India's MGNREGA and Rural Governance Reform Through the Agency of the Poor

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Two major themes of the last 20 years:

- High Growth
- Local Governance (inclusion with growth)

Inclusion, however remains elusive

At heart of this are two sub-themes:

- Decline in Indian agricultural performance
- Decentralization hampered by slow pace of devolution of the 3 Fs (Finances, Functions and Functionaries)

MGNREGA has huge possibilities for genuine inclusion

Requires reform: both “supply” side and “demand” side

Work of the MGNREGA Consortium could show the way forward
The Growth Story

- Market Reforms in the last 20 years
- GDP growth rate consistently above 5% in the last two decades
- Exciting destination for foreign investment
- Among the fastest growing economies in the world (World Bank)
Local Governance: PRIs

- Constitution 73rd Amendment
- 3-tier elected “Panchayat Raj” structure
- Local governance to ensure growth with inclusion and participation
- However, challenges to inclusion formidable
77% of India's population (> 836 mn people) on per capita consumption of INR 20 per day ($2 in PPP terms).

NFHS-3 survey (2005-06) shows share of anaemic under-3 children to be 79% (previous survey of 1998-99 74%).

Half of these under-3 children underweight.

87% of our pregnant women are anaemic (highest in the world according to the World Bank).

World Bank's World Development Indicators of 2005 and 2007, India's infant mortality and under-5 mortality rates (63 per 1000 and 87 per 1000 respectively) amongst the highest in the world; substantially higher than that of Bangladesh (46 per 1000 and 69 per 1000 respectively), which has a substantially lower per capita gross national income.
Comparison of Levels of Child Malnutrition in Indian States and Other Developing Countries, 2005-06

Countries/States: MP, Bihar, Bangladesh, Chhattisgarh, UP, Sudan, Orissa, Pakistan, Burkina, Viet Nam, Punjab, Mozambique, Kerala, Sri Lanka

Child Malnutrition %
UNDP HDR 2010: 55% of India's population between 2005 and 2008 were in Multi-dimensional poverty.

421 million poor people in eight Indian states (Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, and West Bengal), which is more than the number of poor people (410 million) in the 26 poorest African countries combined.

Of these, Orissa, Madhya Pradesh and Jharkhand states have infant and child mortality rates comparable to that of sub-Saharan African countries.

Hardest hit are the tribals of India, constituting only 7% of the population but highest on all indicators of deprivation.
Growth Sans Inclusion: Tribes

No. of Poor (million) by Social Group
Based on Sundaram and Tendulkar

Poverty Gap Index by Social Groups
1993/94 to 1999/2000
Thousands of farmers have committed suicide in the last few years in India.

The Ministry of Home Affairs has declared 160 districts in 12 states as "Naxal infested" (30% of India). Extremist violence is most frequently encountered where backwardness is concentrated.
Poor Performance of Agriculture

- Fors the first time since the mid-60s, in the 90s, the rate of growth of foodgrains production fell below the rate of growth of population.
- Yields and production rates of growth declined sharply even of green revolution crops.
- Significant decline in growth rates of coarse cereals, grown in the drylands.
Poor Performance of Agriculture

- As a result, both per capita foodgrain production and availability were lower in 2000-03 than their pre-Green Revolution (1960-63) levels.

- The decline in availability sharpest in the 1990s

- NSS Survey data on consumption show that foodgrain consumption and calorie intake has declined substantially for poorest deciles in terms of expenditure (Ghosh, 2005).
Emerging Limits to Irrigation Development

- At present, India has the largest irrigated agriculture in the world.
- However, since the mid-1970s, the rate of expansion of irrigated area has declined.
- Both the rate of growth of irrigated area (1.83%) and average annual increments (1.28 mha/year) were the lowest in the period 1990-93 to 1999-2000.
- Actual rates not even half of 2.25% (estimated by FAO as the rate at which irrigated area should grow between 1982/4 and 2000 meet future food requirements in developing countries.
- Since actual rates are not even half of this figure and are declining, it is clear that the necessary rise in output cannot be achieved through increases in irrigated area.
## Reservoir Siltation

<table>
<thead>
<tr>
<th>Name of Dam</th>
<th>Design Life (Years)</th>
<th>Annual Rate of Siltation (HAM/1000 Sq.KM.)</th>
<th>Actual Life (Years)</th>
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<td>Tungabhadra</td>
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<td>Maithon</td>
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<tr>
<td>Gandhi Sagar</td>
<td>930</td>
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Potential of Dryland Agriculture

Share of Agriculture in GDP
Share of Agriculture in Workforce
Potential of Dryland Agriculture

- Gap in productivity, along with the fact that agriculture is the major source of livelihoods, means poverty cannot be removed unless agricultural productivity, especially of dryland agriculture is increased.

