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# **No Employment without Participation: An Evaluation of India's Employment Program in Eastern Uttar Pradesh**

Kartik Misra<sup>1</sup>

## **Abstract**

The Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) provides 100 days of employment in a year to every rural household at the legal minimum wage. At the national level this programme has been highly successful in providing an income safety-net to small peasants and landless workers. However, in the poorer states of Uttar Pradesh, Bihar and Jharkhand the provision of public employment under NREGA has been inadequate. Using evidence from field research in the Mirzapur district of Uttar Pradesh, this paper aims to study how awareness among programme beneficiaries about their legal entitlements and at various levels of government determines the provision of NREGA employment in one of the poorest regions of the country. Further, we discuss the impact of NREGA on agricultural productivity and wage bargaining by landless workers who are the intended beneficiaries of NREGA. Our findings suggest that patron-client exchanges between the local elite and NREGA beneficiaries determines the provision of public employment and generates rents for the local elite. Therefore, there is urgent need for increasing transparency in NREGA provision and creating mechanisms to hold elected representatives and government functionaries accountable to NREGA beneficiaries.

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## 1. INTRODUCTION

The Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) is the largest rural welfare program in the world. Enacted in India in 2005, this scheme guarantees 100 days of employment in a year to every rural household at the legal minimum wage. The Act was operational in the 200 poorest districts by February 2006, another 130 districts got the scheme in the second phase in April 2007 and finally by 2008, the entire country was under its ambit. This legal work entitlement impacts close to 50 million households in India and is thus a powerful tool for social and economic transformation. Through its joint emphasis on social protection and livelihood security, the scheme *endeavours* to empower the rural poor by instilling a new sense of identity and bargaining power and make economic growth inclusive for all in rural India. However, lack of transparency in its implementation and awareness of legal entitlements of workers has diluted the demand-driven nature of the program. Using primary data collected from the Halia block of Mirzapur district in Uttar Pradesh, this paper documents the extent of awareness of legal entitlements by program beneficiaries and government officials responsible for its implementation in one of the poorest regions of the country. Further, we discuss the impact of NREGA on agricultural productivity and wage bargaining by landless workers who are the intended beneficiaries of NREGA. Our study suggests that patron-client exchanges between the local elite and NREGA beneficiaries determines the provision of public employment and generates rents for the local elite.

Public workfare programs have enjoyed a long and distinguished presence in the experience of economic development around the world and their *potential* benefits depend on their ability to create income safety-nets for the poor.<sup>2</sup> This program improves upon earlier employment schemes in two ways. First, it employs workers directly and prohibits the hiring of private contractors as there is a long history of private contractors exploiting workers through underpayment and other forms of harassment (Ambasta et al., 2008). Second, public works under NREGA do not use labour displacing technology in order to maximize employment generation under NREGA. NREGA is a demand driven program based on the principle of self-selection (Dutta et al., 2012). It treats employment as a legal right and if the state is unable to provide employment for participants then

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<sup>2</sup> India has a long history with these programs since the 1960s. Schemes like Jawahar Rozgar Yojana, Employment Assurance Scheme, Food for Work Program, Jawahar Gram Samridhi Yojana, and Sampoorna Grameen Rozgar Yojana were forerunners to NREGA. Subbarao (1997) provides an overview of India's employment guarantee programs.

it is obliged to pay workers without work. Public employment generated through NREGA is meant to generate productive assets that increase agricultural productivity and provide livelihood security. These include works aimed at natural resource management like irrigation works and afforestation. Moreover, public works can also be aimed to specifically improve the productivity of agricultural land owned by the scheduled castes, scheduled tribes and other disadvantaged sections of society. Finally, labour can also be employed to build rural infrastructure like toilets, roads and food grain storage structures (Dreze et al., 2006).

In 2018, NREGA completed a decade of being in operation throughout the country. Several academic studies and newspaper editorials were written to analyse each aspect of this historic legislation. Evidence suggests that public works leading to capital formation in agriculture have three potential effects on welfare (i) The direct effect of job creation for those employed (Klonner and Oldiges, 2014), (ii) public employment in the lean season of agriculture raise wages (Azam, 2011); and (iii) creation of public goods which increase agricultural productivity (Berg et al., 2012). There is evidence that NREGA has increased agricultural wages by around 4.3 percent (Berg et al., 2018) which caused a 20-percentage point shift away from use of labour-intensive technologies by small farmers (Bhargava, 2014) and resulted in crowing-out of private agricultural labour by 5 percentage points in regions where NREGA employment is not rationed (Misra, 2019). Additionally, Imbert and Papp (2015) show that the increase in wages for households in the poorest 30 percent of the population accounts for around 31 percent of the total welfare gains from the program. Correspondingly, others have argued that public works under NREGA contributed to increasing the productivity of agriculture which contributed to the non-transfer benefits of the programme (Deininger and Liu, 2013; Abreu et al., 2014).

In practice, NREGA suffers from several problems like reduced budgetary allocation, corruption, violation of people's entitlements and insufficient employment generation (Aggarwal, 2016). Further, the implementation and performance of NREGA varies considerably across states and districts. While states like Andhra Pradesh, Chhattisgarh, Himachal Pradesh, Madhya Pradesh, Rajasthan and Tamil Nadu have successfully created more than 100 days of employment under the program (Imbert and Papp, 2015), other states like Jharkhand and Bihar have lagged in the provision of NREGA employment under the program (Dutta et al., 2012; Bhatia and Dreze, 2006). Existing studies have identified limited administrative capacities, low awareness of the program among beneficiaries (Ravallion et al., 2015), insufficient financial allocation for NREGA

(Banerjee and Saha, 2010), and corruption by bureaucrats (Adhikari and Bhatia, 2010) and private contractors (Bhagat, 2012) to explain poor performance of the program in certain states. Misra (2019) finds that local political economy factors like historical inequality in landownership and concentration of political power determines the provision of NREGA employment and its labour market impact.

In the state of Uttar Pradesh (UP), existing literature documents that the provision of NREGA has been inadequate. Dutta et al., (2012) show that in 2009-10 over 54 percent of the households in UP that demanded work under NREGA were not provided public employment guaranteed under the Act. Paradoxically, the same study found that the demand for NREGA work in UP is also low. Only around 35 percent of rural households officially demanded employment under NREGA when the national average was around 45 percent. This is surprising since UP has the highest proportion of the population below the poverty line in comparison to any state in the country. This lack of demand for NREGA suggests that workers may not be fully aware of their rights to demand public employment which is NREGA's unique feature.

National level studies on the functioning of NREGA conceals considerable regional heterogeneity in the implementation of the programme and few field-based studies have focussed on local political economy factors in the provision of NREGA, particularly in eastern Uttar Pradesh. This research aims to fill this lacuna in the existing literature. This paper aims to study how awareness among beneficiaries about their legal entitlements and at various levels of government determine the functioning of NREGA in one of the poorest regions of the country where NREGA has been operational since its inception in 2006. High incidence of poverty, prevalence of bonded labour in agriculture and high Maoist insurgency, were the main motivations in choosing the Halia block of Mirzapur district in Uttar Pradesh (UP) as the main setting for this study. We conducted in-depth household level surveys with NREGA beneficiaries and semi-structured interviews with government officials in 12 Gram Panchayats of Halia block.

This study contributes to the existing literature on the functioning of NREGA in three critical ways. First, this paper is the first to interview government officials at the state, district and block-level responsible for the planning and implementation of the scheme to understand the bottlenecks in NREGA implementation on the *supply side*. Using semi-structured interviews from government functionaries, this paper discusses how and why the actual execution of NREGA diverges

significantly from the provisions of the Act. This allows us to understand various processes associated with the program based on information on the flow of finances, data entry processes and the role of block and district level development officers in supporting the endeavours of the Gram Panchayats.

Second, using primary household level data, we analyse bottlenecks on the *demand side* by recording people's perceptions about NREGA implementation and the role of various stakeholders to assess their awareness of various provisions of the Act. Finally, this paper analyses the impact of NREGA on agricultural production, and labour supply of NREGA beneficiaries in the region to ascertain whether NREGA income allows farmers to change their production decisions.

There are four major findings from this study. On the *supply side*, first, our findings suggest that even though NREGA has been India's flagship poverty alleviation program for more than a decade, government functionaries at the state and local level have little awareness of their responsibilities and administrative capacity to ensure smooth functioning of NREGA at the grass-roots level. Additionally, official records of the number of employment days created, wages paid under the programme differ significantly from those reported by workers. Second, in the surveyed villages all decision-making authority was concentrated with the elected head of the village assembly (*Pradhan*). This concentration of power creates patron-client relationships of exchange between the *Pradhan* and workers which generates rents for the former and safeguards his class interests.

On the *demand side*, we find that first, around 60 percent of NREGA workers in our sample were not aware of the provisions of the scheme and their role in demanding employment under NREGA and participating in its implementation and planning at the local level. Further, contrary to evidence from states like Rajasthan and Andhra Pradesh where workers' participation and social audits create transparency and predictability in NREGA implementation, our surveys find that citizens are excluded from the planning process and the role of the village assembly is totally irrelevant in the provision of NREGA. Second, the provision of NREGA in this region is not enough to increase agricultural productivity and consequently, its impact on agricultural wage bargaining is limited. This is contrary to national level analysis which finds that NREGA has a positive impact on agricultural productivity and wages (Berg et al., 2012; Berg et al., 2018). This difference is caused primarily by the erratic and unpredictable nature of NREGA employment in

Mirzapur has not resulted in productive assets being created in the region and consequently, NREGA has had no impact on agricultural productivity in this region.

