

Information, Participation and Targeting

The National Rural Employment
Guarantee Scheme in India

I. Context

- About 42% of Indians lived below the poverty line of \$1.25 a day in 2005 prices, as compared to 16% in China and 8% in Brazil.
- India's economic liberalization had mixed impact on poverty. Intensity.
- About 70% of Indians live in rural areas and are employed in agriculture. Agricultural labourers (253 million in 2004-5) comprise 57% of workers in the workforce and of these about 249 million live in rural areas.
- About 64% of agricultural labourers are self employed or are farmers and the rest depend on labour, mainly of the casual variety. High unemployment rates (16% for men and 17% for women) and has increased since 1993.
- 77% of rural inhabitants are poor and have an average expenditure of less than Rs 20 per day per capita. High illiteracy, high infant mortality (80 per thousand births).
- Of these poor who tend to belong to the economically and socially marginalized groups, 88% are scheduled castes (SC) and scheduled tribes (ST), 80% are other backward castes (OBC).
- According to the NSSO (2005), the percentage of rural poor ranges from 5% to 30% in different states. In the three states we studied the rural poor were 8% (AP), 14% (Rajasthan), and 22% (Maharashtra).

NREGA

- The NREGA of 2005
- Self selecting scheme, provides 100 days of manual wage labour to household, work to be provided within 15 days of asking.
- Other characteristics: a time-bound employment guarantee and wage payment (otherwise the government is penalized), prohibition of private contractors (to reduce leakage of funds) and machinery (to enhance direct benefits of the program to the participants), community monitoring and a mandatory 33 per cent participation for women.
- Started with 200 poorest districts in the first stage, 130 more districts in 2007-8, and now covers the entire country (593 districts).
- The budget in 2009-10 was Rs. 39000 crores and has increased to Rs. 40100 crores in 2010-11.

Purpose of Paper

- *Does access to information about a government program on the part of the public always lead to beneficial consequences in terms of better program delivery and lower leakages?*

Hypothesis

1. Those with information about the benefits of a government program will be more likely to enroll in the program than those who do not possess such information.
2. Taking into account the different ways in which the implementing authorities administered the scheme in the three states, we assume that the NREG will work well for those beneficiaries who possess more information about the different aspects of the program.

Sample Design

- **Household survey:**
 - representative sample
 - 500 households from 25 villages per state spread across 3 districts (AP), 5 (M) and 9 (MP)
- **Qualitative survey**
 - 9-10 villages from each state chosen from 25 villages according to Sarpanch's political affiliation, reserved for women/SC/ST.
- **Focus group discussions on worksites**
 - 25 worksites per state

Total sample size: Rajasthan (2664); AP (2190); Maharashtra (2270)

Data collected in 2008-9. Only from NREG Phase I districts.

General Profile of Participants

- We divided the NREG participants into four categories based on their monthly consumption expenditures. Rajasthan had the maximum share of acutely poor (35 per cent) as compared to AP (15 per cent) and Maharashtra (11 per cent).
- In all three states, the affluent accounted for over a third of the participants, which shows that the program did not effectively target the poorest households. In all three states, the acutely poor tend to experience most exclusion from the NREG because they are most likely to be illiterate, least socially networked, most likely to belong to the lowest castes and or tribes, and do not tend to own land.
- **Rajasthan:** the acutely poor and the affluent were more likely to participate in NREG. The moderately poor exhibited a low probability of participation while the moderately non-poor a higher probability
- **AP:** acutely poor were largely excluded while the moderately non-poor and affluent dominated.
- **Maharashtra:** similar to Andhra Pradesh as the acutely poor were largely excluded and the moderately non-poor and affluent dominated among the beneficiaries.

Ethnographic Evidence: Source of Information on NREG

- In Andhra Pradesh, the sarpanch, the GP secretary (gram sevak), and the gram sabha were the primary purveyors of information about NREG.
- In Maharashtra, the television, the gram panchayat and the gram sabha (for male beneficiaries), while the women said that they had found out about the scheme through their neighbours.
- In Rajasthan, school master or neighbours or through personal acquaintance with the sarpanch and gram sevak, but not from a public meeting such as a gram sabha.

