The Mahatma Gandhi National Rural Employment Guarantee Scheme (NREGA) in India:
Looking at the world’s largest public works program and its impact on the rural poor

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Livelihood and Economic Security in the 21st century: India and South Africa compared
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Theoretical considerations

What we could do:

- RQ: Public Works Programs – a way to decent work and economic security?
  → evaluation of the scheme – looking for its impact on the rural poor
  → living in self-determination and working in dignity
  → How must NREGA be improved in order to make it meet its goal of economic security in rural India?
Theoretical considerations

Or:

- Public Works Programs – the right way to decent work and economic security?

→ what welfare paradigm? (role of the state, understanding of work)
→ Welfare – or workfare ?
→ „The one who does not work shall not eat“ ?
→ direct (unconditional?) cash transfer or food for work?
NREGA – theoretical considerations around our research project

• Comparing Public Works Programs: a theoretical approach
A theoretical approach to Public Works Programs

**Typology of design of PWP**

- Type A: PWPs offering a single short-term episode of employment
- Type B: **Large-scale government employment programmes which may offer some form of employment guarantee** \( \rightarrow \) NREGA
- Type C: Programs promoting the labour intensification of government infrastructure spending
- Type D: Programmes which enhance employability

A theoretical approach to Public Works Programs

Typology of objectives of PWP

- social protection, most frequently articulated as ‘poverty alleviation’,
- employment creation,
- skills development,
- asset or service provision,
- macroeconomic stimulation, and
- political stabilisation

NREGA in India – A critical assessment

Is the Mahatmi Ghandi National Rural Employment Guarantee Scheme (NREGA) a real step forward towards decent work in rural India?

- first findings and implications for further research
NREGA in India – A critical assessment

1. NREGA: the act and the program

2. NREGA and decent work in rural India: potentials and problems

3. Where do we go from here: Implications for research in 2011
1. NREGA: the act and the program

Objectives, Design, Implementation
1. NREGA: Objectives

The National Rural Employment Guarantee Act (NREGA)

“An Act 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 (...).”

(National Rural Employment Guarantee Act of 2005)
1. NREGS: Design of the program

The National Rural Employment Guarantee Scheme (NREGS)

- NREGS is inspired by and largely designed after the Maharashtra Employment Guarantee Scheme (MEGS) which has been in place for over thirty years now.
- goal: to empower people to earn their living in safe and dignified working conditions
- guarantee 100 days of work per year to every rural household
- unemployment grant must be paid if no work can be found
- only one member of each household can participate.
- participants must possess a job card
- Payment for Jobs under NREGS must happen within 15 days, calculated from the first day of work. Wages are not equal all over India but vary a lot.
1. Introduction: Reach and Impact

an extensive program...

- The employment scheme is now present in all 28 states and all 604 districts of India.
- This makes it the largest public works program in the world.

... but not yet an intensive program

- In none of the 28 states does NREGA meet the demand for work. The rural labour surplus is so far not absorbed completely by the program.
What is NREGA’s role in the progressive realization of decent work in India?
The concept of decent work originated in the International Labor Organisation (ILO) and contains four main elements:

- “fundamental principles and rights at work and international labour standards;
- employment and income opportunities;
- social protection and social security;
- social dialogue and tripartism”.

ILO (2010)
2. NREGA and Decent Work

Focus on three decent work indicators:

1. Social protection
2. Employment opportunity & Minimum wage
3. Social Dialogue
2. NREGA and Decent Work: Potentials

Social protection

- Millions have been lifted out of the worst forms of poverty
- Study by Jean Dreze (2010): 69 % of the respondents felt that the NREGA had “helped them to avoid hunger”
- Danger of too low wages constraining the poverty reduction effect of the scheme

→ constant debate around the wage level
2. NREGA and Decent Work

Employment opportunity

• best practice: Rajasthan (77 days of work provided per year in average)
• bad practice districts: Jarkhand, Bihar (22-45 days of work provided in average)
• Migration to urban areas has decreased as work now is available in rural areas, especially in the agricultural lean session
• In some places the quality of work is pushed upwards into the direction of “decent work”, as many NREGS workers claim the scheme has helped them avoid less dignified work. Private employers are under pressure to provide better working conditions.
2. NREGA and Decent Work

Minimum wage

• “(T)he NREGA is bringing about radical change. For instance, wages today are much closer to the minimum wage and the minimum wage itself has risen sharply.”
• qualitative upgrading effect in working conditions in the private sector, “for example, in terms of hours of work and productivity norms”

