IMPACT OF NREGA ON WAGE RATES, FOOD SECURITY AND RURAL URBAN MIGRATION IN WEST BENGAL

Executive Summary

1.1: Background

Since Independence the country's strength is derived from the achievements of planning. The policies and programmes have been designed with the aim of alleviation of rural poverty which has been one of the primary objectives of planned development in India. But employment programmes were not perceived as major instrument of poverty alleviation until the beginning of the 1980s in most states of the country. They were expanded in the sixth plan period with the introduction of the National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEGP). Subsequently, some other public employment programmes were adopted viz. Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS), Sampoorna Grameen Rozgar Yojana (SGRY), National Food For Work Programme (NFFWP). The programmes were targeted at the poor and were generally indentified with poverty alleviation programmes. Such programmes were treated as schemes which did not involve any legal entitlements. For the first time, the National Rural Employment Guarantee Act, 2005 provides employment opportunities of rural labourers as a matter of right. The NREGA goes beyond poverty alleviation and recognizes employment as a legal right. It is a step towards legal enforcement of the right to work, as an aspect of the fundamental right to live with dignity.

National Rural Employment Guarantee Act (NREGA) was passed in the year 2005. The ongoing programmes of Sampoorna Grameen Rozgar Yojana and National Food for Work Programme were subsumed within this programme in the 200 of the most backward districts of the country. The act was enacted to enhance livelihood security in rural areas by providing 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

In West Bengal, NREGA became operational from February 2006 with the notification by the Government of West Bengal as West Bengal Rural Employment Guarantee Scheme, 2006. In the state, the NREGA scheme had been introduced in phases, the latest addition being the Howrah district. Initially, in the first phase, the scheme was introduced in ten districts, namely, Jalpaiguri, Uttar Dinajpur, Dakshin Dinajpur, Malda, Murshidabad, Purulia, Birbhum, Bankura, Paschim Midnapore and South 24-Parganas. In the second phase, from 1st April 2007 seven more districts namely, Coochbehar, Darjeeling, Nadia, Burdwan, North 24-Parganas, Hooghly, Purba Midnapore were brought under its coverage. One more district viz. Howrah was added in the third phase from 1st April 2008. Thus the scheme is operational in all districts of the state w.e.f. 1st April 2008.

There has been a dearth of studies designed to assess the performance of National Rural Employment Scheme ever since the Act came into force in the country. While some studies have

drawn attention to huge leakage in the implementation of the scheme, others are not that critical, rather has been hopeful recognizing that the programme effectiveness will increase with experience. As the scheme is in its initial stages, there is a need for the study to evaluate the performance of the scheme for its impact on rural poor. Based on this background, the study is conceptualized and is undertaken in West Bengal with the following objectives:

1.2: Main Objectives of the Study

1. To measure the extent of manpower employment generated under NREGA, their various socio-economic characteristics and gender variability in all the districts implementing NREGA since its inception in the state.
2. To compare wage differentials between NREGA activities and other wage employment activities.
3. To examine the effect of NREGA on the pattern of migration from rural to urban areas.
4. To find out the nature of assets created under NREGA and their durability.
5. To identify the factors determining the participation of people in NREGA scheme and to see whether NREGA has been successful in ensuring better food security to the beneficiaries.
6. To assess the implementation of NREGA, it's functioning and to suggest suitable policy measures to further strengthen the programme.

1.3: Data Base and Methodology

The study is based on both primary and secondary data. In order to examine the functioning of NREGA, secondary data is obtained from the official website of NREGA (www.nrega.nic.in). Data used in the study relate to the years 2008-09, 2009-10 and 2010-11(till Dec' 2010). Primary data is collected from five districts of the state of West Bengal namely Jalpaiguri, Malda, Purulia, Nadia and Howrah. From each district, primary survey is carried out on 40 participants in NREGA and 10 non-participants working as wage employed and thus total number of 250 households spread over five selected districts are surveyed in detail with the help of structured household questionnaire. In addition to household questionnaire, a Village Schedule is canvassed in order to capture the general changes that have taken place in the village during the last decade and to take note of increase in labour charges for agricultural operations after the implementation of NREGA. The collected data is analyzed through performing tabular analysis. Suitable statistical techniques are also employed in analyzing data.

1.4: Major findings

Analysis based on secondary data

Total Employment Generated - Their Socio-Economic Characteristics:

Primarily the implementation of NREGA can be evaluated in terms of jobs demanded and provided. The official data in this connection shows that during the financial year 2010-11 (till December 2010) a cumulative total of 44.21 lakh households demanded employment and among

them 43.80 lakh households (99.1 percent), were provided wage employment under the scheme in the state. The performance shown in terms of Jobs demanded and provided has been more or less uniform across the phase 1, phase 2 and phase 3 districts. Phase 1 and phase 2 districts which have more experience, of running the programme do not show any variation over the years viz. 2008-09, 2009-10 and 2010-11in respect of providing jobs in relation to demand.

In terms of person days of employment generated under the scheme, the state of West Bengal generated a cumulative total of 910.65 lakh person days during the financial year 2010-11 (till Dec' 2010) under NREGA out of which 328.35 lakh person days (36.1 percent) has been for scheduled caste, 98.85 lakh days (10.9 percent) for schedule tribe and the rest 910.65 lakh days (53.1 percent) for people belonging to other castes.

