand based nature, and even the budget of the scheme (Ambasta et al., 2008: 41; CAG, 2013: 2, see discussions below). In other respects, the MGNREGA builds on past social programmes in India.

The employment guarantee clause of the MGNREGA legally enshrines universal access for the rural population. It is complemented by further safeguards that shall ensure that the scheme is really accessible to all. The Act gives preference to unskilled works, encouraging everyone to participate regardless of their level of training, and contractors are officially banned (Schedule I). It is not only open to, but explicitly meant for persons engaged in the rural informal economy. To ensure accessibility employment has to be provided within a 5 km radius of the village (Schedule II). Participation in the scheme is designed to be based on self-selection and demand, and must be provided within 15 days from the date of application. The Act furthermore prescribes minimum one third participation rates for women (Schedule II). It also favours Scheduled Castes (SC) and Scheduled Tribes (ST) populations, which historically and currently belong to the most marginalised groups in the Indian society. The latter are given priority in the provision of irrigation facilities (Schedule I).

Given the rights-based entitlement to demand-based employment, the Act centrally depends on the knowledge of potential participants about their rights, and their ability to claim these rights. Therefore other provisions of the Act, such as mandatory information and education campaigns and statutory access to grievance redressal mechanisms are of particular importance. The respect for rights and dignity of people covered by the Act is additionally strengthened through their involvement in decision-making on the works to be performed in their village. MGNREGA delegates decision-making and implementation responsibilities to local political bodies of the Panchayati Raj Institutions (PRI) (Art. 16), and states that at least 50 per cent of the works carried out have to be locally decided. Rights and dignity are further reinforced through citizen-centred monitoring structures that increase accountability.

7 In fact, MGNREGA was discussed in the preparatory reports submitted to the International Labour Conference and in the Committee discussions, which lead to the adoption of Recommendation No. 202. See ILO (2011a, 2011b; 2012b; 2012c).

8 MGNREGA also draws on many earlier welfare schemes in India. Rural works programmes started during the Third Five-Year Plan (1961-1966) and already aimed at providing employment for 100 days in a year (CEC, 2009). The Rural Landless Employment Guarantee Programme, initiated in 1983-84, repeated the commitment to provide employment for 100 days in a year to at least one member of each landless household. The Employment Assurance Scheme (EAS) of 1993 made reference to statutory minimum wages, introduced the fixed wage-material ratio of 60:40, was based on self-selection, and issued cards for the families working in the scheme to record employment details. By September 2001, the EAS was merged with another scheme into the SGRY, in which the responsibility of implementation was given to village councils, the panchayats. Another important forerunner of MGNREGA is the Employment Guarantee Act of the State of Maharashtra, which was enacted in 1971 and has been running for nearly four decades.
Box 1
Rights-based entitlements and demand-based employment

An outstanding feature of the Mahatma Gandhi National Rural Employment Guarantee Act is its innovative policy framework. The Act entitles every rural household to 100 days of paid employment.

Employment has to be provided upon demand by citizens. This provision is directly linked to a bottom-up planning process, building on the involvement of citizens in the identification of useful works. The guarantee for employment is backed by a clause that foresees the payment of an unemployment allowance in case no employment is provided.

Both the rights-based entitlement as well as the demand-driven planning and allocation of work are underpinned by transparency guarantees, social audits and grievance redress mechanisms, which pave the way to remedies in case the statutory entitlements have not been met.

The policy framework of MGNREGA combines rights-based entitlements with demand-driven employment and citizen-centred monitoring. In this way it meets several central principles of Recommendation No. 202, Paragraph 3, such as the universality of protection based on social solidarity, the entitlement to benefits prescribed by national law, social inclusion, inclusion of persons employed in the informal sector, as well as respect for the rights and dignity of people covered by the social security guarantees. However, when we turn from the provisions of the Act to the practice of implementation, it becomes evident that not all of these innovative features are fully realised. This is illustrated below for two core provisions: demand-based employment, and citizen-centred planning and monitoring.

2.1. Employment and demand

At the level of policy prescriptions and legal guarantees, every rural citizen is a holder of many rights. However, despite these guarantees, it can be difficult to claim these rights. The central guarantee in the MGNREGA is employment, more specifically that employment is available when demanded by covered citizens. The demand-based nature of the scheme is the rock bottom of many of the Act’s core features such as eligibility of all rural households, and it is important for community participation in the selection of works as well as to ensure reliability. Therefore, the question of whether demand is being met is central to the scheme.

Yet, the discussion here shows that many observers contend that demand is not being met. First of all, reliable data on demand for employment is hard to come by. According to one study – the 66th round of the National Sample Survey (NSS) – in the period July 2009 to June 2010, 24 per cent of rural households said that they got work in MGNREGS, whereas 19 per cent sought employment in MGNREGS, but could not avail it (NSSO, 2011: i).

Additionally, the comparison of the share of people below the poverty line (BPL) with the share of households that have been provided employment shows that in many Indian states the number of the former is smaller than the latter.

9 For some years statistical data on the number of households, or even persons, who have demanded employment is available on the official website of MGNREGA (www.nrega.nic.in). The site offers a wide range of data on implementation in all Indian States. According to official figures in the financial years 2009-10 and 2010-11 – for which this data used to be available – employment was provided to roughly 99 per cent of households that had demanded it. However, this data has repeatedly been criticised as unreliable and “deceptive” (Dutta et al., 2012: 5; also see NCEUS, 2009: 217; Hirway 2012: 66; Drèze & Oldiges, 2011; MSC, 2012; CAG, 2013). These figures rather illustrate ex-post notice of demand when employment is provided.
Figure 1. Share of rural population below the poverty line (BPL) and of households participating in MGNREGS by state in 2012

Source: Share of rural households participating in NREGS among all rural households in the respective State: Number of households for 2012 based on Census 2011, extrapolated State wise weighted growth rates as in (Planning Commission 2013), MGNREGA data for financial year 2012-13 from MGNREGA.nic.in retrieved on 24 September 2013. Share of rural population below the poverty line in the respective State: Planning Commission (2013), population data for 1st March 2012 is based on extrapolated Census 2011 data. 10

Figure 1 shows that there is large variation between the States as to whether the share of the rural population officially counted to be below the poverty is higher or lower than the share of households participating in NREGS. 11 In States such as Assam, Bihar, Jharkhand, Maharashtra, Odisha and Uttar Pradesh the participation rates for MGNREGS are lower than the proportion of the rural poor (also see CAG, 2013: 6). This may be taken

10 The data on the share of rural households participating in MGNREGA and the percentage of rural population below the poverty line are not directly comparable, because one uses households and the other persons as a base unit. However, MGNREGA data are collected for HH, and poverty line data was only available for persons. According to NSS round 66 (2009-10), 70 per cent of households and 73 of people were living in rural areas (NSSO, 2011: i).

11 The poverty line used here is the so-called Tendulkar Poverty Line. It has faced much criticism as many observers believe it to underestimate the extent of poverty in the country. The extent of poverty in India, the severity of its decline and its measurement have been hotly debated and politically contested over the past decades (for an overview of the debate see Drèze & Sen, 2002: 323ff; Deaton & Kozel, 2005; Mehta et al., 2011). Since the 1970s, the poverty line is essentially based on calorie intake norms that differentiate between the urban and the rural population. These norms have been lowered by the Tendulkar Committee in 2009, which also changed other criteria for inclusion among the officially poor (see Rath 2011; Suryanarayana, 2011; Roy, 2011; Drèze, 2011c). Also, international poverty line figures (USD 1.25 PPP) for India tend to be higher than national statistics. For example in 2005 there was a difference of 5 per cent between the 42 per cent of the World Bank (2011b: 7) and 37 per cent of the Government of India (2011: 3). Additionally, both national and international poverty lines are extremely sensitive, as many people’s consumption expenditure is very close to that line. If not only the “absolute poor” are counted, but also those who spend below USD 2 PPP a day, the rate jumps to 80 per cent of India’s population in poverty (World Bank, 2011a: 5).
as an indicator that employment is not provided to all those that seek it in all of rural India.  

Moreover, when comparing the share of BPL population in a State as share of all persons below the poverty line in India, with the share of MGNREGA workers in the respective State with all MGNREGA workers across India, this shows additional imbalances (see Figure 2).

Figure 2. Share of BPL population and MGNREGA workers across India

![Graph showing share of BPL population and MGNREGA workers across India.]

Sources: Share of rural population below the poverty line in the State as share of total BPL population for India: Planning Commission (2013), population data for 1st March 2012 is based on extrapolated Census 2011 data. Share of households that worked in MGNREGA in the State as share of all MGNREGA workers in India in 2011-12: MGNREGA data for financial year 2011-12 from MGNREGA.nic.in retrieved on 24 September 2013.

While some States such as Andhra Pradesh or Tamil Nadu host only a small proportion of India’s BPL population, they have much higher participation rates. Other States such as Bihar and Uttar Pradesh host a much higher share of BPL population than MGNREGA workers.

The thesis of unmet demand is further supported by the comparison between projected labour budgets and the employment generated, which reveals variations up to 100 per cent between annual plans and employment realised (CAG, 2013: 20). The Ministry of Rural Development (MoRD) explains these differences with changed demand for employment between planning and execution for works due to monsoon and

12 The picture is reverse in Andhra Pradesh, Kerala, Rajasthan, Tamil Nadu and West Bengal, where the share of rural households that participated in MGNREGA is higher than the share of people below the poverty line in rural areas. A participation rate above the poverty rate is within the logic of the scheme as it is open to all rural households and not only those that are officially counted as living in poverty.

13 Andhra Pradesh has lately been divided into two states. In June 2014, the new State of Telangana was announced India’s 29th state. Telangana comprises the Northeastern Districts of the former State of Andhra Pradesh. The remaining Southern and Eastern Districts of coastal Andhra still carry the name of Andhra Pradesh. This study solely relies on data and evidence from before that date and the term Andhra Pradesh always refers to the former, larger State of Andhra Pradesh.
availability of other employment. However, the Comptroller and Auditor General (CAG) is adamant that “in those States where the quantum of shortfall was large, it indicated a systemic weakness in the planning process” (ibid.). One such weakness is that demand had not been well registered.

Additionally, all the indicators for potential unmet demand introduced above have one more flaw: they can highlight whether a household did not get any work in MGNREGS, but not whether a participating household got as many days of employment as demanded (also see Dutta et al., 2012). They are less able to estimate the number of those who would like to work, but who have not officially expressed their demand. This is well captured in the reply of a village elder who – when told that hundred days of employment at minimum wages are now a right upon application – said “darinder darkhast diya tho daftar band ho gaya” (“When the wretched, the poor, make a submission, the office is closed”; CEC, 2009: 7; also see several contributions in Khera, 2011b).

