

Proceedings¹

Implementation of MGNREGA in India A Review of Impacts for Future Learning

*NASC Complex (Opposite Todapur), Pusa, New Delhi 110012
Monday, June 8, 2015*

Organized by IFPRI, Cornell University and IGIDR with funding from 3ie



To mark the culmination of a collaborative research project titled **Impact Evaluation of the MGNREGA in India**, funded by a grant under the 3ie Open Window 4, the Indira Gandhi Institute of Development Research (IGIDR), International Food Policy Research Institute (IFPRI) and Cornell University conducted a meeting on “**Implementation of MGNREGA in India: A Review of Impacts for Future Learning**”, on Monday, 8 June 2015 at the NASC Complex in New Delhi. The goal was to share research on the impacts of the MGNREGS conducted as part of the project and by other researchers elsewhere and to engage in a dialogue with those serving or advising the Government in various capacities.

The meeting started with a welcome address by **Dr.P.K. Joshi**, Director, IFPRI-South Asia, who provided a background of the project. **Dr.S.Mahendra Dev**, Director, IGIDR, outlined ten positive impacts of the MGNREGA, focusing on the benefits, which are often overlooked or lost amidst heavy criticism of the programme.

Mr.R. Subrahmanyam, Joint Secretary, Ministry of Rural Development, spoke about the status of the MGNREGA and key areas of concern. He observed that after all the trials and tribulations regarding the future of the MGNREGA, the MGNREGA has survived. He noted that this is a second life and it is often said that the second life is better than the first. One hopes that this is the case. The programme had virtually stopped in Madhya Pradesh in this past year; Uttar Pradesh stopped the programme temporarily in September 2014. Under the circumstances, he expressed surprise that the expenditure even crossed key milestones. In the past few weeks, he said, they were seeing substantial improvements after a long setback in terms of scale of implementation and a freaky funds flow problem. In the past year, he said they have faced attacks from the best of

¹This note was prepared by Sudha Narayanan with inputs from Priyam Verma and Sakshi Upadhyay.

friends(who highlight the shortfalls of the system) and the worst of enemies(mainly on account of class conflicts since the MGNREGA provides employment to agricultural workers).

A lot of introspection taken place and they were in a process of rebuilding and rediscovering. The government was now focusing on processes. Delays in payments are a big issue. There have been many steps to take account of these problems: monitoring the system, segregating various processes in the system, rebuilding, relooking and reengineering the process to cut down delays. Things have improved recently. They were now looking at a radical new fund flow system. They are finding ways to deal with surpluses(unspent amounts) and deficits in funds at many places; all of these indicate inefficiency of the system. But there seems to be unhappiness at all places. Their goal was to work towards same day or next day payment of wages, motivated by use of EBTS. He said they still have last mile problems: transfer of money from the bank accounts to the beneficiaries. Andhra Pradesh and Telangana, for example, have good networks in this respect but they still face second-generation issues and have rolled back some of the changes.

Dr.Reetika Khera, Associate Professor, IIT Delhi, in her presentation, focused on the disjunction between reporting in the English press and the realities as suggested by the data. She presented evidence on the decline in the scale of leakages and improvement in implementation efficiency.

This was followed by presentations from the project team. This comprised four thematic presentations: [targeting and implementation](#), [labour markets](#), [agriculture and environment](#) and [welfare impacts](#). **Megan Sheahan** provided an [overview](#) of the project and **Dr.Sudha Narayanan**, **Krushna Ranaware** and **Upasak Das** joined Megan in presenting different aspects on the state of evidence across these four themes.

Dr.ShilpaPandit presented the rationale and content of the forthcoming MoRD review of research on the MGNREGA now titled Samshodhan. She offered a critical perspective of the research undertaken and outlined the gaps in research.

In the panel discussion that followed, **Dr. Rita Sharma**, **Mr.S.M. Vijayanand**, **Mr.Subrahmanyam** and **Dr. P.K. Joshi** shared their views on the MGNREGA and research on the MGNREGA. This discussion is a summary organized both by theme and speaker but not necessarily in the order presented.