In respect of person days of employment generated per household (by those households who demanded work), the state of West Bengal shows only 21 person days of work had been generated during the financial year 2010-11(till December 2010) which was 44 days in 2009-10 and 26 days on an average in 2008-09. Across the districts, in terms of average person days generated per household, Bankura stood first (29 days) and Coochbehar stood last (11 days) among all the 18 districts in west Bengal during the year 2010-11. The year 2009-10 however, experienced more employment generated under NREGA. Whereas average person days generated for the state as a whole during the year was 44 days, the range of employment varied from 29-64 days in phase 1 districts, 18-55 days in phase 2 districts and 15 days in phase 3 district viz. Howrah. During the year 2008-09 only 26 days of employment were generated on an average in the state as a whole which did not vary much across the districts.

The primary objective of the scheme is to provide 100 days guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. However, despite making provision of 100 days of employment in a financial year, there has been wide deviation in term of actual employment generation in all the districts of West Bengal. Among various districts, Bankura and Purulia in phase I districts, Burdwan in phase II district provided largest number of households with full 100 days of employment in the year 2010-11 (till Dec. 2010). During the study period 2008-09 to 2010-11, households completing 100 days of work in the state was highest in 2009-10 when the figure was 72123 (2.1 percent of households who got employment) as against the figures of 23050 (0.8 percent of households who got employment) in 2008-09 and 42142 (1.00 percent of households who got employment) in 2010-11. That the actual employment generation is much below than 100 days in a year has been experienced by all the districts in the state.

The act mandates that at least one-third of the workers should be women. Notably, in the state, 284.08 lakh days of employment were generated for women which imply that women obtained 31.2 percent of the wage opportunities with their male counterpart getting the remaining 68.8 percent.

Number of projects completed and total amount spent

The works undertaken and completed during the financial year 2010-11 indicated that agricultural development related activities accorded top priority which accounted for the maximum share in total number works completed during the year. As evidenced by secondary data, water conservation (27.72 percent), renovation of traditional water bodies (14.92 percent), land development (9.58 percent) minor irrigation (4.69 percent), drought proofing (4.63 percent) flood control (4.23 percent) and provision of irrigation facility to land development (4.09 percent) together constituted 69.86 percent of total works undertaken and completed. The next in importance was the emphasis on rural connectivity which alone constituted 28.98 percent of total works accomplished during the year. Across the districts, works relating to the development agriculture were given utmost priority, during the year 2010-11.

In terms of amount spent, an amount of Rs. 48662.8 lakhs was spent for completed works under NREGA during 2010-11 (till December 2010) in the state which was in fact a decrease of 65.90 percent from the figure of 142685.27 lakhs in the previous year 2009-10. Further amount spent during the year 2008-09 was only 70211.07 lakh which rose by 103.22 percent in 2009-10. Thus during the period 2008-11, the year 2009-10 recorded the largest amount of rupees spent for carrying out the activity. Notably, in all the years under study, major emphasis has been placed on the development of agriculture related activities with the objective of ensuring sustainable growth in agriculture.

Performance of NREGA- some quantitative indicators

Social Auditing

An innovative feature of the National Rural Employment Guarantee Act is that it gives a central role to 'social audits' as a means of continuous public vigilance. In respect of conducting social audits, it is seen that a total of 3604 social audits of NREGA have been conducted in 2008-09 as against 8275 in 2009-10 and 6136 in 2010-11. However, social audits have not been done in all the districts uniformly.

Social audits and vigilance works must be institutionalized in the sense that they must be regularly carried out by Gram Sabhas through the participatory process. Gram Sabha meetings organized by Gram panchayat are held twice in a year every 6 months interval. So far official data is concerned, the incidence of holding Gram Sabha meeting in ensuring transparency in planning and implementation of scheme is considerably less in 2010-11as compared to the previous years. Across the districts there exists wide variation in this respect. More importantly, during the year 2010-11 the mandatory gram sabha meeting has not taken place in some of the districts viz. Dinajpur (north), Jalpaiguri in phase 1 districts. Nadia in phase 2 district while no information is received in the districts of Bankura, Murshidabad and Midnapore (west) in phase 1 districts and Coachbeher in phase 2 districts.

Another critical finding relates to conduct of VMC meetings (gram unnayan samiti or beneficiary committee meetings) in running the programme of NREGA. As per the provision of

NREGA, VMC meeting needs to be conducted for the participation of all affected persons in the process of decision making and validation. Evidently however, in the state, the participatory process, the main route to insuring transparency has not been taken seriously by the implementing authority. During the year 2010-11, only a total of 191 VMC meetings were held as against the corresponding figures of 6472 and 6216 in 2009-10 and 2008-09 respectively. In many of the districts, VMC (beneficiary committee) meetings were not held at all during the year 2010-11.

Bank Accounts

The NREGA introduced bank payments or post office payments as safeguards against corruption in wage payments to the labourers. Official data for the year 2010-11 shows that post office accounts constituted the major which accounted for 52.44 percent of total accounts opened. Further a larger majority of the accounts are individual accounts either at banks (78.97 percent) or of post office (85.06 percent) and the rest are joint accounts (21.03 percent for banks and 14.94 percent for post offices) which of course included the names of female members of the household.