In conclusion, it is widely acknowledged that de facto there is a shortage in the supply of MGNREGS employment in many States and regions therein (Khera, 2011b; Drèze, 2011b; Dutta et al., 2012; Pankaj, 2012c; ESID, 2014; Chopra, 2014). Even the MoRD (2012: 57f) admits that there is rationing of work. In addition, both the CAG (2013) and Standing Committee on Rural Development of the Indian Parliament (SCRD, 2013) criticise the lack of reliable data on demand as a key shortcoming, which seriously hampers the realisation of the potential of the Act.

2.2. Citizens’ rights in planning and monitoring

Another key component of the policy framework of MGNREGA are the citizen-centred planning and monitoring rights. The Act stipulates that the village assembly, the Gram Sabha, identifies suitable works and suggests these for technical clearance to the local implementing authorities (MGNREGA 16(1)). At least 50 per cent of the works approved should be such works that have been identified and are implemented at the local level. However, the 2013 report of the CAG lists numerous shortcomings with regards to citizen-centred planning across States and Districts (CAG, 2013: 274ff). In many locations Gram Sabhas are either not taking place at all, or “meetings are attended by villagers with vested interests, the set of priority areas may favour only few people, and this, in turn, may reduce the commitment of villagers [to take part in] programme implementation” (Raabe et al., 2012: 318). This can be mediated where worker organisations are active, as there the level of awareness on workers’ rights and how to claim them tend to be higher (Khera, 2008). But Khera (2008) lists an exemplary case in which even with active worker organisations the priorities of the Gram Sabha were overruled and other works than those prioritised were opened.

The key mechanism foreseen in the Act for citizens’ monitoring are regular social audits at the Gram Panchayat level (MGNREGA 17(2)). All MGNREGA documents must be in the public domain and open to scrutiny from citizens by the means of such audits. The Gram Sabha shall conduct social audits of all the projects under the Scheme taken up within the Gram Panchayat, at least once in every six months.

These social audits serve a dual function of monitoring and increasing accountability towards the citizens. Besides the effect of the recovery of the misappropriated sums, social audits also raise awareness and confidence of villagers to approach local officials and not accept arbitrary charges from post masters, contractors etc. (Burra, 2010: 12; Drèze, 2011a). These are the major mechanisms to deal with complaints and appeals.
Box 2

Social audits

A social audit is a process in which the documents related to a government scheme – in the case of MGNREGA muster rolls, job cards, wage slips, sanctioned works etc. – are assembled and made public in a meeting of villagers. Both individual and collective complaints can be dealt with in social audits. They can be brought up either in writing or spoken word. This gives everyone present the chance to validate the information or uncover fraud. One form of social audit is permanent audit, in which the names of workers and the number of days worked are written on a village wall for everyone to see and to validate or renounce.

If village level meetings point to irregularities at the Intermediate Panchayat or District level, the issues will be transferred to the respective audit assemblies at these levels. During the meetings those responsible for malpractice are sanctioned, often on the spot. In any case they have to return the misappropriated sums and are frequently suspended. Where appropriate a case uncovered in a social audit can also be followed by a legal case.

A key for the social audit process is the availability of all relevant documents. In MGNREGA they are by law to be maintained and made public on demand (and after paying a specified fee). These are the so-called transparency guarantees, which are also guaranteed by the Right to Information Act. The Right to Information Act (RTI) was passed by the Indian Parliament in 2005. The central provision of the Act is that any citizen may request information from any public authority, and that these are required to reply within thirty days. Moreover, the RTI requires the computerisation of all records for wide dissemination as well as proactive publication for certain categories of information. More information can be found at http://rti.gov.in/.

But audits are neither conducted regularly, nor in all locations. Officially, in 2011-12 social audits were held in about 70 per cent of 248,204 Gram Panchayats. But, participation rates in the meetings were low (SCRD, 2013: 55, 95; CAG, 2013). To improve the social audits, new rules were formulated in the revised MGNREGS Audit of Schemes Rules in 2011 (MoRD, 2011). States were called upon to identify or set up independent State-level social audit units to improve the facilitation and ensure the conduction of regular social audits. A central part of the regulations is the separation of the social audits from the implementing agencies. In 2012 such dedicated social audit units had only been created in five States (Andhra Pradesh, Mizoram, Odisha, Rajasthan and Uttar Pradesh) (SCRD, 2013: 56). This is worrying given that the "performance of MGNREGA is better in those States which have a healthy tradition of social audit … [and] regular social audit has the potential to strengthen the spirit of grass root democracy" (SCRD, 2013: 95).

While the positive effects of the social audits outweigh the negatives, there have also been concerns about the unintended countervailing effects. One such effect can be seen when local officials underreport the amount of work performed – with the effect of lower wages for workers – in fear of making mistakes and being punished for inflated figures (see e.g. Burra, 2010). Another critique concerns the limited funds available for the audits, as a result of which audits have been auctioned through tenders to enterprises and “so-called NGOs” who promise to do audits for INR 27 per GP (Ambasta et al., 2008: 45). It is also important that the State ensures the safety of those who have testified in audit processes. As an additional mechanism for grievance redressal, a special MGNREGA Ombudsman is foreseen in every District (MoRD, 2013: 123f). These can be called upon by individuals as well as groups of workers, who can file complaints on all aspects of the

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14 This need is underpinned by the death of the social activist Lalit Mehta, who was found dead on 15 May 2008 in the woods of Palamu District in the North Eastern State of Jharkhand, “a mutilated body, eyes gouged out and face bruised. Village folk there termed the murder ‘an intimidation not to conduct an audit’, which was scheduled on 26 May” (Jeelani, 2010). Mehta had helped the well-known economics professor and activist Jean Drèze to facilitate social audits.
scheme. There is evidence that Ombudsman have not been appointed in some Districts (CAG, 2013).

Recommendation No. 202 calls for impartial, transparent, effective, simple, rapid, accessible and inexpensive complaint and appeal procedures to be specified, in which access to complaint and appeal procedures should be free of charge to the applicant (Paragraph 7). These principles are well met in the rules concerning social audit, and also through other monitoring mechanisms. However, as discussed above, shortcomings in the realisation of these provisions remain.

2.3. Awareness, information and education

Despite this formidable format of citizen-centred monitoring, it has been pointed out above that audits do not take place in all locations, and they suffer in part from low participation. This point to another crucial part of the MGNREGA framework: given the demand and rights-based nature of the Act, participants’ awareness about the scheme and its opportunities is a principal condition to make the scheme work.

To increase awareness of rights, the Act states that Information and Education Campaigns (IEC) must be carried out. The Central Government co-funds these activities as a part of the administrative costs. The Operational Guidelines also require the display of a chart with all central information about the Act at each worksite (MoRD, 2013a). In about one third of the Districts reviewed by the CAG (2013: 85), these were not in place. The IEC campaigns have also not been able to successfully reach out to all. Twelve States are yet to even formulate IEC plans, and in five States the funds for IEC campaigns were underutilised (CAG, 2013: 29). In a recent survey of the CAG, approximately 70 per cent of the survey respondents were aware of the guarantee of 100 days employment, timeliness of wages and minimum wage, but with high inter-State variation (CAG, 2013: 133).

Low awareness must be seen as a major impediment to the full realisation of the potentials of the scheme. “The realisation of low number of person days and other entitlements are happening because of the low level of quality awareness among the poor households and low, rather lack of, civil society mobilisation” argues Pankaj (2012b: 27; also see Banerjee & Saha, 2010). Summarising a number of studies on MGNREGA the nodal MoRD recognises “low awareness among potential beneficiaries about certain provisions of the MGNREGA. This limits their ability to fully benefit under the Act” (2012: 55). Pankaj concludes, that in effect MGNREGS “is yet to become demand-driven and civil-society oriented” (2012b: 27).

Overall with regards to the first theme of this study it may be said that the policy framework of MGNREGA, which combines rights-based entitlements, demand driven employment and citizen-centred monitoring, is innovative and adheres to many principles set by Recommendation No. 202. Also with regard to implementation there are exemplary new structures. But, shortcomings on the provision of employment means that the entitlements are in many cases not realised. From further deficiencies in the field of social audits, it follows that neither can participants find easy redressal nor is greater accountability realised comprehensively.
3. **Access and Adequacy**

The second theme of this study is access and benefit levels. The equality of access and non-discrimination, as well as the adequacy and predictability of benefit levels are core concerns of Recommendation No. 202. These are discussed below.

3.1. **Equality of Access**

As mentioned above, MGNREGA does not have particular eligibility rules that govern access to the scheme. Every adult member of rural households that volunteers to do unskilled work is entitled to employment. As a universal scheme, the legislation of MGNREGS does not favour certain sections of the rural population; everyone is eligible, not only poor households. However, there are a number of administrative mechanisms that can interfere with this universal access.

The first step in the process of getting employment is to get a Job Card. The card is supposed to have the names and photographs of all adult household members to reduce misuse. Information like the number of days worked is later noted on the card. According to NSS data, in 2009-10 about 35 per cent of the rural households held Job Cards (NSSO, 2011: i). Furthermore, more households in the lower income deciles held Job Cards, (50 per cent in the bottom decile), than those at the top (17 per cent in the highest decile).

The next step is to avail employment. As employment should be on demand, the MGNREG-Act required a written application. Originally the so-called form No. IV was to be used, but recently the MoRD stated that plain paper applications and oral applications would also be accepted (SCRD, 2013: 6). In terms of employment provided, the pattern observed by the National Sample Survey Office (2011: 38f) is different. On the one hand, 35 per cent of the households in the bottom decile obtained employment in MGNREGS, but on the other hand 26 per cent (more than a quarter) sought but did not receive employment. Among the higher income deciles 10 per cent worked under the Scheme, and 12 per cent reported that they sought and were not given work. The incidence of not receiving employment is thus higher among poorer groups.

This pattern is repeated with regard to the number of days worked: the higher income deciles got above average days of employment – 40 days, compared to an average of 37 days according to NSSO in 2009-10 – and lower income deciles just 32 days. The employment pattern was pro-poor only in Kerala and Rajasthan where poorer households availed more days of employment than the average (Dutta et al., 2012). There thus seem to be further obstacles that keep poorer households, from whom we expect greater demand and need for NREGA work, from receiving employment.