The rest of this paper is organised as follows. Section 2 presents an overview of the survey region and discusses the sampling process and methodology of data collection used in this study. Section 3 presents the findings of our interviews with government officials and shows how processes necessary to increase workers' participation in NREGA functioning are not followed. Section 4 analyses the findings of our household surveys of NREGA beneficiaries and section 5 reports the findings from our focus-group discussions on how NREGA is impacting agricultural productivity and labour demand. Section 6 argues that lack of awareness among NREGA beneficiaries serves the vital purpose of protecting the interests of the local elite and finally section 7 concludes with some policy implications of this study.

## **2. CHOICE OF DISTRICT AND DATA COLLECTION**

This study was conducted in the Halia block of Mirzapur district in eastern Uttar Pradesh.<sup>3</sup> Lack of proper implementation and embezzlement of NREGA funds in the region has attracted considerable media attention and has been the subject of a high-level official inquiry (PTI, 2014).<sup>4</sup> In this context, there are two main motivations for documenting the functioning of NREGA in this region.

First, this region is characterized by the presence of the *kol* community which is one of the most-backward communities of the country and is forced to work in tied-labour arrangements in agriculture. Following the pioneering work of Srinivas and Marriot (1995), several researchers have analysed the role of caste identity in determining people's access to public goods, their ability to engage profitably in trade and to raise capital through collateral (Banerjee and Somanathan, 2007; Anderson, 2011; Verma, 1991; Dreze et al., 1999). Rural wages and the incidence of poverty differ along gender, caste and religious lines. Social stratification along caste and gender lines can reduce certain groups' access to NREGA, who remain impoverished in regions where these inequalities are more pronounced. In this context, analysing the *kol* community become crucial given their extreme social and economic exclusion. The second motivation for choosing Halia

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<sup>3</sup> Blocks or tehsils are administrative sub-division of a district created for rural development. Halia is one of the 12 administrative blocks of Mirzapur.

<sup>4</sup> For instance, Singh (2009) records instances of corruption and other problems with NREGA implementation in the region.

block was that this region is affected by Maoist movements. While there is some literature which examines the impact of NREGA on the Maoists, granular, block level evidence is scarce.

We conducted informal discussions with several state and district level officials and undertook household level surveys of NREGA participants between November 2016 and March 2017. This section presents an overview of the survey district and presents our sampling and data collection strategy.

## 2.1 Mirzapur

Mirzapur located in the eastern part of Uttar Pradesh (UP), is one of the poorest 200 districts of the country and among the fifteen poorest districts of UP (Haq, 2017).<sup>5</sup> This district was covered under NREGA in the first phase in 2006. It is a predominantly rural district with 86 percent of its total population of around 2.5 million residing in rural areas. Over 65 percent of the total labour force is employed in agriculture.<sup>6</sup>

Selected demographic indicators are given below in **Table 1**. The proportion of marginalized communities, particularly Scheduled Castes is 28 percent in Mirzapur while the state-level average is 23 percent. Socially backward communities like SCs and STs are over-represented in NREGA participation as the incidence of poverty is higher for these groups.<sup>7</sup> Correspondingly we find that 5 percent of our sample of NREGA beneficiaries comprises of STs, when their share in district-level population is only 0.7 percent. Further, literacy rates among these groups (56 percent for SCs and 57 percent for STs) are also lower than the state average of (60 percent for SCs and 64 percent for STs). We next discuss the *kol* community and the Maoist movements in this region.

[INSERT TABLE 1 HERE]

### 2.1.1 Kols

In addition to widespread poverty and higher incidence of marginalized communities, Halia district is also home to the *kol* community. The *kols* are a tribal community of Central India who live primarily in the states of Uttar Pradesh, Bihar, Jharkhand, Madhya Pradesh, Maharashtra and Tripura. This community is classified as Scheduled Tribes (ST) in all states except UP where they

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<sup>5</sup> In the 2003 ranking of districts by poverty, Mirzapur was ranked 180 out of the 447 backward districts of the country (Planning Commission, 2005).

<sup>6</sup> This includes the percentage of cultivators and agricultural wage workers.

<sup>7</sup> For instance, in 2011, 45 percent of the Scheduled Tribes living in rural India were below the poverty line in comparison to only 15 percent of those belonging to the upper castes.



are classified as Scheduled Castes (SC). According to the [Census of India, \(2011\)](#) the total population of the community is estimated at 1.7 million, of which around 300 thousand *kols* live in eastern UP.<sup>8</sup>

The *kols* like most tribal *adivasi* groups of the country, have traditionally depended on forest produce for subsistence. The *kols* of Central India have been among the most disadvantaged groups in the country and their development indicators have lagged other tribal communities. For instance, in a study of body-mass index (BMI) of adult males in Central India, Adak et al., (2006) find that over 51 percent of the *kols* in the region suffered from severe to mild chronic energy deficiency. In the three decades following India's independence in 1947, these groups have been dispossessed of their lands and denied access to forests under various developmental paradigms. These groups have been displaced and rendered homeless for the construction of large dams and industrial townships (Guha, 2007). This process of dispossession of *adivasis* accelerated under the neoliberal policies followed by the Indian state since the 1990s. Verma (2016) shows that till 1990s, 40 percent of all displaced social groups were *adivasis* and policies of involuntary land transfer for setting-up of Special Economic Zones (SEZs) increased the dispossession of this group significantly. Further, this group has suffered violent atrocities and human rights violations by the police and other agencies as they organize resistance movements against land grab attempts by the state (Baviskar, 2003).

The *kols* of southern UP work primarily as wage workers in agriculture and in quarry mining industries. Most *kol* households either do not own agricultural land or own uneven, rocky or less-productive land.<sup>9</sup> They dwell in stone or *katchcha* houses without basic amenities like electricity, clean water, toilets or access to health care (Rashid, 2013). Srinivasan et al., (2005) find that the *kols* of Halia block in Mirzapur are among the few communities where bonded labour in agriculture has continued unabated. These tied-labour arrangements among *kols* represent inter-linked factor markets characterized by debt-bondage where workers are forced to work for large agricultural landlords (often over generations) in order to service a short debt or loan taken from their employers.

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<sup>8</sup> Madhya Pradesh has around 900 thousand *kol* population which is the highest in the country.

<sup>9</sup> A full account of struggles for *kol* landownership can be found [here](#).

In a detailed study of bonded workers in Halia block of Mirzapur, Shankar (1996) finds that workers traditionally take a small loan in order to meet the expenses of a marriage or funeral (*shradh*) and are forced to pledge their labour to the landlord who does not charge interest on the loan. Further, workers are paid using food-grains.<sup>10</sup> In addition, this labour-tying arrangement also involves a component of share cropping. The *kol* workers are given a small plot of land (0.06 ha) for subsistence farming and the landlords claims a share of the produce based on the credit and inputs like seeds and fertilizers supplied by them in the production process.

### 2.1.2 Maoist movements in the region

In addition to bonded labour, the Halia block of Mirzapur is also affected by armed left-wing Maoist movements by virtue of being situated at the border of Madhya Pradesh and Uttar Pradesh. Socio-economic exclusion and high incidence of poverty has contributed to these struggles in the region. Borooah (2008) finds that the probability of a district being affected by extremist movements is increasing in poverty and decreasing in literacy.

While 41 percent of UP's population is below the poverty-line, Mirzapur has a higher concentration of poverty. Using the 2004, National Sample Survey (Consumption Expenditure Survey) we find that the poverty rate in Mirzapur is around 53 percent. High levels of poverty coupled with Maoist insurgencies has contributed to the listing of the district among 170 extremely backward districts and among the 55 extremist affected districts of the country (Planning Commission, 2005).<sup>11</sup> While there is some evidence of NREGA has succeeded in creating an income safety-net for people and improved their participation in anti-Maoist operations (Khanna and Zimmerman, 2017), therefore, it is important to assess the impact of the programme in this region as such local level evidence is scarce.

## 2.2 Sampling and Data Collection

This paper presents the findings of a field study conducted in the Halia block of Mirzapur district. There are two components of the study. First, we document the district and block-level administrative processes involved in the provision of NREGA and second, we discuss the gaps in

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<sup>10</sup> The wages in kind are mostly given in *kodo* which is an inferior rain-fed crop (Shankar, 1996).

<sup>11</sup> See Kumar et al., (2015) for details of the Maoist movement in eastern Uttar Pradesh.

implementation and the extent of awareness workers have of the rights of workers under the program. Correspondingly, we collect data from government officials and NREGA beneficiaries.