Unemployment Allowance

It has been specified in the Act that if an applicant is not provided employment within 15 days of his application seeking employment, he/she shall be entitled to a daily unemployment allowance which will be paid by the state government. However, official data in this regard shows the reluctance of the State Government to disburse unemployment allowance. In the state, where unemployment allowances were due for payment for the period of 3679 days in 2010-11, it was paid for 6 days only in the district of Coachbeher costing Rs. 273.00. In other districts unemployment allowance were not paid at all.

Analysis Based on Primary Data
Sample household characteristics and their income and consumption pattern

Among beneficiary households, across castes 37.50 percent of beneficiary households belong to scheduled castes, 6.50 percent of the households belong to scheduled tribes, 4.50 percent belong to other backward castes whereas the balance 51.50 percent of the households goes to general castes. Caste composition of non-beneficiary households is not exactly similar to those of beneficiary households.

Beneficiary households holding BPL and AAY card accounted for 42.50 percent and 5.50 percent respectively. Among beneficiary households, APL card holding households constituted the major accounting for 50 percent of total beneficiary households. The rest of the households hold neither BPL nor AAY card.

Household Net Income

Across the beneficiary and non-beneficiary households, annual income per non-beneficiary household is higher by 34.11 percent from Rs. 36904.24 for beneficiary households to 49493.22 for non- beneficiary households. For beneficiary households wage income from non-agricultural pursuits accounted for the major (36.99 percent) share in total household income. Importantly, net

income from works under NREGA accounted for 14.23 percent of the total household income and the remaining receipts are from wage income in agriculture (21.65 percent), income from agriculture (13.44 percent), income from wages as migrant workers (7.38 percent), income from self-employed in non-farming (2.97 percent) and income from regular job (2.01 percent) in order of importance.

In case of non-beneficiary households, income per household obtained from self-employment in non-farm activity accounted to Rs. 12,227.20 and constituted the major accounting for 24.70 percent of total household income followed by income from regular job (20.53 percent), wage income from non-agricultural pursuits (19.98 percent), income from agriculture (19.17 percent), wage income from agriculture activity (9.63 percent) and income from wages as migrant workers (6.72 percent) in order.

Household Consumption

The item-wise distribution of expenditure shows that cereal intake of the household population is the largest component of expenditure on food items both for beneficiary and non-beneficiary households, rice being the major among cereals followed by wheat. This pattern does not vary across the beneficiary and non-beneficiary households in terms of the level of monthly consumption per capita. However, there are large differences when the comparison is made by specific non-cereal food items viz. liquid milk, poultry meat & egg, fruits, vegetables and confectionery or beverages. The monthly per capita expenditure on these food items is significantly higher for non-beneficiary households.

The pattern of expenditure distribution by broad commodity groups as food and non-food appear somewhat different across the beneficiary and non-beneficiary households. Although, the pattern shows a larger share of expenditure on food items in case of both beneficiary and non-beneficiary households, the observed behavioural tendency of non-beneficiary households has been to expend more on non-food items as compared those of beneficiary households.

Evidently, NSS data on consumption expenditure are broadly in close agreement with our survey data in respect of total monthly per capita consumption expenditure of households. The NSS figure of per capita monthly consumption expenditure is estimated at Rs. 562.11 (food and non-food) as against our estimate of Rs. 561.99 combining beneficiary and non-beneficiary households together. As opposed to general belief, NSS estimate for cereal consumption is on the lower side by nearly 5.14 percent than the figure derived from our estimate. Both the beneficiary and non-beneficiary households ranked ahead of NSS estimate in respect of per capita cereals consumption of households.

Variability (CV) and gini ratios of income and consumption

Broadly the average household consumption expenditure is lower than household income both for beneficiary and non-beneficiary households. There are however variations in income and consumption across the households as captured by the co-efficient of variation, the extent of

variation being greater for non-beneficiary households both in income and consumption. The Gini ratio as a measure of inequality does not vary between income and consumption. In fact, there are no major instances of savings or dis-savings (transfer of income through loans) that could cause the measures of inequality for consumption and income to diverge. However, the degree of inequality both in income and consumption is high and this does not vary much across the beneficiary and non-beneficiary households, although, comparatively it is a little bit smaller for non-beneficiary households.

Determinants of participation in NREGA–functional analysis

The Logit Probit analysis conducted at both household and member levels suggest that a set of household specific characteristics such as caste (whether a member of SC, ST or 'others'), educational attainment, number of members in the household (household size), household asset holding explain the household's participation status (whether participating in NREGA or not). Our econometric exercise confirms one thing that the targeting of the NREGA programme was not unsatisfactory. The disadvantaged groups proxied by the SC and ST had significantly high probabilities of participation in NREGA. This does not however imply that relatively affluent households were excluded. In fact, the probability of participation was higher in case of SC and ST households

OLS estimates at the household level reveals that although some of the explanatory variables have positive coefficients, none of the coefficients are found to be statistically significant. At the individual member level only one variable i.e. dummy for the SC was found to statistically influence the NREGA employment. Here again, SC dummy is negatively related to NREGA employment days.

