

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**UNCTAD**



EXPERT MEETING ON

# **Social Inclusion Programmes and Their Impact on Sustainable and Inclusive Development and Growth**



## **Inclusive Development through Employment Guarantee Scheme Experiences of MGNREGA in India**

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***Geneva, 27–28 November 2014***



# **Inclusive Development through Employment Guarantee Scheme Experiences of MGNREGA in India**

By

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For

Expert Meeting on Social Inclusion Programmes and Their Impact on  
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# Structure of the presentation

I. MGNREGS: A Programme for Inclusive development

II. Implementation and impacts

III. Lessons from MGNREGS experiences

# Inclusive development objectives of MGNREGA

## 1. Primary objectives

Main objectives laid down by the Act (MGNREGA 2005):

“ to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work and for matters connected therewith or incidental thereto.”

“Creation of durable assets and strengthening livelihood resource base of the rural poor...”

(The NREGA 2005, The Gazette of India No. 48. Sept. 7, 2014).

# Objectives

## **2.Secondary objectives**

“ social safety net for the vulnerable groups by providing a fall-back employment [during lean season]

Growth engine for sustainable development of an agricultural economy

To strengthen the natural resource base of rural livelihood and create durable assets in rural areas.

Empowerment of rural poor through the processes of a rights-based law.

To promote transparent and accountable grassroots democracy and development” ( Operational Guidelines, 2008, 3<sup>rd</sup> edition, NREGS) :

## **3. Derivative objectives**

To reduce distress migration

Women’s empowerment

# Programme features

- 1. Right to work a legal guarantee:** (An Act of Parliament)
- 2. Demand driven** (previous schemes supply driven)
- 3 . Entitlement to:**
  - a. Minimum wages
  - b. Unemployment allowance and compensation due to delayed wage payment
  - c. Four facilities at worksite : first aid, drinking water, shelter and crèche for children below six years
- 4. Priority to women workers** ( one-third of total)
- 5. Priority to wage work** (wage material cost in the ratio of 60:40 and works of water conservation top priority)
- 6. Funded by the Federal Government** (100 % of the wage cost of unskilled workers and 75 % of the material and wage cost of skilled and semi-skilled workers)
- 7. Decentralised planning and execution**

(Institutions of local self-governance (PRIs) are the principal agencies for planning, implementation and monitoring of the works)
- 8. Civil society oriented** (transparency and accountability through social audit)
- 9. Three tier grievance redressal mechanisms**

# Implementation Overview

(As on July 10, 2014)

- 1720.7 crore ( 17.20 billion) persondays of employment have been generated so far.
- Rs. 2,55,862.95 cores (2558.62 billion rupees) have been spent since the commencement of the programme in 2006.
- About 70 percent of the total expenditure has been incurred on wages.
- The Scheme has provided job to about five crore (fifty million) rural households every year since 2008 when the programme was extended to all the rural districts of the country.
  - The number of households and persons provided employment exceeds the total population of many a country of the world
  - Huge number of community assets mostly related to water conservation and harvesting, irrigation and drought control, rural connectivity, etc. have also been created under the programme.

## Implementation Overview

<b>Employment generated and provided</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Households provided employment (in million)	21.01	33.9	45.11	52.58	54.83	50.06	49.9	47.9
Households provided (% of total rural households)	15.26	24.62	32.75	38.14	39.81	36.73	36.22	34.77
Household completing 100 days out of those provided employment	10.2	...	14.45	13.47	10.20	9.22	10.36	9.27
Average persondays per Households	43	42	48	54	47	43	46	46



## Implementation overview

Total No. of Job Cards [In million]	130
Total No. of Workers [In million]	280
SC worker as % of total Workers [In million]	190
ST worker as % of total Workers [In million]	14.95
Total No. of Active Job Cards [In million]	60
Total No. of Active Workers [In million]	100
SC worker as % of total Workers	21.06
ST worker as % of total Workers	16.52

How does it promote inclusive growth and development?