### *2.2.1 Administrative Data Collection*

This paper is the first to document the experiences of officials involved in the ground level implementation of NREGA. Between August - November of 2017, we conducted several rounds of semi-structured interviews with officials involved in NREGA implementation at the state, district and block levels. At the state level, we discussed the role of the state government in the implementation of NREGA with officials of the Ministry of Rural Development in the state capital of Lucknow. At the district level, we interviewed the office of the Chief Development officer (CDO) of Mirzapur to document the procedure of data entry, funds transfer and recording un-met demand for NREGA work at the district level. Finally, at the block level we interviewed the office of the Block Development Officer (BDO) to assess the administrative capacity at the block level for NREGA provision and supervision in the Halia block of Mirzapur.

### *2.2.2 Household Survey Data*

In order to understand the impediments to NREGA participation and timely wage payment in one of the most backward regions of the country we conducted household level surveys of NREGA beneficiaries in 12 Gram Panchayats of Halia block from November 2017 - February 2018. The NREGA web portal provides detailed information about NREGA workers at the village level including the number of days and names of projects in which NREGA beneficiaries have worked. Using the work records for the year 2017 from the NREGA web-portal, we randomly selected around 1100 households for our study. Of these, we were able to trace around 973 households who were surveyed for this study.<sup>12</sup>

Our surveys included both quantitative and qualitative questions about household characteristics and assets, indebtedness profiles of household members and their sources of income including agricultural and non-agricultural earnings. Further, we asked beneficiaries about their participation in and awareness of the provisions of NREGA. These included detailed questions about the number

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<sup>12</sup> Most villages had a population less than 2,000 people and settlements were organized along caste lines. Therefore, it was easy to identify and survey individuals from these households. In many cases we were informed that some individuals on our list had migrated out of the village a few years ago or were deceased. The inability of our team to locate around 120 households may indicate the presence of fudging of muster-rolls documented in existing studies like Adhikari and Bhatia (2010). However, we are unable to ascertain whether these were indeed instances of 'ghost-workers' and suggest the need for future research on this issue.

of days they worked under NREGA, wages paid and conditions of work. Additionally, we recorded people's perceptions and experiences of negotiating with the *Pradhans* or BDO for their entitlements under NREGA. **Table 2** provides the break-up of sample households by their caste and Gram Panchayat (GP). *Fuliyari* and *Gaurava* are the largest GPs in the sample and they collectively contribute to around 40 percent of the sample. While, all GPs in the sample are affected by Maoist activity, the villages of *Fuliyari*, *Parshiakala*, *Deohyat*, *Khutha* and *Gaurava* are right at the border of Madhya Pradesh are more prone to insurgent activities. These household level surveys were conducted in respondents' homes, so they feel comfortable in answering questions about NREGA wages received and their perceptions about the role of their elected representatives and government officials.

[INSERT TABLE 2 HERE]

### 2.2.3 Focus Group Discussions

In addition, we also conducted two focus group discussions asking people about the impact of NREGA on agricultural productivity, incomes and employment opportunities. These focus group discussions were held in the villages of *Halia* and *Fuliyari* where around 10-15 cultivators and agricultural wage workers were asked to discuss whether NREGA was having any spill over impact in agriculture. In several villages we were invited by the *Pradhan* for a meeting to discuss the functioning of NREGA and the problems faced by them. However, this would have interfered with our findings, so we decided to not meet with the *Pradhan*'s.<sup>13</sup>

### 2.2.4 Summary Statistics

We present summary statistics for our sample in **Table 3**. We see most NREGA beneficiaries were below the poverty line and lived in *katchcha* houses without access to clean drinking water and toilets. The respondents of all social groups relied primarily on public distribution of food at subsidized rates for rations. Most households had solar energy panels installed on their roofs which generally powered one LCD lamp and a mobile charging plug point for around ten hours in a day. These solar panels were installed under government programs where beneficiaries had to pay only 10 percent of the total cost. Further, most households had few durable assets other than bicycle

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<sup>13</sup> In some cases, the *Pradhan*'s offered to arrange for surveys to be conducted in his house but we rejected these offers.

and mobile phones. In most cases, the mobile phones were used primarily by men and women did not report owning mobiles.

[INSERT TABLE 3 HERE]

### **3. SUPPLY-SIDE CONSTRAINTS IN NREGA IMPLEMENTATION**

As the survey of existing studies in Section 1 showed, there was surprisingly little awareness about NREGA's provisions and worker entitlements among our respondents. Existing research on the implementation of NREGA has focused primarily on improving the transparency of the village assemblies (Gram Panchayats) through social audits (Kumar and Shah, 2015) and capacity building and greater monitoring (Aiyar and Samji, 2006). Other studies have discussed the role of caste and gender affiliations of elected representatives (Johnson, 2009) and funds utilization and state-level capacity for proper implementation of NREGA (Chakraborty, 2007). However, few studies have focused on the bureaucratic capacity and opaque information flow within the administrative set-up created to oversee the provision of NREGA, particularly in the poorer states.<sup>14</sup>

The implementation of NREGA rests on the coordinated and timely functioning of the state, district and local governments. Himanshu (2013) outlines the responsibilities of each of these institutions in the planning, provision of public employment and wage payments under the program. This scheme is largely financed by the Central government but under Section 32 of the NREGA Act, the responsibility of implementing it is vested with state and local government or the *Gram Panchayats* (Mookherjee, 2014). In this section, we discuss that lack of awareness of workers' rights and the duties of elected representatives and government functionaries under NREGA contributes to the formation of client-patron exchanges between workers and the local elite and corruption in the provision of NREGA. We discuss the role played by each level of government in Mirzapur district of eastern Uttar Pradesh.

#### **3.1 Role of the State Government**

At the state-level the major constraint faced in the state NREGA secretariat is the lack of adequate number of officials to implement the various administrative duties. Most employees are contractual

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<sup>14</sup> Notable exceptions include Raabe et al., (2010) who conduct an analysis of NREGA implementation using case studies in Bihar and Aiyar and Samji (2009) who study the role the state government of Andhra Pradesh in the implementation of NREGA.

data-entry staff with high turnaround rates. The administration was also unaware of its role in appointing district level officials like the Employment Guarantee Assistant (*Gram Rozgar Sahayak*) and the Program Officer (PO). We were told that these officials were determined at the district level and the state authority does not interfere with local decisions.

State level NREGA operations in UP do not have any programs to increase awareness of NREGA provisions among beneficiaries. Not only is this in violation of the responsibilities of the state government, but also contributes to the lack of information about participant rights and entitlements that we found in our field study. Further, under the NREGA Act state governments are expected to engage professional agencies for technical support to improve the quality of data collected under the program. This aspect of the scheme is also neglected. This disjoint between the ‘perceived’ and ‘practiced’ responsibility of the state government was also witnessed in the case of social audits. NREGA Act requires state governments to establish competent agencies to conduct social audits of NREGA functioning and asset creation. However, state-level officials contested this claim and stated that financial audits are conducted by the Central government and local bodies like the Panchayats decide to inspect public works completed under NREGA.

Finally, officials were reluctant to answer any questions. Most officials maintained that there was no delay in releasing funds from the State Employment Fund (SEF) to districts or the submission of district-wise utilization certificates to the Central government. In fact, any instance of insufficient or delayed fund transfer was blamed on delays in data entry. While there was general acknowledgement of the fact that funds were inadequate to pay workers on time, officials were not willing to explain these deficiencies.<sup>15</sup> Therefore, the state level administrative set-up in UP does not adequately fulfil its obligations under the NREGA Act, reflecting poor implementation of the program at the state level. We next turn to district level implementation.

### **3.2 Role of the District Level Officials**

The Chief Development Officer (CDO) is the main district level officer responsible for smooth functioning of NREGA. Through our meetings with the CDO and his staff, we found the CDO conducted bi-weekly meetings with all BDOs to tackle the bottlenecks associated with NREGA. Further, the CDO had a team of around five contractual staff dedicated to data entry and

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<sup>15</sup> Public officials may be wary of pointing to the role of the state government in delaying or mismanagement of NREGA finances. However, our study could not ascertain these issues in detail.

maintaining records. However, on inspecting the records, we found that the lists of projects and information about works completed were not updated for the past six months. Further, according to the records maintained by the CDO, all workers under NREGA were paid full wages on time. However, when we cross-checked these entries with the workers, we found that official records about the number of days worked and wages paid differed considerably from those reported by the workers. The data entry staff at the CDO's office showed us that his records match those supplied by the block level officials but there was no provision for workers to verify their records. In addition, contrary to the provisions of the Act the CDO does not inspect or monitor the public works completed under NREGA which is under the purview of the Block Development Officer (BDO). We next turn to block level implementation.

### **3.3 Role of the Block Level Officials**

Successful implementation of NREGA depends critically on block level officers discharging their duties in a transparent manner. However, it was at this level that we found that procedures were most opaque and diverged from the rules considerably. For instance, there was no Program Officer (PO) to oversee the implementation of NREGA. The PO is the main authority who accepts applications for NREGA work, scrutinizes proposals and creates NREGA employment. In the absence of the PO, NREGA provision and transparency mechanisms within the Act are diluted. For instance, there are no direct employment requests made to block level officials and monitoring of NREGA works is seldom undertaken. When asked about social audits, we were told that there was never a request for these audits from the Gram Panchayats. Further, NREGA muster rolls were created by contractual data entry staff and suffered from delays due to electricity shortage and computer malfunctions.