Work profile under NREGA, wage structure and migration issues

Work profile under NREGA

On an average, 2 persons per household are working under NREGA at the aggregate level in the state. Across the districts the number of workers per household employed in the NREGA works varied from 1 to 2. Evidently, despite making provision of 100 days of employment in a financial year, it is seen that there have been wide deviation in terms of actual employment generation. Among the selected districts, households completing 100 days of employment are experienced by Purulia district and the figure stood at 5 per cent of households who got employment. In all, for all the sample districts together, the proportion of households completing 100 days of work constituted 1.00 per cent of total sample beneficiary households, similar to the estimate obtained from secondary level macro-data for the year 2010-11.

In terms of person days employed under NREGA works, the average number of person days employed per household was of the order of 54 days in the state which is far away from the envisaged 100 days. Person days employed per household was highest for general caste households (59 days) followed by schedule caste (50days), scheduled tribe (47 days) and OBC (45 days). The number of person days employed per household for women was about 24 days which remained well

below their male counterpart in all the categories of households. The district wise figures for person days of employment per household show considerable variation across the districts.

Eight types of works are permitted to be carried out under the NREGA. Evidently, the works undertaken in the sample districts are consistent with the eight special types of works listed in the NREGA. As observed in the study, works under NREGA in the state of West Bengal were mainly concentrated on irrigational development and water conservation related activities apart from the major emphasis on rural connectivity to provide all weather access road.

As far as quality of assets is concerned, the majority of households reported that the quality assets created under NREGA is good. Evidently, the incidence of non-reporting households regarding the quality of assets is quite large in Howrah, the phase 3 district.

With regard to unemployment allowance, the present study noticed that the unemployment allowance was paid only to a few workers in Malda district. This shows the reluctance of the state government to pay unemployment allowance in West Bengal.

Wage differentials under NREGA and its comparison with minimum wage Act

According to NREGA Act, persons working under the scheme are entitled to receive the statutory minimum wage fixed by the state government applicable to agricultural workers in the state. The primary data collected from the sample districts reveals that the average per day wages obtained by the sample beneficiaries under the scheme varied from Rs. 82.38 to Rs. 84.85 across castes of households. At the aggregate level, for the state as a whole, the average wage rate received by households stood at Rs. 84.42. Across the districts, wage rates received in aggregate are higher in Howrah and Jalpaiguri districts as compared to State average whereas those in Malda, Nadia and Purulia are lower. Noticeably, the women workers received the same wages as those of males at the rate of Rs. 84.47 per day.

In all the sample districts, wages received under NREGA were found to be less than the stipulated minimum wage of Rs. 96.00. This is basically due to the fact that persons working under NREGA are mostly given piece rate. Hence wages received under NREGA varied from person to person depending on quantum of work done. Obviously, the underperformance of workers caused them to receive wages less than the stipulated minimum wage. However, NREGA wages were higher than market wages for agricultural workers in the state and this has led to distort the wage labour market by exerting upward pressure on market wages.

The average distance of the work places from the residences of workers was found to be within 5 km. as provided under the Act. The average distance of work place from residence is on an average 0.80 km. The distance is relatively higher in Purulia district (1.23 km.).

Wage differentials in different activities, among beneficiaries and non-beneficiaries

Evidently, non-agricultural casual labour wage rates compares unfavourably to agricultural wage rates for males, while the wage gap between the non-agricultural and agricultural activities for females is showing close to each other. The ratio of non-agricultural to agricultural wage rates of

males works out to 1.17 while for females the ratio is close to 1.0. Across the category of households, the ratio stood at 1.19 for male beneficiary and 1.10 for male non-beneficiary counterpart. In case of females, non-agriculture - agriculture wage ratio varied prominently across beneficiary and non-beneficiary households, the ratio being 1.02 for beneficiary and 0.84 for non-beneficiary households.

The gender issue has figured prominently in respect of receiving wage rate both in agricultural and non-agricultural activities. For agricultural operations, on an average, female wage rate formed 85.00 percent of male wage rate while for non-agricultural activities, female wage rates fell behind male wage rate by 72.55 percent. In receiving agricultural wage rates, male-female differences are sharp for non-beneficiary households as compared to beneficiary households. Migrant workers received relatively higher wage rate. Here again, wage received by an average female worker was lower than the wage received by a male worker. Under the NREGA females are paid the same wage rates as males which stood at Rs. 84.38. It is noticeable that NREGA wage rates are significantly higher than market wage rates for agricultural casual labour. This is especially noticeable in the case of females who are paid markedly lower market wage rates as compared to males in agricultural activities working as casual labourer. As a whole female–male wage ratio for agricultural wages showed lower gender disparity compared to non-agricultural wages while under NREGA wage payments, gender disparity is totally removed.

How has NREGA affected labour migration?

One major concern particularly, in rain-fed areas is distress-induced seasonal migration. NREGA scheme provides local opportunities for employment and thus workers do not need to migrate to other areas. Manual works provided under NREGA are thus expected to bring down the level of out-migration. Evidently, however it is seen that among the five surveyed districts, out-migration has taken place mainly in three districts viz. Jalpaiguri, Malda and Nadia and marginally in Purulia district. Of course such migration has been the result of lack of employment opportunities within the village.