Some evidences

# Who are the beneficiaries of the programme (All India)

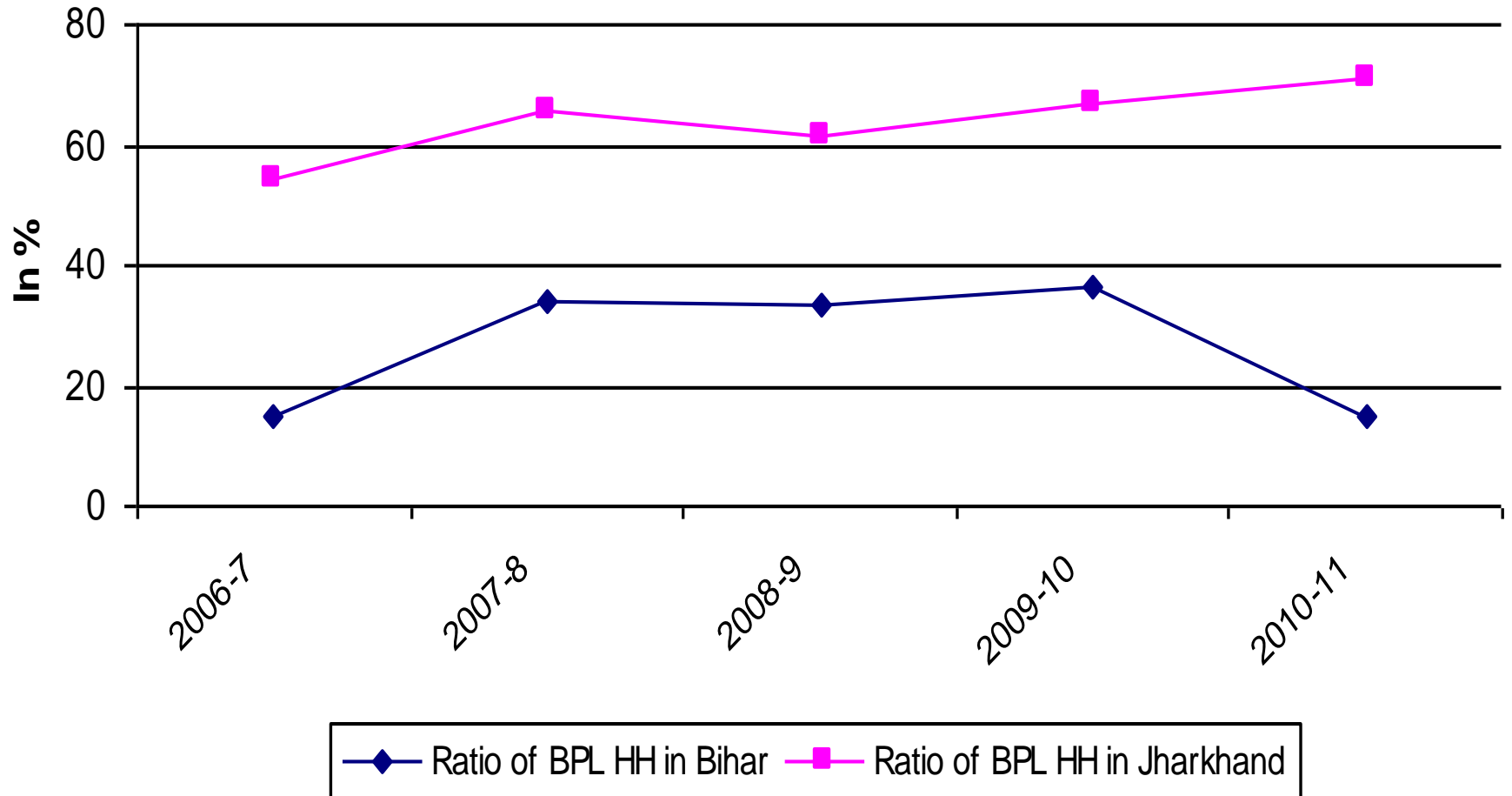
<b>Distribution of employment generated</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
% Share of SC population in total persondays	25	27	29	30	31	22	22	22
% share of ST population in total persondays	36	29	25	21	21	19	17	17
% share of other population in total persondays	38	43	45	49	49	59	60	60
% share of women in total persondays	41	43	48	48	48	48	53	51