The NSSO did not ask for reasons why households did not receive MGNREGS employment, and hence these cannot be quantified. However, one obstacle to participation in MGNREGS works is that some of the most deprived of India’s rural society are not able to perform long days of manual labour provided by the scheme due to their weak physical condition and malnourishment (CEC, 2009: 7f). Access is also mitigated by out-migration, as a result of which households miss the opportunity to get a Job Card to have a say in decisions on the works in the village (which could potentially be carried out in their fields), and to avail employment (IAMR, 2008). To ease accessibility to the scheme for the poorer households is thus still a challenging task in implementation.

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15 However, this pattern can be partially caused by the participation in MGNREGA, which may bring households into higher income deciles.
Although the MGNREGA is built on universal access, most observers agree that the scheme should first and foremost benefit the weaker and poorer sections of rural society. As the Act does not differentiate between participants, other mechanisms of de facto prioritisation of certain claimants over others have been found. One form is to give priority to works that are particularly beneficial to poorer sections of society. A typical example are works in the “category IV” which include the provision of irrigation facilities, digging farm ponds, improving horticulture, plantations, flood prevention and land development on the land or homestead of households that belong to Scheduled Castes (SC) and Scheduled Tribes (ST) that are below poverty line (BPL), land reform beneficiaries, or small or marginal farmers. Households that fall into more than one of these categories are to be prioritised (MoRD, 2012). Other qualifying conditions are that the beneficiaries have to have a Job Card and take part in the works on their own land.

### Box 3

#### Giving priority to works that benefit the marginalised

The State of Andhra Pradesh has made the number of works in category IV one of the criteria for its State-wide monitoring and progress reports. MGNREGA participants from Uthnur Block, who belong to the local SC Kolam community, point out that MGNREGA work has transformed their fallow lands into fertile fields. Another decision of the State was to deliver the silt from de-silting projects of water bodies to the lands of the same group of households free of charge. The silt is a powerful fertilizer that has significantly increased agricultural production for some of the small and marginal farmers in Talamadugu Block, AP.

The difference to a village from Chickhaldara block of Maharashtra is startling. Here the silt from the cleaning of a traditional water body, which is also recognised as powerful fertiliser, lies close to the cleaned basin, unused. Neither the State nor the Centre finance the transport of the silt to the fields of the local SC community, and they do not own any means of transport which would enable them to get the silt themselves.

Source: Author’s field work.

#### 3.1.1. Female participation

MGNREG Act also entails special provisions for three disadvantaged groups: women, SC and ST populations. Rural women in India are less than half as likely as their male counterparts to be counted as economically active population. The labour force participation rate for rural areas was 84 per cent for males, and only 38 per cent for rural females among the working age population aged 15-59 years in 2011-12 (NSSO, 2013 10). Additionally, women’s chances to receive cash wages are lower than for men, and if wages are paid to women at all they are on average 20 per cent lower for the same type of work in casual employment (Holmes et al., 2010: 10f, also see 0 below).

Both Recommendation No. 202 and MGNREGA aim to achieve gender equality. To encourage female participation in MGNREGA the following provisions have been made: there is a mandatory one-third quota for women’s participation, crèche facilities are to be provided at the worksite, work must be within proximity of the residence, and the payment of equal payment of wages is stipulated in the Act.

At an aggregate level, MGNREGS has a very good record of female participation. Female participation in the scheme rates quickly rose in the first years after inception and has stabilised at 48 per cent of participants. This is a significant achievement given the overall low labour force participation rates of women in rural areas. As in other fields, there also is high interstate variation with regards to female participation.

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16 The list of permissible works for this group has recently been enlarged to include agriculture related works, such as different forms of composting, liquid bio-manures; livestock related works, such as, poultry shelter, goat shelter; and works in coastal areas, such as, fish drying yards (MoRD, 2013 a: 55).
As Figure 3 shows, some States have female participation rates well above 50 per cent. At the other end of the spectrum are Assam, Bihar and Uttar Pradesh, which fail to fulfil the statutory requirement of providing one third of employment to women (also see SCRD, 2013: 87).

A crucial incentive for women to work in MGNREGS is the provision of higher and more equal wages than in other rural employment (see Holmes et al., 2010: 10f; MoRD, 2012: 18ff and Figure 4). In rural employment outside MGNREGS and other PEPs wage differentials are particularly high, and in the past female wages outside public works were much lower for women. In MGNREGES women still earn less than male workers, but the gender wage gap is much smaller. One reason for this difference may be gender insensitive piece rate wages.

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17 For an overview of different arguments made about female participation see Pankaj and Tankha (2010: 48).

18 See below and Gopal (2014) on mechanisms by which the schedule of rates is determined.
MGNREGS is further valued by women because work is available close to their homes, and is offered by the government, and thus “work is considered socially acceptable and “dignified” (Khera & Nayak, 2009: 51). It offers employment to women who have hitherto not worked outside their homes or own fields.

### Box 4

**High female participation in Kerala**

In the State of Kerala synergies are used between MGNREGS and the regional anti-poverty and women empowerment programme *Kudumbashree*. In *Kudumbashree* women from families living below the poverty line organize into local neighbourhood groups, which then form an Area Development Society (ADS). The ADS are crucial in the organisation of MGNREGS works in Kerala. They maintain Muster Rolls and other records, and carry out the monitoring requirements. The existence of the closely knit net of neighbourhood groups of *Kudumbashree* eases the participation of citizens, and women in particular, in taking decisions on works to be carried out.

The wage earning opportunities in MGNREGA have in some cases led to greater autonomy of women in intra-household relations, higher income and consumption, as well as increased choice and capability, but for others it had had the reverse effect of increased time pressure because of the double burden of work for women, both within and outside of the home (Holmes et al., 2010: 10f; Pankaj & Tankha, 2010: 48ff).

There are other factors that can explain the fact that women still tend to work less days than men: prevailing ideas on a gendered division of labour restrain women from participating in certain types of work, the lack of crèche facilities excludes women with young children from participating, etc. (Sjobom & Farrington, 2008; Narayanan, 2011). Various studies have found that the crèches are not in place in many sites (CAG, 2008; Narayanan, 2011). Furthermore, according to most studies women have been less involved in the decision-making on MGNREGA works than men (Holmes et al., 2010: ix; Khera & Nayak, 2009). Pankaj and Tankha (2010: 51) write “even in the case of the increased presence of women at the Gram Sabha, male participants dominate the decision-making process. Entrenched gender relations are hard to dismantle”. Making MGNREGS works and procedures more women friendly is part of the current 12th Five-Year-Plan (2012-2017) (GoI, 2013: 217 Vol. III).
3.1.2. Scheduled Castes and Scheduled Tribes

Two other major marginalised groups that face discrimination in the labour market are Scheduled Caste and Scheduled Tribe populations (Thorat, 2008; Thorat & Newman, 2010; NCEUS, 2009: 60f). In the MGNREGS, overall SC/ST participation is high. Since the inception of MGNREGS 28 per cent of the participants belonged to a SC community and 23 to a ST community. However, lately there has been a declining trend in SC and ST participation (CAG, 2013).

Figure 5. Share of Scheduled Caste households in population and MGNREGA participation 2011

![Chart showing share of Scheduled Caste households in population and MGNREGA participation]

Source: population data 2011 census, NREGA data for 2011-12 as on nrega.nic.in on 6 February 2015, own calculations.

Figure 5 shows the share of rural SC households in all rural households for 2011 and compares this with the MGNREGS participation rate of SC households, as well as with the share of rural SC households that availed MGNREGS in all rural SC households. The figure reveals that the States have strongly varying SC populations. In several States the SC participation rates in MGNREGS are below the share of SC among the rural population. This is most visible in Maharashtra (–6 per cent), followed by Assam (–4 per cent) and Karnataka (–3 per cent), and lastly Jharkhand, Orissa and Rajasthan (all –1 per cent). The opposite is visible in Punjab (+41 per cent), Andhra Pradesh (+8 per cent), Bihar and Uttar Pradesh (+7 per cent), Kerala, Tamil Nadu and West Bengal (+3 per cent), Madhya Pradesh (+2 per cent) and, Gujarat (+1 per cent). For India the trend is also positive (+3 per cent). Large variation can also be seen with regards to the share of rural SC households that could avail MGNREGA employment. In Tamil Nadu MGNREGS reaches 74 per cent of its SC households, in Andhra and Madhya Pradesh, Kerala, Rajasthan and West Bengal more than 40 per cent are reached. Below 20 per cent of the SC population can avail MGNREGS employment in Assam, Bihar, Gujarat, Karnataka, Maharashtra, Orissa and Punjab.
Figure 6. Share of Scheduled Tribe households in population and MGNREGA participation 2011

![Graph showing the share of Scheduled Tribe households in population and MGNREGA participation 2011](image_url)


Figure 6 shows the same categories for Scheduled Tribes, as Figure above for Scheduled Castes. MGNREGS participation rates among rural ST households are higher than their share in the population in States such as Gujarat (+29 per cent), Jharkhand (+16 per cent), Maharashtra (+10 per cent), Madhya Pradesh (+9 per cent), Andhra Pradesh and Rajasthan (+8 per cent), the latter is also the difference for India as a whole. Only in Bihar this ratio was lightly negative in 2011. Rajasthan and Andhra Pradesh reach more than 50 per cent of the ST population in MGNREGS, Bihar, Karnataka and Maharashtra less than 20 per cent.

The high SC/ST participation trends have been subject to competing interpretations. While the MoRD discusses this as a targeting success (MoRD, 2012: 13), other, more sceptical observers, point out that it is a sign that SCs and STs have the most dire need for decently paid employment and have few opportunities outside the agricultural sector.

3.1.3. Other vulnerable groups

The latest edition of MGNREGA Operational Guidelines also entails detailed provisions for other vulnerable groups such as persons with disabilities, specific tribal groups, women in special circumstances – including pregnant women and lactating mothers up to 8 months before delivery and 10 months after delivery, senior citizens above 65 years of age, HIV positive persons and internally displaced persons (MoRD, 2013a: 77ff). It is recognised that the above may not be able to perform all types of NREGS works such as digging, shuffling or carrying of soil. Therefore special suitable works should be identified and implemented for these groups. Each District should name a dedicated officer as coordinator for vulnerable groups to support their needs and create favourable conditions for their inclusion. Out of 21 million persons with disabilities, according to the 2001 census, only a little less than two million have been provided with work since the inception of the Scheme (SCRD, 2013: 88). Prior to the new Operational Guidelines only some States had made special provisions for persons with disabilities, e.g. Andhra Pradesh.
Overall with regard to equality of access the MGNREGA has made many provisions that point in the right direction, and the recent shift of focus to inclusion of people with special needs must be welcomed from a perspective of Recommendation No. 202.