The number of family members (per beneficiary household) who migrated due to non-availability of work in the village under NREGA was seen to be very low (below 1). Among the four districts where out-migration has taken place, the number per household was comparatively higher in Jalpaiguri district (0.13) followed by Malda (0.07), Nadia (0.06) and Purulia (0.005). At the same time, with the commencement of NREGA works which has ensured employment in the native places, in-migration also has taken place in the same districts where out-migration occurred. The degree of in-migration was also seen to be lower similar to that of out-migration measured in terms of number of family members per household migrated. The net effect in respect of migration has thus been negligible even if NREGA ensured employment within the village.

Among the sample districts where some members of households have returned back to the village to work under NREGA, the destination of migrating members were mostly other states (cent percent in Jalpaiguri, 66.7 percent in Malda) to work in construction works, manufacturing and

mining (84.62 percent in Jalpaiguri and 91.67 percent in Malda). The exception is Nadia district where out-migrating members migrated in nearby town (54.6 percent) to work as agriculture labourers in nearby villages surrounding the town. Out-migrating members mostly shifted to the village last year (86.67 percent in Jalpaiguri, 88.89 percent in Malda and 81.82 percent in Nadia) with the commencement of NREGA works. Majority of the shifting households reported that they are remaining better off now migrating back into the village compared to the previous occupation wherein they were engaged (cent percent in Jalpaiguri and Nadia and 88.89 percent in Malda).

The functioning of NREGA–qualitative aspects

Job card issues and work applications

In response to the questions related to the issuance of job cards, cent per cent of the households reported that they had not paid any fees or bribes for getting job card. Majority of the households reported no irregularity in the job card in entries of work done and in putting signature of the concerned authorities. It is worth-mentioning that cent per cent of the sample beneficiary households kept their job cards with the holder themselves.

In response to the questions related to work application, cent per cent of the respondents reported that they got employed in response to application for work. Out of those who applied, only 18 per cent got a dated receipt for the application and 72.50 per cent got employment under NREGA within the stipulated time period of 15 days of application. Thus as per provision in the Act, unemployment allowance became due for payment to 27.50 per cent of households. Notably, out of these 27.50 per cent of households, 95 per cent did not get any unemployment allowance.

Payment of wages and related issues

In respect of payment of wages under NREGA, men and women are entitled to receive the same wages. In fact, any form of gender discrimination is prohibited under the NREGA. Based on the information received from the sample participant households, no gender bias is noted in the responses of majority of households (83.50 per cent). Only 16.50 per cent of households reported payment of wages in favour of men. With regard to the mode of wage payment, cent per cent of the sample households reported that wages were paid on ‘piece rate/ task wage’ basis.

The Act provides that wages are to be paid on time; disbursement of wages to workers has to be done on weekly basis and not beyond fortnight from the date on which work was done. In our survey data, 49.50 per cent of the total sample beneficiary households received wage payment within the stipulated time – within a fortnight and 50 per cent were paid wages within a month.

As an effective check against the embezzlement of NREGA wages and to prevent defrauding of workers, the government has shifted from cash to bank/ post office payments of wages. In our survey data, the responses of households show that the NREGA wage payments have been made either through banks (53.50 per cent) or through post office (46.50 per cent).

Worksite facilities and economic usefulness of the work

As per the NREGA, it is mandatory to provide the basic facilities at the worksite inclusive of safe drinking water, shade for children and for periods of rest, first-aid box with medicines for emergency treatment. In case of facilities at the worksite, majority reported drinking water facility. Shade for periods of rest and first-aid kit/ medicines were the facilities available. The availability of child care facility was reported by 10 per cent of sample households. Notably, 80 per cent of the households reported that first-aid kits with medicines were made available at the worksite. Majority expressed satisfaction about usefulness of works, although some of the households (6 per cent) questioned about the usefulness of works.

Monitoring of the work

In response to the questions relating to monitoring of NREGA works, the sample households unanimously (cent per cent) reported that the concerned officials (Supervisor/Nirman Sahayak) made frequent visits at the worksite and monitored the execution of works. No one lodged complaint relating to implementation and functioning of NREGA.

Nature of assets created and their durability

Majority of the households (63 per cent) reported that the quality of structures created was good and these would last up to 10 years. About 6 per cent of households perceived that the quality of created structures was so good that they could last more than 10 years. About 31 per cent of households were of the view that assets created under NREGA could last up to 5 years. These structures require timely repairs and maintenance to be capable of lasting more and generating expected benefits.

Labour migration and NREGA

One of the objectives of NREGA is to arrest out-migration of rural labour households who go outside villages in search of employment. In order to know the impact of NREGA on rural labour migration, related data were collected from the sample beneficiary households. It was revealed from the responses that after implementation of NREGA, 23.50 per cent of sample beneficiary households were found to be involved in out-migration. Similarly, some households who migrated earlier to other places in search of employment returned back to village to work under NREGA. The proportion of such in-migrated households accounted for 23 per cent. Overall, the impact of NREGA on labour migration is positive but negligible. NREGA has succeeded in bringing migrated households back to village, although at the same time, there are more instances of out-migration. The incidence of out-migration might have been arrested on providing 100 days of employment to each adult worker within a family during a financial year. As far as reasons for migration is concerned, majority (75 per cent) reported that they have migrated owing to lack of sufficient works in the village, hoping to get work in the city.