The BDO himself primarily works out of another district and seldom visits the block. Therefore, information about NREGA responsibilities was limited in the Halia block administration office. We were told that the office simply compiles the lists of number of workdays generated under NREGA based on the information provided by the *Pradhan*. However, the officials at the BDO's office denied any corruption and leakages in NREGA funds transfer claiming that all payments were directly made by the state-government into the bank or post-office accounts of NREGA workers.

Further, we were told citizens have never approached the BDO for any NREGA related issue. Correspondingly, the officials at the BDO's office believed that NREGA was working well in their block in comparison to the neighbouring block. Given the lack of demands for accountability, it is not surprising that the provision of NREGA in the block is well below the national average and suffers from wage delays and other shortcomings. We next discuss implementation of NREGA at the Gram Panchayat level.

#### **4. STAGE-WISE FUNCTIONING OF NREGA**

This section breaks down NREGA participation into different stages to discuss potential challenges to its successful implementation. We discuss five main stages: (1) application for public employment under NREGA, (2) provision of public employment and wage payment, (3) supporting facilities at work sites, (4) asset creation under NREGA, and (5) presence of an efficient grievance redressal mechanism.

##### **4.1 Applying for NREGA works**

In order to ensure that the demand driven nature of the program is maintained, the application for NREGA employment involves two steps. First, households who anticipate working under NREGA must register with the Gram Panchayat (GP) which issues a job card to all applicants with a five-year validity (Dreze, Dey, and Khera, 2006). Second, any household with a valid job-card can request NREGA employment by submitting an oral or written application to either the Gram Panchayat or the NREGA program officer. We discuss these two steps in detail below.

##### ***Step 1: Job Cards***

Our survey revealed that close to 90 percent of the respondents had NREGA job cards issued by the GP. Most respondents (close to 95 percent) claimed that the *Pradhan* helped them in getting a job-card. **Panel A of Table 4** shows that there is little inter-caste variation in the proportion of households with a valid job card. However, this percentage is significantly lower for Muslim households (76 percent).

While most households had a valid job card, none of the job cards had any entry of the work done in the last six-months. In addition, in four villages (around 30 percent) of the sample, the job cards for the entire village were kept with the *Pradhan*'s and not the individual households. When we



asked the respondents to show us the job-cards, in most cases they could retrieve them from the *Pradhan's* house. In these cases, the respondents stated that job cards were always kept with the *Pradhan* and they had never questioned this practice.

### ***Step 2: Requesting NREGA Employment***

Around 70 percent households in our sample had never placed a formal request (oral or written) for NREGA employment either to the BDO or the *Pradhan*. Some people had informally asked the *Pradhan* for NREGA work but received no acknowledgement for this request. Most respondents were unaware of their role in demanding employment under NREGA. It was believed that NREGA works would begin only when the *Pradhan desires*. In fact, over 50 percent of the respondents believed that NREGA works are undertaken in the village because the *Pradhan* wanted to help them during the lean season of agriculture. This demonstrates that in practice, the promise of demand driven employment guarantee is diluted as workers are unaware of the legal provisions of the Act. This also explains why official records of NREGA works in the region do not show any unfulfilled work demand during any time.<sup>16</sup> Since people do not request the provision of public employment, there is no mechanism to record how much work people want under NREGA. Existing research suggests there is a wide gap between the demand and *actual* provision of NREGA in regions where NREGA is not functioning properly (Dutta et al., (2014); Misra (2019)). However, our findings suggest that this gap may be even higher as there is no procedure to record the *actual* demand for NREGA employment by the beneficiaries. When we asked our respondents how many days in a year would they like to work under NREGA, the majority answered that they would like to work under NREGA for as much as possible. Surprisingly, 60 percent of the respondents were unaware of their legal entitlement of 100 days of NREGA employment per household.

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<sup>16</sup> According to the data processing staff at the office of the Central Development Officer (CDO) there is no unfulfilled demand for NREGA in the district. According to the NREGA website, there are a few cases of unfulfilled work demand from the previous years. We were told that this is a actually a data entry problem and does not signify any unmet work demand under NREGA.

## 4.2 Provision of NREGA employment and Wage Payment

### 4.2.1 Provision of NREGA employment

The next step after the issuance of job cards and putting in a request for public employment is the *provision* of public employment. Results from our survey show that both, participation rates (extensive margin) and number of days worked (intensive margin) are low in our sample.

#### *Participation rate of marginalized communities*

Female participation in NREGA at 18 percent in UP is among the worst in the country as the national average in 2012 was around 47 percent (Mann and Pande, 2012). Our study shows that only 12 percent of the women worked under NREGA. This is particularly alarming since 33 percent of public employment created under the scheme is reserved for women.<sup>17</sup> Our findings are consistent with existing studies which argue that women's participation in NREGA depends on factors like presence of alternative employment for men (Desai, 2018). Since, our survey region is one of the most backward districts of the country, employment opportunities for men are few and correspondingly, they predominantly work under NREGA in the lean season of agriculture. However, further research is needed to identify household-level impediments to women's participation in NREGA.<sup>18</sup>

#### *Number of days worked by marginalized communities*

The actual provision of NREGA in the region does not correspond to demand. In 2016, workers reported working under NREGA for an average of 29 days. The number of days worked were roughly equal for men and women (29 and 28 respectively). **Panel B of Table 4** shows that marginalized communities (SCs, STs OBCs and *kols*) reported working for more than 31 days in a year while upper castes and Muslims worked for around 25 days. Low participation by Muslims may be attributed to high rates of inter-seasonal migration by household members (62 percent) in comparison to other social groups (35 percent).

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<sup>17</sup> Several studies have found that NREGA has had a positive impact on female labour force participation nationally (Azam, 2011) and political engagement in local decision-making (Girard, 2014). Tsaneva and Balakrishnan (2018) find that in the first year of the program, women living in districts where NREGA was implemented were less likely to experience depression symptoms as the program provided them economic security and independence.

<sup>18</sup> Several studies like Folbre (1986) discuss intra-household decision-making where the head of the household, dictates his preferences over economic choices of other family members.

However, higher participation by marginalized communities suggests that NREGA serves as an income safety-net for the poorer sections of society. Several studies using national and field level data have concluded that NREGA is mostly availed by the poor and participation by people from the top consumption quintile is merely 10 percent which means that the scheme is ‘not poorly targeted’ (Sabhiki, 2012).<sup>19</sup> This is borne out by other studies as well. Using field data from Andhra Pradesh, Karnataka, Rajasthan and Maharashtra collected in 2010, studies show that small and marginal farmers mainly benefited from NREGA except in distress prone districts of Anantpur and Yavatmal where larger farmers also participated and gained from NREGA (Kareemulla et al., 2010).

### *Differential provision of employment by socio-economic status*

While the actual provision of NREGA was low in our sample, surprisingly, we found no evidence of any discrimination in people's participation based on gender, religion or caste of the household. In addition, none of the respondents reported having paid any bribes to help secure NREGA work or wages. In 76 percent household's public employment was primarily performed by men while in others, both men and women participated in NREGA.

### *Mismatch between actual provision and reported provision*

The number of workdays reported by respondents differed significantly from the official records on the NREGA website. For instance, the average number of workdays according to the records was only 25. Our findings suggest that there is significant discrepancy in official records of NREGA employment. **Panel B of Table 4** shows considerable inter-caste variation in the difference between the official record and the actual number of days that people claimed to have worked. For instance, the Scheduled Castes and OBC households reported having worked for an average of 28 and 32 days respectively. However, according to the official records they worked only for 21 and 24 days respectively. This implies that workdays were under-reported for marginalized groups. This means that some of the labour performed by these groups was not recorded in official statistics and correspondingly they were not paid for this labour. The trend was different for upper caste households who reported having worked for 25 days but official records indicate that they worked for 37 days. Therefore, there was significant over-reporting of workdays

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<sup>19</sup> This is important as concerns are raised about leakage to the non-poor (Bhagwati and Panagariya, 2014).

in this case. This implies that upper caste workers got paid more than what they worked while poorer lower caste workers who depend more on income support provided by NREGA. This shows that even though workers in the region do not face any discrimination in work allocation, but caste plays a role in determining the earnings of NREGA workers. In contrast, evidence from Rajasthan shows that when the provision of NREGA falls short of its demand, employment is rationed based on the caste and of the village head *Sarpanch* (Mukhopadhyay et al., 2015). This discrepancy in payment received by different social groups highlights corruption as an important factor in the provision of NREGA employment. Existing literature has reported similar findings. For instance, Adhikari and Bhatia (2010) report that corruption in the form of fudging of muster rolls, flawed work measurement, non-payment of minimum wages and delays in wage payments is widespread across the country.