Mr. SM Vijayanand, Secretary, Panchayati Raj asserted that the MGNREGA is in fact better implemented than all other schemes before it NREP, FFW, JRY, RLEGP. He said there are virtually no studies on how these earlier programmes were implemented and critiques of the MGNREGA are coming from comparisons with an ideal that people have in mind. We see, day in and day out, claims that there are no assets and this is wrong. So too with leakages. Leakages have come down by 50%; this is still too much for comfort. Interestingly leakages have decreased geo-specifically. There are fairly well researched impacts on wide ranging factors. There needs to be more research on the processes, institutions and administrative issues. For example, the capacity of panchayats while under the Act, 50% of works were to be done by panchayats, in reality they do 90 % of the works. Do panchayats have the ability to do this? What is the ideal HR for NREGA implementation? What contributes to a panchayat's successful record on this and one that has failed? We need large

studies on these, he said. In general, perhaps this is a time to push participatory research, building research capacity locally. Of course there is a great need to simplify research papers into policy notes.

Dr.P.K.Joshi congratulated the project team on the work presented and went on to outline his thoughts on the MGNREGA. He expressed concern that one programme cannot be expected to solve all problems despite the diverse benefits. Remarking that there has been clear documentation of wide ranging impacts, Dr. Joshi said it is noteworthy that there has been increase in water table, drinking water availability has also increased, cropping pattern has shifted from subsistence to commercial crops. He observed that overall expenditures of households had increased, and there has been an increase in food and non food expenditure. Consumption pattern has also changed. While there was not much difference between beneficiaries and non-beneficiaries in consumption of cereals and pulse, difference in consumption is observed between the two in consumption of vegetables, meat, egg (beneficiaries consume more). He outlined concerns that would need attention.

- Leakages is a key concern; they might have decreased in the past as it fell from 50% to 33% but we still need to find ways to plug leakages, by identifying identify where are the leakages: in issuing cards, pilferage or leakages in the whole chain.
- The quality of assets created needs to be researched. Forty one percent of the works focus on water conservation this is good relative to connectivity, where 11% of the work on road connectivity. 2009-10 was drought year so water conservation helped.
- The MGNREGA's role in providing employment to disadvantaged marginal communities, and those in backward regions is important. One of the peculiar patterns is that large farmers are getting more employment, as size of land holding is increasing number of days of employment also increase. We need to look into this.
- Work completion rate in 2009-10 was more than 50 percent and now it has declined, why is there such a difference? This is an area of concern.

Dr.Joshi observed that convergence of programmes was necessary, even if this were hard in practical terms. Second, we need to see if we can organize workers through institutional innovations in matching labour demand and supply, through software database or some other medium. Focus needs to be on skill development to enable movement from agricultural to non-agricultural sector; this should occur gradually for long-term sustainability. Future funding of the programme is also important. Perhaps Corporate Social Responsibility contributions can be explored to fund MGNREGA.

Dr.Rita Sharma commented on the rich discussion in the morningthat offered food for thought. She said researchers were the poets and the bureaucrats the plumbers.

Micro and macro short and long term research agenda, feedback into the research.

She dwelt too on the communication gap and felt that there are misconceptions of the programme at the highest levels. She also felt that research should be done on other states, for example, Odisha and Bihar, but also in states like Gujarat.

It seems that the prediction that NREGA would collapse because workers are finding alternative employment and unskilled workers absorbed elsewhere as the economy is booming. This is not the case as we now have evidence against it. We need to understand the issues relating to implementation. Is it that the bureaucrats are not providing NREGA works deliberately or is it the labour who are not opting for it due to peak cultivation period? Farmers' lobby visited the Ministry of Finance just before the budget to speak against the NREGA. They say it distorts labour market, works should open only in summer months. It has been observed that in many places NREGA is put on a halt during peak season, done by administration deliberately. Farmer lobbies are of course at work – is the administration looking away?