Respondents' awareness about NREGA implementation

Awareness about NREGA among people in all its aspects is an important ingredient for success of NREGA. However the responses received from the sample households in the sample villages show that although, the people were aware about the implementation of NREGA (63.50 per cent), majority were not aware about the specific aspects of NREGA, specifically right based aspects such as right to apply for work and get employed within 15 days, minimum wages, wages calculation method, unemployment allowance, minimum worksite facilities, mandatory availability of muster rolls at the worksite and the list of permissible works under NREGA.

NREGA and food security

NREGA through generating incremental income is expected to bring about changes in the food security situation. Evidently, 70.50 per cent of households reported that they got full two meals throughout the year 2009 while the rest 29.50 per cent of households did not get full two meals throughout the same year. Out of the households who are not having full two meals, 11.86 per cent did not get sufficient food for one month, 62.71 per cent for two months and the rest 25.43 percent for period of more than two months. However, although some of the households reported worsening situation of food security even after the introduction of NREGA, the overall impact NREGA on food security is positive as it has improved the food security for majority of households. In the context of ensuring food security, the potential benefit of NREGA might have been greater if households are provided with full one hundred days of employment during the financial year.

Suggestions for improving the functioning of NREGA

Suggestions were invited from the beneficiary households for improving functioning of NREGA. Nearly, 40 per cent of households suggested the need for creating more work opportunities under NREGA. About 25 per cent of households suggested for making arrangement for timely wage payment. About 15 per cent of households emphasized the need for proper planning of works to be undertaken under the scheme and another 20 per cent of households urged the need for proper monitoring of the execution of works in the context of improving functioning of NREGA.

NREGA impact on village economy

Changes in occupational structure in the selected villages

The occupational structure has undergone changes during the period between two counts, one in 2001 and another in 2009. An important aspect of occupational change has been the decline in the proportion of households engaged in cultivation of land. It has got reduced from 20.38 percent in 2001 to 19.55 percent in 2009. There is a definite tendency among them to move on to non-agricultural occupations viz., household small industry, transport & communications and other services. The pattern of distribution also changed in favour of agricultural labour. The proportion in this occupation increased from 45.71 in 2001 to 46.13 percent in 2009.

How has NREGA affected wage rates in the selected villages?

Due to the implementation of NREGA there has been sharp increase in the wage rates during our reference periods pertaining to the years 2005 and 2009. The present study finds that both male and female wages have gone up after the implementation of NREGA. Across sexes, the percentage increase in female wages was higher than the percentage increase in male wages. The wage disparity between male and female persisted both in agricultural and non-agricultural works, even after the introduction of NREGA. The prevailing wage received by male agricultural workers prior to the introduction of NREGA was Rs.62/- which increased to 83.5 after the introduction of NREGA implying that wage rate increased by 34.68 percent during the reference period. The rate of increase of wages for female agricultural workers was of the order of 42.16 percent from Rs. 51/- to Rs. 72.5/- during the same period. In general non-agricultural wages was higher albeit small than agricultural wages both for males and females. Here again, there have been noticeable increase in wage rates both for males and females during the reference period.

How has NREGA affected changes in wage rates for agricultural operations?

Evidently, in general, there was a rising trend in the wage rates for all the agricultural operations with varying degrees between 2001 and 2005, that is, during the pre-introduction period of NREGA. After the introduction of NREGA, there was a sharp increase in the wage rates for all the agricultural operations of principal crops viz. paddy and wheat. Notably, the gap in the wages in the post NREGA period between 2005and 2009 appeared to have widened as compared to the pre NREGA period between 2001 and 2005. The rate of increase in wages was highest (67.14 percent) in ploughing operation from Rs. 318.00 per acre in 2005 to Rs. 531.50 per acre in 2009 followed by levelling (57.69 percent) and weeding (39.66 percent). For transplantation, harvesting and threshing operations, paddy the principal crop in West Bengal experienced increase in wage rate by 37.80 percent between 2005 and 2009 from Rs. 63.5 per day to Rs. 87.5 per day.

Various changes in the village economy after implementation of NREGA

Implementation of NREGA is expected to bring about various changes in the village economy.

As revealed from the qualitative information, a good majority of households (91.09 per cent) reported that there has been shortage of agricultural wage labour at some point of time during last year. After implementation of NREGA, a greater proportion of households (93.92 per cent) reported that there has been a shortage of agricultural labour.

All households unanimously reported that wages of casual labourers have increased after implementation of NREGA. The reasons cited are shortage of labour availability caused by NREGA (17.34 per cent), higher wage rate in NREGA activities compared to other activities in the village (46.27 per cent), increased job opportunities due to the introduction of NREGA (24.46 per cent) and labour movement for higher wages (31.90 per cent).