Attendance and Participation

- In all three states, those who attended village meetings were more likely to participate in the NREG.
- Ironically, the implications for targeting were more adverse in Maharashtra and AP than in Rajasthan where fewer people attended these meetings and therefore the level of awareness about the NREG was much lower for all income groups than for the other two states

Profile of those who attended public meetings

- In all three states, the higher the village attendance in a public meeting, the more likely it was for a household to participate in these meetings, thus implying the presence of network externalities.
- Besides, households who participated in a social network (SHG group, credit and cooperative groups, trade unions) were more likely to have participated in a public meeting.

First Hypothesis: Conclusion

- If the purpose of the program was to serve the needs of the neediest, then there has been greater capture (implicit in corruption through various forms of collusion between the affluent and those who implement the scheme in question) of the NREG in all three states.
- The affluent and the moderately non-poor were more likely to enroll in the NREG than the acutely poor. If we combine this with the finding that the non-poor were also more likely to have information about the NREG (through their attendance in public meetings and social networking), our first hypothesis is validated in all three states.

II. Information and Implementation

- The second hypothesis states that the program will work better for those beneficiaries who know what to expect in terms of wages and days worked in the program. Conversely, those who are unaware of how the NREG works will be more likely to experience some form of inefficiency.

A. Information on Access

- 66 per cent of NREG participants in Rajasthan thought that it was obligatory to be recommended by someone to access the program, as compared to 25 per cent in Maharashtra and 6 per cent in Andhra Pradesh.
- Poor participants in Rajasthan (55 per cent) were more likely to say that it was obligatory to be recommended for the program, as compared to the poor participants in Maharashtra (20 per cent) and AP (6 per cent).

Wage rate

- In all three states, the lack of awareness about the wage rate was higher among illiterate beneficiaries.
- A comparison of the three states shows that poor and illiterate beneficiaries in Maharashtra were more likely to possess information about the NREG wage rate as compared to similar groups in Andhra Pradesh and Rajasthan, with the Rajasthan beneficiaries possessing the least amount of information on the program.
- NREG guidelines state that the wages are supposed to be paid on a fortnightly basis. In Rajasthan, less than a third were paid on a fortnightly basis, while almost half the workers were paid monthly. In Andhra Pradesh, three quarters were paid either weekly or fortnightly. In Maharashtra, a quarter or less were paid fortnightly, and similar figures prevailed for monthly and 'as and when available in Panchayat'.
- The actual wage paid per day to the beneficiary in the dataset was between Rs. 50-75 for 84 per cent of respondents in Rajasthan, and Rs. 75-100 for 60 per cent in Maharashtra, and 97 per cent in Andhra Pradesh. So workers in Rajasthan got lower wages than their counterparts in the other two states.

- Qualitative evidence (measurement and wage rate)

- Our second hypothesis that the program will work better for those who have the information on NREG is also borne out. There seems to be a link between the duration of participation and the level of education, with the more educated participating for a longer period in NREG. Since more educated persons in Andhra Pradesh and Maharashtra, who also seem to have more land and comprise the non-poor have accessed NREG in the two states, it is not surprising that their knowledge of the wage rate, registration process, and other related aspects of the NREG is better than in Rajasthan.
- Compared to Maharashtra and Andhra Pradesh, the beneficiaries in Rajasthan (who were more likely to be acutely and moderately poor and illiterate) were less aware of how decisions were made in the NREG.
- The non-poor in all three states worked for more days than the poor.

Conclusion

- Link between information, access and the delivery of the program is not straightforward.
 - Information can increase the propensity for the program to be accessed by those who are not its primary target population, and can also increase the efficacy of delivery of the program to such beneficiaries.
 - Lack of information, on the other hand, decreases the ability of a citizen, particularly the acutely poor to benefit from an anti-poverty program.