3.2. Adequacy and predictability of benefits

Another theme of Recommendation No. 202 are the adequacy and predictability of benefits. The MGNREGA entails a number of relevant provisions in this regard. The central MGNREGA benefits are wages from employment, which have to be paid on a weekly basis and not beyond a fortnight (Art. 3, para. 6). In case wages are delayed, workers are entitled to compensation. If no work is provided within a period of 15 days, applicants are entitled to an unemployment allowance at the level of 60 per cent of the wages foregone (Art. 7). The Act also envisages more indirect benefits through the creation of rural infrastructure.

3.2.1. Wage levels

Recommendation No. 202, Paragraph 8, urges the ILO member States that basic income security levels should allow life in dignity. The nationally defined minimum levels should thus correspond to “the monetary value of a set of necessary goods and services, national poverty lines, income thresholds for social assistance or other comparable thresholds”, and may vary regionally. In principle, the MGNREGA meets these rules. Section 6 (1-2) lays down the procedures by which wages are to be set. Firstly, the central government may by notification specify the wage rate for the Act – with the qualification that this shall not contradict the Minimum Wages Act, 1948. Second, minimum wages for agricultural labourers as fixed by the State governments shall be used in the respective areas, as long as no notification by the central government has been issued.

The first national minimum wage in MGNREGS was set at INR 60, upon legislation of the Act, and where higher agricultural minimum wages existed, these were paid. Since 2005 the centrally notified wage rates have been adjusted upwards several times. However, the adequacy of the central wage setting has been disputed since 2009. On 1st April 2009 the MGNREGA minimum wage was centrally fixed at INR 100. In that way MGNREGS wages were delinked from State minimum wages (Roy & Dey, 2011), with the effect that MGNREGS wages are lower than the State minimum wages of several States (MoRD, 2012: 9).

This move received criticism from several State governments, civil society groups, as well as the Central Employment Guarantee Council (CEGC) (WGW, 2010; SCRD, 2013: 35f). The CEGC urged the Central Government to pay State minimum wages or at least link MGNREGA workers wages to the Consumer Price Index for Agricultural Labour

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19 The Minimum Wages Act, 1948, provides for fixing minimum rates of wages for specific employments. Minimum wages can be set both by the federal States and the Centre. They are declared at national, regional, sectoral, occupational and/or skill level and can last up to five years. Typically wages have a fixed component and a variable component. The Minimum Wages Act, 1948, stipulates that the variable component should be regularly adjusted as deemed appropriate by the government. For the setting of wages and cost of living index the following parameters are to be taken into account: minimum food requirement for workers and dependents, clothing, rent, fuel, lighting, children’s education, medical requirement, minimum recreation including festivals/ceremonies and provision for old age.

20 The 100 INR corresponds to the national minimum wage floor, which is not a uniform national minimum wage level, but rather an instrument for the harmonisation of different State minimum wages. In several States the notified State minimum wages were below that line.
(CPIAL). The Central Government has been hesitant to pay agricultural minimum wages, because these are determined by the States and the Centre fears rapid increases in these wages once the centre agrees to pay them (WGW, 2010). In January 2011, after long discussions, the Central Government accepted the nominal wages of INR 100 for 2009 as baseline and an indexation to the CPIAL, which led to wages hikes of 17-30 per cent across the country (Balchand, 2011). However, in several States the wage rates fixed to the CPIAL are still lower than the respective State minimum wages (see Table 2).

In 2013, the Ministry of Rural Development set up an expert committee for the future determination of MGNREGA wages under the leadership of economist Mahendra Dev. 21 When the committee presented its results in 2014, it recommended that the wages paid to unskilled agricultural labourers under MGNREGA should be the minimum wage fixed by

Table 2. MGNREGA wage rates and State minimum wages (in INR)

<table>
<thead>
<tr>
<th>Minimum wages for agricultural. workers</th>
<th>Official NREGA wage rate</th>
<th>NREGA wage rate to Minimum wage rate after indexation</th>
<th>Real wage growth 2006-07 to 2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06a</td>
<td>2010-11b</td>
<td>As of 1st Jan. 2009b</td>
<td>As of 1st Jan. 2011b</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Revised 2009-10b</td>
<td></td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>80 112-119/118-261</td>
<td>80 100 121 137 Mixed</td>
<td>−7.8</td>
</tr>
<tr>
<td>Assam</td>
<td>62 100 79.6 100 130 136 Higher −1.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bihar</td>
<td>68 109-151.34 89 100 120 122 Mixed 0.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gujarat</td>
<td>50 100 100 124 134 Identical 0.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jharkhand</td>
<td>76 144.43 92 99 120 122 Lower NA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Karnataka</td>
<td>63 133.8 82 100 125 155 Lower 0.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kerala</td>
<td>125 150/200 125 100 150 164 Mixed −7.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>59 114 91 100 122 132 Lower 2.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maharashtra</td>
<td>47 100-120 66-72 100 127 145 Higher −14.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Odisha</td>
<td>55 90 70 90 125 126 Higher 10.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Punjab</td>
<td>101 148.06 93-105 100 153 166 Lower −0.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rajasthan</td>
<td>73 135 100 100 119 133 Lower 10.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>80 85-100 80 100 119 132 Higher −12.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>58 100 100 100 120 125 Identical 8.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Bengal</td>
<td>67 112.5 75 100 130 136 Higher ? −2.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>100 127 138 2.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

21 Before the question of whether the Central Government can decide to pay less than the State minimum wages for agricultural labourers had been brought to India’s Supreme Court. In its ruling in January 2012 India’s highest court stated that non-payment of minimum wages qualifies as forced labour (also see WGW, 2010). Minimum wages guarantee only minimum subsistence levels, they do not constitute “fair” or “living” wages, and therefore cannot be undercut, not even by government decree. The MoRD defended its position saying that MGNREGA provides other benefits to workers, which are not included in minimum wages, but also have monetary value, such as provision of crèches etc. (SCRD, 2013: 36).
the respective state or the current wage as per the consumer price index for agricultural labourers (CPI-AL), whichever is higher (Jitendra, 2014; Seth & Sharm, 2014). Annual revisions of the wage rate should be based on the rural CPI.

Moreover, as one can see from Table 3, actual wage payments are still often lower than the notified wage rate (also see MoRD, 2012: 60ff). Even where the notified benefit levels do meet the minimum wages, the real wages paid may be lower.

<table>
<thead>
<tr>
<th>State</th>
<th>2009-10</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>–8</td>
<td>–21</td>
<td>–32</td>
</tr>
<tr>
<td>Assam</td>
<td>–13</td>
<td>–23</td>
<td>0</td>
</tr>
<tr>
<td>Bihar</td>
<td>–2</td>
<td>–19</td>
<td>22</td>
</tr>
<tr>
<td>Gujarat</td>
<td>–11</td>
<td>–27</td>
<td>–15</td>
</tr>
<tr>
<td>Jharkhand</td>
<td>–2</td>
<td>–17</td>
<td>0</td>
</tr>
<tr>
<td>Karnataka</td>
<td>–11</td>
<td>19</td>
<td>–1</td>
</tr>
<tr>
<td>Kerala</td>
<td>29</td>
<td>–17</td>
<td>0</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>–16</td>
<td>–24</td>
<td>–5</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>–8</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>Odisha</td>
<td>6</td>
<td>–29</td>
<td>–2</td>
</tr>
<tr>
<td>Punjab</td>
<td>24</td>
<td>–23</td>
<td>–2</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>–13</td>
<td>–44</td>
<td>–35</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>–28</td>
<td>–37</td>
<td>–35</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>0</td>
<td>–15</td>
<td>–1</td>
</tr>
<tr>
<td>West Bengal</td>
<td>–10</td>
<td>–23</td>
<td>1</td>
</tr>
<tr>
<td>India</td>
<td>–10</td>
<td>–27</td>
<td>–17</td>
</tr>
</tbody>
</table>

Source: Own calculations based on official wage rates from nrega.nic.in/nerega_Statewise.pdf and daily wage costs from nrega.nic.in accessed in February 2012

One reason for the low wages is the Schedule of Rates (SoR), which defines what amount of work has to be done in order to earn a certain wage. This SoR has faced criticism because the requested output levels make it hard for workers to earn the minimum wage (Ambasta et al., 2008; Banerjee & Saha, 2010: 45; Gopal, 2014). Also, wages were originally for seven hours. In a later circular of 14 January 2008 the hours were raised to nine, a following circular (28 May 2008) specified that this includes a one hour break.

**Box 5**

**Time-motion studies to determine Schedule of Rates**

Where the Schedule of Rates (SoR) prescribes high work outputs it is hard for workers to earn even the minimum wage. To study the actual work output capabilities of a mixed group of workers, the Andhra Pradesh government commissioned a work time motion study in different soil conditions and for different works, using a mix of workers of varying ages, habits and men as well as women. It proved that for a day’s labour workers would on average earn only a third to one half of the minimum wage. These findings led to a downward correction of the specification of the existing SoR, which make it possible for MGNREGS workers to earn the State statutory minimum wage. This change was approved by Central MoRD, which suggested it as an example for other states to follow (see Gopal, 2014; Reddy, 2013).
Opposing those voices that demand higher wages in MGNREGS, the counter-argument that wages are too high, has also regularly been made since the inception of the scheme. One argument is that higher MGNREGS wages have detrimental effects on agriculture because they push up the general agricultural wage levels. The MoRD (2012: 8ff) argues that a majority of studies finds an increase in market wages through MGNREGA. The Government of India, however, points out that the assumption that “rising wages by themselves represent a problem is not credible since this is the only mechanism through which landless agricultural labour can benefit from economic growth. If rising wages squeeze farm profitability, the solution lies in raising farm productivity to accommodate higher wages” (GoI, 2013: 7). Agricultural wages grew at very low speeds prior to the introduction of MGNREGA – despite the parallel general growth acceleration and higher productivity in agriculture – therefore the enhanced bargaining power of rural labourers through MGNREGS should be welcomed as “valid ground for optimism” (Jha et al., 2010: 206). There is little evidence that MGNREGS drives up market wages, in particular where the unmet demand is high (Dutta et al., 2012: 14f). In sum, wage levels in MGNREGA and their adequacy do remain contested.