Labour cost being the important component of cost of production, all households unanimously (cent per cent) reported that cost of production in agriculture increased because of scarcity of labour. Regarding the magnitude of increase in cost of production, majority of households (66.42 per cent) believed that cost of production increased by 20 per cent while 27.75 per cent households reported that cost of production recorded an increase of 10 per cent.

One of the important goals of NREGA is to reduce rural-urban migration. On the questions relating to migration, 88.09 per cent of households believed that the implementation of NREGA has affected the trends of labour migration. With regard to migration however mixed responses of both out-migration and in-migration were noticed.

All households unanimously pointed out that after introduction of NREGA the trend of people living in village and going to work outside daily has decreased. Majority of the respondents (93.92 per cent) also feel that the trend of people going to work outside daily for longer period has decreased.

NREGA is expected to bring about changes in the standard of living of village people. In this regard, all respondents feel that living standard in general improved after the introduction of NREGA. The responses show that due to incremental income obtained from NREGA activities, households were able to spend more on food, clothing, housing and education and thus improvement in the living standard since the introduction of NREGA is noticed specifically in terms of these aspects. After introduction of NREGA, household daily consumption is increased as reported by 11.93 per cent of households. About 8.91 per cent of households reported improvement in health treatment condition. Households able to spend more on consumer goods and social ceremony are also noticed.

In the education front, all households reported that they are investing more money on children's education due to extra income earned from NREGA. Reportedly, awareness about education is also improved after the introduction of NREGA (6.08 per cent).

Village households were asked to offer suggestions for improvement of NREGA implementation in the interest of benefits accruable to both labourers as well as cultivators. Village households offered their suggestions mainly in three important aspects of NREGA for improvement of NREGA functioning. Firstly, NREGA works should be taken up in the lean season of agriculture when labourers mostly remain out of work in the village due to season-bound character of agriculture. Secondly, agriculture related activities should be taken up under NREGA for the improvement of agricultural productivity as well as overall agricultural development. Thirdly, NREGA works should be made available throughout the year and thus 100 days limit should be increased.

1.5: Policy Implications

Although there has been a debate about the effectiveness of NREGA, the experience of West Bengal show a mixed picture. The scheme is successful in terms of coverage of weaker

sections of society including coverage of women, asset creation and reduction in the incidence of large scale out-migration. The major problem however relates to the employment generation as the man-days generated and the number of households provided 100 days of employment were quite low in almost all the districts of West Bengal. In our survey data, average number of person days generated per household was of the order of 54 days in the state. For women households it was 24 days, well below their male counterpart. However, the NREGA is much better scheme than any other employment programmes undertaken in the past. Obviously NREGA works should be made available throughout the year. The implementing agency should take up proper planning of work for both short-term and long-term benefits for the villagers. Further, 100days limit of guaranteed wage employment under the Act should be increased. This has been suggested by 21.97 per cent of village households in the surveyed villages. There is thus a lot to do for better functioning of the NREGA. **(attn: Department of Panchayat and Rural Development, Government of West Bengal).**

The study observes that in many cases the mandatory social audits are not taking place. As evidenced by official level secondary data, social audits have not been done in all the districts uniformly in the state. The findings thus lend support to demand that the social audit process must be taken more seriously by the administration for ensuring transparency, participation and accountability. **(Attn: Department of Panchayat and Rural Development, Government of West Bengal).**

The participatory process, the main route to ensuring transparency has not been taken seriously by the implementing authority in the state. Notably, in many of the districts VMC meetings were not held at all during the year 2010-11**. (Attn: Department of Panchayat and Rural Development, Government of West Bengal).**

The projects/works undertaken in the NREGA were consistent with the eight categories of works listed under NREGA. However, for the fulfilment of the quota of 100 days of employment per household per year, new innovative works need to be found out to bring down the level of out-migration of rural labour force as also to provide productive employment. **(Attn: Ministry of Rural Development, Department of Rural Development, Government of India, New Delhi).**

Regarding the quality of assets created under NREGA, about 31 per cent of households were of the view that assets created under NREGA could last only up to five years. Hence, these structures would require timely repairs and maintenance to be capable of lasting more and generating expected benefits. Thus quality and maintenance of assets need more attention in future so that investments made would not go futile. In fact, employment guarantee and durable assets creation have to be seen as two sides of the same coin. **(Attn: Department of Panchayat and Rural Development, Government of West Bengal).**

According to the Act, persons working under the scheme are entitled to receive the statutory minimum wage fixed by the State Government applicable to agricultural workers in the state. The primary data however reveals that in all the sample districts NREGA wages obtained by the

beneficiaries were less than the stipulated minimum wage. Persons working under NREGA were given wages on piece rate basis. Hence, wages received under NREGA varied from person to person depending upon the quantum of work done. However, even if wages are paid on a piece rate basis, the schedule of rates has to be such that a person working for seven hours would earn the minimum wage **(Attn: Ministry of Rural Development, Department of Rural Development, Government of India, New Delhi).**

In our survey data, irregularity in wage payments is noticed. About 50 percent of sample beneficiary households were paid wages beyond fortnight and accordingly they are entitled to receive compensation as per the provision of the act. However, no compensation is paid to labourers in the state in respect of delayed payment of wages beyond the stipulated period of 15 days. Obviously, in the long run, much more sustained effort will have to be put in to ensure continued compliance with norms laid down in the NREGA Act. **(Attn: Department of Panchayat and Rural Development, Government of West Bengal).**

