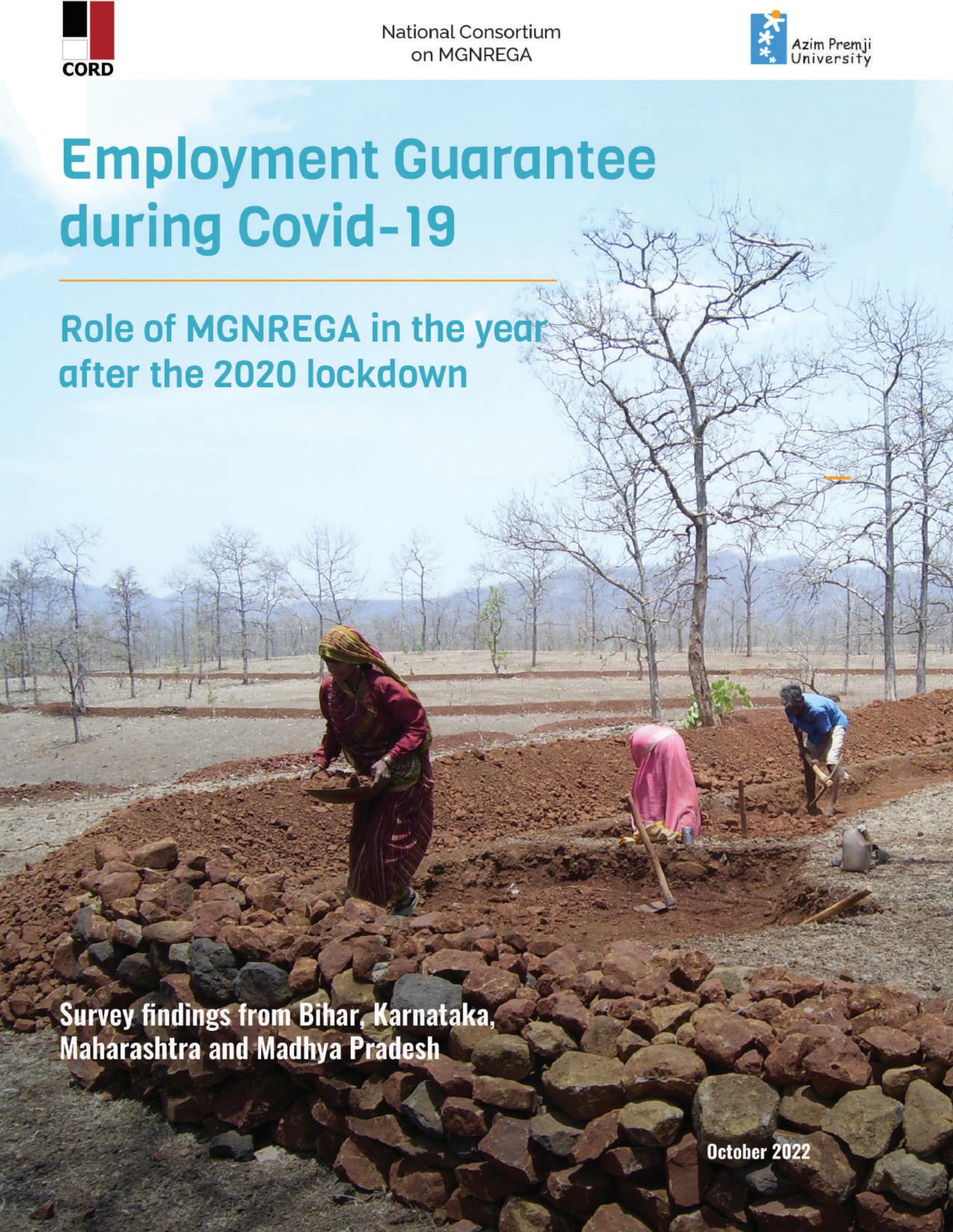


Employment Guarantee during Covid-19

Role of MGNREGA in the year after the 2020 lockdown



Survey findings from Bihar, Karnataka,
Maharashtra and Madhya Pradesh

October 2022



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About Azim Premji University's Work on Sustainable Employment