At this stage very difficult to reduce budget for NREGA because of the above issues and also because it is a constitutional right and the 35000 crore cannot be touched for any other use. There have been scandals in direct payment through bank cards: delay in payment in areas which do not have these facilities available.

Looking forward, we have several challenges. The continued incidence of farmer suicides, the Land Acquisition Act (viewed as anti-farmer) and possible deficient monsoon put agriculture on the centre stage. Given this possible crisis in the short term, we might well have to increase the number of days generated under the MGNREGA. Further the fourteenth Finance Commission, increased devolution of funds from 32 to 42% in the process and the budget for agriculture has reduced by 10%. RKVY, NHM are facing cuts and the justification provided is that states are getting more and they can compensate. Many states are not likely to do that. They might focus more on populist schemes rather than long term investments in agriculture. It is the perfect time to turn around the image of the MGNREGA in the eyes of the non-believers. The message needs to reach marginal farmers that the MGNREGA is a pro farmer scheme, there is incidence of increase in water table, and as we have evidence of the scheme being good for farmers from Maharashtra, for example, creating productive assets on the private land of small and marginal farmers. MGNREGA has to be a channel of route to support direct investments to agriculture.

These are two dimensions to MGNREGA: as safety nets and for the creation of assets. She emphasized the latter stating that we need more research on these. She elaborated on the issue of convergence and on the fact that those who get assets done on their lands eventually cease to depend on the MGNREGA on account of this new asset that supports livelihoods. These are discussed below.

Discussions and state level experiences.

As with the conference earlier, there seemed to be a concern that academic research focused on questions that data allowed them to answer and that the Government would welcome research that focuses on the questions and concerns that they found pressing. **Mr. Subrahmanyam** dwelt on this saying that the current research agenda was very biased towards secondary data analysis from a relatively distant past. The government would however benefit from research using more current data based on primary survey and primary data collected on regular intervals. Second, there needs to be a focus on what he called “critical states”. Uttar Pradesh (where things don't seem to work so well), West Bengal (which took off beyond expectation) Odisha (where good

things are happening) and Bihar. Data and studies are available only for favourite states Andhra Pradesh, for example. Shift to unfavourable or uncovered states is needed. He also stressed that the government would need more research on the quality of assets, whether the scheme is able to create productive assets for the masses.

A major recurring concern in the meeting was that academic research was not being communicated effectively to the public at large. Dr.ReetikaKhera in her presentation, emphasized that statements on MGNREGA in English newspaper opeds were written by those who never go to the field. She emphasized that many of these views were not borne out by evidence and quite removed from the truth. She presented claims by columnists alongside the empirical evidence based on data to illustrate her point. **Dr. Rita Sharma** remarked that both the perception of pervasive leakages and corruption and poor asset quality, not only among the public but also at the highest levels, were in serious need of correction. Perhaps an intermediate step is needed between research and the public so that the evidence can be communicated to counter these. She urged researchers to be advocates for their research and communicate not just to the converts. She also emphasized that we needed to go beyond communication to transmission and dissemination .**Rakshita** from the MoRD felt that research be converted to forms understood by policy makers and also stressed the need to reach out to people who are the beneficiaries.

A third issue that generated some discussion was whether or not MGNREGA workers eventually stop depending on the MGNREGA. Reacting to evidence presented by the researchers, **Dr.Sharma** mentioned that it is important for us to see if those workers who get an MGNREGA work on their land are able to use the assets in ways that help them reduce their reliance on the MGNREGA. Some studies have been done before (by Sambodhi) in four states. These show that those who had assets on their own lands in a year, they did not come out to work the following year. Assets could also lead to increased agricultural employment on fields and workers find that they don't need to work on the MGNREGA. This was a goal for the MGNREGA because naturally biodiversity would improve for small marginal farmers and generate employment for landless labourers, who need something else from MGNREGA to supplement their source of income. In response to Dr.Sharma's point, **Mr.Subrahmanyam** shared administrative data mapping the proportion of households who got assets done on their land and who have not sought work. While these numbers need to be researched carefully, these seem to be a comment on this point.

