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sustainable solutions for ending hunger and poverty

Putting People to Work

The Promise and Challenges of India's Mass Employment Program

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Income Support and Safety Net Programs

Safety nets essential to sustain people's livelihoods

Universal safety net programs

Public Distribution System (PDS)

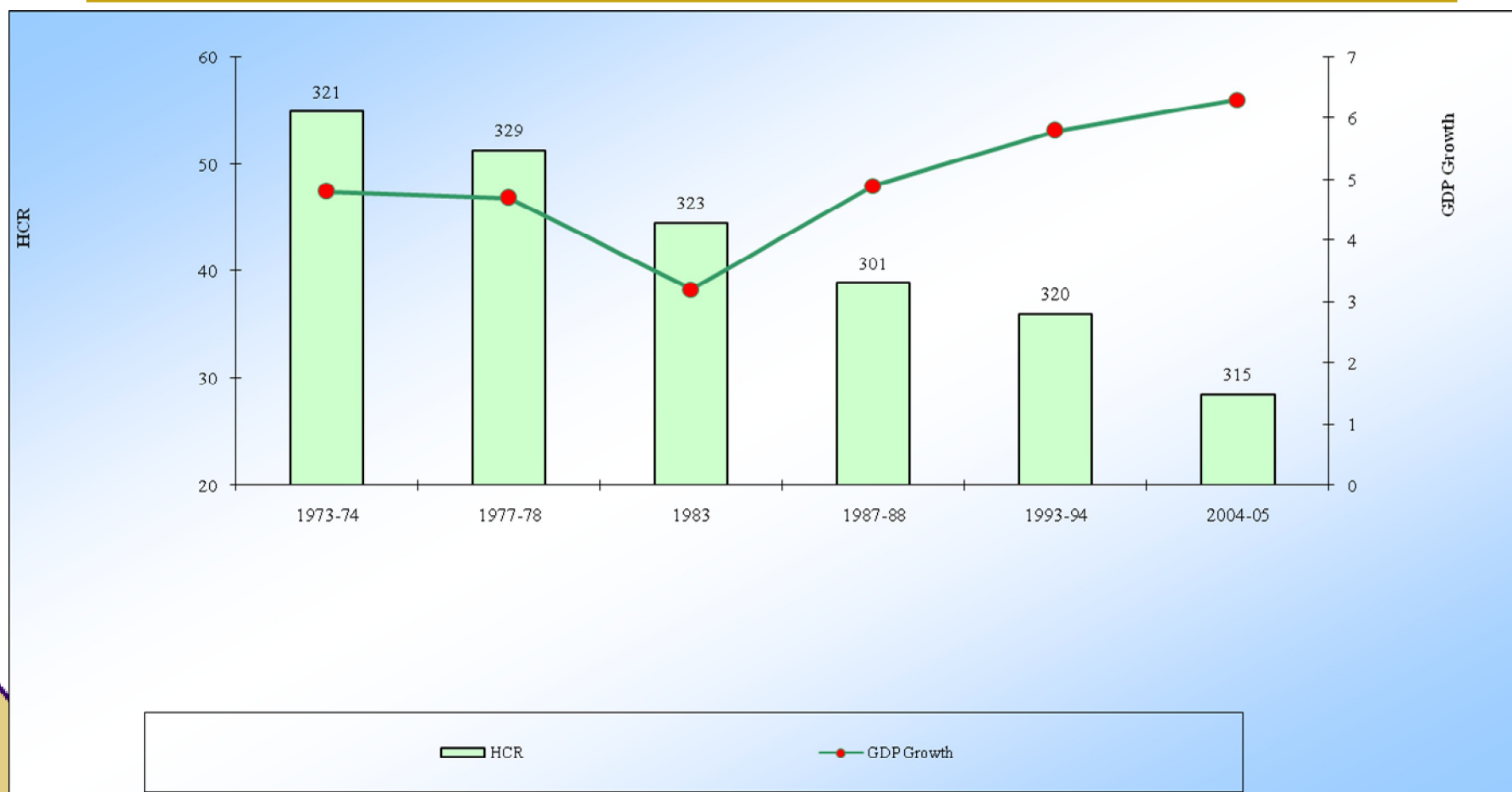
Integrated Child Development Services (ICDS)

The National Rural Employment Guarantee Scheme (NREGS)