## Who are the beneficiaries of the programme

Field based evidences from the two poorest states of India (surveyed in 2008)

Land and occupation categories of beneficiaries	Bihar	Jharkhand
Landless	80.41	29.95
> 0.5 acres	13.65	28.38
0.5 to 1 acres	3.16	20.63
1 to 2.5 acres	2.04	13.72
2.5 to 5 acres	0.37	6.18
5 to 10 acres	0.37	1.15
Above 10 acres	0.00	0.00
<b><i>Occupation</i></b>		
Self-employed in agriculture	5.01	21.88
Casual labourers in agriculture	77.99	40.21
Casual labourers in non-agriculture	15.60	34.45
Self-employed in small business	1.02	2.20
Self-employed in large business/Salaried	0.09	0.73
Others	0.28	0.52
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

## Households Provided Employment as Ratio of BPL Households In Bihar and Jharkhand

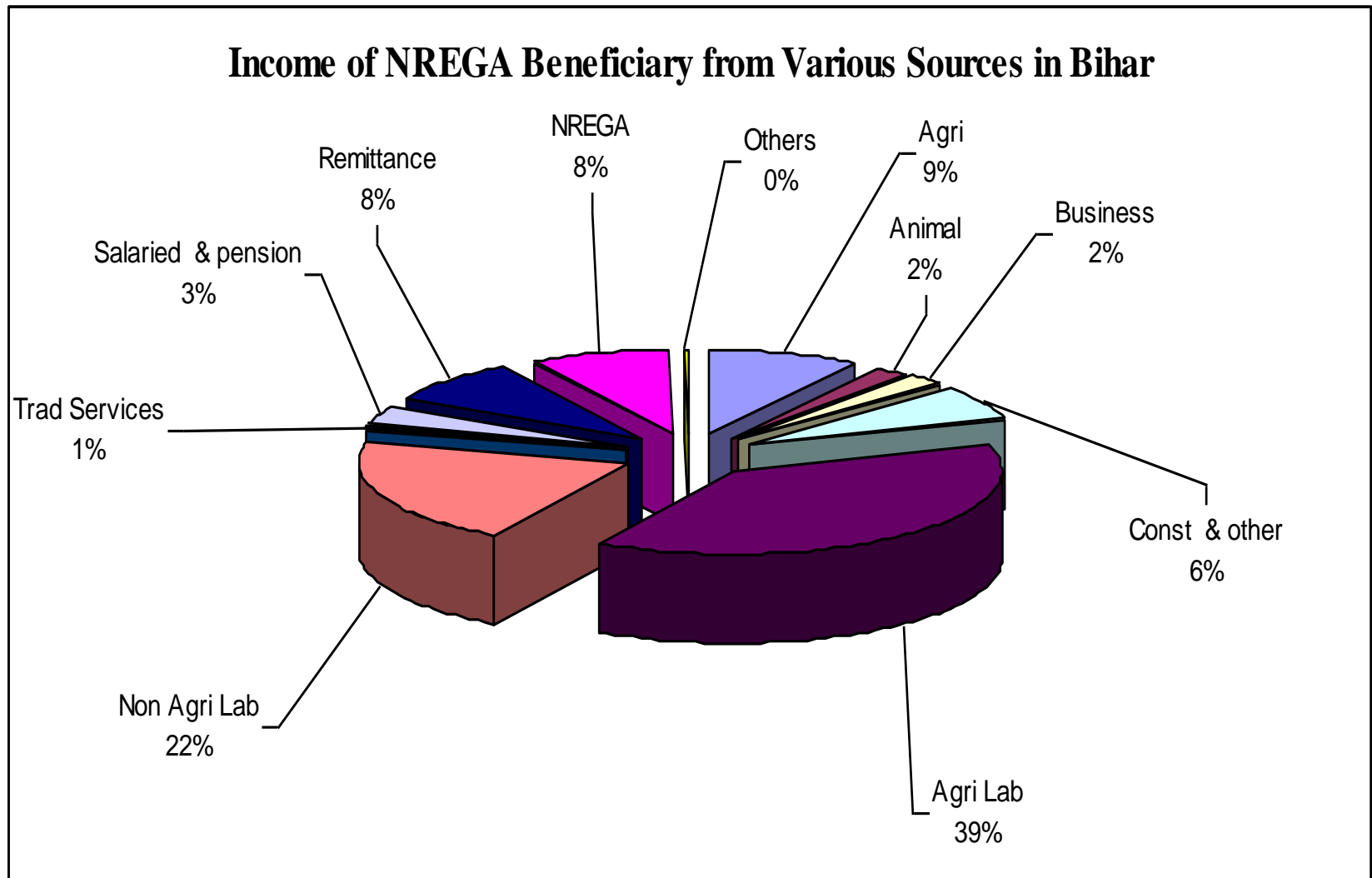


## Impacts on income and livelihood security

Share of NREGS Earnings in the Total Annual Income of a Beneficiary Household

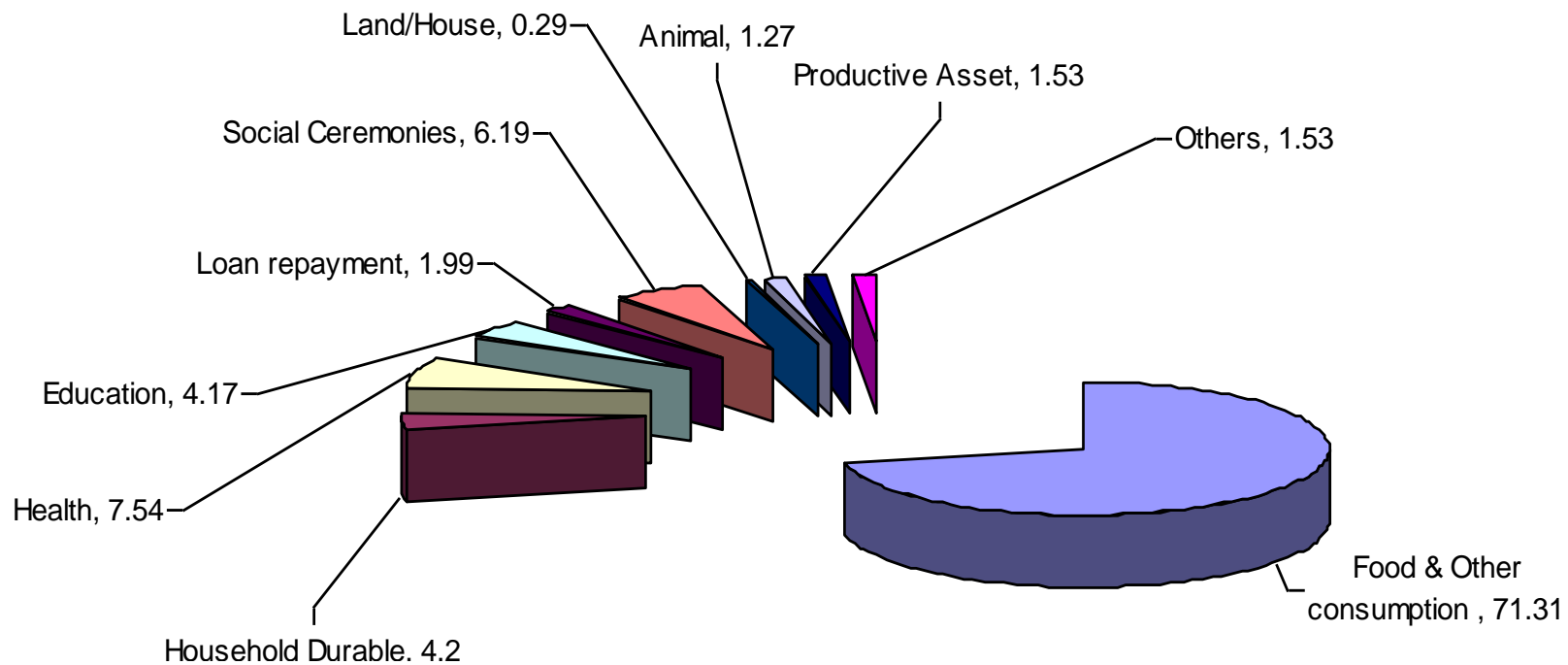
Categories	Average NREGA Income as % of the Total Annual Income of a Household	
	Bihar	Jharkhand
Caste		
Upper Caste	3.29	0.27
OBC-I	5.14	1.55
OBC-II	4.22	2.36
SC	11.74	0.97
ST	2.74	3.91
Land		
Landless	8.90	0.89
Marginal	7.81	3.18
Small	2.31	2.02
Medium	-	1.39
Total	8.37	2.41