The fourth theme was convergence. There was agreement that while convergence was desirable it was hard to achieve in practice. **Mr.S.M.Vijayanand** said convergence went wrong (that water convergence failed was made explicit even in a cabinet note). Convergence of sanitation with water conservation can be achieved through technological help. NREGA is a technologically influenced programme, we need to see how it has contributed, how payments are made, no panchayat knows how much money is coming in **Dr.Rita Sharma** stressed the linkage between convergence and quality of assets. She noted that the then Madhya Pradesh, Secretary, Rural Development, caught on very early on marrying NREGA with Kapildhara, water conservation programmes, etc. and had begun to do this 2008/09. Agricultural growth in MP was very high due to these initiatives. It became the second highest wheat procuring state after Punjab. We need to check how NREGA has

contributed to sustained high agricultural growth. Need research here on role of MGNREGA assets in the growth trajectory, especially given that 40% of the works were on private lands.

In the context, we must understand that there is an essential disjunction in convergence, since different departments have different ways of working. We should check which guidelines are quite different and which are similar so that we can achieve convergence of different departments. This will also help in achieving similar accountability process. Inputs and technology need to be brought together to get best possible output from these assets. Since we observe different performances across states, we should check which states have successful stories of asset creation this will help to modify guidance for convergence.

Dr. Reetika Khera pointed out that the government could facilitate interstate visits so that there is learning across states. Mr. Subrahmanyam mentioned that they constituted a National Resource Group at the NIRD meant to facilitate cross learning. The challenge he said is not everyone wants to learn from one another. Dr. Khera also cautioned that the MGNREGA had become too technologically driven and could lead to problems.

Mr. G.N. Sharma, an engineer working with the Ministry of Rural Development clarified that there is no separate definition of asset quality for researcher and technocrat. He clarified that when designing a work, three aspects were considered – whether economical, durable and productive. Economical: water harvesting in different locations can have different cost and benefits depending on the location and structure; Productive: well and agricultural land in the same area can be used in a better way. In different locations can be different watershed structures; Durable: Each asset has its own life. Usable for estimated life or more than it. He said while the guidelines to fill gaps are issued, implementation is a problem. He felt there might be possibly two reasons 1) the fact that the schedule of rates is fixed and task and rates are not negotiable 2) tasks not matched to workers and tasks are not given as per the worker's skill.

AP person: Careful sample selection – research needs to be shared with the implementing agencies and to take into account their views and researchers should share the final report. Results of gram panchayats that are medium performing or low performing or high performing, the results should be shared.

Mr. Pankaj Kamliya, Government of Gujarat, said that the main purpose is whether households are getting benefit or not at local level, getting timely wages and transfers. ? It is important to focus on developing capacity and small research projects, where we can document the success path.

Mr. V. Muralidhar, Program Manager (Strategic Planning, Government of Telangana) explained that they had moved from banks back to post offices and that delivering wages in time was a great challenge. FINO was no longer involved as intermediary. Why did these models not work and what can be done now? A second issue of concern migration, which can be because of pull and push. The former is not our concern. The latter, distress migration (push migration), is of concern to us. Contractors come and pay a lump sum and people migrate for work. Is 100 days of employment enough to prevent this type of migration? Can we *cure short term migration?* In 2009-10, *maintenance work on assets was reduced, concrete work leads to asset creation.* Systemic processes

are improving / people or not participating or benamis are being reduced. Delay compensation should be a focus area. Bush clearance and maintenance should be/ have been removed as approved works. The other concern is that women being pushed into work in MGNREGA, whereas the men opt out of the drudgery associated with the MGNREGA work?

Mr. George B Lyngdoh, Government of Meghalaya said that in the state, community participation is high because of the landholding structure. Land ownership is by the community and on account of this there is a lot of participation and ownership by the community. Projects decided are based on their needs and community contributes land accordingly. Construction of assets leads to works available to the whole community. Wage delays were a big problem. Wages reach the beneficiaries as long as six months after BDO has issued amount to the beneficiaries. They had conducted a study of post offices where this came to their notice. This is really a big problem for workers.