(Dreze/ Khera 2008:10)
## NREGA: impact on wage level

Comparison of rural wages in non-agricultural labor (2008)

<table>
<thead>
<tr>
<th>State</th>
<th>NREGS wages minimum</th>
<th>1-year growth</th>
<th>Market wages unskilled non-agr. labor men 1-year growth</th>
<th>women 1-year growth</th>
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<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>80.00</td>
<td>0.0%</td>
<td>60.4</td>
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<tr>
<td>Assam</td>
<td>73.76</td>
<td>14.1%</td>
<td>73.7</td>
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<td>Bihar</td>
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<td>17.6%</td>
<td>58.3</td>
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<td>Gujarat</td>
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<td>Haryana</td>
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<td>30.1%</td>
<td>100.2</td>
<td>4.7%</td>
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<td>Himachal Pradesh</td>
<td>75.00</td>
<td>5.3%</td>
<td>113.6</td>
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<td>Jammu and Kashmir</td>
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<td>Karnataka</td>
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<td>168.9</td>
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<tr>
<td>Madhya Pradesh</td>
<td>67.00</td>
<td>7.7%</td>
<td>40.9</td>
<td>2.9%</td>
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<tr>
<td>Maharashtra</td>
<td>69.00</td>
<td>0.0%</td>
<td>57.4</td>
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<td>Manipur</td>
<td>81.40</td>
<td>12.4%</td>
<td>52.8</td>
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<tr>
<td>Meghalaya</td>
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<td>0.0%</td>
<td>78.3</td>
<td>12.9%</td>
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<tr>
<td>Orissa</td>
<td>68.75</td>
<td>25.0%</td>
<td>56.7</td>
<td>8.9%</td>
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<tr>
<td>Punjab</td>
<td>97.76</td>
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<td>Rajasthan</td>
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<td>9.0%</td>
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<td>Tamil Nadu</td>
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<td>West Bengal</td>
<td>71.20</td>
<td>3.8%</td>
<td>61.1</td>
<td>7.7%</td>
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Notes: The highlighted States are those with prescribed NREGS wages higher than market wages for both male and females. Data Sources: MRD (2008c); Indiastat.com (2008).
2. NREGA and Decent Work

Social Dialogue

- NREGS as an alternative job opportunity has a positive effect on labor’s *bargaining power* and thus on wages in non-NREGS sectors.
- Also working conditions come under an upward pressure as workers now have an alternative.
- Exploitation at the work place happens often in places where contractors (labour brokers) are involved.
2. NREGA and Decent Work: Conclusion

- NREGA is certainly a major step on the way to decent work in India’s rural areas.
- Many studies claim that corruption is the main stumbling stone to effective implementation of the scheme.
- Corruption however is not inavoidable: some scholars suggest social audit and better (paid) governance all the way down to the local level (monitoring, provision of information)
2. NREGA and Decent Work: Conclusion

- The countermovement from above (NREGA) must combine with the countermovement from below (civil society).

- But one should not expect NREGA to deal with problems it is not designed to solve, e.g. lack of education and health, malnutrition or the global trade system.
Implications for research in 2011

Where do we go from here…
3. Implications for research in 2011

Recommendations:

- Enhanced **literature review**
  - comparison of existing studies
  - Evaluation of research approaches so far
- In-depth **interviews** with experts
  - NREGA Planning Commission
  - critics (journalists, politicians)
- **Global Ethnography**: research on the ground
  - impressions from NREGA-workers as an add-on for the final manuscript presenting the study
Other Research Issues connected to NREGA

- What is NREGA‘s performance in other decent work indicators such as social dialogue and tripartism or international labour standards?
- Does NREGA improve the livelihood of the people receiving employment under NREGA? To what extend and why?
- Does NREGA provide economic security in rural India? For whom and to what extend? Does it enable people to live free from fear of loosing their income?
- To which extend is NREGA integrated into the economic growth and development strategies of the Indian government?
Other Research Issues connected to NREGA

- The role of the **decent work concept** in the design of NREGA
- The **political economy** of NREGA
  - Political forces involved and role of recent political developments
- The role of **Social Audit**
Sources
Sources


Sources


Sources


Amir Ullah Khan/ M R Saluja (undated): *Impact of the NREGA on Rural Livelihoods*, India Development Foundation, Delhi, India.


Sources


- Ravi, Shamika / Engler, Monika (undated): *Workfare in Low Income Countries: An Effective Way to Fight Poverty? The Case of NREGS in India*.