

Service Delivery and Corruption in National Rural Employment Guarantee Scheme (NREGS)

Erlend Berg, R Manjula and D Rajasekhar

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BACKGROUND

- ◆ India has a long history of implementing wage employment schemes as instruments of poverty alleviation
- ◆ They aimed at providing wage employment to agricultural labourers during the slack agricultural season and improving the quality of productive assets (land, water resources, etc.) in rural areas
- ◆ These schemes could not however provide long-term answer to the unemployment problem among the poor.
- ◆ To address the problem of employment insecurity faced by vast number of agricultural labourers in India, the National Rural Employment Guarantee Act (NREGA) was passed in 2005.
- ◆ This act provides for the enhancement of livelihood security of rural households by providing wage employment.
- ◆ On February 2, 2006, the Act came into force in 200 of India's most backward districts.
- ◆ During 2007-08, the Act was extended to another 130 districts. From April 2008 onwards, the Act covered all of rural India.
- ◆ NREGS is different from the earlier similar schemes in the sense that this provides legal entitlement to wage labour households in rural areas

Key Entitlements

- ◆ Provision of at least 100 days of guaranteed wage employment in every financial year to every household, whose adult members volunteer to do unskilled manual work.
- ◆ Wages to workers on par with or higher than the minimum wage announced by the government.
- ◆ Equal wages to women and men
- ◆ If employment is not provided within 15 days of receipt of the application seeking employment, worker is entitled to a daily unemployment allowance.
- ◆ This allowance will be at least one-fourth of the wage rate for the first thirty days during the financial year and at least half of the wage rate for the remaining period.
- ◆ This act is a step forward in India's history of employment generation programmes because, for the first time, the state has a *legal* responsibility to provide employment to those seeking it

Implementation of NREGS – Status and Issues

- ◆ Considerable sums have been spent on the implementation of NREGS since April 2006
- ◆ Agricultural wage rates in India have gone up since India started implementing NREGS
- ◆ Government figures show the provision of very large number of person-days of employment
- ◆ Studies in the last couple of years show that the quality in the delivery of benefits under the scheme has deteriorated
- ◆ Enrolment rate among the needy workers has been low due to poor awareness on legal entitlements

Implementation of NREGS – Status and Issues – Contd.

- ◆ Online job card with photograph has been introduced to counter the tendency of selecting non-target group for providing the benefits.
 - Even then, there is very high incidence of fake job cards
- ◆ Online Numbered Muster Rolls has been introduced to prevent the fraudulent practices such as fake muster rolls, etc.
 - Even then, there is very high incidence of `ghost workers`
- ◆ Wage payment through bank, post offices, has been introduced as one of the checks to counter the tendency of non-payment or less payment of wages, or payment to ghost workers.
 - More than half of the workers reported less payment to their work
- ◆ Newspaper reports on corruption and embezzlement of NREGS funds have become common
- ◆ The capture of the programme by rural elite or local politician or local bureaucrat seems to be widespread.

RESEARCH QUESTIONS

- ◆ We have 3 sets of research questions with each set planned to generate a paper
- ◆ Using baseline data, we aim to come up with a paper in this year addressing the questions:
 - What are the determinants of NREGS delivery quality at the local level?
 - What are the determinants of GP-level corruption in NREGS?
 - Is corruption associated with worse service delivery, or better, or is it neutral?
- ◆ Paper 2 (next year?) using baseline, interventions and follow-up data, we aim to come up another paper in the next year addressing the question of 'can NREG delivery be improved or corruption reduced by...':
 - providing information about entitlements to the target population?
 - training local politicians in the workings of the scheme?
 - 'naming and shaming' local authorities in a league table published in a newspaper campaign?
- ◆ We also have Paper 3, hopefully this year, on an India-wide desk study looking at the impact of NREGS on agricultural wages.

Outcome measures

◆ Service delivery metrics

- Awareness of the scheme
- Awareness of entitlements under the scheme
- Awareness of how to apply for a job card
- Awareness of how to apply for work
- Accepting job card applications
- Timely delivery of cards
- Accepting job applications
- Timely delivery of work or unemployment benefits
- Number of days of work provided
- Work conditions according to specifications
- Timely payment of wage or unemployment benefits
- Accurate payment of wage or unemployment benefits
- Bribes paid

Outcome measures (contd.)

- ◆ **Possible main service delivery outcome variable: 'Benefit delivery ratio'**
- ◆ **Corruption metrics**
 - Proportion of households who have had to pay a bribe in relation to NREG, overall or per step (job card application, work application, payment, etcetera)
 - Average bribe amount, overall or per step
 - Proportion of fake job cards. This would be measured by drawing job cards randomly from the web and then verifying the information by visiting the household in question.
 - Proportion of fake muster roll entries, checked in the same way.
- ◆ **Possible main corruption measure: Proportion of NREG money embezzled.**

Interventions – three or two?