We found no evidence of year-long agricultural labour contracts which would hinder worker's ability to participate in NREGA. For over 81 percent of households engaged in self-farming or wage employment, NREGA employment augmented their income time without causing any significant substitution of private or self-employment by NREGA. This is contrary to Imbert and Papp (2015) who find significant crowding-out of private wage employment post-NREGA. The insufficient and unpredictable nature of NREGA provision does not allow farmers to change their labour supply decisions in response to public employment. Further, since NREGA employment occurs in the lean season of agriculture, labour demand in agricultural markets and in self-farming is low.<sup>20</sup> Further, most employers are flexible and adjust their own labour demand to allow workers to participate in NREGA.<sup>21</sup>

### ***Perceptions about NREGA provision***

When we tried to ascertain people's perceptions about NREGA supply, an overwhelming majority agreed that the provision of employment under NREGA is insufficient. However, there was little awareness about its causes. Around 60 percent of the respondents claimed that the *Pradhan* “tries his best” to create NREGA employment but has no budget to do so. Most people said that the provision of NREGA has remained consistently low ever since its inception. Therefore, our

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<sup>20</sup> Most respondents claimed that they would prefer NREGA to remain operational throughout the year including the peak season of agriculture. This shows that labour demand in the rural economy (agricultural and non-agricultural) is insufficient to provide employment to workers at any point during the year.

<sup>21</sup> In most cases, private employers (agricultural and non-agricultural) adjusted the timing of their labour demand by a few days to accommodate NREGA employment.

findings suggest that NREGA has not altered the social relations of production within the rural economy. *This is primarily because the actual provision of NREGA does not vary by demand but is fixed exogenously by the Pradhan.* The number of workdays created under NREGA is not sufficient to meet the consumption requirements of poor households in the region. The average of 29 days of NREGA in the region in this study is lower than other regions including the worst performing states. For instance, during the period between 2013 and 2016, at the national level, NREGA generated 45 days of work in a year for each participating household in rural India.

#### *4.2.2 Payment of Wages*

Similar to the provision of NREGA employment, the nature of wage payment also diverged considerably from the norm. Our study found that there is no set schedule for NREGA payment in the survey villages. Officially, payment for NREGA works must be made weekly or fortnightly (Dreze et al., 2006). The primary purpose of employment guarantee is to raise people's incomes during the lean season of agriculture. Therefore, delays in payment effectively dilute the welfare effects of NREGA (Basu and Sen, 2015). Around 84 percent of the respondents claimed that NREGA payments were delayed by over two-weeks which is a direct violation of NREGA provisions.<sup>22,23,24</sup> Existing research identifies delays in payments as a major impediment to the successful implementation of NREGA across the country. Problems of delayed wage payments are effectively diluting the welfare effects of NREGA (Basu and Sen, 2015). Payment delays have increased since 2008 with the movement from cash payments to payments through bank and post office accounts and the complex procedures needed to approve payments for NREGA workers (Ravallion et al., 2015).

#### ***Mode of payment***

Over 92 percent of the respondents claimed to have bank or post-office accounts and produced bank passbooks to show NREGA payments. In the remaining cases, the money was paid in cash by the *Pradhan*. In some cases, respondents had given signed blank bank-withdrawal slips linked

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<sup>22</sup> The provision of NREGA remained low in Jharkhand even during acute agricultural crisis when it was most needed.

<sup>23</sup> This is different from the experience in Jharkhand, Chhattisgarh, and Odisha where work is allocated to groups of workers and wages are paid to the group leader so individual workers receive less than their official wage (Banerjee and Saha, 2010). Further, several instances of collusion between local elected body and bank officials to reduce payments received by workers.

<sup>24</sup> Studies from the neighbouring state of Bihar found even longer delays. For instance, in Bihar, 38 percent of payments are delayed by more than 60 days (Ravallion et al., 2015).

to their accounts to the *Pradhan* who would withdraw the money and pay cash to workers.<sup>25</sup> In around 39 percent of cases no wages were paid to workers even when they participated in NREGA.

### *Differences in wage payments by socio-economic status*

**Panel C of Table 4** shows that based on the number of days respondents claimed to have actually worked, the average daily wage rate paid for NREGA employment was 65 INR (0.9 USD).<sup>26</sup> The actual wage rate differed considerably between social groups. For instance, on the one hand the upper castes and Muslim households received an actual wage rate of 86 and 73 INR respectively. On the other hand, the actual wage rate for SCs (including *kols*) and OBCs was only 63 and 69 INR respectively. The lowest wage rate was recorded for the STs who earned less than 60 INR a day under NREGA. However, if we compare daily wage rates based on the number of days officially reported on the NREGA website, we find that the average wage rate was 78 INR and there was relatively little variation between wage rates between social groups.<sup>27</sup>

We were not able to discern any differences in wages paid to men and women workers. This is particularly important since prior to NREGA, daily wages received by women were lower than the legal minimum wage in most states in comparison to men (Basu, 2013) Using nationally representative data (Zimmerman, 2012) has shown that female wages have risen considerably after NREGA. Moreover Desai, Vashishtha, and Joshi (2015) finds that around 45 percent of women working under NREGA during 20011 - 2012 were either not working earlier or were working exclusively on family farms in 2004-2005. Therefore, NREGA gave several women their first opportunity to earn a cash wage and consequently their material living, and household bargaining position have significantly improved.

### *Perceptions about wage payments*

Surprisingly, more than 88 percent of the households were aware that the minimum wage in the district was around 100 INR per day but were not aware that the minimum wage laws applied to NREGA employment. Further, most respondents felt they were paid a fair amount since their neighbours and friends received similar wages. While most respondents remembered the dates and

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<sup>25</sup> In principle bank-withdrawal slips can be used only by the account holder to withdraw money but according to the respondents, the *Pradhan* can operate their bank accounts without them being present.

<sup>26</sup> Using the 2017 exchange rate 1 USD = 69 INR.

<sup>27</sup> Some respondents claimed that the *Pradhan* assured them that they will get another payment related to NREGA in the coming weeks. However, the CDO's office confirmed that all NREGA wages for the year were paid.

amounts of NREGA earnings, they could not calculate their wage rates and estimate whether their earnings were commensurate with the number of days worked. Lack of awareness coupled with lack of education may explain people's inability to determine whether they are paid fair wages. For instance, the household head in 69 percent of the households was illiterate. This number was much lower for upper castes (39 percent).

### **4.3 Supporting Facilities at Work Sites**

According to Dreze et al., (2006), NREGA worksites are required to be located within 5 kilometres of the village and should have provision for safe drinking water, shade for children and periods of rest, first-aid box with adequate material for emergency treatment for minor injuries and other health hazards connected with the work [Schedule II, Para 23]. All respondents agreed that NREGA works were undertaken very close to the village (in most cases less than one kilometre). However, most respondents agreed that apart from the provision of drinking water, no other facility was provided at the worksite.

**Panel D of Table 4** shows that most workers agreed that in their experience no health or childcare facilities are provided at NREGA work sites. In some cases, women workers suggested that they had to delegate child-care to other family members and would benefit if there was any form of child-care support while they worked. However, they had never made a formal or informal request for this as they did not think it was mandatory under the Act. Further, most women agreed that their primary concern was lack of adequate work and timely payment under NREGA and consequently, they would refrain from demanding work-site child-care facilities as that might upset the *Pradhan*. This potentially creates impediments to women's participation in NREGA as they disproportionately bear childcare responsibilities within the household.

### **4.4 Assets Created under NREGA**

In eight out of twelve villages the respondents claimed to have worked under two NREGA works. The construction of a water reservoir (*talaab*) and a mud (*katchcha*) road. Both existed and were verified by our team. In the remaining four villages workers only worked on a water reservoir which could not be completed as works had been halted owing to insufficient funds. Over 70 percent respondents claimed that the water reservoirs helped with agricultural production but claimed that they have been working on the same reservoir for several seasons as it needs frequent repairs. More than 80 percent of the respondents had no knowledge of any list of prospective works

maintained by the Gram Panchayat. Finally, most workers did not know that NREGA works were meant to improve the productivity of their agriculture. It was believed that the government chose which public assets were to be created under NREGA and local participants had no say in the process.

While productive assets created under NREGA can create non-transfer welfare gains for the local economy as they increase the productivity of agriculture (Abreu et al., 2014). However, the experience of this region shows that this element of the program is not implemented seriously. Creation of durable assets is also a significant source of corruption in NREGA. For instance, public employment to create wells was undertaken in Jharkhand and corruption and bribery were rampant during the construction process (Bhagat, 2012). Lack of accountability through social audits and public disclosure of payment rolls hinders the ability of workers to examine fund utilization certificates prepared by the officials (Ambasta et al., 2008). However, better implementation of the program can help in minimizing corruption and increasing transparency in NREGA. For instance, creating correct incentives for officials reduces theft by around 64 percent (Niehaus and Sukhtankar, 2013). Better implementation of NREGA can increase private market wages by around 6 percent and decrease days without work by 7 percent (Murlidharan et al., 2016).

#### **4.5 Grievance Redressal**

Over 90 percent of the respondents claimed that they had problems with the inadequate provision of NREGA and delayed wage payments. However, in most cases they would only discuss this with the *Pradhan* who would blame lack of budgetary allocation for the poor provision of NREGA. None of the respondents claimed to have approached the BDO, NREGA PO, or any bureaucrat to discuss problems related to NREGA implementation. This is consistent across social groups as seen from **Panel E of Table 4**. In fact, nobody claimed raising this issue in the Gram Sabha or the village assembly. This shows that people's perception of NREGA differs considerably from its actual provisions. People have not realized that NREGA is a demand driven program and they are entitled to 100 days of employment at the minimum wage. Most people claimed that they had no knowledge about the provisions of NREGA and relied on the *Pradhan's* interpretation of the rules and procedures to help them with their problems.