Azim Premji University was established in 2010, by the Azim Premji Foundation, with a clear social purpose of working towards a just, equitable, humane, and sustainable society. All of the University's programmes, teaching, research, and practice, work towards this purpose. To contribute to the critical matter of India creating just and sustainable employment, the University has set up the Centre for Sustainable Employment (CSE), which conducts and supports research in areas of work, labour, and employment. The University is attempting to provide empirically grounded, analytical reflections on the state of work and workers in India, as well as to evaluate and propose policies that aim to create sustainable jobs. The University's CSE website is an important part of this agenda. In addition to research papers and policy briefs, it hosts government reports, as well as data and statistics on the Indian labour market.

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Collaborative Research and Dissemination (CORD)

Collaborative Research and Dissemination (CORD) is an independent research group based in Delhi that seeks to articulate the problems of the disadvantaged through field work and analysis of secondary data and documents. CORD has worked for nearly thirty years and has endeavoured to influence policy and public opinion by making its research findings accessible to the public.

National consortium of civil society organisations on NREGA

The National Consortium on NREGA is a loosely federated collective of civil society organisations (CSOs) that have come together to try and make NREGA a success. The Consortium was born out of a vision of making NREGA effective by active participation of Civil Society Organisations in planning, implementation and social audit of NREGA works.

These CSOs have developed relationships with Panchayati Raj Institutions (PRIs), including Gram Panchayats (GP) and Gram Sabhas (GS), in some of the most backward and neglected districts of India. Reflecting the immense diversity of this vast nation the strategies adopted by the CSOs for building these partnerships have been different in each case. They have supported GPs and GSs in various aspects of planning, implementation and social audit of NREGA work.

On the foundation of this growing engagement with PRIs, the CSOs have sought to partner the state and central governments, in building training material, mainstream innovative ideas, help build capacities of government functionaries and advocate for changes in the policy regarding MGNREGA. Many of the recommendations made by the Consortium in its successive reports have found their way into MGNREGA policy, especially the MGNREGA 2.0 Guidelines of 2013.

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Executive Summary

About the study sample

- This study examines the performance of MGNREGA during the Covid-19 pandemic in eight blocks across four states of India, viz. Bihar, Karnataka, Maharashtra and Madhya Pradesh.
- MGNREGA functioning is analysed along the following dimensions: overall impressions of the programme among job card holding households, extent of unmet demand, wage payments, changes in programme functioning during the pandemic, and effectiveness of MGNREGA as a safety net.
- The blocks were chosen from a list of blocks in which Civil Society Organisations part of the NREGA Consortium are working. All blocks on this list were ranked based on their performance in MGNREGA as reflected in the Management Information System (MIS). Highest and lowest ranked blocks were chosen in each state and are referred to as high performing and low performing blocks in the study
- The blocks chosen were - Phulparas (Madhubani) and Chhatapur (Supaul) in Bihar, Bidar (Bidar) and Devadurga (Raichur) in Karnataka, Khalwa (Khandwa) and Ghatigaon (Gwalior) in Madhya Pradesh, and Wardha (Wardha) and Surgana (Nashik) in Maharashtra.
- A two stage random sampling was followed in the chosen blocks. In the first stage, five Gram Panchayats (GP) were randomly chosen in each block based on the Census 2011 list. In the second stage, 50 households were randomly selected in each GP from the MGNREGA MIS list of job card holders. The sampling method ensures representativeness of the results at the block level for all job card holding households.
- The survey was conducted in November-December 2021. Two reference periods were employed. The first covered the pre-Covid financial year (April 2019 to March 2020) and the second covered the Covid financial year (April 2020 to March 2021).