Mr. Subramanyam mentioned that efforts were on to streamline research in MGNREGA and bring about better coordination with the policy priorities. They now have an Annual Research Plan for NREGA. We have difficulty and need more evidence from the field, he said. Funding is not an issue for small projects and those for local level studies can be disbursed quickly. The government was initiating a concurrent evaluation (*check for a quarter of sample by a third party*) of their transaction based database to verify its credibility.

Dr. S. Mahendra Dev in his concluding comments indicated that while other types of research was important, it is important to have rigorous impact evaluation as well. This was essential to counter claims that are not based on evidence that are widely publicized. Communication of such evidence is also important. This is especially true because of farmers' perception. There is a "kulak lobby" he said that focuses on the negative impact of the MGNREGA and lobbies for its restriction of the program. He remarked that regional differences were significant and would need to be understood better. It offered scope for cross learning. Evidence suggests that there is huge unmet demand and also that it does not create dependency. Further studies on asset creation are required.

PROGRAMME
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- 9:00 a.m. Inaugural Session
Welcome remarks (P K Joshi, IFPRI-NDO)
State of evidence (S Mahendra Dev, IGIDR)
Key Issues and Concerns (Mr. R Subrahmanyam, MoRD)
- 10: 00 a.m. Invited Speaker (*Reetika Khera, IIT, Delhi*)
- 10: 20 a.m. *Tea*
- 10:45 a.m. Project findings
(*Sudha Narayanan, IGIDR and Megan Sheahan, Cornell University, Upasak Das, CDS, Trivandrum, Krushna Ranaware, IGIDR*)
Summary of research topics of the project
Theme 1: Targeting and implementation issues
Theme 2: Labour supply, wages and migration
Theme 3: Agriculture and environment
Theme 4: Welfare effects
- 12:30 -1:30 p.m. *Lunch*
- 1: 30 p.m. Samshodan (*Shilpa Pandit, UNDP Consultant, MoRD*)
- 2:00 p.m. Panel discussion
(*Chair: Rita Sharma, Panelists: P K Joshi, S M Vijayanand, R.Subrahmanyam*)
- 3:00 p.m. Discussion (*Chair and Closing remarks: S Mahendra Dev*)
- 4:00 p.m. *Tea*

LIST OF REGISTERED PARTICIPANTS

	Name	Organization
1.	Sumit Aggarwal	RDD, Bihar
2.	Upasak Das	CDS, Trivandrum
3.	George B	SRES, Meghalaya
4.	V. Muralidhar	CRD/Telangana
5.	G.N. Sharma	MGNREGA
6.	V. Lelengmarie	D.S. RD Mizoram
7.	Ritesh Saxena	MORD
8.	Priyam Verma	IGIDR
9.	Ranjit Kumar	
10.	Udayan Rathore	Lady Shriram College, D.U.
11.	Pankaj Kamliya	CRD, GOU
12.	Reetika Khera	IIT, Delhi
13.	RakshitaSwamy	MORD
14.	S. MahendraDev	IGIDR
15.	Saksh iUpadhyay	IGIDR
16.	P.K. Joshi	IFPRI
17.	Lalhmingthanga	Govt. of Mizoram
18.	R. Subraswamy	JS MGNREG
19.	A.K. Chakravarthi	Joint Com. RA/AI
20.	P.K. Rawat	Mahatma Gandhi, NREGS, Rajasthan
21.	Krishna Ranaware	IGIDR
22.	Megan Sheahan	Cornell
23.	Sudha N	IGIDR
24.	Rita Sharma	
25.	ShilpaPandit	UNDP
26.	Ashwani Kr. Mehta	Rural Development Lakshwadeep UT
27.	Ashutosh Gupta	UNDP/MORD
28.	Ashutosh Raina	Consultant