Several studies have found increases in disposable income for MGNREGA workers (Banerjee & Saha, 2010: 44f; MoRD, 2012: 6f; Pankaj, 2012b: 21f). Yet, other observers argue that even if all the provisions of the Act were met, MGNREGA would still be insufficient to considerably and sustainably increase the livelihood security of India’s rural population (CEC, 2009: 7f; Mehta et al., 2011). Given the number of days per household and the low wages, MGNREGA earnings alone are too small to lift people permanently above the poverty line. Even if they statistically cross the poverty line, they may still belong to the vulnerable sections of society, especially given the very sensitive poverty line (see footnote 11). Overall, the adequacy of MGNREGA benefit levels remains contested in India.

3.2.2. Predictability

Another central principle of social protection floors besides the adequacy of benefit levels is their predictability (Recommendation No. 202, Paragraph 3(c), also see ILO (2004)). Predictability is central to shift the focus of people in poverty from immediate survival to longer time horizons. For the MGNREGS, predictability of both provision of labour and payment are central concerns. One part of predictability is that employment should be provided upon demand whenever needed, and when employment is not provided, benefits should be provided. That this is not always the case has been discussed above.

Also with respect to timely payments, the record of MGNREGS is rather bleak (CAG, 2013: 10). Delays “cause great hardship to MGNREGA labourers […] they are forced to resort to lower-paid or exploitative employment, and even distress migration” (Khera, 2011a: 250). Delayed wage payments are a reason to make people drop out of MGNREGS (Hirway, 2012: 65). In effect it may be the “scattered and intermittent nature of the MGNREGS work [that] encourages workers to depend on their earlier coping strategies like out-migration, long-term work with local farmers (though at lower wages) etc.” (Hirway, 2012: 65). Adequate and timely payments are so crucial to workers, that the failure to meet these basic principles may even turn workers against the scheme (Khera, 2011a). The lack of predictability and reliability are prime reasons for people to drop out from the scheme and a core violation of the provisions of the Act.

The GoI (2011: 61) acknowledge that late payment of wages are the most frequent complaint under MGNREGS. In principle the reliability of payments was sought to be tackled through the introduction of bank and post office payments, which delinks implementing agencies from payment agencies, and thereby reduces the opportunities to siphon off funds (Khera, 2011a). The decision to make payments via banks and post
offices led to an unseen opening of accounts in rural areas, which is praised as a step to financial inclusion (MoRD, 2013b). Yet, the shift from cash payments also led to overload and bottlenecks in the banking and post office infrastructure (Adhikari & Bhatia, 2010). On the one hand, bank payments can be more easily tracked and checked to contain corruption. On the other hand, workers – in particular illiterate workers – face difficulties with the banking and post office system (also see Banerjee & Saha, 2010). Workers need to get familiar with the new modes of payment if embezzlement is to be avoided in the future (Adhikari & Bhatia, 2010). However, the recent CAG report still found many instances in which wages were still paid in cash (CAG, 2013).

While most of the delays are attributed to the bottlenecks in the banking infrastructure, other authors highlight the overtly complicated administration systems of measurement and payment approval that also delay the process. It has been pointed out that the electronic payment processes are so slow exactly because they curb the opportunities for corruption, and that therefore involved officials have lost interest (Khera, 2011a: 252f).

### 3.2.3. Unemployment allowance

The second type of benefit foreseen in MGNREGS is a cash benefit to be paid to those who were not provided with employment 15 days after their application. This provision of the Act suffers from several limitations. First, a key condition for the payment of an unemployment allowance is a dated receipt of application for employment. However, such dated receipts of applications were not given in 282 GPs across 21 States and unemployment allowance was not paid in 58 of the surveyed blocks across 17 States, revealed a report by the CAG (2008: 51f). This finding was largely repeated in the more recent CAG report (2013: 10). Both CAG reports find that applications for work are hardly recorded. 22 If they are recorded, they are typically not dated, and workers do not receive receipts for their application. In consequence the eligibility for unemployment allowance was not verifiable (CAG, 2013).

De facto there is close to zero payment of unemployment allowances under MGNREGS (Hirway, 2012: 66; Pankaj, 2012a: 109; Raabe et al., 2012). In 2010-11, the actual payment of unemployment allowances stood at only INR 123,589 for all of India. In the two following years, no unemployment allowances were paid at all (SCRD, 2013: 46ff).

Another difficulty associated with the unemployment allowance is that the States, not the Central Government, have to meet the costs. From the perspective of the Centre this is logical: the States do the implementation, and if they fail – over which the Centre has limited influence – the Centre would still have to pay. In the words of a MoRD official “this is a huge potential liability. If we leave the identification of the people who do not get work to an institution who does not have the liability to pay, it is a blank cheque” (SCRD, 2013: 50). On the other hand, the State governments have so far been hesitant to pay allowances for a scheme that has been devised by the Centre. This may be seen as one reason why demand for work is not registered appropriately.

However, the failure to provide the statutory guaranteed unemployment allowance goes against the core of the Act. The SCR (2013: 94) points out that “payment of unemployment allowance is the only provision which provides legitimacy to the guarantee

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22 One might additionally argue that the necessity for a written application itself is an obstacle for many rural workers with few years of schooling and high rates of illiteracy.

23 For an example of a block where active worker organisations realised the payment of unemployment allowances see (Khera 2008).
provided in the MGNREGA and differentiates it from earlier employment schemes.” Besides better monitoring the Committee suggests that the costs for unemployment allowance should also be met by the Central Government (ibid). The adequate registration of demand and the subsequent provision of unemployment allowances in case no work is provided are some of the key remaining challenges for the (re-)organisation of the Act.

3.2.4. Wider benefits from works

The third avenue of livelihood improvement through the MGNREGS for rural households is via the infrastructure created. The hope of the MoRD has always been that the creation of useful and sustainable infrastructure will finally allow rural households to graduate from the scheme, because they have created other income opportunities. Studies indicate that well planned, executed and maintained MGNREGS-created infrastructure delivers high returns on investment. However, there is no coherent picture across India (MoRD, 2012: 27ff).

One type of benefit may be in the form of increased agricultural production and productivity. A majority of people engaged in agriculture are self-employed farmers, they form 64 per cent of all persons engaged in agriculture. Among all farmers 84 per cent are marginal or small farmers (NCEUS 2009: 26). Thus, more food production is expected to lead to higher consumption and more food security. The effects of MGNREGS on agricultural production and productivity observed have, however, been varied. What is highlighted in a number of studies is that “Districts and villages which have performed better in the MGNREGA implementation demonstrate a visible growth in agricultural production and productivity” (MoRD, 2012: 42ff).

However, some authors caution that the types of works that can be funded – “water conservation, land development, afforestation, provision of irrigation systems, construction of roads, or flood control – are prone to being taken over by wealthier sections of society” (Sjoblom & Farrington, 2008). And indeed, works such as farm ponds do require a certain size of land in order to be useful. One study found that about half of the interviewed MGNREGA beneficiaries possessed cultivable land before MGNREGA was implemented, “the increase in asset base with the impact of this scheme is negligible” (IMR, 2008: 23). Thus, when the poorest sections of society do not own land or other assets, they may have little to gain from the scheme other than wages from MGNREGS employment. To counter this argument it has been said that improvements for the relatively richer farmers indirectly benefit the landless casual workers, because there will be more demand for their labour. This, however, is not the case where there are shifts to more mechanised forms of agriculture.

Initiatives such as the prioritisation of infrastructure that benefits the poorest sections of society are therefore important (see Box 3 above). At the central level, it was recognised that the original list of permissible works did not include some of the works most demanded locally, such as improvements of drinking water facilities and sanitation (MSC, 2012). Therefore the list of permissible works was enlarged several times. Since May 2012 the list includes several additions, for example sanitation, vermin-composting, construction of shelter for cattle, fishery related works, and drinking water (SCRD, 2013: 24).

Livelihood improvement may also be expressed in the reduction of distress migration. It is an indirect aim of MGNREGA to reduce migration as a consequence of more decently paid rural employment opportunities. So far there is no coherent picture on the effects of MGNREGS on distress migration (MoRD, 2012: 46ff). An early cross-State study on the

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24 Another consideration has been to include more maintenance works of public works, also if they have been built through other programmes.
Effects of MGNREGA shows that outmigration remains frequent after the introduction of MGNREGA, and that 70 per cent of the migration is not for better wages, but for any paid employment and, hence, distress migration (IMR, 2008). But where MGNREGA offers reliable income opportunities there are reports that migration of elder citizens, women and children has decreased. The condition however is that work is provided and paid reliably, because poor men and women cannot afford to stay in their villages and then find that no work is provided under the MGNREGS or that they are not paid within a reasonable time. Unreliability leads to dropouts from the scheme.

3.2.5. Labour protection

MGNREGA also entails several provisions in the field of labour protection. The MGNREGS worksites are to be equipped with safe drinking water, shade, first aid, as well as a crèche for children where there are more than five children below the age of six (Schedule II). Reports about the failure to meet these statutory requirements are frequent. In about 22 per cent of the surveyed Districts, the CAG (2013: 86) found that these were not in place. An even higher proportion of participants, 80 per cent, said that at least one of these provisions was lacking at the worksites (ibid. 135). Only 18 per cent said that the crèche facility was provided, and only half of the participants said that shade and first-aid facilities were provided (ibid. 135).

In terms of labour protection, the scheme also provides worksite injury insurance. In case of worksite injuries resulting in death or permanent disability of workers the States are obliged to pay a gratuity lump sum of INR 25,000 (Schedule II). However, MGNREGS does not offer special provisions for maternity except that pregnant women and lactating mothers up to 8 months before delivery and 10 months after delivery should be offered works, which require less effort and are close to their house (MoRD, 2013a).

In terms of the prevention of child labour, the core provisions is that only citizens above the age of 18 may participate in the works. MGNREGS is not discussed as a scheme in which child labour takes place, but as scheme that prevents child labour and allows children to stay in school for longer (Dev, 2011). According to a recent report “there is no incidence of child labour in the age group of 5-14 years in the MGNREGS, though there were cases of adolescents working in MGNREGS“ (ILO, 2013: xi).

Overall with regards to the second theme of this study, access and adequacy, it may be said that the rules of MGNREGA are innovative, far-reaching and meeting the provisions of Recommendation No. 202. However, in many regards there are shortcomings in the implementation, which make it difficult to avail the rights laid out in MGNREGA. Therefore, we turn now to administration and governance of the MGNREGS.
4. Administration and governance in MGNREGS

The third theme of this study is the governance structure of the MGNREGS. It is discussed in relation to the second set of principles entailed in Recommendation No. 202, which concern “the delivery, financing, management, coordination and monitoring of social security systems” (ILO, 2012a: 4). Herein the Recommendation calls for transparent, accountable and sound management and administration. In how far these are met by MGNREGS, and how the governance structure contributes to certain implementation problems, is discussed below.