India's commitment to a legal right to work



Head Count Ratio (HCR) and Growth of GDP



NREGS | Short-term relief objective

Immediate cash availability through 100 days of assured work

Policy confident - *nregs* is important normally even in the absence of price or income shocks

Smoothen seasonal fluctuations in labor demand

Ensures wage income where rainfall patterns and insufficient irrigation preclude year-round crop cultivation



Multiple Goals of NREGS

Protective : assistance ensuring consumption smoothening and immediate welfare

Preventive : insurance facilitating risk taking such as investment in agriculture

Promotive : economic stimulus, through cash accumulation, local production and enhancing markets

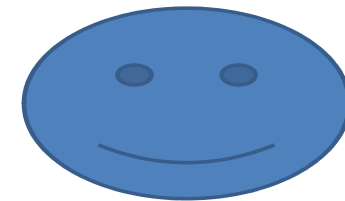
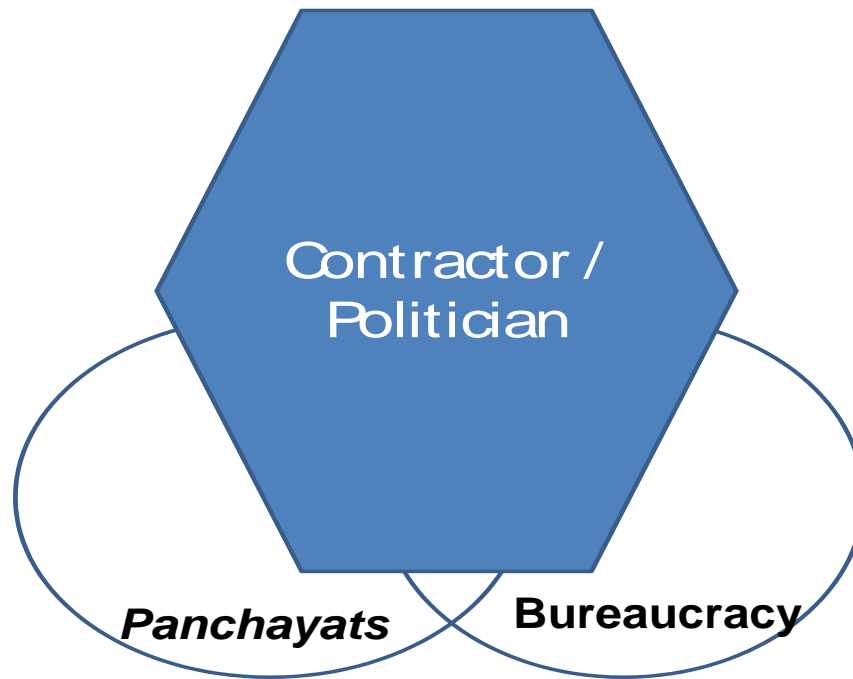
- harmonize labor market, promote rural nonfarm employment , equalize wage rates
- create durable physical assets impacting local eco-system and climate change;
- facilitate human capital formation through skill development; and
- alleviate poverty, effect equity, reduce distress migration and empower women.