Impact of Covid-19

- Households interviewed in the study are relatively more vulnerable than the general population, tending to belong to lower castes, showing higher levels of landlessness, very low household incomes and a preponderance of casual workers.
- We observed large negative effects on employment and incomes in all the surveyed blocks. The vast majority of households reported a loss of income in the Covid year, on average amounting to 30% to 50% depending on the block.
- In three of the study blocks, Khalwa in MP and the two blocks in Bihar, remittances from migrant workers formed a large part of household income. Prior to Covid, remittances were 43% of household income in Khalwa, amounting to ₹37,800 per year. In Chhatapur, prior to Covid, remittances were 50 percent of household income, amounting to ₹61,000 per year and in Phulparas, they were 67% of household income, amounting to ₹48,000 per year.
- The other blocks did not contain a significant number of households with reverse migrants. But those households who did report reverse migration (i.e., migrant workers who had returned home during Covid) were receiving on average an annual remittance of ₹55,600

per year from such workers who were forced to return home.

Overall impressions of MGNREGA

- In Karnataka more than 60% of households in both blocks felt that MGNREGA had contributed to the overall development of the village. This number was lower though still significant in the other states - MP 40-60%, Maharashtra 20-40%, Bihar 20-30%. Further, even households who had not worked in the programme during the Covid year mentioned this aspect as a desirable one in all the states.
- In every survey block, not having to migrate was the most frequently mentioned when asked about specific positive aspects of the programme.
- The popularity of the programme can also be judged from the fact that a large majority of households in each block, reaching 100 percent in Bidar and Ghatigaon, recommended that each individual, rather than each household should get 100 days of work.

Unmet demand

- A large majority of households faced rationing in the programme and could not get as much work as they wanted during the Covid year. Across all blocks, roughly 39 percent of all the job card holding households interested in working in MGNREGA in the Covid year could not get a single day of work.
- On average, such households would have liked at least 77 days of MGNREGA work that year. This was highest in Wardha, Maharashtra where the need for MGNREGA work touched 92 days.
- Even among those households that did find work under the programme during the Covid year, days of work obtained fell far short of days desired- 75 days or more in both the blocks of Bihar, and the low performing blocks in Karnataka (Bidar) and Madhya Pradesh (Khalwa), 70 days in Wardha, Maharashtra (high performing block), and between 50 to 60 days in the remaining blocks.
- Among households that worked for at least one day in the Covid year, the weighted median unmet demand across all blocks was 64 days. In other words, households that worked for at least one day in the Covid year, would have liked to work for 64 more days on average.
- As per the MIS, the total amount spent on labour in the surveyed blocks in the Covid year was INR 152.68 crores. We estimate that to fulfil the true demand for work in these blocks, the allocated labour budget should have been INR 474.27 crores, i.e., more than 3 times the amount actually spent on wages.
- The most frequently mentioned reason for not getting as much work as needed, across all blocks, was lack of adequate works being sanctioned/opened. On average, 63% of all job card holding households cited this reason in the surveyed blocks.
- In five out of the eight blocks, the second biggest reason cited was 'Contractor Did Not Inform.' As per the Act, contractors are banned in MGNREGA. But the study reveals high prevalence of contractors especially in the two blocks of Karnataka where nearly half to two-thirds of the households have picked this reason. And, nearly half the households in the low performing block of Bihar (Phulparas) have alluded to contractors not informing them as a key reason for not getting enough work.

Wage payment delays

- On average, only 36% of all households that worked in the Covid year said that they got their wages within 15 days. This is a weighted average and is representative across all the surveyed blocks.
- The high performing blocks of Karnataka and Maharashtra had the most positive experience concerning timely payment of wages. But even here, only a little less than half the households said that they got their MGNREGA wages within the 15 day period.
- The situation seemed particularly harsh in both the blocks of Madhya Pradesh where only 1% of the households said that they got their wages within the 15 day period in the Covid year. In the high performing block of Bihar, only 15% of the households said that they got their wages within the 15 day period.