- Stagnation in agriculture also has implications for inflation.

- Elasticity of poverty reduction higher when inequality is lower.

- Poor are not just passive receptors of growth – they contribute to it. If their constraints are removed they could actually lead growth.

- Immiserization of the peasanty means proportion of landed labour very high. (NSS 61st Round shows that in 2004-05, 76 per cent of the rural households were marginal farmers (owning < 1 hectare of land) and 13% small farmers (with landholding size between 1 and 2 hectares). Together, small and marginal farmers accounted for 89% of landholdings.)
Decentralization Experience

- Devolution of Funds, Functions and Functionaries incomplete
- Subsidiarity without empowerment
- Universalization without adequate preparation
- Loss in quality
- “U” Without “Q”

Since 2004, however, one key element in this overall scenario has begun to change decisively - explosive rise in expenditure on rural development in particular, exemplified most of all by MGNREGA.
Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

- MGNREGA a new chapter in decentralization and rural development
- State committed to providing employment on Demand
- Guarantee of 100 days of work to every rural household that demands it within 15 days of demand
- Unemployment Allowance in case of failure to provide work
- Principal implementing agency is the gram panchayat
- Not a relief programme, thrust on sustainable poverty reduction
- Bottom-up architecture with radical provisions for people-centred planning, implementation, social audit
MGNREGA: Major Achievements

- Largest employment guarantee in the world
- Budgetary allocation rises from Rs. 113,000 million ($2430 million) in 2006-07 to Rs. 401,000 million ($8624 million) in 2009-10
- Cumulative expenditure Rs. 1,037,600 mn ($22,314 million)
- Cumulative employment generated 8790 mn person days
- Share of SC/ST families in the work provided under MGNREGA 50-60%
- Share of women in employment: 41% in 2006-07, 50% in 20010-11
- Financial inclusion: 100 mn bank/PO accounts opened
MGNREGA: Major Achievements
Gender Related

- Real wages for casual labour in rural areas increased and the increase has been more rapid for women workers.
- Between 2004-05 and 2007-08, public works accounted for a greater share of economic activity and this rise was particularly greater for women.
- With the days of employment of rural women in public works increasing by a factor of 4.4.
- Average female wages in MGNREGA were slightly higher than average male wages, whereas they were lower in non-MGNREGA public works and even lower in non-public works.
MGNREGA: Potential

- Schedule I of MGNREGA outline priority activities as those which concentrate on soil and moisture conservation, water harvesting, irrigation etc.
- Creation of such basic water infrastructure could mean turning around the economy of small and marginal farmers and putting it on a sound footing.
- Evidence of watershed programmes from across the country very encouraging in terms of impacts on irrigated area, agricultural output, employment, migration.
- Over time such works could form the basis for a host of pro-poor livelihoods activities (dairying, micro-credit etc.).
- These would in turn ensure that people dependent on the guarantee itself would decline over time.
MGNREGA: Issues and Challenges

- Awareness about the Act being demand driven is still a challenge
- Absence of people-centred planning
- Quality of works
- Delays in wage payments
- Use of machines and contractors prevalent
- Transparency and social audit mechanisms weak
- Work demand not correctly represented
MGNREGA: Issues and Challenges

- Functionaries are the major bottleneck
- "Additional charge syndrome" of giving an already overloaded machinery MGNREGA responsibilities [CAG, National Consortium on MGNREGA]
- Seriously hampered the quality of outcomes
- Leads to bottlenecks in planning
- Delays in measurements, valuations, payments
MGNREGA Reforms (Supply Side): 1. Human Resources

- Need to address human resource shortage
- Dedicated implementation structure at sub-block level – the Village Development Cluster with Project officer and technical personnel
- Cost of such a deployment along with that of capacity building less than 6% of MGNREGA
Supply Side Reforms: 2. Information Technology

- A system that is tightly integrated end-to-end, central to the workflow, so that any work registered in the system is alive, status-visible and amenable to tracking.