4.1. Governance and administrative structure

MGNREGS has a complex governing structure in which the four core competencies-policy formulation, planning, monitoring, and financing are spread over five levels: central, State, District, Intermediate Panchayat and local (Gram Panchayat) government structures (see Table 4).

<table>
<thead>
<tr>
<th>Administrative level/ responsibility</th>
<th>Policy making</th>
<th>Planning &amp; implementation</th>
<th>Financing</th>
<th>Evaluation and monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Ministry of Rural Development (MoRD)</td>
<td>National policy initiative (MGNREGA)</td>
<td>Operational Guidelines for State level schemes</td>
<td>100% of wages of unskilled labour, 75% of material costs and of wages of semi-skilled or skilled labour, Administrative expenditure up to 6% of the total costs</td>
<td>Central Employment Guarantee Council (CEGC) National Level Monitors</td>
</tr>
<tr>
<td>State Governments</td>
<td>Formulation of the State wide NREGS</td>
<td>Setting the wage rate</td>
<td>25% of material costs and of wages of semi-skilled or skilled labour, 100% of unemployment allowances, Remaining administrative costs</td>
<td>State Employment Guarantee Council (SEGC) Independent Social Audit Unit</td>
</tr>
<tr>
<td>District District Administration Line Agencies</td>
<td>Administration of the expenditure, Technical sanctioning Formulation of District Development Plans (DDP)</td>
<td></td>
<td></td>
<td>Ombudsman District Social Audit</td>
</tr>
<tr>
<td>Intermediate Panchayat</td>
<td>Technical sanctioning Final measurement</td>
<td></td>
<td></td>
<td>Intermediate Panchayat Social Audit</td>
</tr>
<tr>
<td>Gram Panchayat Gram Sabha</td>
<td>Decision on works Supervision of works and measurement</td>
<td></td>
<td></td>
<td>Social Audit</td>
</tr>
</tbody>
</table>

1 This includes wages of the Programme Officer, his staff, assistance to GPs, stationary, mobility, travel computerization, training, IEC activities, monitoring and social audit and audit related expenses.

Source: Author’s visualisation. For an overview of the various institutions and their responsibilities see (MoRD, 2013a; MoRD, 2014).
In the field of policy making most competencies lie at the central level, mainly the nodal Ministry of Rural Development (MoRD). The State governments have some scope for policy making in the formulation of the respective State MGNREGS. A similar structure can be found in the field of financing. The principal responsibility for financing lies with the centre, the States have to bear the costs for parts of the materials, skilled labour and administrative costs as well as the unemployment allowance. In the field of planning the process is reverse: the Act foresees a bottom up planning strategy starting with the registration of workers and demand, as well as the identification of useful works at the village level. In the field of monitoring and evaluation of the Act activities take place at all levels and several new bodies, independent from the implementing agencies, have been constituted.

Overall, the MGNREGA administrative structure is complex but coherent. Yet, as pointed out above concerning the registration of demand and payment of unemployment allowances, the division of responsibilities is unfavourable to their implementation because they entail conflicting interests. Even when looking at delays in wage payments, some reasons for the delay may be found in the institutional set up, which involves many officials.

Three more core problems are highlighted here; inadequate appointment of qualified staff and training, poor maintenance of records, and top-down planning, where bottom-up structures are designed.

4.1.1. The Centre

The Centre is thus the general rule maker and main funder of the scheme. It is important for the overall monitoring, evaluation and further development of the scheme. As outlined above, the Centre has received much praise for its innovative policy framework.\(^{25}\) Indeed, the bulk of criticism towards the MGNREGA does not concern its design, but its implementation, which lies only partially with the Centre. The Centre has also been active with review and reform of more implementation related topics, for example in the field of social audits and through new Operational Guidelines. To improve implementation the Centre also collaborates with other institutions such as the ILO, which leads capacity building and training efforts of MGNREGA barefoot engineers.\(^{26}\)

One of the points for which the policy design is criticised is that the Schemes’ different objectives can be in opposition with each other: for example the primary objective of creating wage employment in unskilled (kacha, earthen) projects is opposed to the construction of durable assets, which may not be kacha. For certain durable assets, the cost ratio of 60 per cent for employment and maximum 40 per cent for materials, skilled labour and administrative costs may be too low. The MoRD used to point out that a higher share of funding for material costs invariably leads to less funding for wage employment, which is the primary objective of the scheme (SCRD 2013). To accommodate the need for higher material costs, the guidelines have been revised (MoRD, 2013a); they now ask the GPs to maintain the 60:40 ratio for all MGNREGS works together, the ratio of individual works may be different.

\(^{25}\) This is only true for criticism that is directed at improving the working of MGNREGA. Besides such constructive criticism, MGNREGA has, of course, also been the target of fundamental criticism from sections of politics, media and economy that disagree that an employment guarantee is needed, see e.g. Bhalla, 2004, 2012; Seetha, 2004; Chowdary, 2011).

\(^{26}\) Information provided by Mito Tsukamoto, ILO.
Another problem with regards to administration – and financing – is that the central government treats the different delivery capacities of the States as neutral, whereas they are not (Pankaj, 2012b: 27f). This is that the ability to deliver and the administrative resources made available for implementation vary largely between the Indian States.

After the UPA coalition lost the national elections lost to the National Democratic Front there have been fears that the new government would dilute the Act and tighten the budget allocations. In 2014, however, the allocations remained at the level of the previous years (also see section 4.3.0 on financing below). Yet, debates on curtailing or at least giving priority to India’s 200 poorest and least developed districts, as well as a change in the labour to material ratio to 51:49 – to increase the quality of the assets produced under MGNREGA – have started. 27

4.1.2. The States

The States set up structures for their respective Employment Guarantee Schemes (NREGA, Art. 4f). They can also give additional guarantees, for example they can increase the number of days that households can claim under the MGNREGS or cover other additional costs related to works (such as pointed out in 0 above). The State governments have to integrate these Schemes in their overall administration, assign tasks within the lower tiers of their administrative structure, and hire staff where necessary etc. (Art. 18). The States are key to the overall coordination of the administration of the Schemes. Judging from the different participation rates, number of days worked per household, wage levels and completion rates of works – to name just a few important parameters – the States fare very differently in realising the full potential of MGNREGS as a whole and its various components.

As pointed out above, in some States poverty levels are high, and the need is expected to be high too, but poor States do not show the highest participation rates (see above). One problem of States such as Bihar, Odisha or West Bengal is that they suffer from weaker capacities and a lack of personnel for scheme administration (Dutta et al., 2012: 6). Non-appointment of dedicated NREGS staff, however, is a problem across States and a major hurdle to implementation (CAG, 2013: 10). The recruitment target of dedicated MGNREGA personnel for 2010-11 has been 264,085, by summer 2013 the States had only recruited 212,586 new MGNREGS personnel (SCRD, 2013: 98). Additionally, there is an urgent need for capacity building for all staff as well as elected and appointed officials at the GP and block level (Ambasta et al., 2008: 47; NCEUS, 2009: 221; Raabe et al., 2012). In Jharkhand the non-existence of Panchayati Raj Institutions leads to particular implementation problems (NCEUS, 2009: 220), but many poorer States generally have weaker PRI’s (Pankaj, 2012b).

Other States, such as Andhra Pradesh have used the funds from MGNREGS to top up their staff and their (technical) administrative infrastructure to enhance their delivery structures. In such cases the MGNREGS funds help in building “high-quality public services that enhance the delivery of social security systems” as demanded by Recommendation No. 202, Paragraph 3 (n).

Box 6
Implementation in Andhra Pradesh

Andhra Pradesh (AP) is one of the states praised as a forerunner in NREGS implementation. The state pioneered or developed several components of NREGS: AP was the first state to set-up a state wide social audit unit to support audits at the local level, it makes extensive use of ICT based solutions for monitoring attendance at worksite and making payments, it has entered into a systematic dialogue with CSOs, and systematically draws on local Self-Help-Groups (SHG) in the dissemination of information and carrying out implementation related tasks (see Reddy 2013 for details).

4.1.3. The Districts and Intermediate Panchayats

The Districts are in a central intermediary position between the local administrative structures and the State. They finalise, technically approve, monitor and supervise the list of projects to be taken up and carried out under the scheme (Art. 13). At the District level the District Collector or the Chief Executive Officer of the District Panchayat are designated as District Programme Coordinator (Art. 14). He or she and the implementing agencies at the District level are fully responsible for the utilisation and management of funds (Art. 23). The District level is important for coherence of plans and a medium term development strategy.

Some of the responsibilities are shared with the Intermediate Panchayat structures, which also do technical sanctioning of smaller works, opening and closing of work sites, measurement at the work sites and data entry. At this level GP plans are approved and forwarded to the District level for final sanctioning. Furthermore, works are supervised and monitored by a Programme Officer, the key administrator at Intermediate Panchayat level, who needs to be assigned (Art. 13, 15).

A key problem at the District and Intermediate Panchayat level is the lack of staff for measurement, monitoring, and sanctioning of payments. A lack of oversight and medium term planning at District level is also detrimental to the realisation of the development of useful assets and the improvement of rural livelihoods. 26 per cent of the Districts in the CAG report sample did not prepare annual plans (CAG, 2013: 17). Additionally, the report points out that in many Districts of Bihar, Maharashtra and Punjab – among others – less than the prescribed 50 per cent of works came from the GP level. Furthermore, five-year District Development Plans were not produced in 46 per cent of the surveyed Districts (CAG, 2013: 22). Such plans are deemed “a necessary condition of effective utilization of funds available under MGNREGA. […] Most of the States are still following a top down approach of planning for MGNREGA” (SCRD, 2013: 96).

4.1.4. The Gram Panchayats

Finally, the local Gram Panchayats are at the centre of the bottom-up planning process of registering labour and demand, and the identification, execution and supervision of useful works at the local level (Art. 16). They are responsible for developing action plans of works for the following financial year and for informing wage seekers about employment opportunities. A main task of the GPs is planning, because the provision of work within the short time frame of 15 days necessitates advance sanctioning, budgeting, and technical sanctioning of the works.

