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

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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
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.
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?