The reluctance of state government to disburse unemployment allowances is noted in the study. Official level secondary data shows that unemployment allowances due for payment were for 3679 days in 2010-11 but it was paid only for 6 days in a single district. Further the primary data shows that the unemployment allowance is paid only in one district called Malda but to a few workers spending a small amount of money. In this context, it is suggestive that the central government should pay a part of the unemployment allowance after amendment of NREGA rules so that workers could draw unemployment allowance as per the provisions of the Act in the event of failure to provide unemployment allowance by the state government **(Attn: Ministry of Rural Development, Department of Rural Development, Government of India, New Delhi).**

Shifting from cash payment of wages under the scheme to bank payment has been done in order to prevent embezzlement of funds and also to give workers greater control over their wages. The direct transfer of wages into workers' bank/post office account has given substantial protection against embezzlement. However, the distance from the place of residence to the nearest bank or post office has caused hardship to the NREGA workers. This would require opening of new branches of banks in rural areas **(Attn: Reserve Bank of India, Government of India).**

The rural labour markets have been influenced by the introduction of NREGA and have had a decisive impact on agriculture. Nearly 66.42 per cent of village households in the surveyed villages believed that cost of production in agriculture is increased by 20 per cent due to scarcity labour caused by the introduction of NREGA leading to rise in wages. In fact wage rise caused by NREGA could only be maintained if productivity rises too in agriculture. NREGA works must be such as to contribute to raising agricultural productivity. This has to be taken seriously by the administration which calls for innovative thinking and action. **(Attn: Ministry of Rural Development, Department of Rural Development, Government of India, New Delhi).**

The NREGA holds the powerful prospect of bringing major changes in the social and economic well-being of women. This of course happens to be true in a state like West Bengal where

women shared a sizeable proportion of working days generated under NREGA. As is evident from secondary data, women workers shared 31.20 per cent of total person days generated under NREGA. What is however frustrating is that the issue of child care is overlooked. Under the NREGA, it is clearly stated that in the event where there are at least five children under the age of six years at the worksite, one of the female workers should be deputed to look after them and she should be paid the same wage as other NREGA workers receive. Yet in our survey data only 10 per cent of the sample households reported the availability of child care facility at the worksite. Disturbingly many of the respondents were unaware of this basic entitlement. Thus the provision of effective child care facilities at NREGA worksites is an important issue that calls for creative thinking and action. **(Attn: Department of Panchayat and Rural Development, Government of West Bengal).**

NREGA provides an important opportunity for improving gender relations. However, for the longer term goal of gender equality to be realized, attention needs to be paid in ensuring greater participation of women in procedural aspects viz. participation in the planning process through participation in gram sabhas, social audits. These measures would simultaneously improve gender relations and ensures effective implementation of NREGA. **(Attn: Department of Panchayat and Rural Development, Government of West Bengal).**

Agriculture provides employment for the vast majority of the workforce. The agricultural activities dominate twice in a year during the sowing/ transplanting and harvesting seasons. Once these seasons are over, the households sink into a state of unemployment. During the period of seasonal unemployment, the NREGA scheme can be efficiently used to fill the void created in the period of seasonal unemployment. In our surveyed villages, 34.49 per cent of village households were of the view that NREGA works should be taken up in the lean season of agriculture when labourers mostly remain out of work. The implementing agency is thus required to schedule the NREGA works accordingly. **(Attn: Department of Panchayat and Rural Development, Government of West Bengal).**

The government must recognize the enormous diversity of tasks involved in NREGA and the skills required to execute the same with speed and quality. In this context, there is need to continuously upgrade the capacities of the personnel involved in NREGA implementation, most crucially block-level personnel which is at the cutting-edge of implementation. Capacity building also ought to take place at the gram panchayet level. It is therefore suggestive that efforts can be made by the government in conducting one year diploma course on administering government schemes including NREGA**. (Attn: Ministry of Rural Development, Department of Rural Development, Government of India, New Delhi).**

1.6: Conclusion

Overall, the scheme of NREGA has the great potential in enhancing income and livelihood security of the rural poor. The present study, in an attempt to evaluate the impact of NREGA has identified the key areas of progress as well as the shortcomings of the programme. Notably,

NREGA has not been able to provide the employment that one would have expected. Despite making provision of 100 days of employment in a year, actual employment generation has been much below than 100 days in a year. In the matter of wage payment, in many cases, delay in wage payment is noticed. Procedural irregularities are also noticed at the stage of implementation of the scheme such as irregularities in conducting social audits and gram sabhas. True that NREGA addressed many of the weaknesses of the earlier wage employment programmes through introducing several features in its design. However, as evidenced by the present study, NREGA is also not free from limitations despite having its positive impact on income generation, asset creation and above all improving standard of living. Obviously, if the remedial measures are taken to address the limitations, the effectiveness of NREGA would increase with experience and would go a long way in ensuring livelihood security to the rural poor in a sustainable manner and in altering the balance of power in rural society. The key lies in proper implementation and planning of the scheme as per the guidelines laid down in the Act.