Within the Gram Panchayat a central role falls to the Gram Sabha, or village assembly, which decides on works, monitors the execution of works and conducts regular social audits. The Gram Sabha meetings involve potential beneficiaries and it is important to take their voice into account. Labour budgets are drawn up at the GP level, consolidated and supplemented by Intermediate Panchayat and District levels. These budgets should
estimate the demand for labour in the coming year, based on the number of residents and their demands, taking into account crop patterns and other local conditions.

**Box 7**
Implementation in a village in Amravati District of Maharashtra and in Adilabad District of Andhra Pradesh

In a village in the Uthnur block in Adilabad District of Andhra Pradesh, the workers find regular employment upon demand. At the work site the MGNREGS field assistant takes attendance using both the print Muster Roll and an application on his mobile phone, which will make the data available online within a few minutes. For the villagers a major change compared to earlier schemes is that they can easily talk to the young field assistant, who sees them in the village regularly. MGNREGS is unlike other schemes, because it comes right to their doorstep, no one has to go to offices and wait. Also, the Scheme allows them to develop their own lands. What had been fallow lands are now fields. The field assistant too knows that he has the support of an extensive network MGNREGS workers in the District.

In the Bhatkuli Block of Amravati District in Maharashtra MGNREGS workers are constructing canals next to a road in the glistening sun, there is no shade. When they break for lunch, they talk about how they have not been paid for the last two months, and nor have measurements of their work been taken. The workers desperately wait for their wages and need to borrow money to make ends meet. Several families have already decided not to work in the NREGS anymore and fall back on migration as a coping strategy. Here, works – except the road work – have primarily been carried out on the land of bigger farmers, with more space for farm ponds. But the potential extra crop will not bring additional work for agricultural labourers, as the farmers have shifted from the cotton to soy, and the latter does not need to be harvested manually.

Source: Author’s field work in 2012.

When the GP level structures do not fulfil their statutory tasks within the MGNREGS framework, they can become major obstacles for citizens to realise their entitlement to employment. For example, the poor maintenance of records alone leads to a situation in which “the authenticity of the figures of employment demanded, employment provided, number of days of employment generated, entitlement to unemployment allowance etc. could not be verified” (CAG, 2013: 10). The failure to involve beneficiaries hampers the rights-based and beneficiary centred planning (CAG, 2013: 15f). Out of a random sample of 3848 GPs, 1201 GPs, or 31 per cent of the sample, did not prepare annual plans (CAG, 2013: 16). A lack of appropriate inputs from lower levels also causes problems for the demand based financing of the scheme, as outlined below.

To the defence of the GPs it may be pointed out that “many States have failed to provide adequate support to PRIs such as dedicated personnel and other necessary infrastructure which is essential for efficient planning and implementation of works under the scheme” (SCRD, 2013: 85). However, next to problems of capacities and coordination, there are cases of “wilful denial of entitlements by the officials” (NCEUS, 2009: 225) and “outright sabotage of the scheme by the administration” (Ambasta et al., 2008: 44). There is evidence of “local elite capture and targeting failures” (Raabe et al., 2012: 318). Both the lack of capacities and the wilful denial ultimately limit the capacity of the scheme to make work available on demand and meet the statutory requirements.

4.1.5. Civil Society Organisations

Outside the formal structure of the official administration are civil society organisations (CSOs). CSOs have been central in the whole process that led to the adoption of the Act, and subsequently in many debates about implementation and reorganisation (Chopra, 2009). Besides as key activists in advisory bodies such as the NAC, CEGC and SEGC, civil society activists also played an important role in NREGA implementation in several instances. CSOs have closely followed the implementation processes and intervened were adequate, for example in Andhra Pradesh (Gopal, 2014). In Rajasthan as well CSOs play a strong role, they have been essential in the development of social audits, and in ensuring audits in Rajasthan from the early days of the scheme onwards.
CSOs are central to the organisation of Information and Education Campaigns and for the organisations of social audits in particular in States where there is no dedicated social audit structure. They are pivotal in raising awareness about the Act, its provisions and the opportunities entailed. They also support workers in claiming their rights where these have been denied.

One way, in which the contribution of CSOs to the implementation of MGNREGS is recognised, is through an award by the MoRD, which annually gives awards for the best (contribution to) MGNREGS performance in a number of categories. One of these awards is reserved for CSOs, acknowledging the contribution they make.

In sum, administration and governance of the MGNREGA shows that some of the progressive provisions, in particular in the field of citizen-centred planning, are not yet realised. A representative of the MoRD himself described the problem in the following words:

Our problem today is really that the planning at the grass roots is either not there or is ad hoc or is insufficiently based on ground reality which is why we are in the peculiar situation of having all our indices showing that there is acute poverty and need for employment and yet we are in a position where most States are paying no unemployment allowances and the MGNREGA Wage Bill is more or less static. So, in our view, we certainly need to do a lot of homework to ensure that the demand generation takes place. It is largely an education process, it is a capacity development process and if I might suggest, there is a huge political process involved in generating awareness about a major programme of this nature. (SCRD, 2013: 66)

The provisions of Recommendation No. 202 about administration and governance are again largely met in spirit, but they have serious shortcomings in implementation.

4.2. Monitoring

The MGNREG calls for the creation of multiple new monitoring and evaluation bodies at various levels. Despite the many different potential forms and levels of monitoring, the supervision over the scheme is found to be insufficient (SCRD, 2013).

On the national level the scheme should be monitored by the Central Employment Guarantee Council (CEGC) and the MoRD itself. The CEGC is given the task to set up a central evaluation and monitoring system, advise the Government of India (GoI) on the implementation of the Act, make recommendations for improvements, and to prepare regular reports for the GoI and the Parliament (Art. 11). But neither is a central monitoring system in place in the 8th year after the inception of the Act, nor have there been regular evaluation reports. Where the members of the council did point to malpractices – exposed through field visits – there was insufficient follow-up to their reports by the MoRD (CAG, 2013: 105f).

Another form of monitoring by the central government are National Level Monitors (NLMs), mostly experienced often retired government officials, academics and NGOs, that are deployed by the Ministry to monitor effective implementation of rural development programmes in a transparent manner and according to programme guidelines. Between 2005 and 2012, 1,910 visits of NLMs for the monitoring of rural development programmes have taken place. They enquired into 404 complaints of a serious nature (SCRD, 2013: 51f). They investigated cases involving “job cards not provided, misappropriation of funds, engagement of contractors, forgery of muster roll, manipulation in job cards, under payment of wages, non-payment of wages, corruption and other irregularities, use of machinery, delay in payments” (SCRD, 2013: 54). The centre refers these reports to the
State level for them to take appropriate action, including investigations, as per law. However, it has been found that the follow-up to the NLM reports are insufficient. Many of them are pending for months and years after the reports (CAG, 2013: 106ff).

Monitoring on the national level also takes place through an IT-based Monitoring and Information System (MIS). Since the financial year 2010-11, all States have been ordered by the centre to provide information in MIS. MIS is a major tool to ensure the demanded transparency of information on the scheme. It brings information on MGNREGS into the public domain, such as the number of beneficiaries, days worked, wage levels, works started and completed, and expenditure. Data availability is however much more scarce when it comes to the impact of the scheme. It was found that records from GP and higher levels either did not correspond to the MIS data, or records were not available, due to the earlier mentioned sluggish maintenance of records (CAG, 2013). Therefore the MIS data, which also feeds the tables in this and most other studies, has to be taken with a pinch of salt.

Yet, there are differences in the degree to which the MIS has been used prior to the central order, and how much it is embedded in administrative processes. For example the State of Andhra Pradesh early introduced software and pioneered mobile applications for taking attendance at work sites. MIS does not only provide means of monitoring participation, work sites and payments, it also allows for the monitoring the performance of MGNREGS employees. In Andhra Pradesh continuously low participation rates in a season and a GP where demand is expected should catch the attention of Intermediate Panchayat or District level staff. They will then check in on the locality on why so little employment is taking place. If it turns out that the local official fails to offer employment he or she can be sanctioned, e.g. through cuts in their salaries.

Data on the Scheme is also collected in the National Sample Survey (NSS). The 66th round of the National Sample Survey introduced questions on MGNREGS for rural households (NSSO, 2011: 3). They were asked whether they hold a MGNREGS job card, whether and how much work they availed in MGNREGS during the last 365 days, the mode of payment of the wages earned, and daily rural wages in and outside MGNREGS (NSSO, 2011). But not all of these questions were posed in the subsequent 68th round (2011-12) (NSSO, 2013).

Yet another monitoring and accountability structure foreseen in the Act are Ombudsmen. These are to be installed at District level. They should be a point to which workers and others can address their complaints, and which will then be taken up and proceeded in accordance with the law. However, many States have not established this and other grievance redressal structures (SCRD, 2013: 85). The data collection on grievance redressal is disappointing in general. The information on whether in case of misappropriation of MGNREGS funds disciplinary action has been taken, and whether this is followed by criminal prosecution where appropriate, is not easily available.

That social audits are in principle an innovative form of monitoring with the potential to increase citizen-centred accountability has been pointed out earlier. However, the general impression when it comes to monitoring remains that the good intentions of the Act have not been realised in many instances. This is significant given the number of implementation problems. The statutory MGNREGA monitoring structures would provide a number of avenues to address existing shortcomings in implementation, if used to their full potential.

4.3. Financing

The general financing rules as laid down in the MGNREGA foresee that the Central Government pays for 100 per cent of wages of all participants, hence the wages for
unskilled manual labour, in the scheme, up to 75 per cent of material costs and of wages of semi-skilled or skilled labour, a share of the administrative costs (Art. 22); as well as monitoring and evaluation at the central level, including the Central Employment Guarantee Council. The administrative share was initially fixed at a maximum of 2 per cent of expenditure. For the financial year 2007-08 it was raised to maximum 4 per cent, and further raised to max. 6 per cent in March 2009 and has remained at that level since.

The allocation of funds from the Centre to the States is in principle demand based. Basis of the calculations are the annual plans, hence the labour budgets and other projected costs. Following the official procedure the process should start with annual plans from the village Gram Sabhas, which are then compiled on the block level, later at the District level and finally the State level into the annual plans for the upcoming financial year. Following these, the Centre releases the funds for the first half of the financial year and States can call upon the Centre to release the following instalment once they have used 60 per cent of their resources. In the States, the funds should be transferred to specially formed State Employment Guarantee Funds, which then channels the resources directly to the Districts.