# Other sources of income of a beneficiary (2008)



What do they do with the income:  
Meet food security, promote education and health as priority

### Distribution of Expenditure from NREGS Earnings in Bihar (%) 2007-08





## Other direct benefits to the individual beneficiaries

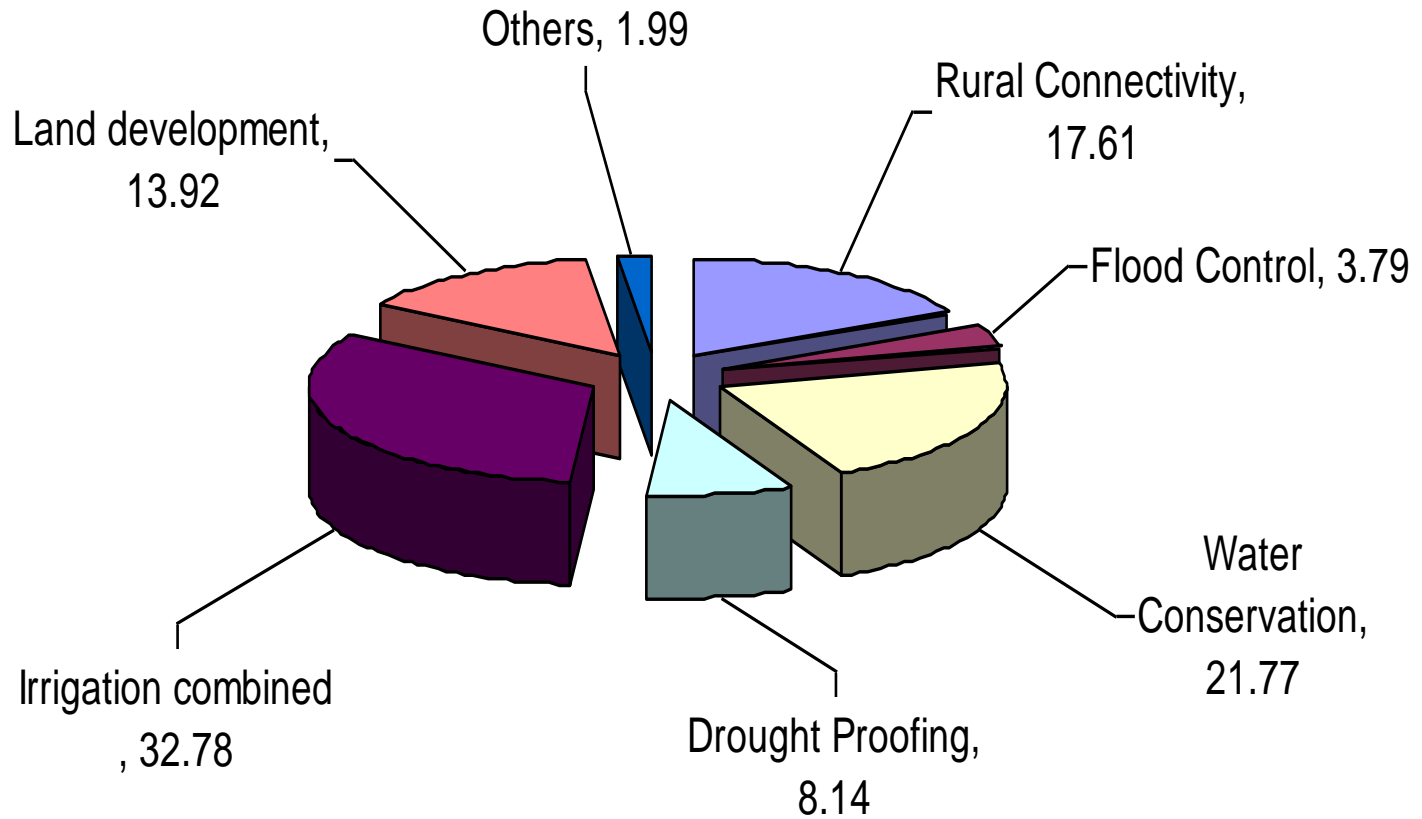
- Reduction in indebtedness (due to lean season employment)
- Reduction in distress migration
- Dependence on and exploitation by landlords decreased
- Land-labour relations have changed
- Bargaining power of the workers has increased