[INSERT TABLE 4 HERE]



## 5. NREGA'S IMPACT ON AGRICULTURE

It is important to investigate whether the creation of productivity enhancing assets under NREGA has had an impact on agriculture in this region for three reasons. First, as mentioned above, this region is traditionally characterized by the incidence of tied-labour and among the most backward districts of the country.<sup>28</sup> Correspondingly, it is important to study whether NREGA has been successful in helping prevent indebtedness by raising the productivity and incomes in agriculture.<sup>29</sup> Second, raising agricultural productivity through public works is an important non-transfer benefit of NREGA which augments the direct income transfer under the program (Deininger and Liu, 2013). However, creation of productivity enhancing assets under NREGA requires a coordinated push from the farmers, Gram Sabhas and the block level officials. As mentioned above, we found no evidence of any planning or proposals for possible works under the program and there was no mechanism for involving local farmers in deciding the nature of public assets created.

Finally, most NREGA beneficiaries in our sample were wage workers for most months in a year. Existing research shows that the guarantee of alternative employment increases the bargaining position of workers and exert an upward pressure on rural wages (Imbert and Papp, 2015; Basu et al., 2009). Studies using national level data show that NREGA has allowed rural households to increase consumption expenditure between 6.5 and 10 percent with around 12 percent increase for marginalized caste groups (Bose, 2017).

### 5.1 Agricultural Profile of the Region

**Table 5** provides an overview of the proportion of agricultural cultivators and wage workers by social group. Around 74 percent of our respondents were engaged in some form of agricultural production. Among these, 46 percent own the land they cultivate and the remaining 54 percent work as sharecroppers on the land of large landlords. While we did not find any incidence of

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<sup>28</sup> The Backwardness Index comprises of agricultural productivity per worker, agricultural wages, and the proportion of SCs and STs in the population (Planning Commission, 2015).

<sup>29</sup> Other studies have shown that NREGA employment enables peasants to withstand adverse weather shocks and the agricultural lean season when private labour demand is low (Bardhan, 1980). For instance, in 2008, around two-thirds of NREGA workers in North India avoided hunger and around 75 percent respondents credited NREGA for helping them sustain their livelihoods in the dry season of agriculture (Khera and Nayak, 2009). This, in turn may reduce their reliance on informal credit to meet their consumption or investment needs and reduces migration to urban areas. Studies have also shown that NREGA increased the consumption expenditure of the most vulnerable sections (Schedule Castes and Scheduled Tribes) during the lean season of agriculture (Klonner and Oldiges, 2014)

bonded labour in over 390 *kol* households that we surveyed, around 65 percent *kol* households engaged in share-cropping (*adhiya*) where the landlord claimed about half the total produce. The incidence of sharecropping among the *kols* was the highest among all social groups. As already noted, sharecropping on land owned by the landlord (who also provides credit and inputs for production) is an important component of tied-labour arrangements in this region. However, none of our respondents reported that they were forced to work for their landlords exclusively.<sup>30</sup>

Most households cultivate small plots of land (less than 0.5 acre) and over 97 percent of the respondents produced solely to meet their subsistence needs. They relied predominantly on household labour and over 90 percent never hired any additional workers. The remaining 26 percent of the respondents work as landless labour in agriculture and non-agricultural wage employment. Even among cultivators, household members engage in wage labour for six to nine months in a year. The agricultural produce for these households lasts between three to six months depending on the farm and family size. Members from most households that engage in self-farming also work as agricultural wage workers as incomes from agriculture are not sufficient to meet their subsistence needs. While 67 percent of all cultivators (and 60 percent of *kol* cultivators) reported taking a loan from the landlords or local money lenders, none of them reported any work conditionality attached to the loan repayment schedule. Interest rates charged were between 15 - 25 percent per month and none of the respondents had ever approached a bank or any formal lending institution for credit. None of the respondents felt that banks would lend them any money even when all of them had bank accounts and even ATM debit cards. Most loans were taken to buy inputs for agriculture (67 percent), financing household consumption and medical expenses came next (15 percent).

[INSERT TABLE 5 HERE]

## **5.2 Role of NREGA on Agricultural Productivity and Wages**

Several studies have shown that NREGA positively impacts agricultural productivity (Berg et al., 2012) and raises agricultural wages (Berg et al., 2018). However, results from our sample suggest

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<sup>30</sup> The landlord occasionally asks sharecroppers to work in his house during weddings and other ceremonies without any monetary payment. In the focus group discussions, we found that this practice was not practiced across castes and was not confined to the *kols*. People in the region distinctly remember that *kols* were forced to work on the landlord's farms for 1kg rice and a bottle of local liquor but reported that this practice does not exist anymore. While we did not see any incidence of debt-bondage in our sample, future research is needed to determine whether the practice is actually extinct from the region.

that NREGA had little impact on the intensity of inputs like fertilizer, machinery and labour demand in this region. This is not surprising since we found little evidence of durable assets being created under NREGA. Further, contrary to evidence from other states; none of the NREGA works in this region were conducted in the fields belonging to marginalized communities. This is particularly important as *kol* farmers were granted landownership of rocky and semi-barren land on the outskirts of several villages under the Uttar Pradesh Land Ceiling Act of 1972.<sup>31</sup> Under Category II of the permissible works under NREGA, public employment can be used to undertake individual works to improve the land belonging to scheduled castes, scheduled tribes, de-notified tribes and other families below the poverty line (Dreze et al., 2006). In contrast, Rawaware et al., (2015) finds that in Maharashtra around 75 percent of NREGA works on private land belonged to small (53 percent) and marginal farmers (22 percent) However, our study found that no such works were ever undertaken in the rocky fields belonging to the *kol* farmers who could have benefited immensely from such productivity enhancing works on their land.

We also investigate the impact of NREGA on agricultural wages. Our respondents claimed that NREGA had no impact on their wage bargaining position vis-a-vis private agricultural employers. In a few instances when workers had demanded higher wages, landlords simply refused and in the absence of other alternative employment, workers had no choice but to accept the wages offered by the landlords. This was also true during the lean season of the year when NREGA employment was primarily undertaken. The ability of NREGA to increase wages depends on the increase in wage bargaining power of workers that the guarantee of NREGA employment provides. In places where this guarantee is diluted by the inadequate and erratic nature of NREGA provision, the programme would not affect wages in the countryside (Misra, 2019). Further, owing to stagnant agricultural productivity there was no increase in labour demand during the harvest season and consequently there was no upward pressure on agricultural wages. In several instances, workers reported having worked at wages below the legal minimum.

Therefore, contrary to the experience of better performing states like Andhra Pradesh, Rajasthan and Tamil Nadu where NREGA has had a positive impact on rural wages and crowded-out private employment (Dreze and Khera, 2009; Imbert and Papp, 2015), in the most backward regions of

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<sup>31</sup> Under the Land Ceiling Act of 1972, the maximum land size for agricultural holding was fixed at 12.5 acres. Any landholding above this size was confiscated by the state and redistributed among the landless workers, primarily belonging to the marginalized social groups. However, there has been limited real redistribution under the scheme and most land transferred is barren or non-agricultural land. See Singh and Mehrotra (2014) for a full discussion on land reforms in UP.

the country, the full potential of NREGA has not been realized. In fact, its implementation does not allow cultivators to increase the productivity of their agriculture or workers to improve their wage bargaining potential. It simply serves as an erratic and unpredictable source of income for a few days in the year. Almost all respondents claimed that NREGA earnings were spent in household consumption and was not enough to increase their savings or provide for agricultural investment. Next, we discuss how lack of transparency and citizen's participation in the provision of NREGA is leading to elite capture and corruption in its implementation.

## **6. LACK OF AWARENESS AND THE LOCAL POLITICAL ECONOMY**

### **6.1 Role of the *Pradhan***

The *Pradhan* plays a pivotal role in NREGA provision, wage payment and record collection in every gram panchayat. In most cases, people approach the *Pradhan* with most of their NREGA related queries. However, when we questioned people on whether the *Pradhan*'s discharge their duties as mandated by the NREGA Act, we found that the *Pradhan* did not keep any records of existing works, number of days of employment created and wages paid in a transparent manner. Further, NREGA job-cards were never updated with particulars of the number of days worked and wages paid. In several cases the *Pradhan* kept the job cards, so people had no idea of the wages they were actually paid and the number of days of work that got registered in the official records. This increased the opaqueness in the functioning of NREGA.

Paradoxically, as outlined in **Section 4** above, almost all respondents had a positive view of the role played by the *Pradhan* in helping them with NREGA related difficulties. **Table 6** shows that most respondents thought that inadequate provision of NREGA and delays in wage payments were minimized because of the efforts of the *Pradhan*. It was believed that the *Pradhan* even pays the *panchayat mitra* an additional monthly payment of 5000 INR for maintaining NREGA records for the entire village.<sup>32</sup> In addition, our respondents never met or interacted with any of the government functionaries like the Program Officer or saw the BDO inspect any work site. Even in Halia village which is located within a few kilometres from the Block headquarters, 80 percent of the

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<sup>32</sup> *Panchayat mitras* are local officials who assist with the day to day functioning of the Gram Panchayat.

respondents agreed that they had never heard of the Program Officer and less than 6 percent of the respondents said they ever spoke to any one from the BDO's office.