- Real-time on-line networks needed which secure all levels from the ground up to the state headquarters and make data transparently and immediately available, flagging delays at any stage instantly.

- Learning from Andhra where wage payments are made within a week of completion of the week’s work.

- Along with the UID, NREGA field correspondents, and a hardware connectivity backbone, such an IT deployment can be an effective tool for ensuring accountability, inclusion and empowering the poor.
Supply Side Reforms:
3. National Authority for MGNREGA

- Largest employment programme in human history requires a separate Authority to anchor it. Section 11 of the Act envisages a large role for the Central Employment Guarantee Council.

- We propose the setting up of a National Authority for MGNREGA (NAM) as an autonomous body.

- NAM will separate implementation and monitoring from evaluation and grievance redressal.

- discharge 3 of the most important functions to make MGNREGA effective:
  - Deploying IT and human resources
  - Social Audit and Evaluation
  - Grievance Redress
Anchoring Structures at State Level
Reforming the Schedule of Rates

- Allow for variations in geological strata: Geological strata vary in hardness and compaction. Cannot be straighjacketed to five of six categories. Need to allow more intermediate rates
- Allow for climatic variations
- The notion of an average worker implicit in the SoR does not allow for gender and age differences:
- Indexing of SoRs to Minimum Wages:
- Unbundling Composite Works:
- Hidden Costs into the Open:
Reforms: 4. Role of Civil Society

1. Support to GPs in Planning, Implementation and Social Audit
2. Capacity Building, Mobilization and Monitoring
3. Social Audit, Vigilance and Advocacy
51 CSO partners working across 59 blocks of 44 most backward districts in 11 states of India with about 6.5 lakh persons.
Impacts: Job Cards Issued

- In Andhra less than 50% households had job cards, the figure rose to more than 90% (increase of 60%)
- Karnataka registered 80% increase in job card coverage (In Koppal 228% over base)
- In Orissa, 210% rise overall; some partners registered between 300% to 618% rise
- In West Bengal, from no job cards to 15,365 cards
- In Chhattisgarh, 25% increase (Jashpur 87%)
- Madhya Pradesh: 37% overall, in SIdhi and Anuppur 3-fold increase; some partners have obtained 100% worker registration
- Rajasthan: 30% change
- Gujarat: 115% increase in Sabarkantha; In Devgadh-Baria block of Dahod district, RRLJ led to 28% increase
Work Demand

- In Orissa, 182% rise overall from 3183 to 8896; some partners registered 5 to 7 fold increase
- In Chhattisgarh, 34-fold rise from 211 job applications to more than 7000
- Madhya Pradesh: 123% overall increase from 8500 to more than 18000 applications
- Rajasthan: 174% increase
- Gujarat: 273% increase in Devgadh-Baria block and 124% increase in Dahod district as a result of RRLJ
Impacts: Work Sanctioned and Implemented

- In Karnataka, works sanctioned increased from only 10 to 120, value from Rs.28 lakhs to Rs.3 crores (10-fold rise); implemented rose from Rs. 4 lakhs to Rs. 77 lakhs (18-fold)
- In Orissa, works sanctioned increase from Rs.83 lakhs to nearly Rs. 7 crores (740%); implemented increased from Rs.73 lakhs to Rs.2.1 cr (193%)
- Chhattisgarh 7-fold rise Rs.97 lakhs to Rs.7.04 cr in works sanctioned; 4-fold increase in works implemented
- Madhya Pradesh: 8-fold increase from about Rs.1.4 crores to Rs.13 crores in sanctioned works, 8-fold increase in value of works implemented
- Rajasthan: 175% increase in value of sanctioned works
- Gujarat: RRLJ's impact led to 275% increase in Devgadh-Baria block of Dahod district and 124% rise in Dahod district
Planning and Implementation Support

- In all states, partners have worked with village communities and panchayats to create detailed micro-plans worth more than Rs. 125 crores.
- These plans have been ratified by the Gram Sabhas and are being used by panchayats for implementation.
- Impact on incomes, indebtedness and migration have been dramatic.
- In several instances, partners have built upon the water infrastructure created under NREGA to converge livelihoods interventions in agriculture and micro-credit.
Some glimpses
Reforms: 4. Civil Society

- Need to mainstream this role
- Need to upscale this role to create models of excellence and high quality
- Formal arrangements between state and civil society with reciprocal commitments (APNA in Andhra)
- Institutions like CAPART to play a role