Effectiveness as a safety net

- Despite the problems of unmet demand described above, MGNREGA earnings were observed to be a significant share of household income (excluding remittances) in all the surveyed blocks. This ranged from a low of 6% in Bidar to a high of 47% in Phulparas. The share increased in all blocks except Wardha during Covid.
- We estimate that, for households who found work in both the periods (pre-Covid and Covid), increased earnings from MGNREGA were able to compensate for somewhere between 20 to 80 percent of income loss depending on the block. Khalwa emerges as a very good performer in this respect (80 percent). This is supported by MIS data as well, where Khalwa shows the largest increase in person days worked as well as number of households who found work during the Covid period.
- For households who had not worked in the pre-Covid year but did find work during the Covid year, we find that MGNREGA earnings compensated for anywhere between 20% and 100% of income lost from other sources.
- Despite low wages and delays in wage payments, MGNREGA clearly made a difference during the pandemic, insuring some of the most vulnerable households in rural India against income losses. But it fell quite a bit short of fully protecting households either because it did not meet their demand or completely excluded them from finding any work under the programme. This underscores the need for massive expansion of the programme.

Implications and recommendations

- Based on this study we recommend the following steps.
- Increase the number of administrative personnel by at least doubling the field functionaries to deal with increased work demand. This is also likely to reduce corruption.
- Increase the shelf and scope of permissible works and prioritise community works over individual asset creation to absorb more unmet demand.
- Ensure that computerised receipts are given to workers for work demanded.
- Job cards are the only document in the hands of workers where their own information on MGNREGA is available to them. The job cards should be updated with the work done, wages earned etc. In addition to manual updating of information on job cards, equip each panchayat to a job card printing facility similar to passbook updation facilities in banks.
- The Union government must ensure that delay compensation for wage payment delays is paid for the full extent of delay, i.e., till wages are credited to the workers' accounts to be in

compliance with the Act and Supreme Court orders.

- Implement the Government Circular, RE-I (360078), dated 31st July, 2018 concerning the distribution of wage slips to workers. Such wage slips should be generated through NREGAssoft and must also be downloadable from the MIS. It is the responsibility of the Gram Rozgar Sevak to distribute the wage slips to workers at a public place e.g. the worksite, panchayat bhavan, gram sabha.
- The wage slips should minimally contain the following information: Name of the worker, Worker's Job Card number, Scheme on which work was done, Muster Roll Number, Muster Roll Start Date and End Date, Number of days worked on the Muster Roll, Amount of wages credited in the worker's account (Rs), Bank account number in which wages are credited, Name and branch of account in which wages are credited, Date of generation of wage slip, wage rate for the wages.
- Display a 'Know Your Rights (KYR)' concerning MGNREGA and banking rights in public places such as panchayat bhavans.
- Ensure that the 7 registers are manually maintained in every GP. This can help in keeping track of the parity between the workers' experience and the information on the MIS.
- MGNREGA wage rates should be increased to at least the state minimum wages or INR 375 per day as recommended by the Anoop Satpathy Committee and must be indexed with CPI-R instead of CPI-AL.
- MGNREGA is meant to strengthen the 73rd Constitutional Amendment that gives primacy to the Gram Panchayats but the current funds flow system through the Ne-fms has reduced the power and autonomy of GPs. Ensure that the GPs get funds in advance so that more works are available.
- The GPs should have more power in identification of works.
- Owing to more trust in bank branches and to increase financial inclusion, there is a need to increase branches in rural areas.
- Social audit units need adequate capacity to improve fundamental aspects of programme functioning from ensuring that workers get receipts for work demanded to ensuring that contractors are not exploiting MGNREGA.
- Every agency involved in the payment of MGNREGA wages must be brought within the ambit of social audits with clear penalty norms in case of violations. In addition to field functionaries such as the Gram Rozgar Sahayak (GRS), Junior Engineer, the Programme Officer, the following institutions should also be brought under social audit norms: the National Payments Corporation of India (NPCI), UIDAI, banks, and BC/CSPs