This central position of the *Pradhan* is primarily because of a total lack of awareness of the provisions of NREGA among the beneficiaries. In the absence of any transparency measures like social audits, this concentration of political and social power with the *Pradhan* has led to client-patron exchanges and corruption in the functioning of NREGA. **Table 6** shows that around 90 percent or more respondents of all social groups believed that the provision of NREGA depends solely on the *Pradhan* who has consolidated his position considerably in the local economy. Respondents explained that if they have to approach the *Pradhan* with their NREGA related complaints, they could not afford to antagonize him in any way. We find that in this region, the village *Pradhan* not just controls all facets linked to NREGA implementation in his Gram Panchayat but has also emerged as the link between citizens and government officials. A respondent in Maheshpur village summed up the role of the *Pradhan* as follows.

*“Pradhanji is surely on our side, he runs around for our work and does not ask us for anything. If the government doesn't release funds, how can we blame him? He even withdraws our money and delivers it to us from the bank”*

Experiences from Jharkhand where local body elections have not been held since 1978 also show that local institutions like the Gram Sabha lacks the administrative capacity to implement NREGA (Bhatia and Dreze, 2006). The absence of village assemblies seriously dilutes the legal entitlement of NREGA as these assemblies are pivotal in ensuring that NREGA is implemented when people demand employment from the state. In most cases, this lack of administrative capacity is also reflected in the delay in appointment of officials at the village and block level.<sup>33</sup> In fact, these deficiencies in public personnel and institutional capacity allows public officials to restrict the number of job cards and regulate the supply of NREGA workdays.

[INSERT TABLE 6 HERE]

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<sup>33</sup> Officials at the local level include panchayat sevaks or panchayat mitras and gram rozgar sevaks and block level officials include supervisors, engineers etc.

## 6.2 Patron-Client Exchanges NREGA Implementation

According to Scott (1972) patron-client relationships consist of exchanges between an individual of higher socio-economic status (patron) who uses his own influence and resources to provide protection or benefits, or both, for a person of lower status (client) who, for his part, reciprocates by offering general support and assistance, including personal services, to the patron. Such repeated exchanges between an identifiable agent within a community is a form of rent seeking in developing countries. The patron spends a part of the rents created in one period to provide protection and access to scarce resources to clients in their networks to maintain their influence and authority which allows further rounds of rent-seeking (Khan and Jomo, 2000). The pivotal role played by the *Pradhan* in the functioning of NREGA in his Gram Panchayat establishes him as the principle patron in the repeated provision of NREGA which creates rents for the local elite. One of the respondents in Fuliayi summed up the *Pradhan*'s role in the implementation of NREGA as follows.

*“If he [Pradhan] would not benefit, then why will he work so hard for our welfare”*

Dutta et al., (2012) attribute the low demand and participation rates in NREGA in Bihar, Jharkhand and Odisha to low information and awareness. As workers are unaware of their rights under NREGA, they rely on the *Pradhan* for the provision of NREGA. The *Pradhan* in turn, benefits from lack of transparency in the functioning of NREGA to control its supply to suit the interests of local landholding elite and appropriate NREGA funds. At the same time, the *Pradhan* spends some resources to ensure that workers continue to trust and rely on him to address their concerns and grievances related to the functioning of NREGA. By excluding the role of community participation and decision-making through the Gram Sabhas, *Pradhans* not only dilute the demand driven provisions of NREGA, but also create opaqueness in the implementation of NREGA. This arrangement suits government functionaries as workers do not approach the PO or BDO with requests for NREGA and the official records can show that there is no unfulfilled demand for NREGA in their regions. Such complicity between lower-level government officials and local elite has been studied extensively in the Indian context. For instance, Bardhan (1998) argues that professionals, large landlords and capitalist form dominant coalitions in India which exclude the poor from political participation and economic prosperity. Existing research also finds that the impact of NREGA on agricultural labour markets is muted in regions where high levels of land

inequality have persisted historically (Misra, 2019). In these districts, the class interest of large landlords is adversely affected by an upward pressure on agricultural wages exerted by the guarantee of NREGA employment. Consequently, the elite like the *Pradhan* control the provision of NREGA to ensure that it does not emerge as a credible alternative to private agricultural employment.

### **6.3 Corruption in NREGA Implementation**

If NREGA employment is provided for 100 days in a year and wages are paid on time, the wage bill of large landlords would rise. In most cases the *Pradhan* or his extended family members are major employers of agricultural labour. Therefore, it is in their interest to curtail the supply of NREGA. Further, ignorance of official procedures creates avenues for corruption and fund embezzlement. Our surveys revealed that the number of days worked by individuals recorded on the NREGA website differed significantly from the number of days workers claimed to have worked. As we were conducting our study shortly after NREGA works ended for the year and since most workers worked on similar projects, it was easy to calculate the number of days that each member of the household worked under NREGA. On average, around 42 percent of our respondents reported working more days under NREGA than what was officially recorded, and the remaining workers had worked fewer number of days. This discrepancy also existed in their wages paid, as payments are released based on the official number of days worked by people. Therefore, workers whose workdays were underreported in the official statistics, were paid less and others were paid more for the same number of days worked.

As outlined previously, the *Pradhan* maintained control of payment schedules and in some cases, he was also in possession of bank account details and withdrawal slips linked to workers accounts. Individual NREGA beneficiaries had no idea how much money was deposited in the account by the state, but only knew the cash payment received by the *Pradhan*. This discrepancy in NREGA records and opaqueness in wage payment is maintained by the *Pradhan* as he controls data entry for NREGA works at the village level. Further, several respondents believed that the *Pradhan* submits several requests to the BDO to ensure the release of NREGA funds. This is important to ensure that corruption rent-seeking continue through the patron-client engagements devised by the *Pradhan*.

## 7. POLICY IMPLICATIONS

By documenting the functioning of NREGA in one of the poorest regions of UP, this paper aims to explain why NREGA may not be performing well in eastern Uttar Pradesh. Using semi-structured interviews and household surveys with government functionaries and NREGA beneficiaries we find that three main factors contribute to the poor and opaque implementation of NREGA in this region. These include: (1) lack of awareness of workers' entitlements, (2) poor administrative capacity, and (3) corruption and collusion between the bureaucracy and local level elected officials.

This paper contributes to the existing literature by arguing that lack of awareness about the provisions of NREGA not only limits participation in public works but also serves as a basis for patron-client relationships to emerge between the local elites, primarily the *Pradhans* and NREGA beneficiaries. By centralizing all decision-making and NREGA record keeping practices, the *Pradhans* can engage in rent seeking through corruption and protect their class interests by keeping rural wages depressed. This arrangement also suits local administrators as it insulates them from day to day monitoring and implementation of NREGA. However, this collusion between the local elite and government officials effectively dilutes the demand driven nature of NREGA. Periodic social audits and people's participation in its implementation act as checks and balances on elected representatives and government officials at the local level. Our findings suggest that grassroots organisations like the Mazdoor Kisan Shakti Sansthan in Rajasthan are indispensable to ensure citizens' participation in the functioning of NREGA. In the absence of such organizations, the provision of NREGA may be controlled by the local elite who may benefit from controlling the supply of public employment. However, our study shows that these measures have not been introduced in eastern UP. Similarly, no durable assets have been created to augment agricultural productivity in the region. As consequence the spill over benefits of NREGA have not been realized and there is no change in agricultural productivity or labour demand.

There are three important implications of this study. First, there is an urgent need to increase awareness and administrative capacity at the state and district level. These offices were severely understaffed and ill-equipped to handle the administrative workload of NREGA. This understaffing leads to sub-contracting of important data entry and verification work to part-time



employees at the state level and to people affiliated to the *Pradhan*'s at the village level. Not only does this dilute the transparency provisions of the Act, but it also creates avenues for corruption.

Second, information about the provisions of NREGA is shockingly absent even after 10 years of its existence. There is an urgent need to fill this lacuna. In the absence of awareness of entitlements, the demand driven nature of the program is diluted. Therefore, public information campaigns and local self-help groups must be strengthened to ensure that the guarantee of public employment is maintained and NREGA emerges as a credible alternative to low wage and seasonal agricultural employment.

Finally, there is a growing gap between the performance and impact of NREGA between states and regions. Therefore, there is a need to understand the role of local political economy factors that condition and complicate the functioning of NREGA. The role of local elite and their collusion with government officials effectively exclude NREGA beneficiaries from participating in the planning process and maintaining an oversight of funds transfer, works completed and employment generated. Further research is needed to identify the impediments faced by citizens in organizing and participating village level discussions on various aspects of NREGA which can create accountability in its provision.