Needs an assessment if all such expectations are achievable



Relative Position of Stake holders

NREGA Stake Holders



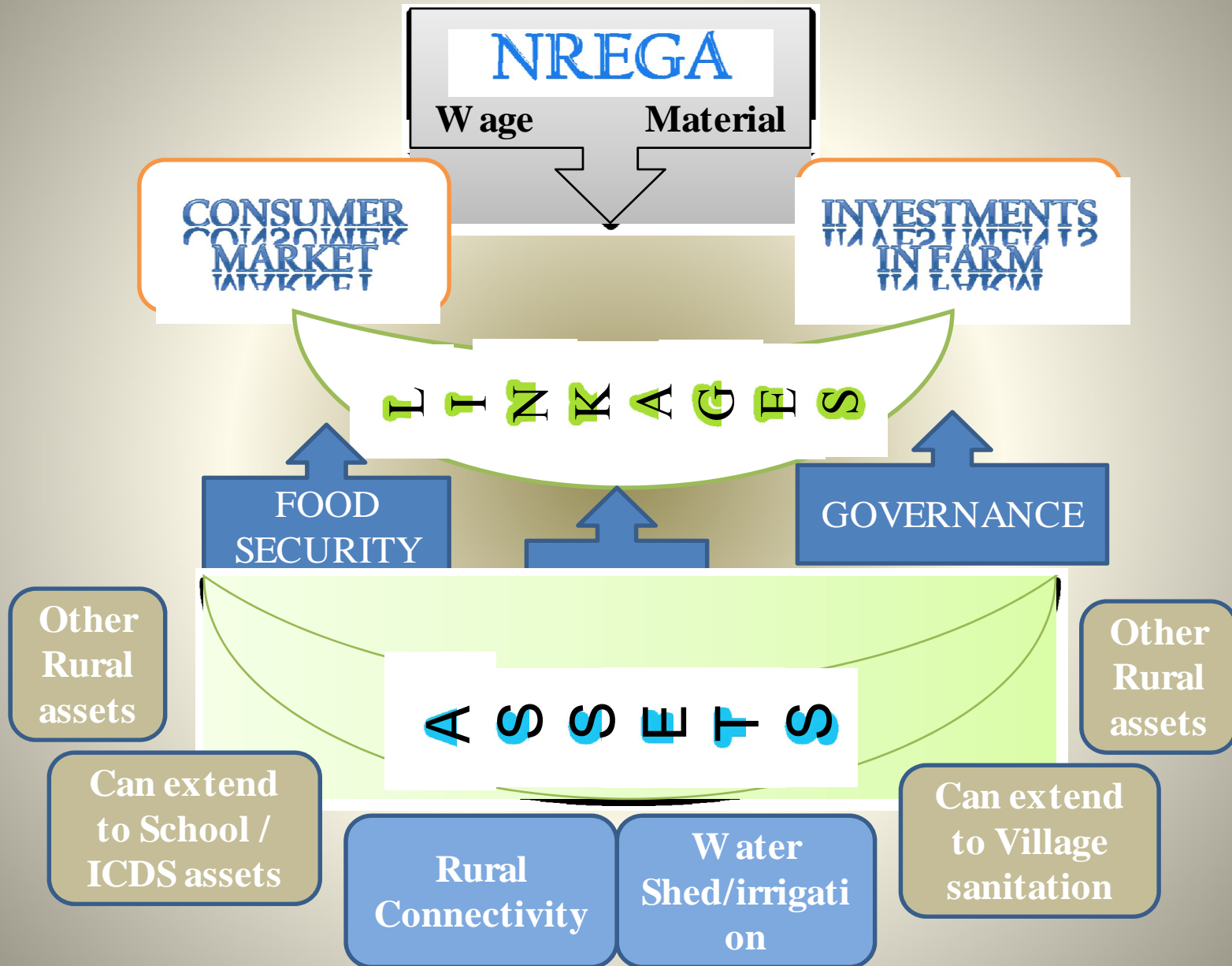
Civil society originations /
People's Forums

NREGS dominated by contractor / politician with limited role of *Panchayats* and village functionaries. Civil society is largely silent and not involved



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NREGA benefits and Linkages



NREGA Coverage

2006-7 - 200 poorest districts | **2007-8** - 330 districts | **2008-9** all 610 districts across

Official data 2007-8

33.7 million HH | 1.43 billion man days employment | Rs. 86 billion

These absolute numbers account for about 45% of all rural households, suggest a vibrant and highly efficient program implementation and matches with the stated policy and the targets

2009-10 allocation

But there are problems in implementation



State Performance of NREGA based on Official Data 2007-08

States	Amount Distributed on NREGA (millions Rs)	No. of HHs on NREGA work- (millions)	% Rural HHs Participating in NREGA	Avg. Days of NREGA work / HH	NREGA Wage Rate in Rs	Wage Accrual in Rs/ HH	Rural Poverty (2004-05)*
Large States							
Rajasthan	10070	2.17	30.8	77	100	7733	18.3
Madhya Pradesh	16520	4.35	54.4	63	85	5383	36.8
Chhattisgarh	7900	2.29	69.8	58	70	4032	40.8
Tamil Nadu	3870	1.24	14.9	52	80	4180	23.0
Haryana	210	0.07	2.8	50	136	6862	13.2
Jharkhand	4490	1.68	45	45	86	3827	46.2
Andhra Pradesh	16080	4.80	38.1	42	80	3348	10.5
Maharashtra	1110	0.48	4.2	39	70	2726	29.6
Punjab	110	0.05	1.8	39	97	3738	9.0
Orissa	2430	1.10	16.6	37	70	2578	46.9
Karnataka	1190	0.55	8.2	36	74	2661	20.7
Assam	2930	1.40	33.4	35	76	2642	22.1
Uttar Pradesh	8180	4.10	20.1	33	100	3327	33.3
Kerala	360	0.19	3.7	33	125	4096	13.2
Gujarat	540	0.29	4.9	31	50	1549	18.9
West Bengal	5810	3.84	34.1	25	75	1891	28.4
Bihar	5130	3.86	31.1	22	81	1795	42.6