## Macro-level impacts

### **Impacts of community assets on rural and agrarian economy**

- Types of assets created important
- Increase in agricultural productivity
- Uncultivated area brought under cultivation
- Inclusion of large number of people as possible beneficiaries of assets creation has long term inclusive benefits
- A large number of erstwhile households with unirrigated and uncultivated land have been converted into farmers.
- (In Deccan area, they became cotton grower: 2 acres of land irrigated by one well constructed under NREGA)

# Types of Assets created between 2008-11 ( All India)



## New types of assets included

Individual Assets for Vulnerable Sections (Only for Households in Paragraph 5 of Schedule I)

(a) Scheduled Castes

(b) Scheduled Tribes

(c) nomadic tribes

(d) denotified tribes

(e) other families below the poverty line

(f) women-headed households

(g) physically handicapped headed households

(h) beneficiaries of land reforms

-the beneficiaries under the Indira Awaas Yojana

-beneficiaries under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 (2 of 2007).

-After exhausting the eligible beneficiaries under the above categories, on lands of the small or marginal farmers (as defined in the Agriculture Debt Waiver and Debt Relief Scheme, 2008)

## Works on individual land

- (i) Improving productivity of lands of households specified in Paragraph 5 of Schedule I through land development and by providing suitable infrastructure for irrigation including dug wells, farm ponds and other water harvesting structures;
- (ii) Development of fallow or waste lands of households defined in Paragraph 5 of Schedule I to bring it under cultivation;

### **Other new works included**

- (i) Improving livelihoods through horticulture, sericulture, plantation, and farm forestry;
- (ii) Unskilled wage component in construction of houses sanctioned under the Indira Awaas Yojana or such other State or Central Government Scheme;
- (iii) Creating infrastructure for promotion of livestock such as, poultry shelter, goat shelter, piggery shelter, cattle shelter and fodder troughs for cattle; and
- (iv) Creating infrastructure for promotion of fisheries such as, fish drying yards, storage facilities, and promotion of fisheries in seasonal water bodies on public land;