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Figure 1: Mirzapur, Uttar Pradesh



(a) Uttar Pradesh



(b) Mirzapur

Table 1: Socio-Economic Characteristics of the Sample

Variable	Sample (1)	Mirzapur (2)	Uttar Pradesh (3)
Percent Scheduled Castes	38	28	23
Percent Scheduled Tribes	5	0.9	0.7
Rural Literacy Rates	32	67	65
Scheduled Castes Literacy Rate	35	56	60
Scheduled Tribes Literacy Rate	39	57	54
Percent Cultivators	31	23	36
Percent Agricultural Labour	46	42	36
<b>Population</b>	<b>973</b>	<b>2 million</b>	<b>155 million</b>

*Note:* This table shows population percentages of socio-economic indicators of our sample, the district of Mirzapur and the state of Uttar Pradesh in columns (1), (2) and (3) respectively. The values for the sample characteristics are calculated using survey data which comprises of a random sample of NREGA workers in 2016. The district and state-level measures are taken from the Census of India, 2011. All state and district level statistics are reported for rural sectors of the economy including the total population estimates.

Table 2: Distribution of social groups by *Gram Panchayats* in the sample

Name of the Village	Scheduled Castes (1)	Scheduled Tribes (2)	Other Backward Tribes (3)	Muslims (4)	<i>Kols</i> (5)	Upper Caste Hindus (6)	Total (7)
Babura Bhairodayal	21	0	5	0	14	0	40
Babura Kala	5	2	10	0	11	0	28
Babura Raghunath	13	0	0	6	11	0	30
Badauha	4	3	0	0	24	0	31
Banawa	81	0	17	1	0	2	101
Deohut	13	6	0	2	40	0	61
Fuliyari	60	20	38	0	126	13	257
Gaurva	8	2	5	2	105	2	124
Halia	45	4	0	4	25	0	78
Khutha	48	9	0	0	5	0	62
Maheshpur	63	3	25	16	0	1	108
Parshiyakala	10	0	8	3	32	0	53
Total	371	49	108	34	393	18	973

*Note:* This table shows the distribution of our sample across the twelve *Gram Panchayats* of Halia block of Mirzapur.



Table 3: Descriptive Statistics: Household Characteristics

Variable	Scheduled Castes (1)	Scheduled Tribes (2)	Other Backward Tribes (3)	Muslims (4)	<i>Kols</i> (5)	Upper Caste Hindus (6)
Average Household Size	5.40	6.04	5.62	5.94	5.65	5.67
Average Age	44.75	44.94	44.45	45.06	44.61	40.05
Women-headed Households	0.33	0.26	0.35	0.18	0.41	0.44
Illiterate	0.65	0.62	0.73	0.74	0.73	0.39
Below Poverty Line	0.64	0.59	0.66	0.50	0.57	0.78
Ration Card	0.94	0.92	0.85	0.94	0.90	0.94
<i>Katcha</i> Floor	0.98	0.99	0.98	1.00	0.99	1.00
Solar Energy	0.80	0.86	0.81	0.91	0.88	0.94
Water from open wells	0.89	0.93	0.93	0.97	0.92	1.00
Toilet	0.15	0.06	0.07	0.18	0.07	0.17
Bicycles	0.82	0.69	0.81	0.88	0.77	1.00
Mobile Phone	0.47	0.39	0.41	0.35	0.48	0.56
Farm animals (mostly goats)	2.05	2.00	2.16	2.38	2.00	2.44
Migration	0.33	0.45	0.50	0.62	0.31	0.55
<b>Number of Households</b>	371	49	108	34	393	18

*Note:* This table presents socio-economic characteristics of surveyed households by social group. Average household size refers to the number of individuals living in a separate dwelling and average age refers to the age of the household head. Literacy status is reported for the head of the household. For all other indicators, the table reports the proportion of households headed by women or own a certain asset like bicycle or mobile phone. Farm animals reports the average number of animals owned by the household and migration refers to the proportion of households from which at least one member lives and works outside the village for more than six months in a year.

Table 4: NREGA Participation by our Respondents

Variable	Scheduled Castes (1)	Scheduled Tribes (2)	Other Backward Tribes (3)	Muslims (4)	<i>kols</i> (5)	Upper Caste Hindus (6)
<i>Panel A. Applying for NREGA works</i>						
NREGA Job-Cards present	0.91	0.92	0.94	0.76	0.90	0.94
Households never requested NREGA employment	0.80	0.88	0.79	0.56	0.83	0.94
Households involved in NREGA planning	0.22	0.12	0.23	0.29	0.24	0.22
<i>Panel B. Provision of NREGA employment</i>						
Participation by Women	0.12	0.16	0.15	0.15	0.12	0.06
No of NREGA workdays (Respondents)	27.81	31.00	31.81	25.18	30.66	25.00
No of NREGA workdays (Official)	20.62	20.67	24.18	18.35	29.65	36.39
— Provision of 100 days of NREGA	0.07	0.10	0.10	0.06	0.10	0.17
Payment without Work	0.03	0.10	0.02	0.00	0.06	0.06
<i>Panel C. Payment of Wages</i>						
Bank or Post Office Account	0.92	0.92	0.94	0.91	0.92	0.89
Reported Legal Minimum Wage	97.22	99.86	104.08	110.62	95.26	102.33
Average daily wage received under NREGA	63.06	59.37	68.93	63.45	70.89	86.08
Delay of two weeks or more	0.72	0.80	0.63	0.50	0.72	0.89
<i>Panel D. Supporting Facilities at work site</i>						
Absence of Health-care facilities	0.97	1.00	0.99	1.00	0.98	1.00
Absence of Childcare Facilities	0.93	0.98	0.96	0.97	0.94	1.00
<i>Panel E. Grievance Redressal and Impact of NREGA</i>						
Approached solely Pradhan with problems	0.93	1.00	0.95	0.88	0.94	0.89
No impact of NREGA on overall welfare	0.95	0.96	0.95	1.00	0.95	0.94
No impact of NREGA on savings	0.10	0.18	0.07	0.06	0.15	0.17
Should NREGA continue	0.99	1.00	1.00	1.00	0.99	1
<b>Number of Households</b>	371	49	108	34	393	18

*Note:* This table summarizes the different aspects of NREGA participation by the respondents. The responses are based on participant's awareness, perceptions and experience in working with NREGA. Average number of work days and average daily wages (in nominal terms) are based on actual work done and payments received by our respondents. All other variables are proportions of households who report not having applied for NREGA employment or receiving payment without work etc. These replies are based on workers' past experiences with NREGA planning and implementation.

Table 5: Agricultural Profile of Survey Respondents

Variable	Scheduled Castes (1)	Scheduled Tribes (2)	Other Backward Tribes (3)	Muslims (4)	<i>Kols</i> (5)	Upper Caste Hindus (6)
Self-Farming	0.71	0.65	0.83	0.56	0.76	0.83
Share-cropping	0.33	0.37	0.40	0.15	0.65	0.10
Agricultural Labour	0.46	0.53	0.56	0.53	0.43	0.39
Non Agricultural Labour	0.09	0.04	0.07	0.15	0.07	0.17
Small landholding size	0.61	0.55	0.67	0.94	0.47	0.33
Medium landholding size	0.34	0.33	0.27	0.06	0.48	0.61
Large landholding size	0.05	0.12	0.06	0.00	0.05	0.06
Farming for sale	0.03	0.02	0.06	0.00	0.015	0.11
<b>Number of Households</b>	371	49	108	34	393	18

*Note:* This table shows the agricultural profile of the surveyed households by social group. Self-farming, share-cropping, agricultural and non-agricultural labour are measured as proportions of survey respondents with household members engaging in these occupations. Small landholding refers to a farm-size of less than one acre, medium land holding size is greater than one acre but less than four acres and a land holding is characterized as large if it is greater than four acres. The values in the table report the proportion of households owing small, medium or large landholding by social category and whether they produce for the sale in markets.

Table 6: Role of the *Pradhan* in NREGA Implementation

Variable	Scheduled Castes (1)	Scheduled Tribes (2)	Other Backward Tribes (3)	Muslims (4)	<i>Kols</i> (5)	Upper Caste Hindus (6)
NREGA ever discussed in <i>Gram Panchayat</i>	0.11	0.22	0.02	0.00	0.15	0.11
Ever Approached BDO	0.22	0.35	0.13	0.09	0.24	0.39
Ever Approached PO	0.11	0.22	0.02	0.00	0.13	0.11
<i>Pradhan</i> solves NREGA issues	0.93	1.00	0.95	0.88	0.94	0.89
<i>Pradhan</i> solely responsible for NREGA	0.89	0.96	0.89	0.79	0.92	0.94
NREGA has consolidated the position of <i>Pradhan</i>	0.92	0.88	0.94	0.97	0.89	0.83
<b>Number of Households</b>	371	49	108	34	393	18

*Note:* This table shows the experience of NREGA beneficiaries in our survey and presents their perceptions about the role of the *Pradhan* in the functioning of NREGA. The values in the table are the proportions of households who have approached the village assembly (*Gram Sabha*), Block Development Officer or Programme Officer with any NREGA related issue. The last two rows of the table report the proportion of our respondents who agree with the claim that the *Pradhan* is solely responsible for implementing NREGA and that the socio-economic position of the *Pradhan* has improved because of the central role played by them in its provision.