NREGA Wage Rates compared to Casual Wages - 2007–08

State	NREGA Wage	Wage rate (Rs) for Casual Labor (2007)		NREGA Wages percentage to Casual Wage	
		Men	Women	Men	Women
Rajasthan	100	78	72	1.28	1.40
Madhya Pradesh	85	42	35	2.04	2.40
Chathisgadh	70	-	-	-	-
Tamil Nadu	85	-	-	-	-
Haryana	136	102	93	1.33	1.46
Jharkhand	86	-	-	-	-
Andhra Pradesh	80	61	45	1.31	1.79
Maharashtra	70	58	36	1.22	1.94
Punjab	97	101	-	0.96	
Orissa	70	57	46	1.23	1.51
Karnataka	74	51	37	1.46	1.98
Assam	76	74	52	1.03	1.45
Uttar Pradesh	85	90	-	0.94	-
Kerala	125	172	130	0.73	0.96
Gujarat	50	57	54	0.88	0.93
West Bengal	75	-	-	-	-
Bihar	81	59	51	1.37	1.57

NREGS 'works'* by type of Asset/Activity 2006–08

States 2007–08	Rural Connectiv ity	Flood Control	water Conservation	Drought Proofing	Minor Irrigation	Traditional Water bodies	Total Work projects	No. of HHs per Work**
Rajasthan	23.7	2.0	51.0	4.1	3.1	16.2	31559	44.0
Madhya Pradesh	30.0	0.8	36.3	20.3	6.8	5.8	107205	15.0
Chhattisgarh	41.0	1.0	18.0	16.3	6.4	17.2	35092	31.0
Tamil Nadu	17.5	0.5	17.7	0.0	19.1	45.2	13532	84.0
Haryana	34.5	4.3	24.8	10.5	10.7	15.1	1822	28.0
Jharkhand	26.0	1.1	62.3	2.9	2.9	4.8	79257	16.0
Andhra Pradesh	1.3	1.8	57.7	17.3	9.9	12.0	247982	10.0
Maharashtra	17.8	1.0	41.5	28.0	0.2	11.5	7570	35.0
Punjab	26.8	5.4	2.7	15.9	0.0	49.2	1320	23.0
Orissa	31.1	0.8	55.0	1.9	2.7	8.5	48479	22.0
Karnataka	23.8	4.8	40.1	18.0	4.5	8.8	14413	23.0
Assam	42.7	16.2	14.4	8.2	14.1	4.5	6138	21.0
Uttar Pradesh	47.2	4.9	16.7	13.3	3.0	15.0	91098	29.0
Kerala	6.4	27.6	32.8	3.4	12.2	17.6	6958	12.0
Gujarat	11.7	2.3	56.2	25.5	0.0	4.4	15599	35.0
West Bengal	32.6	10.8	16.6	21.4	5.9	12.7	49807	51.0
Bihar	43.7	6.4	27.4	4.0	6.6	11.9	51050	84.0
Total	24.2	3.5	40.8	13.3	6.8	11.5	852033	22.0

Factors which facilitate enrolment and use of NREGS- A multivariate analysis

Note: +++p-value<0.01 and positive --- p-value<0.01 and negative ++ (--) p-value <0.05 + (-) p- value <0.10 | Observations: 3200

Factors / Determinants	Sign and Strength of Variable with NREGA Enrolment	Sign and Strength of Variable with NREGA Employment Days
(Social Group) Other Backward Class (OBCs) (Excluded Category)		
Schedule Caste (SCs)	ns	ns
Schedule Tribes (STs)	ns	++
Forward Caste Hindu	ns	ns
Minority	++	ns
(Household Occupation) Farming (Excluded Category)		
Casual Labor	+++	ns
Salaried	---	ns
Self Employed	---	ns
(Education of the Head of the Household) Illiterate (Excluded Category)		
1-4 standard	---	+
5-9 standard	-	++
Matric and Above	--	ns
(Women's work opportunity) Household Expressing no work opportunity (Excluded Category)		
Household Expressing work opportunity	+++	ns
(Housing Condition) Kacha House Owners (Excluded Category)		
Pukka House Owners	ns	+
(Post Survey assessment of Economic Status) Deprived (Excluded Category)		
Well off	+++	ns