## Impacts through wages

- Upward push to the wages: low level equilibrium has been disturbed if not totally broken  
(Post-NREGA rise in wages is phenomenal compared to pre-NREGA period and since independence)
- For the first time some serious implementation of Minimum Wages Act
- Theoretical and practical examples of higher wages resulting in faster reduction of poverty
- Male-female wage parity in rural labour market with long term implications for labour market as a whole

## Reduction in male-female wage disparity (survey in 2009-10)

<b>Districts</b>	<b>Average Earning of a Woman Worker (per day in Rs.)</b>	<b>Minimum Wages Under MGNREGS (per day in Rs.)<sup>#</sup></b>	<b>District-wise Average Rural Wage of Casual Worker 2004–05 (per day in Rs.)</b>
Dungarpur	81	100	52.06*
Gaya	65	89	36.17**
Kangra	100	100	
Ranchi	83	92	50.21***

# Women's Empowerment

Women's Empowerment through

## **Household level effects**

- Income–consumption effects;
- Intra-household effects (decision-making role); and
- Enhancement of choice and capability.

## **Community level effects**

- Process participation;
- Wage-equality and its long term impacts on rural labour market conditions; and
- Changes in gender relations, if any, because of the above and other factors.



## Income-consumption effects

### Women's Contribution to Household's Income through MGNREGS (2008-09)

Districts	Average Income of Households from MGNREGS (Rs.)	Women's Income from MGNREGS as % of Total MGNREGS Income of Households	Share of Women's MGNREGS Income in the Total Annual Income of Households (%)
Dungarpur	7855	78.79	21.23
Gaya	2755	61.47	7.90
Kangra	7399	82.12	14.70
Ranchi	4394	67.38	10.91
Total	5459	76.64	14.14

## Retaining of their earnings

Proportion of MGNREGS earnings retained by women workers	( % )				
	Dungarpur	Gaya	Kangra	Ranchi	<b>Total</b>
Up to 25 %	50.5	69.1	50.0	52.3	<b>55.6</b>
25–50 %	5.8	1.8	14.2	5.5	<b>6.8</b>
50–75 %	4.9	0.0	3.8	0.9	<b>2.3</b>
75–100 %	9.7	3.6	6.6	3.7	<b>5.8</b>
Nil	29.1	25.5	25.5	37.6	<b>29.4</b>
Total	100.0	100.0	100.0	100.0	<b>100.0</b>

## Women's participation in collective decision making

<b>Districts</b>	<b>% of Women Attending Gram Sabha</b>	<b>% of Women Speaking in Gram Sabha</b>	<b>% of Women Interacting with Officials</b>
Dungarpur	55.3	78.9	76.7
Gaya	13.6	13.3	5.5
Kangra	88.7	85.1	97.2
Ranchi	25.7	53.6	10.1
<b>Total</b>	<b>45.3</b>	<b>73.2</b>	<b>46.5</b>

## Major difficulties

- Employment generation remains short of demand
- Demand-driven process yet to be realized
- Poor enforcement of entitlements
- Weak local level institutions
- Strong inter-state and intra-state variations  
(ironically the backward regions are least benefitted)
- Being loaded with too many objectives  
(creates tensions in programme, e.g., job creation vs. assets creation; 60:40 ratio of wage and material

## Learning lessons

- Tremendous potentialities for a country like India  
(a large number of Afro-Asian and Latin American countries could benefit from such programme)

### Strong poverty and inequality reduction effects

- Could change the rural dynamics and usher structural transformation in the long run
- Strong safety-net for individual and anti-recession effects for the macro economy
- The cost to the economy is not so huge ( less than even one percent of GDP in case of India), but overall benefits are huge
- Some CGE and Social Account Matrix confirm macro-level impacts better than that of cash transfer
- Helpful in democratic decentralisation

Thanks!