The mechanisms described above can be said to partially meet the provisions of Recommendation No. 202, Paragraph 3 (j), which calls for the social protection floors to be built on “transparent, accountable and sound financial management and administration.” In particular they are transparent.

However, in practice the State Employment Guarantee Funds have not been founded for all States so far, and neither does the centre seriously examine, whether the States adhere to the financial spending and accounting rules when it releases the second tranche (CAG, 2013: 33ff). Further, both the CAG and the Standing Committee criticised large, even increasing unspent balances. In the financial year 2010-11 the unspent balance amounted to 27.31 per cent of the allotted amount (SCRD, 2013: 89). This is said to be caused in part by a lack of real bottom-up planning and through delays of allocation of the funds to the States and Districts. Overall, there is less criticism on the mechanism of demand-based financing, and more on the lack of timeliness in payment.

The States need to finance the remaining costs for skilled and semi-skilled workers, for administration, parts of the material costs, the unemployment allowance and their respective State Employment Guarantee Council. The difficulty with the unemployment allowance has been discussed above. Another struggle in particular for the poorer States is to raise the share of the costs that need to be borne by the State and local governments (Dutta et al., 2012: 6). This may also be seen as one reason for the interstate differences in MGNREGA implementation as they speak e.g. from 0 above). However, accountability structures may need to be revised with regard to unemployment allowances, which are not effectively implemented.

Recommendation No. 202, Paragraph 3 (k), also provides that social protection schemes should ensure “financial, fiscal and economic sustainability with due regard to social justice and equity”. Whether and to what extend MGNREGA adheres to these principles is domestically contested. Since the inception of the Act, there have been media reports calling its fiscal sustainability into question. The expenditure on MGNREGA by the central government can be found in Figure 7.
As one can see from the figure above, expenditure in current prices more or less stagnated since 2009-10. In real terms there has been decline in expenditure, which is reflected in the decreasing share of expenditure on MGNREGA in GDP and as share of total government expenditure (see Figure 8).

The GoI highlights that the much higher participation rates in MGNREGA compared to earlier rural employment schemes have been achieved with only a modest increase in total spending. Central Plan expenditures on rural employment stood at an average of 11.8 per cent of the total Central Plan expenditures in 2002 to 2005. In the past three years 2009 to 2012, with MGNREGA, they averaged 13.3 per cent. “Thus, far from opening a bottomless pit as some critics still claim, the provision of employment as a legal right, has greatly improved the share of intended beneficiaries in what government spends for development of rural areas” (GoI, 2013: 8 Vol. I). It may be noted, however, that if the
assumed – but not recorded – larger demand for work was met and minimum wages were paid, the budget allocations would need to be higher.

The contribution of, MGNREGA to social justice and equity is domestically also contested. On the one hand, MGNREGA is seen as one initiative that should contribute to “inclusive growth”, the central theme of the current Five-Year-Plan (GoI, 2008, 2013). On the other hand, are commentators who question, whether the extent of the contribution of MGNREGA to inclusiveness given its low wages and small chances for skill development (Mehta et al., 2011). Other commentators point out that income inequality is still on the rise despite initiatives such as MGNREGS (Kannan, 2012).

4.4. Coordination and graduation

A social protection floor is not complete with an employment guarantee alone. Therefore it is central how various components of an SPF are coordinated. As pointed out above MGNREGS is far from being the only initiative of the Indian government in the field of social protection. There are numerous other social protection schemes, such as the health insurance scheme Rashtriya Swasthya Bima Yojana (RSBY), the National Social Assistance Programme, housing schemes, the Rural Livelihood Mission, the Total Sanitation Campaign and most recently the Right to Food Act of September 2013. Policy coherence with other social, economic and employment policies, as well as coherence across institutions responsible for delivery of social protection is a principle of Recommendation No. 202, Paragraph 3 (m)-(n) and Paragraph 10 (c). For the coordination of MGNREGA with schemes at least two levels matter: policy coherence on the national and State level, and convergence in implementation.

Coordination is a daunting task given that the number of social protection schemes is very high, in 2011-12 there were 149 centrally sponsored schemes alone (Chaturvedi, 2011). The Standing Committee even speaks of over 200 schemes and programmes by Central and State Governments together, and “these plethora of schemes are operated in disparate manner by the different Government, Ministries and Departments. At the ground level there is no convergence and coordination. At many points these schemes work at cross purposes leading to wastage of funds and efforts and in avoidable replication” (SCRD, 2013: 72). This is a harsh critique. Thus convergence between schemes is one of the big themes of the current 12th Five Year Plan.

With regards to MGNREGS there have been specific plans for convergence with different schemes and ministries in the areas of agriculture and fisheries, afforestation, water resources, and other rural development schemes. In 2011 this was followed by special plans for convergence in the areas of access to sanitation facilities and drinking water as well as roads (see MoRD, 2013a: 131ff). Data on actual convergence between the schemes, i.e. in the form of data on joint works, is still scarce.

28 The Indian federal States also run social welfare schemes. According to the Indian constitution welfare belongs to the shared responsibilities between the State and the Centre.

29 A dedicated section on convergence has been added to the official MGNREGA site and is available at http://nrega.nic.in/netnrega/convergence/conindex.aspx.
Box 8
MGNREGA self-selection as criterion for RSBY

The latest edition of the MGNREGA operational guidelines introduces a new area of convergence (MoRD, 2013a). Henceforth, anyone who has worked 15 days or more in MGNREGA in the previous year is eligible to be insured in RSBY. MGNREGA participation is thus established as an alternative eligibility criterion to BPL status in this social health insurance scheme.

RSBY was originally accessible only for the BPL population. But, the BPL selection process is known to be prone to errors of both exclusion and inclusion. The acceptance of the self-targeting mechanisms of MGNREGS can thus increase the number of eligible households. Households that have participated for at least 15 days in MGNREGS in the year previous to RSBY registration have thus become eligible for RSBY access. As per MIS data (till 31 December, 2012) 670,000 MGNREGA workers have been covered under RSBY (MoRD, 2013b: 27). Of course this demands proper maintenance of records at the GP level, so that households are shown as eligible.

Besides convergence, another big concern is graduation from the scheme. For MGNREGS the main avenue for graduation is to improve livelihood conditions to an extent that the rural population can make a decent living without being dependent on the scheme. Thus, graduation should happen through the improvement of public and private rural infrastructure so that farmers become self-sufficient, and they can offer jobs to smaller farmers or landless agricultural labourers that continue to be dependent on wage labour. For this the creation of assets is central. No statistics on graduation through asset construction exists so far (also see section 3.2.4 above). Another way of graduation could be the shift of focus from the construction of new infrastructure to the maintenance of public assets.

MGNREGS so far does not offer activities to enhance participants’ productive capacities such as skills development. Yet, ILO is supporting the training of Barefoot Engineers and a Framework for Skills Certification is in the process of being adopted. It is one of the gaps of MGNREGS, that it does so little to provide people – especially those without land – with skills that improve their productivity. It can also be pointed out that MGNREGS is currently not attractive for the poor with more skills and education (Reddy, 2013). But, skills development is recognised as one of the challenges for the future (GoI, 2013: 139ff, Vol. III). The MoRD also considers skill training of youth employed in MGNREGS, this is expressed in the preference given to MGNREGA beneficiaries who have completed 100 days of wage employment in the placement in skills development components for rural youth under National Rural Livelihoods Mission (SCRD, 2013: 77). The SCRD furthermore stresses that also in MGNREGA itself more semi-skilled and skilled works should be carried out, which would allow the rural population to acquire skills (SCRD, 2013: 99).

In sum, also in the field of administration and governance, the MGNREGA has many features that are commendable, but in order to realise the potential of the Act, implementation structures need to be improved.

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30 Information provided by Mito Tsukamoto, ILO.
5. Conclusions

It has been highlighted in this study, that the MGNREGS in its first ten years of implementation had major achievements. The spirit of the MGNREG Act reflects many of the principles of Recommendation No. 202. It also shows some remarkable features from which other countries – or also other states and regions within India – can learn. Most of the remaining challenges are associated with implementation processes. With regards to implementation, the SCRD (2013: 28) remarks "findings related to quality, durability and rate of work completion suggests that the problem is not in the design of the Act, but the usefulness of the Scheme is dependent on the strength of its implementation at the field level.” Where the scheme works, where employment is provided regularly and reliably and so is the payment, where the infrastructure built is useful and sustainable, MGNREGA has transformed the lives of rural populations. Where only some of the provisions of the Act are in place, people already report positive changes in their lives, such as reduced dependence on moneylenders or distress migration. These changes big and small are good reasons to continue to invest resources and energy into the MGNREGS and improvement of its delivery.

What disturbs some observers is that the participation in MGNREGA peaked in 2009-10 and dropped thereafter. Expenditure peaked one year later and has been declining since. Lately there has also been a decline in the completion rate of works (CAG, 2013: 4f). These declines may be indicators that the provision of livelihood security through employment and the creation of assets may not be met (CAG, 2013: 5; Hirway, 2012: 65). Bottlenecks in the implementation such as delays in payment of wages and in giving actual work, as well as alleged corruption in registration are distracting people from demanding work under MGNREGA (SCRD, 2013: 87). For the CAG it is the lack of public awareness, mismanagement, and institutional incapacity that are identified as the three most significant factors (CAG, 2013).

Some of the above named issues and more – synergies between MGNREGA and rural livelihoods; greater location-specific flexibility and improvement of the ecological balance through expanded list of permissible works; procedural changes to strengthen the demand-driven character of MGNREGA; improved efficiency with regards to delayed payment of wages; and lastly the creation of effective mechanisms to eliminate the scope of corruption – had been identified as problems by the Ministry of Rural Development over the past years, and proposals for improvement have been forwarded by the Committee under the leadership of Mihir Shah (MSC, 2012: iii). To counter the negative trends in MGNREGA specific provisions are being made in the Twelfth Five-Year Plan for each flagship programme “for dedicated time and human and financial resources for social mobilisation, awareness generation and social audit” (GoI, 2013: 288).

The SCRD as well as many other observes share the conviction that “MGNREGA, if properly implemented, has potential to transform the face of rural India” (SCRD, 2013: 85). To achieve this potential, however, additional reforms would be needed in all fields of implementation, ranging from the registration of demand for work, the provision of labour protection at the worksites, timely payments of wages and unemployment allowances, maintenance of the assets, as well as monitoring and auditing processes. Such reforms would help to further strengthen the innovative legislative framework that the MGNREGA provides, further strengthen India’s social protection system and ensure a greater level of income security for rural populations with positive effects on India’s economic and social development.
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