NREGS- A multivariate analysis

(Women's Community Participation) Not a member in any Institution (Excluded Category)

Member in at least one institution	ns	+++
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(Attend Panchayat Meetings) Low participation (Excluded Category)

High participation in panchayats	+	ns
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(Transparent Enrolment) Unable to assess (Excluded Category)

Enrolment not transparent	+++	--
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Transparent Enrolment	+++	ns
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(Social and Professional Network) Not a member in any Institution (Excluded Category)

Member in at least one institution	ns	ns
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(Food Adequacy Categories) Household reporting average food access (Excluded Category)

Household reporting high food access	ns	+++
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Household reporting fair food access	ns	+++
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Household reporting inadequate food access	ns	ns
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Household reporting highly Inadequate food access	ns	ns
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(Migrant Status) Non migrant household (Excluded Category)

Migrant household	+++	--
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(Owned Land for Cultivation) Land Owned in acres

Variable not	-
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Land Owned square term	used	ns
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Multivariate Analysis

- Explores role of :
social, economic and community factors impact
- Does not discriminate based on social identity
- Relatively better economic status also enroll

NREGA access fairly broad based

Less beneficial to poorest of the poor!

Challenges - NREGA is designed to be self targeting

NREGA wages could be higher than the local
casual/manual wage rates



Gender and Occupation

- Strong Gender favouring
- Casual wage work Hhs
- Salaried / other self employed record significantly negative coefficients
- Fair access based on highly visible occupation identities.



Community factors

- HHs who participate in *panchayat* meetings (can also be NREGA related) show positive and significant (at less than 10% level) effect
- Those who thought such meetings are also transparent show large and highly significant positive participation.



Expenditures and coverage of selected safety nets in India

Schemes	Actual Expenditure as % of GDP	Gross* Transfer per HH (in Rs.)	Households Covered (in millions)	Covered as % of All Relevant HHs
NREGS	0.23	3603	27.3	19.7
TPDS	0.13	604	90.2	47
ICDS	0.10	438 ⁴	69.1 ⁵	50.3 ⁵

. NREGS: National Rural Guarantee Scheme; TPDS: Targeted Public Distribution Scheme; ICDS: Integrated Child Development Services.

². Relevant are all rural HHs in case of NREGA and ICDS; and all HHs in case of TPDS

³. State adjusted expenditures of main ICDS and Supplementary nutrition under ICDS programs

4. Amount per child per year. 5. Children * Not adjusted for expenditures on management, leakages and material costs in which case the net amount will be much lower.



Lesson 1

Local Level institutions essential but not sufficient

Be sure that **local institutions exist** that are capable of implementing large PWPs.

This Indian model depends entirely on the 3rd tier of government identified as the local panchayats which are in principal locally elected bodies reflecting not only people's participation but also people's interaction with such institutions on a daily basis

However, panchayat system is essential but not sufficient condition for the success of *nregs*.



Lesson 2

Make implementation transparent

Transparency not well factored in program implementation

Programs lacks in monitoring and mid-course correction

In built monitoring essential –

Transparent documentation and audit mechanism ensures
targeting and cost efficient delivery

NREGA has responded well to transparency in implementation



Lesson 3

Reduce 'exclusion' and 'inclusion' errors

Exclusion errors are highly anti-poor as they are totally excluded

Inclusion – reflects program inefficiency. Wrong inclusion increases costs

Political and administrative decentralization should precede the financial one

PWP-wages should be set below minimum wage for eliminating crowding-out effect adversely impacting self-targeting, thereby causing exclusion



Lesson 5

Labor Market Distortions can be Anti-poor

NREGS can distort labor market impacting upon the natural process of migration

NREGS can inhibit rural to urban and rural to rural migration affecting employment and wages in both place of origin and place of destination

Higher Nregs wage than the reservation wage of the poor will deepen the exclusionary and wrong inclusionary process thus defeating the very purpose of large PWPs

If *nregs* create basic public service infrastructure in rural areas it can inhibit migration of the poor in search of such services



Days of Employment

- Only three factors that influence the number of NREGA employment days:
 - (1) institutional participation of woman in the village
 - (2) those reporting high food adequacy
 - (3) households having a migrant family member do not maximize their enrolment which was highly significant

